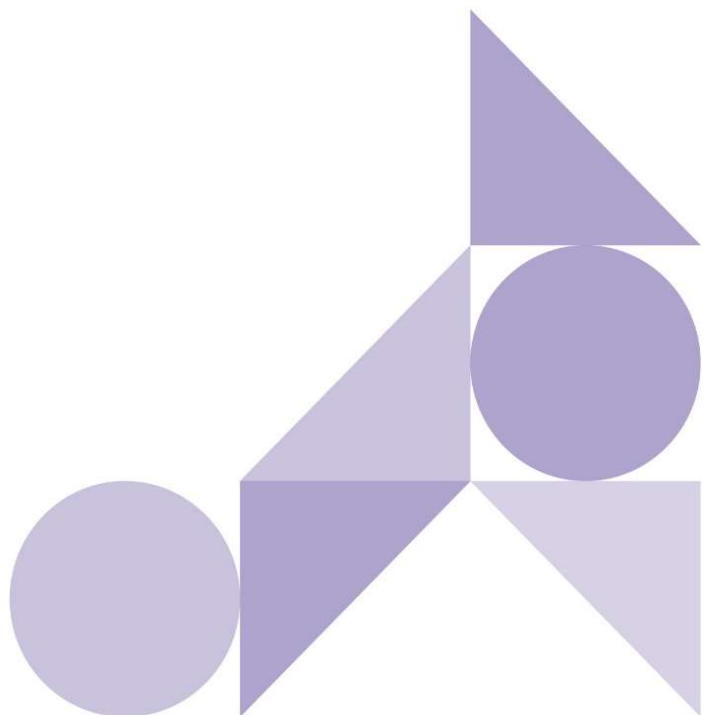


Real People Investment Holdings Limited
Unaudited condensed group financial statements
For the quarter ended 30 September 2020



Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2020

Condensed group statement of financial position

R'000	Notes	30-Sep-20	31-Mar-20
Assets			
Equipment		21 130	19 288
Right-of-use asset		-	14 099
Intangible assets		92	387
Deferred tax		-	-
Investment in associate and joint venture		13 306	12 554
Net advances	4	1 074 538	1 314 580
Other receivables		30 128	15 357
Derivatives		30 296	28 700
Cash and cash equivalents		380 932	326 600
Total assets		1 550 422	1 731 565
Equity			
Share capital and equity notes		1 308 857	1 308 857
Reserves		1 789	2 430
Accumulated loss		(1 134 077)	(1 143 226)
Total equity		176 569	168 061
Liabilities			
Borrowings		1 303 898	1 516 490
Tax liabilities		4 675	5 232
Provisions		12 164	7 918
Trade and other payables		53 116	33 864
Total liabilities		1 373 853	1 563 504
Total equity and liabilities		1 550 422	1 731 565

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2020

Condensed group statement of financial performance

R'000	Notes	Three months ended		Six months ended	
		30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
Revenue	5	185 177	216 630	360 423	431 690
Gross yield from assets		166 679	193 814	328 825	379 493
Impairments		(19 610)	(32 744)	(59 095)	(66 375)
Net yield		147 069	161 070	269 730	313 118
Finance costs		(34 638)	(51 428)	(77 781)	(101 668)
Net margin		112 431	109 642	191 949	211 450
Net assurance income - funeral benefits		6 375	8 180	14 225	16 357
Outsourced collection income		12 123	14 636	22 582	28 852
Other income		1 278	2 751	3 416	6 548
Net operating income		132 207	135 209	232 172	263 207
Operating expenses		(128 198)	(117 014)	(218 643)	(229 172)
Profit before taxation		4 009	18 195	13 529	34 035
Taxation		(384)	(1 081)	(4 380)	(2 170)
Profit for the period		3 625	17 114	9 149	31 865

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2020

Condensed group statement of comprehensive income

R'000	Six months ended	
	30-Sep-20	30-Sep-19
Profit for the period	9 149	31 865
<i>Other comprehensive income/(loss):</i>		
Effects of cash flow hedges	(641)	141
Total comprehensive income for the period	8 508	32 006

Condensed group statement of changes in equity

R'000	Share capital and equity notes	Cash flow hedging reserve	Retained Income	Total equity
<i>For the six months ended 30 September 2020</i>				
Opening balance	1 308 857	2 430	(1 143 226)	168 061
Profit for the period	-	-	9 149	9 149
Other comprehensive income	-	(641)	-	(641)
Closing balance	1 308 857	1 789	(1 134 077)	176 569
<i>For the six months ended 30 September 2019</i>				
Opening balance	1 308 857	475	(886 430)	422 902
Profit for the period	-	-	31 865	31 865
Other comprehensive income	-	141	-	141
Closing balance	1 308 857	616	(854 565)	454 908
<i>For the twelve months ended 31 March 2020</i>				
Opening balance	1 308 857	475	(886 430)	422 902
Profit for the year	-	-	(256 796)	(256 796)
Other comprehensive income	-	1 955	-	1 955
Closing balance	1 308 857	2 430	(1 143 226)	168 061

