Half-yearly Financial Report for the six months ended 30 June 2012

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International Personal Finance plc
Half-yearly financial report for the six months ended 30 June 2012

Key highlights

- Strong underlying trading performance in the first half of 2012
  - Good growth in customer numbers (7%), credit issued (12%) and receivables (10%)
  - Credit quality stable with annualised impairment as a percentage of revenue at 26.2%
  - Mexico making rapid progress in both credit issued and profitability
  - Profit before tax* of £31.4M reflects underlying growth of £7.5M before twin impact of higher early settlement rebates and weaker FX rates. Statutory profit before tax of £25.8M (2011: £31.0M) after an exceptional restructuring charge of £4.8M (2011: £nil) and an accounting loss on the fair value of derivatives of £0.8M (2011: loss of £4.7M)
- Clear strategy for accelerating growth articulated and being embedded
- Bank refinancing completed successfully - £130M of facilities extended to 2015
- Well capitalised balance sheet - £25M share buy-back programme
- Interim dividend increased by 7.5% to 3.23 pence per share

Key stats	**H1 2012**	H1 2011	YOY change at CER
Customers (000s)	**2,455**	2,288	7.3%
Credit issued (£M)	**409.3**	406.4	12.2%
Revenue (£M)	**316.0**	326.7	7.7%
Annualised impairment % revenue	**26.2%**	26.8%	0.6ppts
Annualised cost-income ratio*	**40.9%**	40.1%	(0.8ppts)
Underlying PBT* (£M)	**31.4**	35.7	
Statutory PBT (£M)	**25.8**	31.0	
EPS* (pence)	**8.91**	10.13	

* Excluding an exceptional restructuring charge of £4.8M (2011: £nil) and an accounting loss on the fair value of derivatives of £0.8M (2011: loss of £4.7M).

Chief Executive Officer, Gerard Ryan, commented:

"IPF has a resilient, cash generative business model and a well funded balance sheet. This, coupled with a strong underlying trading performance, supports the increase in the interim dividend and the £25M share buy-back programme that we have announced today. We are on track to perform well for the year as a whole, aim to deliver stronger growth and make our balance sheet work harder, and we have the strategy in place to do this."

Summary

Our key aim in 2012 is to use the levers of accelerated growth and consistent credit quality to offset the adverse impacts of higher early settlement rebates ('ESRs') and weaker FX rates. The Group has performed well against this objective in the first half of 2012, reporting growth in customer numbers of 7% and credit issued of 12% alongside stable credit quality. This has resulted in underlying profit growth of £7.5M before the twin impact of higher ESRs (£5.6M) and weaker FX rates (£6.2M).

The Group results are shown in the table below:

	2012 £M	2011 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**2,455**	2,288	167	7.3	7.3
Credit issued	**409.3**	406.4	2.9	0.7	12.2
Average net receivables	**568.9**	574.3	(5.4)	(0.9)	10.3
Revenue (net of ESRs)	**316.0**	326.7	(10.7)	(3.3)	7.7
Impairment	**(98.3)**	(98.5)	0.2	0.2	(10.7)
Net revenue	**217.7**	228.2	(10.5)	(4.6)	6.4
Finance costs	**(20.4)**	(21.8)	1.4	6.4	(4.6)
Agents' commission	**(35.9)**	(36.2)	0.3	0.8	(10.8)
Other costs	**(130.0)**	(134.5)	4.5	3.3	(5.5)
Profit before taxation, exceptional item and fair value adjustments	**31.4**	35.7	(4.3)	(12.0)	
Exceptional item – restructuring	**(4.8)**	-	(4.8)	-	
Fair value adjustments	**(0.8)**	(4.7)	3.9	83.0	
Profit before taxation	**25.8**	31.0	(5.2)	(16.8)	

This performance was delivered against a backdrop of low but relatively stable consumer confidence and modest economic growth in our European markets. The key drivers were growth in customer numbers, which have increased year-on-year by 7% to 2.5M, and credit issued which has increased at the faster rate of 12%. The growth in credit issued was reflected in higher average net receivables, which have increased by 10% to £568.9M.

Revenue increased at the slower rate of 8% largely due to the expected impact of higher ESRs in Czech-Slovakia and Poland, which are charged against revenue. The impact of higher ESR costs was broadly in line with our expectations for the first half and our guidance for the full year remains unchanged at £10M to £15M.

Our collections performance remained robust during the first half of the year and annualised impairment as a percentage of revenue remains at the lower end of our 25% to 30% target range (June 2012: 26.2%; December 2011: 25.8%; June 2011: 26.8%).

Finance costs increased by 5%, which is around half the growth in average net receivables and reflects the continued capital generation and de-gearing of the Group. Agents' commission costs, which are largely based on collections in order to promote responsible lending, increased by 11% to £35.9M in line with growth in the business.

Operational efficiencies generated room for £5.0M of targeted investments, largely in promotional and incentive activity for our field management teams, to drive top-line growth while maintaining a flat annualised cost-income ratio of 40.9% since the 2011 year end.

Profit before tax, exceptional items and fair value adjustments was £31.4M, which is £4.3M lower than 2011. This reflects a £7.5M improvement in underlying profit offset by the impact of higher ESRs and weaker FX rates.

During the first half of the year we have incurred an exceptional charge of £4.8M in respect of a management restructuring exercise designed to strengthen our UK functional support teams and refresh the country management teams (2011: £nil). As a result of the UK restructure, 57 positions will be removed (around 30% of the UK head office team), with around 30 new positions created, mainly in marketing and IT. The annual net reduction in costs arising from these changes is expected to be around £2.0M.

As previously announced, the Group entered derivative contracts to fix foreign currency rates used to translate approximately 70% of our forecast profit for the year. At 30 June 2012, the fair value movement on these derivative contracts that relate to the second half of the year was a £0.8M loss based on marking these contracts to market (2011: loss of £4.7M). This loss will unwind in the second half as the contracts mature. Further details are set out in note 14.

Segmental results

The following table shows the performance of each of our markets. We have shown the impact of additional ESR costs and weaker FX rates in order to provide a better understanding of underlying performance.

