



Rural Housing Loan Fund
Quarterly Integrated Report
Quarter 4 2015/16
Period ended
31 March 2016

A handwritten signature in black ink, appearing to be 'R. Haman', written over a horizontal line.

Mr R. Haman
Chairperson of Audit and Risk Committee

A handwritten signature in black ink, appearing to be 'J. J. Fakazi', written over a horizontal line.

Mr J. J. Fakazi
Chief Executive Officer

A handwritten signature in black ink, appearing to be 'B.C. Gordon', written over a horizontal line.

Mr B.C. Gordon
Chief Financial Officer



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Mandate: The mandate of Rural Housing Loan Fund is to facilitate funding to enable rural low income earners to better their living conditions through improving their housing situation

Vision: The Rural Housing Loan Fund is a world-class rural housing social venture capital fund that creates new financial arrangements and opportunities for rural families to improve their housing, economic and living environments

Mission: To empower people in rural areas to maximise their housing choices and improve their living conditions through access to housing credit and government housing subsidy funds.

Values

We subscribe to the following values:

- Transparency
- Integrity and honesty
- Accountability and responsibility
- Passion for development
- Excellence
- Empowerment
- Respect

Executive Summary

In this report we highlight our performance against fourth quarter targets set out in the 2015/16 Annual Performance Plan before providing a detailed integrated quarterly report to show the connections and continuity between our developmental, financial and other capitals. The governance compliance is included as an annexure to this report.

Performance Information and report against quarterly targets

The domestic economy has remained subdued for the entire financial year with slow economic growth and high unemployment being key areas of concern. In addition to this the high levels of indebtedness of borrowers remain a concern and lenders continue to reject a high proportion of loan applications, in some instances as high as 90% as we have observed in our intermediary stable. On the positive side it has been noted that the rejection rates, while still high appear to be trending downwards generally.

Poor market conditions for the year are reflected in the Rural Housing Loan Fund's below budget performance in key development indicators: number of loans and disbursements. The following tables present information on the Rural Housing Loan Fund's performance as at the end of the fourth quarter of 2016 financial year, and also unaudited cumulative performance for the year.

Stakeholder Perspective: Broaden and deepen the reach of rural housing delivery

	Quarter 1	Quarter 2	Quarter 3	Quarter 4			Year to 31 March 2016			Commentary	
	Budget for year	Actual	Actual	Actual	Actual	Budget	Variance	Actual	Budget		Variance
End user loans disbursed (Units)	43,457	9,295	10,846	10,371	9,278	10,822	(1,544)	39,790	43,457	(3,667)	The overindebtedness in the market place as well as the weak economy had a significant negative effect on RHLF's achievements for the year
Qualifying housing use target (% of loan instances) - higher is better	88.0%	99.7%	95.9%	99.2%	99.0%	88.0%	11.0%	96.3%	88.0%	8.3%	Despite raising the target from previous years RHLF is still exceeding its goals
Loans to households earning R15,000 or more (%) - lower is better	20.0%	5.0%	5.6%	5.8%	6.0%	20.0%	14.0%	5.6%	20.0%	14.4%	Target exceeded
Loans to households earning R3,500 or less (%) - higher is better	60.0%	77.3%	76.0%	76.2%	76.6%	60.0%	16.6%	76.5%	60.0%	16.5%	Target exceeded

Financial Perspective: Capital Preservation

	Quarter 1	Quarter 2	Quarter 3	Quarter 4			Year to 31 March 2016			Commentary	
	Budget for year	Actual	Actual	Actual	Actual	Budget	Variance	Actual	Budget		Variance
Expenditure excluding debtors provision (R000)	19,205	(4,071)	(4,816)	(3,889)	(4,877)	(4,700)	(177)	(17,654)	(19,205)	1,551	A variety of small savings in addition to lower depreciation as a result of holding back on the IT procurement
Operating surplus after taxation (R000)	13,010	4,976	2,712	6,770	3,928	3,698	230	18,386	13,010	5,376	Lower revenue than budgeted was offset by increased interest on cash holdings and lower expenses

Business Process

	Budget for year	Quarter 1	Quarter 2	Quarter 3	Quarter 4			Year to 31 March 2016			Commentary	
		Actual	Actual	Actual	Actual	Budget	Variance	Actual	Budget	Variance		
Business process: Sharpen portfolio risk and enhance early warning	Loan verification visits	10	4	3	2	4	2	2	13	10	3	Budget exceeded as a result of new intern being able to work independently sooner than expected
	Disbursements to retail intermediaries including rollover funds R000	258,329	25,704	41,126	44,581	58,397	64,329	-5,932	169,809	258,329	-88,520	The ongoing weakness in the credit market is leading to intermediaries not drawing as much as was budgeted.

Learning and Growth Perspective

	Budget for year	Quarter 1	Quarter 2	Quarter 3	Quarter 4			Year to 31 March 2016			Commentary	
		Actual	Actual	Actual	Actual	Budget	Variance	Actual	Budget	Variance		
Equip all staff with necessary	Training expense R000	152	10	222	13	68	19	49	313	152	161	Reflective of RHLF's policy of ensuring employees are well trained

Reporting against Medium Term Strategic Framework targets

Hereunder we report our performance against the MTSF targets that are set in our Five Strategic Plan

	Previous term		Current term 2014/5 to 2019/20						
	Target	Audited	Target	2014/5 audited	2015/6 unaudited	Outcomes to date	% Achieved to date	% Targeted to date	
Incremental rural housing loans (number)	181,111	209,866	233,636	40,185	39,790	79,975	34.2%	36.4%	The more loans issued the better RHLF's influence on the living standards of rural people
Percentage used for housing	80.0%	94.0%	88.0%	96.0%	96.3%	96.3%	NA	NA	The higher the % the more loans are used appropriately
Percentage to people earning over R15,000 (R9,800 in previous term)	20.0%	12.7%	12.0%	2.0%	5.6%	5.6%	NA	NA	The lower this % is, the fewer loans are issued to people outside of RHLF's target income
Percentage to people earning under R3,500	60.0%	72.0%	60.0%	75.0%	76.5%	76.5%	NA	NA	The higher this % the more loans are issued to people earning below R3,500



About this Report

Reporting to stakeholders

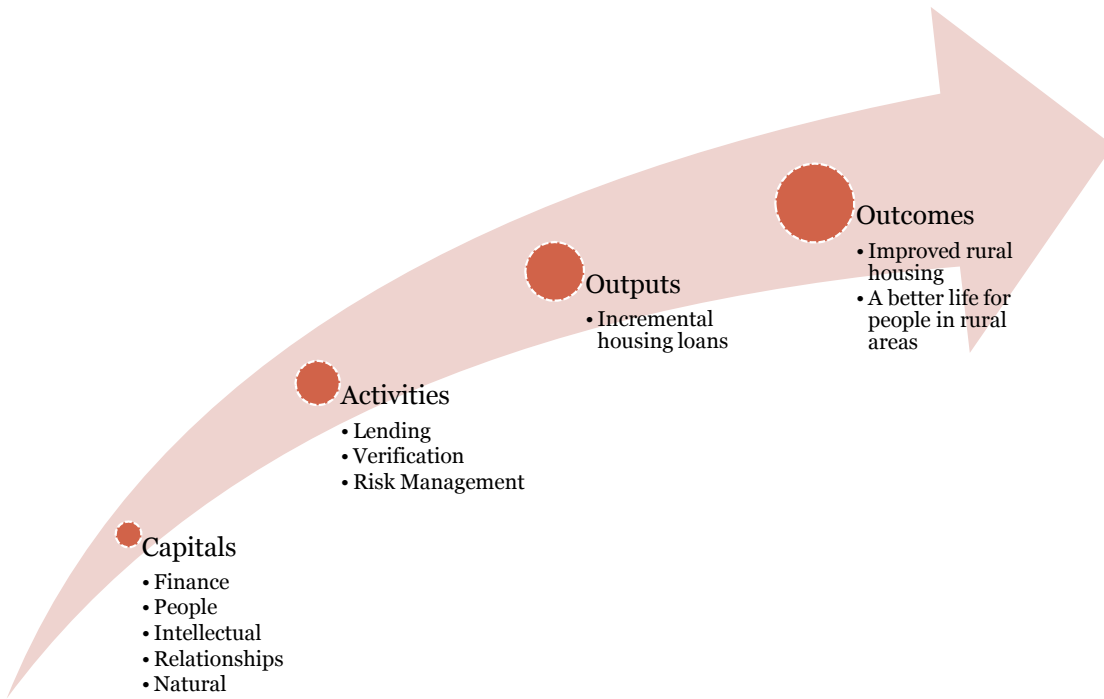
The Rural Housing Loan Fund has a wide range of stakeholders with varied information needs. This quarterly integrated report is the main means of communication to our shareholder and is made available to all stakeholders.

Integrated thinking

In preparing our first annual integrated report, we were guided by The International <IR> Framework issued by the International Integrated Reporting Committee (IIRC) in December 2013. Using the principles in this Framework we have embraced integrated thinking in our operations to improve both the delivery on our mandate and the supply information to our stakeholders.

The Rural Housing Loan Fund exists to create value for itself and its stakeholders and depends on various forms of capital to achieve this. The following are critical in the value creation of the Rural Housing Loan Fund and its stakeholders:

- **Financial capital:** This is the money that we have and use to finance all our business activities in the implementation of our mandate of enabling people in our target market to access housing loans. Sources of our financial capital include South African Government transfers, grant and loan finance from our funders (KFW – the German Development Bank and the Development Bank of Southern Africa) as well as retained earnings.
- **Human capital:** This refers to our human resources. We recruit and develop our people in order to enable them to enhance their competencies, capabilities and acquire the experience that enables them to provide excellent service in ensuring that we deliver on our mandate and add value to our various stakeholders. In recent years, including the year under review, we have recruited interns as part of our contribution to addressing the problem of unemployed youth. All our interns have subsequently been employed by us on a permanent basis on successful completion of their twelve month internships.
- **Intellectual capital:** As an organisation we have built a knowledge-based expertise in housing microfinance delivery that enables low income people in rural areas to fulfil their desire to improve their housing conditions through incremental building.
- **Social and relationships capital:** The co-operative relationships we have built with various stakeholders in government, commerce, communities and non-governmental organisations have enabled us to consistently deliver on our mandate and deliver on value creation for various stakeholders.
- **Natural capital:** We support sustainable use of natural resources used to produce building materials that our money finance. In particular, we would like to see more borrowers using our money to access renewable sources of energy and other environmentally friendly alternative building technologies.





