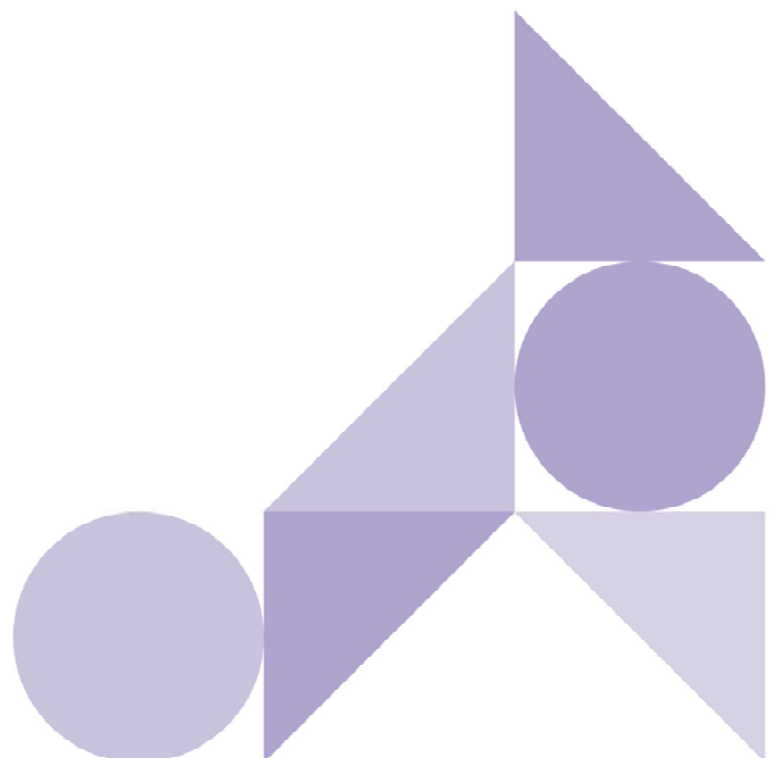


**Real People Investment Holdings Limited**  
**Unaudited condensed group financial statements**  
For the quarter ended 30 September 2015



# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2015

## Condensed group statement of financial position

R'000	Notes	30-Sep-15	31-Mar-15
<b>Assets</b>			
Property, plant and equipment		43,428	45,447
Intangible assets		30,020	26,891
Deferred tax assets		192,085	190,362
Net advances	4	2,901,523	2,855,738
Investments accounted for using the equity method		31,501	30,402
Other assets		132,357	133,205
Investments in financial assets		65,102	23,554
Cash and cash equivalents		476,137	432,757
<b>Assets of continuing operations</b>		<b>3,872,153</b>	<b>3,738,356</b>
Assets of disposal groups	5	19,528	16,602
<b>Total assets</b>		<b>3,891,681</b>	<b>3,754,958</b>
<b>Equity</b>			
Share capital		541,183	541,183
Reserves		23,917	29,271
Accumulated loss		(58,471)	(24,148)
Share capital and reserves		506,629	546,306
Non-controlling interest		(10,975)	(10,601)
<b>Total equity</b>		<b>495,654</b>	<b>535,705</b>
<b>Liabilities</b>			
Borrowings	6	3,262,295	3,078,974
Deferred and current tax liabilities		311	11,875
Other liabilities		127,274	119,573
<b>Liabilities of continuing business</b>		<b>3,389,880</b>	<b>3,210,422</b>
Liabilities of disposal groups	5	6,147	8,831
<b>Total liabilities</b>		<b>3,396,027</b>	<b>3,219,253</b>
<b>Total equity and liabilities</b>		<b>3,891,681</b>	<b>3,754,958</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2015

## Condensed group statement of financial performance

R'000	Notes	Three months ended		Six months ended	
		30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
<i>Continuing operations</i>					
<b>Revenue</b>	7	<b>311,625</b>	<b>418,448</b>	<b>667,571</b>	<b>859,646</b>
<b>Gross yield from assets</b>		<b>289,988</b>	<b>394,649</b>	<b>579,507</b>	<b>800,233</b>
Impairments		(72,319)	(152,191)	(164,353)	(330,086)
<b>Net yield</b>		<b>217,669</b>	<b>242,458</b>	<b>415,154</b>	<b>470,147</b>
Finance costs		(91,675)	(101,874)	(197,275)	(203,229)
<b>Net margin</b>		<b>125,994</b>	<b>140,584</b>	<b>217,879</b>	<b>266,918</b>
Other non-interest income		21,637	23,788	63,168	47,259
<b>Net operating income</b>		<b>147,631</b>	<b>164,372</b>	<b>281,047</b>	<b>314,177</b>
Operating expenses		(149,856)	(147,309)	(286,839)	(286,035)
<b>(Loss) profit before taxation</b>		<b>(2,225)</b>	<b>17,063</b>	<b>(5,792)</b>	<b>28,142</b>
Taxation	8	(11,497)	(13,443)	(22,224)	(18,421)
<b>(Loss) profit from continuing operations</b>		<b>(13,722)</b>	<b>3,620</b>	<b>(28,016)</b>	<b>9,721</b>
<i>Disposal group</i>					
(Loss) profit from operations classified as a disposal group		(272)	(3,336)	390	(14,480)
<b>(Loss) profit for the period</b>		<b>(13,994)</b>	<b>284</b>	<b>(27,626)</b>	<b>(4,759)</b>
<i>(Loss) profit attributable to:</i>					
<i>Owners of the parent</i>					
Continuing operations		(13,242)	3,693	(27,642)	11,314
Disposal group		(272)	(3,336)	390	(14,480)
		(13,514)	357	(27,252)	(3,166)
<i>Non-controlling interest</i>		(480)	(73)	(374)	(1,593)
<b>Loss for the period</b>		<b>(13,994)</b>	<b>284</b>	<b>(27,626)</b>	<b>(4,759)</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2015