	2012 Reported profit £M	Underlying profit movement £M	Additional ESR costs £M	Weaker FX rates £M	2011 Reported profit £M
Poland	**24.5**	4.6	(0.7)	(4.2)	24.8
Czech-Slovakia	**12.4**	1.3	(4.9)	(1.3)	17.3
Hungary	**1.9**	0.8	-	(0.6)	1.7
Mexico	**0.5**	2.5	-	0.1	(2.1)
Romania	**(1.6)**	(1.9)	-	(0.2)	0.5
UK – central costs	**(6.3)**	0.2	-	-	(6.5)
Profit before taxation*	**31.4**	7.5	(5.6)	(6.2)	35.7

* Excluding exceptional item and fair value adjustments.

Profit before tax, exceptional items and fair value adjustments reduced by £4.3M to £31.4M reflecting a good improvement in underlying profit offset by the impact of higher ESRs and weaker FX rates.

The underlying profit improvement during the first half of the year was £7.5M, with the key drivers being Poland and Mexico. In Poland, a combination of good growth in credit issued and stable credit quality has resulted in strong growth in net revenue. Profit growth in Mexico has been driven by 29% growth in credit issued together with continued improvements in operational performance which have reduced impairment. Conditions have proved more difficult in Romania so far this year due to the combined impact that austerity measures and severe Winter weather had on household income, although consumer confidence has improved towards the end of Q2.

The Consumer Credit Directive ('CCD') was implemented progressively in our European markets between March 2010 and December 2011. This has resulted in an increase in the cost of ESRs. These are charged against revenue and the additional impact in the first half was £5.6M. Poland and the Czech Republic were the last of our markets to implement the CCD and therefore the year-on-year impact on profit continues to be seen in these markets. The impact in Poland is relatively small in the first half and is expected to increase progressively during the second half of the year. In contrast, the impact in Czech-Slovakia is expected to reduce because the higher rebates are becoming fully embedded in the income statement.

As announced in January, our operating currencies have weakened significantly against Sterling and the effective average FX rates at which we hedged 70% of our forecast profit were 17% weaker than 2011. These weaker FX rates have adversely impacted profit in the first half of the year by £6.2M.

Taxation

The taxation charge for the first six months of 2012 has been based on an expected effective tax rate for the full year of 28%.

Regulation

Whilst the regulatory framework in which we operate is constantly evolving, there are currently no major regulatory challenges facing the business. The planned EU review of the CCD has commenced but we do not, at this stage, expect any substantive changes. We have successfully implemented the CCD in all European markets and in Hungary have transitioned to the lower 45% APR cap with no material impact on performance, providing further evidence of the flexibility of the business model.

Balance sheet and funding

At 30 June 2012 the Group had net assets of £333.9M (June 2011: £335.5M) and receivables of £564.4M, which represents an increase on the prior year of 10% at CER (June 2011: £597.2M). The Group balance sheet has, therefore, continued to strengthen in the first half of 2012 with equity as a percentage of receivables increasing to 59.2% (June 2011: 56.2%; December 2011: 58.5%).

Borrowings at the end of June were £246.3M which is £4.0M lower than June 2011 at CER (June 2011: £287.4M). This is despite a 10% increase in the receivables book reflecting continued strong operational cash flows of £42.3M in the first half of the year (June 2011: £36.2M). Gearing, calculated as borrowings divided by equity, has therefore reduced to 0.7 times (June 2011: 0.9 times).

Borrowings are supported by a diversified portfolio of debt funding, comprising both bank and bond facilities over predominantly three and five year maturities, with total committed facilities at 30 June 2012 of £436.0M. This means that the Group has headroom on these facilities of £189.7M. In May 2012 the Group extended £130M of its bank facilities into 2015 which, together with existing debt facilities, provides sufficient funding through to that time. This was achieved with no increase in margin or any change in financial covenants.

Dividend and share buy-back

Given the uncertain economic outlook, we will maintain a conservative balance sheet for now, but ultimately, our aim is to lower our cost of debt funding, optimise the amount of equity capital on the balance sheet and enhance shareholder returns. In the meantime, with an increase in the equity to receivables ratio to 59% and having successfully completed the refinancing of our bank facilities, we are demonstrating our commitment to working the balance sheet harder by undertaking an on-market share buy-back programme of c£25M which will reset the capital ratio to nearer our current target ratio of 55%.

The Board is also pleased to declare an increase in the interim dividend of 7.5% to 3.23 pence per share (2011: 3.00 pence), reflecting the strong underlying trading performance and the cash generative nature of the business model. The dividend is payable on 5 October 2012 to shareholders on the register at close of business on 7 September 2012. The shares will be marked ex-dividend on 5 September 2012.

Strategy

Following the appointment of Gerard Ryan as Chief Executive Officer, the Group has redefined its core strategic goals, which are designed to accelerate growth and increase shareholder value. This new strategy aims to develop the business through four strategic actions:

1. Expand the Group's footprint – grow in existing markets and enter new markets through greenfield development or bolt-on acquisition;

2. Improve customer engagement – enhance customer acquisition and their experience to improve retention and profitability;

3. Develop a more sales focused culture – develop a stronger sales mindset and invest in the recruitment and development of people with the skill set to meet our growth plans; and

4. Improve our ability to execute strategy – improve efficiency and redefine the role of the UK head office and management resource required in-market to deliver the new strategy. Develop the IT strategy to support growth and meet the future needs of customers.

Outlook

Our central planning assumption is that market confidence will remain subdued in the near-term, especially in Europe. Nonetheless, we are confident that the business is on track to perform well for the year as whole. We believe that there are good opportunities for further growth, and we have the strategy in place and a strong balance sheet to capitalise on them.

Review of operations

Poland

Poland, our largest market, reported a strong operational performance in the first half of 2012 with an improvement in underlying profit of £4.6M, offset by the impact of weaker FX rates (£4.2M) and higher ESRs (£0.7M). Profit before taxation was £24.5M, £0.3M lower than 2011. The key drivers of this strong underlying performance were steady growth in customers, stronger growth in credit issued and stable credit quality.

