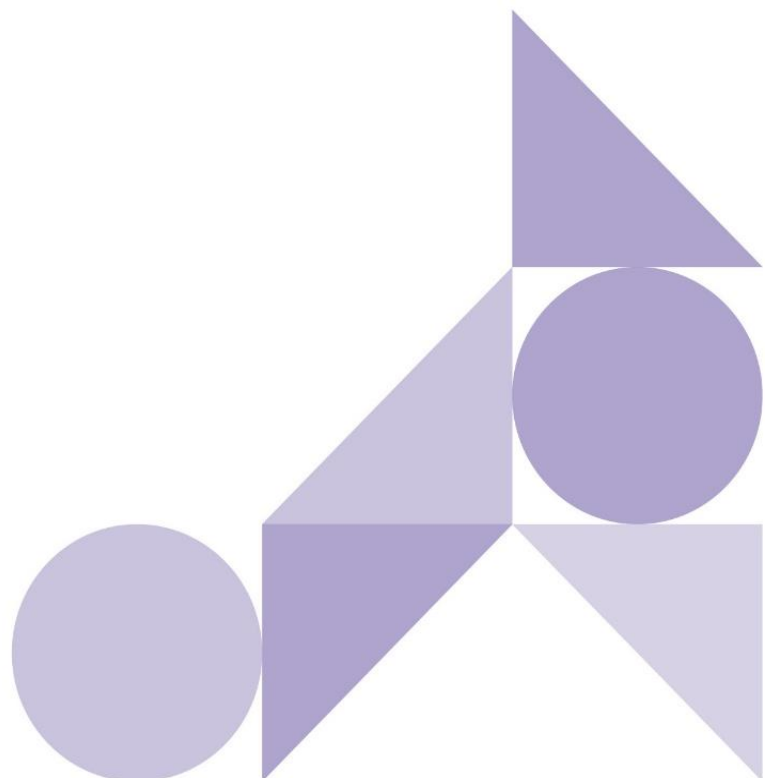


Real People Investment Holdings Limited
Unaudited condensed group financial statements
For the quarter ended 30 September 2016



Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2016

Condensed group statement of financial position

R'000	Notes	30-Sep-16	31-Mar-16
Assets			
Property, plant and equipment		33,984	38,599
Intangible assets		25,032	22,972
Deferred tax		207,146	194,015
Net advances	5	2,658,182	2,784,453
Investment in associate and joint venture		34,036	32,631
Other assets		136,444	186,550
Derivative assets		60,572	126,706
Cash and cash equivalents		421,808	608,392
Total assets		3,577,204	3,994,318
Equity			
Share capital	6	556,323	541,183
Reserves		7,095	36,260
Accumulated loss		(86,106)	(27,302)
Share capital and reserves		477,312	550,141
Non-controlling interest		(13,537)	(13,537)
Total equity		463,775	536,604
Liabilities			
Borrowings	7	2,982,801	3,208,211
Deferred tax		25,452	27,734
Other liabilities		105,176	221,769
Total liabilities		3,113,429	3,457,714
Total equity and liabilities		3,577,204	3,994,318

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2016

Condensed group statement of financial performance

R'000	Notes	Three months ended		Six months ended	
		30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
<i>Continuing operations</i>					
Revenue	8	297,693	311,625	613,256	667,571
Gross yield from assets		275,267	289,988	555,951	579,507
Impairments		(42,779)	(72,319)	(103,350)	(164,353)
Net yield		232,488	217,669	452,601	415,154
Finance costs		(105,722)	(91,675)	(215,813)	(197,275)
Net margin		126,766	125,994	236,788	217,879
Other non-interest income		22,426	21,637	41,809	63,168
Net operating income		149,192	147,631	278,597	281,047
Operating expenses		(167,268)	(149,856)	(329,129)	(286,839)
Loss before taxation		(18,076)	(2,225)	(50,532)	(5,792)
Taxation	9	(3,224)	(11,497)	7,403	(22,224)
Loss from continuing operations		(21,300)	(13,722)	(43,129)	(28,016)
<i>Disposal group</i>					
Profit/(Loss) from operations classified as a disposal group	4	(7,540)	(272)	(7,540)	390
Loss for the period		(28,840)	(13,994)	(50,669)	(27,626)
<i>Loss attributable to:</i>					
<i>Owners of the parent</i>					
Continuing operations		(21,300)	(13,242)	(43,129)	(27,642)
Disposal group		(7,540)	(272)	(7,540)	390
		(28,840)	(13,514)	(50,669)	(27,252)
<i>Non-controlling interest</i>		-	(480)	-	(374)
Loss for the period		(28,840)	(13,994)	(50,669)	(27,626)

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2016

Condensed group statement of comprehensive income

R'000	Six months ended	
	30-Sep-16	30-Sep-15
Loss for the period	(50,669)	(27,626)
<i>Other comprehensive income (loss):</i>		
Cash flow hedges:		
Effects of cash flow hedges	(26,538)	(1,329)
Tax	7,430	372
Exchange differences on translating foreign operations	(10,057)	(4,397)
Total other comprehensive loss	(29,165)	(5,354)
Total comprehensive income (loss) for the period	(79,834)	(32,980)

