



International Personal Finance plc

(incorporated with limited liability in England and Wales with registered number 06018973)

unconditionally and irrevocably guaranteed by:

IPF Holdings Limited

(incorporated with limited liability in England and Wales with registered number 01525242)

International Personal Finance Investments Limited

(incorporated with limited liability in England and Wales with registered number 00961088)

IPF International Limited

(incorporated with limited liability in England and Wales with registered number 00753518)

EUR 1,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Prospectus (the "**Programme**"), International Personal Finance plc (the "**Issuer**" or "**IPF**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**") which will be unconditionally and irrevocably guaranteed on a joint and several basis by each of IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited (each a "**Guarantor**" and together the "**Guarantors**"). The aggregate nominal amount of Notes outstanding will not at any time exceed EUR1,000,000,000 (or the equivalent in other currencies).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 ("**FSMA**") (the "**UK Listing Authority**") for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. The Issuer may also issue Notes under the Programme that are admitted to trading through the electronic order book for retail bonds of the London Stock Exchange. However, unlisted Notes may be issued pursuant to the Programme. The relevant final terms document (the "**Final Terms**") in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or on the Regulated Market operated by BondSpot S.A., or the Regulated Market operated by the Warsaw Stock Exchange). A listing may also be sought for the Programme on a market not being a regulated market (or equivalent) for the purposes of Directive 2004/39/EC.

An investment in Notes issued under the Programme involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

Each Series (as defined in "Summary of the Programme") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**" (and, together with a Temporary Global Note, the "**Global Notes**")). Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("**Global Certificates**"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche (as defined in "Summary of the Programme") to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Certificates will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

The Issuer has been given a long-term issuer default rating of BB+ and a short-term issuer default rating of B by Fitch Ratings Ltd. The Programme has been rated BB+ by Fitch Ratings Ltd. Fitch Ratings Ltd is established in the EU and is registered as a credit rating agency under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**"). Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme and the applicable rating will be specified in the relevant Final Terms. Whether a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

"BB" ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments. The modifier "+" is appended to a rating to denote relative status within the major rating category.

Arranger for the Programme

CITI

Dealers

**CITI, HSBC, NUMIS SECURITIES, UNICREDIT BANK,
CANACCORD GENUITY AND BANCO SANTANDER**

*This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended (the “**Prospectus Directive**”), to the extent that such amendments have been implemented in the relevant member state of the European Union (each a “**Member State**”).*

The Issuer and its subsidiaries (including the Guarantors) taken as a whole are referred to in this Prospectus as the “Group”.

The Issuer and the Guarantors accept responsibility for the information contained in this Prospectus and, in relation to each Tranche of Notes, for the information contained in the applicable Final Terms for such Tranche of Notes. To the best of the knowledge of the Issuer and the Guarantors (each having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

*The three accountants’ reports set out on pages 149 to 150, 165 to 166 and 177 to 178 of this Prospectus (the “**Accountants’ Reports**”) in respect of the audited historical financial information for IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited respectively, each for the financial years ended 31 December 2011 and 2010 and set out on pages 151 to 164, 167 to 176 and 179 to 194 of this Prospectus, have been prepared by Deloitte LLP, Chartered Accountants, at the request of the Issuer. Deloitte LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of the Accountants’ Reports in the form and context in which they appear in this Prospectus and has authorised the contents of the Accountants’ Reports for the purposes of item 5.5.4R(2)(f) of the Financial Services Authority’s Prospectus Rules.*

The interim financial statements for the Guarantors set out on pages 196 to 221 of this Prospectus are prepared by the Guarantors and are unaudited and have not been independently reviewed. The quarterly interim management statement for the Issuer incorporated by reference herein is prepared by the Issuer and is unaudited and has not been independently reviewed.

*In addition, in the context of any public offer of Notes that is not within an exemption from the requirement to publish a prospectus under the Prospectus Directive, as amended (a “**Public Offer**”), the Issuer and the Guarantors accept responsibility in the jurisdiction(s) in which the Public Offer is made, for the content of this Prospectus, in relation to any person (an “**Investor**”) to whom an offer of any Notes is made by any financial intermediary (an “**Authorised Offeror**”) where the offer is made pursuant to the conditions set out in the following paragraph. However, neither the Issuer, nor the Guarantors, nor any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other applicable regulatory requirements or other securities law requirements in relation to such offer.*

*In connection with a Tranche of Notes which is to be the subject of a Public Offer, and provided that the applicable Final Terms specifies an offer period (the “**Offer Period**”), the Issuer and the Guarantors consent to the use of this Prospectus in connection with such Public Offer subject to the following conditions:*

- (i) the consent is valid only during the Offer Period so specified;*
- (ii) the only Offerors authorised to use this Prospectus to make the Public Offer of the relevant Tranche of Notes are the relevant Dealer and either:
 - (a) (I) if the applicable Final Terms names financial intermediaries authorised to offer the relevant Tranche of Notes, the financial intermediaries so named or (II) if the Issuer appoints additional financial intermediaries after the date of the applicable Final Terms and publishes details of them on its website, each financial intermediary whose details are so published; or*
 - (b) in any other case, any financial intermediary which is authorised to make such offers under Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”) which states on its website that it has been duly appointed as a financial intermediary to offer the relevant Tranche of Notes during the Offer Period and that it is relying on this Prospectus to do so;**

- (iii) *the consent extends only to the use of this Prospectus to make Public Offers of the relevant Tranche of Notes in each Relevant Member State specified in the applicable Final Terms; and*
- (iv) *the consent is subject to any other conditions set out in Part B of the applicable Final Terms.*

The Issuer may give consent to additional specified Authorised Offerors after the date of the relevant Final Terms (for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive) and, if it does so, it will publish any new information in relation to such Authorised Offerors who are unknown at the time of the approval of this Prospectus or the filing of the relevant Final Terms at www.ipfin.co.uk. Once Notes are distributed in reliance on the consent given subject to the conditions set out in sub-paragraphs (i) to (iv) above, such consent cannot be withdrawn.

Any Authorised Offeror falling within the general consent in sub-paragraph (ii)(b) above who meets all of the other conditions stated above and wishes to use this Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website that it is relying on this Prospectus for such Public Offer with the consent of the Issuer.

The consent referred to above relates to Offer Periods (if any) ending within 12 months from the date of this Prospectus.

The Issuer may, on or after the date of this Prospectus, make applications for one or more further certificates of approval under Article 18 of the Prospectus Directive as implemented in the United Kingdom to be issued by the FSA to the competent authority in any one of the following Member States: Poland; Slovakia; Czech Republic and Hungary. The possible Public Offer Jurisdictions will therefore be Poland, Slovakia, Czech Republic and Hungary.

*To the extent specified in the relevant Final Terms, a Public Offer may be made during the relevant Offer Period by any of the Issuer, the Dealers or any relevant Authorised Offeror in any relevant Member State and subject to any relevant conditions, in each case all as specified in the relevant Final Terms. **In the event of any Public Offer being made by an Authorised Offeror, the Authorised Offeror will provide information to investors on the terms and conditions of the Public Offer at the time the Public Offer is made.***

Other than as set out above, neither the Issuer, nor any of the Guarantors, nor any of the Dealers has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or any of the Guarantors or by any of the Dealers or Authorised Offerors and none of the Issuer, any of the Guarantors or any of the Dealers or Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements (the “Terms and Conditions of the Public Offer”). The Issuer will not be a party to any such arrangements with Investors (other than Dealers) in connection with the offer or sale of the Notes and, accordingly, this Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorised Offeror at the time such Public Offer is made by the Authorised Offeror to the Investor. None of the Issuer, any of the Guarantors, or any of the Dealers or other Authorised Offerors has any responsibility or liability for such information.

Any Investor intending to acquire or acquiring any Notes from any person (an “Offeror”) should be aware that, in the context of an offer to the public as defined in section 102B of FSMA, the Issuer and the Guarantors may only be responsible to the Investor for this Prospectus under section 90 of FSMA if the Issuer has authorised the Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not so authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Prospectus for the purposes of section 90 of FSMA in the context of the offer

to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents, it should take legal advice. **Where information relating to the terms of the relevant offer required pursuant to the Prospectus Directive is not contained in this Prospectus or the relevant Final Terms, it will be the responsibility of the relevant Offeror at the time of such offer to provide the Investor with such information.**

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;*
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;*
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;*
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and*
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.*

Some Notes are complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors or any of the Dealers or the Arranger (as defined in “Summary of the Programme”). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantors since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no change in the financial position of the Issuer or the Guarantors since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (2003/71/EC), the minimum specified denomination shall be €1,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus

comes are required by the Issuer, the Guarantors, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantors or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer, the Guarantors or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantors, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Guarantors during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Issuer and the Guarantors are aware or able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “sterling” and “£” are to the currency of the United Kingdom (and references to “£m” are to millions of pounds sterling) and references to “€”, “EUR” and “euro” are to the single currency of those Member States participating in the third stage of European economic and monetary union from time to time.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

International Personal Finance plc

- (i) the auditors' review and unaudited consolidated financial statements of the Issuer for the six month period ended 30 June 2012 set out on pages 14 to 33 of the Issuer's Half-yearly Financial Report for the six months ended 30 June 2012 published on the Issuer's website on 24 July 2012;
- (ii) the following sections of the Annual Report and Financial Statements of the Issuer for the financial year ended 31 December 2011 published on the Issuer's website on 20 March 2012:
 - (a) Principal Risks on pages 22 to 27;
 - (b) Operational Review on pages 28 to 33;
 - (c) Financial Review on pages 34 to 39;
 - (d) Independent auditor's report on page 72;
 - (e) Consolidated Income Statement on page 73;
 - (f) Consolidated Statement of Comprehensive Income on page 74;
 - (g) Consolidated Balance Sheet on page 75;
 - (h) Consolidated Statement of Changes in Equity on page 77;
 - (i) Consolidated Cash flow statement on page 78; and
 - (j) Notes to the Financial Statements on pages 84-110;
- (iii) the following sections of the Annual Report and Financial Statements of the Issuer for the financial year ended 31 December 2010 published on the Issuer's website on 25 March 2011:
 - (a) Principal Risks on pages 30 to 37;
 - (b) Operational Review on pages 42 to 53;
 - (c) Financial Review on pages 54 to 59;
 - (d) Independent auditor's report on page 88;
 - (e) Consolidated Income Statement on page 89;
 - (f) Consolidated Statement of Comprehensive Income on page 90;
 - (g) Consolidated Balance Sheet on page 91;
 - (h) Consolidated Statement of Changes in Equity on pages 92 and 93;
 - (i) Consolidated Cash flow statement on page 94; and
 - (j) Notes to the Financial Statements on pages 100-126;
- (iv) the following sections of the unreviewed and unaudited quarterly Interim Management Statement of the Issuer published on 17 October 2012:
 - (a) Group Review on pages 2 to 3;
 - (b) Market Review on pages 3 to 4; and
 - (c) Notes on pages 4 to 5;
- (v) the memorandum and articles of association of the Issuer;

IPF Holdings Limited

(vi) the memorandum and articles of association of IPF Holdings Limited;

International Personal Finance Investments Limited

(vii) the memorandum and articles of association of International Personal Finance Investments Limited;

IPF International Limited

(viii) the memorandum and articles of association of IPF International Limited;

Previous Prospectuses

(ix) the Terms and Conditions set out on pages 40 to 78 of the Prospectus dated 19 April 2010 relating to the Programme; and

(x) the Terms and Conditions set out on pages 40 to 78 of the Prospectus dated 13 September 2011 relating to the Programme,

each of which have been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial Services Authority or filed with it. Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Any information contained in any of the documents incorporated by reference which is not incorporated in and does not form part of this Prospectus is either not relevant for investors or is covered elsewhere in the Prospectus.

If documents which are incorporated by reference into this Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>. The contents of the Issuer's website shall not form part of the Prospectus.

SUPPLEMENTARY PROSPECTUS

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to section 87G of the FSMA, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the UK Listing Authority and section 87G of the FSMA.

The Issuer and the Guarantors have given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, any Guarantor and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

TABLE OF CONTENTS

	Page
SUMMARY	10
RISK FACTORS	25
TERMS AND CONDITIONS OF THE NOTES	44
BUSINESS DESCRIPTION OF INTERNATIONAL PERSONAL FINANCE PLC AND THE GROUP	72
BUSINESS DESCRIPTION OF THE GUARANTORS	96
REGULATORY INFORMATION	107
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	110
USE OF PROCEEDS	117
TAXATION	118
SUBSCRIPTION AND SALE	120
GENERAL INFORMATION	143
APPENDIX 1 ANNUAL AUDITED GUARANTOR FINANCIAL INFORMATION	148
APPENDIX 2 SEMI-ANNUAL UNAUDITED GUARANTOR FINANCIAL INFORMATION	195

SUMMARY

SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as “**Elements**”. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities, Issuer and the Guarantors. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities, Issuer and the Guarantors, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and warning:		
Element	Disclosure Requirement:	Disclosure
A.1	Warning	<ul style="list-style-type: none"> • <i>This summary should be read as introduction to the Prospectus;</i> • <i>any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;</i> • <i>where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and</i> • <i>civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</i>
A.2		<p><i>[Not Applicable; the Notes may be offered only in circumstances in which an exemption from the obligation under the Prospectus Directive to publish a prospectus applies in respect of such offer.]</i></p> <p><i>[An offer of certain Tranches of Notes with a denomination of less than EUR 100,000 (or its equivalent in any other currency) may be made by the Dealers [and [●]] other than pursuant to Article 3(2) of the Prospectus Directive in [●] (“Public Offer Jurisdictions”) during the period from [●] until [●] (“Offer Period”).]</i></p> <p><i>[In respect of this Tranche of Notes, the Issuer and the Guarantors consent to the use of this Prospectus in connection with a Public Offer of any relevant Notes during [●] (the “Offer Period”) [in [●] by [●],[●] and [●].]</i></p> <p><i>[In respect of this Tranche of Notes, the Issuer and the Guarantors consent to the use of this Prospectus in connection with a Public Offer of any relevant Notes during [●] (the “Offer Period”) [in [●] by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive and which satisfies the following conditions: [●]] [or] [by the financial intermediaries, in [●] and subject to [●] for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive.] The Issuer and the Guarantors may give consent to additional financial intermediaries after the date of these Final Terms.]</i></p> <p><i>An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements (the “Terms and Conditions of the Public Offer”). The Issuer will not be a party to any such arrangements with Investors (other than Dealers) in</i></p>

		connection with the offer or sale of the Notes and, accordingly, this Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorised Offeror at the time such Public Offer is made by the Authorised Offeror to the Investor. None of the Issuer, any of the Guarantors or any of the Dealers or other Authorised Offerors has any responsibility or liability for such information.
Section B – Issuer:		
B.1	Legal and commercial name:	The Issuer's legal and commercial name is International Personal Finance plc.
B.2	Domicile, Legal Form, Country of Incorporation and Legislation under which the Issuer Operates:	The Issuer is a public limited company incorporated and registered in England and Wales on 5 December 2006 under the Companies Act 1985 as a company limited by shares with registered number 6018973.
B.4b	Known Trends Affecting the Issuer and its Industry:	<p>The first nine months of 2012 has seen a backdrop of low but relatively stable consumer confidence and modest economic growth in the Group's European markets, against which backdrop the Group has performed well. For the first nine months of 2012 the Group reported growth in customer numbers of 6 per cent. and credit issued of 13 per cent. alongside stable credit quality. This has resulted in underlying profit growth of £14.3M before the twin impact of weaker FX rates and higher early settlement rebates ("ESRs") (arising from the implementation of the Consumer Credit Directive). Taking these two factors into account, profit fell by £4.1M to £58.6M. The provision of credit to consumers in Europe, including consumer loans, is at present governed by national legislative provisions which implement the new consumer credit directive (Directive 200848/EC (the "CCD")). The CCD was adopted by the European Council in May 2008 and has subsequently been implemented in each of the Group's European markets. Poland was the last country to do so, in December 2011. The primary impact of the legislation on the Group's business has been to require the granting of higher ESRs to customers who choose to settle their loans before the end of the contractual term. Revenue increased at the slower rate of 9 per cent. during the first nine months of 2012, 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 the Group's expectations for the first half of 2012. The Group's collections performance remained robust during the first nine months of 2012 and annualised impairment as a percentage of revenue remains at the lower end of the Group's 25 per cent. to 30 per cent. target range (September 2012: 26.5 per cent., June 2012: 26.2 per cent.; December 2011: 25.8 per cent.; June 2011: 26.8 per cent.).</p> <p>In the face of the recent global economic downturn of 2008-2009, the Group's business model has proven to be robust. The Group adopted strategies to manage the business during the 2008-2009 macro-economic downturn, namely; credit control tightening, enhanced credit control systems, changes to incentive structure and cost base reduction. The financial performance of the Group improved as 2009 progressed, including a return to normal levels of impairment by the second quarter of 2009, Impairment levels have continued to remain stable since 2009. Despite the challenging economic conditions, the business has continued to generate good margins and returns. In 2011, the Group generated a profit margin of 15.5 per cent., a return on capital employed of 22.7 per cent. and profits of £100.5M.</p>
B.5	Group Position:	The Issuer is the ultimate parent in its corporate group, which is composed of wholly owned subsidiaries of the Issuer. The Issuer's group operates six principal overseas subsidiaries in central and eastern Europe and Mexico and has certain UK subsidiaries which provide business services, financial support or debt option facilities to fellow subsidiary undertakings.
B.9	Profit Forecasts:	Not applicable. No profit forecast or estimate made.

B.10	Description of any Qualifications in the Audit Report on the Historical Financial Information:	Not applicable. The audit reports on the historical financial information are not qualified.																																																																																																																																																																																				
B.12	Key Historical Financial Information: Issuer	<p><i>Issuer</i></p> <p>Consolidated income statement</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Unaudited Six months ended 30 June 2012 £M</th> <th style="text-align: right;">Unaudited Six months ended 30 June 2011 £M</th> <th style="text-align: right;">Audited Year ended 31 December 2011 £M</th> <th style="text-align: right;">Audited Year ended 31 December 2010 £M</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: right;">316.0</td> <td style="text-align: right;">326.7</td> <td style="text-align: right;">649.5</td> <td style="text-align: right;">608.7</td> </tr> <tr> <td>Impairment</td> <td style="text-align: right;">(98.3)</td> <td style="text-align: right;">(98.5)</td> <td style="text-align: right;">(167.7)</td> <td style="text-align: right;">(168.1)</td> </tr> <tr> <td>Revenue less impairment</td> <td style="text-align: right;">217.7</td> <td style="text-align: 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		Consolidated Balance Sheet (continued)				
		Unaudited 30 June 2012 £M	Unaudited 30 June 2011 £M	Audited 31 December 2011 £M	Audited 31 December 2010 £M	
		Liabilities				
		<i>Current liabilities</i>				
		Borrowings	(0.6)	(20.2)	(6.4)	(19.5)
		Derivative financial instruments	(3.4)	(11.2)	(0.3)	(4.5)
		Trade and other payables	(77.9)	(81.8)	(57.4)	(55.9)
		Current tax liabilities	(19.7)	(22.2)	(25.8)	(25.7)
			<u>(101.6)</u>	<u>(135.4)</u>	<u>(89.9)</u>	<u>(105.6)</u>
		Non-current liabilities				
		<i>Retirement benefit obligation</i>				
			(1.9)	(1.4)	(4.0)	(3.3)
		<i>Borrowings</i>	(245.7)	(267.2)	(270.1)	(284.8)
			<u>(247.6)</u>	<u>(268.6)</u>	<u>(274.1)</u>	<u>(288.1)</u>
		Total liabilities	<u>(349.2)</u>	<u>(404.0)</u>	<u>(364.0)</u>	<u>(393.7)</u>
		Net assets	<u>333.9</u>	<u>335.5</u>	<u>327.7</u>	<u>309.0</u>
		Equity attributable to owners of the parent				
		<i>Called-up share capital</i>				
			25.7	25.7	25.7	25.7
		<i>Other reserves</i>	(32.5)	21.4	(28.0)	11.3
		<i>Retained earnings</i>	340.7	288.4	330.0	272.0
		Total equity	<u>333.9</u>	<u>335.5</u>	<u>327.7</u>	<u>309.0</u>
		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	Audited Year ended 31 December 2010 £M	
		Net cash generated from operating activities	<u>42.3</u>	<u>36.2</u>	<u>11.9</u>	<u>39.0</u>
		Net cash used in investing activities	<u>(3.3)</u>	<u>(4.3)</u>	<u>(11.6)</u>	<u>(8.2)</u>
		Net cash used in financing activities	<u>(37.2)</u>	<u>(30.2)</u>	<u>(3.9)</u>	<u>(38.0)</u>
		<i>Net increase/(decrease) in cash and cash equivalents</i>	<u>1.8</u>	<u>1.7</u>	<u>(3.6)</u>	<u>(7.2)</u>
		<i>Cash and cash equivalents at the start of the period</i>	<u>17.9</u>	<u>23.5</u>	<u>23.5</u>	<u>31.2</u>
		<i>Exchange (losses)/gains on cash and cash equivalents</i>	<u>(0.2)</u>	<u>0.9</u>	<u>(2.0)</u>	<u>(0.5)</u>
		Cash and cash equivalents at the end of the period	<u>19.5</u>	<u>26.1</u>	<u>17.9</u>	<u>23.5</u>
		<p>Since 31 December 2011, the last day of the financial period in respect of which the most recent published audited consolidated financial statements of the Issuer have been prepared, there has been no material adverse change in the prospects of the Issuer and its controlled entities taken as a whole.</p> <p>Since 30 June 2012, the last day of the financial period in respect of which the most recent published unaudited consolidated financial statements of the Issuer have been prepared, there has been no significant change in the financial or trading position of the Issuer and its controlled entities taken as a whole.</p>				
B.13	Description of Recent Events Material to the Issuer's Solvency:	Not applicable. There have been no recent events material to the Issuer's solvency.				

B.14	<i>If the Issuer is Dependent upon other Entities Within the Group, this must be Clearly Stated:</i>	<i>As the Issuer is the ultimate holding company of the Group, and the Group's business is conducted through the members of the Group referenced in that Element, the Issuer is, accordingly, dependent upon those members of the Group.</i>
B.15	<i>Issuer Principal Activities:</i>	<i>The business of the companies in the Issuer's corporate group is the international provision of home credit. The Group's business involves the provision of small sum unsecured cash loans ranging from approximately £50 to approximately £1,000. The loans are in local currency and, typically, are delivered to the customer's home and the repayments are collected from the customer's home weekly by the group's agents. Loans are short-term and generally range from six months to two years, with the average loan term during 2011 being 49 weeks. For the majority of home collected loans, the total amount repayable on the loan is fixed at the outset and no additional penalty charges or interest as a result of missed payments are subsequently added. This applies regardless of the number of missed payments or changes in interest rates.</i>
B.16	<i>Control of the Issuer:</i>	<i>Not applicable. The Issuer is an entity whose ordinary shares are admitted to trading on the Main Market of the London Stock Exchange and to the best of the Issuer's knowledge and belief is not directly or indirectly owned or controlled by any person.</i>
B.17	<i>Credit Ratings Assigned to the Issuer or its Debt Securities at the Request of or in Co-operation with the Issuer:</i>	<i>The Programme has been rated BB+ by Fitch Ratings Ltd. The Issuer has been given a long-term issuer default rating of BB+ and a short-term issuer default rating of B by Fitch Ratings Ltd. Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme and the applicable rating will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. [[The Notes to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]: Fitch Ratings Limited: [●]</i>
B.18	<i>Guarantee:</i>	<i>The Guarantors have, on a joint and several basis, unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and Coupons. Their obligations in that regard are contained in the Trust Deed.</i>
B.19/B.1	<i>Legal and commercial name:</i>	<i>IPF Holdings Limited.</i>
B.19/B.2	<i>Domicile, Legal Form, Country of Incorporation and Legislation under which the Guarantor Operates:</i>	<i>IPF Holdings Limited is a private limited company incorporated and registered in England and Wales on 29 October 1980 under the Companies Act 1948 as a company limited by shares with registered number 01525242.</i>
B.19/B.4b	<i>Known Trends Affecting the Guarantor and its Industry:</i>	<i>IPF Holdings Limited has not identified any trends affecting IPF Holdings Limited. The first half of 2012 has seen a backdrop of low but relatively stable consumer confidence and modest economic growth in the Group's European markets, against which backdrop the Group has performed well. The implementation of the Consumer Credit Directive continues to have an impact through the imposition of ESRs.</i>
B.19/B.5	<i>Group Position:</i>	<i>IPF Holdings Limited is a wholly owned subsidiary of the Issuer and parent company to IPF Financial Services Limited and International Personal Finance Investments Limited.</i>

B.19/B.9	Profit Forecasts:	No profit forecast or estimate is made in relation to IPF Holdings Limited and the audit reports thereon are without qualification.																																																		
B.19/B.10	Description of any Qualifications in the Audit Report on the Historical Financial Information:	Not applicable. The audit reports on IPF Holdings Limited's historical financial information are not qualified.																																																		
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B.19/B.15	<i>Guarantor Principal Activities:</i>	<i>IPF Holdings Limited's principal business activity is to act as the intermediate holding company of International Personal Finance Investments Limited and IPF Financial Services Limited.</i>
B.19/B.16	<i>Control of the Guarantor:</i>	<i>IPF Holdings Limited is owned and controlled by the Issuer.</i>
B.19/B.17	<i>Credit Ratings:</i>	<i>IPF Holdings Limited is not independently rated. The Programme has been rated BB+ by Fitch Ratings Ltd.</i>
B.19/B.18	<i>Guarantee:</i>	<i>The Guarantors have, on a joint and several basis, unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and Coupons. Their obligations in that regard are contained in the Trust Deed.</i>
B.19/B.1	<i>Legal and commercial name:</i>	<i>International Personal Finance Investments Limited.</i>
B.19/B.2	<i>Domicile, Legal Form, Country of Incorporation and Legislation under which the Guarantor Operates:</i>	<i>International Personal Finance Investments Limited is a private limited company incorporated and registered in England and Wales on 28 August 1969 under the Companies Act 1948 as a company listed by shares with registered number 00961088.</i>
B.19/B.4b	<i>Known Trends Affecting the Guarantor and its Industry:</i>	<i>International Personal Finance Investments Limited has not identified any trends affecting International Personal Finance Investments Limited. The first half of 2012 has been a backdrop of low but relatively stable consumer confidence and modest economic growth in the Group's European markets, against which backdrop the Group has performed well. The implementation of the Consumer Credit Directive continues to have an impact through the imposition of ESRs.</i>
B.19/B.5	<i>Group Position:</i>	<i>International Personal Finance Investments Limited is a wholly owned subsidiary of IPF Holdings Limited and parent company to various operating subsidiaries including IPF International Limited, IPF Financing Limited and IPF Development (2003) Limited.</i>
B.19/B.9	<i>Profit Forecasts</i>	<i>No profit forecast or estimate is made in relation to IPF Holdings Limited and the audit reports thereon are without qualification.</i>
B.19/B.10	<i>Description of any Qualifications in the Audit Report on the Historical Financial Information:</i>	<i>Not applicable. The audit reports on IPF Holdings Limited's historical financial information are not qualified.</i>
B.19/B.12	<i>Key Historical Financial Information:</i>	<i>Selected Financial Information of International Personal Finance Investments Limited</i> <i>The financial summary set out below has been extracted without material adjustment from the audited historical financial information of International Personal Finance Investments Limited for the financial years ended 31 December 2011 and 31 December 2010 and should be read together with such audited historical financial information. The audited historical information of International Personal Finance Investments Limited for the financial years ended 31 December 2011 and 2010 is set out in this Prospectus.</i>

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B.19/B.1	Legal and commercial name:	IPF International Limited.																																													