	2012 £M	2011 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**847**	806	41	5.1	5.1
Credit issued	**152.4**	157.8	(5.4)	(3.4)	9.3
Average net receivables	**227.4**	240.7	(13.3)	(5.5)	7.0
Revenue	**132.2**	138.2	(6.0)	(4.3)	8.3
Impairment	**(45.3)**	(47.9)	2.6	5.4	(6.8)
Net revenue	**86.9**	90.3	(3.4)	(3.8)	9.0
Finance costs	**(5.2)**	(8.1)	2.9	35.8	26.8
Agents' commission	**(13.5)**	(13.2)	(0.3)	(2.3)	(15.4)
Other costs	**(43.7)**	(44.2)	0.5	1.1	(8.4)
Profit before taxation	**24.5**	24.8	(0.3)	(1.2)	

We increased our customer numbers by 5% year-on-year in the first half to 847,000. Credit issued grew by 9%, a faster rate than customer growth. This was largely due to increased sales opportunities to existing quality customers arising from targeted easing of credit rules. As a result, average net receivables increased by 7% year-on-year and revenue grew at a similar rate. The impact of ESRs was not significant, although we expect this to increase progressively throughout the second half of the year.

On an annualised basis, impairment as a percentage of revenue has improved since December 2011 by 0.3 percentage points to 30.2% and sits just outside our target range.

Finance costs reduced by £2.9M as the business continues to de-gear due to strong cash generation. Agents' commission costs continue to represent around 10% of revenue.

We believe that there are significant opportunities for further growth in the Polish market and to capitalise on this we have increased our investment in growth related expenditure by £2.4M, which was the key driver behind the 8% increase in other costs. As a consequence, the annualised cost-income ratio increased by 0.5 percentage points since December 2011 to 30.5%, although this remains the lowest in the Group and is our benchmark for other markets.

Czech Republic and Slovakia

Our business in Czech-Slovakia grew steadily in the first half of 2012 and this generated £1.3M in underlying profit growth. However, reported profit is £4.9M lower than 2011 due to higher ESRs (£4.9M) and weaker FX rates (£1.3M).

	2012 £M	2011 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**402**	387	15	3.9	3.9
Credit issued	**94.8**	97.0	(2.2)	(2.3)	5.5
Average net receivables	**146.1**	146.3	(0.2)	(0.1)	7.7
Revenue	**66.8**	73.9	(7.1)	(9.6)	(2.5)
Impairment	**(19.3)**	(18.1)	(1.2)	(6.6)	(14.2)
Net revenue	**47.5**	55.8	(8.3)	(14.9)	(7.9)
Finance costs	**(3.1)**	(3.3)	0.2	6.1	3.1
Agents' commission	**(7.1)**	(8.0)	0.9	11.3	2.7
Other costs	**(24.9)**	(27.2)	2.3	8.5	0.8
Profit before taxation	**12.4**	17.3	(4.9)	(28.3)	

In the first half of the year customer numbers increased year-on-year by 4% to 402,000 and credit issued grew at the slightly faster rate of 6%. The growth in credit issued was slower than planned. Our focus in the second half of the year will be to accelerate credit issued growth and in order to achieve this we have increased our agency force with around 300 (7%) new recruits since December 2011 and refreshed the management team.

Average net receivables increased by 8% whereas revenue contracted by 3%, reflecting the progressive impact of higher ESRs (which are charged against revenue) on the reported yield following the implementation of the CCD in the Czech Republic in January 2011.

Credit quality remains good and impairment has edged up towards the bottom end of our target range of 25% to 30%, with annualised impairment as a percentage of revenue at 22.8% (December 2011: 20.9%).

Finance costs are broadly in line with 2011. Other costs have decreased by 1% reflecting tight cost control. The annualised cost-income ratio has increased by 0.3 percentage points since December 2011 to 38.6% due to the reduction in revenue arising from higher ESRs.

Hungary

Hungary performed well in the first half of the year with strong growth and continued excellent credit quality. This combination led to an increase in profit of £0.2M despite the £0.6M adverse impact of weaker FX rates and therefore the underlying performance is £0.8M ahead of 2011.

	2012 £M	2011 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**259**	248	11	4.4	4.4
Credit issued	**50.3**	50.8	(0.5)	(1.0)	14.8
Average net receivables	**72.0**	72.2	(0.2)	(0.3)	15.6
Revenue	**36.4**	38.0	(1.6)	(4.2)	11.0
Impairment	**(7.7)**	(6.9)	(0.8)	(11.6)	(28.3)
Net revenue	**28.7**	31.1	(2.4)	(7.7)	7.1
Finance costs	**(4.4)**	(4.4)	-	-	(15.8)
Agents' commission	**(6.1)**	(6.7)	0.6	9.0	(5.2)
Other costs	**(16.3)**	(18.3)	2.0	10.9	(1.2)
Profit before taxation	**1.9**	1.7	0.2	11.8	

One of our key objectives is to progressively rebuild the business to its previous level of over 300,000 customers. We continue to make progress towards this objective, with customer numbers increasing by 4% to 259,000 compared with June 2011. This increase, combined with a careful easing of credit controls, has supported growth in credit issued at a faster rate of 15%. As a result, average net receivables have increased by 16%, which generated revenue growth of 11%.

Credit quality and collections remain good. As expected, the progressive easing of credit controls resulted in annualised impairment as a percentage of revenue increasing by 1.4 percentage points since December 2011 to 13.5%, which continues to be well below our target range of 25% to 30%.

Finance costs have increased in line with growth in the business and agents' commission continues to account for around 17% of revenue. Other costs have been tightly controlled and grew by 1% despite the much stronger business growth. As a result, we reduced the annualised cost-income ratio by 1.7 percentage points to 45.5% since December 2011.

Romania

Conditions in Romania have proved to be difficult so far this year with austerity measures and the impact of severe Winter weather in Q1 squeezing household income. These factors resulted in lower than expected growth and higher than anticipated impairment which, together with a higher cost base arising from year-on-year investment for growth, has resulted in a loss of £1.6M compared to a profit of £0.5M in 2011. The reduction in profit is attributable to Q1, with Q2 profit in line with the same period last year.

	2012 £M	2011 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**265**	226	39	17.3	17.3
Credit issued	**40.9**	40.8	0.1	0.2	11.4
Average net receivables	**51.3**	48.6	2.7	5.6	16.9
Revenue	**27.8**	26.1	1.7	6.5	18.3
Impairment	**(10.8)**	(8.3)	(2.5)	(30.1)	(42.1)
Net revenue	**17.0**	17.8	(0.8)	(4.5)	6.9
Finance costs	**(3.1)**	(3.0)	(0.1)	(3.3)	(14.8)
Agents' commission	**(2.6)**	(2.7)	0.1	3.7	(8.3)
Other costs	**(12.9)**	(11.6)	(1.3)	(11.2)	(22.9)
(Loss) / profit before taxation	**(1.6)**	0.5	(2.1)	(420.0)	

Customer numbers increased by 17% year-on-year to 265,000 and credit issued grew by 11%. Average net receivables increased by 17%, which is a faster rate than credit issued and reflects higher growth rates in the second half of 2011. Revenue increased by 18%, which is in line with the growth in average net receivables.

