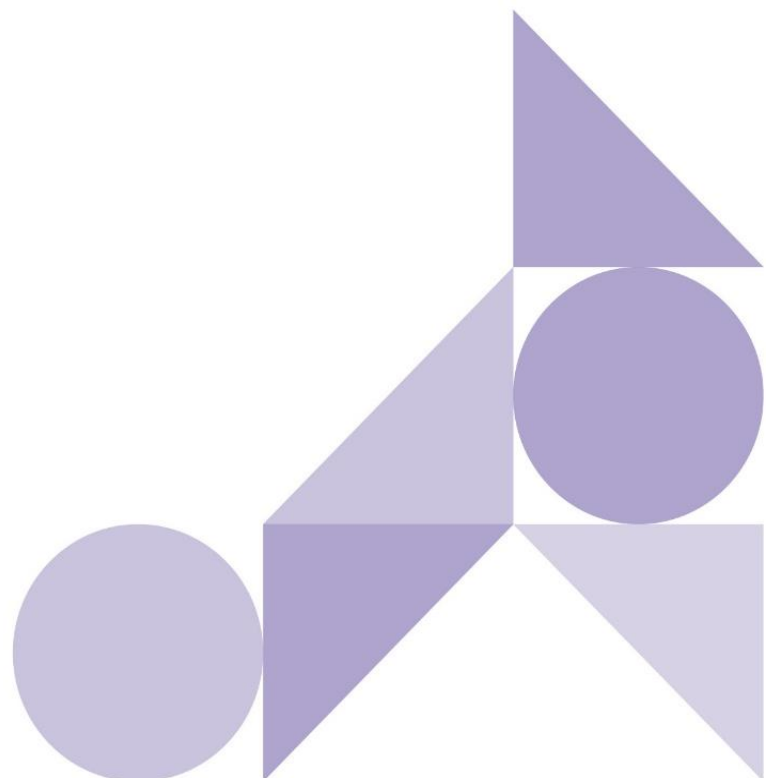


**Real People Investment Holdings Limited**  
**Unaudited condensed group financial statements**  
For the quarter ended 30 September 2019



# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2019

## Condensed group statement of financial position

<b>R'000</b>	<b>Notes</b>	<b>30-Sep-19</b>	<b>31-Mar-19</b>
<b>Assets</b>			
Equipment		12 931	13 485
Right-of-use asset		19 352	-
Intangible assets		875	1 536
Deferred tax		18 660	14 932
Investment in associate and joint venture		27 769	28 078
Net advances	5	1 541 362	1 468 503
Other receivables		25 609	26 821
Derivatives		12 137	11 891
Cash and cash equivalents		432 132	428 031
<b>Total assets</b>		<b>2 090 827</b>	<b>1 993 277</b>
<b>Equity</b>			
Share capital and equity notes		1 308 857	1 308 857
Reserves		616	475
Accumulated loss		(854 565)	(886 430)
<b>Total equity</b>		<b>454 908</b>	<b>422 902</b>
<b>Liabilities</b>			
Borrowings		1 577 339	1 493 776
Tax liabilities		10 067	9 501
Provisions		11 180	24 600
Trade and other payables		37 333	42 498
<b>Total liabilities</b>		<b>1 635 919</b>	<b>1 570 375</b>
<b>Total equity and liabilities</b>		<b>2 090 827</b>	<b>1 993 277</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2019

## Condensed group statement of financial performance

R'000	Notes	Three months ended		Six months ended	
		30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
<b>Revenue</b>	6	<b>216 630</b>	<b>209 604</b>	<b>431 690</b>	<b>420 831</b>
<b>Gross yield from assets</b>		<b>193 814</b>	<b>189 803</b>	<b>379 493</b>	<b>375 060</b>
Impairments		(32 744)	(22 012)	(66 375)	(52 394)
<b>Net yield</b>		<b>161 070</b>	<b>167 791</b>	<b>313 118</b>	<b>322 666</b>
Finance costs		(51 428)	(50 607)	(101 668)	(102 532)
<b>Net margin</b>		<b>109 642</b>	<b>117 184</b>	<b>211 450</b>	<b>220 134</b>
Net assurance income - funeral benefits		8 180	7 330	16 357	16 680
Outsourced collection income		14 636	12 471	28 852	22 810
Other income		2 751	2 811	6 548	5 193
<b>Net operating income</b>		<b>135 209</b>	<b>139 796</b>	<b>263 207</b>	<b>264 817</b>
Operating expenses		(117 014)	(122 247)	(229 172)	(233 962)
<b>Profit before taxation</b>		<b>18 195</b>	<b>17 549</b>	<b>34 035</b>	<b>30 855</b>
Taxation		(1 081)	2 170	(2 170)	6 297
<b>Profit for the period</b>		<b>17 114</b>	<b>19 719</b>	<b>31 865</b>	<b>37 152</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2019

## Condensed group statement of comprehensive income

R'000	Six months ended	
	30-Sep-19	30-Sep-18
<b>Profit for the period</b>	<b>31 865</b>	<b>37 152</b>
<i>Other comprehensive income/(loss):</i>		
Effects of cash flow hedges	141	8 670
<b>Total comprehensive income for the period</b>	<b>32 006</b>	<b>45 822</b>

