REAL PEOPLE™

Real People Investment Holdings Limited

First half - Financial results

For the six months ended 30 September 2015

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1. Introduction

The strategic focus of the Group remains unchanged with continued focus on growth in our main existing businesses being Responsible Finance offering in South Africa and East Africa and the acquisition and collection of non-performing debt in South Africa. Management is focussed on the resumption of balance sheet growth in all continuing businesses whilst managing a stable legacy asset performance. If achieved, this will result in significant improvements in Group profitability.

2. Overview: Operating environment

The macro environment in South Africa continues to remain challenging, albeit stable. Consumer deleveraging is expected to continue into the short term, the outcome of which is a more informed and healthy consumer. Possible changes in the regulatory environment continue to contribute to uncertainty, especially insofar as the Home Finance SA business is concerned.

In East Africa the expectation for strong and robust growth remains whilst acknowledging the risks associated with the volatility and regulatory evolution that characterises developing markets.

3. Regulatory developments

National Credit Amendment Act

The published proposed amendments to regulations associated with interest and fees that may be charged is considered to be positive in light of the Group's current agenda for the Responsible Finance division.

The proposed regulations with regard to maximum credit life premiums remain outstanding. A worst case scenario may have a significant impact on the SA Home Finance division's risk appetite and accordingly on its origination volumes.

Legal action regarding the legislation governing Emoluments Attachment Orders (EAOs) - Stellenbosch case

The matter is currently working its way through appeal processes. The potential impact on the Group, should the order be upheld, is expected to be immaterial as previously communicated.

Real People Assurance Company Ltd - Solvency Assessment and Management (SAM)

The Assurance Company is currently in a Comprehensive Parallel run phase and has submitted the required returns, including a mock ORSA (Own Risk and Solvency Assessment), during the period.

Board Notice 158 has been applicable from 1 April 2015 which prescribes several additional governance and risk management requirements. A number of transitional exemptions have been applied for, the last of which is planned to be in place by December 2015.

East Africa

In Kenya, there has been significant focus by regulators on enhancing transparency with regard to the total cost of credit within the financial sector. Despite this development, no significant change in credit pricing has been observed.

In Uganda, a new bill is under discussion that is intended to govern operators licensed under the Money Lenders Act under which Real People operates. The main issues under discussion include placing a cap on maximum rate and maximum loan amounts that money lenders can offer, protection for borrowers who pay off loans early, bringing more of the money lenders into the tax paying bracket and restrictions on payroll loans. These developments are being monitored closely and Management will continue to evaluate any potential impact to business in Uganda.

4. Corporate actions

The Aspire Group remains up for sale. Management is currently engaging in a process with a potential buyer for the business.

5. Matters of emphasis

5.1. Asset carrying value

5.1.1. Continuing

The performance of the continuing asset class is as per expected.

5.1.2. Discontinued

The discontinued general purpose lending receivables are also performing to expectation.

The discontinued cellular receivable has underperformed its receipting expectation resulting in an impairment of **R32m** taken in September 2015.

5.2. Deferred tax assets

The recognition of additional deferred tax assets on taxable losses in the Real People (Pty) Ltd and Real People (Tanzania) Ltd legal entities remains suspended.

This has resulted in a distortion of the effective tax rate of the Group. Management is in the process of stabilising the above position through appropriate tax planning initiatives.

6. Capital

The Group remains adequately capitalised at **31.3%**. The Capital Adequacy Ratio remains above the covenant level of **30%** but below managements' target level of **36%.** This is **3.1%** lower than the level reported at 31 March 2015 and is primarily attributable to growth in risk weighted assets within the DMC cluster as a result of significant acquisitions.

Capital Adequacy Ratio	Mar15 R'000s	Sep15 R'000s	Variance R'000s
Tier 1 Capital	**445 147**	**405 363**	**(39 784)**
Ordinary share capital	440 616	440 616	-
Compulsory convertible preference share capital	100 567	100 567	-
Retained earnings	(19 632)	(58 471)	(38 839)
Minority interest	(10 601)	(10 975)	(374)
Reserves*	29 047	23 916	(5 131)
Total Equity as per Balance sheet	**539 997**	**495 653**	**(44 344)**
Non(qualifying reserves*	(29 047)	(23 916)	5 131
Deductions against Tier 1			
Investment in Financial Institutions	(14 496)	(12 944)	1 552
Investments in Securitisation vehicles	(49 573)	(51 936)	(2 363)
Goodwill			
Intangible assets	(1 735)	(1 493)	242
Tier 2 Capital	**375 597**	**363 269**	**(12 328)**
Subordinated debt	303 654	275 317	(28 337)
Less: Non(qualifying subordinated debt	(48 179)	(39 449)	8 730
Qualifying Preference shares	156 500	163 705	7 205
General allowance for credit impairment	27 691	28 576	885
Deductions against Tier 2			
Investment in Financial Institutions	(14 496)	(12 944)	1 552
Investments in Securitisation vehicles	(49 573)	(51 936)	(2 363)
Qualifying Capital	**820 744**	**768 632**	**(52 112)**
Credit risk	2 215 244	2 286 106	70 862
Operational risk	63 734	65 297	1 563
Market risk	103 877	104 360	483
Total risk weighted exposure	**2 382 855**	**2 453 194**	**70 339**
Capital Adequacy Ratio	**34.44%**	**31.30%**	**(3.14%)**
Tier 1 Capital	**18.68%**	**16.51%**	**(2.17%)**
Tier 2 Capital	**15.76%**	**14.79%**	**(0.97%)**

**Reserves includes FCTR and cashflow hedge reserve*

7. Funding and liquidity

The Group continues to raise new funding for ongoing asset origination albeit within an environment that is characterised by continued negative sentiment towards the unsecured lending industry. These efforts have contributed to improving the liquidity position of the Group and its efforts to promote asset origination. The Group raised approximately **R350m** in funding through a successful listed bond programme in Kenya and secured funding in South Africa.