Annualised impairment as a percentage of revenue has increased by 3.7 percentage points since December 2011 to 29.8%. The impairment charge reduced in Q2 however the weather-related increase in the Q1 charge failed to unwind.

Finance costs and agents' commission have increased in line with growth in the business. Other costs have increased at a faster rate than revenue due to the investment in growth infrastructure in the second half of 2011 together with slower than expected sales growth. This resulted in the annualised cost-income ratio increasing by 0.9 percentage points to 46.9% since the year end.

Mexico

Our key objectives for the Mexican business in 2012 are to build on the improved operational performance delivered in the second half of 2011 and to increase revenue per customer through issuing larger loans to credit worthy customers: this is a key building block in our aim to deliver £30 of profit per customer in two to three years. The business performed strongly against these objectives in the first half of 2012 and delivered strong growth in credit issued together with lower impairment through improved operational management. This resulted in a £2.6M increase in profit, with a loss in 2011 of £2.1M being replaced by a profit of £0.5M in 2012.

The changes made to the field management structure in the first half of 2011 have continued to deliver benefits with further improvements in the collections performance and reduced impairment. This improved operational performance also facilitated greater growth in credit issued, because customers that pay more regularly receive larger loan offers. In addition, in a limited number of high performing branches, we are testing the opportunity to further leverage improved credit quality by relaxing credit controls for customers with a good payment history. The initial results of this test are promising and we intend to extend the testing from 8 to 18 branches out of a total of 53 in the second half of the year.

	2012 £M	2011 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**682**	621	61	9.8	9.8
Credit issued	**70.9**	60.0	10.9	18.2	28.7
Average net receivables	**72.1**	66.5	5.6	8.4	17.8
Revenue	**52.8**	50.5	2.3	4.6	13.5
Impairment	**(15.2)**	(17.3)	2.1	12.1	4.4
Net revenue	**37.6**	33.2	4.4	13.3	22.9
Finance costs	**(4.3)**	(3.7)	(0.6)	(16.2)	(26.5)
Agents' commission	**(6.6)**	(5.6)	(1.0)	(17.9)	(26.9)
Other costs	**(26.2)**	(26.0)	(0.2)	(0.8)	(9.2)
Profit / (loss) before taxation	**0.5**	(2.1)	2.6	123.8	

Customer numbers increased by 10% year-on-year to 682,000 at the end of June, and credit issued grew at the much faster rate of 29%, reflecting the impact of our strategy to increase loan sizes and revenue per customer. This resulted in growth in average net receivables of 18% and revenue growth of 14%, with the reduction in revenue yield arising from a shift in the mix of receivables towards lower-yielding, longer-term products.

Collections performance has continued to improve during the period due to the impact of the revised field management structure and this resulted in annualised impairment as a percentage of revenue improving by 2.6 percentage points to 27.6% since December 2011.

Finance costs increased due to higher funding requirements arising from growth in the business and agents' commission costs increased in line with business activity. The annualised cost-income ratio has reduced by 0.9 percentage points to 48.7% since December 2011 as the business has leveraged the investment in the field management structure that was implemented in 2011. The profit / (loss) before taxation is analysed by region as follows:

	2012 £M	2011 £M	Change £M	Change %
Puebla region	**3.2**	1.8	1.4	77.8
Guadalajara region	**3.0**	1.9	1.1	57.9
Monterrey region	**(0.5)**	(1.0)	0.5	50.0
Central costs	**(5.2)**	(4.8)	(0.4)	(8.3)
Profit / (loss) before taxation	**0.5**	(2.1)	2.6	123.8

This report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The report should not be relied on by any other party or for any other purpose. The report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. Percentage change figures for all performance measures, other than profit or loss before taxation and earnings per share, unless otherwise stated, are quoted after restating prior year figures at a constant exchange rate (CER) for 2012 in order to present the underlying performance variance.

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IPF will host a conference call for analysts and investors at 15:00hrs (BST) today. Dial-in details can be obtained from Yasmin Charabati at Finsbury on +44 (0)20 7251 3801 or yasmin.charabati@RLMFinsbury.com.

International Personal Finance plc
Condensed consolidated interim financial information for the six months ended 30 June 2012

Consolidated income statement

	Notes	**Unaudited Six months ended 30 June 2012 £M**	Unaudited Six months ended 30 June 2011 £M	Audited Year ended 31 December 2011 £M
Revenue	4	**316.0**	326.7	649.5
Impairment	4	**(98.3)**	(98.5)	(167.7)
Revenue less impairment		**217.7**	228.2	481.8
Finance costs		**(20.4)**	(21.8)	(42.9)
Other operating costs		**(48.6)**	(55.5)	(97.1)
Administrative expenses		**(122.9)**	(119.9)	(241.3)
Total costs		**(191.9)**	(197.2)	(381.3)
Profit before taxation	4	**25.8**	31.0	100.5
Profit before taxation, exceptional items and fair value adjustments		**31.4**	35.7	100.5
Exceptional items	8	**(4.8)**	-	-
Fair value adjustments	14	**(0.8)**	(4.7)	-
Profit before taxation	4	**25.8**	31.0	100.5
Tax (expense) / income – UK		**-**	-	0.8
– Overseas		**(7.2)**	(8.7)	(24.8)
Total tax expense	5	**(7.2)**	(8.7)	(24.0)
Profit after taxation attributable to owners of the parent		**18.6**	22.3	76.5

Earnings per share

	Notes	**Unaudited Six months ended 30 June 2012 pence**	Unaudited Six months ended 30 June 2011 pence	Audited Year ended 31 December 2011 pence
Basic	6	**7.33**	8.79	30.17
Diluted	6	**7.17**	8.69	29.57

Earnings per share before exceptional items and fair value adjustments

	Notes	**Unaudited Six months ended 30 June 2012 pence**	Unaudited Six months ended 30 June 2011 pence	Audited Year ended 31 December 2011 pence
Basic	6	**8.91**	10.13	30.17
Diluted	6	**8.75**	10.03	29.57

Dividend per share

	Notes	**Unaudited Six months ended 30 June 2012 pence**	Unaudited Six months ended 30 June 2011 pence	Audited Year ended 31 December 2011 pence
Interim dividend	7	**3.23**	3.00	3.00
Final dividend	7	**-**	-	4.10
Total dividend		**3.23**	3.00	7.10

Dividends paid

	Notes	**Unaudited Six months ended 30 June 2012 £M**	Unaudited Six months ended 30 June 2011 £M	Audited Year ended 31 December 2011 £M
Interim dividend of 3.23 pence (2011: 3.00 pence) per share	7	**-**	-	7.6
Final dividend of 4.10 pence (2011: 3.74 pence) per share	7	**10.4**	9.5	9.5
Total dividends paid		**10.4**	9.5	17.1

The notes to the condensed consolidated financial information form an integral part of this consolidated interim financial information.

