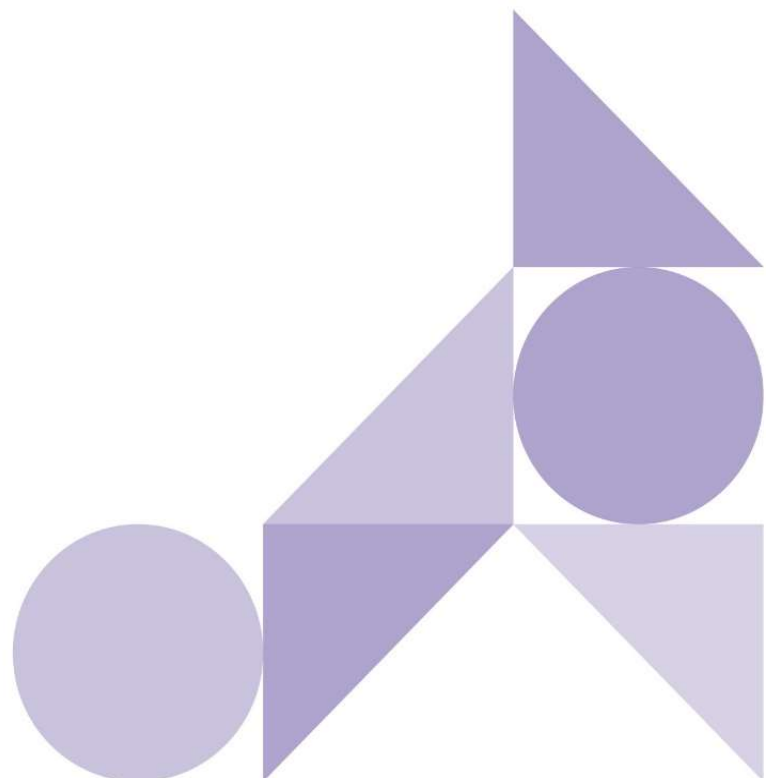


Real People Investment Holdings Limited
Unaudited condensed group financial statements
For the quarter ended 31 December 2018



Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2018

Condensed group statement of financial position

R'000	Notes	31-Dec-18	31-Mar-18
Assets			
Equipment		14 595	15 247
Intangible assets		1 991	3 406
Deferred tax		14 251	5 241
Net advances	4	1 467 217	1 498 213
Investment in associate and joint venture		28 187	24 676
Other receivables		26 271	25 844
Derivative assets		13 645	3 061
Cash and cash equivalents		388 147	344 569
Total assets		1 954 304	1 920 257
Equity			
Share capital and equity notes		1 308 857	1 308 857
Reserves		978	(6 576)
Accumulated loss		(897 189)	(951 369)
Total equity		412 646	350 912
Liabilities			
Borrowings		1 473 810	1 474 159
Tax liabilities		20 612	17 618
Other liabilities		47 236	77 568
Total liabilities		1 541 658	1 569 345
Total equity and liabilities		1 954 304	1 920 257

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2018

Condensed group statement of financial performance

R'000	Notes	Three months ended		Nine months ended	
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
<i>Continuing operations</i>					
Revenue	5	205 574	200 873	628 631	636 853
Gross yield from assets		182 846	181 447	556 784	575 929
Impairments		(30 067)	(22 830)	(82 462)	(66 825)
Net yield		152 779	158 617	474 322	509 104
Finance costs		(49 778)	(59 793)	(152 325)	(176 811)
Net margin		103 001	98 823	321 997	332 292
Net assurance income - funeral benefits		8 104	7 922	25 906	22 347
Outsourced collection income		14 624	11 504	37 434	34 391
Gain on derecognition of financial liability		-	-	-	50 332
Other income		2 379	2 746	7 572	6 770
Net operating income		128 108	120 995	392 909	446 132
Operating expenses		(107 289)	(144 419)	(341 250)	(357 643)
Profit/(loss) before taxation		20 819	(23 424)	51 659	88 488
Taxation		(3 776)	755	2 521	(16 247)
Profit/(loss) from continuing operations		17 043	(22 669)	54 180	72 241
<i>Disposal group</i>					
Loss from operations classified as a disposal group		(0)	(2 284)	-	(32 568)
Profit/(loss) for the period		17 043	(24 953)	54 180	39 673
<i>Profit/(loss) attributable to:</i>					
<i>Owners of the parent</i>					
Continuing operations		17 043	(22 669)	54 180	72 241
Disposal group		(0)	(2 284)	-	(32 568)
Profit/(loss) for the period		17 043	(24 953)	54 180	39 673

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2018

Condensed group statement of comprehensive income

R'000	Nine months ended	
	31-Dec-18	31-Dec-17
Profit for the period	54 180	39 673
<i>Other comprehensive income/(loss):</i>		
Cash flow hedges:		
Effects of cash flow hedges	7 554	(4 493)
Tax	-	-
Exchange differences on translating foreign operations	-	(1 534)
Total other comprehensive income (loss)	7 554	(6 027)
Total comprehensive income for the period	61 734	33 646

