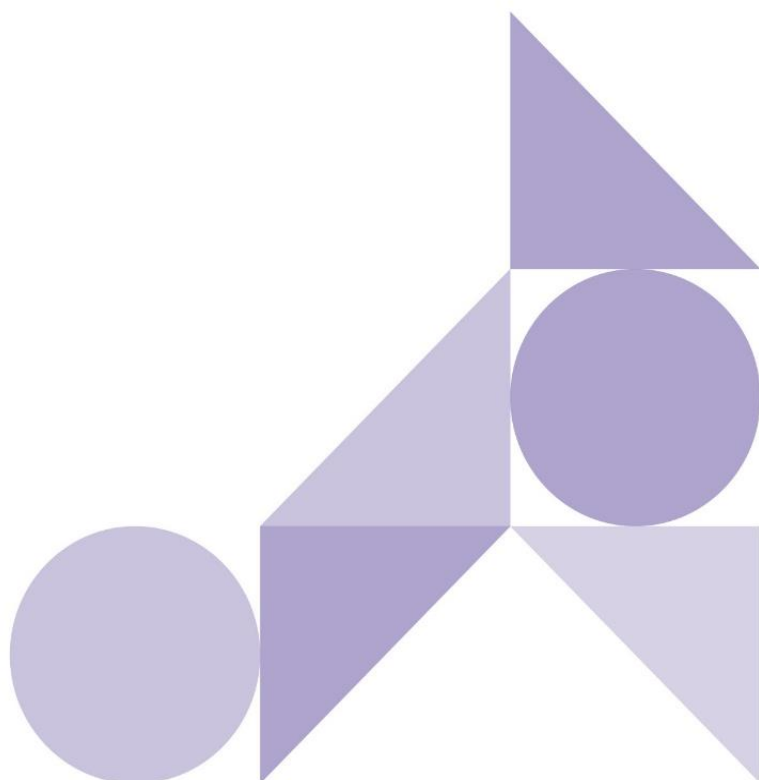


Real People Investment Holdings Limited
Unaudited condensed group financial statements
For the quarter ended 30 June 2019



Real People Investment Holdings Limited and subsidiaries

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

Condensed group statement of financial position

R'000	Notes	30-Jun-19	31-Mar-19
Assets			
Equipment		12 665	13 485
Right-of-use asset		21 818	-
Intangible assets		1 208	1 536
Deferred tax		15 959	14 932
Investment in associate and joint venture		29 165	28 078
Net advances	5	1 499 790	1 468 503
Other receivables		27 111	26 821
Derivatives		7 020	11 891
Cash and cash equivalents		411 193	428 031
Total assets		2 025 929	1 993 277
Equity			
Share capital and equity notes		1 308 857	1 308 857
Reserves		(215)	475
Accumulated loss		(871 677)	(886 430)
Total equity		436 965	422 902
Liabilities			
Borrowings		1 545 255	1 493 776
Tax liabilities		11 397	9 501
Provisions		7 928	24 600
Trade and other payables		24 384	42 498
Total liabilities		1 588 964	1 570 375
Total equity and liabilities		2 025 929	1 993 277

Real People Investment Holdings Limited and subsidiaries

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

Condensed group statement of financial performance

R'000	Notes	Three months ended	
		30-Jun-19	30-Jun-18
Revenue	6	211 662	205 111
Gross yield from assets		185 679	186 437
Impairments		(33 632)	(30 382)
Net yield		152 047	156 055
Finance costs		(50 240)	(51 940)
Net margin		101 807	104 115
Net assurance income - funeral benefits		8 176	8 170
Outsourced collection income		14 216	10 339
Other income		3 799	2 382
Net operating income		127 998	125 006
Operating expenses		(112 156)	(111 714)
Profit before taxation		15 842	13 292
Taxation		(1 089)	4 127
Profit for the period		14 753	17 419

Real People Investment Holdings Limited and subsidiaries

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

Condensed group statement of comprehensive income

R'000	Three months ended	
	30-Jun-19	30-Jun-18
Profit for the period	14 753	17 419
<i>Other comprehensive income/(loss):</i>		
Effects of cash flow hedges	(690)	6 393
Total comprehensive income for the period	14 063	23 812