Consolidated statement of comprehensive income

	Unaudited Six months ended 30 June 2012 £M	Unaudited Six months ended 30 June 2011 £M	Audited Year ended 31 December 2011 £M
Profit after taxation attributable to owners of the parent	**18.6**	22.3	76.5
Other comprehensive income:			
Exchange (losses)/gains on foreign currency translations (see note 13)	**(3.6)**	12.7	(40.2)
Net fair value (losses)/gains – cash flow hedges	**(1.0)**	(3.1)	0.4
Actuarial gains/(losses) on retirement benefit obligation	**1.8**	1.1	(6.8)
Tax (charge)/credit on items taken directly to equity	**(0.4)**	0.2	2.2
Other comprehensive (expense)/income, net of taxation	**(3.2)**	10.9	(44.4)
Total comprehensive income for the period attributable to owners of the parent	**15.4**	33.2	32.1

The notes to the condensed consolidated financial information form an integral part of this consolidated interim financial information.

Consolidated balance sheet

	Notes	**Unaudited 30 June 2012 £M**	Unaudited 30 June 2011 £M	Audited 31 December 2011 £M
Assets				
Non-current assets				
Intangible assets		**3.1**	4.5	3.6
Property, plant and equipment	9	**29.0**	35.6	30.6
Deferred tax assets		**47.7**	50.3	50.1
		79.8	90.4	84.3
Current assets				
Amounts receivable from customers				
- due within one year		**552.1**	587.9	555.3
- due in more than one year		**12.3**	9.3	5.1
	10	**564.4**	597.2	560.4
Derivative financial instruments		**-**	-	10.0
Cash and cash equivalents		**19.5**	26.1	17.9
Other receivables		**19.4**	25.8	19.1
		603.3	649.1	607.4
Total assets		**683.1**	739.5	691.7
Liabilities				
Current liabilities				
Borrowings	11	**(0.6)**	(20.2)	(6.4)
Derivative financial instruments		**(3.4)**	(11.2)	(0.3)
Trade and other payables		**(77.9)**	(81.8)	(57.4)
Current tax liabilities		**(19.7)**	(22.2)	(25.8)
		(101.6)	(135.4)	(89.9)
Non-current liabilities				
Retirement benefit obligation	12	**(1.9)**	(1.4)	(4.0)
Borrowings	11	**(245.7)**	(267.2)	(270.1)
		(247.6)	(268.6)	(274.1)
Total liabilities		**(349.2)**	(404.0)	(364.0)
Net assets		**333.9**	335.5	327.7
Equity attributable to owners of the parent				
Called-up share capital		**25.7**	25.7	25.7
Other reserves		**(32.5)**	21.4	(28.0)
Retained earnings		**340.7**	288.4	330.0
Total equity		**333.9**	335.5	327.7

The notes to the condensed consolidated financial information form an integral part of this consolidated interim financial information.

Consolidated statement of changes in equity for the six months ended 30 June 2012

	Unaudited				
	Called-up share capital	Other reserve	Other reserves *	Retained earnings	Total
	£M	£M	£M	£M	£M
Balance at 1 January 2011	25.7	(22.5)	33.8	272.0	309.0
Comprehensive income:					
Profit after taxation for the period	-	-	-	22.3	22.3
Other comprehensive income:					
Exchange gains on foreign currency translations	-	-	12.7	-	12.7
Net fair value losses – cash flow hedges	-	-	(3.1)	-	(3.1)
Actuarial gains on retirement benefit obligation	-	-	-	1.1	1.1
Tax credit/(charge) on items taken directly to equity	-	-	0.5	(0.3)	0.2
Total other comprehensive income	-	-	10.1	0.8	10.9
Total comprehensive income for the period	-	-	10.1	23.1	33.2
Transactions with owners:					
Share-based payment adjustment to reserves	-	-	-	2.8	2.8
Dividends paid to Company shareholders	-	-	-	(9.5)	(9.5)
Balance at 30 June 2011	25.7	(22.5)	43.9	288.4	335.5
Balance at 1 July 2011	25.7	(22.5)	43.9	288.4	335.5
Comprehensive income:					
Profit after taxation for the period	-	-	-	54.2	54.2
Other comprehensive income:					
Exchange losses on foreign currency translation	-	-	(52.9)	-	(52.9)
Net fair value gains – cash flow hedges	-	-	3.5	-	3.5
Actuarial losses on retirement benefit obligation	-	-	-	(7.9)	(7.9)
Tax credit on items taken directly to equity	-	-	-	2.0	2.0
Total other comprehensive expense	-	-	(49.4)	(5.9)	(55.3)
Total comprehensive (expense)/income for the period	-	-	(49.4)	48.3	(1.1)
Transactions with owners:					
Share-based payment adjustment to reserves	-	-	-	0.9	0.9
Dividends paid to Company shareholders	-	-	-	(7.6)	(7.6)
Balance at 31 December 2011	25.7	(22.5)	(5.5)	330.0	327.7

* Includes foreign exchange reserve, hedging reserve and amounts paid to acquire shares by employee trust.