## Condensed group statement of comprehensive income

R'000	Six months ended	
	30-Sep-15	30-Sep-14
<b>Loss for the period</b>	<b>(27,626)</b>	<b>(4,759)</b>
<i>Other comprehensive income (loss):</i>		
Cash flow hedges:		
Effects of cash flow hedges	(1,329)	(858)
Tax	372	240
Exchange differences on translating foreign operations	(4,397)	7,946
Total other comprehensive (loss) income	(5,354)	7,328
<b>Total comprehensive loss for the period</b>	<b>(32,980)</b>	<b>2,569</b>

## 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 attributable to equity holders of the parent	Non-controlling interest	Total equity
<b>For the six months ended 30 September 2015</b>							
Opening balance	541,183	25,617	3,654	(24,148)	546,306	(10,601)	535,705
Loss for the period	-	-	-	(27,252)	(27,252)	(374)	(27,626)
Other comprehensive loss	-	(4,397)	(957)	-	(5,354)	-	(5,354)
Preference dividend	-	-	-	(7,071)	(7,071)	-	(7,071)
<b>Closing balance</b>	<b>541,183</b>	<b>21,220</b>	<b>2,697</b>	<b>(58,471)</b>	<b>506,629</b>	<b>(10,975)</b>	<b>495,654</b>
<b>For the six months ended 30 September 2014</b>							
Opening balance	431,945	(27,205)	12,084	316,074	732,898	(14,882)	718,016
Loss for the period	-	-	-	(3,166)	(3,166)	(1,593)	(4,759)
Other comprehensive income (loss)	-	7,946	(618)	-	7,328	-	7,328
Additional interest purchased in subsidiary	-	-	-	(378)	(378)	(112)	(490)
<b>Closing balance</b>	<b>431,945</b>	<b>(19,259)</b>	<b>11,466</b>	<b>312,530</b>	<b>736,682</b>	<b>(16,587)</b>	<b>720,095</b>
<b>For the twelve months ended 31 March 2015</b>							
Opening balance	431,945	(27,205)	12,084	316,074	732,898	(14,882)	718,016
Loss for the year	-	-	-	(323,160)	(323,160)	(9,733)	(332,893)
Other comprehensive income	-	52,822	(8,430)	-	44,392	-	44,392
Share issue - Ordinary shares	122,927	-	-	-	122,927	-	122,927
Purchase of own shares	(16,797)	-	-	-	(16,797)	-	(16,797)
Conversion of ordinary shares to redeemable preference shares	(97,459)	-	-	-	(97,459)	-	(97,459)
Share issue - Preference shares	100,567	-	-	-	100,567	-	100,567
Changes in ownership interest in subsidiaries	-	-	-	(14,818)	(14,818)	14,014	(804)
Preference dividend	-	-	-	(2,244)	(2,244)	-	(2,244)
<b>Closing balance</b>	<b>541,183</b>	<b>25,617</b>	<b>3,654</b>	<b>(24,148)</b>	<b>546,306</b>	<b>(10,601)</b>	<b>535,705</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2015

## Condensed group statement of cash flows

<b>R'000</b>	<b>30-Sep-15</b>	<b>30-Sep-14</b>
<b>Cash flows used in operating activities</b>		
Cash used in operations	138,888	318,851
Finance costs	(197,275)	(203,229)
Tax paid	(22,449)	(28,756)
	<b>(80,836)</b>	<b>86,866</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment and intangible assets	(11,910)	(13,856)
Proceeds on sale of plant and equipment	(1,165)	2,448
Redemption of financial assets	-	101,001
	<b>(13,075)</b>	<b>89,594</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	348,878	40,000
Repayment of borrowings	(208,435)	(220,055)
Dividends paid	(3,153)	(18,415)
	<b>137,291</b>	<b>(198,470)</b>
<b>Total cash movement for the period</b>	<b>43,380</b>	<b>(22,011)</b>
Cash and cash equivalents, net of bank overdraft, at the beginning of the period	432,757	214,844
<b>Total cash and cash equivalents, net of bank overdraft, at the end of the period</b>	<b>476,137</b>	<b>192,833</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2015

## 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 2015 which are available on the group's webpage, [www.realpeoplegroup.co.za](http://www.realpeoplegroup.co.za).