B.19/B.2	Domicile, Legal Form, Country of Incorporation and Legislation under which the Guarantor Operates:	IPF International Limited is a private limited company incorporated and registered in England and Wales on 14 March 1963 under the Companies Act 1948 as a company limited by shares with registered number 00753518.																																													
B.19/B.4b	Known Trends Affecting the Guarantor and its Industry:	IPF International Limited has not identified any trends affecting IPF International Limited. The first half of 2012 has seen a backdrop of low but relatively stable consumer confidence and modest economic growth in the Group's European markets, against which backdrop the Group has performed well. The implementation of the Consumer Credit Directive continues to have an impact through the imposition of ESRs.																																													
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B.19/B.14	If the Guarantor is Dependent upon other Entities Within the Group, this must be Clearly Stated:	IPF International Limited is dependent on the Issuer for the provision of funding.
B.19/B.15	Guarantor Principal Activities:	IPF International Limited's principal business activities are to provide services and business know-how to fellow subsidiary undertakings.
B.19/B.16	Control of the Guarantor:	IPF International Limited is owned and controlled by International Personal Finance Investments Limited.
B.19/B.17	Credit Ratings:	IPF International Limited is not independently rated. The Programme has been rated BB+ by Fitch Ratings Ltd.
B.19/B.18	Guarantee:	The Guarantors have, on a joint and several basis, unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and Coupons. Their obligations in that regard are contained in the Trust Deed.
Section C – Notes:		
C.1:	Description of the Type and Class of Securities:	<p>Up to EUR 1,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of unsecured and unsubordinated debt securities, outstanding at any one time pursuant to the Programme.</p> <p>The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the “Final Terms”).</p> <p>The Notes may be issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) only. Each Tranche of Bearer Notes will be represented on issue by a Temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in Element C.5 below), otherwise such Tranche will be represented by a Permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.</p> <p>Type of Note: [Fixed Rate Note/Floating Rate Note/Zero Coupon Note] Series Number: [●] Tranche Number: [●] Aggregate Nominal Amount: [●] ISIN: [●] Common Code: [●]</p>

C.2	Currency:	<p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.</p> <p>The Specified Currency or Currencies of the Notes [is/are] [●].</p>
C.5	A Description of any Restriction on the Free Transferability of Securities:	<p>There are no restrictions on the free transferability of the Notes.</p> <p>The Issuer and the Dealers have agreed certain customary restrictions on offers, sale and delivery of Notes and of the distribution of offering material in the United States, the European Economic Area, the United Kingdom and Japan.</p> <p>The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.</p> <p>The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p> <p>Regulation S Compliance Category [2]; [TEFRA C/TEFRA D/TEFRA/Not applicable.]</p>
C.8	A Description of the Rights Attaching to the Securities, Including Ranking and any Limitation on those Rights:	<p>Issue Price</p> <p>Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.</p> <p>[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]</p> <p>Withholding Tax</p> <p>All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United Kingdom, unless such withholding is required by law (in which case the Noteholders will receive such amounts as they would have received under the Notes had no such withholding been required, subject to certain exceptions).</p> <p>Ranking</p> <p>The Notes and the Guarantee will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantors, respectively.</p> <p>Negative pledge</p> <p>The Notes contain a negative pledge provision pursuant to which (subject to certain exceptions) none of the Issuer, the Guarantors or any of their subsidiaries may create or have outstanding any security interest upon the whole or (to the extent that the Issuer and the Guarantors can procure compliance through proper exercise of voting and other rights or powers of control) any part of its or their respective undertakings or assets (present or future) to secure any debt instruments or any guarantee or indemnity obligation in respect of debt instruments without granting such security to the holders of the Notes, or making arrangements not materially less beneficial.</p> <p>Optional redemption</p> <p>If so specified in the Final Terms in respect of an issue of Notes, if a Change of Control Put Event occurs, a holder of a Note will have the option to require the Issuer to redeem such Note at 101 per cent. of its nominal amount, together with any accrued interest thereon.</p> <p>Financial covenants</p> <p>The terms of the Notes will contain financial covenants in respect of the maintenance of a Consolidated EBITA to Consolidated Interest Payable Ratio and the Maintenance of Consolidated Total Borrowings to Consolidated Net Worth Ratio.</p> <p>Events of Default</p> <p>Events of Default under the Notes include non-payment of interest for 14 days, non-payment of principal for seven days, breach of other</p>

		<p>obligations under the Notes or Trust Deed (which breach is not remedied within 30 days), cross acceleration relating to indebtedness for borrowed money of the Issuer, the Guarantor or any material subsidiary subject to an aggregate threshold of £5,000,000, appointment of an insolvency officer, enforcement of security, insolvency-type events and cessation of business. The provisions include certain minimum thresholds, provisos and grace periods.</p> <p>Prescription</p> <p>Claims against the Issuer or any Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) and the Guarantee shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.</p> <p>Meetings of Noteholders</p> <p>Meetings of Noteholders may be convened to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Notes including Noteholders who did not vote on the relevant resolution and Noteholders who voted in a manner contrary to the majority.</p> <p>Governing law</p> <p>English law.</p>
C.9	Items in addition to those in C8:	<p>In addition to the items listed in Element C.8:</p> <p>Maturity</p> <p>Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.</p> <p>Maturity date: [●]</p> <p>Final redemption</p> <p>[The Final Redemption Amount of the Note is [●] per Calculation Amount.]</p> <p>Early redemption</p> <p>Notes issued under the Programme may be subject to redemption by the Issuer prior to their stated maturity for reasons related to taxation or, if the relevant Final Terms so specify, at the option of the Issuer.</p> <p>Interest Periods and Interest Rates</p> <p>The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.</p> <p>Fixed Rate Notes</p> <p>Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.</p> <p>[Fixed Rate Notes are not being issued pursuant to these Final Terms.]</p> <p>[Rate(s)] of Interest: [●] per cent. per annum payable [●] in arrear on each Interest Payment Date</p> <p>Interest Payment Date(s): [●] in each year</p> <p>Fixed Coupon Amount(s): [●] per Calculation Amount]</p> <p>Indication of yield: [●]</p> <p>Floating Rate Notes</p> <p>Floating Rate Notes will bear interest determined separately for each Series by reference to LIBOR, LIBID, LIMEAN, WIBOR, PRIBOR, ROBOR, BUBOR, TIIE or EURIBOR as adjusted for any applicable margin.</p> <p>Interest periods will be specified in the relevant Final Terms.</p> <p>[Floating Rate Notes are not being issued pursuant to these Final Terms.]</p> <p>[Interest Period(s): [●]</p>

		<p>Specified Interest Payment Dates: [[●] in each year, subject to adjustment in accordance with the Business Day Convention set out below]</p> <p>First Interest Payment Date: [●]</p> <p>Interest Period Date: [●]</p> <p>Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]]</p> <p>Zero Coupon Notes</p> <p>Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.</p> <p>[Zero Coupon Notes are not being issued pursuant to these Final Terms.]</p> <p>[Amortisation Yield: [●] per cent. per annum</p> <p>Trustee</p> <p>The Law Debenture Trust Corporation p.l.c.</p>
C.10	Derivative component in interest payments:	Not applicable. There is no derivative component in the interest payments made in respect of any Notes issued under the Programme.
C.11	Listing and admission to trading:	<p>Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the London Stock Exchange plc's Regulated Market. As specified in the relevant Final Terms, a Series of Notes may be unlisted.</p> <p>[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the electronic order book for retail bonds of the] London Stock Exchange plc's Regulated Market/[●] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the electronic order book for retail bonds of the] London Stock Exchange plc's Regulated Market with effect from [●].] [Not applicable.]</p>
C.21	Indication of the Market where the Securities will be Traded and for which Prospectus has been Published	This Prospectus is to be published in the United Kingdom [and [Poland]/[Slovakia]/[Czech Republic]/ [and] [Hungary]] and application [has been/will be] made to admit the Notes to trading on the London Stock Exchange plc's Regulated Market [and [the Regulated Market operated by BondSpot S.A.]/ [the Regulated Market operated by the Warsaw Stock Exchange]].
Section D – Risks:		
D.2	Key Information on the Key Risks Specific to the Issuer:	<ul style="list-style-type: none"> The Group is at risk from changes in political, economic, and financial market conditions, such as a global or local recession, inflation and fluctuations in interest and currency exchange rates. This is a particular risk for the Group as the countries in which the Group currently operates are emerging economies and so are likely to be subject to greater volatility. Change to the political landscape in one of the Group's geographic markets could undermine general demand for loans, lead to labour unrest, or, if capital controls are imposed, restrict the ability of a Group subsidiary to remit funds to the UK holding company. Recession could reduce demand for the Group's products and services. Rising inflation could erode Group profitability, as the rate of interest on loans made by the Group is generally fixed at the outset, whilst the Group's costs rise in line with inflation. Rising interest rates can lead to higher costs of Group borrowing, reducing profitability. The Group reports results in Sterling, but the majority of its assets are denominated in foreign currencies, so exchange rate fluctuations may adversely affect the Group's income statement account, its reserves or future cash flows. The Group is at risk from regulation and litigation (including the effects of changes in law or interpretation of the law in the Group's operating markets) associated with the fact that the Group operates in a highly regulated industry. This is a particular concern for the Group as total charges for the Group's loans are higher than for loans provided by mainstream banks, which can bring calls for statutory caps. Any such

		<p><i>change could affect the Group's profitability, solvency and capital requirements and may give rise to increased costs of compliance. Litigation on the basis that the Group's charges are unfair or usurious could, if any such actions are upheld by the relevant courts, compel a change in the Group's business model.</i></p> <ul style="list-style-type: none"> • <i>An increase in competition in any of the Group's markets could lead to a reduction in market share or an increase in the cost of customer acquisition and retention.</i> • <i>The Group is at risk of losses or liabilities incurred as a result of the business failure of a counterparty (for example, major IT suppliers, funding banks and retail banking facilities). This is a particular risk for the Group as the business model is dependent upon these operational counterparties. Failure of an IT services outsourcer could significantly disrupt the business operation, and failure of a bank with which the Group has a cash balance on account could lead to loss of the deposit or lack of sufficient cash to fund short-term business operations in the market where such bank is based.</i> • <i>There could be challenges to the tax treatment of arrangements amongst the companies in the Group. Although the Group is headed by a UK holding company, the Group does not have substantial operations in the UK. This exposes the Group to the UK's international tax regime. The treatment of such international groups under UK tax law is subject to significant change. Changes in accounting rules could also significantly impact the Group's tax liabilities. Changes in tax or accounting rules could damage the Group's financial position.</i> • <i>Risks arise from the implementation of the business strategy of the Group, both in respect of existing markets and new markets. In particular, the Group's focus on a single product (the provision of home credit) increases the Group's exposure to competitive and regulatory threats. The Group may misjudge its entry into a new geographic market, potentially leading to a loss on withdrawal from the market.</i> • <i>Loss may arise from the failure to ensure employee and agent safety, which could lead to agents or managers being harder to retain or being unwilling to make home visits, as well as personal injury claims and reputational damage, and the loss of key people, which could disrupt the Group's business.</i> • <i>There is a risk of damage to the Group's brands or reputation or a decline in customer confidence in the Group or its products. This is a particular risk for the Group as the success of the Group's business is dependent on the Group's brands and reputation. Adverse publicity could affect customer willingness to take Group products or make repayments, or make it more difficult for the Group to recruit. Unfavourable publicity could in turn lead to increased pressure for changes to regulation of the consumer credit industry in the relevant market.</i>
D.3	Key Information on the Key Risks which are specific to the Securities:	<ul style="list-style-type: none"> • <i>Notes may have no established trading market when issued, and one may never develop, or may develop and be illiquid. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.</i> <p><i>Notes subject to optional redemption by the Issuer:</i></p> <ul style="list-style-type: none"> • <i>an optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.</i> • <i>the Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an interest rate as high as that on the Notes being redeemed and may only be able to do so at a significantly lower rate.</i>

		<p>Notes issued at a substantial discount or premium:</p> <ul style="list-style-type: none"> the market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. <p>Investors who hold through CREST through the issuance of CDIs (“CDI Holders”) hold or have an interest in a separate legal instrument and will have only indirect interests in the underlying Notes. This could potentially lead to the CDI Holders having different rights and returns in respect of such underlying Notes as against those investors who have a direct interest in their Notes.</p>
Section E – Offer:		
E.2b	Reasons for Offer and Use of Proceeds:	<p>The net proceeds from the issue of each Tranche of Notes will be applied by the Group for general corporate purposes unless otherwise specified below with respect to a specific Issue of Notes.</p> <p>Reasons for the offer: [●]</p> <p>The net proceeds of the issue of the Notes will be used by the Issuer for [general funding purposes]/[●].</p>
E.3	A Description of the Terms and Conditions of the Offer:	<p>Offer Price: [Issue Price]/[●]</p> <p>Conditions to which the offer is subject: [Not Applicable]/[●]</p> <p>Description of the application process: [Not Applicable]/[●]</p> <p>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable]/[●]</p> <p>Details of the minimum and/or maximum amount of application: [Not Applicable]/[●]</p> <p>Details of the method and time limits for paying up and delivering the Notes: [Not Applicable]/[●]</p> <p>Manner in and date on which results of the offer are to be made public: [Not Applicable]/[●]</p> <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable]/[●]</p> <p>Whether tranche(s) have been reserved for certain countries: [Not Applicable]/[●]</p> <p>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable]/[●]</p> <p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable]/[●]</p> <p>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [None]/[●]</p>
E.4	A Description of any Interest that is Material to the Issue/Offer, Including Conflicting Interests:	<p>[Save for [●], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer, including conflicting interests.]</p> <p>[Not applicable. There is no such material interest or conflicting interest.]</p>
E.7	Expenses Charged to the Investor by the Issuer as Offeror:	<p>[Not applicable; there are no expenses charged to the investor by the [Issuer/offeror]]/[Expenses to be charged to the investor by the [Issuer/offeror]: [●.] [[including commissions of [●]]/[and] management expenses of [●]]</p>

RISK FACTORS

The Issuer and the Guarantors believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantors are in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer and the Guarantors believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer and the Guarantors believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer and the Guarantors may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's and the Guarantors' ability to fulfil their obligations under or in connection with Notes issued under the Programme

1. Risks relating to the markets in which the Group operates

1.1 The Group's business, results of operations and financial condition may be materially affected by changes in general economic, political and financial market conditions, such as a global or local recession, inflation and fluctuations in interest and currency exchange rates. Further, the countries in which the Group currently operates are emerging economies and so are likely to be subject to greater volatility in economic, political and financial market conditions. Changes in the economic and political climate both globally and locally as well as changes in market conditions generally could have a material adverse effect on the Group's business, results of operations and financial condition.

(a) *The Group's businesses, earnings and financial condition were affected by the recent global economic downturn in 2008-2009, and could be affected by any future crisis in global financial markets and/or deterioration in the global economic outlook.*

The performance of the Group is influenced by the economic conditions of the countries in which it operates around the world. The precise nature of all the risks and uncertainties the Group faces, and will face, as a result of the global financial crisis and global economic outlook cannot be predicted and many of these risks are outside the Group's control.

A deterioration in economic conditions globally and in the markets in which the Group operates, including, but not limited to, business and consumer confidence, unemployment, household disposable income, the state of the housing market, foreign exchange markets, counterparty risk, inflation, the availability and cost of credit, the liquidity of global financial markets or market interest rates, may reduce the level of demand for the products and services of the Group, adversely affect the earnings the Group can achieve on its products and lead to reduced volumes of credit issued, reduced revenue and increased levels of impairment charge. Following maturity of the Group's existing sources of financing, this may affect the Group's ability to obtain sufficient liquid, local currency funds to meet the requirements of the business, to issue sufficient volumes of credit at appropriate levels of impairment and to maintain adequate cover on its financial covenants. A global recession may also result in the Group being unable to execute its growth strategy. The aforementioned factors may materially and adversely impact the Group's operating results, financial condition and prospects.

- (b) **The Group is exposed to funding and liquidity risk, credit rating risk, credit quality risk, counterparty risk, exchange rate fluctuation risk, interest rate fluctuation risk, and cost inflation risk.**

Funding and liquidity risk: Liquidity risk is the risk that the Group does not have sufficient financial liquid resources to meet its obligations when they fall due or can only do so at excessive cost. The ability of the Group to access debt funding sources on acceptable economic terms over the longer term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. Liquidity risk is particularly relevant following the recent significant reduction in the general availability of bank and capital markets funding.

The Group relies, in part, upon the effective management of its banking and other borrowing relationships and upon securing facilities across a number of lenders. Current committed facilities are sufficient to fund the Group's planned growth in new and existing markets through to 2015. There is, however, a risk that all or some of these facilities may not be refinanced in the future.

The capital markets in the countries in which the Group currently operates are less developed and subject to greater volatility than developed markets. There is also a risk that a market in which the Group operates may become illiquid or less liquid in cash, thereby limiting the Group's access to cash in that market. This could hinder the Group's ability to raise, renew and service its borrowings in that market and affect its ability to extend credit to customers (and, potentially, the Group as a whole if that market forms a substantial part of the Group's business). At the extreme, this could lead to a breach of banking covenants causing all outstanding facilities to fall due for repayment or the going concern status of the business being called into question.

Even with sufficient debt facilities at a Group level, local currency debt funding may not be available in each country or may only be available at a prohibitively high cost and it may not be possible to swap funding available to the Group in other currencies into local currency. The alternative of funding local currency receivables by borrowing in another currency may represent an unacceptable risk to the income statement or balance sheet of the Group.

Failure to secure liquid funding and ensure covenant compliance could adversely impact the Group's business, results of operations and financial condition.

Credit rating risk: Credit ratings are opinions on the Issuer's creditworthiness. The Issuer's credit ratings affect the cost and availability of its funding from capital markets and other funding sources. If the Issuer fails to maintain its current credit ratings, this could adversely affect its cost of funds and its access to capital markets.

Credit quality risk: The Group is exposed to risks associated with the uncontrolled deterioration in the credit quality of its customers which may be driven by, for example, socio-economic or customer-specific factors linked to economic performance. For instance, in 2009, the Group experienced a significant rise in impairment levels due to the global economic downturn. The impact of higher impairment levels on the profitability of the Group is likely to be exacerbated by a consequent reduction in the reservable customer population (those current customers with the potential to take a new loan) causing a rapid fall in the Group's revenue at a time of increased impairments.

Declining credit quality and increased impairment levels impact profitability, the number of reservable customers, and employee and agent engagement and could ultimately have a material adverse effect on the Group's business, results of operations and financial condition.

Counterparty risk: The Group has cash balances in the accounts of banks in all of its countries of operation to ensure sufficient cash availability to fund the short-term operation of the business. Although the Group has policies in place to mitigate

counterparty risk, including policies with respect to the minimum acceptable credit rating of institutions with whom the Group places cash, there is nevertheless a counterparty risk in terms of the institutions used.

Exchange rate fluctuations: The Group is subject to risks associated with exchange rate fluctuations. Although the Group is based in the United Kingdom and files its consolidated financial reports and accounts in sterling and pays dividends to shareholders in sterling, all of its existing operations are based overseas and most of its profits and losses are denominated in foreign currency. The sterling value of foreign currency denominated profits and losses cannot be effectively hedged in the long term and so exchange rate fluctuations may adversely affect the Group's income statement account, its reserves or future cash flows.

Additionally, the existing operations of the Group have net assets which are denominated in foreign currencies. The Group's policy is to use local currency borrowings to the maximum possible level to fund local currency assets to provide a natural hedge (either through direct borrowings or via currency transactions for funding raised in non-operational currencies). Any residual exposure remains unhedged. This residual unhedged exposure could adversely affect the Sterling value of the Group's net assets if the value of Sterling weakens against the currency in which the residual unhedged exposure is denominated.

Prior to the issuance of €225 million five-year bonds in August 2010, the Group managed any currency mismatch between borrowings and customer receivables by borrowing from its committed multi-currency bank facilities in the currency in which the customer receivables were denominated. The €225 million bond issuance resulted in a currency mismatch between the currencies in which the customer receivables of the Group are partly funded. The Group swaps the eurobond proceeds into the Group's operational currencies to provide intra-group funding to the Group subsidiaries. Exchange rate fluctuations may have the effect of reducing or removing the overall headroom on the Group's debt facilities (being the difference between eurobond proceeds and its multi-currency funding requirement). The majority of the Group's current bank facilities are denominated in foreign currencies, such that committed local currency funding is in place to partly fund local currency assets. A number of these facilities, including the Group's syndicated facility, can be drawn in alternative currencies (such as sterling or euro) on a committed or uncommitted basis. In addition, the Group has issued bonds denominated in Czech crowns and Romanian lei under this Programme which further mitigates the currency mismatch. There can, however, be no assurance that the Group will be successful in negating the potential impact of risks associated with volatility in foreign currency exchange rates. Such rates or changes could have a material adverse effect on the ability of the Group to fund its growth strategy, on the value of the Group's future cash flows required to pay dividends and on its results of operations and financial condition.

Interest rate fluctuations: To the extent that interest costs are not fixed or hedged on borrowings required to fund fixed rate loans to customers for the duration of the repayment period, there is a risk that increases in interest rates will reduce the profit margin on that credit advanced to customers.

In order to limit its net exposure to interest rate risk, the Group enters into hedging transactions. If the Group engages in hedging transactions, it will be exposed to risk of default by derivative counterparties.

There can be no assurance that the Group will be able to successfully manage the potential negative impact of risks associated with rapid interest rate changes. Such changes could have a material adverse effect on the Group's business, results of operations and financial position if, as a result of the Group's borrowings not being fixed or hedged, the costs of such borrowings rise whilst the fixed rate of interest on any loan to a customer which has been funded by such borrowings remains the same.

Cost inflation: The revenue which can be earned by the Group from the vast majority of its customer loans is fixed at the outset of that loan. However, most of the costs

attributable to that revenue are subject to inflation. Employee costs and branch and head office running costs will increase through a combination of earnings and price inflation and can erode profitability. Significant cost inflation coupled with failure by the Group to protect itself against such inflation could materially and adversely affect the results of the Group.

(c) *The Group is exposed to the risk of political or economic instability in the markets in which it operates.*

The Group has operations in Poland, the Czech Republic, Hungary, Slovakia, Romania (all of which are members of the European Union) and Mexico (which is a party to the North American Free Trade Agreement). These are developing markets undergoing rapid economic, political and social development.

The Group's operations are and will continue to be exposed to risks common to regions undergoing rapid political, economic and social change, including economic recession, currency fluctuations, exchange control restrictions, an evolving regulatory environment, inflation, tax regime changes, local market disruption and labour unrest. The prevailing political, economic and social conditions in a territory may significantly affect the general demand for loans, other credit services in that territory, the creditworthiness of the Group's customers and the regulatory and taxation regime in which the Group operates. Restrictions on the ability of the Group to freely move capital and dividends from subsidiaries to the holding company in the United Kingdom may inhibit or prevent the Group from meeting its obligations to repay loans or meet other obligations.

(d) *The Group's operations tend to be based in markets which include comparatively new legal and regulatory systems.*

The legal systems of most central and eastern European countries in which the Group operates and Mexico have undergone substantial change in recent years. In many cases, the interpretation of the new legal and regulatory systems is still being developed, which may result in existing laws and regulations being applied inconsistently. This leads to a greater risk of an unexpected adverse impact.

In some circumstances, it may not be possible to obtain timely legal remedies provided for under these laws and regulations. In the less developed markets in which the Group operates or may enter in the future, judicial and dispute resolution systems may be less developed. In case of a dispute, there may be difficulties in making and enforcing claims against customers or other contractual counterparties. If claims are made against the Group, there may be difficulties in defending such allegations. If the Group becomes party to legal proceedings in a market with an insufficiently developed judicial system, it may be difficult for the Group to make a reasonable qualification or quantification of any judicial or litigious proceedings, commenced or otherwise.

There can be no assurance that the Group will be able to mitigate successfully country risk in central and eastern Europe and in Mexico nor that political, economic and social developments in such territories will not have a material and adverse effect on the business, results of operations and financial condition of the Group or inhibit the Group's ability to implement its strategies.

1.2 The Group's business is subject to extensive regulation and associated regulatory and litigation risks (including the effects of changes in the laws, regulations, policies or their respective interpretations in the markets in which it operates) which could have a material adverse effect on the Group's business, results of operations and financial condition.

(a) *The Group may be affected by changes in financial services regulation, or other law, regulation, rules, guidance, codes of conduct, government policies and/or their respective interpretations applicable to the Group or affecting the industry and markets in which the Group operates.*

The Group's operations are subject to legislation, regulations, rules, guidance, codes of conduct and government policies in the jurisdictions in which it conducts business

and in relation to the products it markets and sells (for further information in relation to the regulation to which the Group is subject, see the “Regulatory Information” section of this document). Regulatory authorities have broad jurisdiction over many aspects of the Group’s business, marketing and selling practices, advertising and terms of business.

Financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group may change and, although the Group monitors developments, it cannot predict future initiatives or changes.

As with other financial services institutions, modifications to existing legislation, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations and/or new legislative and/or regulatory initiatives affecting the industry and markets in which the Group operates, may materially and adversely affect, amongst other things, the Group’s product range and activities, the sales and pricing of its products, the Group’s profitability, solvency and capital requirements and may give rise to increased costs of compliance. The total charges for the Group’s loans are higher than for loans provided by mainstream banks, reflecting the higher lending risk, the absence of default fees for missed payments on the majority of loan agreements and the high level of personal service provided by the agent. This can attract criticism and bring calls for statutory caps on charges made. The Group has responded to the introduction of caps on interest rate or APR by the use of its flexible product, the principal feature of which is that agent service is provided as a separate, optional service. Customers who choose agent service pay a service fee but do not pay default fees or additional interest charges for missed payments, whilst those who decide not to take agent service make repayments via the bank or post office but generally are liable to default fees for missed payments. Both the optional agent service fee and default fees generally fall outside of interest rate or APR caps in the markets in which the Group operates. If these charges were to be included within the scope of interest rate or APR caps, the Group’s profitability may be adversely affected and, if set at a sufficiently low level, the Group’s business model may no longer be profitable.

Potential legal and regulatory changes in relation to the Group’s business could include the introduction of further, or changes to existing, interest rate or APR (and other types of lending) restrictions, changes to usury or good moral laws, withdrawal of a key licence or removal of an entry from the relevant register, changes to the laws or regulations on, or prohibition of, doorstep lending, more restrictive product regulation, more stringent consumer credit legislation, responsible lending legislation, employment and health and safety legislation, implementation of new or more stringent licensing or registration procedures (for example, the introduction of financial intermediary licensing or the introduction or tightening of licensing requirements for non-banking financial institutions), broader grounds for challenges to the Group’s commercial practices or product terms and conditions by customers or interest groups and any other legal or regulatory changes designed to restrict the growth of credit in any given country in which the Group operates.

The Group’s operations in central and eastern European jurisdictions are exposed to a risk that courts could invoke civil law provisions in order to render void contracts that contain provisions that are entered into in bad faith or that are contrary to rules of social coexistence. Most countries also contain criminal law provisions that enable penalties to be imposed on those persons responsible for transactions that are deemed usurious.

Member States were obliged to amend or replace their existing consumer credit legislation in order to implement the provisions of a revised consumer credit directive, Directive 2008/48/EC (the “**CCD**”), by June 2010. The European markets in which the Group operates have all now implemented the CCD.

In some cases, the local implementing legislation differs slightly from the CCD and there is a possibility that local interpretation of the rules may vary. To date, the only significant impact of the CCD has been the increased amount of rebate payable in the event of early settlement.

The European Commission published guidelines in May 2012 relating to the application of the CCD. Although the guidelines are non-binding, it is nevertheless uncertain how national regulators and courts will interpret them and, accordingly, there is a risk that the Group's business could be adversely affected. In particular, there is a risk that the Group may be compelled to make further changes to its product structure in some markets in order to comply with the provisions dealing with calculation of APR. The European Commission has embarked upon a formal review of the implementation of the CCD which may have the potential for regulatory developments that could impact on the Group.

The Group's Romanian subsidiary, Provident Financial Romania Institutie Financiara Nebancara S.A. ("**Provident Romania**"), was registered in the General Register of Non-banking Financial Institutions ("**NBFIs**") kept by the National Bank of Romania for carrying out consumer credit activities on 3 August 2007. If an NBFi meets certain criteria, it must be registered in the Special Register held by the National Bank of Romania. To date, Provident Romania has not met these criteria and is not anticipated to do so for the foreseeable future. However, the Group may qualify for inclusion into the Special Register in the future if entry criteria are changed. If an NBFi is registered in the Special Register, it is obliged to observe stricter requirements contained in the Romanian NBFi Act (brought into force on 24 April 2009) and the NBFi Regulation (which relates to the application of the NBFi Act), not least around documentation requirements and a maximum loan-to-income ratio based on the consumer's taxable income. This may limit the size or volume of loans that the Group can make to its Romanian customers, thereby reducing profitability.

Provident Polska Spółka Akcyjna ("**Provident Polska S.A.**") (the Group's Polish subsidiary) currently offers a 'bancassurance' product to its customers. Bancassurance involves the distribution of insurance products via a financial institution, both parties sharing the commission. There is evidence that the risk of regulatory challenge for the Polish bancassurance market has been steadily increasing over time and there is concern that this market and Provident Polska S.A. could be at risk of challenge. Alternatives to the bancassurance product are currently being explored.