Consolidated statement of changes in equity for the six months ended 30 June 2012 (continued)

	Unaudited				
	Called-up share capital £M	Other reserve £M	Other reserves * £M	Retained earnings £M	Total £M
Balance at 1 January 2012	**25.7**	**(22.5)**	**(5.5)**	**330.0**	**327.7**
Comprehensive income:					
Profit after taxation for the period	**-**	**-**	**-**	**18.6**	**18.6**
Other comprehensive income:					
Exchange losses on foreign currency translation (see note 13)	**-**	**-**	**(3.6)**	**-**	**(3.6)**
Net fair value losses – cash flow hedges	**-**	**-**	**(1.0)**	**-**	**(1.0)**
Actuarial gains on retirement benefit obligation	**-**	**-**	**-**	**1.8**	**1.8**
Tax credit/(charge) on items taken directly to equity	**-**	**-**	**0.1**	**(0.5)**	**(0.4)**
Total other comprehensive (expense)/income	**-**	**-**	**(4.5)**	**1.3**	**(3.2)**
Total comprehensive (expense)/income for the period	**-**	**-**	**(4.5)**	**19.9**	**15.4**
Transactions with owners:					
Share-based payment adjustment to reserves	**-**	**-**	**-**	**1.2**	**1.2**
Dividends paid to Company shareholders	**-**	**-**	**-**	**(10.4)**	**(10.4)**
Balance at 30 June 2012	**25.7**	**(22.5)**	**(10.0)**	**340.7**	**333.9**

* Includes foreign exchange reserve, hedging reserve and amounts paid to acquire shares by employee trust.

The notes to the condensed consolidated financial information form an integral part of this consolidated interim financial information.

Consolidated statement of cash flows

	Unaudited Six months ended 30 June 2012 £M	Unaudited Six months ended 30 June 2011 £M	Audited Year ended 31 December 2011 £M
Cash flows from operating activities			
Cash generated from operations	**64.8**	58.4	82.7
Established markets	**62.3**	60.0	78.1
Developing markets	**2.5**	(1.6)	4.6
	64.8	58.4	82.7
Finance costs paid	**(10.8)**	(9.9)	(42.9)
Income tax paid	**(11.7)**	(12.3)	(27.9)
Net cash generated from operating activities	**42.3**	36.2	11.9
Cash flows from investing activities			
Purchases of property, plant and equipment	**(4.4)**	(6.1)	(13.8)
Proceeds from sale of property, plant and equipment	**1.6**	2.0	2.7
Purchases of intangible assets	**(0.5)**	(0.2)	(0.5)
Net cash used in investing activities	**(3.3)**	(4.3)	(11.6)
Net cash from operating and investing activities			
Established markets	**43.9**	37.1	12.4
Developing markets	**(4.9)**	(5.2)	(12.1)
	39.0	31.9	0.3
Cash flows from financing activities			
Proceeds from borrowings	**17.9**	7.6	38.2
Repayment of borrowings	**(44.7)**	(28.3)	(25.0)
Dividends paid to Company shareholders	**(10.4)**	(9.5)	(17.1)
Net cash used in financing activities	**(37.2)**	(30.2)	(3.9)
Net increase/(decrease) in cash and cash equivalents	**1.8**	1.7	(3.6)
Cash and cash equivalents at the start of the period	**17.9**	23.5	23.5
Exchange (losses)/gains on cash and cash equivalents	**(0.2)**	0.9	(2.0)
Cash and cash equivalents at the end of the period	**19.5**	26.1	17.9

Established markets: Poland, Czech-Slovakia, Hungary and UK central costs.
Developing markets: Mexico and Romania.

Reconciliation of profit after taxation to cash generated from operations

	Unaudited Six months ended 30 June 2012 £M	Unaudited Six months ended 30 June 2011 £M	Audited Year ended 31 December 2011 £M
Profit after taxation	**18.6**	22.3	76.5
Adjusted for:			
Income tax expense	**7.2**	8.7	24.0
Finance costs	**20.4**	21.8	42.9
Share-based payment charge	**1.2**	1.0	1.9
Defined benefit pension charge/(credit)	**-**	0.1	(0.2)
Depreciation of property, plant and equipment (see note 9)	**4.5**	5.2	11.1
(Profit)/loss on sale of property, plant and equipment	**(0.1)**	-	3.0
Amortisation of intangible assets	**1.0**	2.5	3.7
Changes in operating assets and liabilities:			
Amounts receivable from customers	**(10.6)**	(14.3)	(61.6)
Other receivables	**(0.5)**	(2.9)	(5.1)
Trade and other payables	**11.3**	11.1	6.6
Retirement benefit obligation	**(0.3)**	(0.7)	(5.9)
Derivative financial instruments	**12.1**	3.6	(14.2)
Cash generated from operations	**64.8**	58.4	82.7

The notes to the condensed consolidated financial information form an integral part of this consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2012

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Services Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. This condensed consolidated interim financial information should be read in conjunction with the Annual Report and Financial Statements ('the Financial Statements') for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs'). This condensed consolidated interim financial information was approved for release on 24 July 2012.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Financial Statements for the year ended 31 December 2011 were approved by the Board on 29 February 2012 and delivered to the Registrar of Companies. The Financial Statements contained an unqualified audit report and did not include an emphasis of matter paragraph or any statement under Section 498 of the Companies Act 2006. The Financial Statements are available on the Group's website (www.ipfin.co.uk).

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly they continue to adopt the going concern basis in preparing the condensed consolidated interim financial information.

The accounting policies adopted in this condensed consolidated interim financial information are consistent with those adopted in the Financial Statements for the year ended 31 December 2011. The accounting polices are detailed in those Financial Statements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2012, but do not have any impact on the Group:

- IAS 12 (amendment) 'Deferred tax: recovery of underlying assets'.

The following standards, interpretations and amendments to existing standards are not yet effective and have not been early adopted by the Group:

- Annual improvements to IFRSs: 2009-2011 cycle (May 2012);
- Amendments to IFRS 1 (March 2012);
- IFRS 7 (amendment) 'Disclosures – offsetting financial assets and financial liabilities';

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2012 (continued)

1. Basis of preparation (continued)

- IFRS 9 'Financial instruments'. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2015 and has not yet been endorsed by the European Union, however, is available for early adoption. The Group is in the process of assessing IFRS 9's full impact;
- IFRS 10 'Consolidated Financial Statements';
- IFRS 11 'Joint arrangements';
- IFRS 12 'Disclosure of interests in other entities';
- IFRS 13 'Fair value measurements';
- IAS 1 (amendment) 'Presentation of items of other comprehensive income';
- IAS 19 (revised) 'Employee benefits';
- IAS 27 (revised) 'Separate Financial Statements';
- IAS 28 (revised) 'Investments in associates and joint ventures'; and
- IAS 32 (amendment) 'Offsetting financial assets and financial liabilities'.