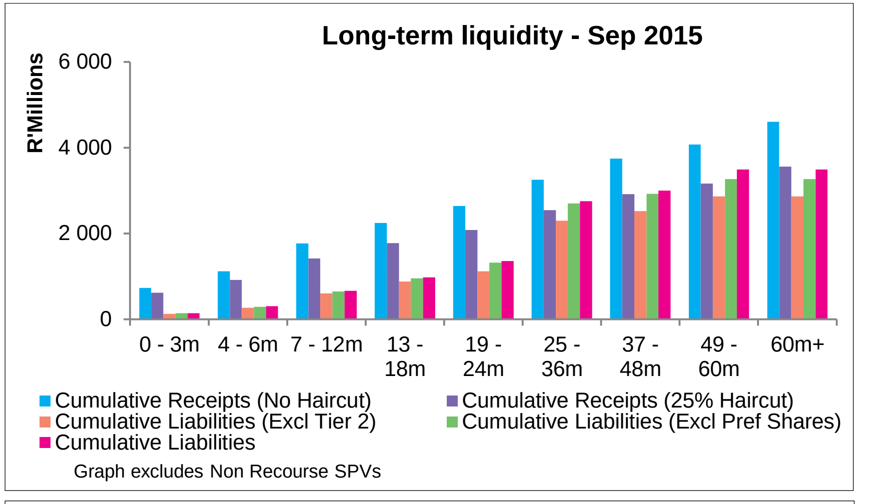
The Group's liquidity policy is summarised as follows:

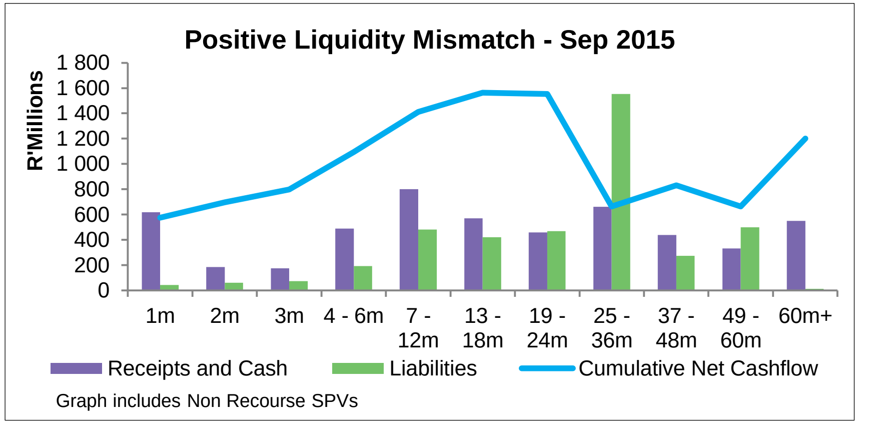
- In the **short-term**, the liquidity policy is designed to ensure that the Group is able to meet all of its operating expenses and debt obligations over the forthcoming 12 months by ensuring that for any 12 month period, available cash and unutilised credit facilities are sufficient to meet the net cash outflow of the Group.

- In the **long-term**, the Group safeguards its debt obligations by ensuring that at any point on its funding profile the following limits are not breached:
    - *Cumulative mismatch limit:* 75% of expected cumulative receipting must at any point of the funding profile exceed the cumulative cash outflows relating to debt repayments (capital and interest). This is measured on a monthly basis and excludes cash flows relating to non-recourse funding special purpose entities.
    - *Single bucket mismatch limit:* The cash outflows relating to debt repayments (capital and interest) less 90% of expected receipting for each six month bucket between month 13 and month 60 may not exceed 15% of the Group's total assets excluding non-recourse funding special purpose entities. This requirement is measured each time the Group enters into any new funding agreements.

The Group remained within its stated short and long term liquidity policies for the period under review.

	Jul-15 Rm	Aug-15 Rm	Sep-15 Rm
Receipting (10% haircut)	1 298	1 288	1 307
Committed expenses	(654)	(654)	(651)
Liability re-payment	(679)	(675)	(666)
Total net cash inflow/(outflow)	**(35)**	**(41)**	**(10)**
Available cash	96	280	230
Available facilities	25	25	30
Surplus	**86**	**265**	**249**





8. Group results

Consolidated Group statement of financial performance

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Gross yield from assets	242.8	250.9	493.7	696.5	-29%
Impairment provision	(47.2)	(31.2)	(78.4)	(226.4)	65%
Net yield	**195.6**	**219.7**	**415.3**	**470.0**	**-12%**
Finance costs	(77.2)	(86.8)	(164.0)	(177.4)	8%
Net margin	**118.4**	**132.9**	**251.3**	**292.6**	**-14%**
Net assurance income - funeral benefits	11.5	11.3	22.8	20.1	13%
Outsourced collection income	10.9	10.3	21.2	26.2	-19%
Sundry income/(loss)	0.5	18.3	18.8	0.0	> 100%
Net operating income	**141.3**	**172.9**	**314.1**	**339.0**	**-7%**
Operating expenditure	(131.6)	(154.9)	(286.5)	(285.0)	-1%
Contribution	**9.7**	**18.0**	**27.6**	**54.1**	**-49%**
- continuing operations	**16.3**	**52.3**	**68.6**	**63.8**	**8%**
- legacy assets	**(6.6)**	**(34.4)**	**(41.0)**	**(9.7)**	**> -100%**
Attributable to providers of qualifying tier II capital	(16.7)	(16.5)	(33.2)	(25.8)	-29%
(Loss)/profit before tax - disposal group	(0.4)	(1.1)	(1.4)	(17.3)	92%
Attributable to ordinary shareholders	**(7.4)**	**0.4**	**(7.1)**	**11.0**	**> -100%**
Taxation	(10.7)	(11.5)	(22.2)	(18.4)	21%
Taxation - disposal group	1.3	0.3	1.6	2.7	-39%
Loss after tax	**(16.9)**	**(10.8)**	**(27.6)**	**(4.8)**	**> 100%**
Adjustment for non-recurring items	-	22.8	22.8	12.4	-
Profit on bond repurchase	-	(16.5)	(16.5)	-	-
Impairment of Cellular receivables	-	32.0	32.0	-	-
Business Finance impairment model rectification	-	4.5	4.5	-	-
VAT apportionment change	-	2.9	2.9	-	-
Cellular sales channel closure	-	-	-	12.4	-
Normalised profit before tax	**(7.4)**	**23.2**	**15.8**	**23.4**	**> -100%**

Group overview

The financial performance of the Group is expected to remain under pressure in the short term and will ease as improvements in the continuing businesses gain momentum.

Management continues to deploy multiple tactics to promote growth, the effects of which should be felt in the ensuing quarters.

Group segment statement of financial performance

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Contribution					
Home Finance	13.1	11.6	24.8	30.6	-19%
Business Finance	(2.4)	(3.2)	(5.6)	7.9	> -100%
Assurance	6.0	4.8	10.8	8.4	28%
Responsible Finance	**16.7**	**13.3**	**29.9**	**46.9**	**-36%**
Collections and Acquired	1.1	22.5	23.6	24.3	-3%
Discounting income	1.0	1.9	2.9	1.1	> 100%
DMC	**2.1**	**24.4**	**26.5**	**25.4**	**4%**
Group Central Services	(15.3)	(14.2)	(29.5)	(37.6)	22%
Unallocated interest revenue and hedging gains/losses	(1.2)	14.7	13.5	8.3	> 100%
Normalised profit before tax - continuing operations	**2.2**	**38.1**	**40.4**	**43.0**	**-6%**
Discontinued general purpose lending asset	(2.3)	(0.3)	(2.6)	(10.6)	76%
Cellular receivables	(7.0)	(36.4)	(43.4)	(4.2)	> -100%
Legacy assets	**(9.3)**	**(36.7)**	**(46.0)**	**(14.8)**	**> -100%**
Loss before tax - disposal group	(0.4)	(1.1)	(1.4)	(17.3)	92%
Profit/(loss) before tax	**(7.4)**	**0.4**	**(7.1)**	**10.9**	**> -100%**

