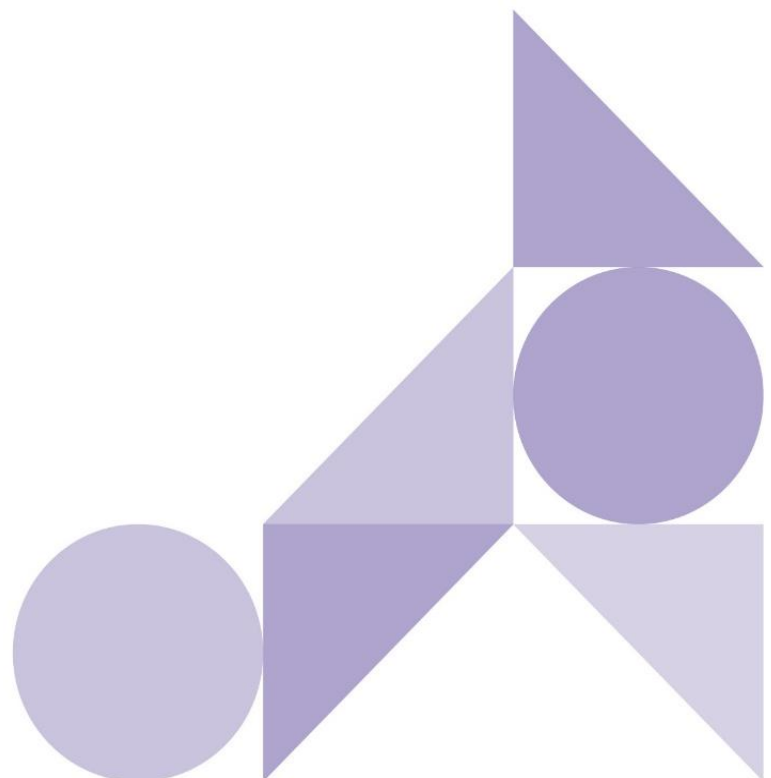


**Real People Investment Holdings Limited**  
**Unaudited condensed group financial statements**  
For the quarter ended 30 June 2018



# Real People Investment Holdings Limited and subsidiaries

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

## Condensed group statement of financial position

R'000	Notes	30-Jun-18	31-Mar-18
<b>Assets</b>			
Equipment		14,057	15,247
Intangible assets		3,052	3,406
Deferred tax		11,405	5,241
Net advances	4	1,474,680	1,498,213
Investment in associate and joint venture		23,773	24,676
Other receivables		25,659	25,844
Derivative assets		8,829	3,061
Cash and cash equivalents		302,749	344,569
<b>Total assets</b>		<b>1,864,204</b>	<b>1,920,257</b>
<b>Equity</b>			
Share capital and equity notes		1,308,857	1,308,857
Reserves		(183)	(6,576)
Accumulated loss		(933,950)	(951,369)
<b>Total equity</b>		<b>374,724</b>	<b>350,912</b>
<b>Liabilities</b>			
Borrowings		1,401,999	1,474,159
Tax liabilities		22,436	17,618
Other liabilities		65,045	77,568
<b>Total liabilities</b>		<b>1,489,480</b>	<b>1,569,345</b>
<b>Total equity and liabilities</b>		<b>1,864,204</b>	<b>1,920,257</b>

# Real People Investment Holdings Limited and subsidiaries

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

## Condensed group statement of financial performance

R'000	Notes	Three months ended	
		30-Jun-18	30-Jun-17
<i>Continuing operations</i>			
<b>Revenue</b>	5	<b>208,105</b>	<b>217,133</b>
<b>Gross yield from assets</b>		<b>186,437</b>	<b>193,501</b>
Impairments		(30,382)	(23,218)
<b>Net yield</b>		<b>156,055</b>	<b>170,283</b>
Finance costs		(51,940)	(62,410)
<b>Net margin</b>		<b>104,115</b>	<b>107,873</b>
Net assurance income - funeral benefits		8,170	7,821
Outsourced collection income		10,339	10,975
Gain on derecognition of financial liability		-	50,332
Other income		2,382	2,210
<b>Net operating income</b>		<b>125,006</b>	<b>179,211</b>
Operating expenses		(111,714)	(103,595)
<b>Profit before taxation</b>		<b>13,292</b>	<b>75,616</b>
Taxation		4,127	(9,051)
<b>Profit from continuing operations</b>		<b>17,419</b>	<b>66,565</b>
<i>Disposal group</i>			
Loss from operations classified as a disposal group		-	(9,241)
<b>Profit for the period</b>		<b>17,419</b>	<b>57,324</b>
<i>Profit attributable to:</i>			
<i>Owners of the parent</i>			
Continuing operations		17,419	66,565
Disposal group		-	(9,241)
<b>Profit for the period</b>		<b>17,419</b>	<b>57,324</b>