The Group may have to respond to any material changes in legislation or regulation which could potentially affect its business by adapting its business model or products in the relevant market. There can be no assurance, however, that the Group will be able to effectively respond to any such changes and this may affect the Group's operations and the conduct and success of its business in the relevant market. If the relevant market is a significant or important market to the Group, this may undermine the Group's expansion strategy and may have a material adverse effect upon the Group's business, results of operations and financial condition.

(b) *The Group may be subject to changes in tax laws or regulations, or their respective interpretations.*

Although the Group is headed by a UK holding company, the Group does not have substantial operations in the UK. This exposes the Group to the UK's international tax regime, including its controlled foreign companies regime, and makes the UK tax position more difficult to manage. The treatment of such international groups under UK tax law has been, and continues to be, subject to significant change. Changes in accounting rules could also significantly impact the Group's tax liabilities. Such changes in the tax environment and accounting rules could materially and adversely affect the Group's financial position and ability to achieve its business objectives.

Tax legislation and interpretation in the jurisdictions in which the Group operates have been subject to significant change. With respect to subsidiaries based in central and eastern Europe, this is due partly to EU accession. Coupled with this, a home credit

business has a number of unusual features which make it unclear as to how overseas tax authorities will tax certain aspects of the operations. For example, the rules which determine the extent to which tax relief for impairment is obtained are often very complex and in certain jurisdictions in which the Group operates have been subject to significant change. A restriction in the availability of tax deductions for impairment could significantly increase the Group's tax liabilities and reduce post-tax returns.

Adverse changes in, or conflicting interpretations of, tax legislation and practice in the different jurisdictions in which the Group operates, may lead to an increase in the Group's taxation liabilities and effective tax rate. As with other financial services institutions, the Group is subject to the risk of additional taxation arising from new taxes levied on the financial sector, either at a local level or at an EU level, including an EU Financial Activities Tax or Financial Transaction Tax, if implemented.

In the overseas markets in which the Group operates, certainty of tax treatment may be obtained only once the operation has been subject to tax audit and these take place irregularly, typically once every four to six years. The Group therefore typically carries a higher level of tax uncertainty than a similar group operating exclusively within the United Kingdom, where the tax authority carries out a review on an annual basis.

In October 2011, a tax audit was commenced in respect of one of the Group's Mexican subsidiaries for the year 2006. The taxation authority issued a preliminary ruling in late August 2012 which the relevant subsidiary has appealed. It is too early to assess the expected outcome. A tax audit has also recently commenced with respect to the same subsidiary for the year 2009. This is in its early stages and it is too early to assess the expected outcome.

Changes to taxation law, which includes rules governing indirect taxes, personal taxes and capital taxes, may also affect the attractiveness of certain products offered by the Group. This could result in a significant reduction in sales of those products which, in turn, could have a material adverse effect on the Group's business, results of operations and financial condition. As with other financial services institutions operating within the EU, changes to the VAT treatment of financial services may materially and adversely affect, among other things, the Group's sales and pricing of its products and the Group's profitability. The EC Commission is actively considering revisions to the current Directive governing the VAT treatment of insurance and financial services, and has issued a working paper and adopted a proposal for a Directive aimed at modernising and simplifying the complex VAT rules for financial and insurance services, although currently there is no firm timeline for implementation. Changes to the description of VAT exempt financial services may have a material adverse impact on the Group's VAT position in terms of the VAT status of supplies to customers and of services received from suppliers including agents.

(c) *The Group is, and in the future may be, subject to regulatory and legal actions or intervention in the ordinary course of its business.*

Information on the regulatory framework within which the Group currently operates can be found in the "Regulatory Information" section of this document.

The Group is subject to risks of regulatory investigations and proceedings and/or litigation in connection with its business.

Approximately 50 customer court claims have been brought challenging the validity of the Group's Slovak subsidiary's loans on the basis, *inter alia*, that the loans are unfair, misleading, contrary to good morals and usurious and that the APR is incorrectly calculated. More recently, the claims have been brought challenging the amount and validity of certain fees included in the loan agreement. Whilst the Group has had some success in defending the claims, there were two adverse rulings in May 2012 on the basis that the administrative fee and home collection fee are unfair. The Group is appealing the decisions. An unfavourable final ruling could result in changes to the Group's business model being required.

Regulatory and legal actions may be difficult to assess or quantify and may seek recovery of large or indeterminate amounts, which may remain unknown for substantial periods of time. In addition, such actions could result in adverse publicity for, or negative perceptions regarding, the Group or could affect its relations with current and potential customers, as well as divert management's attentions from the day-to-day management of the Group's business.

- (d) ***The Group could be subject to competition regulatory action or to a restriction on, or regulation of, its business activities if it is found to be dominant in a particular market or if a market in which it operates is not operating competitively.***

If any company within the Group was perceived to have a position of dominance, that company could be subject to challenge pursuant to competition laws which prohibit the abuse by a company of its dominant position. The application of those laws might constrain the relevant company's trade practices and, for example, might limit prices charged or limit the bundling of products. If any company within the Group was found to have abused any dominant position, it could be subject to regulatory action (which may, in the case of those companies breaching Article 102 of the Treaty on the Functioning of the European Union, include fines of up to 10 per cent. of the Group's worldwide turnover for the preceding business year) and to third party damages actions.

If local fair trading and/or competition authorities were to consider that any market in which a Group company operates is not functioning competitively, that market could be subject to investigation. The relevant authority might launch an investigation, for example, on the basis of a complaint it had received or because of its own concerns about the relevant market. It is possible that any such investigation could identify competitive weaknesses in the relevant market. If this were the case, the relevant authority would be able to require the industry participants to alter their practices, including by imposing controls on the company's pricing or other structural changes to products.

1.3 Changes in the small sum credit markets in any of the Group's markets and, in particular, an increase in competition in any of the Group's markets, may materially and adversely affect the business, results of operations and financial condition of the Group.

There is the risk of an increasing level of competition from existing or new competitors in the small sum credit markets in which the Group operates (in the home credit sector, small sum credit card sector and in other credit product sectors). The Group's business model, which has high direct and overhead costs, may become unsustainable in the face of competition from other lenders who operate business models with lower direct and overhead costs.

Competition from remote lenders for those customers at the higher socio-economic end of the home credit sector could intensify as the prime market matures and mainstream financial institutions seek to move down the credit ladder. Aspiring competitors may be prepared to offer remote-collection products in the small sum credit sector at lower prices than the Group is able to offer.

An increase in competition may reduce market share leading to increased costs of customer acquisition and retention, reduced credit issued, greater pressure upon the Group to recruit and retain high calibre staff, lower revenue and lower profitability.

2. Risks relating to the Group's business

2.1 The Group may incur losses or liabilities from the business failure of a counterparty and/or defective transactions or contracts, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may incur losses if a counterparty, such as a key supplier or operational partner, ceases to operate. There is a risk of business failure of a counterparty, such as an IT services outsourcer, which may cause significant disruption to the business or impact upon the Group's ability to operate.

Loss may arise or liabilities may be incurred from defective transactions or contracts, either where contractual obligations are not enforceable or are judged unlawful or do not allocate rights and obligations as intended, or are enforceable against the Group in an adverse way. This may arise in a number of ways.

The Group may incur losses if it cannot recover all or part of the debt from its customers because its contracts with those customers are held to be partly or wholly unenforceable. For example, local or national courts may find a customer contract to be in breach of anti-usury or “good morals” laws and regulation and therefore unlawful, thereby also increasing the risk that the number of claims by customers seeking to avoid their loan repayment will increase. Failure by the Group to sustain effective debt recovery methods or a loss in confidence of the Group to recover debt under its contracts with customers, by recourse to the courts or otherwise, could severely impede the Group’s business in the affected jurisdiction. In addition, there are ongoing developments at an EU level with regard to collective redress as a means of addressing mass consumer claims. Various proposals are being considered and, although it is too early to assess the potential impact of the EU initiatives on the Group’s business, there are specific legislative proposals already underway in Hungary, which, if passed, would introduce class actions for civil claims and may pose a risk of the relevant subsidiary being party to a collective dispute in the event that it commences litigation or if litigation is commenced against it. Similar provisions came into force in Poland in July 2010 and are now being considered in Romania. A system for the filing of class actions relating to, *inter alia*, infringement of consumer rights was also introduced in Mexico in February 2012.

In most territories, the home credit agent is treated as being self-employed rather than being an employee or agent of the relevant entity of the Group. In certain countries, however, business entities must perform their usual business activities through employees. There is a risk that the interpretation of employee or agent could be challenged; a challenge, if successful, may result in increased costs of operation for the Group and, at the extreme, may require the Group to reassess its home credit business model and/or discontinue its operations in the affected locality.

A challenge (on the basis that there is an employment relationship) to the self-employed status of the home credit agents could also, if successful, render the relevant entity within the Group liable to, amongst other things, fines for breach of the relevant legislation and additional taxation or social security payments on behalf of all persons whose status is reclassified from self-employed to employee.

Businesses within the Group could face penalties (financial or otherwise) if found to be in breach of legislation (at domestic or EU level) prescribing working conditions for employees (including, in particular, the number of working hours). Any such adverse decision could require the affected business to make changes to its employee and/or agent remuneration and structure.

2.2 Challenges to the tax treatment of arrangements amongst the companies in the Group could materially and adversely affect the Group’s financial and operating results.

In establishing new home credit operations overseas, the Group in the UK has provided the overseas operations with the know-how and intellectual property required to set up and run a successful home credit operation. The Group has also provided and continues to provide significant services and assistance to the overseas businesses both in the initial phases of the overseas operation and on a continuing basis, and also provides debt options guaranteeing the collectible value of Polish receivables in consideration for debt option fees. The Group also provides loan funding to certain of the Group’s overseas businesses and a guarantee of third party debt. The provision of the know-how, services, loans and guarantees is priced, for transfer pricing purposes, on what is considered to be an arm’s length basis. Whilst the pricing has been discussed in advance with HM Revenue & Customs, and the pricing methodology in respect of intra-group loans and the provision of guarantees of third party debt has been agreed with HM Revenue & Customs under an Advanced Pricing Agreement for the accounting periods through to 2015, the Group is nevertheless exposed to the risk of a challenge by tax authorities in respect of intra-group payments. To the extent

that such a challenge were to result in an adjustment to the taxable profits of one entity without a corresponding adjustment in the counterparty entity, or to the extent that the rate of tax in the jurisdiction in which the upward adjustment occurs is greater than the rate of tax in the jurisdiction in which the downward adjustment occurs, this would have an adverse impact on the Group's tax charge. It could also give rise to an exposure to interest on late paid tax which would represent an additional cost to the Group.

2.3 The business strategy of the Group, both in respect of existing markets and new markets, is subject to a number of risks which could have a material adverse effect on the Group's business, results of operations and financial condition.

(a) *The growth of the Group and its business performance depends in part upon the ability of the Group to penetrate successfully its existing markets, as well as stimulating and maintaining profitability in those markets.*

To achieve and sustain growth, the Group will need to respond successfully to economic cycles and changing preferences of its customer base in each of the markets in which it operates, offer products in those markets which are tailored to meet the needs of that market and successfully market those products. Successful performance of the Group's business model and customer growth as well as stimulation and maintenance of profitability in the Group's markets may be jeopardised by (i) a further or continuing global or local economic downturn which is likely to exacerbate business volatility and operating risk in some or all of the markets in which the Group operates, (ii) failing to respond successfully to competition, (iii) failing effectively to manage the process of addressing the target markets and acquiring customers, and (iv) failing to adapt the product ranges to changes in target markets and customer requirements.

The Group's strategy is to concentrate on expansion through a single product, the provision of home credit, because of the superior returns this is thought to provide. Although the Group does periodically review the possibility of providing other products, this concentration increases exposure to adverse regulatory or competitive threats.

(b) *The Group may be prevented from entry or misjudge entry into a new geographic market or may be prevented from acquisition or misjudge acquisitions in existing markets and/or new geographic markets.*

The Group may be prevented from entry into a new geographic market or may make an error in judgement of entry into a new geographic market, notwithstanding any research or pilot it undertakes beforehand. The Group may be prevented from acquisitions in new and/or existing markets or may make an error in judgement of an acquisition. The Group may be precluded from entry into a new geographic market and/or making an acquisition due to insufficient debt funding being available to fund expansion, or due to a lack of management and/or agent resource. The Group may not be able to successfully support its growth strategy in a newly entered geographic market and/or acquired business if it cannot recruit agents and well-qualified staff for those businesses. The Group may not be able to take advantage of market opportunities due to under-performance elsewhere in the Group's business. The Group may misjudge customer demand or requirements or it may not be able to respond to local conditions or competitive pressure so that its operations in new geographic markets or acquired businesses do not perform as expected.

If the Group consequently disposes of the acquired business or withdraws from a market (as it did in April 2009 following a pilot in Russia), the Group will incur costs of withdrawal and may have lost out on the opportunity of having instead entered another more appropriate market. The losses will be of greater magnitude if the Group makes such an error in relation to a number of markets or acquisitions and this could materially and adversely affect the Group's business, results of operations and financial condition.

Moreover, if future profits do not materialise on entry into a new market or the Group withdraws from the new market, effective tax relief for start-up losses will not be available and may lead to an adverse impact on the Group's tax charge.

- (c) ***The Group may misjudge the implementation of a new product group or customer acquisition channel or of a new pricing or credit assessment method or analytical tools and data.***

The Group may seek to introduce new product groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective and/or for whom more competitive pricing and more sophisticated underwriting processes are required. However, the Group may make an error of judgement in the conception, planning and/or implementation of these strategies and methods, which may materially and adversely affect its results of operations and financial condition.

- 2.4 Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people, employee relations, systems, the failure to manage change or key resources, the loss of key people, the inadequacy of business continuity planning, political or economic risks, or from other external events, such as fraud and the failure to realise cost savings initiatives. Operational risks are inherent in all of the Group's business units and if any of these operational risks should occur, they could have a material adverse effect on the Group's business, results of operations and financial condition.**

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either IPF or the Group will be unable to comply with its continuing obligations under the UK Listing Authority's Listing Rules, Disclosure Rules or Transparency Rules.

- (a) ***Possible risks to agent and employee safety could adversely affect the Group.***

Possible risks of personal injury to the Group's agents or employees could affect the ability of the Group to retain and engage agents or employees to perform home collection, or the ability or willingness of its managers to visit customers (either generally or in particular geographic areas), could give rise to an increase in personal injury claims against the Group and may damage the reputation, brands and profitability of the Group. It may also lead to a change in legislation, regulations, rules, guidance, codes of conduct and government policies relating to the health and safety of agents and employees performing home collection, which may require the Group to review its agent delivery and collection model and which may be adverse to the business, results of operations and financial condition of the Group. The personal safety of agents and other employees continues to be a priority of the Group, and to that end, the Group has implemented formal health and safety policies and procedures that are managed by designated safety managers in every market and overseen by a competent person at the Group's head office. Notwithstanding the aforementioned precautions taken by the Group, a small number of the Group's agents and employees have nevertheless sustained fatal or other personal injuries during the course of, or for reasons related to, their work for the Group over a number of years.

- (b) ***Possible risk relating to the breakdown of operating processes, systems or controls that underpin the Group's business model***

There is a risk that the Group's business model would not be scalable if the Group failed to apply it consistently or if there was a systematic breakdown of operating procedures, processes, systems or controls that underpin the model. The Group accepts that the growth of the business creates additional risk of operating underperformance. The Group only implements significant business change initiatives following a proven and approved champion/challenger business case and pilot. The Group operates a risk-based internal audit programme and also maintains a Risk Management Framework to ensure key operational risks are identified, measured, monitored and mitigated.

(c) Possible risk relating to the integrity of the Group's accuracy of reporting and the ability to produce appropriate reporting

The integrity of the Group's control and information systems requires that the financial position of the business is known accurately and in a timely fashion by management. The Group has an internal control framework and associated assurance mechanism to ensure that ongoing systems, controls and processes are operating as required, and will only implement significant changes to such controls and processes following an approved business case and pilot. However, there is still a risk these measures will fail to ensure the provision of accurate and timely data on the financial position of the business, which could lead to the Group's control and information systems being compromised, materially adversely affecting the Group's business.

(d) Failure to attract, motivate and retain high calibre agents, operational management and functional management and high quality and highly skilled personnel at all levels of the Group's business could materially adversely affect the Group, its business, results of operations and financial condition.

The Group is dependent on its ability to attract, motivate and retain high quality and highly skilled agents, operational management and functional management, key executives and senior to middle management. The Group is dependent on its key personnel, key executives and senior to middle management in order to sustain, develop and grow its business and there can be no assurances that these employees will remain with the Group.

The Group may expand into new products and markets in the future and such expansion can place a significant strain on existing management, employees, systems and resources. In particular, the success of the Group's strategy to expand into new geographic markets will depend to a large degree on bringing through existing middle management to more senior roles and successful recruitment at a senior level. As the Group grows, it will need to recruit and retain additional suitable personnel and failure to do so could result in a reduction in the Group's growth and profitability.

Moreover, the Group needs to continue to engage agents in order to service existing customers and to seek new business at a pace which serves both the Group's existing requirements at any given time as well as any future policy for expansion. The success of the Group's strategy to expand the business will depend on the ability to identify, engage, motivate and incentivise a sufficient number of high calibre agents to enable the Group to achieve increased scale and expand into new geographic markets in the future.

The Group also needs to be able to retain its agents and operational managers. Experience has shown that the longer an agent or operational manager remains with the Company, the better he or she performs. Experienced agents also promote customer loyalty through developing relationships with their customers and through subsequent loans to customers.

The Group aims to have sufficient depth of personnel able to implement the strategy of the Group. However, the loss of key personnel or of a substantial number of talented employees or an inability to attract, retain and motivate the calibre of agents, operational managers and employees required for the continuation of, and the expansion of, the Group's activities (as a result of, for example, increased employee competition at the local level, a lack of senior manager opportunities or failure to provide adequate rewards), could cause disruption to the Group's business and have a material adverse effect on its business, growth prospects, results of operations and financial condition.

(e) System and technological failures or ineffectiveness, failure of business continuity planning, corruption of databases and service disruption may occur and could result in additional administrative and remediation costs, loss of business and profits, and/or cause reputational damage to the Group.

The Group's business depends on its ability to process a large number of transactions efficiently and accurately. The Group's ability to develop business intelligence systems,

to monitor and manage collections, to maintain financial and operating controls, to monitor and manage its risk exposures across the Group, to keep accurate records, to provide high-quality customer service and to develop and sell profitable products and services in the future depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems, including its information technology and the successful development and implementation of new systems.

However, in common with information technology systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This may result in a loss of data and a failure to provide quality service to customers. The Group's information technology, databases and other systems may be subject to damage or interruption from earthquakes, volcanic eruptions, floods, fires, power loss, telecommunication failures and similar events as well as to damage from the introduction to its systems of incorrect programming language by its employees and contractors. These systems may also be subject to computer viruses, physical or electronic break-ins, sabotage, vandalism and similar misconduct. The same is true of third party service providers and software providers on which the Group depends.

The Group has in place certain business continuity plans to guard against service disruptions. However, the Group's business continuity plans may prove to be inadequate.

If any of the above risks materialise, the interruption or failure of the Group's information technology and other systems could impair the Group's ability to provide its services effectively causing direct financial loss and may compromise the Group's strategic initiatives. In addition, it could damage the Group's reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Group's ability to collect loan repayments from customers and to attract new and retain existing customers. Technology failure or underperformance could also result in a higher number of customer and agent disputes and may increase the Group's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate, would have a material adverse effect on the Group's operations and financial situation and may damage its reputation and brand.

(f) *The Group may be adversely affected by the failure to manage change.*

In order to successfully implement its development and growth strategy, the Group has established certain procedures in order to manage changes that may be required to the Group's existing business and operations. These include system pilots, compliance frameworks, monitoring programmes, audits and regular progress reporting. Despite these controls, however, a new project, system, product or guide may fail to deliver the business benefits required to implement the Group's business model and/or growth strategy. A failure in the Group's change management can be for reasons such as non-compliance with best practice, technology failure, unexpected changes in external conditions and resource constraints. Failure to deliver on the Group's change programme could have a material adverse effect on its business, results of operations and financial condition.

(g) *Pandemics may adversely affect the Group.*

A pandemic outbreak may threaten the Group's agent delivery and collection model in some or all of the markets in which the Group operates depending on the severity of the outbreak and the restrictions on movement put in place by national governments and/or the World Health Organization. The severity of a pandemic is inherently unpredictable. A large-scale pandemic could have a material adverse effect on the Group's business, results of operations and financial condition. The extent of the Group's losses is dependent on a number of factors, including, but not limited to, the number of customers and employees affected, the severity of the health risks

associated with a particular pandemic, the extent of national and international travel restrictions, the nature of restrictions on home collection and the length of employee absence. The Group has policies in place to protect itself against the effects of pandemics, but there can be no guarantee these would be adequate.

(h) *Catastrophes and weather-related events may adversely affect the Group.*

The Group's business relies on the ability of agents to collect and arrange loans, and on customers having sufficient household income to repay those loans. Catastrophes and weather-related events including, but not limited to, earthquakes, volcanic eruptions, severe storms, flooding and prolonged periods of snow or freezing weather affect both the ability of agents to arrange and collect loans, as well as the ability of customers to repay loans if their household income is significantly reduced as a result. The incidence and severity of catastrophes and weather-related events are inherently unpredictable. Catastrophes and weather-related events, therefore, may have a material adverse effect on the Group's consolidated financial condition, results of operations and cash flows.

(i) *The Group may be affected by disputes with or the failure of adequate provision of services by key third party suppliers.*

As with other retail financial services groups, disputes arising with, or failure of adequate provision of services by, third parties who provide ancillary services which are material to the Group's business (for example, the provision of equipment, software and associated services in connection with the FOCUS transaction and arrears management software) may cause disruption to the Group's operations, result in losses, may lead to incurred legal and court costs and also detract management's time from the Group's business, thereby affecting it, its results of operations and financial condition.

2.5 *The success of the Group's business is dependent on the Group's brands and reputation. Damage to the Group's brands or reputation or a decline in customer confidence in the Group or its products could have a material adverse effect on the Group's business, results of operations and financial condition.*

The Group's success and, in particular, sales and collection are dependent, in part, upon the strength of the Group's brands and the reputation of its business. The Group operates a business model where integrity and customer trust and confidence are vitally important. The Group could suffer damage to its reputation and brands as a result of adverse publicity in connection with, for example, the perception of unreasonably high charges (when compared with prime market providers and non-home credit products) for its home credit products and/or adverse publicity could derive from the activities of legislators, pressure groups and the press in spite of high levels of satisfaction amongst its customers. Such adverse publicity could directly affect customer willingness to take Group products or make contractual repayments, make it more difficult for the Group to recruit and retain management, employees and agents and thereby directly affect profitability. It could also adversely affect its ability to engage and retain agents. Unfavourable publicity could in turn lead to increased pressure for changes to regulation of the consumer credit industry in the relevant market, with material and adverse consequences on the Group's business, results of operations and financial condition.

2.6 *Impairment of the value of intellectual property or failure to maintain database integrity could diminish the competitive position of the Group, which could have a material adverse effect on the Group's business, results of operations and financial condition.*

If there is any unauthorised use or infringement of the Group's intellectual property rights and the Group fails to enforce such rights, or the Group fails to maintain its database rights and the database's integrity, the value of the Group's products and services could be diminished, its competitive position could be adversely affected and its business may suffer.

Third party rights in respect of the “Provident” name may exist in some countries in which the Group does business or intends to do business in the future. If such third party right owners brought infringement proceedings, the Group’s right to use the “Provident” name in such countries may be restricted or impaired.

There are also risks inherent in using the same name as another entity, as the Group may suffer the adverse consequences of any damage to the “Provident” name caused by such other entity.

If the Group discloses the source code of any material software which it owns or is licensed to use (for example, the FOCUS transaction and arrears management software), the value of such software may be impaired. If the Group develops software using external consultants and fails to enter into appropriate licence or assignment agreements, or uses third party software other than as permitted by the relevant licence, its right to use such software may be impaired and there may be a risk of infringement of third party rights.

2.7 Failure by a member of the Group to comply with privacy and data protection laws and regulation may lead to action being taken against that member and/or the Group which could have a material adverse effect on the Group’s business, results of operations and financial condition.

The Group relies on the collection and use of information from customers to conduct its business. It discloses its information collection and usage practices in a published privacy policy on the websites of its operating entities, which may be modified from time to time to meet operational needs, changes in the law or industry best practice. Companies within the Group may be subject to investigative or enforcement actions by data protection authorities, legal claims and reputational damage if they act or are perceived to be acting inconsistently with the terms of the privacy policy, customer expectations or applicable law. In addition, concern among customers about the Group’s privacy practices could deter them from using its services and require the alteration of its business practices with attendant costs and possible loss of revenue.

Concerns may be expressed about whether the Group’s use of data compromises the privacy of customers. Concerns about the Group’s collection, use or sharing of personal information or other privacy-related matters, even if unfounded, could damage its reputation and operating results.

Data protection legislation and regulation in the jurisdictions in which the Group operates may change in the future and impose new burdensome requirements, compliance with which may increase the Group’s costs or require it to change the way it conducts business with attendant costs and possible loss of revenue.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

3. Risks related to the structure of a particular issue of Notes

3.1 Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

3.2 Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

3.3 Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Higher volatility can in turn depress the market value of such securities, as price volatility is an unattractive feature of an investment for an investor seeking stable returns.

4. Risks related to Notes generally

4.1 Instruments subject to redemption for tax reasons

In the event that the Issuer or any Guarantor has or will become obliged to increase the amounts payable in respect of any Notes or Coupons due to any withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision or authority thereof or therein having power to tax, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or authority thereof or therein having the power to tax, or any change in the application or interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first tranche of the relevant series of Notes, the Issuer may redeem all of the outstanding Notes of the relevant series in accordance with their Terms and Conditions.

4.2 Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such, (iii) the substitution of another company in place of the Issuer as principal debtor under the Notes in the circumstances described in Condition 11 of the Terms and Conditions of the Notes or (iv) the release of a Guarantor or the accession of a new Guarantor in certain circumstances.

4.3 EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person established within its jurisdiction to, or collected by such a person for, an individual or certain other persons resident in that other Member State. However, for a transitional period, certain Member States may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments, subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld. The ending of such transitional period is dependent upon the conclusion of certain other

agreements relating to information exchange with certain other countries. A number of non-EU countries and territories have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, none of the Issuer, any Guarantor, any Paying Agent or any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. However, the Issuer and the Guarantors are required, pursuant to Condition 7(e)(vii) of the Notes, to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, provided that the Issuer and the Guarantor shall not be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one Member State does not require a paying agent making payments through a specified office in that Member State so to withhold or deduct tax whether pursuant to the Savings Directive, under the law of that Member State or otherwise. The Savings Directive does not prevent Member States from levying other types of withholding tax.

4.4 Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes. Any such change could adversely impact the value of the Notes by, for example, calling into doubt in some way any of the rights and remedies under English law available to Noteholders as at the date of issue of their Notes, and which were therefore an intrinsic element of the value ascribed to such Notes at the date of issue.

4.5 Bearer Notes where denominations involve integral multiples

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination (as defined in the Conditions). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

5. Risks related to the market generally

5.1 The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

5.2 Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantors will make payments in the Specified Currency (as defined in the "Terms and Conditions of the Notes" section of this document). This presents certain risks relating to currency conversions if an investor's

financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency equivalent yield on the Notes, (2) the Investor’s Currency equivalent value of the principal payable on the Notes and (3) the Investor’s Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

5.3 Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

When prevailing market interest rates rise, the principal value of Fixed Rate Notes may fall as the yield on the Fixed Rate Note moves up to a similar level to the interest rate which an Investor may achieve through investment in another form of debt instrument bearing interest at the then prevailing market rate.

5.4 Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

6. Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

7. Foreign account tax compliance withholding

Under Sections 1471 through 1474 of the US Internal Revenue Code (“**FATCA**”), the Issuer or, as the case may be, any Guarantor (and other non-US financial institutions through which payments on the Notes are made) may be required to withhold US tax at a rate of up to 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of the Notes unless, in each case, the recipient of the payment complies with certain certification and identification requirements.

FATCA is particularly complex and the full extent of its application in general, and its potential application to the Issuer or the Notes, remains to a degree uncertain at this time. The description set out here is based in part on proposed regulations and official guidance that is subject to change.

If an amount were to be deducted or withheld from interest, principal or other payments on the Notes on account of FATCA, neither the Issuer (nor, as the case may be, any Guarantor) nor any paying agent nor any other person would, pursuant to the Terms and Conditions, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, if payments in respect of the Notes are subject to FATCA withholding, investors may receive less interest, principal or other payments (as the case may be) than expected.

