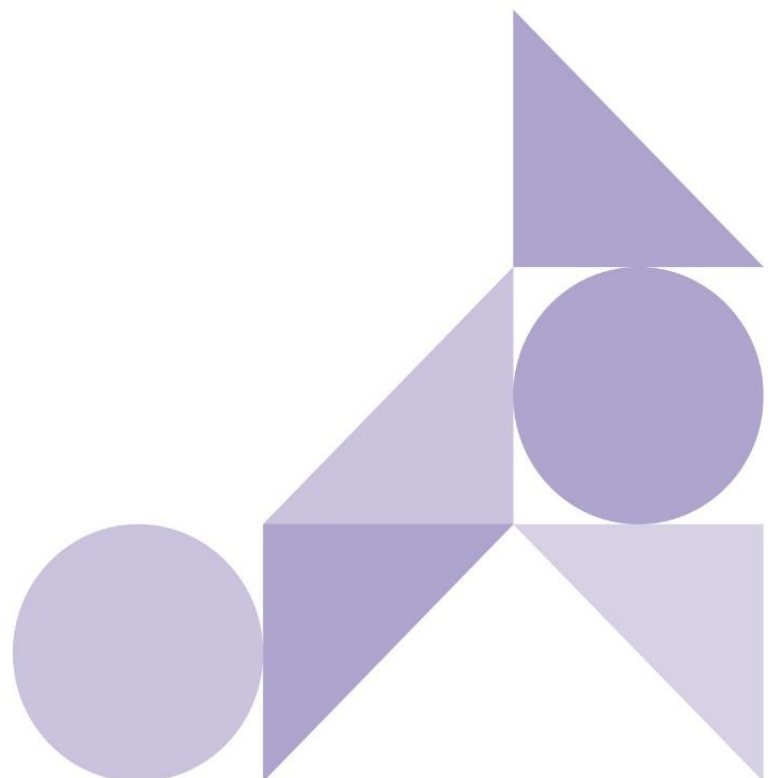


Real People Investment Holdings Limited
Unaudited condensed group financial statements
For the quarter ended 31 March 2019



Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2019

Condensed group statement of financial position

R'000	Notes	31-Mar-19	31-Mar-18
Assets			
Equipment		13,485	15,247
Intangible assets		1,536	3,406
Deferred tax		14,932	5,241
Net advances	3	1,468,503	1,498,213
Investment in associate and joint venture		28,078	24,676
Other receivables		26,821	25,844
Derivatives		11,891	3,061
Cash and cash equivalents		428,031	344,569
Total assets		1,993,277	1,920,257
Equity			
Share capital and equity notes		1,308,857	1,308,857
Reserves		475	(6,576)
Accumulated loss		(886,402)	(951,369)
Total equity		422,930	350,912
Liabilities			
Borrowings		1,493,776	1,474,159
Tax liabilities		9,501	17,618
Other liabilities		67,070	77,568
Total liabilities		1,570,347	1,569,345
Total equity and liabilities		1,993,277	1,920,257

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2019

Condensed group statement of financial performance

R'000	Notes	Three months ended		Twelve months ended	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
<i>Continuing operations</i>					
Revenue	4	207,887	230,455	846,807	883,039
Gross yield from assets		186,097	209,718	742,881	785,647
Impairments		(40,213)	(25,936)	(122,675)	(92,761)
Net yield		145,884	183,782	620,206	692,886
Finance costs		(44,825)	(54,571)	(197,150)	(231,382)
Net margin		101,059	129,212	423,056	461,504
Net assurance income - funeral benefits		8,078	12,857	33,984	35,204
Outsourced collection income		13,712	7,880	51,146	42,271
Gain on derecognition of financial liability		-	-	-	50,332
Other income		17,211	7,764	24,783	14,534
Net operating income		140,060	157,713	532,969	603,845
Operating expenses		(124,831)	(167,042)	(466,081)	(524,685)
Profit/(loss) before taxation		15,229	(9,328)	66,888	79,160
Taxation		(4,442)	10,896	(1,921)	(5,351)
Profit from continuing operations		10,787	1,568	64,967	73,809
<i>Disposal group</i>					
Loss from operations classified as a disposal group		-	-	-	(30,310)
Profit for the period		10,787	1,568	64,967	43,499
<i>Profit attributable to:</i>					
<i>Owners of the parent</i>					
Continuing operations		10,787	1,568	64,967	73,809
Disposal group		-	-	-	(30,310)
Profit for the period		10,787	1,568	64,967	43,499