Group statement of financial position

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Assets				
Loans and advances	2 005.7	1 985.2	2 875.0	-31%
Acquired assets	959.5	932.3	702.1	33%
Property and equipment and intangibles	69.5	73.4	75.7	-3%
Investments	30.9	31.5	-	-
Assurance assets	65.1	67.4	58.9	14%
Other assets	44.6	40.1	58.3	-31%
Deferred tax assets	192.1	192.1	193.4	-1%
Cash and cash equivalents	380.6	436.5	232.8	87%
Assets of continuing operations	**3 748.1**	**3 758.6**	**4 196.2**	**-10%**
Assets of disposal group	17.8	19.5	15.6	25%
Total assets	**3 765.9**	**3 778.1**	**4 211.8**	**-10%**
Equity and liabilities				
Equity	**488.8**	**495.7**	**719.9**	**-31%**
Liabilities				
Long term interest bearing borrowings - senior	2 692.8	2 724.2	2 946.5	-8%
Long term interest bearing borrowings - subordinated	295.9	271.7	335.6	-19%
Long term interest bearing borrowings - preference sha	160.8	161.6	-	-
Assurance liability	56.6	58.6	51.4	14%
Deferred and current tax liabilities	3.2	(1.4)	19.8	> -100%
Other liabilities	62.5	61.6	127.7	-52%
Liabilties of continuing operations	**3 271.8**	**3 276.4**	**3 481.0**	**-6%**
Liabilities of disposal group	5.2	6.1	10.9	-44%
Total equity and liabilities	**3 765.9**	**3 778.1**	**4 211.8**	**-10%**

9. Cluster results

9.1. Responsible Finance

9.1.1. Home Finance

Statement of financial performance

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Gross yield from assets	98.9	95.4	194.3	314.1	-38%
Impairment provision	(23.2)	(18.3)	(41.5)	(132.3)	69%
Net yield	**75.7**	**77.1**	**152.8**	**181.9**	**-16%**
Finance costs	(27.1)	(26.0)	(53.0)	(69.3)	23%
Net margin	**48.6**	**51.2**	**99.8**	**112.6**	**-11%**
Operating expenditure	(31.6)	(35.8)	(67.5)	(71.1)	5%
Normalised contribution	**17.0**	**15.3**	**32.3**	**41.5**	**-22%**
Attributable to providers of qualifying tier II capital	(3.8)	(3.7)	(7.5)	(11.0)	31%
Attributable to ordinary shareholders	**13.1**	**11.6**	**24.8**	**30.6**	**-19%**
Net advances	**855.4**	**828.3**	**828.3**	**1,322.1**	**-37%**

Financial results

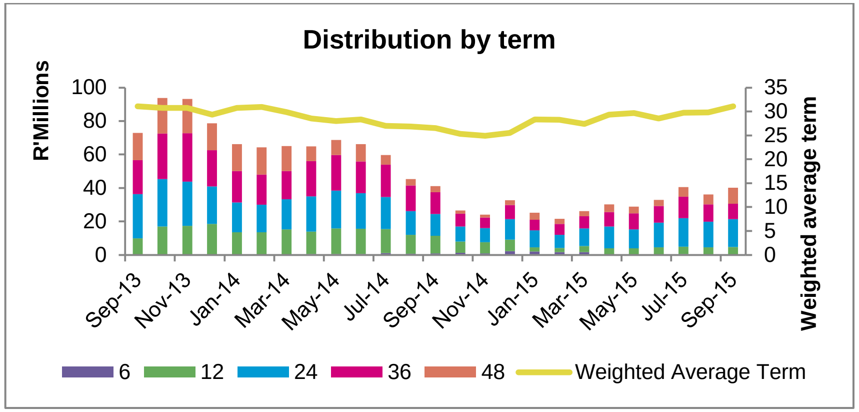
Earnings attributable to ordinary shareholders has declined year on year by **19%** to **R24.8m**. This is as a result of a year on year decline in net advances of **37%** due to origination volume restrictions during the prior period (to manage the Group's liquidity and capital constraints) in addition to impairment practice enhancement to accommodate best market practice.

The declining asset base has resulted in a decline in the interest, fees and assurance revenue earned on the performing loan book in addition to a decrease in the impairment charges year on year. The credit metrics for this business have improved year on year as sales volumes to the high risk segment were curtailed.

Operating expenditure has increased quarter on quarter as a result of initial recognition the short term incentive starting in Q2.

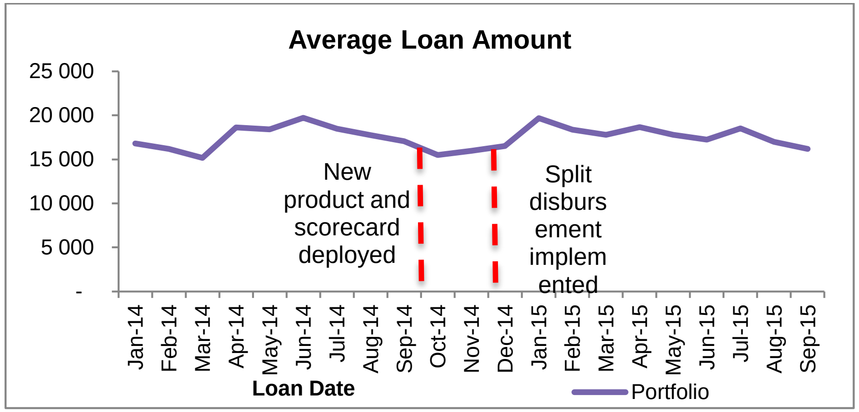
Loans granted

The period under review reflects a recovery in volumes as funding pressures eased. Term appetite was somewhat lengthened starting in March 2015.



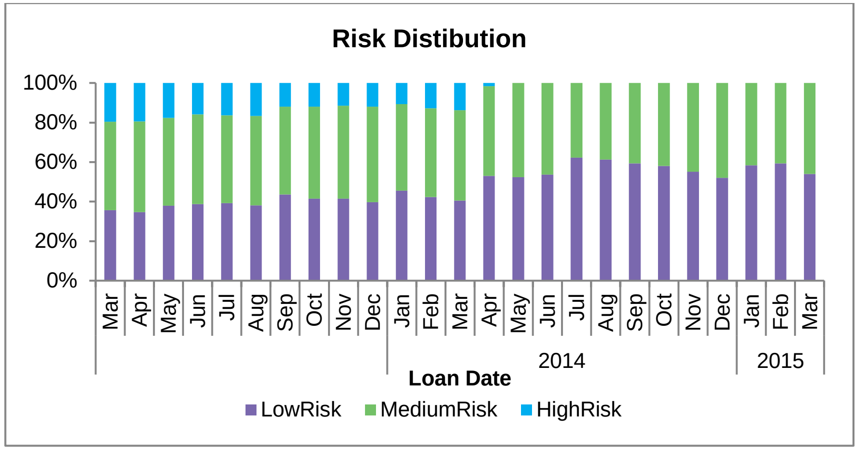
Origination

The average loan amount remains within the R17k – R20k range. It is expected that it will exceed the R20k level within the next 12 months as a result of a planned revision in product offering.