On 12 September 2012, the United Kingdom and the United States entered into the Intergovernmental Agreement to Improve International Tax Compliance and to Implement FATCA (the “**Agreement**”). On 18 September 2012, HM Revenue & Customs launched a consultation on implementing the Agreement into UK law, which is expected to be done as part of the Finance Bill 2013.

8. Holding CREST Depository Interests

Investors may hold interests in the Notes through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”) through the issuance of dematerialised depository interests (“**CDIs**”) issued, held, settled and transferred through CREST, representing interests in the Notes underlying the CDIs (the “**Underlying Notes**”). Holders of CDIs (the “**CDI Holders**”) will hold or have an interest in a separate legal instrument and not be the legal owners of the Underlying Notes. The rights of CDI Holders to the Underlying Notes are represented by the relevant entitlements against CREST Depository Limited (the “**CREST Depository**”) which (through CREST International Nominees Limited (the “**CREST Nominee**”)) holds interests in the Underlying Notes. Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians. The enforcement of rights under the Underlying Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

CDIs are constituted under English law and transferred through CREST and will be issued by the CREST Depository pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the “**CREST Deed Poll**”). The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll. Potential investors should note that the provisions of the CREST Deed Poll, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”) and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service (the “**CREST Rules**”) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (the “**CREST International Settlement Links Service**”). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service. Potential investors should note that none of the Issuer, the Guarantors, the Arranger, the Dealers, the Trustee or the Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations. The CDIs are not the subject of this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 7 December 2012 between the Issuer, IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited (as "**Guarantors**") and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 7 December 2012 has been entered into in relation to the Notes between the Issuer, the Guarantors, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

1. Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon, provided that, in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €1,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. **No Exchange of Notes and Transfers of Registered Notes**

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholder’s option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery

or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called or put for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Guarantees and status of Notes

- (a) **Guarantee:** The Guarantors have unconditionally and irrevocably guaranteed, on a joint and several basis, the due payments of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and Coupons. Their obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed.
- (b) **Status:** The Notes and the Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them and of the Guarantors under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantors respectively, present and future.

4. Covenants

- (a) **Negative Pledge:** So long as any of the Notes remains outstanding (as defined in the Trust Deed) the Issuer and the Guarantors will not, and will procure, so far as they can by the proper exercise of voting and other rights or powers of control exercisable by them in relation to their respective Subsidiaries, that no such Subsidiary will, create or permit to subsist any mortgage, charge, pledge, lien or other encumbrance (other than any arising by operation of law) (a “**Security Interest**”) upon the whole or any part of their respective undertakings or assets (present or future) to secure any Relevant Indebtedness (as defined below) or to secure any guarantee or indemnity given by the Issuer or any Guarantor or any of their respective Subsidiaries in respect of any Relevant Indebtedness, without at the same time as, or prior to, the creation of such Security Interest according to the Notes and the Coupons, to the satisfaction of the Trustee, the same security or such other arrangement (whether or not it includes the creation of a Security Interest) as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders save that the Issuer or any Subsidiary may create or have outstanding (without any obligation to secure the Notes or Coupons) a Permitted Security Interest.

In this Condition 4(a):

“**Group**” has the meaning given to it in Condition 10;

“**Permitted Security Interest**” means a Security Interest on the undertaking or assets of a company acquired by a member of the Group after the Issue Date, provided that such Security Interest was not created in contemplation of such acquisition and the principal amount secured by such Security Interest is not subsequently increased (or any Security Interest renewing or replacing the same);

“**Relevant Indebtedness**” means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities and which is for the time being, or is capable of being, quoted, listed, dealt in or traded on a stock exchange or over the counter or other recognised securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness; and

“**Subsidiary**” has the meaning given to it in Condition 10.

- (b) **Maintenance of Consolidated EBITA to Consolidated Interest Payable Ratio:** So long as any of the Notes remains outstanding, the Issuer will not permit the ratio of Consolidated EBITA to Consolidated Interest Payable, as each is determined on a Rolling Twelve Month basis ending as of each Year-End Date and Semi-Annual Date, to be less than 2.0 to 1.0.
- (c) **Maintenance of Consolidated Total Borrowings to Consolidated Net Worth Ratio:** So long as any of the Notes remains outstanding, the Issuer will not permit the ratio of Consolidated Total Borrowings to Consolidated Net Worth to be greater than 3.75 to 1.0 as of each Year-End Date and Semi-Annual Date.
- (d) **Information:** The Issuer has agreed in the Trust Deed, so long as any of the Notes remains outstanding:
- (i) **Financial statements**
to supply to the Trustee, as soon as available, but in any event not later than:
- A. 120 days after each Year-End Date, a copy of its annual report containing its audited consolidated and unconsolidated, as applicable, financial statements for that financial year; and
- B. 90 days after each Semi-Annual Date, a copy of its unaudited consolidated interim semi-annual financial statements for that financial half-year;
- (ii) **Compliance certificate**
- A. to supply to the Trustee, with each set of financial statements delivered pursuant to Condition 4(d)(i), a compliance certificate setting out (in reasonable detail) computations as to compliance with Conditions 4(b) and (c) above as at the date as at which those financial statements were drawn up; and
- B. that each compliance certificate shall be signed on behalf of the Issuer (but without personal liability) by two directors or a director and the secretary of the Issuer.
- The Trustee shall be entitled to rely on such compliance certificates or any certificate delivered under Condition 4(d)(iii) without further investigation or liability and will not otherwise be responsible for monitoring compliance with Conditions 4(b) and 4(c);
- (iii) **Requirements as to financial statements**
that it shall procure that each set of consolidated financial statements of the Issuer delivered pursuant to Condition 4(d)(i) is prepared using IFRS unless, in relation to any set of financial statements, it gives notice to the Trustee and to

the Noteholders in accordance with Condition 16 that there has been a change in generally accepted accounting principles in the United Kingdom and it delivers to the Trustee:

- A. a description of any change necessary for those financial statements to reflect IFRS; and
- B. a certificate signed by two directors or a director and a secretary of the Issuer setting out (in reasonable detail) the relevant computations and certifying that Conditions 4(b) to (d) have been complied with; and

(iv) Information: miscellaneous

to supply to the Trustee a copy of all documents dispatched by the Issuer to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched.

In these Conditions 4(b) to (d):

“**Consolidated EBITA**” has the meaning given to it in Condition 10;

“**Consolidated Interest Payable**” means, in respect of any period, the aggregate of all amounts of interest and equivalent financial expenses of the Issuer or its Subsidiaries payable to persons who are not the Issuer or such a Subsidiary (calculated on a consolidated basis but after deducting any interest receivable from persons who are not the Issuer or such a Subsidiary) attributable to such period and shall include:

- (i) any discount, fees and any element attributable to interest comprised in payments to lessors under Finance Leases or to owners under hire-purchase agreements; and
- (ii) without limitation and for the avoidance of doubt, any amounts of such interest and expenses which may have accrued in any such period and which are payable in a later period but are attributable to such period,

as determined in accordance with IFRS.

In calculating Consolidated Interest Payable for any period, due account shall be taken of (and a consequential adjustment, whether positive or negative, shall be made to reflect) the net benefit or loss (as the case may be) to the Issuer and its Subsidiaries for or in respect of any payments accruing to or from them in such period pursuant to any settlements due on interest rate swaps, hedging or analogous contracts for the mitigation of interest rate fluctuations or movements which they have entered into with third parties in respect of Moneys Borrowed but any item of income or expense that is material (either individually or in aggregate) and either of an unusual or a non-recurring nature shall be excluded, in each case, as determined in accordance with IFRS;

“**Consolidated Net Worth**” means, at any time, as determined in accordance with IFRS, the aggregate of:

- (i) the amount paid up or credited as paid up on the issued share capital of the Issuer; and
- (ii) the amount standing to the credit of the consolidated capital, revenue and other reserves of the Group (including, without limitation, share premium and retained earnings),

but after:

- (a) deducting all amounts attributable to minority interests;
- (b) excluding any amounts derived from writing up the book value of any fixed assets to the extent otherwise included in paragraph (ii) above (save for amounts arising from a formal revaluation carried out by an independent and duly qualified valuer);

- (c) excluding the effect under IAS 32 and IAS 39 of the fair valuation of derivative assets and liabilities;
- (d) excluding any defined benefit (or similar) pension scheme surplus or deficit and any other items relating to any defined benefit (or similar) pension scheme to the extent otherwise included in paragraph (ii) above; and
- (e) making any such adjustments as may be necessary to measure Moneys Borrowed in accordance with paragraphs (i) and (ii) of the definition of Consolidated Total Borrowings;

“**Consolidated Total Borrowings**” means, at any time, the aggregate of the amount of Moneys Borrowed of the Issuer and its Subsidiaries determined on a consistent basis (and determined in accordance with IFRS) and eliminating inter-company items and (to the extent not otherwise required by IFRS) items arising under netting arrangements which are subject to contractual rights of set-off.

For the purposes of this definition:

- (i) Moneys Borrowed shall be measured at their principal amount and not their amortised amount (whether or not such Moneys Borrowed are the subject of a fair value hedge in accordance with IAS 39); and
- (ii) where Moneys Borrowed are denominated in a currency other than sterling and are matched by a cross-currency swap which contains a contracted exchange rate to sterling, such Moneys Borrowed will be translated at the rate of exchange provided in the relevant cross-currency swap contract and not at the closing rate;

“**Finance Lease**” means any lease entered into by any member of the Group as lessee which would be classified as a “finance lease” under IFRS;

“**Gross Tangible Assets**” has the meaning given to it in Condition 10;

“**Group**” has the meaning given to it in Condition 10;

“**IAS 32**” has the meaning given to it in Condition 10;

“**IAS 39**” has the meaning given to it in Condition 10;

“**IFRS**” has the meaning given to it in Condition 10;

“**Moneys Borrowed**” has the meaning given to it in Condition 10;

“**Rolling Twelve Months**” means a period of twelve consecutive calendar months treated as a single accounting period;

“**Semi-Annual Date**” means the last day of the first six-month period of each financial year of the Issuer;

“**Subsidiary**” has the meaning given to it in Condition 10; and

“**Year-End Date**” means the last day of each financial year of the Issuer.

5. Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).
- (b) **Interest on Floating Rate Notes:**
 - (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such

interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to Screen Rate Determination.

Screen Rate Determination for Floating Rate Notes

- (x) the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as above, with the reference to 11.00 a.m. being taken to be the Relevant Time specified in the Final Terms in the Relevant Financial Centre specified in the Final Terms.

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London

office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, or if the Reference Rate is other than LIBOR or EURIBOR, the principal Relevant Financial Centre's office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is other than LIBOR or EURIBOR, at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or if the Reference Rate is other than LIBOR or EURIBOR, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or if the Reference Rate is other than LIBOR or EURIBOR, the Relevant Financial Centre's inter-bank market as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is other than LIBOR or EURIBOR, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or if the Reference Rate is other than LIBOR or EURIBOR, the Relevant Financial Centre's inter-bank market as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of

such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (e) **Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.0000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the

Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (h) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee may do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The Trustee shall not be liable for any delay in so doing or any loss arising as a result thereof.
- (i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual – ISDA”** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

- (viii) if “**Actual/Actual-ICMA**” is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“**Euro-zone**” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Community, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means either LIBOR, LIBID, EURIBOR, WIBOR, PRIBOR, ROBOR, BUBOR, TIIE or LIMEAN, each for the relevant period, as specified hereon.

“Relevant Financial Centre” has the meaning specified hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Relevant Time” has the meaning specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) **Final Redemption:**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount).

(b) **Early Redemption:**

(i) *Zero Coupon Notes:*

- (a) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (b) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (c) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 or more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it (or, if the Guarantee was called, a Guarantor) has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or authority thereof or therein having power to tax, including any treaty to which the United Kingdom is a party, or any change in the application or interpretation of such laws or regulations, including a decision of any court or tribunal and any generally published pronouncements by any tax authority, which change, amendment or pronouncement becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor(s), as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.
- (d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Redemption Following Change of Control:** If Change of Control Put is specified hereon and a Change of Control Put Event occurs, the holder of any such Note will have the option (a **“Change of Control Put Option”**) (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(c) or 6(d) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the Change of Control Put Date (as defined below) at 101 per cent. of its nominal amount together with interest accrued to (but excluding) the Change of Control Put Date.

A **“Change of Control Put Event”** will be deemed to occur if:

- (i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each such event being a **“Change of Control”**);
- (ii) on the date (the **“Relevant Announcement Date”**) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry:
- A.** a credit rating from any Rating Agency provided by such Rating Agency at the invitation of the Issuer and any such rating is, within the Change of Control Period, either downgraded by one or more rating categories (*from BB+ to BB or such similar lowering*) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) restored to its earlier credit rating or better by such Rating Agency (in each case, regardless of whether any other Rating Agency maintains and does not downgrade any other credit rating assigned to the Notes); or
- B.** no credit rating and a Negative Rating Event also occurs within the Change of Control Period; and
- (iii) in making any decision to downgrade or withdraw a credit rating pursuant to paragraph (A) above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and the Trustee, if so requested by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a **“Change of Control Put Event Notice”**) to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Bearer Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the **“Change of Control Put Period”**) of 30 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **“Change of Control Put Notice”**). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration

of the Change of Control Put Period (the “**Change of Control Put Date**”), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 14) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 6(f) shall be treated as if they were Notes.

To exercise the Change of Control Put Option, the holder of a Registered Note must deposit the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Change of Control Put Notice obtainable from the Registrar or any Transfer Agent within the Change of Control Put Period. No Certificate so deposited and option so exercised may be withdrawn without the prior consent of the Issuer. Payment in respect of any Certificate so deposited will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

If 85 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(f), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Change of Control Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at 101 per cent. of their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to paragraph (ii) or (iii) above or pursuant to the definition of Negative Rating Event below, and, until it shall have notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

In this Condition 6(f):

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control or, where a Rating Agency has publicly announced that the Notes are under consideration for rating review or, as the case may be, rating (such public announcement being within the period ending 90 days after the Change of Control), the later of (i) such 90th day after the Change of Control and (ii) the date falling 60 days after such public announcement;

a “**Negative Rating Event**” shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either

prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer, from a Rating Agency or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least the Negative Rating Event Specified Rating specified hereon (or, where a rating was ascribed to the Notes on the Issue Date (the “**Initial Rating**”), a rating that is one rating category lower than the Initial Rating) by the end of the Change of Control Period from a Rating Agency;

“**Rating Agency**” means Moody’s Investors Service Limited (“**Moody’s**”), Fitch Ratings Ltd. (“**Fitch**”) or Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”) or any of their respective successors or any rating agency (a “**Substitute Rating Agency**”) substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee; and

“**Relevant Potential Change of Control Announcement**” means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

If the rating designations employed by any of Moody’s, Fitch or S&P are changed from those which are described in the definition of “Negative Rating Event” above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody’s, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody’s, Fitch or S&P and this Condition 6(f) shall be construed accordingly.

- (g) **Purchases:** The Issuer, the Guarantors and any of their respective Subsidiaries may at any time purchase the Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantors or any of their respective Subsidiaries may, at the option of the Issuer, be held or may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Notes held by or on behalf of the Issuer, the Guarantors or any of its or their respective Subsidiaries shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders or for the purposes of Condition 10.

7. Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

- (b) **Registered Notes:**
- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
 - (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives; and (ii) any withholding or deduction imposed by sections 1471 through 1474 of the US Internal Revenue Code (“**FATCA**”) or any agreement entered into pursuant to FATCA but, in each case, without prejudice to the provisions of Condition 8. No commission or expenses in each case shall be charged to the Noteholders or Couponholders in respect of such payments. Except to the extent that the Issuer or any Guarantor is required to pay any additional amounts under Condition 8 on account of a withholding or deduction, neither the Issuer nor any Guarantor will be required to pay any additional amounts on account of a withholding or deduction and, accordingly, the Issuer or the relevant Guarantor shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had actually been paid to the Noteholder or Couponholder.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantors and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantors and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantors reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer and the Guarantors shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least one major European city, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vii) a Paying Agent (which, for the avoidance of doubt, may be one of the Paying Agents referred to in (v) or (vi)) with a specified office in a Member State that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC (the “**Savings Directive**”) or any other directive implementing the

conclusions of the ECOFIN Council meeting of 26-27 November 2000, provided that the Issuer and the Guarantors shall not be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one Member State does not require a paying agent making payments through a specified office in that Member State so as to withhold or deduct tax whether pursuant to the Savings Directive, under the law of that Member State or otherwise.

In addition, the Issuer and the Guarantors shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
 - (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London, in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer or any Guarantor in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision or authority thereof or therein having power to tax unless such withholding or deduction is required by law. In that event, except to the extent that the withholding or deduction is made in respect of FATCA, or any agreement entered pursuant to FATCA, the Issuer or, as the case may be, the Guarantors shall pay such additional amounts as shall result in the receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to anything done (including any withholding or deduction made) under or pursuant to FATCA or with respect to any Note or Coupon:

- (a) **Other connection:** presented for payment or held by, or by a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the Savings Directive or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such directive; or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to

include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. Prescription

Claims against the Issuer or any Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) and the Guarantee shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so directed by the holders of at least one-fifth in nominal amount of the Notes then outstanding or by an Extraordinary Resolution of the Noteholders shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction (but, in the case of the happening of any of the events mentioned in paragraph (b) below and, in relation to a Material Subsidiary, any of the events mentioned in paragraphs (c) to (i) inclusive below, only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

- (a) default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes;
- (b) the Issuer or any Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except where the Trustee considers such failure to be incapable of remedy) such failure continues for the period of 30 days after written notice of such failure shall have been given to the Issuer and the Guarantors by the Trustee requiring the same to be remedied;
- (c) any Moneys Borrowed owing by the Issuer or any Guarantor or any Material Subsidiary is validly declared to be due and payable prior to the date on which the same would otherwise become due and payable by reason of an event of default (howsoever described) in relation thereto or the Issuer or any Guarantor or Material Subsidiary defaults in the repayment of any Moneys Borrowed at the maturity thereof as extended by any applicable grace period (or in the case of any Moneys Borrowed payable on demand, within seven days of such demand) or if any guarantee or indemnity in respect of Moneys Borrowed of any party given by the Issuer or any Guarantor or any Material Subsidiary shall not be paid when due and called upon (as extended by any applicable grace period), provided that the aggregate amount of the relevant Moneys Borrowed, guarantees and indemnities in respect of which one of the events mentioned in this paragraph (c) has occurred exceeds £5,000,000 (or its equivalent in any other currency or currencies as at the date the same became due and payable or the relevant event of default occurs or such payment is not made) and, in any such case, the liability of the Issuer, Guarantor or Material Subsidiary is not being contested in good faith;
- (d) an administrator is appointed in relation to the Issuer or any Guarantor or any Material Subsidiary or a final order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any Guarantor or any Material Subsidiary or other analogous bankruptcy or insolvency proceedings and, where possible, is not discharged or stayed within a period of 30 days (in each case except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, consolidation or voluntary winding-up either (i) on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary (other than a Guarantor), the result of which will be that all or substantially all of the Material Subsidiary’s assets and undertaking will be transferred to or otherwise be vested in another solvent entity within the Group which is or thereupon becomes a

Material Subsidiary. If any two directors of such transferee entity certify that, in their opinion, such entity is solvent, the Trustee shall be entitled to rely on such certification without further investigation or liability);

- (e) the Issuer or any Guarantor or Material Subsidiary becomes insolvent within the meaning of section 123(1)(e) of the Insolvency Act 1986 or is determined by any competent court to be insolvent or bankrupt;
- (f) any kind of composition, scheme of arrangement, compromise or other similar arrangement involving the Issuer or any Guarantor or Material Subsidiary and its non-Group creditors generally is entered into or made or any moratorium is agreed or is declared or comes into effect in relation to all or substantially all of the debts of the Issuer or any Guarantor or Material Subsidiary owing to non-Group creditors (in each case except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, consolidation or voluntary winding-up either (i) on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary (other than a Guarantor), the result of which will be that all or substantially all of the Material Subsidiary's assets and undertaking will be transferred to or otherwise be vested in another solvent entity within the Group which is or thereupon becomes a Material Subsidiary. If any two directors of such transferee entity certify that, in their opinion, such entity is solvent, the Trustee shall be entitled to rely on such certification without further investigation or liability);
- (g) an administrative or other receiver or other similar official is appointed in relation to the whole or substantially the whole of the undertaking, property and assets of the Issuer or any Guarantor or Material Subsidiary as a consequence of bankruptcy or insolvency;
- (h) a distress, execution or any similar proceedings is levied or enforced upon or sued out against or any involuntary public or private sale procedures are commenced in respect of the whole or substantially the whole of the chattels or property of the Issuer or any Guarantor or Material Subsidiary and in any such case is not removed, paid out or discharged within 60 days;
- (i) any present or future Security Interest created or assumed by the Issuer or any Guarantor or any Material Subsidiary becomes enforceable and is enforced in respect of all or a material part of the assets of the Issuer, or such Guarantor or any Material Subsidiary;
- (j) the Issuer or any Guarantor or any Material Subsidiary ceases or threatens (through an action of the board of directors) to cease to carry on business or stops or suspends or threatens (through an action of the board of directors) to stop or suspend payment of its debts generally (in each case except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, consolidation or voluntary winding-up either (i) on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary (other than a Guarantor), the result of which will be that all or substantially all of the Material Subsidiary's assets and undertaking will be transferred to or otherwise be vested in another solvent entity within the Group); or
- (k) any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (e), (f), (g) or (h) above.

In this Condition 10:

"Consolidated EBITA" means, in respect of any period, the consolidated profit of the Group and the profits of any joint venture and associates of the Group for that period:

- (i) after adding back (to the extent otherwise deducted) interest payable;
- (ii) before any deduction for or on account of taxation;

- (iii) after adding back (to the extent otherwise deducted) any amount attributable to the impairment of goodwill;
- (iv) after adding back (to the extent otherwise deducted) any amount attributable to the amortisation or impairment of intangible assets;
- (v) excluding any item of income or expense that is material (either individually or in aggregate) and either of an unusual or a non-recurring nature including, without limitation, any such item:
 - (a) in relation to:-
 - (a) the restructuring of the activities of an entity;
 - (b) disposals, revaluations or impairment of non-current assets; or
 - (c) disposals of assets associated with discontinued operations; or
 - (b) which is a reversal of any item falling within this paragraph (v); and
- (vi) excluding the effect under IAS 32 and IAS 39 of the fair valuation of derivative assets and liabilities,

all as determined in accordance with IFRS.

“Gross Tangible Assets” means, in relation to the Issuer or any Subsidiary of the Issuer or grouping of the foregoing referred to in the Conditions, the total of the fixed and current assets of such entity or grouping, but excluding:

- (i) sums due to such entity or grouping from other members of the Group; and
- (ii) any amounts attributable to goodwill and other intangible assets,

as determined in accordance with IFRS.

“Group” means the Issuer and its Subsidiaries for the time being.

“IAS 32” means International Accounting Standard 32 (Financial Instruments: Disclosure and Presentation), as in force at 31 December 2010 and as applied by the Issuer in connection with the preparation of its annual audited financial statements for the financial year ended 31 December 2010.

“IAS 39” means International Accounting Standard 39 (Financial Instruments: Recognition and Measurement), as in force at 31 December 2010 and as applied by the Issuer in connection with the preparation of its annual audited financial statements for the financial year ended 31 December 2010.

“IFRS” means international accounting standards within the meaning of Regulation 1606/2002 on the Application of International Accounting Standards as applied by the Issuer in connection with the preparation of its annual audited financial statements for the financial year ended 31 December 2010.

A company is a **“Subsidiary”** of another company, if that other company:

- (i) holds a majority of the voting rights in it, or
- (ii) is a member of it and has the right to appoint or remove a majority of its board of directors, or
- (iii) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it,

or if it is a Subsidiary of a company that is itself a Subsidiary of that other company.

“Material Subsidiary” means each Subsidiary of the Issuer from time to time, whether owned at the date of the issuance of Notes or acquired subsequently:

- (i) whose Gross Tangible Assets represents five per cent. or more of the Gross Tangible Assets of the Group, immediately before the relevant company becomes a Subsidiary of the Issuer in the case of an acquired Subsidiary of the Issuer; or
- (ii) whose profit for the financial period of the Issuer and its Subsidiaries then most recently ended (calculated with respect to such Subsidiary in the same manner as Consolidated EBITA is calculated) represents five per cent. or more of Consolidated EBITA, immediately before the relevant company becomes a Subsidiary of the Issuer in the case of an acquired Subsidiary of the Issuer.

In the case of such a Subsidiary which itself has Subsidiaries (the **“Relevant Group”**), the calculation shall be made by comparing the Gross Tangible Assets or consolidated profit (calculated in the same manner as Consolidated EBITA is calculated), as the case may be, of the Relevant Group to the Gross Tangible Assets or Consolidated EBITA of the Group.

A certificate of two directors or a director and a secretary of the Issuer or any Guarantor (as the case may be) listing their respective Subsidiaries and stating that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

“Moneys Borrowed” of any person means, without duplication:

- (i) any indebtedness for moneys borrowed of such person including, without limitation, indebtedness created by means of acceptances, the issue of loan stock and any liability evidenced by bonds, debentures, notes or similar instruments;
- (ii) capitalised rental obligations of such person under finance leases; and
- (iii) any guarantees or indemnities given by such person in respect of any obligations described in paragraph (a) or (b) above of another person not being a member of the Group (it being understood that the liability on any date in respect of any guarantee of obligations under a credit facility shall be an amount equal to the funded obligations for Moneys Borrowed under such facility as of such date).

11. Meetings of Noteholders, Modification, Waiver and Substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify or cancel the Guarantee (other than in circumstances described in Condition 11(c) below), or (viii) to modify the provisions concerning the quorum required at any

meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be completed in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary (as defined in the Trust Deed) of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes.

The Trust Deed also contains provisions requiring the Trustee to agree, without the consent of the Noteholders or the Couponholders, to the release of a guarantor in certain circumstances. In addition the Trust Deed contains provisions requiring the Issuer to procure the accession of a new guarantor in certain circumstances. Any such release or accession will occur if there is a release of a guarantor, or the accession of a new guarantor, under the terms of the Issuer's multi-currency facilities agreement dated 18 November 2010 (as subsequently amended, restated, modified, re-financed or replaced from time to time, the "**Facilities Agreement**") and will take effect as soon as is reasonably practicable following such release or accession under the Facilities Agreement. The Issuer will provide to the Trustee not less than 45 days' notice of any planned change of guarantor under the Facilities Agreement before any such change is to take effect under the Facilities Agreement.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or any Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but

it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantors and any entity related to the Issuer or any Guarantor without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Guarantors, the Trustee and the Noteholders.

14. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in Luxembourg (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London

(which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer and the Guarantors have in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

BUSINESS DESCRIPTION OF INTERNATIONAL PERSONAL FINANCE PLC AND THE GROUP

1. Company Information

International Personal Finance plc (“**IPF**”) is the holding company for an international provider of home credit to consumers with average to below average incomes. IPF and its subsidiaries (as defined in the Companies Act 2006) (the “**Group**”) focus on the provision of small sum, primarily home collected, short-term unsecured loans in emerging markets. The Group operates in Poland, the Czech Republic, Slovakia, Hungary, Romania and Mexico from a network of 203 branches across these six countries and has approximately 6,300 employees and 28,400 agents. The Group’s head office is in Leeds in the United Kingdom. The issued share capital of IPF comprises 249,425,087 ordinary shares of ten pence each, each of which are fully paid up.

The memorandum and articles of association of the Issuer are incorporated by reference into this Prospectus and the objects of the Issuer are unrestricted.

2. History and development

IPF is a public limited company incorporated and registered in England and Wales on 5 December 2006 as a company limited by shares with registered number 6018973.

IPF’s registered office is at Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD. The telephone number of IPF’s registered office is +44 (0)113 285 6700.

The Group was originally established in 1997 as the international division of Provident Financial plc, a UK-based home credit provider, to develop home credit business in emerging markets. Since establishing businesses in Poland and the Czech Republic in 1997, the Group opened further operations in Hungary and Slovakia in 2001, Mexico in 2003 and Romania in 2006. All of these businesses were profitable during the 2011 financial year. The Group also carried out two pilot operations in South Africa (1998) and Russia (2008) which were not successful and so did not progress beyond the pilot phase.

