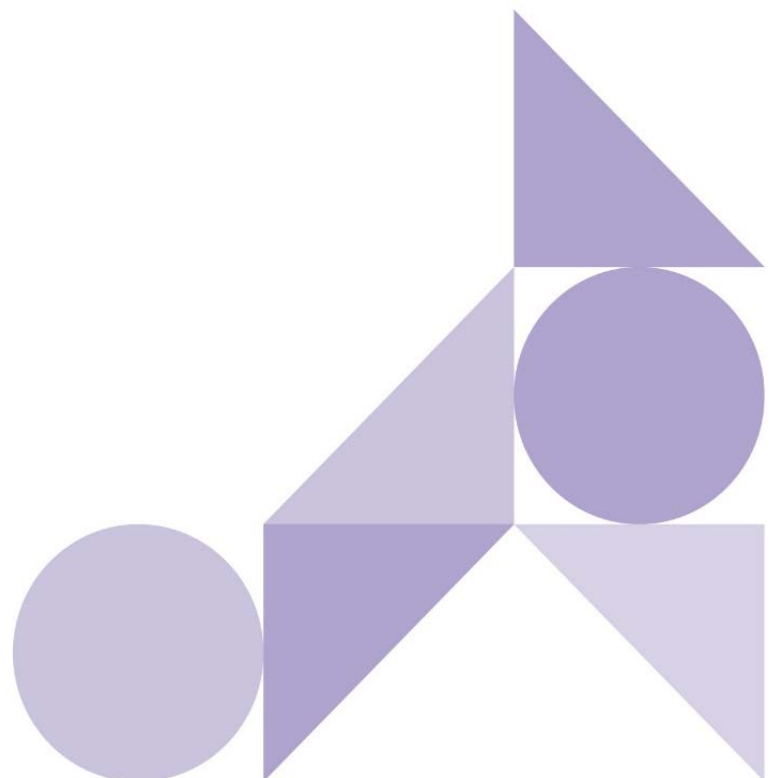


Real People Investment Holdings Limited
Unaudited condensed group financial statements
For the quarter ended 30 September 2018



Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2018

Condensed group statement of financial position

R'000	Notes	30-Sep-18	31-Mar-18
Assets			
Equipment		15 667	15 247
Intangible assets		2 521	3 406
Deferred tax		12 151	5 241
Net advances	4	1 483 991	1 498 213
Investment in associate and joint venture		26 113	24 676
Other receivables		26 982	25 844
Derivative assets		17 110	3 061
Cash and cash equivalents		387 739	344 569
Total assets		1 972 274	1 920 257
Equity			
Share capital and equity notes		1 308 857	1 308 857
Reserves		2 095	(6 576)
Accumulated loss		(914 217)	(951 369)
Total equity		396 735	350 912
Liabilities			
Borrowings		1 458 092	1 474 159
Tax liabilities		14 736	17 618
Other liabilities		102 711	77 568
Total liabilities		1 575 539	1 569 345
Total equity and liabilities		1 972 274	1 920 257

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2018

Condensed group statement of financial performance

R'000	Notes	Three months ended		Six months ended	
		30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
<i>Continuing operations</i>					
Revenue	5	209 604	219 497	420 831	484 025
Gross yield from assets		189 803	200 981	375 060	394 482
Impairments		(22 012)	(20 777)	(52 394)	(43 995)
Net yield		167 791	180 204	322 666	350 487
Finance costs		(50 607)	(54 665)	(102 532)	(117 018)
Net margin		117 184	125 539	220 134	233 469
Net assurance income - funeral benefits		7 330	6 604	16 680	14 425
Outsourced collection income		12 471	11 912	22 810	22 886
Gain on derecognition of financial liability		-	-	-	50 332
Other income		2 811	1 815	5 193	4 024
Net operating income		139 796	145 870	264 817	325 136
Operating expenses		(122 247)	(109 574)	(233 962)	(213 170)
Profit before taxation		17 549	36 296	30 855	111 966
Taxation		2 170	(7 952)	6 297	(17 002)
Profit from continuing operations		19 719	28 344	37 152	94 964
<i>Disposal group</i>					
Loss from operations classified as a disposal group		(0)	(21 097)	-	(30 339)
Profit for the period		19 719	7 247	37 152	64 625
<i>Profit attributable to:</i>					
<i>Owners of the parent</i>					
Continuing operations		19 719	28 344	37 152	94 964
Disposal group		(0)	(21 097)	-	(30 339)
Profit for the period		19 719	7 247	37 152	64 625