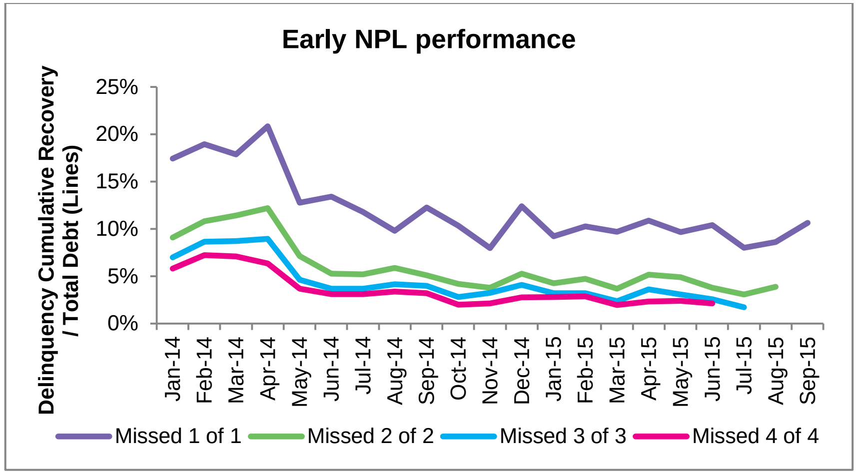
Risk distribution

The risk mix remained stable for the period under review with the low risk products making up above 50%, medium risk taking up the balance and high risk exposure being cut to nil.



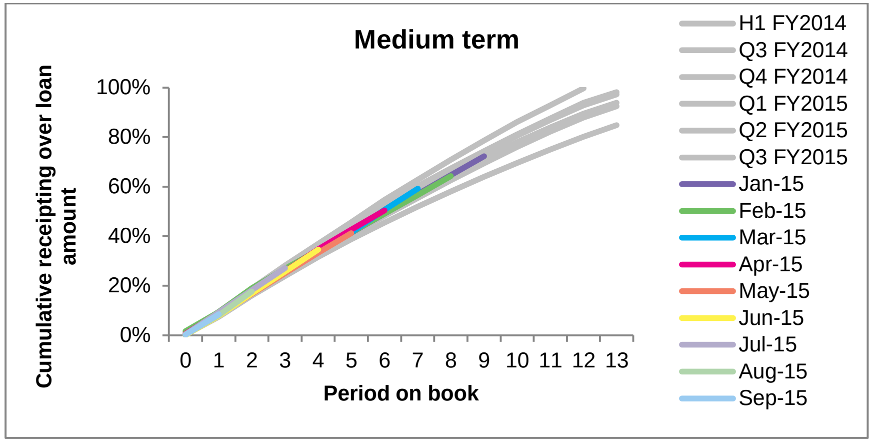
NPLs Early Warning Indicators

Early stage NPLs (arrears in the first four months of contract origination) remained within expected levels.

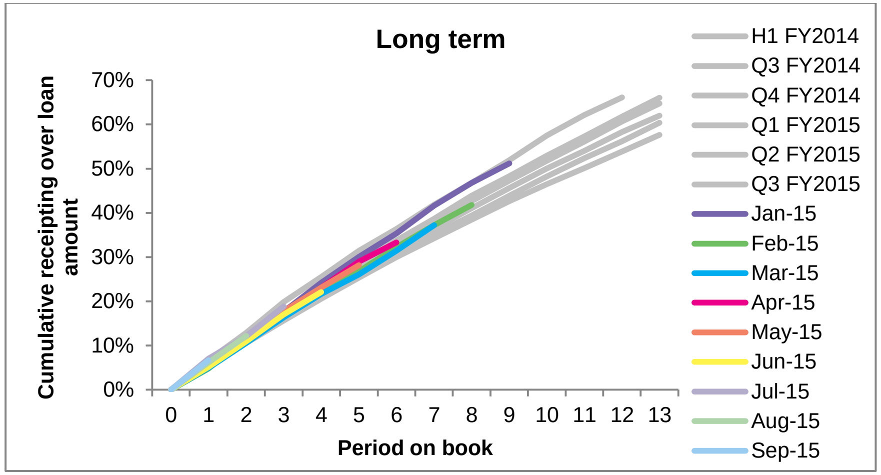


Cumulative receipting

The cumulative receipting percentage is the cumulative receipting as a percentage of original loan amount. The measure is used to evaluate the time in months at which the business recovers loans granted with this being compared to previous vintages.



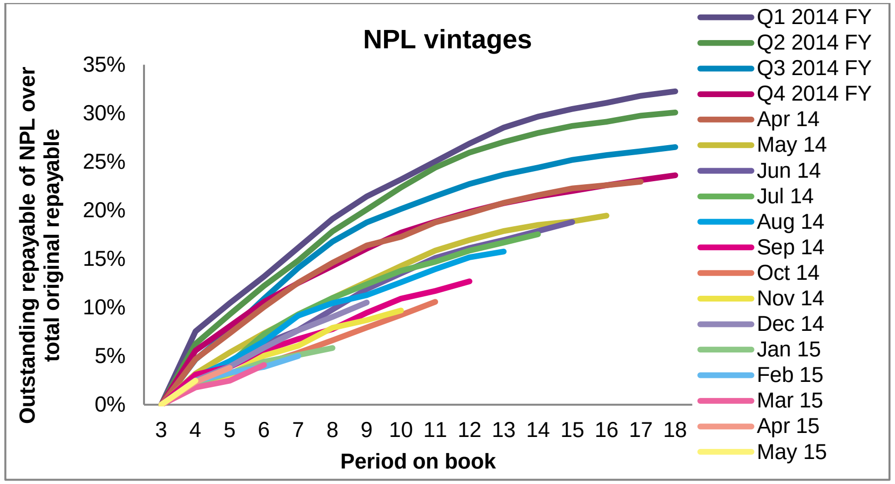
Receipting has improved on both the medium – and long term portfolios since the introduction of the new scorecard in April 2014.