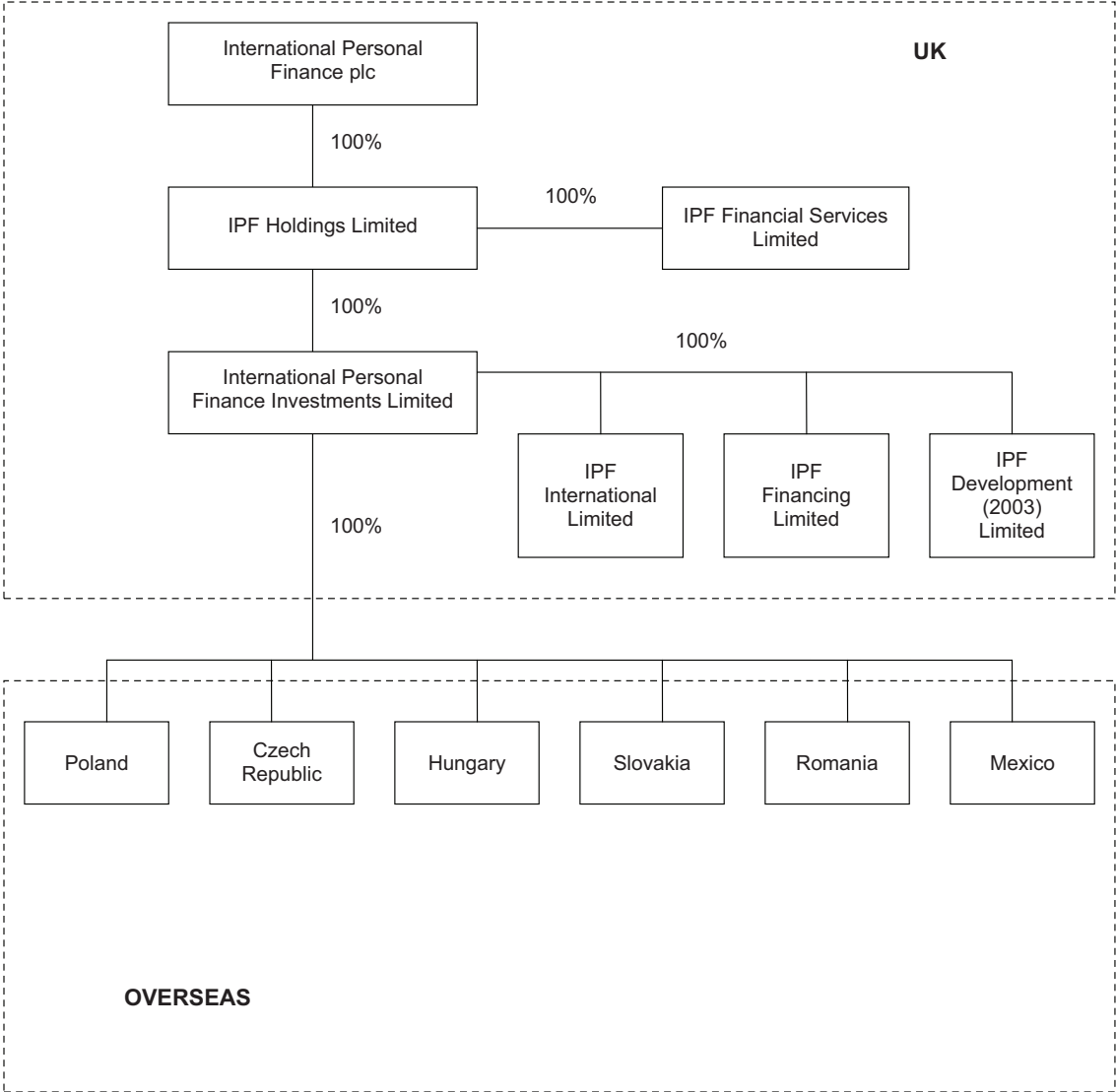
In July 2007, the Group demerged from Provident Financial plc and its shares were listed on the Official List and were admitted to trading on the London Stock Exchange.

In 2011, pre-tax profit increased by 9 per cent. to £100.5 million driven by good growth in customers and credit issued, improved credit quality and continued cost control.

3. Organisational structure

IPF is headquartered in the UK and operates six principal overseas subsidiaries in central and eastern Europe and Mexico. IPF also has certain UK subsidiaries which provide business services, financial support or debt option facilities to fellow subsidiary undertakings.

The following chart shows, in simplified form, the organisational structure of the Group.



4. Industry overview

The financial services industry can, broadly speaking, be divided into four categories: banking, fund management, insurance services and consumer credit. The consumer credit sector encompasses mortgages, credit cards, hire purchase, cash loans and other forms of credit. The Group operates in a sub-sector of the consumer credit market, offering small-sum, primarily home-collected, short-term unsecured cash loans in the developing credit markets of central and eastern Europe and Mexico. Home-collected credit products are primarily purchased by customers who require small sum loans delivered rapidly and who prefer personal service. Most have average or below average incomes.

5. Business overview

5.1 Introduction

The Group is an international provider of home credit. The Group's business involves the provision of small sum unsecured cash loans ranging from approximately £50 to approximately £1,000. During 2011, the Group lent, on average, £366 to each of its customers. The loans are in local currency and, typically, are delivered to the customer's home and the repayments are collected from the customer's home weekly by the Group's agents. Loans are short-term and generally range from six months to two years, with an average loan term during 2011 being 49 weeks.

For the majority of home collected loans, the total amount repayable on the loan is fixed at the outset and no additional penalty charges or interest as a result of missed payments is subsequently added. This applies regardless of the number of missed payments or changes in interest rates.

The credit vetting of customers and, where the home service is provided, the provision of the loan and the collection of weekly instalments are all performed in the convenience of the customer's home by a home credit agent (supported by central credit scoring systems) who is responsible for servicing the customer's needs over the course of their relationship with the Group.

The Group employs standard operational and administrative processes across its markets using a consistent IT platform. These processes include financial control systems and fraud detection and security systems.

The following table¹ gives information in respect of the Group and the markets in which it operates for the financial year ended 31 December 2011:

Financial year ending 31 December 2011	Year entered market	Country rating (Fitch) ²	Population (m)	Customer numbers (000s)	Credit Issued (£m)	Revenue (£m)	Gross receivables (£m)	Gross receivables (% of total)
Poland	1997	A-	38.2	834	318.6	273.2	407.5	40
Czech	1997	A+	10.5					
Slovakia	2001	A+	5.4	400	209.5	144.8	273.0	27
Hungary	2001	BB+	10.0	252	104.3	74.2	114.5	11
Mexico	2003	BBB	113.7	671	124.4	102.9	117.0	12
Romania	2006	BBB-	22.2	249	87.7	54.4	96.7	10
Group				2,406	844.5	649.5	1,008.7	100

5.2 Strategy

In July 2012, IPF redefined its core strategic goals, which are designed to accelerate growth and increase shareholder value. The Group's new strategy aims to develop the business through four strategic actions:

- **Expand the Group's footprint** – grow in existing markets and enter new markets through greenfield development or bolt-on acquisition;
- **Improve customer engagement** – enhance customer acquisition and their experience to improve retention and profitability;
- **Develop a more sales focused culture** – develop a stronger sales mindset and invest in recruitment and development of people with the skill set to meet the Group's growth plans; and

¹ Source: Citi Research and IPF Database

² Credit ratings for Poland, Czech Republic, Slovakia, Hungary and Romania are produced by Fitch Ratings Limited. The credit rating for Mexico is provided by Fitch, Inc. Fitch, Inc. is not established in the European Union and is not registered under the CRA Regulation. However, Fitch Ratings Limited is established in the European Union and is registered under the CRA Regulation, and endorses on an ongoing basis the international credit ratings published by Fitch, Inc.

- **Improve the Group's 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.

Execution of IPF's strategy is supported by an experienced management team who combine long-term home credit experience and wider financial services experience.

5.3 *Products and pricing*

The Group offers its customers short-term cash loans for terms of between six months and two years, with repayments collected weekly from the customer's home or by money transfer via a bank or post office. The core weekly home-collected product is the key revenue driver of the Group, targeted at customers requiring a fast, small sum loan. The loans are unsecured and the customer is not required to provide a guarantor.

The amount and term of the loan will vary according to the circumstances of the customer and the evaluation of their creditworthiness. New customers carry higher credit risk and are offered smaller loans repayable over shorter terms, whereas established customers with a good repayment history will be offered higher values over longer terms.

The average loan value for a new customer was £239 for the financial year ended 31 December 2011 with an average duration of 44 weeks. For a repeat customer, the average loan value was £334 over longer terms, with the average duration being 49 weeks.

The Group's home credit product essentially has two components: a small sum unsecured cash loan and a home collection, agent-based service. The home collection, agent-based service provides a number of benefits to customers:

- The receipt of the loan in cash;
- The convenience of servicing the loan in the comfort of the customer's own home;
- Direct and indirect costs of repaying a loan through the banking network are avoided; and
- Most significantly, where the agent service is provided, the customer is not charged any default interest or fees as a result of late payments and can therefore take comfort in the fact that the amount the customer owes does not increase as a result of missed payments and they have the flexibility to miss the occasional payment without penalty.

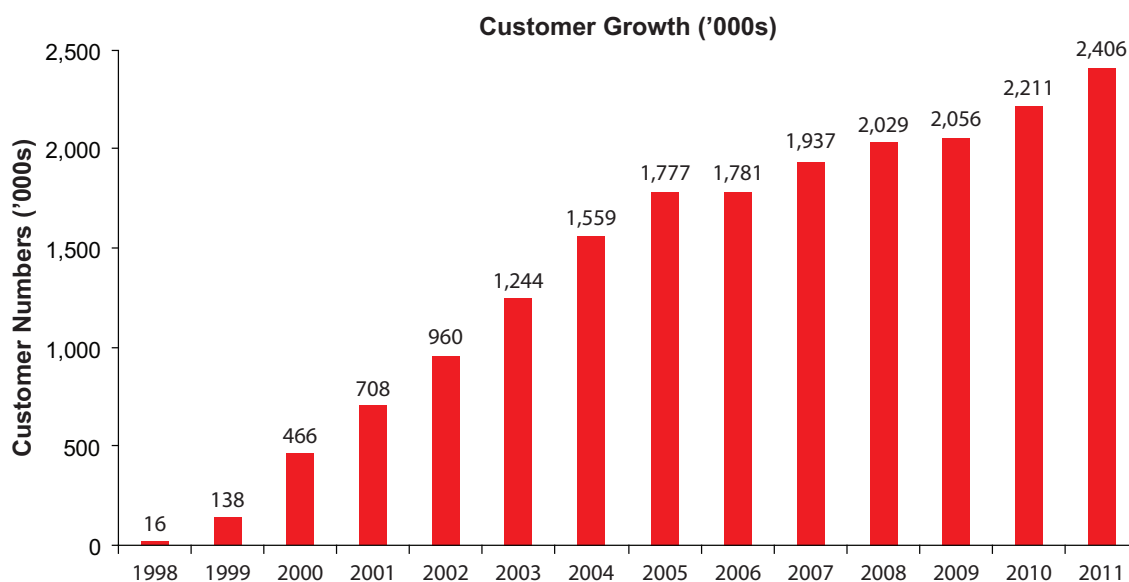
The Group's home credit product has historically been structured to give a single, fixed charge for the loan, including all interest fees and service costs. However, the Group has in recent years introduced a flexible product structure in all of its markets except Mexico, which gives the customer visibility of how the cost of their loan is made up – fixed interest charges, administrative and preparatory fees, insurance costs (Poland only), home service charges and any other costs are all clearly set out. This flexible product gives the customer the option to take a loan without the home collection service and instead repay the loan by money transfer to a bank account. If a customer chooses to take the money transfer product without the optional home service, default charges are generally applied for missed payments, whereas if the home service is taken there are no additional interest or default charges for missed payments. The Group has adopted the flexible product in all of its central and eastern European markets. The flexible product offering gives the customer full transparency and optionality, as well as being well placed to meet the challenges of a changing regulatory landscape. To date, in markets where the flexible product structure has been introduced, a significant majority of the Group's customers have opted for the home collection service.

In July 2011, the Group began piloting a new pricing strategy in its Slovak market called Preferential Pricing. The pricing strategy is aimed at rewarding the Group's best customers, those that have a very good repayment record, for their loyalty by providing them with preferential interest rates. Following the successful pilot in Slovakia, Preferential Pricing was rolled out across the whole of the Slovak market, the roll out being completed in August

2012. Pilots commenced in the Group's Polish and Hungarian markets in the third quarter of 2012. The Group expects to commence pilot activity in all of the Group's remaining markets in early 2013. Preferential Pricing is an important step in the Group's development.

5.4 Customers

Since recruiting its first customer at the end of 1997, the Group has delivered over 15 years of customer growth through its strategy of entering new markets and then growing organically through expansion of its branch network.



As at 31 December 2011, the Group had over 2.4 million customers in total, comprising approximately 834,000 in Poland, 671,000 in Mexico, 400,000 in the Czech Republic and Slovakia, 252,000 in Hungary and 249,000 in Romania.

Approximately 60% of the Group's customers are women and the households served have average to slightly below average incomes. Customers will typically be employed or have a regular secure income from self-employment or pensions. Typically, customers will be looking to borrow small sums of money to meet an immediate, specific purpose and therefore will not want to borrow more than they need. Demand is highest at periods such as Christmas, Easter, summer and back to school.

5.5 Agents and the home collection model

The Group's business model is distinct from other lenders due to its utilisation of agents. As the primary distribution channel for the business, the Group's agents represent the main access point for customers and are critical in the lending and repayment processes, from both the business and customer perspective.

There are some 28,400 agents working across the six countries in which the Group operates and over three quarters of these agents are women. When the Group enters a new market, agents are initially selected through an advertisement in the local press or through leaflet distribution. In the Group's established businesses, many agents are previous customers who are familiar with the Group and its products. All of the Group's agents are self-employed, with the exception of Hungary where local regulation requires that agents are employed.

New agents complete a structured induction programme, which lasts around three months, and during which they are closely monitored by a field manager to ensure that loans are properly issued. It is Group policy that all agents meet their manager for a formal interview at least once every week. A manager will typically monitor between 10-15 agents who, in total, serve about 1,000 customers.

Agent remuneration is predominantly based on the value of the collections they make rather than the value of the credit they issue to customers. A typical commission structure for an

agent would involve receipt of a small amount (between £5-£10) for taking on a new customer plus 5 per cent. of the value of loan instalments they collect. An established agent will typically receive around 80 per cent. to 90 per cent. of their income from collections. This weighting of income to collections helps promote responsible lending.

Agents carry out a number of key functions:

New business – Aided by national marketing, agents are the primary source of new business. Agents also play an important role in deciding whether to make a loan and determining the appropriate levels of credit to issue to new customers, supported by centralised credit management systems which use statistical models to determine the credit risk of applicants and the recommended term and amount of the loan.

Development of relationship with customer – The weekly home visit enables the agent to develop a knowledge of the customer and their circumstances. The agent is therefore well placed to consider whether the level of credit is affordable and can also monitor a customer's circumstances with a view to being responsive to changes in circumstances which may lead to missed repayments.

Collection of loan repayments from the customer's home – Regular weekly collections at the customer's home reduce the effort, the cost (for example, travel expenses) and time (which may be difficult alongside work and family commitments) incurred by the customer in making repayments. Personal collections provide an external discipline for customers, which may help them to keep their account in good order. Over the course of a year, the Group's team of agents will make approximately 100 million customer visits.

Risk management – The agent network plays a key role in the management of impairment levels. The initial home visit provides the agent with additional information (largely unavailable to remote lenders) that forms part of the credit assessment. With regular personal interaction the agent is also well positioned to assess changes in the customer's financial circumstances more swiftly and more accurately than certain other types of lender. The home visit and development of customer relations therefore serves a dual purpose, benefiting both the customer and IPF by preventing over-lending and keeping impairment costs at acceptable levels.

5.6 Credit risk management

IPF utilises its database of previous lending made since the business commenced in 1997 to drive its credit risk management systems, together with the local knowledge of the agents. Credit bureau data is planned to be introduced into each of IPF's markets to supplement its credit risk management. Credit bureau data has currently been introduced into IPF's Hungarian business. Credit controls are supervised by the Group Credit Committee, which meets monthly, comprising the CEO, Finance Director and Group Credit Director. The Group Credit Committee reviews Group credit performance and controls and makes decisions on Group credit risk management policies and also on local credit risk management decisions which significantly impact volumes, impairment and profitability. Local credit committees operate in each of IPF's markets and meet monthly to review local credit performance and controls and report credit decisions to the Group Credit Committee. Local credit committees are comprised of the local market Country Manager, Credit Director, Finance Director, Operations Director and also include a representative of the Group Credit function.

The initial contact in respect of a potential new customer would typically be via one of the Group's call centres or through the local agent. Initial credit rejection at this first contact is based on whether the customer has previously had loans which have been written off, is too young, does not have a regular source of income or is unemployed.

The agent will visit the potential customer who passes this initial vetting in their home and will help them to complete an income and expenditure assessment. As part of this process, the agent will verify the customer's income (for example, by way of salary slips or bank statements) and outgoings to relevant documentation (for example, rental agreements or other financial commitments) and will make an allowance for other costs of living. This gives an indication of the customer's net disposable income.

Details about the customer will be entered via SMS into the application scoring system. Application scorecards are developed and maintained by in-house statisticians and are subject to ongoing monitoring of their effectiveness to identify if redevelopment is required. Application scoring factors include gender, age, phone availability, employment status and bank account availability. Credit bureau data also forms part of the application scoring in Hungary. The application scoring system will generate a recommendation of the amount and term of any loan that might be offered or will advise the agent that no loan can be offered. The agent can offer the customer less than the recommendation of the application scoring system, but not more. If this happens, or the agent lends to a customer who has been rejected by the application scoring system, this will be reported as an exception to the agent's line manager. Agents, therefore, play an important role in deciding whether to make a loan and determining the appropriate levels of credit to issue to customers.

Agents visit customers' homes every week to collect repayments and assess new loan applications. This gives them some insight into a customer's personal situation and is intended to enable them to react to a customer's changing circumstances and needs. They may also be able to identify whether there may be a larger local impact resulting from general economic problems in the community in which they operate, such as redundancies at a local factory. Consequently, the Group may be able to adapt its lending decisions based on the latest local information which may have been identified by these agents.

For all repeat loans, the agent verifies basic income and outgoings information to re-establish the capacity of the customer to repay the loan. Agents are supported in this process by behavioural scoring systems. This behavioural scoring system uses the same demographic information as the application scoring system, overlaid with the detailed payment performance on a customer-by-customer basis, which is updated weekly. These systems were co-developed by Experian and rolled out across all markets during 2007 and 2008 and were further upgraded in 2008 to the Experian "Probe" software, with changes made to allow more flexibility in the way credit offers are controlled and to allow more sophisticated Champion Challenger Routines and faster changes of credit strategy. The basic rationale underpinning the scorecards is that a person's past behaviour is indicative of future behaviour. The behavioural scorecards contain 12 to 14 measures, for example, recent payments as a percentage of due payments, recent full payments made and recent percentage reduction in balance.

Each week the agent is typically given data on the offers available to their customers, giving details of the length of the loan term, the value of the weekly repayment and maximum value of the loan that can be issued.

For both new and repeat loans, the agent has the discretion not to lend or to lend a lower, but not a higher, amount.

5.7 Collections and arrears management

Arrears are managed through a combination of visits, telephone calls and letters. Customers are typically visited weekly by the agent and, with the support of their Development Manager, the agent is primarily responsible for managing accounts in arrears. Given the lower income profile of the customer base, the Group expects a certain level of missed payments and factors this into product pricing and its response to missed payments. Accordingly, there is scope to take a flexible approach with late paying customers. A key factor in this approach is the knowledge and personal relationship fostered by the agent. However, irrespective of the reason for a missed payment or the agent's response, the provisioning system will raise an impairment provision and the behavioural scoring system will modify the loan offer available.

Systems are in place to determine arrears customers to be visited by the agent's Development Manager. The Development Manager will (by way of a visit or a call to the customer) try to establish the reason for the arrears (for example, to ensure that missed payments are not simply due to the agent relationship having broken down) and try to manage the customer in tandem with the agent. This can be via a temporary reduction in weekly repayment, for example in the case of illness, or a longer term rescheduling of payments if the Development Manager and agent agree that the latter would be the best course of action. Although the

Development Manager is authorised to agree a revised schedule of payments, no new loan agreement is entered into and any rescheduling of debt or reduction in payments is noted on the customer record. The customer's arrears and impairment are calculated by reference to the original terms of the loan agreement.

The Group also supplements arrears management with call centre-based arrears management in Poland, Hungary and the Czech Republic. This approach is also being piloted in Mexico. In Poland and the Czech Republic, the arrears collection action is now managed on the Fair Isaacs FICO Debt Manager software which allocates the appropriate arrears action to the customer circumstances (whether that action be by way of Development Manager visit, phone call, letter, SMS or no action).

5.8 Debt recovery

Customers that persistently fail to pay (for 12 weeks or more) are reviewed by an operations manager and written off from the field operation and are referred to the central debt recovery department, provided that the review confirms an appropriate level of arrears collection effort has been made. The agent will no longer visit that customer. The recovery department uses a combination of calls and letters and, where there is a persistent refusal to pay or failure to make contact with the customer, will engage a reputable external debt collector and/or may take the customer to court.

5.9 Impairment provisioning systems

The Group stores all transactional data on loans issued and collections made since the start of the business in 1997. This provides a data source which the Group uses to build its statistical models and for comparing performance across markets at each stage of their development.

Where customers miss a payment (or any part of a payment) they are classified as delinquent and in arrears with an impairment provision applied. For the purpose of assessing the impairment of customer loans and receivables, customers are categorised into arrears stages as this has been shown to be a reliable predictor of future repayment performance. A customer's arrears stage is determined by reference to their most recent 12-week repayment performance. The provision percentages for each arrears stage have been derived via statistical modelling of past customer performance. The actuarial models used to derive expected future cash flows are regularly reviewed to take account of the current environment and recent customer payment performance. Over the last 12 months, the Group has updated the models used to value over 85 per cent. of its receivables book. Models which have been updated are reviewed by external actuaries.

Provisioning systems operate independently of the agent and local management and are entirely objective and mechanistic in their operation. Customer loan agreements that are in arrears are never 're-aged'.

5.10 Fraud detection

The Group employs a dedicated loss prevention team whose role includes the prevention and detection of fraudulent activity utilising a team of around 200 Fraud Managers located within the branch network across all markets supported by statistical modelling and anti-fraud controls in our operating and administrative systems. There are also head office management teams based in individual markets that include fraud investigators and administrators overseen by the Group loss prevention team based at the Group's head office in Leeds. The reporting structure ensures that the loss prevention Department operates independently of the operational activities of the business. All Fraud Managers are trained in cognitive interviewing and indicative behaviour with a view to ensuring there is an opportunity to deter and detect fraud in the early stages and therefore hopefully reducing potential losses which would otherwise be incurred. The cost of fraud in each market has typically been found to be less than 1 per cent. of revenue.

6. Markets and competitive position

6.1 IPF's markets

In addition to the Group's established central European markets comprising Poland, the Czech Republic, Hungary and Slovakia, the Group also has a developing market in Romania. The Group operates in the small sum, fast cash loan credit markets in each of these countries. The Group has direct, home-collected, competitors in all of its European markets. These are smaller than IPF in each market and do not have full, national coverage with the exception of Slovakia and the Czech Republic. The Group's Slovakian subsidiary has two direct national competitors, Kesovka and Pohotovost, with around 60,000 and 30,000 customers respectively. The Group's Czech subsidiary has one direct national competitor, Smartpůjčka, with around 50,000 customers.

Mexico is the Group's fastest growing market and is the largest in geographical terms. There are no direct, home collected competitors in the market but in the small sum cash loan segment there are a number of "for-profit" and "not-for-profit" lenders. The most significant is Compartamos. This company lends to customers with a similar profile to the Group but predominantly operates a group lending model where small groups are jointly and severally liable to make repayments regardless of who benefits from the loan being granted.

6.2 Competition

Consumer lending in the markets in which IPF operates remains relatively under-developed and since the onset of the global economic downturn, the level of competition has reduced. Mainstream lenders have limited the provision of credit to lower income segments in order to minimise the level of risk in their portfolio. Since 2009, a number of competitors have withdrawn from the markets in which the Group operates. These factors have increased market potential for the Group. There are, however, signs that new competitors are considering entering the markets in which the Group operates or have already started test activity, as is the case with Vanquis in Poland.

The Group has succeeded in establishing a leading, national market position in the fast cash loan segment in all of its established central European markets and has created the home credit category in all the markets it has entered (except Slovakia where this concept existed prior to the Group's entry). The Group has established itself through the following five key aspects of product differentiation:

- **Personal service** – The agent home delivery and collection of loans has proved to be attractive to many customers and has allowed agents to closely monitor customers' circumstances as well as collect additional data (which is largely unavailable to banks or other remote lenders) to ensure that appropriate levels of credit are issued.
- **Rapid service** – The agent service allows the process of credit vetting and delivery of the cash loan to the customer's home to be completed rapidly.
- **Flexibility** – The close and regular agent-customer relationship allows the Group to respond promptly and sympathetically to changes in customer circumstances which may lead to missed repayments.
- **Inclusive** – The Group's products accommodate customers on below average incomes who do not wish to (or are not able to) borrow large sums and prefer manageable repayments. These customers are often not well served by larger financial institutions and therefore the Group's business model aims to target this underserved market.
- **Accessible** – By deploying approximately 28,400 agents who make in excess of 100 million home visits each year, the Group's business model provides a high level of access to consumers.

6.3 Barriers to entry

The Group's business model requires long-term investment in building an infrastructure of agents, employees and branches and this entails start-up losses during the early years of a market's development. To date, when rolling out in new markets the Group has experienced

a 'J-Curve' effect where early losses are experienced before economies of scale are reached. This initial cycle of loss making before a market comes into profit results in capital barriers to entry for potential national competitors.

In addition to the high capital requirements and the relatively long period of losses required to establish a national home credit business, there are specialist skills and processes that are essential to manage the home credit business model. The Group has leveraged the experience gained in the UK and established European markets to transport skills to new countries or new regions in order to manage a new agent network. Agents are given formal and on-the-job training in customer recruitment, sales, customer service and collections. Without the existing skills and knowledge of experienced managers from other IPF markets, it would be more difficult to establish a home credit business. IPF has developed a large pool of experienced field staff capable of transferring their skills to new branches and new countries. There are currently 23 expatriates from the UK and established European markets supporting the business.

As part of the demerger agreement which governs the terms under which the Group's businesses were demerged from Provident Financial plc in 2007, IPF has exclusive rights to use the Provident brand name in all countries excluding the UK and Ireland.

The latest independent market research into the proportion of the adult population who recognise the Group's brand when promoted with the company name or logo (aided brand awareness) shows that awareness of the Group's core brand, Provident, is relatively high and stable in the Group's established markets and awareness is growing in Mexico and Romania where the Group is expanding geographically.

Aided brand awareness (%)	Poland	Czech	Slovakia	Hungary	Romania	Mexico
2011	65	74	70	92	64	44
2010.....	68	72	71	93	61	36*

* Source: Gfk brand tracker

7. IPF's response to the global economic downturn

Home credit businesses have been operating in the UK for 130 years. Moreover, the model that the Group operates in emerging markets has now been tested during the global economic downturn witnessed in recent years.

The Group adopted strategies to manage the business through the macro-economic downturn of 2008-2009, namely:

- **Credit control tightening** – Credit controls were tightened across all markets in the autumn of 2008. This included a tightening of the rules in both application and behavioural scoring systems to increase the volume of customers not offered any loans, to reduce the value of loans offered and to reduce the average term of loan offered.
- **Credit control systems enhanced** – The Group's Credit Management and MI systems were further developed to enable credit controls at branch level rather than at a country-wide level. During 2009, branch credit strategies were rolled out to all markets together with a standard group review process, incorporating a full suite of performance metrics, branch level gross cash loss development cohort analysis, monitoring of local economic factors and an assessment of local branch management capability. This standard group review process allows the Group to monitor the performance of all branches and set the credit rules appropriately whether the branch has good credit control and should therefore have a growth strategy, has poorer credit performance and therefore needs a more controlled credit strategy or should have a balanced strategy between growth and collections.
- **Incentive structure** – Agents' remuneration is focused on collections. In addition, field management incentives were altered during certain periods so that the focus was

predominantly on collections. Incentive schemes have also been rebalanced to align operational rewards to the specific circumstances of each branch and complement the branch credit strategies.

- **Cost base reduction** – There was a significant reduction in cost base, primarily in the central European markets. This was delivered through a number of strategies including a reduction in marketing and advertising costs, the renegotiation of external contracts with third party providers, increasing the efficiency levels of field operations and the deferral of other non-essential expenditure.