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2018

Condensed group statement of comprehensive income

R'000	Six months ended	
	30-Sep-18	30-Sep-17
Profit for the period	37 152	64 625
<i>Other comprehensive income/(loss):</i>		
Cash flow hedges:		
Effects of cash flow hedges	8 670	-
Tax	-	-
Exchange differences on translating foreign operations	-	(1 464)
Total other comprehensive income (loss)	8 670	(1 464)
Total comprehensive income for the period	45 822	63 161

Condensed group statement of changes in equity

R'000	Share capital and share premium	Foreign currency translation reserve	Cash flow hedging reserve	Retained Income	Total equity
For the six months ended 30 September 2018					
Opening balance	1 308 857	-	(6 576)	(951 369)	350 912
Profit for the period	-	-	-	37 152	37 152
Other comprehensive income	-	-	8 670	-	8 670
Closing balance	1 308 857	-	2 094	(914 217)	396 735
For the six months ended 30 September 2017					
Opening balance	556 324	(7 888)	-	(657 273)	(108 837)
Effect on retained earnings as a result of early adoption of IFRS 9	-	-	-	(333 363)	(333 363)
Loss for the period	-	-	-	64 625	64 625
Other comprehensive income	-	(1 464)	-	-	(1 464)
Conversion of ordinary shares into Convertible Preference Shares	(61 467)	-	-	-	(61 467)
Convertible Preference Shares converted into B Preference Shares	(115 707)	-	-	-	(115 707)
Restructure of senior debt and capital instruments	55 396	-	-	-	55 396
Issue of B Preference Shares	155 909	-	-	-	155 909
Issue of C Preference Shares	128 534	-	-	-	128 534
Issue of D Payment-In-Kind notes	96 600	-	-	-	96 600
Issue of E Payment-In-Kind notes	493 268	-	-	-	493 268
Closing balance	1 308 857	(9 352)	-	(926 011)	373 495
For the twelve months ended 31 March 2018					
Opening balance	556 324	(7 888)	-	(657 273)	(108 837)
Effect on retained earnings as a result of early adoption of IFRS 9	-	-	-	(337 595)	(337 595)
Profit for the year	-	-	-	43 499	43 499
Other comprehensive income	-	7 888	(6 576)	-	1 312
Conversion of ordinary shares into Convertible Preference Shares	(61 467)	-	-	-	(61 467)
Convertible Preference Shares converted into B Preference Shares	(115 707)	-	-	-	(115 707)
Restructure of senior debt and capital instruments	55 396	-	-	-	55 396
Issue of B Preference Shares	155 909	-	-	-	155 909
Issue of C Preference Shares	128 534	-	-	-	128 534
Issue of D Payment-In-Kind notes	96 600	-	-	-	96 600
Issue of E Payment-In-Kind notes	493 268	-	-	-	493 268
Closing balance	1 308 857	-	(6 576)	(951 369)	350 912

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2018

Condensed group statement of cash flows

R'000	Six months ended	
	30-Sep-18	30-Sep-17
Cash flows used in operating activities		
Cash generated by operations	158 106	488 790
Finance costs	(102 532)	(117 018)
Tax refunded (paid)	(5 810)	(4 536)
	49 764	367 236
Cash flows from investing activities		
Additions to property, plant and equipment and intangible assets	(4 050)	(1 479)
Proceeds on sale of plant and equipment	163	424
	(3 887)	(1 055)
Cash flows from financing activities		
Proceeds from borrowings	301 063	-
Repayment of borrowings	(337 199)	(312 721)
Release of cash collateral	8 430	-
	(27 706)	(312 721)
Total cash movement for the period	18 170	53 460
Cash and cash equivalents at the beginning of the period	344 569	462 138
Cash collateral	25 000	-
Total cash and cash equivalents at the end of the period	387 739	515 598

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2018

Notes to the condensed financial statements

The registration number of Real People Investment Holdings Limited is 1999/020093/06.

1. Basis of preparation

The condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These financial statements do not include all of the information required by International Financial Reporting Standards (IFRS) for full financial statements and should be read in conjunction with the annual financial statements for the year ended 31 March 2018.

The principal accounting policies are consistent with those of the annual financial statements for the year ended 31 March 2018, as described in those annual financial statements. The financial statements are presented in South African Rands.