Rural Housing Loan Fund Performance

Development performance

The table below shows the number and value of loans granted by our intermediaries during the financial year:¹

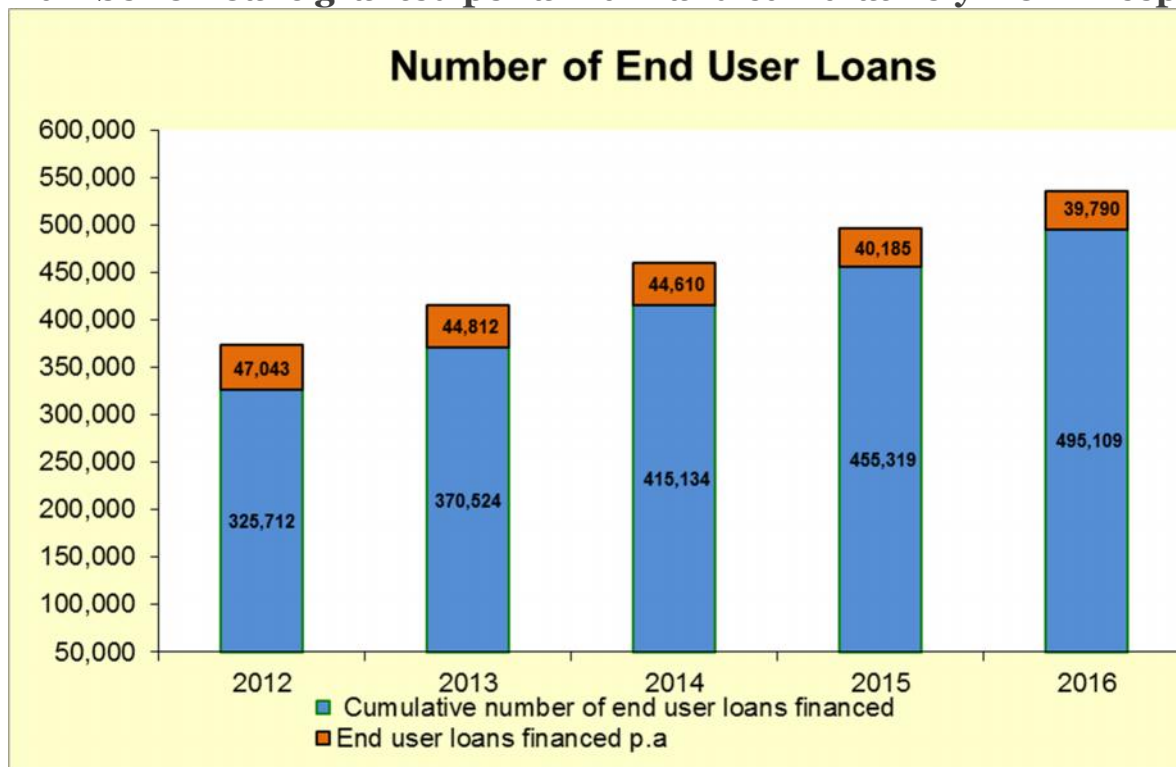
Development mandate statistics compiled from monthly Housing Mandate Monitoring Reports		Total 2016	
		Number	Value R000
Number of new loans	Budget	43,457	258,329
	Actual	39,790	233,485

As can be seen the loans issued are below what was budgeted. The economy remains under pressure and levels of indebtedness remain a concern, leading to fewer loans being disbursed than was anticipated during the budget cycle. On a positive note it can be seen that RHLF intermediaries are deploying their own or other funds, including receipts from repayments of loans funded by RHLF, to issue loans. RHLF disbursed R168,3 million to the intermediaries while they delivered loans to the value of R233,5 million as shown above.

Additional pressure has been placed on a number of the Rural Housing Loan Fund’s intermediaries as a result of the judgement in the Western Cape High Court. This effectively declared the manner in which garnishee orders are issued to be unconstitutional. It further declared that garnishees not issued in the court in which the employer operated were also invalid. The first may have a direct effect on some RHLF clients, while the second will have the effect that the courts will become busier leading to slower collection of legal debts. There has been at least one follow up judgement in the Western Cape, where a number of micro lenders agreed not to enforce problematic garnishee orders until such time as the first case has been heard in the Constitutional Court. This matter was heard on the 3rd March 2016. Judgement has been reserved with no date set for the judgment to be handed down.

¹ The value disbursed shown in this table is the amount disbursed by the intermediaries of the Rural Housing Loan Fund to retail borrowers. This is different to the amount disbursed the intermediaries shown elsewhere in this document.

Number of loans granted per annum and cumulatively from inception



Loans delivered per intermediary

Name		2015/16: Q1	Share of Total	2015/16: Q2	Share of Total	2015/16: Q3	Share of Total	2015/16: Q4	Share of Total	Total 2015/2016	Total %
Bayport	Value (R)	-	-	10,103,772	16%	10,446,611	17%	10,825,600	19%	31,375,983	13%
	Number #	-	-	548	5%	534	5%	535	6%	1,617	4%
	Average	-	-	18,449		19,563		20,235		19,408	
Izwe	Value (R)	8,343,125	16%	9,368,612	15%	7,936,894	13%	7,252,905	13%	32,901,536	14%
	Number #	579	6%	629	6%	532	5%	522	6%	2,262	6%
	Average	14,409		14,893		14,919		13,894		14,545	
Kuyasa Fund	Value (R)	1,511,314	3%	1,553,313	2%	1,598,457	3%	499,991	1%	5,163,075	2%
	Number #	238	3%	243	2%	234	2%	61	1%	776	2%
	Average	19,072		19,140		6,831		8,197		6,652	
Lendcor	Value (R)	27,644,501	55%	30,719,228	49%	32,083,894	51%	27,990,563	49%	118,438,185	51%
	Number #	7,508	81%	8,630	80%	8,251	80%	7,428	80%	31,817	80%
	Average	3,682		3,560		3,888		3,768		3,722	
Moliko	Value (R)	79,000	0.2%	23,500	0.04%	-	-	-	0%	102,500	0.0%
	Number #	25	0.3%	7	0.06%	-	-	-	0%	32	0.1%
	Average	3,160		3,357		-		-		3,203	
Norufin	Value (R)	6,701,309	13%	4,849,819	8%	4,747,771	8%	5,829,933	10%	22,128,832	9%
	Number #	541	6%	388	4%	387	4%	440	5%	1,756	4%
	Average	12,387		12,500		12,268		13,250		12,602	
RPH	Value (R)	-	-	-	-	-	-	-	0%	-	0%
	Number #	-	-	-	-	-	-	-	0%	-	0%
	Average	-	-	-	-	-	-	-		-	
Thuthukani	Value (R)	5,755,223	11%	6,242,475	10%	6,095,242	10%	4,062,266	7%	22,155,206	9%
	Number #	357	4%	381	4%	413	4%	279	3%	1,430	4%
	Average	16,121		16,384		14,758		14,560		15,493	
Makoko	Value (R)	363,047	1%	224,007	0.4%	249,648	0.4%	174,472	0.31%	1,011,174	0.4%
	Number #	28	0.3%	20	0.2%	20	0.2%	13	0.14%	81	0.2%
	Average	12,966		11,200		12,482		13,421		12,484	
Lehae	Value (R)	208,906	0.4%	-	-	-	-	-	0%	208,906	0.1%
	Number #	19	0.2%	-	-	-	-	-	0.00%	19	0.0%
	Average	10,995		-		-		-		10,995	
Total	Value (R)	50,606,425	100%	63,084,725	100%	63,158,516	100%	56,635,730	100%	233,485,396	100%
	Number #	9,295	100%	10,846	100%	10,371	100%	9,278	100%	39,790	100%
	Average	5,445		5,816		6,090		6,104		5,868	



Commentary:

- Bayport's loan was in amortisation during Q1 2016, but a capital moratorium has been in place from July 2015, leading to a contribution from Bayport.
- Lendcor continues to be the leading contributor of loans reported by RHLF. This is a result of Lendcor's strategic choice to focus on lowest income group that take small loans to improve their living environments.
- RPH drew an amount of R24.3 million at the end of the year, but this was too late to disburse any loans in 2015/16 financial year.