The success of these strategies was evidenced by the strong improvement in the financial performance as 2009 progressed, including a return to normal levels of impairment by the second quarter of 2009. Impairment levels have continued to remain stable since 2009.

Part of the resilience of the Group's business is attributable to the short-term nature of its lending which enables the risk profile of the loan book to be changed very quickly. The group provides short-term credit of, on average, less than 52 weeks duration in most markets.

Average duration of credit issued	2010 (weeks)	2011 (weeks)
Poland	51	52
Czech/Slovakia.....	56	57
Hungary.....	55	55
Mexico	35	35
Romania.....	51	51
Group	48	49

8. Overview of performance for year ended 31 December 2011

8.1 Summary

Profit before taxation increased by 9 per cent. to £100.5 million, driven by growth in customers and credit issued, improved credit quality and continued cost control. This allowed the Group to make good progress despite the expected increase in funding costs following the 2010 refinancing and higher early settlement rebates (“ESRs”) arising from the implementation of the EU Consumer Credit Directive (“CCD”), which together totalled £23.6 million.

The Group income statement is set out below:

	2011 £M	2010 £M	Change £M	Change %	Change at CER %*
Customer numbers (000s)	2,406	2,211	195	8.8	8.8
Credit issued	844.5	764.5	80.0	10.5	11.5
Average net receivables.....	575.5	522.0	53.5	10.2	10.7
Revenue (net of ESRs).....	649.5	608.7	40.8	6.7	7.4
Impairment.....	(167.7)	(168.1)	(0.4)	0.2	(0.7)
Net revenue.....	481.8	440.6	41.2	9.4	9.9
Finance costs	(42.9)	(33.9)	(9.0)	(26.5)	(28.1)
Agent's commission	(72.9)	(68.0)	(4.9)	(7.2)	(6.7)
Other costs.....	(265.5)	(246.6)	(18.9)	(7.7)	(8.8)
Profit before taxation – continuing operations.....	100.5	92.1	8.4	9.1	

* CER refers to the percentage change after restating prior year figures at a constant exchange rate for 2011 in order to present the underlying performance variance.

At the start of 2011 the Group's key objective was to accelerate growth against a backdrop of improving economic conditions in all the Group's markets by recruiting more agents, increasing investment in marketing and by the selective easing of credit controls.

The Group increased agent numbers by 13 per cent. and marketing expenditure by £2.1 million, and this helped to deliver a 9 per cent. increase in customer numbers and an

11 per cent. increase in average net receivables for the full year. As the global economic environment deteriorated in the second half of 2011 and consumer confidence in the Group's European markets weakened, increased caution amongst European agents and customers led to a slowdown in growth for the Group, as shown in the table below:

	Q1	Q2	Q3	Q4	Full Year
Growth in credit issued	8.6%	19.7%	12.9%	5.6%	11.5%

The Group impairment charge as a percentage of revenue was reduced by 1.8 percentage points to 25.8 per cent.

Following the 2010 refinancing which delivered longer term, diversified debt funding, finance costs increased by 28 per cent. to £42.9 million.

Other costs increased in line with growth in the business, with around two-thirds of the increase reflecting the additional investment in new branches and field management to increase the Group's geographical penetration as well as additional marketing spend.

Early settlement rebates

The CCD was adopted by the European Council in May 2008 and has subsequently been implemented in each of the Group's European markets. Poland was the last country to do so, in December 2011. The primary impact of the legislation on the Group's business has been to require the granting of more generous ESRs to customers who choose to settle their loans before the end of the contractual term. In 2011, net of a price adjustment, ESR costs were £13.3 million more than in 2010.

Segmental split of results

The performance of each of the Group's markets showing the impacts of the higher ESR and funding costs and other non-recurring items to provide a better understanding of underlying performance is shown below:

	2011 reported profit £M	Additional ESR costs £M	Additional finance costs £M	Other non- recurring items £M	Underlying profit increase £M	2010 reported profit £M	Change on reported profit %
Poland	66.0	3.6	(3.9)	4.1 ⁽¹⁾	13.2	49.0	34.7
Czech/Slovakia.....	37.8	(6.3)	(2.3)	—	4.7	41.7	(9.4)
Hungary.....	8.3	(7.0)	(2.5)	—	8.7	9.1	(8.8)
Mexico.....	1.5	—	(0.9)	—	(1.1)	3.5	(57.1)
Romania.....	4.1	(3.6)	(0.7)	—	6.7	1.7	141.2
Central.....	(17.2)	—	—	(3.2) ⁽²⁾	(1.1)	(12.9)	(33.3)
Total.....	<u>100.5</u>	<u>(13.3)</u>	<u>(10.3)</u>	<u>0.9</u>	<u>31.1</u>	<u>92.1⁽³⁾</u>	<u>9.1</u>

⁽¹⁾ Repayment of VAT costs from prior periods.

⁽²⁾ Write-down of IT assets.

⁽³⁾ Stated before an exceptional charge of £3.9 million.

Poland was the key driver of increased Group profit in 2011, reporting growth of 35 per cent. to £66.0 million. Its performance reflected good growth, stable credit quality and tight cost control, which resulted in strong underlying profit growth. This result also included a one-off credit to the income statement of £4.1 million, as a result of a refund of VAT overpaid in previous periods and a £3.6 million benefit from a price rise implemented to offset higher ESR costs, the introduction of which was unexpectedly delayed by the Polish government until December 2011.

The Czech/Slovakia business delivered a solid performance, although customer growth at 4 per cent. was less than targeted. Reported profit reduced by £3.9 million to £37.8 million due to significant increases in interest and ESR costs amounting to £8.6 million.

Hungary delivered both good growth and credit quality. However, after additional interest and ESR costs totalling £9.5 million, the business reported a profit of £8.3 million, which was £0.8 million lower than in 2010.

In Mexico the Group's key task in 2011 was to carry through the underlying improvements in operating and collections effectiveness which was started in 2010. In the first half of the year a number of changes were made, in particular the Group embedded a new field management structure designed to reduce spans of control in the field and improve the supervision and support of our development managers and agents. Mexico's first half profit reduced as a result of the additional costs from these changes. The benefits began to flow in the second half and growth combined with improved credit quality resulted in second half profit being 29 per cent. above that for the same period of 2010. In addition, the changes made led to reduced impairment which, when stated as a percentage of revenue, improved by 6.3 percentage points to 30.2 per cent. for 2011 as a whole.

The Group's Romanian business, which opened in 2006, reported a £2.4 million increase in profit to £4.1 million, despite the impact of £4.3 million in higher ESR and interest costs. The main features of the result were continued strong customer growth together with improved credit quality.

Central costs increased by £4.3 million, including a one-off charge of £3.2 million to reduce the carrying value of the Group's investment in handheld technology for agents and field staff. The Group successfully completed the trial of this technology in Hungary which proved the benefits of modernising the business in this way. The Group decided to develop the technology in 2012 and to design revised working practices for subsequent roll-out across the business. Since the pilot commenced, more flexible and effective technology platforms have become available and the Group decided to write-down the carrying value of the technology deployed in the trial.

8.2 Taxation

The taxation charge for the year was £24.0 million (2010: £29.0 million). This represented a 9 per cent. reduction in the effective tax rate to 24 per cent. and has arisen due to the impact that changes in the Hungarian corporate tax rate had on the Group's deferred tax asset. In 2010, the Hungarian government legislated to reduce the rate of corporation tax in Hungary from 19 per cent. to 10 per cent. effective from 2013, resulting in a one-off tax charge in 2010 of £4.4 million. This legislation was repealed in 2011 and there was a corresponding one-off reduction in the Group's 2011 tax charge of £4.2 million due to an increase in the value of the Group's deferred tax asset. The effective tax rate for 2010 and 2011, ignoring the effect of the Hungarian deferred tax asset revaluations, was approximately 28 per cent.

8.3 Dividend

A final dividend of 4.1 pence per share was paid by the Issuer to its shareholders which took the full year dividend to 7.1 pence per share, an increase of 13.2 per cent. (2010: 6.27 pence per share).

8.4 Balance sheet and funding

The Group balance sheet continued to strengthen in 2011 and the level of equity compared with receivables increased to 58.5 per cent. (2010: 54.5 per cent.). At 31 December 2011, the Group had net assets of £327.7 million (2010: £309.0 million) and receivables of £560.4 million (2010: £566.9 million). The average period of receivables outstanding at the year end was 4.9 months (2010: 5.0 months) with 99.1 per cent. of year end receivables due within one year (2010: 98.6 per cent.).

During the year the Group generated operating cash flow of £144.3 million (2010: £133.9 million) before funding a £61.6 million increase in net receivables. This strong cash flow meant that borrowings only increased by £4.3 million to £276.5 million, which compared with total available facilities of £447.9 million and gave headroom on facilities of £171.4 million. Gearing, calculated as borrowings divided by shareholders' equity, reduced to 0.8 times (2010: 1.0 times).

The Board reviewed the Group's capital structure with a view to maintaining an appropriate balance between capital efficiency and ensuring that there is sufficient capital to continue to expand the business and be well positioned to withstand a severe recession. This review concluded that given the uncertain global economic conditions and based on the Group's current funding and covenant structure, a ratio of equity to receivables of approximately 55% was appropriate for the Group.

8.5 Receivables

At 31 December 2011 the Group had net assets of £327.7 million (2010: £309.0 million) and receivables of £560.4 million (2010: £566.9 million).

	2010 (£M)	2011 (£M)
Gross customer receivables	1,026.1	1,008.7
Net customer receivables	566.9	560.4
Net as percentage of gross customer receivables	55%	56%

The gross customer receivables represents the total amount still to be paid on all outstanding agreements. At the start of an agreement the gross balance equates to the total amount payable under the terms of the loan agreement i.e. the amount of credit issued plus a single, fixed charge for the loan, including all interest fees and service costs. The gross customer receivables balance is reduced by value of customer repayments until either a loan is fully repaid or written off. The Group's receivables book is very short term.

The following table splits the Group's gross receivables by age i.e. time elapsed since issued:

	0-3 months	3-6 months	6-9 months	9-12 months	12 months>	Total
Poland	130.5	89.8	65.7	35.6	85.9	407.5
Czech/Slovakia	91.3	55.4	38.0	23.3	65.0	273.0
Hungary	45.2	25.6	17.8	9.7	16.2	114.5
Mexico	48.8	35.0	17.0	7.2	9.0	117.0
Romania	37.6	23.5	14.8	7.1	13.7	96.7
Group	<u>353.4</u>	<u>229.3</u>	<u>153.3</u>	<u>82.9</u>	<u>189.8</u>	<u>1,008.7</u>

The average period of receivables outstanding at the year end was 4.9 months (2010: 5.0 months) with 99 per cent. of year end receivables due within one year (2010: 99 per cent.).

8.6 Foreign Exchange

Changes in foreign exchange rates had no significant impact on the 2011 profit compared with the previous year due to the profit hedging put in place in January 2011. In accordance with Group policy, in January 2012 the Group hedged the rates that will be used to translate the majority of 2012 forecast profit at an effective average rate that is approximately 17% adverse to the rates used in 2011.

In November 2012 the Group announced that it would no longer undertake profit and loss account hedging. The change in policy reflected that the underlying currency cash flows of the Group are the main driver of shareholder value and the fact that currency hedging as executed under the previous policy did not protect the Group against long term exchange rate movements.

The majority of the Group's net assets are denominated in the Group's operating currencies and therefore their Sterling value fluctuates with changes in foreign exchange rates. In accordance with accounting standards, the Group has restated the opening foreign currency net assets at the year end exchange rate and this has resulted in a £40.2 million foreign exchange movement which has been charged to the foreign exchange reserve.

9. Current trading, trends and prospects

The Group's key aim in 2012 is to use the levers of accelerated growth and consistent credit quality to offset the adverse impacts of higher ESRs and weaker FX rates. The Group has performed well against this objective in the first nine months of 2012, reporting growth in customer numbers of 6 per cent. and credit issued of 13 per cent. alongside stable credit quality. This has resulted in underlying profit growth of £14.3M before the twin impact of higher ESRs (£8.1M) and weaker FX rates (£10.3M).

The Group results for the six months ended 30 June 2012 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	<u>25.8</u>	<u>31.0</u>	<u>(5.2)</u>	<u>(16.8)</u>	

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 by 7% to 2.5M, and credit issued which has increased by 12%. The growth in credit issued was reflected in higher average net receivables, which have increased by 10% to £568.9M.

Finance costs increased by 5%, which was around half the growth in average net receivables and reflected 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 capacity for £5.0M of targeted investments, largely in promotional and incentive activity for the Group's 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 was £4.3M lower than 2011. This reflected a £7.5M improvement in underlying profit offset by the impact of higher ESRs and weaker FX rates.

During the first half of 2012, the Group incurred an exceptional charge of £4.8M in respect of a management restructuring exercise designed to strengthen the UK functional support teams and refresh the country management teams (2011: £nil). As a result of the UK restructuring, 57 positions were 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.

9.1 Segmental Results

The following table shows the performance of each of the Group's markets.

The impact of additional ESR costs and weaker FX rates are shown below 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)
Group.....	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 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.

The increased costs of ESRs are charged against revenue and the additional impact in the first half was £5.6M. Poland and the Czech Republic were the last of the Group's 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 was relatively small in the first half and is expected to increase progressively during the second half of the year. The impact in Czech/Slovakia is expected to reduce because the higher rebates are becoming fully embedded in the income statement.

The Group's operating currencies have weakened significantly against Sterling and the effective average FX rates at which the Group hedged 70% of forecast profits were 17% weaker than 2011 and adversely impacted profit in the first half of the year by £6.2M.

9.2 Taxation

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

9.3 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.

9.4 Dividend and share buy-back

In November 2012, the Group completed an on-market Share buy-back programme of approximately £25M which will reset the capital ratio to nearer the current target ratio of 55 per cent.

The interim dividend for 2012 was increased by 7.5 per cent. to 3.23 pence per share (2011: 3.00 pence).

9.5 Outlook

The Group's central planning assumption is that market confidence will remain subdued in the near-term, especially in Europe. Nonetheless, the Group believes that there are good opportunities for further growth.

10. Borrowings and debt facilities

10.1 Borrowings

During 2012, the Group secured funding through to 2015 to support growth in the business in difficult market conditions. As part of this process the Group has achieved a diversified funding profile with over 50 per cent. of committed facilities being provided by bonds. The Group has issued bonds under this Programme totalling approximately £200 million and in addition, during 2010 the Group was recognised as being the first non-domestic issuer of corporate bonds on the Warsaw Stock Exchange.

During the year to 30 June 2012, total Group borrowings reduced by £4.0 million to £246.3 million, this was despite a 10 per cent. increase in the receivables book reflecting continued strong operational cash flows of £42.3M in the first half of 2012. This compared with facilities of £436.0 million, giving headroom on facilities of £189.7 million. Gearing, calculated as borrowings divided by shareholders' equity, reduced to 0.7 times (31 December 2011: 0.9 times).

10.2 Bonds

The Group had the following bonds outstanding:

In August 2010, IPF issued €225 million five year bonds at a fixed coupon of 11.5% under this Programme.

In September 2010, IPF Investments Polska Sp. z.o.o. issued 200 million Polish zloty bonds maturing 30 June 2015 under the Group's Polish Medium Term Note programme ("**PMTN**"). The coupon is a floating six month WIBOR (the relevant Polish bank reference rate) plus a margin of 750 basis points.

In February 2011 IPF issued 36.5 million Romanian lei three year bonds at a fixed coupon of 12.0 per cent. under this Programme.

In July 2012 IPF issued an aggregate of CZK 380 million of bonds under this Programme. This is split between CZK 280 million three year bonds at a fixed coupon of 8.5 per cent. and CZK 100 million four year bonds at a fixed coupon of 9.0 per cent.

10.3 Bank facilities

In May 2012, the Group extended syndicated and bilateral bank facilities totalling £130 million priced at 400 basis points over the relevant reference rate. Total committed bank facilities at 30 June 2012 were £210 million.

The Group's syndicated and bilateral facilities reflect a broad banking group that has a good strategic and geographical fit with the Group's operations.

Substantially, the Group's bank facilities are committed in the local currencies of each operating subsidiary, with the IPF local subsidiary as the borrower. The syndicated facility is split into five tranches, one for each of Poland, the Czech Republic, Hungary, Slovakia and Romania. The Company can borrow under the facility (£, €, as well as local currencies). The Group's debt facilities are structured with a view to ensuring that all bank lenders are treated equally in an enforcement scenario. This is achieved through using downstream guarantees for all borrowings. For example, when banks lend to IPF's Polish subsidiary, they agree to rely on the IPF parent and UK holding company guarantees in an enforcement situation, rather than making a direct claim on the assets of the borrower. Substantially, all of the existing IPF bank facilities have the same covenant structure, including financial covenants, and it is intended that this position will be maintained in future debt facilities.

The Group continues to maintain good headroom on all of its banking covenants.

10.4 Summary of debt facility maturities³

	2012 £M	2013 £M	2014 £M	2015 £M	2016 £M	Total £M
Bonds						
Euro.....	—	—	—	181	—	181
Polish zloty.....	—	—	—	38	—	38
Czech crown.....	—	—	—	9	3	12
Romanian lei.....	—	—	7	—	—	7
Total bonds	—	—	7	228	3	238
Multi-currency bank facilities						
Term facilities.....	—	58	19	127	—	204
Short-term facilities.....	17	—	—	—	—	17
Total bank facilities	17	58	19	127	—	221
Total debt facilities	17	58	26	355	3	459

⁽³⁾ FX rates at 30th June 2012.

11. Directors

The following table sets out a list of directors of IPF and the principal activities performed by them outside IPF where these are significant to IPF as at the date of this document.

Name	Position	Other principal activities
Christopher Rodrigues	Non-Executive Chairman	Chairman of: VisitBritain Almeida Theatre Company Limited The Windsor Leadership Trust Director of: Ladbroke's plc Ladbroke's Employee Share Trust Limited Trustee of: The National Trust
Gerard Ryan	Chief Executive Officer	None
David Broadbent	Finance Director	None

Name	Position	Other principal activities
Tony Hales	Independent non-executive director	Chairman of: Canal & River Trust Director of: Capital & Regional plc Mirodas Properties Limited NAAFI Incorporated Trustees NAAFI Pension Fund Trustees The Services Sound and Vision Corporation Welsh National Opera
Edyta Kurek	Independent non-executive director	Vice President East Central Europe and Middle East and General Manager of: Herbalife Polska Sp.z.o.o.
John Lorimer	Independent non-executive director	Director of: Aberdeen New Dawn Investment Trust PLC The British United Provident Association Limited (BUPA) The Benefits Express Limited
Richard Moat	Independent non-executive director	Chief Financial Officer of: Eircom Limited, Chairman of: The ACCA Accountants for Business Global Forum Advisory board member of: Tiaxa, Inc Chile Trustee of: The Peter Jones Foundation
Nick Page	Independent non-executive director	Director of: C.A.RE. Europe 1 S.a.r.l C.A.RE. Europe 2 S.a.r.l RSM Tenon Group plc

The business address of each of the directors is c/o Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD.

The Board of Directors of IPF (the “**Board**”) may, subject to and in accordance with, the provisions of its articles of association, authorise any matter which would otherwise involve a director breaching his duty under the Companies Act 2006 to avoid conflicts of interest. Where the Board gives authority in relation to a conflict of interest the Board may (a) require the relevant director to be excluded from the receipt of information, the participation in discussion and/or the making of decisions related to the conflict of interest; (b) impose upon the relevant director such other terms for the purpose of dealing with the conflict of interest as it may determine; and (c) provide that the relevant director will not be obliged to disclose information that is confidential to a third party and obtained otherwise than through his position as a director of IPF, or to use or apply the information in relation to IPF’s affairs, where to do so would amount to a breach of that confidence. The Board may revoke or vary such authority at any time.

The above paragraph details how future potential conflicts of interests not known as at the date of this Prospectus are to be addressed by IPF and the directors, should any such potential conflicts arise.

As to any potential conflicts of interest as at the date of this Prospectus, save for the fact that any of the directors of IPF may purchase and hold Notes issued under the Programme from time to time (which would make them creditors of IPF in their personal capacity for so

long as they hold the Notes), there are no potential conflicts of interest between the duties of the directors listed above to IPF and their private interests and/or other duties. As at the date of this Prospectus, no directors do in fact hold any Notes issued under the Programme except as disclosed below.

Nick Page holds EUR 400,000 Notes issued under the Programme.

Director Profiles

Christopher Rodrigues CBE, Non-Executive Chairman

Graduated with a degree in economics and economic history and has an MBA. He joined the Board of IPF in 2007 at the time of the demerger from Provident Financial plc, serving as Executive Chairman until October 2008 when the chairmanship became a non-executive role. He is currently Chairman of VisitBritain, Almeida Theatre Company Limited and The Windsor Leadership Trust, a non-executive director of Ladbrokes plc, director of Ladbrokes Employee Share Trust Limited and an advisor to Monitise plc; he is on the Council, and a Trustee, of the National Trust and is an executive committee member of the World Tourism and Travel Council. He was previously Chief Executive of Thomas Cook, Chief Executive of Bradford and Bingley, board member of the Financial Services Authority, President and Chief Executive of Visa International and Joint Deputy Chairman of Provident Financial plc.

Gerard Ryan, Chief Executive Officer

Qualified as a chartered accountant. He joined the Board of International Personal Finance plc in January 2012 as Chief Executive Officer (Designate) and became Chief Executive Officer at the beginning of April 2012. He was previously Chief Financial Officer of Garanti Bank, Turkey and Chief Executive Officer of GE Money Bank, Prague; Chief Executive Officer for Citi's consumer finance businesses in the Western Europe, Middle East and Africa region; director of Citi International plc, Egg plc and Morgan Stanley Smith Barney UK.

David Broadbent, Finance Director

Qualified as a chartered accountant, having graduated with a degree in classics and has an MBA. He joined the Board of IPF as Finance Director in 2007. He was previously a Senior Manager with PricewaterhouseCoopers, Financial Controller and later Finance Director of the International Division of Provident Financial plc.

Tony Hales CBE, Independent non-executive director

Graduated with a degree in chemistry. He joined the Board of IPF as a non-executive director in 2007. He is currently Chairman of the Canal & River Trust and non-executive director of Capital & Regional plc and a board member of The Services Sound and Vision Corporation. He is also a director of Welsh National Opera Limited. He was previously Chief Executive of Allied Domecq plc, Chairman of NAAFI Limited, and a non-executive director of Provident Financial plc, Welsh Water plc, Aston Villa plc, HSBC Bank plc and Reliance Security Group plc.

Edyta Kurek, Independent non-executive director

Graduated with a degree in nuclear engineering. She joined the board of IPF as a non-executive director with effect from 15 February 2010. She is Vice President East Central Europe and Middle East, and General Manager of Herbalife Polska Sp.z.o.o. She has previously held positions in Oriflame Poland Sp.z.o.o and UPC Poland Sp.z.o.o.

John Lorimer, Independent non-executive director

Graduated in commerce. He joined the board of IPF as a non-executive director in 2010. He is a non-executive of Aberdeen New Dawn Investment plc, The British United Provident Association (BUPA) and The Benefits Express Limited. He previously held senior positions with Standard Chartered Bank (most recently as Group Head of Compliance and Regulatory Risk), and Citigroup, and was previously Chairman of CAF Bank Ltd and a director of Welsh National Opera Limited.

Richard Moat, Independent non-executive director

Graduated with a degree in law and he is a Fellow of the Association of Chartered Certified Accountants. He joined the board of IPF as a non-executive director in July 2012. He is Chief Financial Officer of Eircom Limited, an advisory board member of Tiaxa, Inc Chile, Trustee of the Peter Jones Foundation, and chair of the ACCA Accountants for Business Global Forum. He was previously Deputy Chief Executive Officer and Chief Finance Officer of Everything Everywhere Limited, Managing Director of T-Mobile UK Limited, Chief Executive Officer of Orange Romania SA, Orange Denmark A/S and Orange Thailand Limited.

Nick Page, Independent non-executive director

Graduated with a degree in philosophy, politics and economics and is a Fellow of the Institute of Chartered Accountants in England and Wales. He joined the board of IPF as a non-executive director in 2007. He is a non-executive director of RSM Tenon Group plc. He was previously Chief Operating Officer of Travelex plc, Managing Director of Hambro Insurance Services plc, executive director of Hambros Bank and Joint Deputy Chairman of Hambro Group Investments and non-executive director of MoneyGram International Limited.

12. Audit and Risk Committee

The Audit and Risk Committee consists of the following four independent Non-Executive Directors: Nick Page (Chairman of the Committee), Tony Hales, John Lorimer and Richard Moat. In addition to the members, at the invitation of the Committee, meetings are attended by both the internal audit firm and external auditor as required and by the Finance Director and the Head of Compliance and Risk. Country Managers or heads of function regularly present to the Committee on an aspect of the business. The Committee also meets from time to time with the internal audit firm and the external auditor without an executive director or member of the Company's senior management being present. The Head of Compliance and Risk reports directly to the Chairman of the Committee, which ensures that his/her independence from the management and operation of the business is maintained.

The Chairman of the Committee, Nick Page, has a degree in Philosophy, Politics and Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales. The Chairman is regarded as having relevant and recent experience for the purposes of the Governance Code. The Audit and Risk Committee meets regularly, at least four times a year, its remit is to:

- make recommendations to the Board, for the Board to put to shareholders in general meeting in relation to the appointment of the external auditor, and in relation to the internal audit firm, and to approve their terms of appointment;
- review and monitor the objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- develop and implement policy on the engagement of the external auditor to supply non-audit services;
- monitor the integrity of the Financial Statements of the Company and the formal announcements relating to the Company's financial performance, reviewing significant reporting judgements contained in them;
- keep under review the effectiveness of the Group's system of internal control, including operational and compliance controls and risk management;
- keep under review the Group risk register and to consider the most important risks facing the Group and their mitigation; and
- keep under review the Group's whistleblowing policy.

13. Corporate Governance

The Issuer complied, throughout the year ended 31 December 2011, with all the provisions of the Governance Code as published by the Financial Reporting Council.

SELECTED FINANCIAL INFORMATION OF INTERNATIONAL PERSONAL FINANCE PLC

The financial summary set out below in relation to the six months ended 30 June 2012 and 30 June 2011 has been extracted without material adjustment from the unaudited interim consolidated financial statements of the Issuer for the six months ended 30 June 2012 and 30 June 2011. Such selected financial information should be read together with such unaudited interim consolidated financial statements. The unaudited interim consolidated financial statements of the Issuer for the six months ended 30 June 2012 and 30 June 2011 are incorporated by reference into this Prospectus.

The financial summary set out below in relation to the years ended 31 December 2011 and 31 December 2010 has been extracted without material adjustment from the audited consolidated financial statements of the Issuer for the years ended 31 December 2011 and 31 December 2010. Such selected financial information should be read together with such consolidated financial statements. The audited consolidated financial statements of the Issuer for the years ended 31 December 2011 and 31 December 2010 are incorporated by reference into this Prospectus.