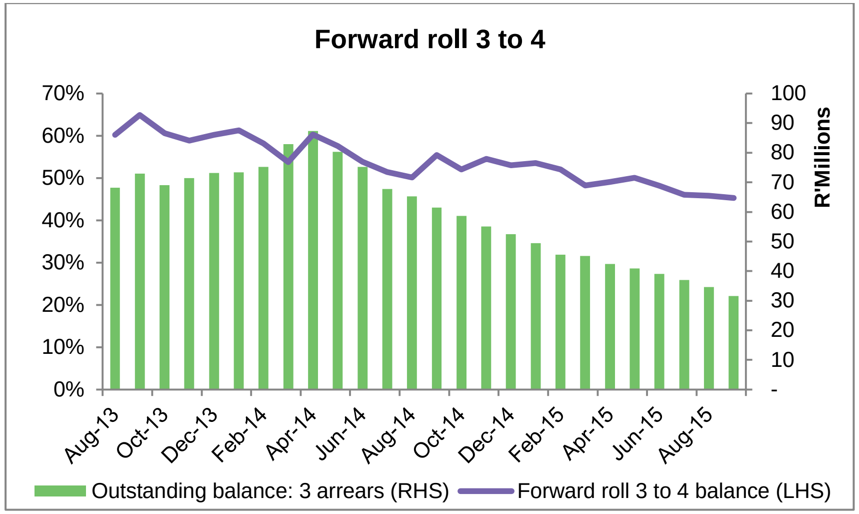
Non-performing loan (NPL) rates

In measuring the quality of credit granted, the business makes use of non-performing loan vintages (NPLs). The trends indicate whether there is an improvement or deterioration in the portfolio.

The highest NPLs on the book were experienced in 2012. Product development and underwriting risk enhancements are having a beneficial effect on NPLs. The rate of non-performing loans has improved as the most recent vintages are on track to exceeding expectations.

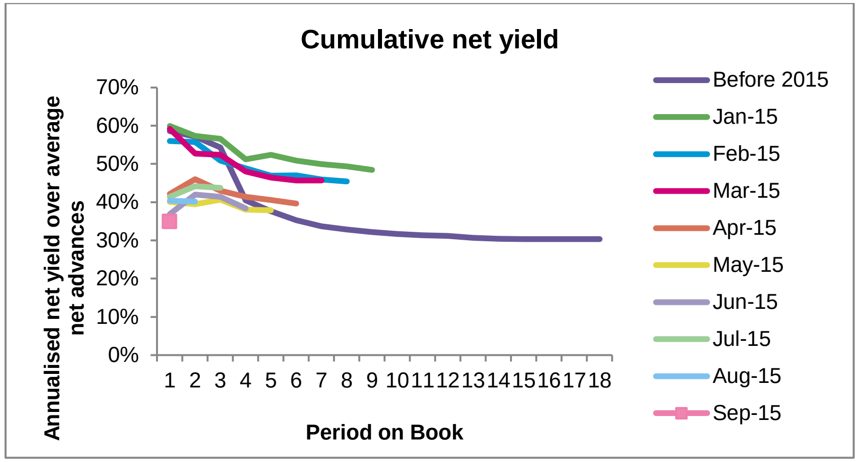


There has also been continuous improvement in the forward roll on the book from 3 to 4 in arrears (loans 4 in arrears being classified as NPL). The continued decline in both the size of the 3 in arrears bucket as well as the roll rate to 4 in arrears point to decreasing impairment provisions over the next few months, provided receipting remains robust.



Yield

Changes in the carrying values of PL and NPL loans have resulted in a change in the profile of the cumulative net yield percentage. IBNR impairments were lifted specifically with losses being recognised earlier on in the life of the loan. The current product mix and portfolio performance is resulting in a relatively high net yield of approximately **40%**.



9.1.2. Business Finance

Statement of financial performance

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Gross yield from assets	34.7	38.1	72.8	88.5	-18%
Impairment provision	(5.9)	(5.1)	(11.1)	(23.6)	53%
Net yield	**28.7**	**33.0**	**61.7**	**64.9**	**-5%**
Finance costs	(7.3)	(11.9)	(19.2)	(18.5)	-4%
Net margin	**21.4**	**21.1**	**42.5**	**46.5**	**-9%**
Operating expenditure	(21.5)	(21.7)	(43.2)	(35.6)	-21%
Normalised contribution	**(0.1)**	**(0.6)**	**(0.7)**	**10.9**	**> -100%**
Attributable to providers of qualifying tier II capital	(2.3)	(2.6)	(4.9)	(3.0)	-66%
Attributable to ordinary shareholders	**(2.4)**	**(3.2)**	**(5.6)**	**7.9**	**> -100%**
Adjustment for non-recurring items					
Impairment model rectification	-	4.5	4.5	-	-
Normalised profit before tax	**(2.4)**	**1.3**	**(1.1)**	**7.9**	**> -100%**
Net advances	**303.9**	**384.3**	**384.3**	**394.7**	**-3%**
Business Finance contribution					
- East Africa	(1.8)	(2.3)	(4.1)	9.3	> -100%
- South Africa	(0.7)	(0.9)	(1.5)	(1.3)	-12%
	(2.4)	**(3.2)**	**(5.6)**	**7.9**	**> -100%**

Operational overview

The business unit continues to operate within a robust environment, which has good potential for growth, save for the current potential macroeconomic challenges resulting from a growing government debt in Kenya and elections in both Uganda and Tanzania in the latter part of the year. Management initiatives to restore origination volumes and asset growth following restrictions placed on the business in the second half of the previous year are now bearing fruit with rising monthly new assets originated, although disbursement volumes are still short of the optimal levels.

Financial performance

Gross yield

Gross yield declined by 18% year on year driven by delays in gaining momentum in asset origination. Interest income was the main contributor to this growth followed by transaction fees (origination fees, account maintenance and securitisation fees).

Impairments

The overall impairment charge recorded presents a stable situation in comparison to the previous period. The improvement is attributable to consistency in collections performance and enhanced focus on the roll rates by band.

Finance costs

Finance costs increased quarter on quarter and is attributed to the bond issue in Kenya, which has resulted in higher cash holdings and an increased internal funding charge based on high risk weighted assets.

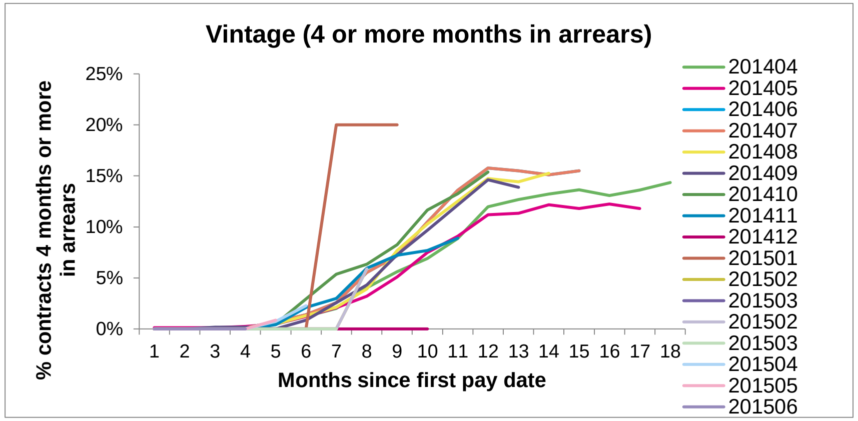
Operating costs

Operating costs compare well with Q1 and remain firmly under management control.