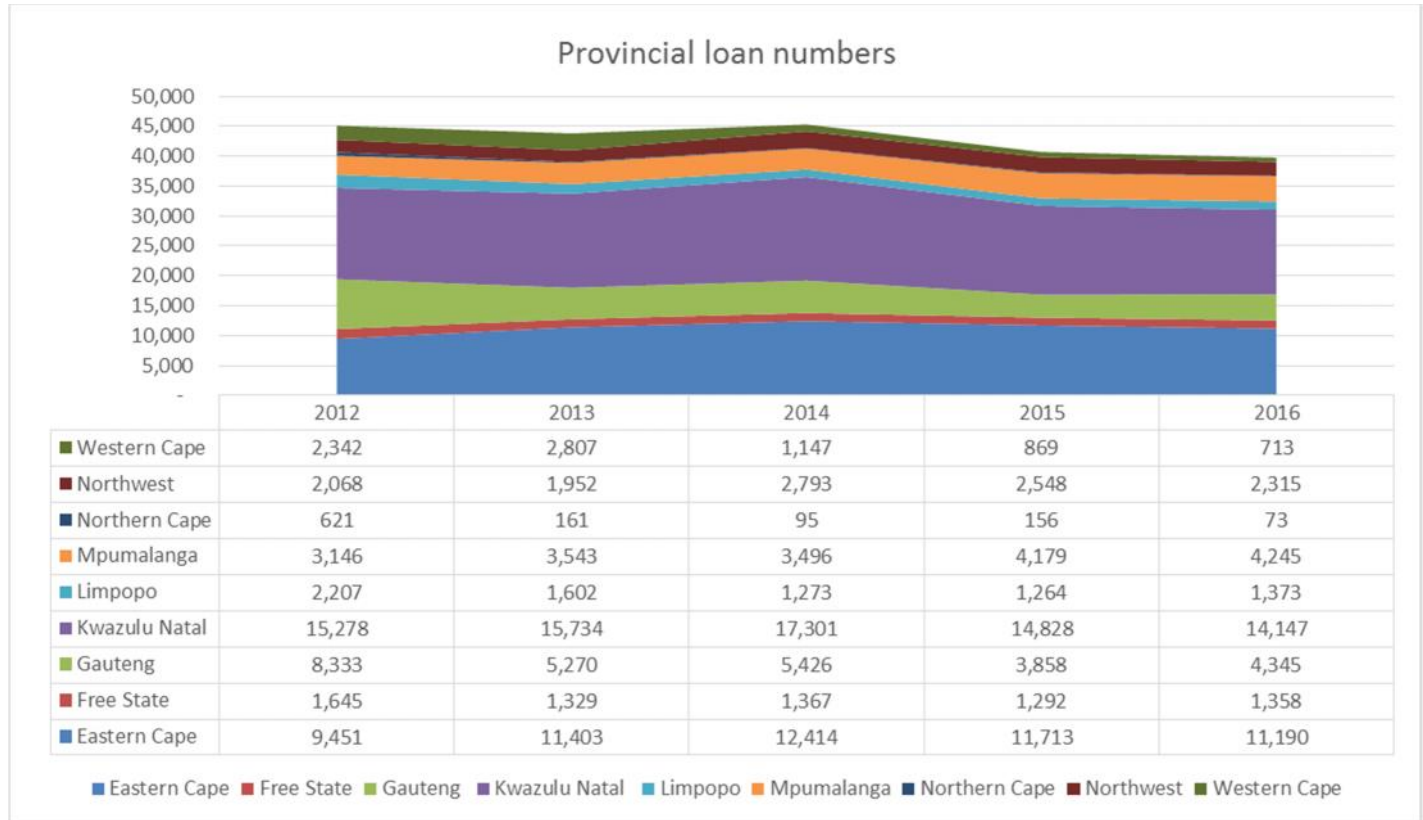
Loan outcomes

Development mandate statistics compiled from monthly Housing Mandate Monitoring Reports		Total 2016			
		Number	Percentage	Value R000	Percentage
Number of new loans	Budget	43,457		258,329,000	
	Actual	39,790		233,485,000	
Loan usage					
	New House	1,375	3.5%	23,658,916	10.1%
	Extension	2,263	5.7%	29,971,894	12.8%
	Improvement	30,732	77.2%	154,328,898	66.1%
	Basic Services	4,775	12.0%	16,925,724	7.2%
Others		39,145	98.4%	224,885,432	96.3%
		645	1.6%	8,599,965	3.7%
		39,790	100.0%	233,485,396	100.0%
Repeat loan borrowers		14,349	36.1%	61,226,373	26.2%
Borrowers using loan together with government subsidy		1,145	2.9%	7,759,529	3.3%
Gender of borrower					
	Male	15,894	39.9%	118,323,704	50.7%
	Female	23,896	60.1%	115,161,692	49.3%
Borrower's employment					
	Private sector	10,638	26.7%	117,344,291	50.3%
	Public sector	2,781	7.0%	46,476,200	19.9%
	Self-employed, informal	850	2.1%	5,563,414	2.4%
	State pension	25,441	63.9%	63,633,993	27.3%
	Farm Workers	80	0.2%	467,498	0.2%
		39,790	100.0%	233,485,396	100.0%
Borrower's income					
	less than R1 500	25,145	63.2%	61,149,940	26.2%
	R1 501-R2 500	2,263	5.7%	14,273,559	6.1%
	R2 501-R3 500	3,029	7.6%	20,880,505	8.9%
		30,438	76.5%	96,304,005	41.2%
	R3 501-R6 000	2,893	7.3%	27,978,980	12.0%
	R6 001-R9 800	2,202	5.5%	29,394,945	12.6%
	R9 800-R15 000	2,024	5.1%	34,044,814	14.6%
	>R15 000	2,233	5.6%	45,762,652	19.6%
		39,790	100.0%	233,485,396	100.0%

Commentary:

This table shows that even in tough economic conditions RHLF is able to ensure that its mandate is complied with, for example:

Provincial distribution of loans



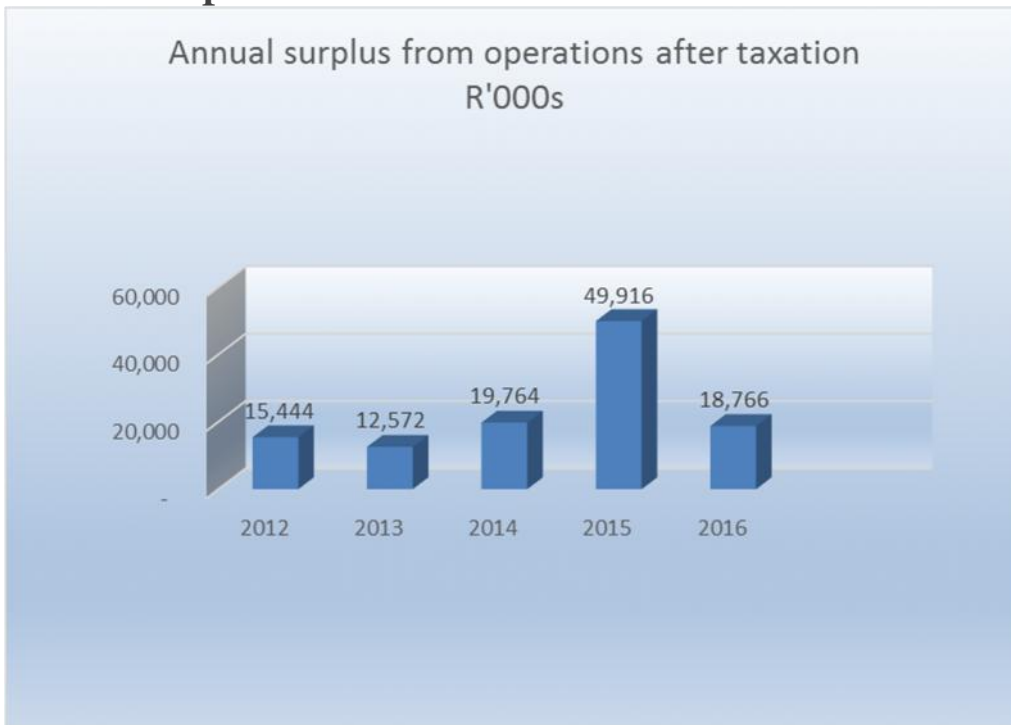
Financial performance and capital preservation

	Budget for year	Quarter 1	Quarter 2	Quarter 3	Quarter 4		Year to 31 March 2016			Commentary	
		Actual	Actual	Actual	Actual	Budget	Variance	Actual	Budget		Variance
Expenditure excluding debtors provision (R000)	19,205	(4,071)	(4,816)	(3,889)	(4,877)	(4,700)	(177)	(17,654)	(19,205)	1,551	A variety of small savings in addition to lower depreciation as a result of holding back on the IT procurement
Operating surplus after taxation (R000)	13,010	4,976	2,712	6,770	3,928	3,698	230	18,386	13,010	5,376	Lower revenue than budgeted was offset by increased interest on cash holdings and lower expenses

The company achieved revenue of R39.9 million which is below the budgeted R44.2 million as a consequence of the low demand for funding by intermediaries. From a profitability perspective this is more than offset by earnings on cash retained in the bank (South African Reserve Bank), which amounted to R13.1 million against a budgeted R4.9 million.

RHLF has a refund due from the South African Revenue Services resulting from a backdating of its tax exemption. This amounts to R36.8 million plus any interest that may accrue. RHLF is currently in dispute with SARS about the reopening of income tax assessments before the 2012 assessment. The amount in dispute is R18.2 million.

Annual surplus



The unusually high performance in 2015 was a result of a backdated exemption from income tax. Clearly this will not be repeated. There is currently a dispute with SARS as to whether the full amount will be refunded. The Rural Housing Loan Fund is communicating with SARS in this regard.

Who are we?

Ownership and operating structure

The Rural Housing Loan Fund SOC NPC is owned by the people of South Africa represented by the Minister of Human Settlements.

The business is registered as a Not For Profit company in terms of the Companies Act and is listed under Schedule 3A of the Public Finance Management Act. It operates as a not for profit organisation with an exemption from income tax.

People

Except for interns all the Rural Housing Loan Fund employees shown below have full-time employment contracts.

Executives

Jabulani Fakazi <ul style="list-style-type: none"> • Chief Executive Officer • Appointed March 2010 • Joined the Rural Housing Loan Fund February 2002 • Black male 	Bruce Gordon <ul style="list-style-type: none"> • Chief Financial Officer • Appointed and joined the Rural Housing Loan Fund February 2012 • White male
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Client Focus

Tsaliko Ntoampe <ul style="list-style-type: none"> • Client Executive • Appointed 2003 • Black female 	William Malatji <ul style="list-style-type: none"> • Client Executive • Appointed 2003 • Black male 	Relebile Moeketsi <ul style="list-style-type: none"> • Junior Client Executive • Appointed 2011 • Joined the Rural Housing Loan Fund 2010 • Black female 	Lindokuhle Ndlovu <ul style="list-style-type: none"> • Junior Client Executive • Appointed July 2013 • Joined the Rural Housing Loan Fund July 2012 • Black male 	Motlalepule Mthobi <ul style="list-style-type: none"> • Marketing Officer • Appointed 2010 • Joined the Rural Housing Loan Fund 2009 • Black female
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Risk management

Makgalaborwa Maila <ul style="list-style-type: none"> • Risk Manager • Joined the Rural Housing Loan Fund 2002 • Black male 	Caroline Ndlovu <ul style="list-style-type: none"> • Risk Analyst • Appointed February 2014 • Black female 	Klaas Motshabi <ul style="list-style-type: none"> • Development Monitor • Appointed July 2013 • Joined the Rural Housing Loan Fund July 2012 • Black male 	Mlungisi Hlabangani <ul style="list-style-type: none"> • Junior Risk Analyst • Appointed in June 2015 • Joined the Rural Housing Loan Fund as an intern June 2014 • Black male 	Kenneth Molapo <ul style="list-style-type: none"> • Intern Development Monitor • Appointed August 2015 • Black male
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Administration

Myriam Kheza <ul style="list-style-type: none"> Office Manager Appointed 1996 Black female 	Porche Knauf <ul style="list-style-type: none"> Accountant Appointed 2002 White female 	Dipolelo Chuene <ul style="list-style-type: none"> Junior Office Administrator Appointed and joined the Rural Housing Loan Fund 2010 Black female 	Rhona Mokhele <ul style="list-style-type: none"> Office Assistant Appointed and joined the Rural Housing Loan Fund 2005 Black female
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Performance incentive bonus

The following table shows how the calculation of performance bonuses is made:

	2014/15	2015/16			Commentary
	Actual	Actual	Budget	Variance	
Expenditure excluding debtors provision (R000)	(13,732)	(17,274)	(18,838)	1,564	A variety of small savings in addition to lower depreciation as a result of holding back on the IT procurement
Operating surplus after taxation (R000)	51,066	18,386	13,010	5,376	Lower revenue than budgeted was offset by increased interest on cash holdings and lower expenses

A performance bonus will only be payable after the end of the financial year if minimum achievement has been met as shown in the table above. The company achieved 5.8% below that target.

