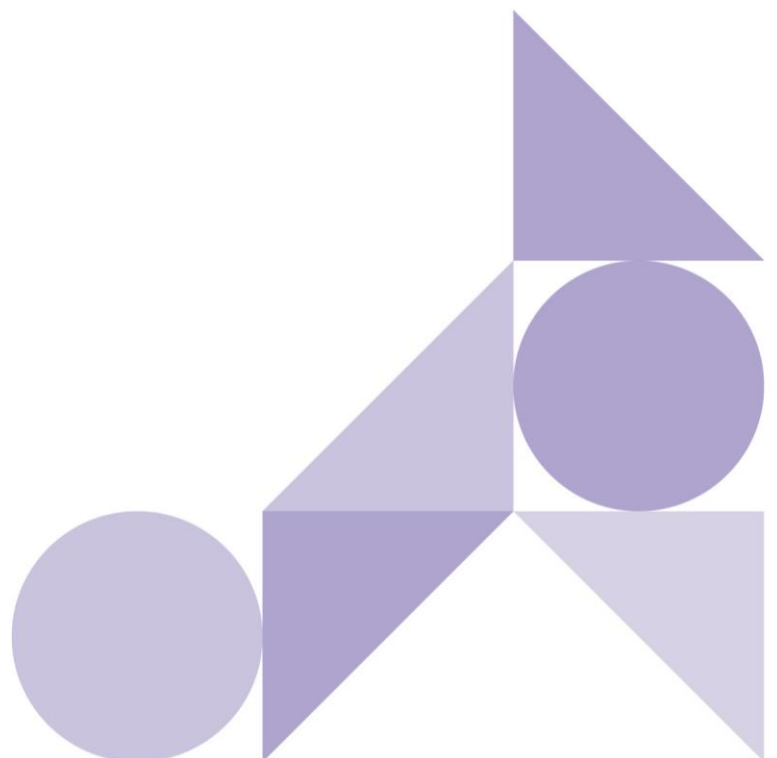


Real People Investment Holdings Limited
Unaudited condensed group financial statements
For the quarter ended 30 June 2016



Real People Investment Holdings Limited and subsidiaries

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

Condensed group statement of financial position

R'000	Notes	30-Jun-16	31-Mar-16
Assets			
Property, plant and equipment		37,988	38,599
Intangible assets		25,048	22,972
Deferred tax		202,464	194,015
Net advances	5	2,725,793	2,784,453
Investment in associate and joint venture		33,331	32,631
Other assets		171,446	186,550
Derivative assets		89,719	126,706
Cash and cash equivalents	6	507,755	608,392
Total assets		3,793,544	3,994,318
Equity			
Share capital		541,183	541,183
Reserves		11,232	36,260
Accumulated loss		(52,460)	(27,302)
Share capital and reserves		499,955	550,141
Non-controlling interest		(13,537)	(13,537)
Total equity		486,418	536,604
Liabilities			
Borrowings	7	3,076,490	3,208,211
Deferred tax		25,523	27,734
Other liabilities		205,113	221,769
Total liabilities		3,307,126	3,457,714
Total equity and liabilities		3,793,544	3,994,318

Real People Investment Holdings Limited and subsidiaries

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

Condensed group statement of financial performance

R'000	Notes	Three months ended	
		30-Jun-16	30-Jun-15
<i>Continuing operations</i>			
Revenue	8	308,051	318,768
Gross yield from assets		280,684	287,528
Impairments		(60,571)	(92,035)
Net yield		220,113	195,493
Finance costs		(110,091)	(93,939)
Net margin		110,022	101,554
Other non-interest income		19,382	23,193
Net operating income		129,404	124,747
Operating expenses		(161,851)	(132,062)
Loss before taxation		(32,447)	(7,315)
Taxation	9	10,626	(10,726)
Loss from continuing operations		(21,821)	(18,041)
<i>Disposal group</i>			
Profit from operations classified as a disposal group		-	1,130
Loss for the period		(21,821)	(16,911)
<i>Loss attributable to:</i>			
<i>Owners of the parent</i>			
Continuing operations		(21,821)	(18,147)
Disposal group		-	1,130
		(21,821)	(17,017)
<i>Non-controlling interest</i>			
		-	106
Loss for the period		(21,821)	(16,911)

Real People Investment Holdings Limited and subsidiaries

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

Condensed group statement of comprehensive income

R'000	Three months ended	
	30-Jun-16	30-Jun-15
Loss for the period	(21,821)	(16,911)
<i>Other comprehensive income (loss):</i>		
Cash flow hedges:		
Effects of cash flow hedges	(25,147)	(4,467)
Tax	-	1,251
Exchange differences on translating foreign operations	119	(23,964)
Total other comprehensive loss	(25,028)	(27,180)
Total comprehensive income (loss) for the period	(46,849)	(44,091)