Credit performance

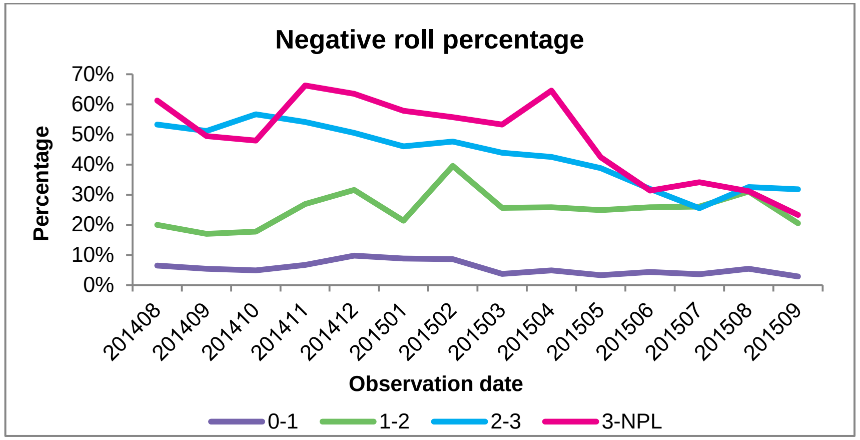
NPL Vintages

Stable NPL vintages continue to be observed. However, Management is keeping a close watch on some of the contracts booked prior to review of the business rules in the third quarter, which in some cases have shown vintage levels above 12%.



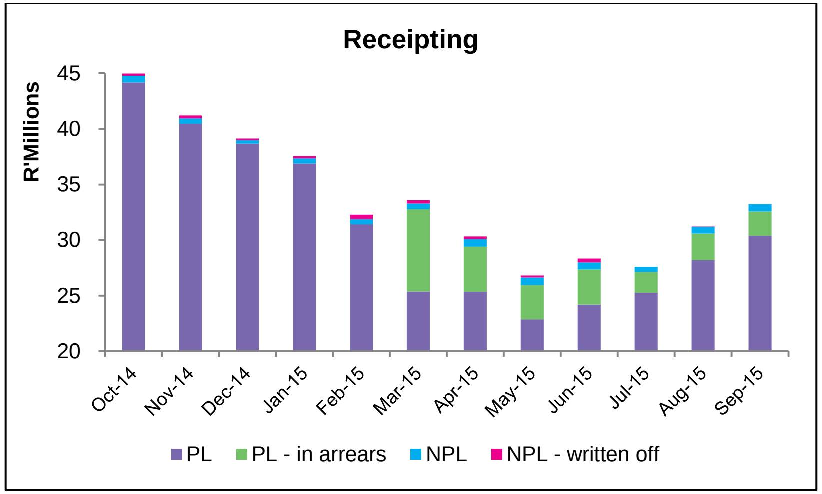
Roll Rate

Improved roll rates observed during the second quarter are attributed to robust collection efforts and better asset quality.



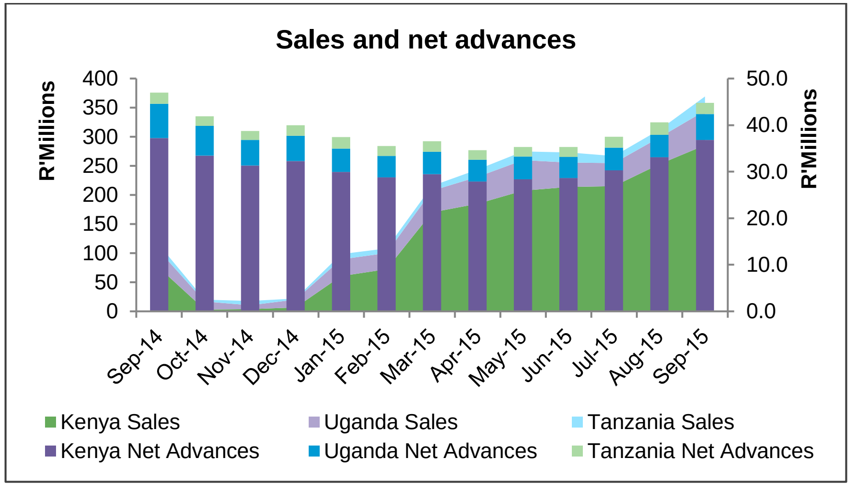
Monthly Receipting

Improved receipting was realised in the first half, as new assets are booked.



Origination

The significant slowdown of sales and asset origination experienced in the second half of FY2015 are now reversing. A resumption of normal lending activity has seen consistent improvement in monthly loans disbursement numbers hence a normalising net advances trend is emerging.

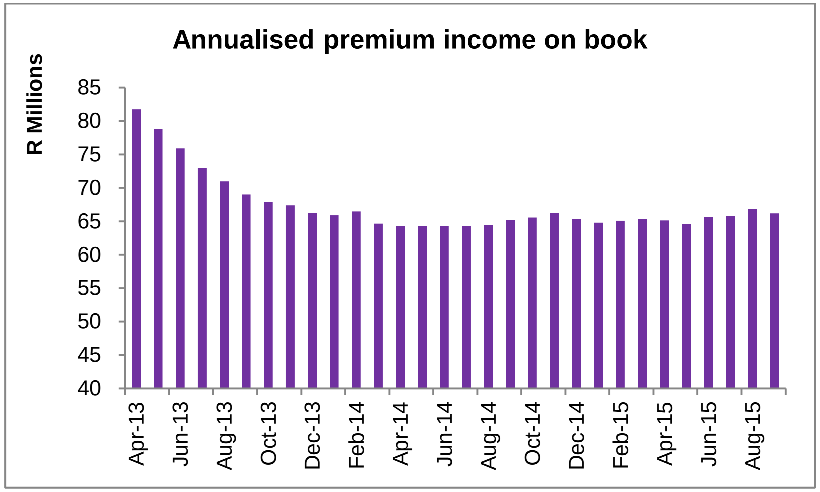


9.1.3. Assurance (excluding credit life)

Statement of financial performance

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Premiums received	15.4	15.4	30.8	26.9	15%
Benefits paid	(3.0)	(2.7)	(5.8)	(5.2)	-11%
Assurance liability expense	(1.0)	(1.1)	(2.1)	-	> -100%
Net reinsurance	0.1	(0.3)	(0.2)	(1.6)	90%
Net assurance income - funeral benefits	**11.5**	**11.3**	**22.8**	**20.1**	**13%**
Net finance costs	0.1	0.1	0.2	0.1	-23%
Net operating income	**11.5**	**11.4**	**23.0**	**20.3**	**13%**
Operating expenditure	(5.3)	(6.3)	(11.6)	(11.4)	-2%
Contribution	**6.2**	**5.1**	**11.4**	**8.9**	**28%**
Attributable to providers of qualifying tier II capital	(0.3)	(0.3)	(0.6)	(0.4)	-35%
Attributable to ordinary shareholders	**6.0**	**4.8**	**10.8**	**8.4**	**28%**

Book size



Policy book size

The planned implementation of increasing outsourced call centre capacity to increase sales numbers was delayed which subdued growth for the first half of the year.

