

UNAUDITED FINANCIAL REPORTS FOR THE HALF YEAR ENDED 30TH JUNE 2022

STATEMENT OF FINANCIAL POSITION FOR THE 6 MONTH PERIOD ENDING 30 JUNE 2022

Figures in Kenyan Shilling thousand	June 2021	June 2022
Assets		
Equipment	1,408	3,535
Right-of-use assets	26,774	26,774
Intangible assets	-	-
Loans receivable	336,975	287,150
Trade and other receivables	15,850	21,274
Current tax receivable	266,169	215,528
Cash and cash equivalents	35,697	11,429
Total Assets	682,872	565,690
Equity and Liabilities		
Equity		
Share capital	750,000	750,000
Accumulated (loss)/surplus	(1,496,006)	(620,332)
Total Equity	(746,006)	129,668
Liabilities		
Lease liabilities - right-of-use assets	26,949	26,949
Trade and other payables	9,555	7,388
Medium term notes	1,392,374	401,686
Total Liabilities	1,428,878	436,022
Total Equity and Liabilities	682,872	565,690

STATEMENT OF COMPREHENSIVE INCOME

Figures in Kenyan Shilling thousand	June 2021	June 2022
Revenue	49,125	53,070
Other operating income	581	585
Impairments of loans and advances	12,621	13,314
Other operating expenses	(106,930)	(87,898)
	(44,604)	(20,930)
Finance costs	(50,610)	(10,756)
Other non-operating gains (losses)	-	-
Loss before taxation	(95,214)	(31,686)
Tax (charge)/credit	(196)	-
Loss for the period	(95,410)	(31,686)
Comprehensive loss for the period	(95,410)	(31,686)

STATEMENT OF CHANGES IN EQUITY

Figures in Kenyan Shilling thousand	Share capital	(Deficit) / surplus	Total equity
Balance at 01 January 2021	750,000	(1,400,596)	(650,596)
Comprehensive income for the year	-	810,065	810,065
Balance at 31 December 2021	750,000	(590,531)	159,469
Comprehensive loss for the 6 month period	-	(31,686)	(31,686)
Balance at 30 June 2022	750,000	(622,217)	127,783

STATEMENT OF CASH FLOWS

Figures in Kenyan Shilling thousand	June 2021	June 2022
Net cash flows from/(used in) operations	43,092	(5,775)
Net cash flows used in investing	(83)	(71)
Net cash flows (used in)/from financing	(50,610)	(10,756)
Total cash movement for the period	(7,601)	(16,602)
Cash and cash equivalents at the beginning of the period	43,298	28,031
Total cash at the end of the period	35,697	11,429

Review of financial results

The financial half year ended on a more positive note for the company. The company reported a loss after tax of Ksh 31.7 million for the period ending June 2022 as compared to a Kshs 95.4 million loss after tax for the same period in the prior year, an improvement of Ksh 63.7 million. Revenue increased slightly year on year, but the net book has decreased as a result of liquidity constraints and the negative impact of the COVID 19 pandemic in the operating environment. Our operating expenses dropped by a further 22% as a result of aggressive cost cutting as opposed to the decrease of 20% over the same period in the prior year.

The transaction agreement between the current shareholder, Real People Holdings International, and the new investor has been fully executed and we are following up on regulatory approvals.

Loan impairment provisions

The company has continued adjusting carrying values for various loan asset classes during the 2022 financial year, applying its normal strict criteria.

Medium Term Note Program

At a meeting of the note holders held on 21 December 2021, of the KES 267,100,000 3 year and KES 1,036,000,000 5-year Senior Unsecured Notes due 2019 and 2020 respectively, the noteholders, by means of extraordinary resolutions resolved that:

(i) Seventy per cent. (70%) of the principal amount of each outstanding Note (the said 70% hereinafter the Forgiven Debt) be waived, cancelled and forgiven, and each Noteholder hereby waives cancels and forgives payment by the Issuer of the Forgiven Debt and further waives any claim or demand with respect to the Forgiven Debt (the reduced Notes hereafter (excluding the Forgiven Debt) hereafter referred to as the Restructured Notes).

(ii) The Maturity Date for the Restructured Notes be extended to 28 February 2025.

(iii) The principal amount outstanding on the Restructured Notes shall be redeemed in three (3) equal tranches on 28 February 2023; 28 February 2024; and 28 February 2025.

(iv) The Issuer shall utilise any proceeds of any tax refund received by it from the Kenya Revenue Authority towards the settlement of the outstanding principal amount of the Restructured Notes. The Issuer shall make such payment as soon as possible upon receipt of the tax refund, but in any event no later than fourteen (14) days after such receipt. Upon such redemption, the outstanding amount of the Restructured Notes shall be redeemed, mutatis mutandis in accordance with the schedule set out in this resolution 2(iii).

(v) The interest accrued and payable on the Restructured Notes for the period commencing 3 August 2020 and ending on 28th February 2022 be and is hereby waived.

(vi) Interest on the outstanding principal amount of the Restructured Notes shall begin accruing with effect from 1 March 2022.

Directors and company secretary

Current directors are: EN Ndemo (Chairperson), YM Godo, TM Karanja, RL Shibusse, FO Menya. 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
Thursday, 30 August 2022