

Abridged Income Statement

For the year ended 31 August	2005 R'000	2004 R'000
Revenue	560	(9 328)
Transaction and corporate action expenses	(1 350)	(3 183)
Operating expenses	(4 791)	(7 606)
Operating loss before financial income	(5 581)	(20 117)
Financial income	362	373
Financial expenses	(163)	(1)
Share of profit of associates	1 647	-
Loss before taxation	(3 735)	(19 745)
Taxation	2 652	(550)
Loss for the year	(1 083)	(20 295)
Weighted number of shares in issue at 31 August (pre-share consolidation)	992 112	580 750
Basic attributable loss per share (cents)	(0.11)	(3.49)
Headline loss per share (cents)	(0.11)	(3.49)
Diluted attributable loss per share (cents)	(0.11)	(3.47)

Abridged Cash Flow Statement

For the year ended 31 August	2005 R'000	2004 R'000
Cash flow from operating activities	(4 256)	(10 378)
Cash flow from investing activities	(1 652)	373
Cash flow from financing activities	25 312	(408)
Net increase in cash and cash equivalents	19 403	(10 413)
Cash and cash equivalents at beginning of year	(335)	10 078
Cash and cash equivalents at end of year	19 068	(335)

Abridged Balance Sheet

As at 31 August	2005 R'000	2004 R'000
Fixed assets	328	274
Interests in associate companies	20 038	-
Other investments	672	9 090
Deferred taxation	2 652	-
Total non-current assets	23 690	9 364
Trade and other receivables	294	477
Cash and cash equivalents	19 068	150
Non-current assets held for sale	9 272	-
Total current assets	28 634	627
Total assets	52 324	9 991
Issued capital and premium	82 889	40 379
Retained earnings	(35 226)	(32 496)
Other reserves	3 386	-
Total equity	51 049	7 883
Bank overdraft	-	485
Trade and other payables	1 275	1 623
Total current liabilities	1 275	2 108
Total equity and liabilities	52 324	9 991
Net asset value per ordinary share (cents)	3.52	1.36
• pre-share consolidation		
• post-share consolidation	35.20	

Statement of Changes in Equity

For the year ended 31 August	2005 R'000	2004 R'000
Balance at beginning of year	7 883	28 178
Loss for year	(1 083)	(20 295)
Share based payments	1 739	-
Shares issued	42 510	-
	51 049	7 883

COMMENTARY

Financial review

We are pleased to report that the loss for the year has been reduced to R1,083 million from R20,295 million last year and shareholders' funds have increased from R7,9 million in 2004 to R51,0 million in 2005.

The Company currently has approximately R26,5 million in cash on hand (including post-balance sheet receipts of R8,6 million) compared to being in a net borrowed position in the prior year.

Operational review

During the 2004/2005 financial year, and the two months thereafter, the Company has seen significant changes and activities:

- Mark Barnes joined the Board as Executive Chairman;
- the Company was recapitalised through a rights issue and a specific issue of shares for cash to Mark Barnes raising a total of R8 million;
- the Company changed its name to Purple Capital Limited;
- the Company acquired 30% of Bridge Capital, an independent corporate finance house and 20% of acsis, an independent asset consulting and financial planning group;
- Purple Capital and Bridge Capital each acquired a 20% stake in Umnombo, a group of black professionals;
- the Company concluded an empowerment transaction led by DENOSA, the biggest nurses union in Africa;
- a further amount of approximately R18 million was raised by way of a general issue of shares for cash;
- Purple Capital's listing was moved from the "Venture Capital" sector to the Main Board of the JSE Limited in the "Financials - Investment Entities" sector;
- the investment in Sage Group Limited was realised for cash;
- the Company's shares were consolidated on a 1-for-10 basis.

We are now on a sound footing, well placed for the future.

With regard to the Blackstar Equity Fund referred to in our March announcement, we can now announce that Blackstar Investors PLC ("Blackstar") is in the process of listing on the Alternative Investment Market ("AIM"), operated by the London Stock Exchange. Blackstar's strategy will be to provide funding for Black Economic Empowerment ("BEE") transactions in South Africa and it expects to be one of the first foreign pools of capital to participate in this opportunity. This will be supplemented by local capital in due course.

