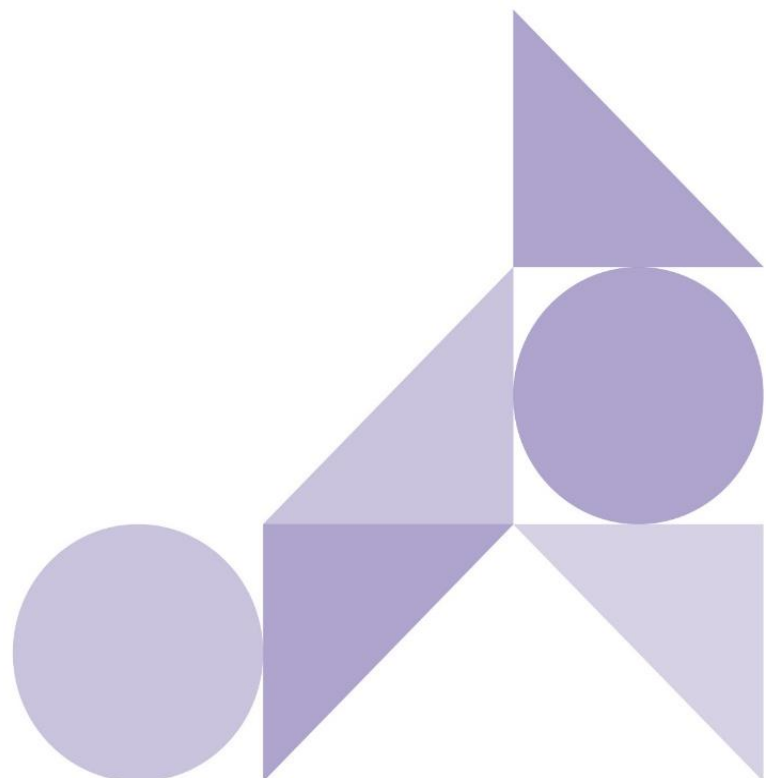


**Real People Investment Holdings Limited**  
**Unaudited condensed group financial statements**  
For the quarter ended 31 December 2019



# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2019

## Condensed group statement of financial position

R'000	Notes	30-Dec-19	31-Mar-19
<b>Assets</b>			
Equipment		20 368	13 485
Right-of-use asset		16 884	-
Intangible assets		546	1 536
Deferred tax		20 973	14 932
Investment in associate and joint venture		27 915	28 078
Net advances	5	1 587 071	1 468 503
Other receivables		23 874	26 821
Derivatives		5 701	11 891
Cash and cash equivalents		377 809	428 031
<b>Total assets</b>		<b>2 081 141</b>	<b>1 993 277</b>
<b>Equity</b>			
Share capital and equity notes		1 308 857	1 308 857
Reserves		972	475
Accumulated loss		(845 532)	(886 430)
<b>Total equity</b>		<b>464 297</b>	<b>422 902</b>
<b>Liabilities</b>			
Borrowings		1 557 098	1 493 776
Tax liabilities		16 209	9 501
Provisions		5 823	24 600
Trade and other payables		37 714	42 498
<b>Total liabilities</b>		<b>1 616 844</b>	<b>1 570 375</b>
<b>Total equity and liabilities</b>		<b>2 081 141</b>	<b>1 993 277</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2019

## Condensed group statement of financial performance

R'000	Notes	Three months ended		Nine months ended	
		30-Dec-19	30-Dec-18	30-Dec-19	30-Dec-18
<b>Revenue</b>	6	219 491	205 574	654 314	628 631
<b>Gross yield from assets</b>		197 392	182 846	576 885	556 784
Impairments		(39 208)	(30 067)	(105 583)	(82 462)
<b>Net yield</b>		158 184	152 779	471 302	474 322
Finance costs		(49 842)	(49 778)	(151 510)	(152 325)
<b>Net margin</b>		108 342	103 001	319 792	321 997
Net assurance income - funeral benefits		8 636	8 104	24 993	25 906
Outsourced collection income		13 463	14 624	42 315	37 434
Other income		2 450	2 379	8 973	7 572
<b>Net operating income</b>		132 891	128 108	396 073	392 909
Operating expenses		(119 696)	(107 289)	(348 842)	(341 250)
<b>Profit before taxation</b>		13 195	20 819	47 231	51 659
Taxation		(4 163)	(3 776)	(6 333)	2 521
<b>Profit for the period</b>		9 032	17 043	40 898	54 180

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2019

## Condensed group statement of comprehensive income

R'000	Nine months ended	
	30-Dec-19	30-Dec-18
<b>Profit for the period</b>	<b>40 898</b>	<b>54 180</b>
<i>Other comprehensive income/(loss):</i>		
Effects of cash flow hedges	497	7 554
<b>Total comprehensive income for the period</b>	<b>41 395</b>	<b>61 734</b>

## Condensed group statement of changes in equity

R'000	Share capital and equity notes	Cash flow hedging reserve	Retained Income	Total equity
<b><i>For the nine months ended 31 December 2019</i></b>				
Opening balance	1 308 857	475	(886 430)	422 902
Profit for the period	-	-	40 898	40 898
Other comprehensive income	-	497	-	497
<b>Closing balance</b>	<b>1 308 857</b>	<b>972</b>	<b>(845 532)</b>	<b>464 297</b>
<b><i>For the nine months ended 31 December 2018</i></b>				
Opening balance	1 308 857	(6 576)	(951 369)	350 912
Profit for the period	-	-	54 180	54 180
Other comprehensive income	-	7 554	-	7 554
<b>Closing balance</b>	<b>1 308 857</b>	<b>978</b>	<b>(897 189)</b>	<b>412 646</b>
<b><i>For the twelve months ended 31 March 2019</i></b>				
Opening balance	1 308 857	(6 576)	(951 369)	350 912
Profit for the year	-	-	64 939	64 939
Other comprehensive income	-	7 051	-	7 051
<b>Closing balance</b>	<b>1 308 857</b>	<b>475</b>	<b>(886 430)</b>	<b>422 902</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2019