Training

While the Rural Housing Loan Fund has a small team the majority of employees have been promoted into their roles, reflecting on the success of the Rural Housing Loan Fund's policy to improve the skills base of its employees. In addition it should be noted that during the current year RHLF provided training for a new SMME intermediary.

	YTD	Breakdown				
	2016	Executives R	Client Focus R	Risk R	Administration R	SMME Support R
University fees	108,293		45,500	31,940	30,853	
Short courses	184,508	9,118	41,734	62,165	60,850	10,641
Total	292,801	9,118	87,234	94,105	91,703	10,641
Number of people	15	2	4	4	5	3
Budget	152,000					
Average spend per person	19,520	4,559	21,809	23,526	18,341	3,547
Budget as % of employee costs	2.43%					

This table does not include directors training.

Employment equity

Level	African female	Coloured female	Indian female	White female	Total female	African male	Coloured male	Indian male	White male	Total male	Total
Executive	-	-	-	-	-	1	-	-	1	2	2
Managers	2	-	-	1	3	2	-	-	-	2	5
Skilled	3	-	-	-	3	2	-	-	-	2	5
Trainees	2	-	-	-	2	1	-	-	-	1	3
Total	7	-	-	1	8	6	-	-	1	7	15

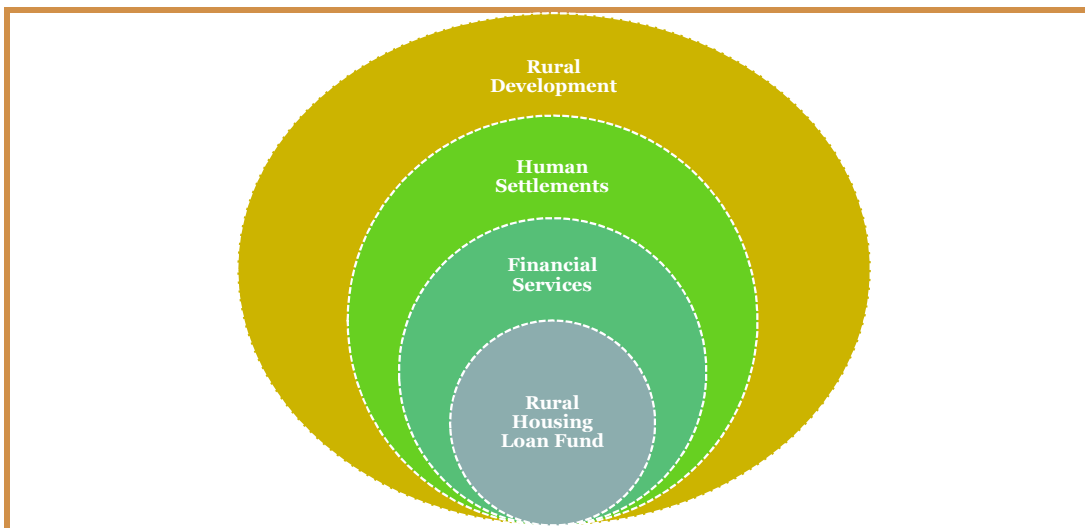


What do we do?

The Rural Housing Loan Fund adds value to its stakeholders by efficiently utilising its limited funding to improve the lives of rural South Africans by ensuring that they are able to access funding to improve their housing conditions. In essence, our operation is embedded in three sectors, namely: rural development, human settlements and financial services.

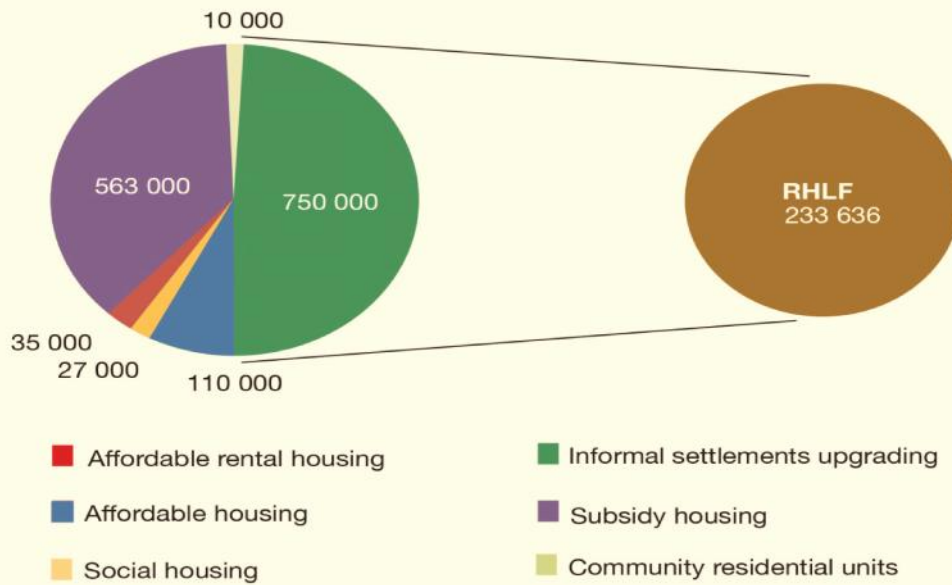
Despite its capital base RHLF is limited in how well it services its beneficiaries by a shortage of funds. For this reason it encourages its intermediaries to source other funds to apply to incremental housing, thus leveraging its limited funding.

We are set up as a wholesale funder and have established a delivery mechanism through our intermediary partners who enable households in rural areas to access finance to improve their living conditions and in the process contribute to sustainable rural human settlements and rural development. The graph below summarises this relationship



Commitments of the Minister of Human Settlements

The Minister of Human Settlements has committed to the delivery of 1,495,000 housing opportunities during the term of the current government. This delivery will be carried out by the Department of Human Settlements, the public entities that report to the Minister and the private sector. The following table shows the breakdown of these opportunities by type, indicating where Rural Housing Loan Fund delivers.



Rural Housing Loan Fund’s contribution

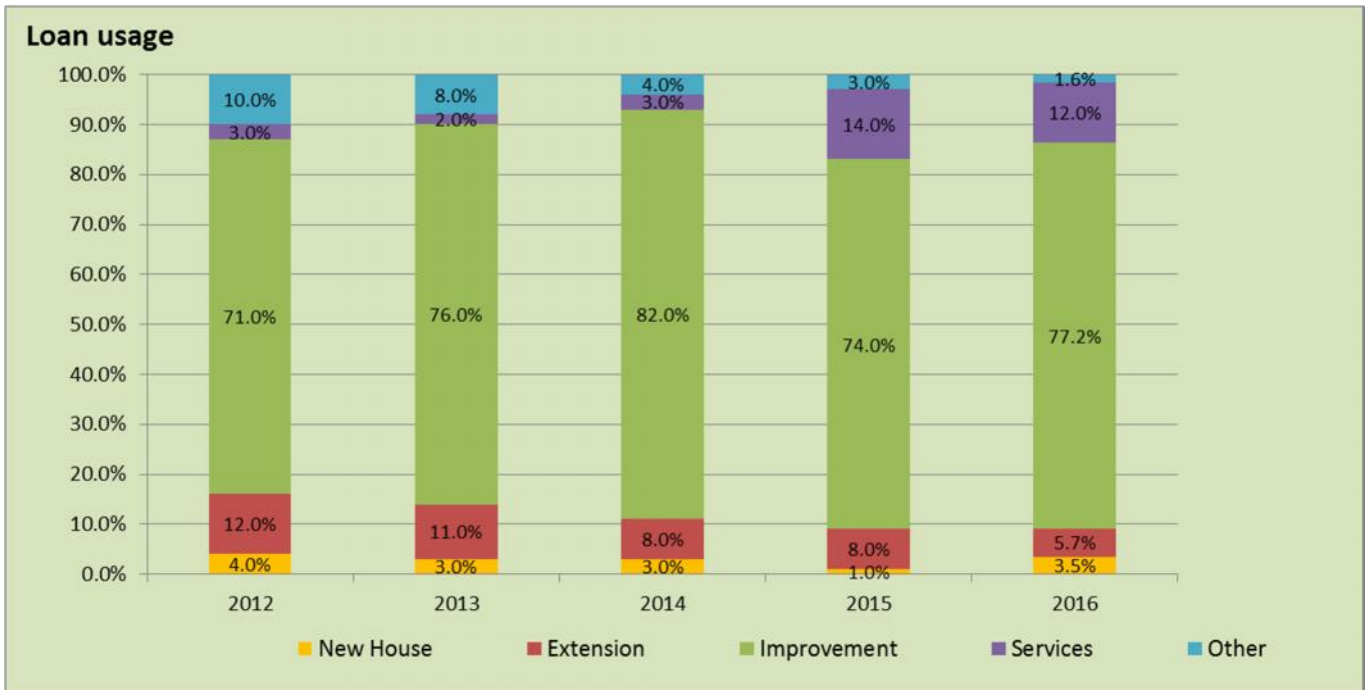
The Rural Housing Loan Fund offers unsecured loans through intermediaries to retail borrowers in rural areas and small towns who, currently, earn under R15,000 per month. However, some of the borrowers in rural areas do earn above this level.

The Rural Housing Loan Fund is committed to the delivery of 233 636 housing opportunities during the present term of Government. We will report quarterly and annually on our performance towards achieving the number of loans we have planned to deliver by the end of the Medium Term Strategic Framework period.