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
For the nine months ended 31 December 2018					
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
Closing balance	1 308 857	-	978	(897 189)	412 646
For the nine months ended 31 December 2017					
Opening balance	556 324	(7 888)	-	(657 273)	(108 837)
Effect on retained earnings as a result of early adoption of IFRS 9	-	-	-	(313 325)	(313 325)
Loss for the period	-	-	-	39 673	39 673
Other comprehensive income	-	(1 534)	(4 493)	-	(6 027)
Conversion of ordinary shares into Convertible Preference Shares	(61 467)	-	-	-	(61 467)
Convertible Preference Shares converted into B Preference Shares	(115 707)	-	-	-	(115 707)
Restructure of senior debt and capital instruments	55 396	-	-	-	55 396
Issue of B Preference Shares	155 909	-	-	-	155 909
Issue of C Preference Shares	128 534	-	-	-	128 534
Issue of D Payment-In-Kind notes	96 600	-	-	-	96 600
Issue of E Payment-In-Kind notes	493 268	-	-	-	493 268
Closing balance	1 308 857	(9 422)	(4 493)	(930 925)	364 017
For the twelve months ended 31 March 2018					
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)
Restructure of senior debt and capital instruments	55 396	-	-	-	55 396
Issue of B Preference Shares	155 909	-	-	-	155 909
Issue of C Preference Shares	128 534	-	-	-	128 534
Issue of D Payment-In-Kind notes	96 600	-	-	-	96 600
Issue of E Payment-In-Kind notes	493 268	-	-	-	493 268
Closing balance	1 308 857	-	(6 576)	(951 369)	350 912

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2018

Condensed group statement of cash flows

R'000	31-Dec-18	31-Dec-17
Cash flows used in operating activities		
Cash generated by operations	186 084	624 282
Finance costs	(152 325)	(176 811)
Tax refunded (paid)	(5 223)	(5 283)
	28 536	442 187
Cash flows from investing activities		
Additions to property, plant and equipment and intangible assets	(4 518)	(6 297)
Proceeds on sale of plant and equipment	308	517
	(4 210)	(5 780)
Cash flows from financing activities		
Proceeds from borrowings	401 723	-
Repayment of borrowings	(415 888)	(561 867)
Release of cash collateral	33 417	-
	19 253	(561 867)
Total cash movement for the period	43 578	(125 460)
Cash and cash equivalents at the beginning of the period	344 569	462 138
Total cash and cash equivalents at the end of the period	388 147	336 678

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2018

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 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 31 December 2018

Notes to the condensed financial statements

3, Dividends

No ordinary dividends were declared or paid to shareholders during the nine months ended 31 December 2018.

4, Net advances

	31-Dec-18	31-Mar-18
	R'000	R'000
<i>Home Finance</i>		
Gross advances	2 237 764	2 359 359
Impairment of advances	(1 475 461)	(1 636 730)
	<u>762 302</u>	<u>722 629</u>
<i>DMC</i>		
Gross advances	759 783	819 328
Impairment of advances	(54 869)	(43 744)
	<u>704 914</u>	<u>775 584</u>
<i>Combined</i>		
Gross advances	2 997 546	3 178 687
Impairment of advances	(1 530 330)	(1 680 474)
Net advances	<u>1 467 217</u>	<u>1 498 213</u>
	<u>31-Dec-18</u>	<u>31-Dec-17</u>
	R'000	R'000
5, Revenue		
Interest and similar income	501 091	474 904
Fee income	7 082	33 693
Net premiums received	82 029	89 203
Other non-interest income	38 429	39 054
	<u>628 631</u>	<u>636 853</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 31 December 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 nine months ended 31 December 2018</i>			
Home Finance	143 509	(105 156)	38 354
Assurance	26 470	(18 093)	8 378
DMC	246 524	(219 768)	26 756
Group Central Services	(23 594)	1 766	(21 829)
	392 909	(341 250)	51 659

For the nine months ended 31 December 2017

Home Finance	173 617	(103 706)	69 911
Assurance	27 100	(20 246)	6 854
DMC	220 113	(180 355)	39 758
Group Central Services	25 302	(53 337)	(28 035)
	446 132	(357 643)	88 488

	Assets R'000	Liabilities R'000
<i>31 December 2018</i>		
Home Finance	979 617	822 074
Assurance	31 352	(2 834)
DMC	903 221	568 260
Group Central Services	40 114	154 159
	1 954 304	1 541 658

31 December 2017

Home Finance	905 518	778 189
Assurance	50 449	24 652
DMC	964 427	683 484
Group Central Services	15 204	92 689
Business Finance	167 761	160 327
	2 103 358	1 739 341

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
	1 920 257	1 569 345