## Condensed group statement of cash flows

<b>R'000</b>	<b>30-Dec-19</b>	<b>30-Dec-18</b>
<b>Cash flows (used in) generated from operating activities</b>		
Cash generated by operations	72 879	186 084
Finance costs	(151 510)	(152 325)
Tax paid	(6 589)	(5 223)
	<b>(85 219)</b>	<b>28 536</b>
<b>Cash flows utilised in investing activities</b>		
Additions to equipment	(12 182)	(4 518)
Proceeds on sale of equipment	463	308
	<b>(11 719)</b>	<b>(4 210)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	413 542	401 723
Repayment of borrowings	(366 826)	(415 888)
Release of cash collateral	-	33 417
	<b>46 716</b>	<b>19 253</b>
<b>Total cash movement for the period</b>	<b>(50 222)</b>	<b>43 578</b>
Cash and cash equivalents at the beginning of the period	428 031	344 569
<b>Total cash and cash equivalents at the end of the period</b>	<b>377 809</b>	<b>388 147</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2019

## Notes to the condensed financial statements

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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 2019.

The principal accounting policies are consistent with those of the annual financial statements for the year ended 31 March 2019, as described in those annual financial statements, except for the adoption of IFRS 16 Leases set out in note 4 below. The financial statements are presented in South African Rands.

### 2. Accounting estimates and judgements

#### *Critical judgements in applying accounting policies*

##### *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.

##### *Key sources of estimation uncertainty*

##### *Impairment of financial assets*

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's history, existing market conditions in the micro-finance industry as well as forward looking estimates at the end of each reporting period.

##### *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.

Where the final outcome of tax assessments is 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.

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2019

## Notes to the condensed financial statements

### 3. Dividends

No ordinary dividends were declared or paid to shareholders during the nine months ended 31 December 2019.

### 4. Lease accounting

IFRS 16 Leases became effective from 1 January 2019 and it therefore applicable in the current year. The group elected to apply IFRS 16 retrospectively using the modified approach for operating leases where the group is the lessee. Under the modified approach prior period financial information is not restated. The implementation of IFRS 16 results in the recognition of lease liabilities of R24.3 million and accompanying right-of-use assets of R24.3 million at the beginning of the current financial period. The group has elected to measure the right-of-use asset at an amount equal to the lease liability. The lease liability was recognised by present-valuing future lease payments using an incremental borrowing rate.

### 5. Net advances

	<u>30-Dec-19</u> <u>R'000</u>	<u>31-Mar-19</u> <u>R'000</u>
<i>Home Finance</i>		
Gross advances	2 329 050	2 249 096
Impairment of advances	(1 441 795)	(1 470 509)
	<u>887 255</u>	<u>778 587</u>
<i>DMC</i>		
Gross advances	773 709	749 077
Impairment of advances	(73 892)	(59 161)
	<u>699 816</u>	<u>689 916</u>
<i>Combined</i>		
Gross advances	3 102 759	2 998 173
Impairment of advances	(1 515 687)	(1 529 670)
<b>Net advances</b>	<u><b>1 587 071</b></u>	<u><b>1 468 503</b></u>
	<u><b>30-Dec-19</b></u> <u><b>R'000</b></u>	<u><b>30-Dec-18</b></u> <u><b>R'000</b></u>
<b>6. Revenue</b>		
<i>Revenue other than from contracts with customers</i>		
Interest and similar income	533 224	509 168
Net premiums received	78 775	82 029
<i>Revenue from contracts with customers</i>		
Outsourced collection income	42 315	37 434
	<u><b>654 314</b></u>	<u><b>628 631</b></u>

### 8. 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.
- DMC purchases non-performing loan portfolios and provides debt collection solutions to credit providers. DMC owns and collects the discontinued receivables.
- Assurance provides a variety of funeral, disability and loss of income benefits to customers.
- Group Central Services houses the centralised functions which operate across the group.

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2019

## Notes to the condensed financial statements

### 8. Segment information (continued)

	Net operating income R'000	Operating expenses R'000	Profit before tax R'000
<i>For the nine months ended 31 December 2019</i>			
Home Finance	145 348	(111 000)	34 349
DMC	228 747	(199 363)	29 384
Assurance	25 655	(19 819)	5 836
Group Central Services	(3 678)	(18 661)	(22 338)
	<b>396 073</b>	<b>(348 842)</b>	<b>47 230</b>

### *For the nine months ended 31 December 2018*

Home Finance	143 509	(105 156)	38 354
DMC	246 524	(219 768)	26 756
Assurance	26 470	(18 093)	8 378
Group Central Services	(23 594)	1 766	(21 829)
	<b>392 909</b>	<b>(341 250)</b>	<b>51 659</b>

	Assets R'000	Liabilities R'000
<i>31 December 2019</i>		
Home Finance	1 073 663	866 930
DMC	947 824	581 706
Assurance	42 043	22 817
Group Central Services	17 612	145 390
	<b>2 081 141</b>	<b>1 616 844</b>

### *31 December 2018*

Home Finance	979 617	822 074
DMC	903 221	568 260
Assurance	31 352	(2 834)
Group Central Services	40 114	154 159
	<b>1 954 304</b>	<b>1 541 658</b>

### *31 March 2019*

Home Finance	1 056 415	878 755
DMC	872 809	536 139
Assurance	33 152	18 440
Group Central Services	30 901	137 041
	<b>1 993 277</b>	<b>1 570 375</b>