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
For the six months ended 30 September 2016							
Opening balance	541,183	20,383	15,877	(27,302)	550,141	(13,537)	536,604
Loss for the period	-	-	-	(50,669)	(50,669)	-	(50,669)
Other comprehensive income (loss)	-	(10,057)	(19,108)	-	(29,165)	-	(29,165)
Scrip dividends	15,140	-	-	-	15,140	-	15,140
Preference dividend	-	-	-	(8,135)	(8,135)	-	(8,135)
Closing balance	556,323	10,326	(3,231)	(86,106)	477,312	(13,537)	463,775
For the six months ended 30 September 2015							
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)
Closing balance	541,183	21,220	2,697	(58,471)	506,629	(10,975)	495,654
For the twelve months ended 31 March 2016							
Opening balance	541,183	25,617	3,654	(24,148)	546,306	(10,601)	535,705
Profit for the year	-	-	-	10,627	10,627	(2,936)	7,691
Other comprehensive income	-	(5,234)	12,223	-	6,989	-	6,989
Preference dividend	-	-	-	(13,781)	(13,781)	-	(13,781)
Closing balance	541,183	20,383	15,877	(27,302)	550,141	(13,537)	536,604

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2016

Condensed group statement of cash flows

R'000	30-Sep-16	30-Sep-15
Cash flows used in operating activities		
Cash generated by operations	211,494	138,888
Finance costs	(215,813)	(197,275)
Tax refunded (paid)	3,342	(22,449)
	(977)	(80,836)
Cash flows from investing activities		
Additions to property, plant and equipment and intangible assets	(4,213)	(11,910)
Proceeds on sale of plant and equipment	-	(1,165)
	(4,213)	(13,075)
Cash flows from financing activities		
Proceeds from borrowings	306,948	348,878
Repayment of borrowings	(488,341)	(208,435)
Dividends paid	-	(3,153)
	(181,393)	137,291
Total cash movement for the period	(186,584)	43,380
Cash and cash equivalents at the beginning of the period	608,392	432,757
Total cash and cash equivalents at the end of the period	421,808	476,137

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2016

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 2016 which are available on the group's webpage, www.realpeoplegroup.co.za.

The principal accounting policies and methods of computation applied in preparing these condensed results are consistent with those of the annual financial statements for the year ended 31 March 2016, 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 an annual evaluation of estimates used and judgements applied during the year. 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. Management has used judgement, taking into consideration the micro-finance industry, in the development of the impairment practices.

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 extent to which the current carrying value exceeds the estimated recoverable amount of advances is classified as an impairment.

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.

Recognition of deferred tax asset

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. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing taxation laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

3. Dividends

No ordinary dividends were declared or paid to shareholders during the six months ended 30 September 2016.

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2016

Notes to the condensed financial statements

4. Disposal group

The Board has approved an adjusted sale price for the sale of the Aspire Group as a result of a deterioration in the financial performance of the Aspire Schools business and changes in the discounting arrangement in respect of the Aspire Post-Schools business. The effective date of the sale will remain 1 January 2016. In terms of the transaction agreed, the group will retain contingent exposure on potential closure costs related to the post schools' business until the end of January 2017.

5. Net advances

	30-Sep-16	31-Mar-16
	R'000	R'000
<i>Credit products at amortised cost</i>		
Gross advances	1,454,919	1,518,300
Impairment of advances	(457,692)	(460,630)
Present value of estimated cash flows on written off advances	588,131	623,193
	1,585,358	1,680,863
<i>Education asset</i>	92,491	111,692
<i>Acquired debt at fair value through profit or loss</i>	969,970	978,229
<i>Outsourced collections asset</i>	10,363	13,669
	2,658,182	2,784,453

6. Share capital

In lieu of the payment of preference dividends the group has issued scrip dividends in settlement thereof. This has resulted in an increase in share capital of R15,1m.

7. Borrowings

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

	30-Sep-16	30-Sep-15
	R'000	R'000
8. Revenue		
Interest income	205,724	216,948
Yield on non-performing loans	77,066	75,010
Fee income	22,432	28,336
Fair value yield on acquired debt	188,620	155,413
Net premiums received	63,942	82,333
Other non-interest income	55,472	109,533
	613,256	667,571

9. Taxation

The group's effective tax rate is stabilising following tax planning initiatives deployed in the 2016 financial year, whilst recognition of additional deferred tax assets within the main operating company remains suspended.

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2016

Notes to the condensed financial statements

10. 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), funeral assurance and small and micro-enterprises in East Africa, predominantly in Kenya;
- DMC provides debt collection and rehabilitation solutions to credit providers and retail customers in South Africa and includes the discontinued receivables; and
- Group Central Services houses the centralised functions which operate across the group.

	Net operating income R'000	Operating expenses R'000	Profit (loss) before tax R'000
For the six months ended 30 September 2016			
Responsible Finance	128,054	(152,033)	(23,979)
DMC	205,323	(198,088)	7,236
Group Central Services	(54,780)	20,991	(33,789)
	278,597	(329,129)	(50,532)

For the six months ended 30 September 2015

Responsible Finance	152,152	(122,228)	29,924
DMC	118,759	(138,265)	(19,506)
Group Central Services	10,136	(26,345)	(16,209)
	281,047	(286,839)	(5,792)

	Assets R'000	Liabilities R'000
30 September 2016		
Responsible Finance	1,515,855	1,196,606
DMC	1,855,806	1,469,395
Group Central Services	205,543	447,429
	3,577,204	3,113,429

30 September 2015

Responsible Finance	1,639,338	1,413,883
DMC	1,745,397	1,357,433
Group Central Services	487,418	618,564
	3,872,153	3,389,880

31 March 2016

Responsible Finance	1,644,346	1,449,233
DMC	1,836,188	1,450,134
Group Central Services	513,784	558,347
	3,994,318	3,457,714