Consolidated income statement

	Unaudited Six months ended 30 June 2012 £M	Unaudited Six months ended 30 June 2011 £M	Audited Year ended 31 December 2011 £M	Audited Year ended 31 December 2010 £M
Revenue	316.0	326.7	649.5	608.7
Impairment	(98.3)	(98.5)	(167.7)	(168.1)
Revenue less impairment	217.7	228.2	481.8	440.6
Finance costs	(20.4)	(21.8)	(42.9)	(40.7)
Other operating costs.....	(48.6)	(55.5)	(97.1)	(93.7)
Administrative expenses	(122.9)	(119.9)	(241.3)	(218.0)
Total costs	(191.9)	(197.2)	(381.3)	(352.4)
Profit before taxation	25.8	31.0	100.5	88.2
Profit before taxation, exceptional items and fair value adjustments	31.4	35.7	100.5	92.1
Exceptional items	(4.8)	—	—	(3.9)
Fair value adjustments	(0.8)	(4.7)	—	—
Profit before taxation	25.8	31.0	100.5	88.2
Tax (expense)/income – UK.....	—	—	0.8	0.1
– Overseas	(7.2)	(8.7)	(24.8)	(29.1)
Total tax expense	(7.2)	(8.7)	(24.0)	(29.0)
Profit after taxation attributable to owners of the parent	18.6	22.3	76.5	59.2

Consolidated balance sheet

	Unaudited 30 June 2012 £M	Unaudited 30 June 2011 £M	Audited 31 December 2011 £M	Audited 31 December 2010 £M
Assets				
Non-current assets				
Intangible assets	3.1	4.5	3.6	6.8
Property, plant and equipment.....	29.0	35.6	30.6	35.7
Deferred tax assets.....	47.7	50.3	50.1	48..5
	<u>79.8</u>	<u>90.4</u>	<u>84.3</u>	<u>91.0</u>
Current assets				
Amounts receivable from customers				
– due within one year	552.1	587.9	555.3	558.8
– due in more than one year	12.3	9.3	5.1	8.1
	<u>564.4</u>	<u>597.2</u>	<u>560.4</u>	<u>566.9</u>
Derivative financial instruments	—	—	10.0	—
Cash and cash equivalents.....	19.5	26.1	17.9	23.5
Other receivables.....	19.4	25.8	19.1	21.3
	<u>603.3</u>	<u>649.1</u>	<u>607.4</u>	<u>611.7</u>
Total assets	<u>683.1</u>	<u>739.5</u>	<u>691.7</u>	<u>702.7</u>
Liabilities				
Current liabilities				
Borrowings	(0.6)	(20.2)	(6.4)	(19.5)
Derivative financial instruments	(3.4)	(11.2)	(0.3)	(4.5)
Trade and other payables.....	(77.9)	(81.8)	(57.4)	(55.9)
Current tax liabilities.....	(19.7)	(22.2)	(25.8)	(25.7)
	<u>(101.6)</u>	<u>(135.4)</u>	<u>(89.9)</u>	<u>(105.6)</u>
Non-current liabilities				
Retirement benefit obligation	(1.9)	(1.4)	(4.0)	(3.3)
Borrowings	(245.7)	(267.2)	(270.1)	(284.8)
	<u>(247.6)</u>	<u>(268.6)</u>	<u>(274.1)</u>	<u>(288.1)</u>
Total liabilities	<u>(349.2)</u>	<u>(404.0)</u>	<u>(364.0)</u>	<u>(393.7)</u>
Net assets	<u>333.9</u>	<u>335.5</u>	<u>327.7</u>	<u>309.0</u>
Equity attributable to owners of the parent				
Called-up share capital	25.7	25.7	25.7	25.7
Other reserves	(32.5)	21.4	(28.0)	11.3
Retained earnings	340.7	288.4	330.0	272.0
Total equity	<u>333.9</u>	<u>335.5</u>	<u>327.7</u>	<u>309.0</u>

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	Audited Year ended 31 December 2010 £M
Net cash generated from operating activities	42.3	36.2	11.9	39.0
Net cash used in investing activities.....	(3.3)	(4.3)	(11.6)	(8.2)
Net cash used in financing activities	(37.2)	(30.2)	(3.9)	(38.0)
Net increase/(decrease) in cash and cash equivalents.....	1.8	1.7	(3.6)	(7.2)
Cash and cash equivalents at the start of the period	17.9	23.5	23.5	31.2
Exchange (losses)/gains on cash and cash equivalents	(0.2)	0.9	(2.0)	(0.5)
Cash and cash equivalents at the end of the period.....	19.5	26.1	17.9	23.5

Established markets: Poland, Czech/Slovakia, Hungary and UK central costs.

Developing markets: Mexico and Romania.

BUSINESS DESCRIPTION OF THE GUARANTORS

1. IPF Holdings Limited

IPF Holdings Limited is a private limited company incorporated and registered in England and Wales on 29 October 1980 as a company limited by shares with registered number 01525242. Its registered office is at Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD and the telephone number of its registered office is +44 (0) 113 285 6700.

IPF Holdings Limited is a wholly owned subsidiary of the Issuer and its principal business activity is to act as the intermediate holding company of International Personal Finance Investments Limited and IPF Financial Services Limited.

The principal objects of IPF Holdings Limited are set out in clause 3 of its memorandum of association.

2. International Personal Finance Investments Limited

International Personal Finance Investments Limited is a private limited company incorporated and registered in England and Wales on 28 August 1969 as a company limited by shares with registered number 00961088. Its registered office is at Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD and the telephone number of its registered office is +44 (0) 113 285 6700.

International Personal Finance Investments Limited is a wholly owned subsidiary of IPF Holdings Limited and its principal business activity is to act as the intermediate holding company of the Group's operating subsidiaries.

The principal objects of International Personal Finance Investments Limited are set out in clause 3 of its memorandum of association.

3. IPF International Limited

IPF International Limited is a private limited company incorporated and registered in England and Wales on 14 March 1963 as a company limited by shares with registered number 00753518. Its registered office is at Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD and the telephone number of its registered office is +44 (0) 113 285 6700.

IPF International Limited's principal business activities are to provide services and business know-how to fellow subsidiary undertakings.

The principal objects of IPF International Limited are set out in clause 3 of its memorandum of association.

4. Directors of the Guarantors

The following table sets out a list of directors of each of the Guarantors and the principal activities performed by them outside the Guarantors where these are significant to any of the Guarantors as at the date of this document.

Name	Position	Other principal activities
Gerard Ryan	Director	None
David Broadbent	Director	None
John Williams	Director	None
Helen Thornton	Director	None

The business address of each of the directors listed above is c/o Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD.

As at the date of this Prospectus, save for the fact that any of the directors of any of the Guarantors may purchase and hold Notes issued under the Programme from time to time (which would make them creditors of the Guarantors in their personal capacity for so long as they held the Notes), there are no potential conflicts of interest between the duties of the directors of each of the Guarantors listed above to any of the Guarantors and their private interests and/or other duties. As at the date of this Prospectus, no directors of the Guarantors do in fact hold any Notes issued under the Programme.

SELECTED FINANCIAL INFORMATION OF IPF HOLDINGS LIMITED

The financial summary set out below in relation to the six months ended 30 June 2012 and 30 June 2011 and the years ended 31 December 2011 and 31 December 2010 has been extracted without material adjustment from the unaudited and unreviewed interim financial statements of IPF Holdings Limited for the six months ended 30 June 2012 and 30 June 2011 and from the audited historical financial information of IPF Holdings Limited for the years ended 31 December 2011 and 31 December 2010. The selected financial information should be read together with the unaudited and unreviewed interim financial statements for the six months ended 30 June 2012 and 30 June 2011 which are included at Appendix 2 to this Prospectus; and the audited historical financial information of IPF Holdings Limited for the years ended 31 December 2011 and 31 December 2010 which are included at Appendix 1 to this Prospectus.

Profit and Loss Account

	Unaudited Six months ended 30 June 2012 £	Unaudited Six months ended 30 June 2011 £	Audited Year ended 31 December 2011 £	Audited Year ended 31 December 2010 £
TURNOVER	6,631,826	2,945,926	8,689,418	7,713,044
GROSS PROFIT	6,631,826	2,945,926	8,689,418	7,713,044
Administrative expenses	(7,554,884)	(4,334,763)	(11,484,638)	(9,863,302)
OPERATING LOSS	(923,058)	(1,388,837)	(2,795,220)	(2,150,258)
Interest payable and similar charges	(6,252,447)	(6,063,738)	(12,346,865)	(11,524,770)
Interest receivable	6,851,536	6,668,738	13,684,845	12,018,483
Income from shares in group undertakings	17,919	13,699,693	13,716,864	33,608,978
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(306,050)	12,916,275	12,259,624	31,952,433
Tax credit on profit on ordinary activities	76,512	211,523	413,195	417,196
PROFIT FOR THE YEAR	(229,538)	13,127,798	12,672,819	32,369,629

Balance Sheet

	Unaudited Six months ended 30 June 2012 £	Unaudited Six months ended 30 June 2011 £	Audited Year ended 31 December 2011 £	Audited Year ended 31 December 2010 £
FIXED ASSETS				
Tangible assets	1,570,664	2,230,727	1,846,024	2,444,577
Investments	31,085,656	31,085,656	31,085,656	31,085,656
	<u>32,656,320</u>	<u>33,316,383</u>	<u>32,931,680</u>	<u>33,530,233</u>
CURRENT ASSETS				
Debtors	91,409,751	91,874,095	90,995,672	78,160,957
Cash at bank and in hand.....	197,364,436	202,452,432	182,969,842	183,614,134
	<u>288,774,187</u>	<u>294,326,527</u>	<u>273,965,514</u>	<u>261,775,091</u>
CREDITORS: amounts falling due within one year.....	(228,839,335)	(234,367,225)	(214,076,487)	(215,157,436)
NET CURRENT ASSETS	<u>59,934,852</u>	<u>59,889,027</u>	<u>59,889,027</u>	<u>46,617,655</u>
NET ASSETS	<u>92,591,172</u>	<u>93,275,685</u>	<u>92,820,707</u>	<u>80,147,888</u>
CAPITAL AND RESERVES				
Called-up share capital	3,239,072	3,239,072	3,239,072	3,239,072
Profit and loss account	89,352,100	90,036,613	89,581,635	76,908,816
TOTAL SHAREHOLDER'S FUNDS	<u>92,591,172</u>	<u>93,275,685</u>	<u>92,820,707</u>	<u>80,147,888</u>

Cash Flow Statement

	Unaudited Six months ended 30 June 2012 £	Unaudited Six months ended 30 June 2011 £	Audited Year ended 31 December 2011 £	Audited Year ended 31 December 2010 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	13,787,684	4,639,918	(16,076,743)	(39,979,768)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	(6,252,447)	(6,063,319)	(12,346,865)	(11,524,770)
Interest received	6,851,536	6,668,738	13,684,845	12,018,483
Dividends from subsidiaries	17,919	13,699,693	13,716,864	33,608,978
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE.....	<u>617,008</u>	<u>14,305,112</u>	<u>15,054,844</u>	<u>34,102,691</u>
TAXATION				
Taxation received/(paid)	(1,991)	—	392,424	282,006
NET CASH INFLOW/(OUTFLOW) FROM TAXATION	<u>(1,991)</u>	<u>—</u>	<u>392,424</u>	<u>282,006</u>
CAPITAL EXPENDITURE				
Purchase of fixed assets	(8,107)	(106,732)	(14,817)	(31,242)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE.....	<u>(8,107)</u>	<u>(106,732)</u>	<u>(14,817)</u>	<u>(31,242)</u>
INCREASE/(DECREASE) IN CASH IN THE YEAR	<u><u>14,394,594</u></u>	<u><u>18,838,298</u></u>	<u><u>(644,292)</u></u>	<u><u>(5,626,313)</u></u>

SELECTED FINANCIAL INFORMATION OF INTERNATIONAL PERSONAL FINANCE INVESTMENTS LIMITED

The financial summary set out in relation to the six months ended 30 June 2012 and 30 June 2011 and the years ended 31 December 2011 and 31 December 2010 below has been extracted without material adjustment from the unaudited and unreviewed interim financial statements of International Personal Finance Investments Limited for the six months ended 30 June 2012 and 30 June 2011 and from the audited historical financial information of International Personal Finance Investments Limited for the years ended 31 December 2011 and 31 December 2010. The selected financial information should be read together with the unaudited and unreviewed interim financial statements for the six months ended 30 June 2012 and 30 June 2011 which are included at Appendix 2 to this Prospectus; and the audited historical financial information of International Personal Finance Investments Limited for the years ended 31 December 2011 and 31 December 2010 which are included at Appendix 1 to this Prospectus.

Profit and Loss Account

	Unaudited Six months ended 30 June 2012 £	Unaudited Six months ended 30 June 2011 £	Audited Year ended 31 December 2011 £	Audited Year ended 31 December 2010 £
Administrative (expenses)/income....	(414,056)	(1,214,803)	(553,646)	75,182
OPERATING (LOSS)/PROFIT	(414,056)	(1,214,803)	(553,646)	75,182
Interest payable and similar charges	—	(502,358)	(506,937)	(1,644,843)
Interest receivable	833,351	743,276	1,665,110	1,716,687
Income from shares in group undertakings	25,200,854	19,876,551	44,292,317	15,078,990
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	25,620,149	18,902,666	44,896,844	15,226,016
Tax charge/credit on profit on ordinary activities.....	(104,824)	290,390	(132,760)	1,174,855
PROFIT FOR THE YEAR	<u>25,515,325</u>	<u>19,193,056</u>	<u>44,764,084</u>	<u>16,400,871</u>

Balance Sheet

	Unaudited Six months ended 30 June 2012 £	Unaudited Six months ended 30 June 2011 £	Audited Year ended 31 December 2011 £	Audited Year ended 31 December 2010 £
FIXED ASSETS				
Investments	149,753,304	122,432,793	136,158,138	121,601,230
	<u>149,753,304</u>	<u>122,432,793</u>	<u>136,158,138</u>	<u>121,601,230</u>
CURRENT ASSETS				
Debtors	82,852,915	62,453,564	70,891,848	62,856,383
Cash at bank and in hand.....	316	1,219	499	545
	<u>82,853,231</u>	<u>62,454,783</u>	<u>70,892,347</u>	<u>62,856,928</u>
CREDITORS: amounts falling due within one year.....	(5,292,229)	(8,659,623)	(5,251,504)	(27,423,261)
NET CURRENT ASSETS	<u>77,561,002</u>	<u>53,795,160</u>	<u>65,640,843</u>	<u>35,433,667</u>
NET ASSETS	<u>227,314,306</u>	<u>176,227,953</u>	<u>201,798,981</u>	<u>157,034,897</u>
CAPITAL AND RESERVES				
Called-up share capital	2,191,452	2,191,452	2,191,452	2,191,452
Revaluation Reserve	1,108,663	1,108,663	1,108,663	1,108,663
Profit and loss account	224,014,191	172,927,838	198,498,866	153,734,782
TOTAL SHAREHOLDER'S FUNDS	<u>227,314,306</u>	<u>176,227,953</u>	<u>201,798,981</u>	<u>157,034,897</u>

Cash Flow Statement

	Unaudited Six months ended 30 June 2012 £	Unaudited Six months ended 30 June 2011 £	Audited Year ended 31 December 2011 £	Audited Year ended 31 December 2010 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(12,279,196)	(19,276,936)	(32,128,587)	(9,845,324)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	—	(502,358)	(506,937)	(1,644,843)
Interest received	833,351	743,276	1,665,110	1,716,687
Dividends from subsidiaries	25,200,854	19,876,551	44,292,317	15,078,990
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26,034,205	20,117,469	45,450,490	15,150,834
TAXATION				
Taxation received	(160,026)	(8,296)	436,704	387,738
NET CASH INFLOW FROM TAXATION	(160,026)	(8,296)	436,704	387,738
ACQUISITIONS AND DISPOSALS				
Purchase of subsidiary undertakings	(13,595,166)	(831,563)	(13,758,653)	(5,699,126)
NET CASH INFLOW/OUTFLOW FROM ACQUISITIONS AND DISPOSALS	(13,595,166)	(831,563)	(13,758,653)	(5,699,126)
INCREASE/DECREASE IN CASH IN THE YEAR	(183)	674	(46)	(5,878)

SELECTED FINANCIAL INFORMATION OF IPF INTERNATIONAL LIMITED

The financial summary in relation to the six months ended 30 June 2012 and 30 June 2011 and the years ended 31 December 2011 and 31 December 2010 set out below has been extracted without material adjustment from the unaudited and unreviewed interim financial statements of IPF International Limited for the six months ended 30 June 2012 and 30 June 2011 and from the audited historical financial information of IPF International Limited for the years ended 31 December 2011 and 31 December 2010. The selected financial information should be read together with the unaudited and unreviewed interim financial statements for the six months ended 30 June 2012 and 30 June 2011 which are included at Appendix 2 to this Prospectus; and the audited historical financial information of IPF International Limited for the years ended 31 December 2011 and 31 December 2010 which are included at Appendix 1 to this Prospectus.

Profit and Loss Account

	Unaudited Six months ended 30 June 2012 £	Unaudited Six months ended 30 June 2011 £	Audited Year ended 31 December 2011 £	Audited Year ended 31 December 2010 £
TURNOVER	14,871,857	13,428,390	24,990,643	22,690,934
GROSS PROFIT	14,871,857	13,428,390	24,990,643	22,690,234
Administrative expenses	(14,208,751)	(10,632,309)	(27,755,669)	(20,784,544)
OPERATING PROFIT/(LOSS)	663,106	2,796,081	(2,765,026)	1,906,390
Interest payable and similar charges	—	—	—	—
Interest receivable	—	—	—	931
Income from shares in group undertakings	—	—	—	—
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	663,106	2,796,081	(2,765,026)	1,907,321
Tax credit/(charge) on profit/(loss) on ordinary activities.....	(165,776)	(754,942)	692,805	317,833
PROFIT/(LOSS) FOR THE YEAR ..	<u>497,330</u>	<u>2,041,139</u>	<u>(2,072,221)</u>	<u>2,225,154</u>

Balance Sheet

	Unaudited Six months ended 30 June 2012 £	Unaudited Six months ended 30 June 2011 £	Audited Year ended 31 December 2011 £	Audited Year ended 31 December 2010 £
FIXED ASSETS				
Tangible and Intangible assets	14,962,714	13,889,330	14,053,492	13,308,001
Investments	173,380	35,172	35,172	35,172
	<u>15,136,094</u>	<u>13,924,502</u>	<u>14,088,664</u>	<u>13,343,173</u>
CURRENT ASSETS				
Debtors	3,351,453	2,653,189	2,500,121	1,219,579
Cash at bank and in hand.....	138	8,428	302	3,974
	<u>3,351,591</u>	<u>2,661,617</u>	<u>2,500,423</u>	<u>1,223,553</u>
CREDITORS: amounts falling due within one year.....	<u>(34,021,274)</u>	<u>(28,682,609)</u>	<u>(32,639,161)</u>	<u>(28,723,510)</u>
NET CURRENT LIABILITIES	<u>(30,669,683)</u>	<u>(26,020,992)</u>	<u>(30,138,738)</u>	<u>(27,499,957)</u>
NET LIABILITIES	<u>(15,533,589)</u>	<u>(12,096,490)</u>	<u>(16,050,074)</u>	<u>(14,156,784)</u>
CAPITAL AND RESERVES				
Called-up share capital	64,286	64,286	64,286	64,286
Profit and loss account	(15,597,875)	(12,160,776)	(16,114,360)	(14,221,070)
TOTAL SHAREHOLDER'S DEFICIT	<u>(15,533,589)</u>	<u>(12,096,490)</u>	<u>(16,050,074)</u>	<u>(14,156,784)</u>

Cash Flow Statement

	Unaudited Six months ended 30 June 2012 £	Unaudited Six months ended 30 June 2011 £	Audited Year ended 31 December 2011 £	Audited Year ended 31 December 2010 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,759,335	1,764,691	7,298,060	4,267,483
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	—	—	—	—
Interest received	—	—	—	931
Dividends from subsidiaries	—	—	—	—
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	—	—	—	931
TAXATION				
Taxation received	—	—	(315,485)	960,274
NET CASH (OUTFLOW)/INFLOW FROM TAXATION	—	—	(315,485)	960,274
CAPITAL EXPENDITURE				
Purchase of fixed assets	(2,621,291)	(1,760,237)	(6,515,219)	(4,767,232)
Purchase of intangible assets	—	—	(471,028)	(474,096)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(2,621,291)	(1,760,237)	(6,986,247)	(5,241,328)
ACQUISITIONS AND DISPOSALS				
Purchase of subsidiary undertakings	(138,208)	—	—	—
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS	(138,208)	—	—	—
(DECREASE)/INCREASE IN CASH IN THE YEAR	(164)	4,454	(3,672)	(12,640)

REGULATORY INFORMATION

1. Central Europe

1.1 European Union (“EU”) Consumer Credit Legislation

The provision of credit to consumers in Europe, including consumer loans, is at present governed by national legislative provisions which implement the provisions of the new consumer credit directive, Directive 2008/48/EC (the “**CCD**”). EU member states were obliged to implement the requirements of the CCD into national law by June 2010. The European markets in which IPF operates have now all implemented the CCD.

The CCD focuses on transparency and consumer rights in relation to consumer credit agreements. It requires a comprehensive set of information to be given to consumers in good time before the consumer credit agreement is concluded and also for that information to be included as part of the consumer credit agreement itself.

Contrary to the position under the previous consumer credit directive, the CCD takes the approach of ‘targeted full harmonisation’ in that, whilst member states have discretion in certain areas, they are not permitted to adopt or retain more stringent provisions in their national law. The intention is that this will lead to a largely consistent legislative position across Europe, thereby encouraging cross-border trade.

As part of this move towards EU consistency in legislation governing consumer credit agreements, the CCD seeks to provide a standard mechanism for calculating the Annual Percentage Rate of Charge (the “**APR**”) that must be included as part of the information to be provided to consumers entering into credit agreements. This will mean that for the first time the definition and formula for the calculation of APR will be harmonised at EU level. The CCD requires that:

- (i) only amounts that consumers are required to pay in connection with the credit agreement and which are known to the consumer credit provider should be included in the total cost of credit to the consumer (and hence the APR), and
- (ii) costs in respect of ancillary services relating to the credit agreement are included in the total cost of credit to the consumer (and hence the APR) only if the conclusion of a service contract is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed.

Agreements for the provision of short term, low value credit with short repayment periods often attract attention as a result of their high APRs, although typically as a result of misconception as to the meaning of APR and its significance. Further, the total charges for the Group’s loans are higher than for loans provided by mainstream banks, reflecting the higher lending risk, the absence generally of default fees for missed payments and the high level of personal service provided by the agent. This can also attract criticism and bring calls for statutory caps on charges.

The Group’s consumer lending activities in Poland and Slovakia are currently subject to a maximum rate provision (an interest rate cap and a cap on ‘remuneration’ (generally interpreted as APR) respectively).

On 7 November 2011, amended provisions of the Hungarian Banking Act dealing with maximum APR were approved by the Hungarian Parliament. The general APR cap is the Central Bank base rate plus 24 percentage points. The effective date was 1 April 2012 for new loans issued after such date. Although this is the general rule, there are certain exceptions for which the APR cap is base rate plus 39 percentage points. These include, *inter alia*, credit cards, overdrafts and loans ‘granted for the purchase of equipment and durable goods of everyday life’ and ‘for the use of services’. The Group’s consumer lending product in Hungary has been restructured to comply with this latter cap. Within the context of the Hungarian CCD implementing legislation effective from 11 June 2010, the Group’s view is that the harmonised APR definition results in the exclusion of costs for optional ancillary services (such as home collection) from the APR calculation, resulting in its APRs being below the required limit.

The Group has responded to the introduction of caps on interest rates or APR by the use of its 'flexible product', the principal feature of which is that agent service is provided as a separate, optional service. Customers who choose to take it pay a service fee but generally do not pay default fees or additional charges for missed payments, whilst those who decide not to take agent service make repayments via the bank or post office but are liable to default fees for missed payments. Both the optional agent service fee and default fees generally fall outside of interest rate or APR caps. Within the context of the CCD the Group's view is that the harmonised APR definition brings IPF additional certainty with regard to the exclusion of costs for optional ancillary services from the APR calculation.

However, the European Commission published guidelines in May 2012 relating to the application of the CCD and calculation. Although the guidelines are non-binding, it is nevertheless uncertain how national regulators and courts will interpret them and accordingly there is a risk that the Group's business could be adversely affected. In particular, there is a risk that the Group may be compelled to make further changes to its product structure in some markets in order to comply with the provisions dealing with calculation of APR.

The CCD includes harmonised provisions relating to reductions in the total cost of credit to consumers who choose to utilise their right to early settlement of their credit obligations. Whilst similar provisions were included in the previous consumer credit directive, they were non-standardised and related only to full early settlement. The CCD extends this by providing an entitlement for consumers to a reduction on the total cost of credit on partial, as well as full, early settlement of their credit obligations. The Group has implemented systems and process changes to satisfy the new requirements.

Under the CCD, EU member states are under an obligation to ensure that, before the conclusion of a credit agreement with a consumer, the consumer credit provider assesses the consumer's creditworthiness on the basis of sufficient information, where appropriate obtained from the consumer and, where necessary, on the basis of a consultation of the relevant national database. Furthermore, EU member states are under an obligation to ensure that, where parties to a consumer credit agreement agree to change the total amount of credit after the conclusion of the credit agreement, the consumer credit provider updates the financial information at its disposal concerning the consumer and re-assesses the consumer's creditworthiness before any significant increase in the total amount of credit made available.

The local implementing legislation differs slightly from the CCD in some cases and there is a possibility that local interpretation of the results may vary.

1.2 Good Morals Laws

Each of the EU member states in which the Group operates has civil law provisions that apply principles of good morals to contracts. The precise wording of these principles varies from country to country. As a general rule, however, each country's civil law contains provisions that enable courts to hold an agreement null and void if it is deemed to be unfair or if the agreement is considered to have been concluded in bad faith.

Similarly, each of the EU member states in which the Group operates has provisions in its criminal law that relate to the principles of good morals in contracts. While the wording varies from country to country, the criminal codes in all relevant countries contain a general principle that a criminal offence would be committed by, for example, a consumer credit provider if it were to exploit a consumer's position or state of distress. There are also, in certain of the relevant countries, specific criminal provisions that relate to usury.

1.3 Anti-Money Laundering

All of IPF's European businesses are subject to local anti-money laundering and terrorist financing legislative requirements which were introduced pursuant to the requirements of the Third Money Laundering Directive (Directive 2005/60/EC).

2. Regulatory Framework in Mexico

The Group's Mexican subsidiary is not classified as a financial institution and therefore it is not subject to the supervision of the National Banking Commission, or any other financial authority in Mexico, and does not require any permits or licences in respect of financial regulation to conduct its business.

However, the Group's Mexican subsidiary is subject to the Law for the Transparency and Order of Financial Services and to the Federal Protection Consumers Law which are both supervised and enforced by The Federal Protection Agency for Consumers. Such laws introduce certain requirements applicable to commercial entities that habitually grant loans (such as provision of information about charges, content of agreements and advertisements, including the requirement to specify the total annual cost), and protect customers' interests, respectively.

The Federal Criminal Code and various State Criminal Codes contain provisions relating to exploitation. Each Criminal Code contemplates slight differences among them to qualify the offence, however, the basic elements are taking advantage of someone's inexperience, extreme necessity or ignorance; obtaining notoriously superior gains over those authorised or applicable; or obtaining the aforementioned through deceitful means.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1. Initial Issue of Notes

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Where the Global Notes issued in respect of any Tranche are in NGN form, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Neither depositing the Global Notes with the Common Safekeeper nor indicating that they are to be held in a manner which would allow Eurosystem eligibility necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global notes which are issued in CGN form and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

In certain circumstances, investors may also hold interests in the Notes through CREST through the issuance of CDIs, representing interests in the underlying Notes. CDIs are constituted under English law and transferred through CREST and will be issued by the CREST Depository pursuant to the CREST Deed Poll. Neither the Notes nor any rights attached thereto will be issued, settled, held or transferred within the CREST system other than through the issue, settlement holding or transfer of CDIs. CDI holders will not be entitled to deal directly in the Notes and, accordingly, all dealings in the Notes will be effected through CREST in relation to the holding of CDIs.

3. Exchange

3.1 Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme – Element C.5”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for definitive notes, such Notes shall be issued only in a principal amount which is an integral multiple of the Specified Denomination.

3.2 Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a Permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that

part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.5 Exchange Date

“Exchange Date” means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

3.6 Crest Depository Interests

Following their delivery into a clearing system, interests in Notes may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Notes. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of the CREST Nominee in the Underlying Notes. Pursuant to the CREST Manual, Notes held in global form may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee’s account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear and/or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Underlying Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear and/or Clearstream, Luxembourg and the Issuer including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (i) CDI Holders will not be the legal owners of the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.
- (ii) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.
- (iii) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of a relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (iv) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST Manual and the CREST Rules and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (v) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
- (vi) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at www.euroclear.com/site/public/EUI.
- (vii) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDI's through the CREST International Settlement Links Service.
- (viii) Potential investors should note that none of the Issuer, the Guarantor, the Dealers, the Trustee, the Paying Agent or their respective advisers will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.
- (ix) Potential investors should note that Notes issued in Temporary Global Note form exchangeable for a Permanent Global Note will not be eligible for CREST settlement as CDIs. As such, investors investing in the Underlying Notes through CDIs will only

receive the CDIs after such Temporary Global Note is exchanged for a Permanent Global Note, which could take up to 40 days after the issue of the Underlying Notes. It is anticipated that Notes eligible for CREST settlement as CDIs will be issued directly in permanent global form.

4. Amendment to Conditions

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(d) will apply to the Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (Non-Business Days).

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

4.5 Purchase

Notes represented by a Permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the Permanent Global Note is a CGN, presenting the Permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.9 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.10 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Issuing and Paying Agent the nominal amount of such Global Note that is becoming due and repayable.