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2019

Condensed group statement of comprehensive income

R'000	Twelve months ended	
	31-Mar-19	31-Mar-18
Profit for the period	64,967	43,499
<i>Other comprehensive income:</i>		
Cash flow hedges:		
Effects of cash flow hedges	7,051	(6,576)
Exchange differences on translating foreign operations	-	7,888
Total other comprehensive income	7,051	1,312
Total comprehensive income for the period	72,018	44,811

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
<i>For the twelve months ended 31 March 2019</i>					
Opening balance	1,308,857	-	(6,576)	(951,369)	350,912
Profit for the period	-	-	-	64,967	64,967
Other comprehensive income	-	-	7,051	-	7,051
Closing balance	1,308,857	-	475	(886,402)	422,930

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 March 2019

Condensed group statement of cash flows

R'000	31-Mar-19	31-Mar-18
Cash flows used in operating activities		
Cash generated by operations	277,499	505,297
Finance costs	(179,233)	(222,514)
Tax paid	(15,225)	(15,328)
	83,041	267,455
Cash flows from investing activities		
Additions to equipment and intangible assets	(5,776)	(7,693)
Proceeds on sale of equipment	292	1,776
Dividend received from associate	6,975	-
	1,491	(5,917)
Cash flows from financing activities		
Proceeds on share issue	-	1
Proceeds from borrowings	509,000	58,862
Repayment of borrowings	(543,487)	(403,295)
Reimbursement (settlement) derivative collateral	33,417	(34,675)
	(1,070)	(379,107)
Total cash movement for the period	83,462	(117,569)
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	428,031	344,569

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2019

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 except for the adoption of IFRS 15: Revenue from Contracts with Customers (effective on 1 January 2018). There has been no material change in revenue recognition for the group.

The financial statements are presented in South African Rands.

1.1 Accounting estimates and judgements

Impairment of advances

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 past history, existing market conditions in the micro-finance industry as well as forward looking estimates at the end of each reporting period.

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 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.

The deferred tax asset relates to Umuzi Finance (RF) Limited, a Home Finance special purpose entity and recovery is considered likely.

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 March 2019

Notes to the condensed financial statements

2. Dividends

No ordinary dividends were declared or paid to shareholders during the twelve months ended 31 March 2019.

3. Net advances

	31-Mar-19	31-Mar-18
	R'000	R'000
<i>Home Finance</i>		
Gross advances	2,249,096	2,359,359
Impairment of advances	(1,470,509)	(1,636,730)
	<u>778,587</u>	<u>722,629</u>
<i>DMC</i>		
Gross advances	757,486	819,328
Impairment of advances	(67,570)	(43,744)
	<u>689,916</u>	<u>775,584</u>
<i>Combined</i>		
Gross advances	3,006,582	3,178,687
Impairment of advances	(1,538,079)	(1,680,474)
Net advances	<u>1,468,503</u>	<u>1,498,213</u>

4. Revenue

Revenue other than from contracts with customers

Interest and similar income	687,539	723,119
Net premiums received	108,122	117,649

Revenue from contracts with customers

Outsourced collection income	51,146	42,271
	<u>846,807</u>	<u>883,039</u>

6. 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.
- 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. DMC owns and collects the discontinued receivables.
- 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 31 March 2019

Notes to the condensed financial statements

6. Segment information (continued)

	Net operating income R'000	Operating expenses R'000	Profit before tax R'000
<i>For the twelve months ended 31 March 2019</i>			
Home Finance	207,051	(139,794)	67,257
Assurance	34,760	(25,271)	9,489
DMC	292,738	(260,669)	32,069
Group Central Services	(1,580)	(40,343)	(41,923)
	532,969	(466,077)	66,892

For the twelve months ended 31 March 2018

Home Finance	220,131	(137,410)	82,721
Assurance	36,142	(26,164)	9,978
DMC	296,185	(267,352)	28,833
Group Central Services	51,387	(93,759)	(42,372)
	603,845	(524,685)	79,160

	Assets R'000	Liabilities R'000
<i>31 March 2019</i>		
Home Finance	1,056,415	875,702
Assurance	33,152	531,208
DMC	872,809	17,277
Group Central Services	30,901	146,160
	1,993,277	1,570,347

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