Financial performance

Net assurance income

Lower premium policies continue to replace older higher premium policies, thus restricting premium growth. At the same time, the drive to increase sales through an outsourced model has begun to bear fruit and grow premium receipting. Benefits paid continue to remain difficult to predict with higher than expected claims experienced during the year.

Expenses

Expenses have continued to be managed prudently in line with lower than expected sales, with some increased expenditure related to increased regulatory requirements. Management has targeted variable commission structures and as part of this initiative, is in the process of moving the remaining external call centres to adopt an "as and when" model where commission is paid when the premium is received.

9.2. DMC

9.2.1. Collections and Acquired

Statement of financial performance

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Gross yield from assets	53.9	104.8	158.7	121.0	31%
Finance costs	(16.3)	(20.8)	(37.1)	(30.9)	-20%
Net margin	**37.7**	**84.0**	**121.7**	**90.1**	**35%**
Outsourced collection income	10.9	10.3	21.2	26.2	-19%
Income from associate	0.5	0.6	1.1	-	-
Net operating income	**49.1**	**94.9**	**144.0**	**116.3**	**24%**
Operating expenditure	(43.2)	(66.7)	(109.9)	(87.1)	-26%
Normalised contribution	**5.9**	**28.2**	**34.2**	**29.2**	**17%**
Attributable to providers of qualifying tier II capital	(4.8)	(5.8)	(10.6)	(4.9)	> -100%
Attributable to ordinary shareholders	**1.1**	**22.5**	**23.6**	**24.3**	**-3%**
Adjustment for non-recurring items					
VAT apportionment change	-	2.5	2.5	-	-
Normalised profit before tax	**1.1**	**25.0**	**26.1**	**24.3**	**8%**
Net advances	**959.5**	**932.3**	**932.3**	**702.1**	**33%**

Operational overview

The operational focus has been on increasing activation levels, primarily through increased call centre capacity and through external debt collectors.

Financial performance

The year on year gross yield outperformance is primarily as a result of the large JD book acquisition. Approximately **R17m** of the gross yield relates to additional receipting that is once off in nature.

Operating costs have increased primarily as a result of increased collection costs incurred on the JD book as well as the increase in the call centre capacity and activation costs in the second quarter of the year.

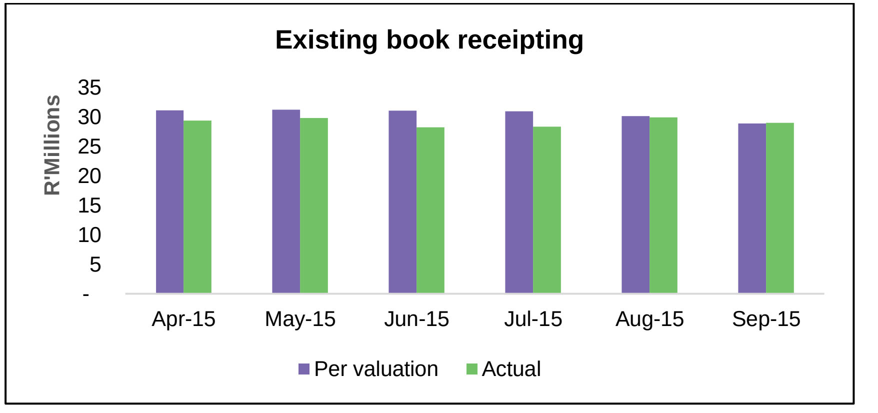
Acquisitions

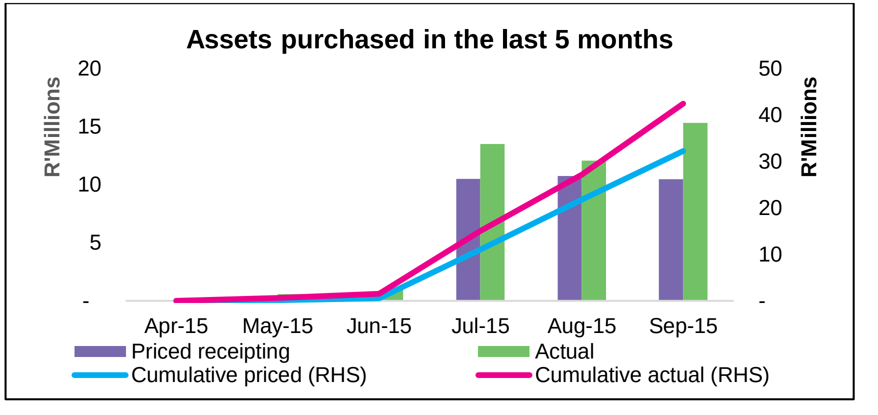
R274m was invested in new book acquisitions during the first half. Pricing margins have improved but reflect the risks currently inherent in the market.

Asset quality

Collection levels on the portfolio acquired prior to the current year were under pressure in the first quarter and have recovered in the second quarter. The reason therefore was primarily a difficult first quarter from a seasonal perspective, and delays in bringing additional call centre capacity online.

Collections levels on the portfolios acquired during the current financial year are performing above expectation.





9.2.2. Discounting income

Discounting income comprises the Aspire Group's education receivables which have been discounted to DMC.

Statement of financial performance

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Net yield	**8.6**	**8.9**	**17.5**	**15.9**	**10%**
Finance costs	(3.6)	(3.7)	(7.3)	(6.4)	-13%
Net margin	**5.0**	**5.2**	**10.2**	**9.5**	**8%**
Operating expenditure	(3.3)	(2.6)	(5.9)	(7.6)	22%
Normalised contribution	**1.7**	**2.6**	**4.3**	**1.9**	**> 100%**
Attributable to providers of qualifying tier II capital	(0.8)	(0.7)	(1.5)	(0.8)	-83%
Attributable to ordinary shareholders	**1.0**	**1.9**	**2.9**	**1.1**	**> 100%**
Net advances	**132.5**	**123.6**	**123.6**	**137.4**	**-10%**

Financial performance

This asset has continued to perform well in the current finanical year resulting from receipting outperformance at acceptable cost levels.