2. Principal risks and uncertainties

We operate a formal risk management process, the details of which are set out page 49 and 50 of the Financial Statements for the year ended 31 December 2011. Details of our principal risks can be found on page 22 to 27 of the Financial Statements and are summarised below:

- The risk associated with operating in emerging markets in which legal and regulatory regimes can be subject to rapid and significant change;
- The risk that changes in the economic and competitive conditions in our markets may impact on our performance;
- The risk of unacceptably high credit losses from customer receivables;
- The risk that there may be insufficient funding in the right currencies and an acceptable interest rate to support our business plan;
- The risk that we fail to grow at a rate that optimises shareholder value;
- The risk that the business currently operates a single product strategy;
- The risk that we are unable to deliver our strategy due to failure to apply our business in a consistent manner, to maintain accuracy of financial reporting, to operate safely or through unavailability of people and service disruption;
- The risk of failure to realise the intended benefits from system and process change;
- The risk of failing to enter the right new markets at the right time;
- The risk that the tax charge included in the Financial Statements does not reflect the ultimate tax cost incurred by the Group; and
- The risk of the failure of a significant banking or service provision counterparty.

There have been no significant changes to the principal risks in the six months ended 30 June 2012, some or all of which have the potential to impact our results or financial position during the remaining six months of the year.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2012 (continued)

2. Principal risks and uncertainties (continued)

Global growth prospects continue to be subdued and economic growth within the eurozone has slowed in the first half of 2012. We actively monitor and report on economic conditions and key market events in each of our markets. The Board has considered the impact of the continuing economic volatility on the Group's operations together with contingency plans associated with the possible exit of one or more countries from the eurozone.

3. Related parties

The Group has not entered into any material transactions with related parties in the first six months of the year.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2012 (continued)

4. Segmental information

Geographical segments

	Unaudited Six months ended 30 June 2012 £M	Unaudited Six months ended 30 June 2011 £M	Audited Year ended 31 December 2011 £M
Revenue			
Poland	**132.2**	138.2	273.2
Czech-Slovakia	**66.8**	73.9	144.8
Hungary	**36.4**	38.0	74.2
Mexico	**52.8**	50.5	102.9
Romania	**27.8**	26.1	54.4
	316.0	326.7	649.5
Impairment			
Poland	**45.3**	47.9	83.2
Czech-Slovakia	**19.3**	18.1	30.2
Hungary	**7.7**	6.9	9.0
Mexico	**15.2**	17.3	31.1
Romania	**10.8**	8.3	14.2
	98.3	98.5	167.7
Profit before taxation			
Poland	**24.5**	24.8	66.0
Czech-Slovakia	**12.4**	17.3	37.8
Hungary	**1.9**	1.7	8.3
UK – central costs[1]	**(6.3)**	(6.5)	(17.2)
Established markets	**32.5**	37.3	94.9
Mexico	**0.5**	(2.1)	1.5
Romania	**(1.6)**	0.5	4.1
Developing markets	**(1.1)**	(1.6)	5.6
Profit before taxation, exceptional items and fair value adjustments	**31.4**	35.7	100.5
Exceptional items[1] (see note 8)	**(4.8)**	-	-
Fair value adjustments[1] (see note 14)	**(0.8)**	(4.7)	-
Profit before taxation	**25.8**	31.0	100.5

[1] Although the UK central costs, exceptional items and the fair value adjustments are not classified as a separate segment in accordance with IFRS 8 'Operating Segments', they are shown separately above in order to provide a reconciliation to profit before taxation.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2012 (continued)

4. Segmental information (continued)

Total assets	**Unaudited 30 June 2012 £M**	Unaudited 30 June 2011 £M	Audited 31 December 2011 £M
Poland	**247.3**	280.2	247.4
Czech-Slovakia	**163.4**	183.7	172.8
Hungary	**87.9**	94.0	87.2
UK[2]	**31.3**	26.1	32.8
Mexico	**97.3**	95.7	92.7
Romania	**55.9**	59.8	58.8
Consolidated total assets	**683.1**	739.5	691.7

The segments shown above are the segments for which management information is presented to the Board which is deemed to be the Group's chief operating decision maker. The Board considers the business from a geographic perspective. IFRS key statistics information analysed by market is available on the Group's website (http://www.ipfin.co.uk/investors/financials/key-performance-statistics.aspx).

5. Tax expense

The tax expense for the period has been calculated by applying the directors' best estimate of the effective tax rate for the year, which is 28% (30 June 2011: 28%, 31 December 2011: 24%) to the profit for the period.

6. Earnings per share

	Unaudited Six months ended 30 June 2012 pence	Unaudited Six months ended 30 June 2011 pence	Audited Year ended 31 December 2011 pence
Basic EPS	**7.33**	8.79	30.17
Dilutive effect of options	**(0.16)**	(0.10)	(0.60)
Diluted EPS	**7.17**	8.69	29.57

[2] Although the UK is not classified as a separate segment in accordance with IFRS 8 'Operating Segments', it is shown separately above in order to provide a reconciliation to consolidated total assets.

6. Earnings per share (continued)

Earnings per share before exceptional items and fair value adjustments

	Unaudited Six months ended 30 June 2012 pence	Unaudited Six months ended 30 June 2011 pence	Audited Year ended 31 December 2011 pence
Basic EPS	**8.91**	10.13	30.17
Dilutive effect of options	**(0.16)**	(0.10)	(0.60)
Diluted EPS	**8.75**	10.03	29.57

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to shareholders of £18.6 million (30 June 2011: £22.3 million, 31 December 2011: £76.5 million) by the weighted average number of shares in issue during the period of 253.7 million which has been adjusted to exclude the weighted average number of shares held by the employee trust (30 June 2011: 253.6 million, 31 December 2011: 253.6 million).

For diluted EPS the weighted average number of shares has been adjusted to 259.4 million (30 June 2011: 256.5 million, 31 December 2011: 258.7 million) to take account of all potentially dilutive shares.

7. Dividends

The final dividend for 2011 of 4.10 pence per share was paid to shareholders on 1 June 2012 at a total cost to the Group of £10.4 million. The directors propose an interim dividend in respect of the financial year ended 31 December 2012 of 3.23 pence per share payable to shareholders who are on the register on 7 September 2012. This will amount to a total dividend payment of £8.2 million. This dividend is not reflected as a liability in the balance sheet as at 30 June 2012.