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 three months ended 30 June 2016							
Opening balance	541,183	20,383	15,877	(27,302)	550,141	(13,537)	536,604
Loss for the period	-	-	-	(21,821)	(21,821)	-	(21,821)
Other comprehensive income (loss)	-	119	(25,147)	-	(25,028)	-	(25,028)
Preference dividend	-	-	-	(3,337)	(3,337)	-	(3,337)
Closing balance	541,183	20,502	(9,270)	(52,460)	499,955	(13,537)	486,418
For the three months ended 30 June 2015							
Opening balance	541,183	25,617	3,654	(24,148)	546,306	(10,601)	535,705
Loss for the period	-	-	-	(17,017)	(17,017)	106	(16,911)
Other comprehensive loss	-	(23,964)	(3,216)	-	(27,180)	-	(27,180)
Preference dividend	-	-	-	(2,876)	(2,876)	-	(2,876)
Closing balance	541,183	1,653	438	(44,041)	499,233	(10,495)	488,738
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 June 2016

Condensed group statement of cash flows

R'000	30-Jun-16	30-Jun-15
Cash flows used in operating activities		
Cash generated by (used in) operations	131,021	(41,166)
Finance costs	(110,091)	(93,939)
Tax refunded (paid)	4,902	(5,522)
	25,832	(140,627)
Cash flows from investing activities		
Additions to property, plant and equipment and intangible assets	(3,578)	(3,972)
Proceeds on sale of plant and equipment	-	2,924
	(3,578)	(1,048)
Cash flows from financing activities		
Proceeds from borrowings	155,201	165,000
Repayment of borrowings	(278,092)	(75,444)
	(122,891)	89,556
Total cash movement for the period	(100,637)	(52,120)
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	507,755	380,637

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 June 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 three months ended 30 June 2016.

Real People Investment Holdings Limited and subsidiaries

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

Notes to the condensed financial statements

4. Disposal group

The Aspire Group was sold effective 1 January 2016, however the purchaser has an option to serve closure notice for the Post-Schools business. If a closure notice is served within three months from 30 May 2016, the group carries the full cost of closure which is estimated at R28.6 million. If a closure notice is served within the subsequent three month period, the costs are to be shared between the group and the purchaser in equal proportions. After six months from signature date, 30 May 2016, the purchaser bears the full cost. Management has considered the group's position and has evaluated that this is not likely to be adversely impacted as it remains likely that the purchaser will continue with the post-schools business.

5. Net advances

	30-Jun-16	31-Mar-16
	R'000	R'000
<i>Credit products at amortised cost</i>		
Gross advances	1,486,432	1,518,300
Impairment of advances	(465,691)	(460,630)
Present value of estimated cash flows on written off advances	607,956	623,193
	<u>1,628,697</u>	<u>1,680,863</u>
<i>Education asset</i>	107,063	111,692
<i>Acquired debt at fair value through profit or loss</i>	978,153	978,229
<i>Outsourced collections asset</i>	11,880	13,669
	<u>2,725,793</u>	<u>2,784,453</u>

6. Cash and cash equivalents

There has been concern surrounding the recoverability of approximately R25 million cash deposited with Rafiki Bank, a subsidiary of Chase Bank. Chase Bank has been placed under recovery and resolution by the Kenya Central Bank. Management has negotiated a payment plan with Rafiki over the next six months which has been honoured to date. Based on actions by Rafiki, management expects full recovery, however, there is still concern surrounding the recoverability of the amount. This is being monitored closely by management.

7. Borrowings

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

	30-Jun-16	30-Jun-15
	R'000	R'000
8. Revenue		
Interest income	105,926	108,520
Yield on non-performing loans	43,007	43,175
Fee income	11,481	14,974
Fair value yield on acquired debt	87,431	53,414
Net premiums received	32,502	42,065
Other non-interest income	27,704	56,621
	<u>308,051</u>	<u>318,768</u>

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 June 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) 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 three months ended 30 June 2016			
Responsible Finance	53,854	(68,865)	(15,011)
DMC	86,055	(88,213)	(2,158)
Group Central Services	(10,504)	(4,773)	(15,278)
	129,404	(161,851)	(32,447)

For the three months ended 30 June 2015

Responsible Finance	75,097	(58,446)	16,651
DMC	52,418	(59,549)	(7,131)
Group Central Services	(2,768)	(14,067)	(16,835)
	-	124,747	(132,062)
		(132,062)	(7,315)

	Assets R'000	Liabilities R'000
30 June 2016		
Responsible Finance	1,635,910	1,463,456
DMC	1,905,664	1,840,499
Group Central Services	251,970	3,171
	3,793,544	3,307,126

30 June 2015

Responsible Finance	1,484,852	1,286,095
DMC	1,868,075	1,465,454
Group Central Services	459,990	585,145
	3,812,916	3,336,694

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