9.3. Group Central Services and unallocated interest

9.3.1. Unallocated interest

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Yield on cash holdings	**5.1**	**3.4**	**8.5**	**4.6**	**84%**
Finance costs	(8.5)	(6.5)	(15.0)	5.0	> -100%
Hedging (loss)/gain	2.2	0.1	2.2	(1.3)	> 100%
Profit on bond buy-back	-	17.7	17.7	-	-
Net operating income	**(1.2)**	**14.7**	**13.5**	**8.3**	**> 100%**

Earnings from the unit increased in excess of **100%** on a year on year basis; positively affected by non-recurring gains as part of the bond repurchase programme and hedging gains and negatively by a change in the Group's internal funds transfer pricing policy. Negative carry arising from excess cash reserves is now carried in the centre.

9.3.2. Group Central Services

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Operating income	**(1.5)**	**(1.5)**	**(3.1)**	**(3.1)**	0%
Operating expenditure	(14.5)	(13.5)	(28.0)	(60.4)	54%
Less centrally held costs allocated to divisions	0.9	1.4	2.3	30.7	-92%
Attributable to providers of qualifying tier II capital	(0.2)	(0.2)	(0.4)	(0.5)	13%
	(15.3)	**(13.8)**	**(29.1)**	**(33.2)**	**12%**
Closed divisions	(0.0)	(0.4)	(0.4)	(4.4)	92%
	(15.3)	**(14.2)**	**(29.5)**	**(37.6)**	**22%**

The decrease in operating expenditure on a year on year basis is attributable to a decentralisation of certain functions to the underlying divisions. The comparatives include costs relating to Empower Financial Services whose operations are no longer being consolidated in the Group results.

9.4. Legacy assets

9.4.1. Discontinued general purpose lending receivables

Statement of financial performance

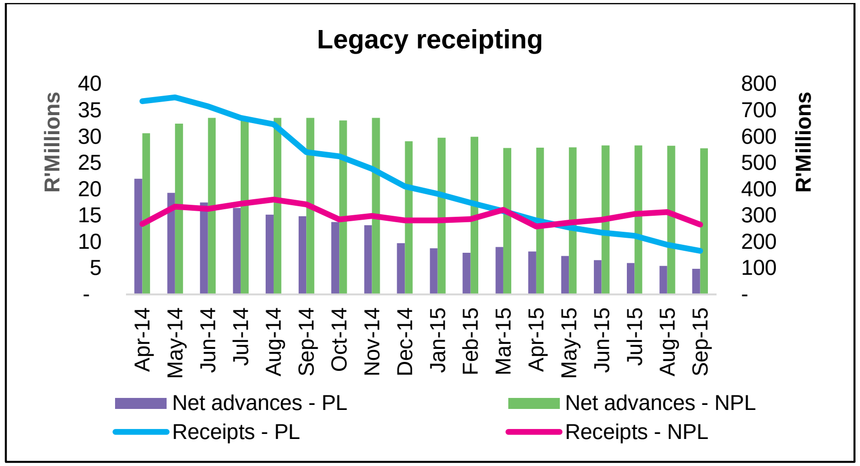
	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Net yield	**21.1**	**21.3**	**42.3**	**53.7**	**-21%**
Finance costs	(13.5)	(14.2)	(27.7)	(41.2)	33%
Net margin	**7.5**	**7.0**	**14.6**	**12.5**	**16%**
Operating expenditure	(7.7)	(5.4)	(13.1)	(19.9)	34%
Normalised contribution	**(0.2)**	**1.6**	**1.4**	**(7.3)**	**> -100%**
Attributable to providers of qualifying tier II capital	(2.1)	(1.9)	(4.0)	(4.1)	3%
Attributable to ordinary shareholders	**(2.3)**	**(0.3)**	**(2.6)**	**(11.5)**	**> -100%**
Net advances	**565.5**	**545.6**	**545.6**	**808.2**	**-32%**

Financial performance

The overall earnings have improved significantly year on year. **98%** of the required receipting in terms of the asset valuation was collected in the first half of the year with most of the underperformance coming from the first quarter.

Continued investment into the activation of non-paying accounts will be required for the remainder of the year.

Receipting performance



9.4.2. Discontinued cellular receivables

Statement of financial performance

	2016 Jun R'm	2016 Sep R'm	2016 Sep R'm	2015 Sep R'm	2016 v 2015 %
Net yield	**2.4**	**(28.9)**	**(26.6)**	**21.4**	**> -100%**
Finance costs	(3.4)	(3.1)	(6.5)	(8.6)	25%
Net margin	**(1.0)**	**(32.0)**	**(33.1)**	**12.8**	**> -100%**
Operating expenditure	(5.4)	(3.9)	(9.4)	(16.0)	42%
Normalised contribution	**(6.4)**	**(36.0)**	**(42.4)**	**(3.3)**	**> -100%**
Attributable to providers of qualifying tier II capital	(0.5)	(0.4)	(1.0)	(0.9)	-6%
Attributable to ordinary shareholders	**(7.0)**	**(36.4)**	**(43.4)**	**(4.2)**	**> -100%**
Adjustment for non-recurring items					
Impairment of Cellular receivables	-	32.0	32.0	-	-
Normalised profit before tax	**(7.0)**	**(4.4)**	**(11.4)**	**(4.2)**	**> -100%**
Net advances	**132.0**	**87.5**	**87.5**	**161.0**	**-46%**

Financial performance

The asset has continued to underperform receipting expectations by approximately **R1.9m** per month in the second quarter of the year resulting in further losses being incurred. The asset was impaired by **R32m** in September 2015 in order to align the carrying value with a lower expectation of future recoveries aligned to current trends.

9.5. Disposal Group

Statement of financial performance

	Q1 2016 Jun R'm	Q2 2016 Sep R'm	H1 2016 Sep R'm	H1 2015 Sep R'm	FY 2016 v 2015 %
Profit before tax - disposal group					
Aspire group	(0.4)	(1.1)	(1.4)	(4.9)	71%
Cellular sales channel	-	-	-	(12.4)	100%
Contribution to group	**(0.4)**	**(1.1)**	**(1.4)**	**(17.3)**	**92%**
Aspire group					
Education income	23.4	21.2	44.6	48.5	-8%
Education cost of sales	(15.2)	(13.9)	(29.2)	(32.5)	10%
Operating expenditure	(8.2)	(8.3)	(16.5)	(20.2)	18%
Finance costs	(0.3)	(0.0)	(0.3)	(0.8)	59%
	(0.4)	**(1.1)**	**(1.4)**	**(4.9)**	**71%**

9.5.1. Cellular sales channel

The cellular sales channel was closed in July 2014 and closure costs of **R8m** were included in the first quarter's results in the prior year.

9.5.2. Aspire Group

Operational overview

The first half of the year produced stable sales results for the Schools business units whereas the Post Schools unit experienced a more challenging environment. The Schools unit posted positive growth in sales numbers above expectation. The Post Schools unit posted stable sales numbers over the first quarter of the year. The second quarter saw a severe deterioration in the lead quality and consequently, sales numbers. Key contributing factors to the challenging environment were sales staff issues, reduction in advertising circulation figures, quality and quantity of leads and competitors' behaviour.