	Quarter 1		Quarter 2		Quarter 3		Quarter 4			Year to 31 March 2016			Commentary
	Budget for year	Actual	Actual	Actual	Actual	Budget	Variance	Actual	Budget	Variance			
End user loans disbursed (Units)	43,457	9,295	10,846	10,371	9,278	10,822	(1,544)	39,790	43,457	(3,667)	The overindebtedness in the market place as well as the weak economy had a significant negative effect on RHLF's achievements for the year		
Qualifying housing use target (% of loan instances) - higher is better	88.0%	99.7%	95.9%	99.2%	99.0%	88.0%	11.0%	96.3%	88.0%	8.3%	Despite raising the target from previous years RHLF is still exceeding its goals		
Loans to households earning R15,000 or more (%) - lower is better	20.0%	5.0%	5.6%	5.8%	6.0%	20.0%	14.0%	5.6%	20.0%	14.4%	Target exceeded		
Loans to households earning R3,500 or less (%) - higher is better	60.0%	77.3%	76.0%	76.2%	76.6%	60.0%	16.6%	76.5%	60.0%	16.5%	Target exceeded		

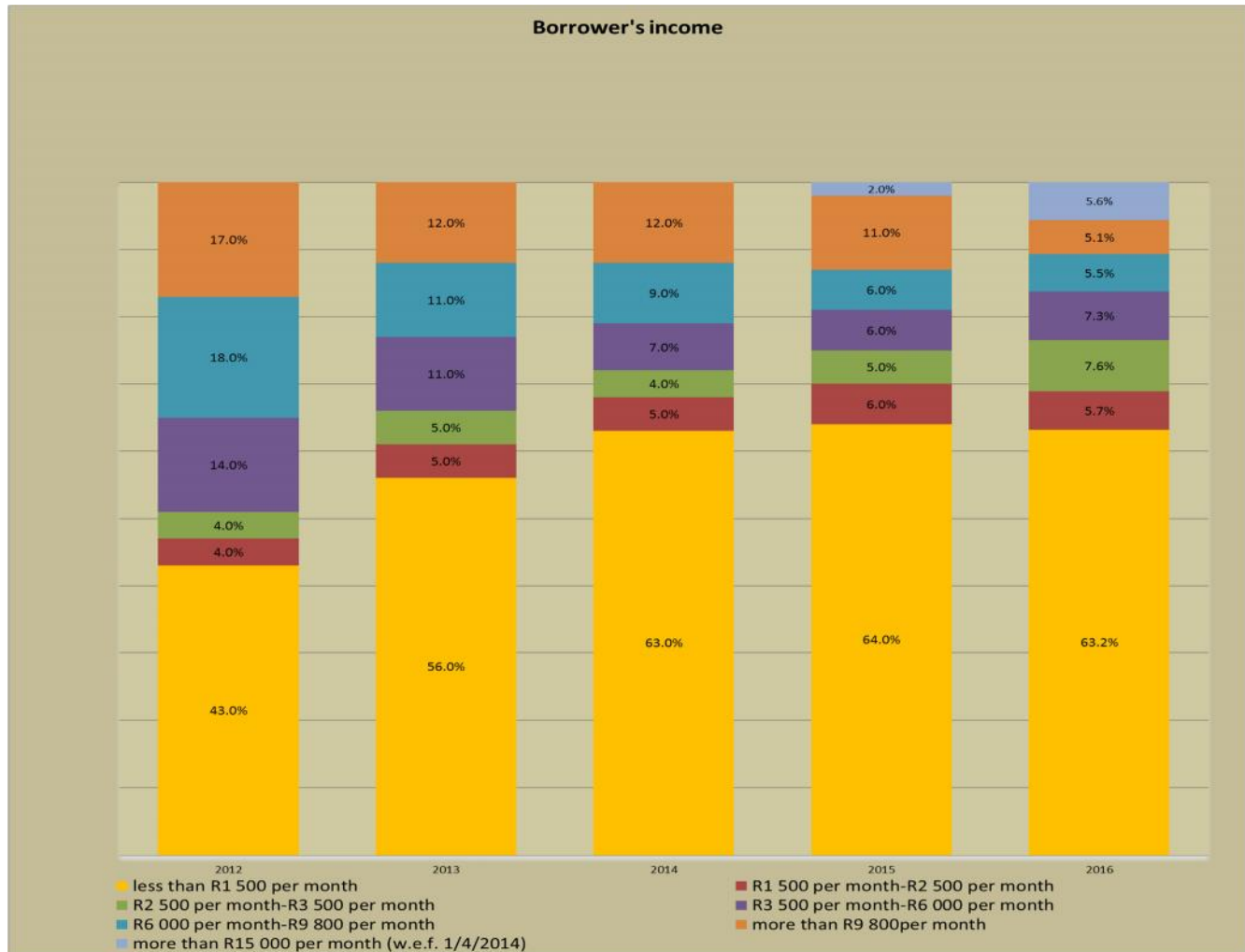
Loan usage

The following graph shows how people use the loans that they receive from the Rural Housing Loan Funds intermediaries.



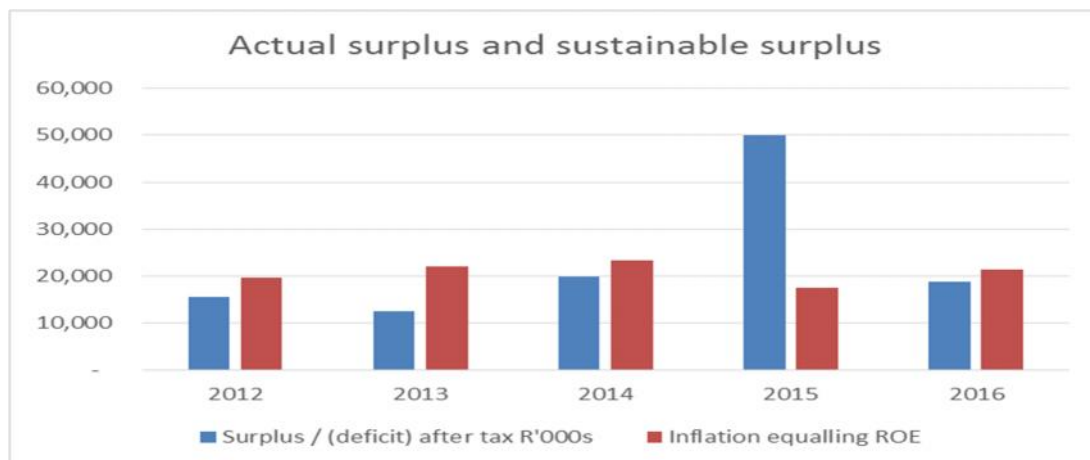
Income category of borrowers

The following indicates the monthly income of people accessing the Rural Housing Loan Fund loans.



Value added to remain sustainable

In order to remain financially stable it is necessary that the Rural Housing Loan Fund earns a return on its equity higher than the inflation rate.





The large spike in 2015 is a consequence of the company obtaining a back dated income tax exemption.

By the end of the year RHLF, despite exceeding its budget, was earning slightly below what is needed to ensure its sustainability. If disbursements improve in the new year this will be back on track.

The environment in which we operate

The Rural Housing Loan Fund's delivery on its mandate is influenced by various factors in the external environment in which we operate. Some of these factors come from the government policy context, while others come from the business environment.

Government development policy

As a government owned entity, we have to take into account the government development policy agenda. In this context the government priorities as enunciated in the National Development Plan and the governing party are taken into account in the delivery of our services to the target market:

- **Rural development:** This has been one of the government apex priorities for a long time. The National Development Plan also dedicates a chapter on building an Integrated and Inclusive Rural Economy. Therefore in our mandate delivery we ensure that loans that will facilitate reaching the rural nodes that are prioritised by government in terms of the Comprehensive Rural Development Programme.
- **Sustainable human settlements:** We contribute to the transformation and creation of human settlements, which is chapter eight of the National Development Plan and also contribute to Outcome Eight of the Government's Medium Term Strategic Framework. Our activities result in low income earners in the mandate accessing loans to achieve adequate housing. In addition by ensuring funds are available in rural areas we contribute to the development of building related businesses in these areas. In particular, our funding contributes to an active building material supply industry which in turn is contributing to job creation in many rural areas in which our retail partners lend.
- **Supporting the development of Small, Medium and Micro Enterprises (SMMEs):** Government has prioritised the development of SMMEs to the extent that a new Department of Small Business has been established after the May 2014 elections. We therefore prioritise our efforts to identify start-up commercial intermediaries who want to venture into incremental housing finance lending and provide support mechanisms to ensure they reach sustainability. Furthermore, we continue to identify community based organisations such as stokvels, co-operatives, building clubs and associations in order to ensure that we are able to deepen our reach to the informally and self-employed people.
- Our development focus will continue to be on supporting applicable aspects of the **National Development Plan** to ensure that people within our mandate are able to access housing loans so that they also experience the journey towards Vision 2030. To this



end we expect to appoint a dedicated team to concentrate on this development of small clients.

Economic growth and unemployment

The economic environment in which the Rural Housing Loan Fund operates remains challenging. Economic growth prospects are showing no signs of recovery with retrenchments in the mining industry continuing, as an example. Economic growth rate has been repeatedly reduced downwards by the Reserve Bank and IMF. The exchange rate of the Rand has continued to weaken over the period, leading to little benefits from low oil prices.

Credit industry

Towards the end of 2014 the micro-lending environment was put under enormous pressure with the collapse of African Bank and the placing of Bridge Finance into business rescue. A number of funders of micro-lenders have reduced their exposure to the industry, making it more difficult to find investors interested in lending to micro-lenders. There was a noticeable tightening of the credit criteria by lenders, including the Rural Housing Loan Fund's intermediaries. There is no let up on this pressure in sight yet.

The over indebtedness in the market is such that the Rural Housing Loan Fund's intermediaries continue to decline between 45% to 90% of all applications received. Their provisions for bad debts can amount to as much as 70% of all loans outstanding by value.