8. Exceptional items

Profit before taxation includes an exceptional charge of £4.8M in respect of the cost of a management restructuring exercise designed to strengthen our UK functional support teams and refresh the country management teams (2011: £nil).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2012 (continued)

9. Property, plant and equipment

	Unaudited 30 June 2012 £M	Unaudited 30 June 2011 £M	Audited 31 December 2011 £M
Net book value at start of period	**30.6**	35.7	35.7
Exchange adjustments	**-**	1.0	(2.0)
Additions	**4.4**	6.1	13.8
Disposals	**(1.5)**	(2.0)	(5.8)
Depreciation	**(4.5)**	(5.2)	(11.1)
Net book value at end of period	**29.0**	35.6	30.6

As at 30 June 2012 the Group had £2.2 million of capital expenditure commitments with third parties that were not provided for (30 June 2011: £4.1 million, 31 December 2011: £2.8 million).

10. Amounts receivable from customers

	Unaudited 30 June 2012 £M	Unaudited 30 June 2011 £M	Audited 31 December 2011 £M
Poland	**225.4**	248.6	222.3
Czech-Slovakia	**141.9**	153.1	150.7
Hungary	**73.2**	75.9	68.1
Mexico	**73.1**	68.2	66.2
Romania	**50.8**	51.4	53.1
Total receivables	**564.4**	597.2	560.4

All lending is in the local currency of the country in which the loan is issued.

Amounts receivable from customers are held at amortised cost and are equal to the expected future cash flows receivable discounted at the average effective interest rate ('EIR') of 132% (30 June 2011: 132%, 31 December 2011: 132%). All amounts receivable from customers are at fixed interest rates. The average period to maturity of the amounts receivable from customers is 5.1 months (30 June 2011: 4.9 months, 31 December 2011: 4.9 months).

The Group only has one class of loan receivable and no collateral is held in respect of any customer receivables. The Group does not use an impairment provision account for recording impairment losses and therefore no analysis of gross customer receivables less provision for impairment is presented.

Revenue recognised on amounts receivable from customers which have been impaired was £178.8 million (6 months ended 30 June 2011: £183.6 million, 12 months ended 31 December 2011: £378.0 million).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2012 (continued)

11. Borrowings

	Unaudited 30 June 2012 £M	Unaudited 30 June 2011 £M	Audited 31 December 2011 £M
Due in less than one year	**0.6**	20.2	6.4
Due between one and two years	**8.5**	-	40.6
Due between two and five years	**237.2**	267.2	229.5
	245.7	267.2	270.1
Total borrowings	**246.3**	287.4	276.5

12. Retirement benefit obligation

The amounts recognised in the balance sheet in respect of the retirement benefit obligation are as follows:

	Unaudited 30 June 2012 £M	Unaudited 30 June 2011 £M	Audited 31 December 2011 £M
Equities	**16.0**	19.3	17.3
Bonds	**6.2**	8.0	7.4
Index-linked gilts	**6.2**	5.6	4.9
Other	**-**	3.5	2.5
Total fair value of scheme assets	**28.4**	36.4	32.1
Present value of funded defined benefit obligation	**(30.3)**	(37.8)	(36.1)
Net obligation recognised in the balance sheet	**(1.9)**	(1.4)	(4.0)

The charge recognised in the income statement in respect of defined benefit pension costs is £nil (6 months ended 30 June 2011: charge recognised of £0.1 million, 12 months ended 31 December 2011: credit recognised of £0.2 million).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2012 (continued)

13. Average and closing foreign exchange rates

The table below shows the average exchange rates for the relevant reporting periods, closing exchange rates at the relevant period ends, together with the rates at which the Group has economically hedged a proportion of its expected profits for the second half of the year. This second half profit hedging has resulted in a "mark-to-market" fair value loss of £0.8 million at 30 June 2012 as a result of a general appreciation in our operating currencies against Sterling after the hedging was put in place. This loss will unwind as the contracts mature in the second half of the year.

	Average H1 2011	Closing June 2011	Average Year 2011	Closing Dec 2011	**Average H1 2012**	**Closing June 2012**	**Contract H2 2012**
Poland	4.60	4.51	4.68	5.34	**5.34**	**5.28**	**5.52**
Czech Republic	28.86	27.25	28.89	30.65	**30.95**	**31.58**	**30.96**
Slovakia	1.17	1.13	1.16	1.20	**1.21**	**1.24**	**1.20**
Hungary	318.56	303.11	316.71	377.94	**381.34**	**363.49**	**399.37**
Mexico	19.28	19.23	19.65	21.67	**21.14**	**21.87**	**22.06**
Romania	4.90	4.81	4.98	5.18	**5.23**	**5.53**	**5.35**

The £3.6 million exchange loss on foreign currency translations shown within the consolidated statement of comprehensive income arises on retranslation of net assets denominated in currencies other than Sterling, due to the change in foreign exchange rates against Sterling between December 2011 and June 2012 shown in the table above.

14. Fair value adjustments

In January 2012 we entered into foreign currency contracts to lock-in a proportion of our forecast profits at the exchange rate in place at that time. As currencies have generally appreciated since this date the result for the six months ended June 2012 includes a loss of £0.8 million (30 June 2011: loss of £4.7 million) on the contracts that relate to the second half of the year. The loss is included as an expense within other operating costs in the income statement.

Responsibility statement

The following statement is given by each of the directors: namely; Gerard Ryan, Chief Executive Officer; David Broadbent, Finance Director; Christopher Rodrigues, Chairman; Tony Hales, Non-executive director; Edyta Kurek, Non-executive director; John Lorimer, Non-executive director; Richard Moat, Non-executive director; and Nicholas Page, Non-executive director.

The directors confirm that to the best of his/her knowledge:

- the condensed consolidated interim financial information has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union;
- the half-yearly financial report includes a fair review of the information required by DTR 4.2.7 (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the half-yearly financial report includes a fair view of the information required by DTR 4.2.8 (disclosure of related parties’ transactions and changes therein).

The directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent review report to the members of International Personal Finance plc

We have been engaged by International Personal Finance plc (“the Company”) to review the condensed consolidated interim financial information in the half-yearly financial report for the six months ended 30 June 2012 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

As disclosed in note 1, the annual Financial Statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial information included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial information in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent review report to the members of International Personal Finance plc (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
24 July 2012