## Condensed group statement of changes in equity

R'000	Share capital and equity notes	Cash flow hedging reserve	Retained Income	Total equity
<b><i>For the six months ended 30 September 2019</i></b>				
Opening balance	1 308 857	475	(886 430)	422 902
Profit for the period	-	-	31 865	31 865
Other comprehensive income	-	141	-	141
<b>Closing balance</b>	<b>1 308 857</b>	<b>616</b>	<b>(854 565)</b>	<b>454 908</b>
<b><i>For the six months ended 30 September 2018</i></b>				
Opening balance	1 308 857	(6 576)	(951 369)	350 912
Profit for the period	-	-	37 152	37 152
Other comprehensive income	-	8 670	-	8 670
<b>Closing balance</b>	<b>1 308 857</b>	<b>2 094</b>	<b>(914 217)</b>	<b>396 734</b>
<b><i>For the twelve months ended 31 March 2019</i></b>				
Opening balance	1 308 857	(6 576)	(951 369)	350 912
Profit for the year	-	-	64 939	64 939
Other comprehensive income	-	7 051	-	7 051
<b>Closing balance</b>	<b>1 308 857</b>	<b>475</b>	<b>(886 430)</b>	<b>422 902</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2019

## Condensed group statement of cash flows

<b>R'000</b>	<b>30-Sep-19</b>	<b>30-Sep-18</b>
<b>Cash flows (used in) generated from operating activities</b>		
Cash generated by operations	47 081	158 106
Finance costs	(101 668)	(102 532)
Tax paid	(6 254)	(5 810)
	<b>(60 841)</b>	<b>49 764</b>
<b>Cash flows utilised in investing activities</b>		
Additions to equipment	(2 944)	(4 050)
Proceeds on sale of equipment	421	163
	<b>(2 524)</b>	<b>(3 887)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	243 907	301 063
Repayment of borrowings	(176 442)	(337 199)
Release of cash collateral	-	8 430
	<b>67 465</b>	<b>(27 706)</b>
<b>Total cash movement for the period</b>	<b>4 101</b>	<b>18 170</b>
Cash and cash equivalents at the beginning of the period	428 031	369 569
<b>Total cash and cash equivalents at the end of the period</b>	<b>432 132</b>	<b>387 739</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2019

## 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 2019.

The principal accounting policies are consistent with those of the annual financial statements for the year ended 31 March 2019, as described in those annual financial statements, except for the adoption of IFRS 16 Leases set out in note 4 below. 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 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.

##### *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.

##### *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.

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2019

## Notes to the condensed financial statements

### 3. Dividends

No ordinary dividends were declared or paid to shareholders during the six months ended 30 September 2019.

### 4. Lease accounting

IFRS 16 Leases became effective from 1 January 2019 and it therefore applicable in the current year. The group elected to apply IFRS 16 retrospectively using the modified approach for operating leases where the group is the lessee. Under the modified approach prior period financial information is not restated. The implementation of IFRS 16 results in the recognition of lease liabilities of R24.3 million and accompanying right-of-use assets of R24.3 million at the beginning of the current financial period. The group has elected to measure the right-of-use asset at an amount equal to the lease liability. The lease liability was recognised by present-valuing future lease payments using an incremental borrowing rate.

### 5. Net advances

	<u>30-Sep-19</u> R'000	<u>31-Mar-19</u> R'000
<i>Home Finance</i>		
Gross advances	2 287 300	2 249 096
Impairment of advances	(1 440 478)	(1 470 509)
	<u>846 822</u>	<u>778 587</u>
<i>DMC</i>		
Gross advances	766 871	749 077
Impairment of advances	(72 331)	(59 161)
	<u>694 540</u>	<u>689 916</u>
<i>Combined</i>		
Gross advances	3 054 170	2 998 173
Impairment of advances	(1 512 808)	(1 529 670)
<b>Net advances</b>	<u><b>1 541 362</b></u>	<u><b>1 468 503</b></u>
	<u>30-Sep-19</u> R'000	<u>30-Sep-18</u> R'000

### 6. Revenue

<i>Revenue other than from contracts with customers</i>		
Interest and similar income	350 946	343 173
Net premiums received	51 892	54 848
<i>Revenue from contracts with customers</i>		
Outsourced collection income	28 852	22 810
	<u><b>431 690</b></u>	<u><b>420 831</b></u>

### 8. 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.

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 September 2019

## Notes to the condensed financial statements

### 8. Segment information (continued)

	Net operating income R'000	Operating expenses R'000	Profit before tax R'000
<i>For the six months ended 30 September 2019</i>			
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)
	<b>263 207</b>	<b>(229 172)</b>	<b>34 035</b>

### *For the six months ended 30 September 2018*

Home Finance	100 809	(71 904)	28 905
DMC	159 807	(145 455)	14 352
Assurance	17 049	(12 923)	4 126
Group Central Services	(12 848)	(3 680)	(16 528)
	<b>264 817</b>	<b>(233 962)</b>	<b>30 855</b>

	Assets R'000	Liabilities R'000
<i>30 September 2019</i>		
Home Finance	1 119 847	920 453
DMC	913 071	553 812
Assurance	33 698	16 106
Group Central Services	24 210	145 548
	<b>2 090 827</b>	<b>1 635 919</b>

### *30 September 2018*

Home Finance	984 347	835 840
DMC	922 704	597 658
Assurance	28 004	16 672
Group Central Services	37 219	125 370
	<b>1 972 274</b>	<b>1 575 539</b>

### *31 March 2019*

Home Finance	1 056 415	878 755
DMC	872 809	536 139
Assurance	33 152	18 440
Group Central Services	30 901	137 041
	<b>1 993 277</b>	<b>1 570 375</b>