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2020

Condensed group statement of cash flows

R'000	30-Sep-20	30-Sep-19
Cash flows (used in) generated from operating activities		
Cash generated by operations	425 571	47 081
Finance costs	(77 781)	(101 668)
Tax paid	(4 938)	(6 254)
	342 852	(60 841)
Cash flows utilised in investing activities		
Additions to equipment	(7 465)	(2 944)
Proceeds on sale of equipment	389	421
	(7 075)	(2 524)
Cash flows from financing activities		
Proceeds from borrowings	-	243 907
Repayment of borrowings	(281 445)	(176 442)
	(281 445)	67 465
Total cash movement for the period	54 332	4 101
Cash and cash equivalents at the beginning of the period	326 600	428 031
Total cash and cash equivalents at the end of the period	380 932	432 132

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2020

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 2020.

The principal accounting policies are consistent with those of the annual financial statements for the year ended 31 March 2020, as described in those annual financial statements, except for a change in accounting policy for costs included in the valuation of credit impaired assets. 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 deferred tax assets on taxable losses in Real People Investment Holdings Limited and subsidiaries has been suspended and the deferred tax assets recognised in prior financial years impaired until there is a history of sustainable profitability.

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, the most significant single event in the current year being the impact of COVID-19.

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2020

Notes to the condensed financial statements

2. Accounting estimates and judgements (continued)

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.

Doubtful debt allowances on stage 3 impairment provisions under section 11(j) of the Income Tax Act

The group has applied for a directive from the South African Revenue Services to approve the use of an 85% doubtful debt allowance on stage 3 impairment provisions. The group has not yet received final feedback from the South African Revenue Services in respect of the outcome of the application for a directive. The group's submissions and response to standard follow up queries have been consistent with the process and timing of applications and queries that industry peers have concluded to obtain issued directives. The financial statements have been prepared on the basis that the directive will be granted.

3. Dividends

No ordinary dividends were declared or paid to shareholders during the six months ended 30 September 2020.

4. Net advances

	30-Sep-20 R'000	31-Mar-20 R'000
<i>Home Finance</i>		
<i>Performing loans</i>		
Gross advances	535 468	817 465
Impairment of advances	<u>(130 817)</u>	<u>(185 591)</u>
	404 651	631 874
<i>Non-performing loans</i>		
Gross advances	1 542 780	1 448 681
Impairment of advances	<u>(1 364 717)</u>	<u>(1 294 230)</u>
	178 063	154 451
<i>DMC</i>		
Gross advances	(1 874 290)	763 026
Impairment of advances	<u>2 366 113</u>	<u>(234 771)</u>
	491 824	528 255
<i>Combined</i>		
Gross advances	203 958	3 029 172
Impairment of advances	<u>870 579</u>	<u>(1 714 592)</u>
Net advances	<u>1 074 538</u>	<u>1 314 580</u>

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2020

Notes to the condensed financial statements

5. Revenue	30-Sep-20 R'000	30-Sep-19 R'000
<i>Revenue other than from contracts with customers</i>		
Interest and similar income	289 904	350 946
Net premiums received	47 938	51 892
<i>Revenue from contracts with customers</i>		
Outsourced collection income	22 582	28 852
	360 423	431 690

6. Taxation

Recognition of additional deferred tax assets within Real People Investment Holdings Ltd and its subsidiaries remain suspended.

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.
- 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.

	Net operating income R'000	Operating expenses R'000	Profit before tax R'000
<i>For the six months ended 30 September 2020</i>			
Home Finance	83 549	(59 622)	23 926
DMC	135 134	(114 365)	20 769
Assurance	14 487	(9 047)	5 440
Group Central Services	(997)	(35 609)	(36 606)
	232 172	(218 643)	13 529

For the six months ended 30 September 2019

Home Finance	95 913	(73 009)	22 904
DMC	153 288	(130 392)	22 896
Assurance	16 786	(13 074)	3 712
Group Central Services	(2 779)	(12 697)	(15 477)
	263 207	(229 172)	34 035

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2020

Notes to the condensed financial statements

7. Segment information (continued)

	Assets R'000	Liabilities R'000
30 September 2020		
Home Finance	769 520	2 129 555
DMC	676 601	766 899
Assurance	-	57 301
Group Central Services	104 301	(1 579 902)
	1 550 422	1 373 853
30 September 2019		
Home Finance	1 119 847	920 453
DMC	913 071	553 812
Assurance	33 698	16 106
Group Central Services	24 210	145 548
	2 090 827	1 635 919
31 March 2020		
Home Finance	938 542	887 191
DMC	704 712	597 631
Assurance	31 751	36 530
Group Central Services	56 560	42 152
	1 731 565	1 563 504