2. Accounting estimates and judgements

Impairment of advances

The group assesses its advances portfolio for impairment on a monthly basis and conducts at least an annual evaluation of assumptions used and judgements applied during the year. As a result of the uncertainties inherent in the business activities, impairment allowances cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information. Management has used judgement, taking into consideration the micro-finance industry, in the development of the impairment practices in line with IFRS 9.

Recognition of deferred tax asset

The recognition of additional deferred tax assets on taxable losses in Real People Investment Holdings Limited and subsidiaries has been suspended. The deferred tax assets in prior financial years were impaired resulting from a decision to impair the assets until a proven historical taxable income run rate has been established. This has resulted in a distortion of the group's effective tax rate.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future or to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised in the foreseeable future and there is a history of sustainable profitability. Estimates of future taxable income are based on forecast results from operations and the application of existing taxation laws.

Uncertain tax positions

The nature of certain group financial products gives rise to uncertainty relating to the tax treatment and tax allowances. Appropriate research is conducted and expert opinions obtained to minimise the risk of tax misstatements. With this in mind the group is considered to have adequately provided for its tax liabilities. To the extent that the group's tax methodologies and positions require consultation with relevant experts, this is done after appropriate research and development to mitigate the risk of tax misstatements. In so doing, the group ensures that it meets its tax compliance requirements with the required governance and oversight to support its obligations.

Should the final outcome of tax assessments be different from the amounts that were initially recorded in the accounts, such differences will impact the current and deferred income tax assets and liabilities in the reporting period in which such determination is made.

The group is in the process of refining its tax revenue recognition methodologies and considers its current tax provisions to be appropriate.

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2018

Notes to the condensed financial statements

3. Dividends

No ordinary dividends were declared or paid to shareholders during the six months ended 30 September 2018.

4. Net advances

	30-Sep-18	31-Mar-18
	R'000	R'000
<i>Home Finance</i>		
Gross advances	2 375 069	2 359 359
Impairment of advances	<u>(1 632 550)</u>	<u>(1 636 730)</u>
	742 519	722 629
<i>DMC</i>		
Gross advances	793 291	819 328
Impairment of advances	<u>(51 820)</u>	<u>(43 744)</u>
	741 472	775 584
<i>Combined</i>		
Gross advances	3 168 360	3 178 687
Impairment of advances	<u>(1 684 370)</u>	<u>(1 680 474)</u>
Net advances	<u>1 483 991</u>	<u>1 498 213</u>
	30-Sep-18	30-Sep-17
	R'000	R'000

5. Revenue

Interest and similar income	337 620	389 179
Fee income	5 022	9 213
Net premiums received	54 848	60 065
Other non-interest income	<u>23 341</u>	<u>25 569</u>
	<u>420 831</u>	<u>484 025</u>

6. Segment information

The presentation of segment information corresponds to the current operational and management-related structure of the group.

The segments are as follows:

- Home Finance provides credit and related financial services (credit life cover) to customers of building supply merchants in South Africa;
- Assurance provides a variety of funeral, disability and loss of income benefits to customers;
- DMC purchases non-performing loan portfolios and provides debt collection solutions to credit providers in South Africa and includes the ownership and collection of the discontinued receivables; and
- Group Central Services houses the executive, governance, group finance and treasury team.

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2018

Notes to the condensed financial statements

6. Segment information (continued)

	Net operating income R'000	Operating expenses R'000	Profit before tax R'000
<i>For the six months ended 30 September 2018</i>			
Home Finance	100 809	(71 904)	28 905
Assurance	17 049	(12 923)	4 126
DMC	159 807	(145 455)	14 352
Group Central Services	(12 848)	(3 680)	(16 528)
	264 817	(233 962)	30 855

For the six months ended 30 September 2017

Home Finance	113 398	(66 949)	46 450
Assurance	18 037	(13 673)	4 364
DMC	134 481	(104 417)	30 063
Group Central Services	59 220	(28 131)	31 089
	325 136	(213 170)	111 966

	Assets R'000	Liabilities R'000
<i>30 September 2018</i>		
Home Finance	984 347	835 840
Assurance	28 004	16 672
DMC	922 704	597 658
Group Central Services	37 219	125 370
	1 972 274	1 575 539

30 September 2017

Home Finance	922 483	814 506
Assurance	55 203	31 281
DMC	1 126 643	857 738
Group Central Services	20 421	(234 678)
	2 124 751	1 468 848

31 March 2018

Home Finance	902 284	784 166
Assurance	32 499	4 472
DMC	973 863	668 886
Group Central Services	11 611	111 821
	1 920 257	1 569 345