The maximum legal lending rate permitted in terms of the National Credit Act for micro-lending is

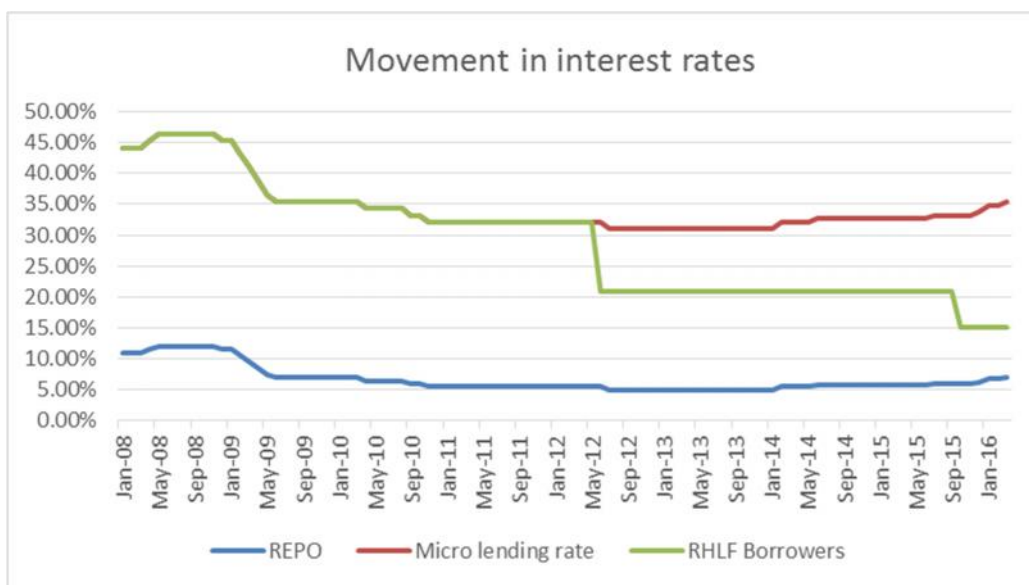
$(\text{REPO Rate} \times 2.2) + 20\%$.

In practice this results in the maximum rate allowed increasing by 2.2% for every single percent that the REPO rate moves. The Rural Housing Loan Fund has as part of its mandate been instructed to find ways of reducing this interest burden on our borrowers who are the lowest income earners in the country. To this end the Rural Housing Loan Fund Pricing Policy sets the following rates on new lending, where no special conditions are attached (such as subordinations).

Rate charged to retail borrowers	Rate charged by the Rural Housing Loan Fund
REPO x 2.2 + >18 %	Prime + 4%
REPO x 2.2 + >16-18 %	Prime + 3%
REPO x 2.2 + >14-16 %	Prime + 2%
REPO x 2.2 + >12-14 %	Prime + 1%
REPO x 2.2 + >10-12 %	Prime %
REPO x 2.2 + 10 or less %	Prime - 1%

Effectively with this policy in place, the majority of our retail homeowners are currently able to borrow at 21% which is effectively 11.65% below the maximum allowed by the National Credit Act. The lowest rate at which retail borrowers are able to access funding is 15%, less than half the current maximum. We will be adjusting our Pricing Policy to ensure that it is aligned with the new National Credit Act Regulations on interest rates for developmental lending. These new Regulations will come into effect on 6 May 2016.

Historically in South Africa interest on loans below R10, 000 were unregulated by Usury Act of 1968. During this time interest rate for such loans, which were granted under the Usury Act Exemption Notice, was not capped and as a result micro-lenders could charge interest as high as they wanted. Since 2007 all loan interest and fees have been regulated by the National Credit Act, resulting in significant reduction in the cost of credit that borrowers face. The following graph reflects the historical trends in interest rates charged on housing microloans facilitated by the Rural Housing Loan Fund compared to the market.



From the 6th May 2016 the rate legally chargeable by micro-lenders will change. There will be a large reduction of maximum interest rate charged for unsecured personal borrowers and a smaller decline for unsecured developmental lending, who constitute RHLF’s client base.

Effect of interest rates

While the interest rates charged by the Rural Housing Loan Fund’s cheapest intermediaries still appear high when compared to those charged on secured debt the following points need to be considered:

- These loans are unsecured. If the retail borrower does not repay a loan, their house cannot be repossessed by the lender.
- These loans are small and require a large amount of administration in relation to the amount being borrowed.

- In general while micro-lenders have a bad reputation, the majority are struggling to survive. In the Rural Housing Loan Fund's experience, this is because of bad debts not excessive pay or dividends to shareholders.
- We discount interest rate to our housing microfinance intermediaries and they in turn lower the cost of credit to their borrowers, thereby reducing even further the total cost of credit.

National Credit Act changes

During the year, the Minister of Trade and Industry amended the National Credit Act Regulations on the limitations on fees and interest rates. This amendment results in reduction of the maximum interest payable on consumption borrowing, but regrettably leaves maximum interest payable on developmental credit almost unchanged. The amendment further increases initiation and monthly service fees. Given RHLF's experience with the lower risk of development lending, our submission suggested that the development lending rate should be reduced, enabling people who borrow responsibly to pay lower rates. It is with regret that our submission had no impact on the final decision and as a result, cost for development credit remains higher than cost for consumption loans.

Draft rules on limits for insurance have been published by the National Credit Regulator. These set a limit of R4/R000 of debt/month for non-developmental loans and R2/R000 of debt/month for developmental loans. In addition the regulations require that the insurance is risk based, meaning that the limit may not in general be charged in all instances. Despite being a draft, this has led to one potential RHLF client withdrawing their application to become a RHLF intermediary as well as another closing its building material supplier channel.

How we engage with our stakeholders

We maintain an open dialogue with all our stakeholders in the execution of our mandate. Our stakeholders are those entities or individuals who are greatly affected by the Rural Housing Loan Fund activities and that we also expect to have influence on our delivery of the organisational mandate. The manner in which we engage with our stakeholders and frequency of engagements vary by each stakeholder. Our engagement with each stakeholder is based on identified issues or matters of concern that may have impact on our stakeholders or our delivery on its mandate. During Quarter 1 of 2016 financial year, we engaged with the following stakeholders:

Stakeholders	Method of engagement	Purpose of engagement
Ministry and Department of Human Settlements	Meetings and presentations	<p>Presentation of Progress Report on the Voucher Programme to MINMEC</p> <p>Presentation of Rural Housing Loan Fund 2015 Quarter 4 performance. Participation in various committees and task teams of the department.</p> <p>Briefing to the Mining Towns Steering Committee on the role of Rural Housing Loan Fund in addressing housing issues in mining towns.</p> <p>Presentation on Repositioning the Housing Consumer Education—presentation made to national department and provincial departments.</p>
The Presidency: Department of Performance Monitoring and Evaluation	Meetings and presentation	Inputs into Strategy to address mineworker accommodation. (Strategy drafted by Shisaka).
Other government departments: <ul style="list-style-type: none"> • National Treasury (NT) • Rural Development & Land Reform (RDLR) 	Meetings and workshops	<p>NT: Discuss RHLF application for funding from KFW and government; PFMA compliance related matters</p> <p>RDLR: Discuss areas of collaboration between RHLF and RDLR and extend invitation and extend presentation on rural development at the annual workshop</p>
Local Government (Municipalities): <ul style="list-style-type: none"> • Moses Kotane • Kgetleng 	Briefings and presentations	Build capacity of councillors and municipal officials on incremental housing finance and the role of

• Kuruman		Rural Housing Loan in supporting incremental housing
Intermediaries (existing and potential, commercial and community based organisations)	One-on-one meetings	Discuss funding requirements of our existing clients and potential clients; and doing appraisals on potential clients to assess suitable of them becoming our intermediary partners
Funders (KFW)	Written correspondence Meeting	Discussion on the outcome of the Ex post evaluation mission report Discussion of consolidation Human Settlements Development Finance Institutions and new products (energy housing)
Other Development Finance Institutions: NURCHA & NHFC, SEFA & CBDA	NURCHA & NHFC: one on one and meetings among the three institutions Small Enterprise Finance Agency (SEFA): one on one meetings Co-operatives Bank Development Agency—one on one meeting	Discussions on the consolidation of the Development Finance Institutions Share information on risk issues identified on common client, Moliko. Discussion on partnership to support Co-operative Finance Institutions
National Credit Regulator	Written communication and formal meetings	Follow up on issues pertaining to credit life insurance. Objective is to ensure all our intermediaries are compliant with regulatory requirements
Borrowers (people who access housing loans from our intermediaries—Real People, Lendcor, Thuthukani and Norufin)	Borrower interviews at their homes	To conduct verification of loan usage and other mandate compliance issues
Employees	Continuous staff engagement at various levels, staff meetings, training and development needs, internal workshops and performance reviews	Enhance operational performance of RHLF and enhance team performance
Suppliers/service providers	One-on-one meetings	Delivery of good and services
General members of public	Advertisement in various media Radio interviews of the Chief Executive Officer: Tru FM, Metro FM, Power FM	Raising awareness about Rural Housing Loan Fund and its incremental housing finance product



How we are governed

The Board of Directors

In terms of its Memorandum of Incorporation, the company has a maximum of 8 directors at any one time. The composition of the board of directors provides for a majority of non-executive directors, including a non-executive chairperson. The Chief Executive Officer is the only Executive Director on the Board. The Chief Financial Officer is the Company Secretary and is not a director.

The board of directors retains full and effective control over the company, monitors management and ensures that decisions on material matters are in the hands of the board.

During the last financial year, the entire Board was reappointed by the Minister to serve until 31 March 2016 or the conclusion of the consolidation of the three Human Settlements development finance institutions, whichever happens first.

Currently, there are four non-executive directors as a result of the Minister not filling vacancies due to the imminent consolidation of the Human Settlements Development Finance Institutions. In view of the limited number of directors additional responsibilities have been taken on by all members of the Board to ensure that governance is maintained.

Subsequent to the year end the Minister reappointed all members of the Board until conclusion of the development finance institutions merger process.

Responsibility

This quarterly integrated report is prepared on behalf of the Board by the Executives of the Rural Housing Loan Fund. The Audit and Risk Committee is delegated with the responsibility of approving the report. The Board is however responsible for the systems and controls that are used to prepare this report. For this reason the Board acknowledges that final responsibility for this report, as well as the results it presents, rests with the Board of Directors.

The Board Structure



Board Committees

Committees established by the Board are the following

Audit and Risk Committee

- Meets at least four times a year, with management and the external and internal auditors;
- Reviews the financial statements and accounting policies, the effectiveness of management information and other systems of internal control, quarterly financial reports, addresses the internal and external auditors' findings by ensuring that management takes the necessary action to correct issues raised and
- Monitors and evaluates the company's enterprise risk management strategy and its implementation.

