

Figures in Kenyan Shilling thousand

| | H1 2018 | H1 2017 |
|-------------------------------------|------------------|------------------|
| Assets | | |
| Property and equipment | 45,857 | 80,707 |
| Intangible assets | 34,832 | 64,191 |
| Deferred tax asset | 0 | 247,270 |
| Trade and other receivables | 44,501 | 59,518 |
| Current tax receivable | 248,195 | 33,609 |
| Loans and advances to customers | 639,615 | 1,581,497 |
| Cash and cash equivalents | 319,606 | 264,352 |
| Total Assets | 1,332,606 | 2,331,144 |
| Equity and Liabilities | | |
| Equity | | |
| Share capital | 750,000 | 750,000 |
| Accumulated (loss)/surplus | -675,206 | -62,288 |
| Total Equity | 74,794 | 687,712 |
| Liabilities | | |
| Other payables | 23,634 | 128,751 |
| Borrowings | 1,234,178 | 1,514,681 |
| Total Liabilities | 1,257,812 | 1,643,432 |
| Total Equity and Liabilities | 1,332,606 | 2,331,144 |

Statement of comprehensive income

Figures in Kenyan Shilling thousand

| | H1 2018 | H1 2017 |
|---|-----------------|-----------------|
| Revenue | 254,972 | 483,706 |
| Impairments on loans and advances | -166,520 | -263,946 |
| Other operating expenses | -213,867 | -329,470 |
| Finance costs | -125,416 | -129,409 |
| | -107,343 | -166,213 |
| Loss before taxation | -232,758 | -295,622 |
| Tax (charge)/credit | 0 | 96,319 |
| Loss for the half year | -232,758 | -199,303 |
| Comprehensive loss for the half year | -232,758 | -199,303 |

Statement of changes in equity

Figures in Kenyan Shilling thousand

| | Share capital | (Deficit) / surplus | Total equity |
|--------------------------------------|----------------|---------------------|----------------|
| Balance at 01 April 2016 | 750,000 | 147,708 | 897,708 |
| Comprehensive loss for the year | - | -591,703 | -591,703 |
| Balance at 31 March 2017 | 750,000 | -443,995 | 306,005 |
| Comprehensive loss for the half year | - | -232,758 | -232,758 |
| Balance at 30 September 2017 | 750,000 | -676,753 | 73,247 |

Statement of cash flows

Figures in Kenyan Shilling thousand

| | H1 2018 | H1 2017 |
|---|----------------|-----------------|
| Net cash flows from/(used in) operations | 82,191 | -119,224 |
| Net cash flows used in investing | -295 | -21,834 |
| Net cash flows (used in)/from financing | 17,698 | 20,992 |
| Total cash movement for the year | 99,594 | -120,067 |
| Cash and cash equivalents at the beginning | 220,012 | 384,418 |
| Total cash at the end of the half year | 319,606 | 264,352 |

Review of financial results

The financial half year results ended on a disappointing note for the company when compared to the same period last year. The company reported a loss after tax of Ksh.232 million. The loss was mainly attributable to a decision to impair all contracts in the oldest aging buckets, to nil. This resulted in a once-off adjustment to impairments of Ksh.98 million.

The capital remains below the minimum covenant requirements and the company therefore remains engaged with debt and equity providers with a view to alleviating the debt and interest burden borne by the company and to placing the company on a path to sustainable profitability.

Loan impairment provisions

The company has adjusted carrying values for various loan asset classes during the 2018 financial year, applying its normal strict criteria. A poor operating environment has resulted in a continuing increase in defaults, and future expected yields are recalibrated to reflect current circumstances. In addition to the once-off impairment adjustment of Ksh.98million, impairment charges have increased over the period.

Deferred tax assets

Deferred tax assets remain impaired in full.

Contingent liabilities

There is a tax matter underway regarding the treatment of cost recoupments between Real People Kenya Limited and Real People Services Limited, which are a joint venturers. The maximum estimated liability is Ksh.30 million if the decision is not in Real People Kenya's favour. The company is defending its position.

Events after the balance sheet date

The capital covenants relating to the bonds have declined below the required levels from April 2017, as became apparent late in July 2017, and the relevant parties were informed in early August. Negotiations with the current bond holders are planned to rectify the issue.

Share capital

There have been no changes to the share capital during the year under review.

Dividends

The directors do not recommend the declaration of a dividend.

Directors and company secretary

Current directors are: CH Kocks (Chairman), YM Godo, N Grobelaar, A Padachie, BH Pieters. The company secretary is CK Kigera

The summary financial statements are available on the company's website, www.RealPeople.co.ke

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**By order of the board of directors
24 November 2017**