Blackstar Managers will be an independently operated company where management, led by Andrew Bonamour will hold 50,1% and Purple Capital 49,9%. Blackstar Managers will have a management agreement to invest Blackstar's funds in South Africa.

We expect that the Blackstar model will work well for us as a first step in international investor BEE awareness. We hope to raise further funds (both locally and offshore) in the wake of its success.

Andrew Bonamour will take up the reigns at Blackstar Managers as its full time CEO and as a result will resign his position at Purple Capital. We wish him and his team every success and thank him for the contribution enthusiastically made whilst he was with the Company.

We intend to strengthen the team at Purple Capital at both an executive and non-executive level. We are in discussions with a number of people and teams in financial services - particularly debt structured products and treasury.

Our associate investments, Bridge Capital and acsis, are both performing well and growth prospects are good. Next year we will account for a full year's earnings from our associates whereas only five months were brought in at 31 August 2005.

Our relationships with Umnombo and DENOSA have already formed a platform for significant deal flow and although no significant deals have yet been brought to book, we believe the alliance will prove to be a source of deal flow and influence for the group.

Over the last nine months the executive team have examined a large number of additional transactions, ranging from strategic acquisitions of substance to deals more of an investment banking nature, including private equity on-balance sheet investments. Naturally, most of these deals have centred around BEE structured participation.

Our approach towards investing shareholders' money will remain opportunistic in outlook and yet conservative in evaluation - always guided by returns on capital and strategic fit. There are many opportunities currently under consideration, both large and small. To the best of our ability we intend to consider them wisely and rather not invest in haste. We have sufficient capital and a significantly reduced ongoing cost base which together afford us the latitude to bide our time, in anticipation of doing the right deals, at the right time, at the right price and for the right reasons.

Our strategic mandate remains clear "...to build an independent South African financial services group in partnership with black business leaders". In essence you are investing in our ability to manifest the foundations of that strategy in the short term.

Our thanks to colleagues on the board and individual shareholders for their support and advice.

We look forward, with all of you, to a year of great opportunity for our Company.

Accounting principles

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the interpretations adopted by the International Accounting Standards Board and the requirements of the South African Companies Act. These are the Company's first consolidated financial statements prepared in accordance with IFRS, and IFRS 1 has been applied.

In addition, IFRS 2 "Share-Based Payments" has been applied. This standard requires an expense to be recognised in the income statement based on the fair value of share option awards, measured at the date of the grant. Previously, no expense was recognised. The main impact on the Company is the expensing of employees' and directors' share options by using an option-pricing model.

KPMG Incorporated has audited the annual financial statements for the year ended 31 August 2005 and a copy of their unqualified audit opinion is available for inspection at the Company's registered office.

Annual general meeting

The annual general meeting of shareholders will be held at the registered office of the Company, 1st Floor, Eastwood, 57 Sixth Road, Hyde Park, at 10:00 on Thursday, 8 December 2005.

On behalf of the board

Mark Barnes
Chairman

Andrew Bonamour
Chief Executive Officer

Johannesburg
1 November 2005

Registered office:
1st Floor Eastwood
57 Sixth Road
Hyde Park, 2196
(PO Box 411449, Craighall, 2024)

Transfer secretaries:
Ultra Registrars (Pty) Limited
11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Independent auditors:
KPMG Incorporated
Chartered Accountants (SA)
Registered Accountants and Auditors
KPMG Crescent
85 Empire Road, Parktown, 2193
(Private Bag 9, Parkview, 2122)

Sponsor:
Bridge Capital Services (Pty) Limited
1st Floor Building 22A
The Woodlands
Woodlands Drive
Woodmead, Sandton, 2196
(PO Box 651010, Benmore, 2010)

Directors:

Executive: Mark Barnes (Chairman), Andrew Bonamour, Craig Carter **Non-executive:** Thembeke Gwagwa, Julian Treger (British)