Credit and Development Committee

- Meets as needed but usually six times per annum;
- Considers applications for new facilities to clients;
- Approves changes to existing facilities;
- Monitors credit and related risks in terms of the Risk Management Policy and
- Monitors the Rural Housing Loans Fund's development delivery.

Human Resources, Ethics and Remuneration Committee

- Meets at least three times per annum.
- Is responsible for:
 - all human resources policies
 - the management of human resources;
 - the provision of guidance and monitoring with regard to ethical issues;



- the review of employee remuneration and
- recommending to the Minister of Human Settlements candidates for appointment as directors in its capacity of Nomination Committee in terms of the company's Memorandum of Incorporation.

The Rural Housing Loan Fund substantially complies with King III and fully complies with the Public Finance Management Act of 1999, as amended.

Risks and opportunities

Managed risks

The Rural Housing Loan Fund is in the business of being a wholesale provider of housing finance to micro-lenders as intermediaries. The two greatest risks it faces are:

- The failure of an intermediary to repay funds and
- The failure of an intermediary to perform according to the Rural Housing Loan Fund's mandate.

These risks are well managed through:

- Conducting of due diligences on retail lenders prior to them being approved as our intermediaries;
- Approval of loans by the Credit and Development Committee of the Board;
- A minimum of an annual risk review of each client with the results submitted to the Credit and Development Committee;
- Monthly reporting by clients on their development and financial performance, and
- Mandate compliance reviews conducted on site by the Rural Housing Loan Fund's team.

Business process

The following goal was achieved in the Rural Housing Loan Funds efforts to ensure that its mandate risk is minimised.

	Budget for year	Quarter 1	Quarter 2	Quarter 3	Quarter 4		Year to 31 March 2016			Commentary	
		Actual	Actual	Actual	Actual	Budget	Variance	Actual	Budget		Variance
Loan verification visits	10	4	3	2	4	2	2	13	10	3	Budget exceeded as a result of new intern being able to work independently sooner than expected
Disbursements to retail intermediaries including rollover funds R000	258,329	25,704	41,126	44,581	58,397	64,329	-5,932	169,809	258,329	-88,520	The ongoing weakness in the credit market is leading to intermediaries not drawing as much as was budgeted.

The governance, financial and control risks of the business are well managed with an established internal audit process ensuring compliance with the Rural Housing Loan Fund's policies and procedures. Outsourced Internal Audit reports through the Audit and Risk Committee.

The Rural Housing Loan Fund also has a reputation risk that is generally managed through the above processes. However in order to increase its visibility the Rural Housing Loan Fund targets media for briefings, and training of municipal councillors and officials on our products and takes advertising in media targeting our retail borrowers. The Company also has an annual workshop where it interacts with current and potential intermediaries to discuss industry relevant issues.



The following are strategic objectives that are implemented to manage risks and opportunities. We report how we performed on these during the year under review in the performance information section.

- *Sharpen portfolio risk management and enhance early warning system:* This is achieved by measuring the number of client due diligences, risk reviews and loan verification reviews performed at RHLF’s intermediaries.
- *Accelerate client acquisition process.* The goal here is to develop our business by ensuring that we take suitable credit proposals to the Credit and Development Committee.
- *Targeted positioning and branding of the Rural Housing Loan Fund.* These goals are set to ensure our business model is presented to various stakeholders, including the general public. This is measured by number of media briefings, number of paid editorials and advertisements placed and the number of information briefings to various stakeholders.

Risks

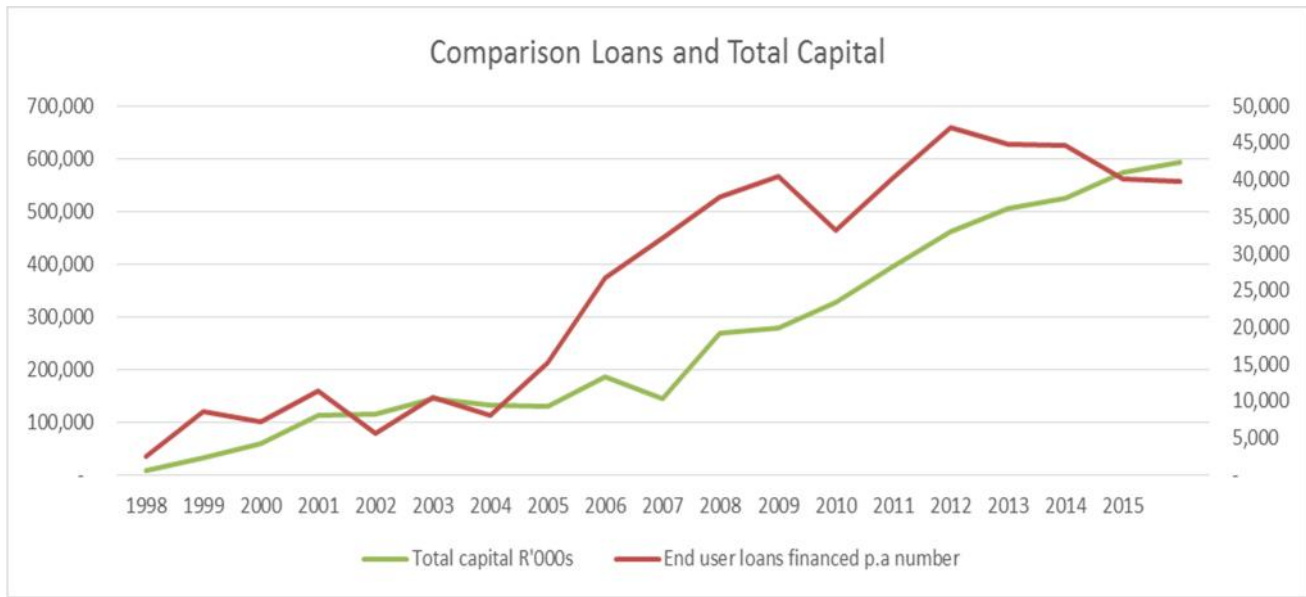
The Rural Housing Loan Fund is faced with the following risks.

Risk description	Cause	Mitigation	Going forward
Development Financial Institution merger	Prolonged process	Steering committee attendance	Communication with stakeholders
Employee morale during merger process	Uncertainty around structure and reporting lines post-merger	Business case, steering committee, legal advisors	Communication with employees
Operational and business impact on RHLF / people / processes	Mandate risk of merger, loss of institutional memory, loss of CBO focus	Business case, communication	Ongoing
Challenges with CBOs	Amount of effort needed for each CBO	Task team to assist as needed	In process

Looking forward

Funding

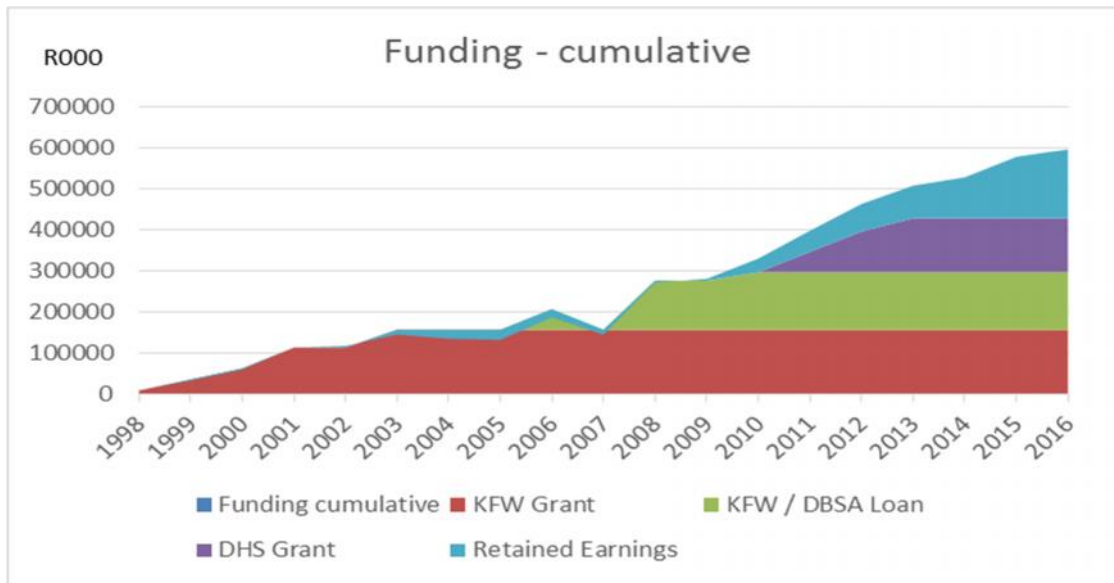
Despite the challenges that the economy poses, the biggest constraint on the Rural Housing Loan Fund delivering to more of its potential retail borrowers has been inadequate funding. While the current cash situation belies this as a constraint, as the economy picks up so the need for additional funds rises exponentially. The entity needs to be funded to the extent that it is ready to meet the increased demand as it arises. During the last upturn we were unable to meet the demand. The following graph indicates how the Rural Housing Loan Fund’s delivery of housing loans tracks with the funding that is available.



The only time that housing loans do not grow with funding is during times of economic downturn and microfinance industry challenges. While the country is currently facing these challenges, the Rural Housing Loan Fund is confident that by obtaining funds now it will be in a position to meet the demand as it arises. A delay in receiving funding until the economy improves will lead to delays while the Rural Housing Loan Fund tries to build its intermediary capacity when the funds do become available.

In addition many RHLF intermediaries are extremely concerned about the low level that has been proposed for insurance by the Department of Trade and Industry. It is anticipated that certain clients may cease to offer interest rebates as a consequence.

The following table shows how we have been funded since starting operations in 1998.



Planned projects

In order to assist the Rural Housing Loan Fund its funder KFW has provided an accompanying measure grant to be used for business development, including research. Currently the Rural Housing Loan Fund is considering the following research projects.