Condensed group statement of changes in equity

R'000	Share capital and equity notes	Cash flow hedging reserve	Retained Income	Total equity
For the three months ended 30 June 2019				
Opening balance	1 308 857	475	(886 430)	422 902
Profit for the period	-	-	14 753	14 753
Other comprehensive income	-	(690)	-	(690)
Closing balance	1 308 857	(215)	(871 677)	436 965
For the three months ended 30 June 2018				
Opening balance	1 308 857	(6 576)	(951 369)	350 912
Profit for the period	-	-	17 419	17 419
Other comprehensive income	-	6 393	-	6 393
Closing balance	1 308 857	(183)	(933 950)	374 724
For the twelve months ended 31 March 2019				
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
Closing balance	1 308 857	475	(886 430)	422 902

Real People Investment Holdings Limited and subsidiaries

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

Condensed group statement of cash flows

R'000	30-Jun-19	30-Jun-18
Cash flows used in operating activities		
Cash generated by (used in) operations	(905)	67 265
Finance costs	(50 240)	(51 940)
Tax refunded (paid)	(1 143)	134
	(52 288)	15 459
Cash flows from investing activities		
Additions to equipment	(901)	(537)
Proceeds on sale of equipment	122	198
	(779)	(339)
Cash flows from financing activities		
Proceeds from borrowings	117 997	155 000
Repayment of borrowings	(81 769)	(245 356)
Release of cash collateral	-	8 417
	36 229	(81 939)
Total cash movement for the period	(16 838)	(66 820)
Cash and cash equivalents at the beginning of the period	428 031	369 569
Total cash and cash equivalents at the end of the period	411 193	302 749

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 June 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 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 past 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 June 2019

Notes to the condensed financial statements

3. Dividends

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

4. Lease accounting

IFRS 16 Leases became effective from 1 January 2019. 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

	30-Jun-19 R'000	31-Mar-19 R'000
<i>Home Finance</i>		
Gross advances	2 272 628	2 249 096
Impairment of advances	(1 468 457)	(1 470 509)
	<u>804 170</u>	<u>778 587</u>
<i>DMC</i>		
Gross advances	770 211	749 077
Impairment of advances	(74 591)	(59 161)
	<u>695 620</u>	<u>689 916</u>
<i>Combined</i>		
Gross advances	3 042 839	2 998 173
Impairment of advances	(1 543 048)	(1 529 670)
Net advances	<u>1 499 790</u>	<u>1 468 503</u>
	<u>30-Jun-19 R'000</u>	<u>30-Jun-18 R'000</u>

6. Revenue

<i>Revenue other than from contracts with customers</i>		
Interest and similar income	171 658	169 959
Net premiums received	25 788	27 536
<i>Revenue from contracts with customers</i>		
Outsourced collection income	14 216	10 339
	<u>211 662</u>	<u>205 111</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 June 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 three months ended 30 June 2019</i>			
Home Finance	47 971	(35 927)	12 044
DMC	73 273	(63 791)	9 482
Assurance	8 386	(6 011)	2 375
Group Central Services	(1 632)	(6 424)	(8 056)
	127 998	(112 154)	15 844

For the three months ended 30 June 2018

Home Finance	48 126	(33 970)	14 156
DMC	66 609	(60 859)	5 750
Assurance	8 357	(6 560)	1 797
Group Central Services	1 915	(10 326)	(8 411)
	125 006	(111 714)	13 292

	Assets R'000	Liabilities R'000
<i>30 June 2019</i>		
Home Finance	1 035 437	846 003
DMC	943 215	597 441
Assurance	31 531	14 885
Group Central Services	15 746	130 635
	2 025 929	1 588 964

30 June 2018

Home Finance	899 842	765 527
DMC	858 044	545 200
Assurance	26 354	16 401
Group Central Services	79 964	162 351
	1 864 204	1 489 480

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
	1 993 277	1 570 375