# Real People Investment Holdings Limited and subsidiaries

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

## Condensed group statement of comprehensive income

R'000	Three months ended	
	30-Jun-18	30-Jun-17
<b>Profit for the period</b>	<b>17,419</b>	<b>57,324</b>
<i>Other comprehensive income/(loss):</i>		
Cash flow hedges:		
Effects of cash flow hedges	6,393	-
Tax	-	-
Exchange differences on translating foreign operations	-	(1,300)
<b>Total other comprehensive income (loss)</b>	<b>6,393</b>	<b>(1,300)</b>
<b>Total comprehensive income for the period</b>	<b>23,812</b>	<b>56,024</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 equity
<b>For the three months ended 30 June 2018</b>					
Opening balance	1,308,857	-	(6,576)	(951,369)	350,912
Profit for the period	-	-	-	17,419	17,419
Other comprehensive income	-	-	6,393	-	6,393
<b>Closing balance</b>	<b>1,308,857</b>	<b>-</b>	<b>(183)</b>	<b>(933,950)</b>	<b>374,724</b>
<b>For the three months ended 30 June 2017</b>					
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	-	-	-	57,324	57,324
Other comprehensive income	-	(1,300)	-	-	(1,300)
Conversion of ordinary shares into Convertible Preference Shares	(61,467)	-	-	-	(61,467)
Convertible Preference Shares converted into B Preference Shares	(115,707)	-	-	-	(115,707)
Issue of B Preference Shares	177,174	-	-	-	177,174
Issue of C Preference Shares	141,247	-	-	-	141,247
Issue of D Payment-In-Kind notes	102,766	-	-	-	102,766
Issue of E Payment-In-Kind notes	508,520	-	-	-	508,520
<b>Closing balance</b>	<b>1,308,857</b>	<b>(9,188)</b>	<b>-</b>	<b>(933,312)</b>	<b>366,356</b>
<b>For the twelve months ended 31 March 2018</b>					
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)
Issue of B Preference Shares	177,174	-	-	-	177,174
Issue of C Preference Shares	141,247	-	-	-	141,247
Issue of D Payment-In-Kind notes	102,766	-	-	-	102,766
Issue of E Payment-In-Kind notes	508,520	-	-	-	508,520
<b>Closing balance</b>	<b>1,308,857</b>	<b>-</b>	<b>(6,576)</b>	<b>(951,369)</b>	<b>350,912</b>

# Real People Investment Holdings Limited and subsidiaries

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

## Condensed group statement of cash flows

<b>R'000</b>	<b>30-Jun-18</b>	<b>30-Jun-17</b>
<b>Cash flows used in operating activities</b>		
Cash generated by operations	67,265	299,945
Finance costs	(51,940)	(104,643)
Tax refunded (paid)	134	(1,792)
	<b>15,459</b>	<b>193,511</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment and intangible assets	(537)	(200)
Proceeds on sale of plant and equipment	198	78
	<b>(339)</b>	<b>(122)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	155,000	-
Repayment of borrowings	(245,356)	(117,361)
Release of cash collateral	8,417	-
	<b>(81,939)</b>	<b>(117,361)</b>
<b>Total cash movement for the period</b>	<b>(66,820)</b>	<b>76,028</b>
Cash and cash equivalents at the beginning of the period	344,569	462,138
Cash collateral	25,000	-
<b>Total cash and cash equivalents at the end of the period</b>	<b>302,749</b>	<b>538,166</b>

# Real People Investment Holdings Limited and subsidiaries

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

## 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 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.

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.

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 June 2018

## Notes to the condensed financial statements

### 3. Dividends

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

### 4. Net advances

	<b>30-Jun-18</b>	<b>31-Mar-18</b>
	<b>R'000</b>	<b>R'000</b>
<i>Home Finance</i>		
Gross advances	2,366,933	2,359,359
Impairment of advances	(1,636,407)	(1,636,730)
	<u>730,526</u>	<u>722,629</u>
<i>DMC</i>		
Gross advances	801,133	819,328
Impairment of advances	(56,979)	(43,744)
	<u>744,154</u>	<u>775,584</u>
<i>Combined</i>		
Gross advances	3,168,066	3,178,687
Impairment of advances	(1,693,385)	(1,680,474)
<b>Net advances</b>	<b><u>1,474,680</u></b>	<b><u>1,498,213</u></b>
	<b><u>30-Jun-18</u></b>	<b><u>30-Jun-17</u></b>
	<b>R'000</b>	<b>R'000</b>

### 5. Revenue

Interest and similar income	167,235	173,216
Fee income	2,724	2,141
Net premiums received	27,536	30,422
Other non-interest income	10,610	11,354
	<u>208,105</u>	<u>217,133</u>

### 7. 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 June 2018

## Notes to the condensed financial statements

### 7. Segment information (continued)

	Net operating income R'000	Operating expenses R'000	Profit before tax R'000
<i>For the three months ended 30 June 2018</i>			
Home Finance	48,126	(33,970)	14,156
Assurance	8,357	(6,560)	1,797
DMC	66,609	(60,859)	5,750
Group Central Services	1,915	(10,326)	(8,411)
	<b>125,006</b>	<b>(111,714)</b>	<b>13,292</b>

### *For the three months ended 30 June 2017*

Home Finance	51,126	(31,904)	19,222
Assurance	9,356	(6,615)	2,741
DMC	66,102	(51,818)	14,285
Group Central Services	52,627	(13,259)	39,368
	<b>179,211</b>	<b>(103,595)</b>	<b>75,616</b>

	Assets R'000	Liabilities R'000
<i>30 June 2018</i>		
Home Finance	899,842	765,527
Assurance	26,354	16,401
DMC	858,044	545,200
Group Central Services	79,964	162,351
	<b>1,864,204</b>	<b>1,489,480</b>

### *30 June 2017*

Home Finance	920,053	835,049
Assurance	53,680	30,842
DMC	1,199,661	944,708
Group Central Services	21,480	(243,578)
	<b>2,194,875</b>	<b>1,567,020</b>

### *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
	<b>1,920,257</b>	<b>1,569,345</b>