The principal accounting policies and methods of computation applied in preparing these condensed results for the six months ended 30 September 2015 are consistent with those of the annual financial statements for the year ended 31 March 2015, as described in those annual financial statements. The financial statements are presented in South African Rands.

### 2. Accounting estimates and judgements

#### *Impairment of advances*

As a result of the uncertainties inherent in business activities, impairment allowances cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information.

Objective evidence of impairment at an individual loan basis is largely governed by the extent to which the account is in arrears. On a portfolio basis, management uses historical analysis of loss ratios, roll rates from performing status to non-performing status and similar risk indicators to assess impairment. The discontinued cellular receivable has underperformed its receipting expectation resulting in an impairment of R32 million taken in September 2015.

#### *Fair value estimation of acquired debt*

The fair value of acquired debt is calculated using valuation techniques, specifically net present value techniques. Acquired debt is recognised initially at transaction price. Thereafter, the acquired debt is measured on a portfolio basis by discounting future anticipated cash flows at market related interest rates. Actual receipting trends are reviewed against the anticipated cash flow forecasts in order to ensure the accuracy of forecasts.

### 3. Dividends

No ordinary dividends were declared or paid to shareholders during the six months ended 30 September 2015.

### 4. Net advances

	<b>30-Sep-15</b>	<b>31-Mar-15</b>
	<b>R'000</b>	<b>R'000</b>
<i>Credit products at amortised cost</i>		
Gross advances	2,617,852	2,628,300
Impairment of advances	(1,169,810)	(1,097,648)
Present value of estimated cash flows on written off advances	397,610	436,298
	<u>1,845,652</u>	<u>1,966,950</u>
<i>Education asset</i>	123,554	140,157
<i>Acquired debt at fair value through profit or loss</i>	915,019	727,105
<i>Outsourced collections asset</i>	17,298	21,526
	<u><b>2,901,523</b></u>	<u><b>2,855,738</b></u>

### 5. Disposal group

#### *Aspire Group*

The Aspire Group remains up for sale. Management is currently engaged in a process with a potential buyer for the business.

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2015

## Notes to the condensed financial statements

### 6. Borrowings

The group ended the second quarter within its stated liquidity policies.

	<b>30-Sep-15</b>	<b>30-Sep-14</b>
	<b>R'000</b>	<b>R'000</b>
<b>7. Revenue</b>		
Interest income	216,948	368,050
NPL yield	75,010	91,733
Fee income	28,336	37,856
Fair value yield on acquired debt	155,413	119,935
Net premiums received	82,333	120,553
Other non-interest income	109,533	121,518
	<b>667,571</b>	<b>859,646</b>

### 8. Taxation

The group has not recognised deferred tax assets in respect of losses that could be carried forward against future taxable income resulting in a disproportionately high tax charge.

### 9. Segment information

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

The segments are as follows:

- Responsible Finance provides credit and related financial services to customers of building supply merchants in South Africa (Home Finance); and small and micro-enterprises in East Africa, predominantly in Kenya, with growing operations in South Africa;
- DMC provides debt collection and rehabilitation solutions to credit providers and retail customers in South Africa;
- Group Central Services houses the centralised functions which operate across the group; and
- Discontinued receivables includes the general purpose lending run off book, the debit order Second Chance book and the cellular run off book.

	<b>Net operating income R'000</b>	<b>Operating expenses R'000</b>	<b>Profit before tax R'000</b>
<b><i>For the six months ended 30 September 2015</i></b>			
Responsible Finance	152,152	(122,228)	29,924
DMC	142,239	(115,771)	26,468
Group Central Services	10,136	(26,345)	(16,209)
Discontinued receivables	(23,480)	(22,495)	(45,975)
	<b>281,047</b>	<b>(286,839)</b>	<b>(5,792)</b>

#### ***For the six months ended 30 September 2014***

Responsible Finance	164,915	(118,009)	46,906
DMC	120,077	(94,653)	25,424
Group Central Services	8,914	(38,302)	(29,388)
Discontinued receivables	20,270	(35,070)	(14,800)
	<b>314,177</b>	<b>(286,035)</b>	<b>28,142</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2015

## Notes to the condensed financial statements

### 9. Segment information (continued)

	<b>Assets R'000</b>	<b>Liabilities R'000</b>
<b>30 September 2015</b>		
Responsible Finance	1,639,338	1,413,883
DMC	1,111,389	839,498
Group Central Services	487,418	618,564
Discontinued receivables	634,009	517,936
	<b>3,872,153</b>	<b>3,389,880</b>
<b>30 September 2014</b>		
Responsible Finance	2,044,085	1,649,520
DMC	850,897	580,892
Group Central Services	344,997	518,191
Discontinued receivables	996,474	761,320
	<b>3,239,980</b>	<b>2,748,603</b>
<b>31 March 2015</b>		
Responsible Finance	1,544,576	1,357,492
DMC	930,863	644,211
Group Central Services	507,092	590,759
Discontinued receivables	755,825	617,960
	<b>3,738,356</b>	<b>3,210,422</b>