Description	Purpose	Contribution to mandate	Progress
Capacity development for community based organisations and start up intermediaries	Develop capacity to enhance ability to absorb funding and scale up delivery	Enables wider spread of funding, lower interest rates and more self-employed borrowers	Chief Financial Officer developing plan
Joint marketing programmes with start-ups	Improve the competitiveness of the market and enable disadvantaged people to become intermediaries	Enables wider spread of funding and development of intermediaries by previously disadvantaged South Africans	The process is underway to embark on joint marketing with Makoko using local radio stations in order to increase their business in Limpopo. Plan to assist Lehae in Free State with marketing efforts have been held in abeyance while Lehae resolves issues identified in the risk review.
Borrower location and affordability research	To provide new and existing intermediaries with market information	More competition and development of new markets	Research tender document being finalised
Impact assessment	Assessing whether the Rural Housing Loan Fund's lending model is improving the livelihoods of rural low income earners	Assess the actual improvement the Rural Housing Loan Fund's incremental housing programme provides to its retail borrowers	Postponed
Research products the Rural Housing Loan Fund may add to enhance	Identify products, in addition to incremental lending, whereby the Rural Housing Loan Fund that can improve the lives of rural low income earners	Widening the scope of the Rural Housing Loan Fund's mandate in order to further improve the lives of rural people in South Africa	Research tender document being finalised

Description	Purpose	Contribution to mandate	Progress
Quality assessment of houses	Assess the quality of improvement of housing conditions in rural human settlements as a result of the Rural Housing Loan Fund's funding	Assessment of the quality of houses built and extensions done with the Rural Housing Loan Fund funding	Postponed

In addition to these KFW funded projects the Rural Housing Loan Fund:

- has budgeted for a computer system that can be provided as a service to its start-up and growing clients to enable them to grow without having to outlay large amounts of capital upfront;
- the Rural Housing Loan Fund is redesigning its Credit and Investment Policy to enable it to provide equity funding to developing businesses from previously disadvantaged communities.

Individual Rural Housing Subsidy Voucher Programme

A factor that is expected to extend our mandate is the anticipated approval for Rural Housing Loan Fund to pilot the above programme. This is a programme that will enable qualifying individuals to obtain a voucher to buy the necessary materials to build a house, instead of being allocated a Breaking New Ground house. The Rural Housing Loan Fund has been appointed as the agent to implement this programme, once its implementation is approved. This will require a major modification of the company's structure as well as information technology systems. We have been managing the process of building of two houses in different provinces to assess the cost of building in different areas, and thus enable the Minister to decide on the subsidy quantum that can be used for the programme.

Consolidation of the Human Settlements Development Finance Institutions

The process to consolidate the three Development Finance Institutions is currently underway, but is not clear when the actual consolidation of the entities will be concluded. It is planned that in the consolidated entity there will be one unit delivering incremental loans in both rural and urban areas of South Africa. RHLF has been mandated to focus in rural areas, while the National Housing Finance Corporation has focused on urban areas. This will result in a need to set targets for both areas and ensure that the rural housing market is not disadvantaged with this shift. In addition, a huge capital injection will be required to meet the demand for incremental housing loans in both market segments. To scale up delivery in both markets will further entail building adequate human resource capacity to fulfil this mandate.

Basis of preparation and presentation

Stakeholders

The purpose of an integrated report is to ensure that while shareholders are being informed, all stakeholders having an interest in the organisation are able to understand the report prepared by



the organisation. For this reason this document is prepared, as far as possible, without jargon or abbreviations.

The Rural Housing Loan Fund considers its stakeholders, among others, to be the following:

- Retail borrowers;
- The people of South Africa;
- Its employees;
- Its intermediaries and their employees;
- Other Development Finance Institutions;
- Its suppliers;
- The Minister of Human Settlements;
- The Department of Human Settlements;
- Provincial Departments of Human Settlements;
- Rural Municipalities;
- The Parliamentary Portfolio Committee on Human Settlements and
- The Parliament of the Republic of South Africa.

Future view

The Rural Housing Loan Fund views a year as short term, the term of government as medium term and any period beyond that as long term. The intention of the Board is that the company's mandate will continue to serve its stakeholders for as long as it adds value to the lives of the low income earners in rural areas who constitute our retail borrowers.

Financial information

Statement of financial position

	30 Jun 15	30 Sep 15	31 Dec 15	31 Mar 16		
	R000 Actual	R000 Budget	R000 Actual	R000 Actual	R000 Budget	R000 Variance
Current assets	369,534	310,288	394,142	388,377	270,392	117,985
Cash and cash equivalents	194,354	126,247	218,157	213,038	131,848	81,190
Receivables	138,171	147,042	138,999	138,323	138,426	(103)
Prepayments	127	118	105	134	118	16
Taxation	36,881	36,881	36,881	36,881	-	36,881
Non-current assets	208,278	265,682	189,655	202,945	313,818	(110,873)
Receivables	198,369	255,581	179,743	193,081	302,760	(109,679)
Investments	9,517	9,564	9,517	9,517	9,564	(47)
Property, plant and equipment	359	537	370	327	1,494	(1,167)
Intangible assets	34	-	25	20	-	20
Total assets	577,813	575,970	583,798	591,321	584,210	7,112
Liabilities						
Current liabilities	9,432	5,883	7,452	8,553	8,676	(124)
Payables	1,299	1,261	593	707	1,411	(704)
Current portion of long term borrowings	5,999	2,985	5,999	5,999	5,814	185
Provisions	1,975	1,378	864	1,848	1,194	654
Employee benefits	158	259	(5)	(2)	257	(259)
Non-current liabilities	128,443	132,719	126,927	129,422	130,307	(885)
Borrowings	128,443	132,719	126,927	129,422	130,307	(885)
Total liabilities	137,876	138,602	134,379	137,975	138,983	(1,009)
Net assets	439,937	437,368	449,419	453,347	445,226	8,121
Funding						
Grant capital	285,738	285,738	285,738	285,738	285,738	(0)
Retained earnings	154,200	151,630	163,681	167,610	159,488	8,122
Funding	439,937	437,368	449,418	453,348	445,226	8,122

Statement of comprehensive income

	Annual	Quarter 1	Quarter 2	Quarter 3	Quarter 4			Year		
	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000
	Budget	Actual	Actual	Actual	Actual	Budget	Variance	Unaudited	Budget	Variance
Revenue	44,209	9,827	10,754	9,640	9,727	10,530	(803)	39,948	44,209	(4,261)
Other income	4,929	2,661	3,059	3,561	3,839	1,180	2,659	13,119	4,929	8,190
Interest paid	(10,073)	(2,507)	(2,566)	(2,506)	(2,509)	(2,466)	(43)	(10,088)	(10,073)	(15)
Operating expenses	(26,054)	(5,005)	(8,535)	(3,925)	(7,128)	(5,546)	(1,582)	(24,593)	(26,054)	1,461
Accommodation	(1,257)	(220)	(152)	(305)	(224)	(314)	90	(901)	(1,257)	356
Legal and audit	(1,271)	(543)	(472)	(272)	(341)	(318)	(23)	(1,628)	(1,271)	(357)
Debtors provisions	(6,849)	(934)	(3,719)	(35)	(2,251)	(846)	(1,405)	(6,940)	(6,849)	(91)
Communication and IT	(599)	(107)	(150)	(127)	(104)	(153)	49	(489)	(599)	110
Depreciation	(850)	(47)	(47)	(47)	(47)	(218)	171	(189)	(850)	661
Employee costs	(11,848)	(2,664)	(3,257)	(2,663)	(3,474)	(2,963)	(511)	(12,058)	(11,848)	(210)
Marketing, promotions and workshops	(701)	(32)	(219)	(14)	(297)	(121)	(176)	(562)	(701)	139
Printing and stationery	(423)	(46)	(135)	(59)	(51)	(105)	54	(290)	(423)	133
Travel and entertainment	(1,675)	(186)	(275)	(314)	(265)	(441)	176	(1,040)	(1,675)	635
Other	(581)	(224)	(109)	(88)	(74)	(66)	(8)	(495)	(581)	86
Net profit	13,011	4,976	2,712	6,770	3,928	3,697	231	18,386	13,011	5,375

Cash flow statement

	Quarter 1	Quarter 2	Quarter 3	Quarter 4			Year ended 31 March 2016		
	R000 Actual	R000 Actual	R000 Actual	R000 Actual	R000 Budget	R000 Variance	R000 Actual	R000 Budget	R000 Variance
Cash flows from operating activities									
Receipts	12,488	13,813	13,201	13,566	11,709	1,857	53,067	48,801	4,266
Sale of goods and rendering of services	9,827	10,754	9,640	9,727	10,530	(803)	39,948	44,209	(4,261)
Interest, Dividends and Rent on land	2,661	3,059	3,561	3,839	1,180	2,660	13,119	4,592	8,527
Payments	(4,008)	(6,094)	(6,377)	(4,854)	(4,314)	(516)	(27,576)	(27,512)	(40)
Compensation of Employees	(2,664)	(4,582)	(2,663)	(3,474)	(3,001)	(473)	(12,058)	(11,780)	(278)
Goods and Services	(387)	(1,360)	(1,211)	(1,356)	(1,312)	(43)	(4,505)	(5,659)	1,154
Interest and Rent on land	(957)	(152)	(2,506)	-	-	-	(10,989)	(10,073)	(916)
Taxation Paid	-	-	-	-	-	-	-	-	-
Net cash flows from operating activities	8,480	7,719	6,824	8,712	7,395	1,341	25,491	21,289	4,226
Cash flows from investing activities									
Purchase of assets	0	(3)	(13)	-	(15)	15	(16)	(2,230)	2,214
Dividend income	-	-	-	-	169	(169)	-	338	(338)
Loans granted to associates / other economic entities	(24,193)	(16,933)	(44,581)	(58,377)	(64,329)	5,952	(168,277)	(258,329)	90,052
Loan repayments received from associates / other economic entities	31,437	35,016	37,411	19,973	64,554	(44,581)	183,408	260,436	(77,028)
Net cash flows from investing activities.	7,257	18,096	(7,183)	(38,404)	379	(38,614)	15,115	215	15,238
Cash flows from financing activities									
Proceeds from borrowings	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(1,558)	-	(6,565)	-	-	-	(8,123)	(13,561)	5,438
Proceeds from issuance of contributed capital	-	-	-	-	-	-	-	-	-
Net cash flows from financing activities	(1,558)	-	(1,649)	-	-	-	(8,123)	(13,561)	5,438
Net increase/(decrease) in cash and cash equivalents	14,178	25,815	(2,008)	(29,692)	7,774	(37,273)	32,483	7,942	24,902
Cash and cash equivalents at the beginning of the period	180,176	194,354	220,169	242,351	124,073	118,278	180,176	123,905	56,271
Cash and cash equivalents at the end of the period	194,354	220,169	218,161	212,659	131,847	81,005	212,659	131,847	81,173