4.11 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

5. Record Date in respect of Registered Notes

Each payment in respect of Registered Notes whilst in global form will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

6. Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer, the Guarantors or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “**Electronic Consent**”) as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purposes of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer, the Guarantors and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the Guarantors and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer, the Guarantors and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer and/or the Guarantors shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Group for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

TAXATION

The comments below are of a general nature based on United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which practice may not be binding on HM Revenue & Customs) at the date hereof and are not intended to be exhaustive. The comments relate only to the position of persons who are absolute beneficial owners of Notes. Prospective Noteholders should be aware that the particular terms of any Series of Notes, as specified in the relevant Final Terms, may affect the tax treatment of that and other Series of Notes. Any Noteholders who are in doubt as to their own tax position (in particular those who may be liable to taxation in jurisdictions other than the United Kingdom) should consult their professional advisers.

Interest on the Notes

The Notes issued will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where the Notes have a maturity date less than one year from the date of issue, provided the Notes are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

In all other cases, interest will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Persons in the United Kingdom paying interest to or receiving interest on behalf of another person who is an individual may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

The provisions referred to in the preceding paragraph may also apply, in certain circumstances, to payments of amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 by persons in the United Kingdom to, or the receipt of such amounts on behalf of, another person who is an individual. However, it should be noted that HM Revenue & Customs published practice indicates that it will not exercise its power to require this information in respect of such amounts to the extent that they are paid or received on or before 5 April 2013.

Payments by a Guarantor

If a Guarantor makes any payments under the Guarantee in respect of the Notes, such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent), subject to such relief as may be available under the provisions of any applicable double taxation treaty or other exemption which may apply. Such payments by a Guarantor may not be eligible for the exemption from United Kingdom withholding tax described above.

Gross-up for withholding tax

As set out in Condition 8 of the Terms and Conditions of the Notes, if the Issuer or a Guarantor is at any time required by law to deduct or withhold an amount in respect of any withholding taxes in respect of payments under the Notes or the Guarantee (as applicable), the Issuer or that Guarantor (as applicable) must, subject to certain exclusions, pay such additional amounts as shall result in the receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such deductions or withholding been required.

The Savings Directive

Under the Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person established within its jurisdiction to, or collected by such a person for, an individual or certain other persons resident in that other Member State. However, for a transitional period, certain Member States may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments, subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld. The ending of such transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, none of the Issuer, any Guarantor, any Paying Agent or any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. However, the Issuer and the Guarantors are required, pursuant to Condition 7(e)(vii) of the Notes, to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, provided that the Issuer and the Guarantors shall not be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one Member State does not require a paying agent making payments through a specified office in that Member State so to withhold or deduct tax whether pursuant to the Savings Directive, under the law of that Member State or otherwise. The Savings Directive does not prevent Member States from levying other types of withholding tax.

SUBSCRIPTION AND SALE

The Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 7 December 2012 (the “**Dealer Agreement**”) between the Issuer, the Guarantors, the Permanent Dealers (as defined in the Dealer Agreement) and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer may agree with a Dealer to pay such Dealer a commission in respect of Notes subscribed by such Dealer. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer and the Guarantors have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act, as amended and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

In this provision and in this Prospectus generally, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State; the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State; and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not,

directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Poland

The Polish Financial Supervision Authority (the “**PFSA**”) has not received a copy of the Prospectus with a translation of its summary into Polish and its supplements (if any), nor has it received a copy of the Final Terms. Furthermore, the PFSA has not been notified of the approval of the Prospectus by the Financial Services Authority (the “**FSA**”) in relation to the issue of the Notes.

The Notes may not be offered in Poland through a public offer, as defined in Art. 3 of the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies dated 29 July 2005 as amended (the “**Act on Offerings**”), to sell the Notes, made in any form or by any means, if the offer of the Notes is addressed to an unspecified addressee or to a number of persons exceeding the number specified in the Act on Offerings (“**Public Offering**”), unless such offer is made pursuant to the provision of Article 7 of the Act on Offerings.

The Issuer and/or the Dealers will only be authorised to carry out the Public Offering of Notes to the public in Poland (which is not within an exemption from the requirement to make a prospectus available to the public in Poland), once the FSA provides the PFSA with a certificate of approval of the Prospectus, and after an English language version of the Prospectus with a Polish language summary has been made available to the public, which is equivalent to authorising the Offering to the public in Poland.

Save for the cases of Public Offering in Poland in compliance with the requirements of the Act on Offerings referred to in the paragraph above, each Dealer represents and agrees with the Issuer that it has not offered or sold, and will not offer or sell, any Notes in Poland through a Public Offering – subject to several exemptions set out in the Act on Offerings, as part of their initial distribution or otherwise, to residents of Poland or within the territory of Poland.

Each Dealer acknowledges that the acquisition and holding of the Notes by residents of Poland may be subject to restrictions imposed by Polish law (including foreign exchange regulations) and that the offers and sales of the Notes to Polish residents or in Poland in secondary trading may also be subject to restrictions.

Any references to the Act on Offerings are made with respect to the relevant provisions of this Act applicable as of the date of this Prospectus and, as may be amended, supplemented or replaced by new Polish legislation regulating the same which will become valid and effective after the date of this Prospectus.

Czech Republic

No action has been taken in the Czech Republic (including obtaining approval of the prospectus from the Czech National Bank (the “**CNB**”) and the admission to trading on a regulated market (as defined in Section 55 (1) of Czech Act No. 256/2004 Coll., on Conducting Business in the Capital Market, as amended (the “**Capital Markets Act**”)) for the purposes of any Notes to qualify as securities admitted to trading on the Czech regulated market (as defined in the Capital Markets Act) or any other European regulated market within the meaning of the Capital Markets Act.

The Issuer and/or the Dealers will only be authorised to carry out the offering of Notes in the Czech Republic (which are not exempt from the requirement to make a prospectus pursuant to the provisions of the Capital Markets Act implementing Article 3 (2) of the Prospectus Directive (a “**Czech Public Offer**”)), once:

- (i) the Financial Services Authority (the “**FSA**”) has provided the CNB (being the competent authority in the Czech Republic) with a certificate of approval attesting that this Prospectus and the Final Terms related to the Czech Public Offer have been drawn up in accordance with the Prospectus Directive;

- (ii) the issuance of the certificate by the FSA has been communicated to the European Supervisory Authority (European Securities and Markets Authority) established under the Regulation (EU) No. 1095/2010; and
- (iii) the Prospectus and the Final Terms related to the Czech Public Offer in English and the summary of the Prospectus in Czech have been made available to the public, which is equivalent to authorising an offering to the public in the Czech Republic.

Save for the cases of a Czech Public Offer in compliance with the requirements of the Capital Markets Act referred to in the paragraph above, each Dealer represents and agrees with the Issuer that it has not offered or sold, and will not offer or sell, any Notes in the Czech Republic through a public offering, being – subject to several exemptions set out in the Capital Markets Act – any communication to a broader circle of persons containing information on the securities being offered and the terms under which they may acquire the securities and which are sufficient for the investor to make a decision or to subscribe for, or purchase, such securities.

Each Dealer represents and agrees with the Issuer that it has complied with and will comply with all the requirements of the Capital Markets Act and has not taken, and will not take, any action which would result in the issue of the Notes being classed as “accepting deposits from the public” by the Issuer in the Czech Republic under Section 2 (1) of Czech Act No. 21/1992 Coll., on Banks (as amended) (the “**Banks Act**”) or requiring a permit, registration, filing or notification to the CNB or other authorities in the Czech Republic in respect of the Notes in accordance with the Capital Markets Act, the Banks Act or the practice of the CNB.

Each Dealer represents and agrees with the Issuer that it has complied with and will comply with all the laws of the Czech Republic applicable to the conduct of business in the Czech Republic (including the laws applicable to the provision of investment services (within the meaning of the Capital Markets Act) in the Czech Republic) in respect of the Notes.

Any references to the Capital Markets Act and the Banks Act are made with respect to the relevant provision of those laws applicable as of the date of this Prospectus and, as may be amended, supplemented or replaced by new Czech legislation regulating the same which will become valid and effective after the date of this Prospectus.

Slovak Republic

No permit for the issue of the Notes has been obtained (including obtaining approval of the terms and conditions of the Notes) from the Slovak National Bank (the “**SNB**”) nor is any required under Slovak Act No. 530/1990 Zb. Coll., on Bonds (the “**Bonds Act**”). No action has been taken in the Slovak Republic (including (i) obtaining approval of the Prospectus or base prospectus from the SNB pursuant to Slovak Act No. 566/2001 Coll., on Securities and Investment Services and on Amendments or Other Acts, as amended (the “**Securities Act**”) and (ii) the admission to trading on a regulated market (as defined under the Slovak Act No. 429/2002 Coll., Stock Exchange Act, as amended (the “**Stock Exchange Act**”)) for the purposes of any Notes to qualify as securities admitted to trading on the Slovak regulated market (as defined in the Stock Exchange Act) or any other European regulated market within the meaning of the Stock Exchange Act.

The Issuer and/or the Dealers will only be authorised to carry out the offering of Notes in the Slovak Republic (which is not exempt from the requirement to make a prospectus pursuant to the provisions of the Securities Act implementing Article 3 (2) of the Prospectus Directive (a “**Slovak Public Offer**”)), once:

- (i) the Financial Services Authority (the “**FSA**”) has provided the SNB (being the competent authority in the Slovak Republic) with a certificate of approval attesting that this Prospectus and the Final Terms related to the Slovak Public Offer have been drawn up in accordance with the Prospectus Directive together with a copy of the Prospectus in English and the summary of the Prospectus in Slovak;
- (ii) the issuance of the certificate by the FSA has been communicated by the European Supervisory Authority (European Securities and Markets Authority) established under the Regulation (EU) No. 1095/2010; and

- (iii) the Prospectus and the Final Terms in English and the summary of the Prospectus in Slovak related to the Slovak Public Offer have been made available to the public.

Save for the cases of a Slovak Public Offer in compliance with the requirements of the Securities Act referred to in the paragraph above, each Dealer represents and agrees with the Issuer that it has not offered or sold, and will not offer or sell, any Notes in the Slovak Republic through a public offering, being – subject to several exemptions set out in the Securities Act – any communication to a broader circle of persons containing information on the securities being offered and the terms under which they may acquire the securities and which are sufficient for the investor to make a decision or to subscribe for, or purchase, such securities.

Each Dealer represents and agrees with the Issuer that it has complied with and will comply with all the requirements of the Securities Act and the Bonds Act and has not taken, and will not take, any action which would result in the Notes being deemed to have been issued in the Slovak Republic, the issue of the Notes being classed as “accepting of deposits” by the Issuer in the Slovak Republic under Section 2 (1) of Slovak No. 483/2001 Coll., on Banks (as amended) (the “**Banks Act**”) or requiring a permit, registration, filing or notification to the SNB or other authorities in the Slovak Republic in respect of the Notes in accordance with the Securities Act, the Bonds Act, the Banks Act or the practice of SNB.

Each Dealer represents and agrees with the Issuer that it has complied with and will comply with all the laws of the Slovak Republic applicable to the conduct of business in the Slovak Republic (including the laws applicable to the provision of investment services (within the meaning of the Securities Act) in the Slovak Republic) in respect of the Notes.

Any references to the Bonds Act, the Securities Act, the Stock Exchange Act and the Banks Act are made with respect to the relevant provisions of those laws applicable as of the date of this Prospectus and, as may be amended, supplemented or replaced by a new Slovak legislation regulating the same which will become valid and effective after the date of this Prospectus.

Hungary

No permit for the issue of the Notes has been obtained (including obtaining approval of the terms and conditions of the Notes) from the Hungarian Financial Supervisory Authority (the “**HFSA**”) nor is required under Hungarian Act CXX of 2001 on Capital Markets (“**Capital Markets Act**”). No action has been taken in Hungary (including obtaining approval of the base prospectus from the HFSA and the admission to trading on a regulated market (as defined in Chapter II, Sec. 5/1/114, of the Capital Markets Act)) for the purposes of any Notes to qualify as securities admitted to trading on the Hungarian regulated market (as defined in Chapter IV of the Capital Markets Act) or any other European regulated market within the meaning of the Capital Markets Act.

The Issuer and/or the Dealers will only be authorised to carry out the offering of Notes in Hungary (which is not exempt from the requirement to make a prospectus pursuant to the provisions of the Capital Markets Act implementing Article 3 (2) of the Prospectus Directive (a “**Hungarian Public Offer**”)), once:

- (i) the Financial Services Authority (the “**FSA**”) has provided the HFSA (being the competent authority in Hungary) with a certificate of approval attesting that this Prospectus and the Final Terms related to the Hungarian Public Offer have been drawn up in accordance with the Prospectus Directive;
- (ii) the issuance of the certificate by the FSA has been communicated by the European Supervisory Authority (European Securities and Markets Authority) established under the Regulation (EU) No. 1095/2010; and
- (iii) the Prospectus and the Final Terms related to the Hungarian Public Offer in English and the summary of the Prospectus in Hungarian have been made available to the public, which is equivalent to authorising an offering to the public in Hungary.

Save for the cases of a Hungarian Public Offer in compliance with the requirements of the Capital Markets Act referred to in the paragraph above, each Dealer represents and agrees with the Issuer that it has not offered or sold, and will not offer or sell, any Notes in Hungary through a public offering, and has not provided and will not provide any communication to a broader circle

of persons containing information on the securities being offered and the terms under which they may acquire the securities and which are sufficient for the investor to make a decision or to subscribe for, or purchase, such securities.

Each Dealer represents and agrees with the Issuer that it has complied with and will comply with all the requirements of the Capital Markets Act and has not taken, and will not take, any action which would result in the Notes being deemed to have been issued in Hungary, the issue of the Notes being classed as “taking deposits and other repayable funds from the public” by the Issuer in Hungary under Section 3./1./a) to Hungarian Act CXII of 1996 on Credit Institutions and Financial Enterprises (“**Banking Act**”) or requiring a permit, registration, filing or notification to the HFSA or other authorities in Hungary in respect of the Notes in accordance with the Capital Markets Act or the practice of the HFSA.

Each Dealer represents and agrees with the Issuer that it has complied with and will comply with all the laws of Hungary public applicable to the conduct of business in Hungary (including the laws applicable to the provision of investment services – within the meaning of the Hungarian Act as of Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulation Governing their Activities – in Hungary) in respect of the Notes.

Any references to the Capital Markets Act and the Banking Act are made with respect to the relevant provisions of those laws applicable as of the date of this Prospectus and, as may be amended, supplemented or replaced by a new Hungarian legislation regulating the same which will become valid and effective after the date of this Prospectus.

Romania

No authorisation for selling the Notes has been obtained from the Romanian National Securities Commission (the “**RNSC**”) and no notification under Article 18 of the Prospectus Directive has been performed nor is any of the foregoing required under Law no. 297/2004 on capital markets, as republished and further amended, including, without limitation, by Government Emergency Ordinance no. 32/2012 implementing into Romanian law some of the provisions of the Prospectus Amending Directive 2010/73/EC (the “**Romanian Capital Markets Law**”), any implementing regulations issued by the RNSC and under the European Union legislation. It is not intended and no action to such end has been taken to offer or sell through a public offer any Notes in Romania nor to request admission to trading of the Notes on a regulated market in Romania as defined by the Romanian Capital Markets Law.

Each Dealer represents and agrees that:

- (i) it has not offered or sold and will not offer and sell, directly or indirectly, any Notes to persons in Romania, except (i) to qualified investors within the meaning of the Romanian Capital Markets Law; (ii) through a financial services intermediary authorised to perform financial investment services or recognised in accordance with the provision of the Romanian Capital Markets Law; (iii) only in circumstances which have not resulted, and will not result, in the requirement to (a) obtain approval of the RNSC in respect of a prospectus, simplified prospectus, base prospectus or similar document in Romania in accordance with the Romanian Capital Markets Law and all implementing regulations issued by the RNSC or by the European Commission or (b) deliver a certificate of approval to the RNSC under Article 18 of the Prospectus Directive with respect to the Notes;
- (ii) it has not communicated or caused to be communicated and will not communicate or cause to be communicated any invitation, inducement to engage in investment activity or any other type of advertising materials (within the meaning of the Romanian Capital Markets Law and the Prospectus Directive Regulation) received or issued by it in connection with the issue or sale of any Notes; and
- (iii) it has complied, and will comply with all applicable provision of the Romanian Capital Markets Law and all relevant regulations issued by the RNSC and the European Union legislation with respect to anything done by it in relation to the Notes (including any further resale of the Notes) in, from or otherwise involving Romania.

Mexico

The Notes have not been and will not be registered in the Mexican National Registry of Securities (*Registro Nacional de Valores*). Therefore, the Notes may not be offered or sold in the United Mexican States (“**Mexico**”) by any mean, or otherwise be the subject of brokerage activities (*Intermediación*) in Mexico, except in circumstances which constitute a private offering (*oferta privada*) pursuant to Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*). All applicable provisions of the Mexican Securities Market Law must be complied with respect to anything done in relation to the Notes in, from or otherwise involving Mexico.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms in all cases at its own expense.

FORM OF FINAL TERMS

Final Terms dated [●]

International Personal Finance plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by IPF Holdings Limited, International Personal Finance
Investments Limited and IPF International Limited
under the EUR 1,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Prospectus has been published on [●] website.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [original date] [and the supplement(s) to it dated [●] which are incorporated by reference in the Prospectus dated [current date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated [current date] [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Prospectus**), save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplement(s) to it dated [●]]. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Prospectus [and the supplement(s) dated [●]]. However, a summary of the issue of the Notes is annexed to these Final Terms. The Prospectus has been published on [●] website.]

- | | | |
|----|--|--|
| 1. | (i) Issuer: | International Personal Finance plc |
| | (ii) Guarantor: | IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited |
| 2. | [(i)] Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | [(iii)] Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [●/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below [which is expected to occur on or about [●]]].] |
| 3. | Specified Currency or Currencies: | [●] |
| 4. | Aggregate Nominal Amount: | [●] |
| | [(i)] Series: | [●] |
| | [(ii)] Tranche: | [●] |

5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6. (i) Specified Denominations: [●]
[●] and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●].
- (ii) Calculation Amount: [●]
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●/Issue Date/Not Applicable]
8. Maturity Date: [●]
9. Interest Basis: [[●] per cent. Fixed Rate]
[[LIBOR/EURIBOR/●] +/- [●] per cent. Floating Rate]
[Zero Coupon]
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest Basis: [Applicable/Not Applicable]
12. Put/Call Options: [Investor Put]
[Change of Control Put]
[Issuer Call]
[(further particulars specified below)]
13. Date [Board] approval for issuance of Notes [and Guarantee] obtained: [●] [and [●], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [Actual/Actual/Actual/Actual – ISDA]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360/360/360/Bond Basis]
[30E/360/Eurobond Basis]
[30E/360 (ISDA)]
[Actual/Actual-ICMA]
- (vi) [Determination Dates: [●] in each year]

15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below]
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (vi) Business Centre(s): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: Screen Rate Determination
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [●]
- (ix) Screen Rate Determination:
- Reference Rate: [●]
- Relevant Financial Centre: [●]
- Relevant Time: [●]
- Interest Determination Date(s): [●]
- Relevant Screen Page: [●]
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) [Reference Price: [●]]
- (iii) [Day Count Fraction in relation to Early Redemption: [[Actual/Actual/Actual/Actual – ISDA]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360/360/360/Bond Basis]
[30E/360/Eurobond Basis]
[30E/360 (ISDA)]
[Actual/Actual-ICMA]]]

PROVISIONS RELATING TO REDEMPTION

17. **Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s): [●] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount

- | | |
|--|--|
| (b) Maximum Redemption Amount: | [●] per Calculation Amount |
| (iv) Notice period: | [●] |
| 18. Put Option | [Applicable/Not Applicable] |
| (a) Investor Put: | [Applicable/Not Applicable] |
| (i) Optional Redemption Date(s): | [●] |
| (ii) Optional Redemption Date method, if any, of calculation of such amount(s): | [●] per Calculation Amount |
| (iii) Notice period: | [●] |
| (b) Change of Control Put: | [Applicable/Not Applicable] |
| (i) Optional Redemption Amount(s): | [101 per cent. per Calculation Amount] |
| (ii) Negative Rating Event Specified Rating (Condition 6(f)): | [●] |
| [(iii) Put Period: | [●]] |
| [(iv) Put Date: | [●]] |
| 20. Final Redemption Amount of each Note: | [●] per Calculation Amount |
| 21. Early Redemption Amount
Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: | [[●] per Calculation Amount] |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | |
|---------------------------|---|
| 22. Form of Notes: | <p>Bearer Notes:</p> <p>[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]</p> <p>[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]</p> <p>Registered Notes:</p> <p>Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]</p> |
|---------------------------|---|

- 23. Name and address of Registrar: [Not Applicable]/[●]
- 24. New Global Note: [Yes] [No]
- 25. Financial Centre(s): [Not Applicable/give details]
- 26. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes.]

The Issuer

Signed on behalf of **International Personal Finance plc**

By:
Duly authorised

The Guarantors

Signed on behalf of **IPF Holdings Limited**

By:
Duly authorised

Signed on behalf of **International Personal Finance Investments Limited**

By:
Duly authorised

Signed on behalf of **IPF International Limited**

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Admission [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [[the electronic order book for retail bonds of the] London Stock Exchange's regulated market]/[the Regulated Market operated by BondSpot S.A.]/[the Regulated Market operated by the Warsaw Stock Exchange] with effect from [●].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].]
- [Not Applicable.]
- (ii) Regulated or equivalent markets on which Notes of the same class are already admitted to trading: [Not Applicable]/[●]

2. RATINGS

- Ratings: [The Notes to be issued have been rated]/[Notes issued under the Programme are generally rated]:
- [Fitch: [●]]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

[Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer./[●]]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [●]
- [(ii)] Estimated net proceeds: [●]
- [(iii)] Estimated total expenses: [●]

5. Fixed Rate Notes only – YIELD

Indication of yield: [●]

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. [Floating Rate Notes only – HISTORIC INTEREST RATES]

Details of historic [LIBOR/EURIBOR/●] rates can be obtained from [Reuters].]

7. OPERATIONAL INFORMATION

- ISIN Code: [●]
- Common Code: [●]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable]/[●]

Names and addresses of additional Paying Agent(s) (if any): [●]

[Names and addresses of Calculation Agent(s) (if not Citibank, N.A., London Branch): [●]

8. DISTRIBUTION

- (i) If syndicated:
- (A) Names and addresses of Managers and underwriting commitments: [●]
 - (B) Date of [Subscription] Agreement: [●]
 - (C) Names and addresses of Stabilising Manager(s) if any: [Not Applicable/●]
- (ii) Indication of the overall amount of the underwriting commission and of the placing commission: [●] per cent. of the Aggregate Nominal Amount
- (iii) US Selling Restrictions: [Reg. S Compliance Category [1/2/3]; TEFRA C/TEFRA D/TEFRA not applicable]]
- (iv) Public Offer: [Applicable]/[Not Applicable]
- (a) Name and address of financial intermediaries authorised to offer the Instruments: [●]
 - (b) Country(ies) where the Public Offer [●] (the “**Public Offer Jurisdictions**”) may take place: [United Kingdom]; [Poland]; [Slovakia]; [Czech Republic]; [Hungary]
 - (c) Offer Period: From [●] to [●].
 - (d) Further conditions attached to the consent to use: [Not Applicable]/[●]
 - (e) General consent: [Not Applicable]/[Applicable]

9. TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price] [●]

Conditions to which the offer is subject: [Not Applicable]/[●]

Description of the application process (including the time period, including any possible amendments, for which the offer will be open): [Not Applicable]/[●]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable]/[●]

Details of the minimum and/or maximum amount of application:	[Not Applicable]/[●]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable]/[●]
Manner in and date on which results of the offer are to be made public:	[Not Applicable]/[●]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable]/[●]
Whether tranche(s) have been reserved for certain countries and, if so, which tranche is so reserved:	[Not Applicable]/[●]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable]/[●]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable]/[●]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	[None]/[●]

[ANNEX – FORM OF ISSUE SPECIFIC SUMMARY]

[●]

FORM OF FINAL TERMS

Final Terms dated [●]

International Personal Finance plc
Issue of [**Aggregate Nominal Amount of Tranche**] [**Title of Notes**]
Guaranteed by IPF Holdings Limited, International Personal Finance Investments Limited
and IPF International Limited
under the EUR 1,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the **Prospectus**) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus has been published on [●] website.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [original date] [and the supplement(s) to it dated [●]] [which are incorporated by reference in the Prospectus dated [current date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated [current date] [and the supplement(s) to it dated [●], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Prospectus**), save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplement(s) to it dated [●].] Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Prospectus [and the supplement(s) dated [●].] The Prospectus has been published on [●] website.

1. [(i)] Issuer: International Personal Finance plc
[[ii)] Guarantor: IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited
2. [(i)] Series Number: [●]
[(ii)] Tranche Number: [●]
[(iii)] Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [●/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [22] below [which is expected to occur on or about [●]]].]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount of Notes: [●]
[(i)] Series: [●]
[(ii)] Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]

6. (i) Specified Denominations: [●]
 [●] and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]
- (ii) Calculation Amount: [●]
7. (i) Issue Date: [●]
 (ii) Interest Commencement Date [●/Issue Date/Not Applicable]
8. Maturity Date: [●]
9. Interest Basis: [[●] per cent. Fixed Rate] [[LIBOR/EURIBOR/●] +/- [●] per cent. Floating Rate] [Zero Coupon]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest Basis: [Applicable/Not Applicable]
12. Put/Call Options: [Investor Put] [Change of Control Put] [Issuer Call] [(further particulars specified below)]
13. Date [Board] approval for issuance of Notes [and Guarantee] respectively obtained: [●] [and [●]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable in arrear on each Interest Payment Date]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [Actual/Actual/Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA]
- (vi) [Determination Dates: [●] in each year]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [●]

(v)	Business Day Convention:	[Floating Rate Convention/Following Business day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(vi)	Business Centre(s):	[●]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]):	[●]
(ix)	Screen Rate Determination:	
	– Reference Rate:	[●]
	– Relevant Financial Centre:	[●]
	– Relevant time:	[●]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
(x)	Margin(s):	[+/-][●] per cent. per annum
(xi)	Minimum Rate of Interest:	[●] per cent. per annum
(xii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiii)	Day Count Fraction:	[●]
16.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
(i)	Amortisation Yield:	[●] per cent. per annum
(ii)	[Reference Price:	[●]]
(iii)	[Day Count Fraction in relation to Early Redemption Amounts:	[[Actual/Actual/Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/360] [Actual/365 (Sterling)] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA]]]
PROVISIONS RELATING TO REDEMPTION		
17.	Call Option	[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s):	[●] per Calculation Amount

- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [●] per Calculation Amount
 - (b) Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice period: [●]
18. **Put Option [Applicable/Not Applicable]**
- (a) Investor Put: [Applicable/Not Applicable]
 - (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Date method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) Notice period: [●]
 - (b) Change of Control Put: [Applicable/Not Applicable]
 - (i) Optional Redemption Amount(s): 101 per cent. of the Calculation Amount
 - (ii) Negative Rating Event Specified Rating (Condition 6(f)): [●]
 - [(iii) Put Period: [●]]
 - [(iv) Put Date: [●]]
20. **Final Redemption Amount of each Note:** [●] per Calculation Amount
21. **Early Redemption Amount**
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [[●] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

Registered Notes:

[Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

- 23. Name and address of Registrar: Not Applicable]/[●]
- 24. New Global Note: [Yes] [No]
- 25. Financial Centre(s): [Not Applicable/give details]
- 26. Talons for future Coupons or attached to Definitive Notes (and dates on which such Talons mature): [No/Yes]

The Issuer

Signed on behalf of **International Personal Finance plc**

By:
Duly authorised

The Guarantors

Signed on behalf of **IPF Holdings Limited**

By:
Duly authorised

Signed on behalf of **International Personal Finance Investments Limited**

By:
Duly authorised

Signed on behalf of **IPF International Limited**

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Admission to trading: [Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market]/[the Regulated Market operated by BondSpot S.A.]/[the Regulated Market operated by the Warsaw Stock Exchange] with effect from [●].]
- (ii) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

- Ratings: The Notes to be issued have been rated:
[[Fitch: [●]]]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

["Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."/[●]]

5. [Fixed Rate Notes only – YIELD

- Indication of yield: [●]

6. OPERATIONAL INFORMATION

- ISIN Code: [●]
- Common Code: [●]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable]/[●]
- Names and addresses of additional Paying Agent(s) (if any): [●]
- [Names and addresses of Calculation Agent(s) (if not Citibank, N.A., London Branch): [●]

7. DISTRIBUTION

- US Selling Restrictions: [Reg. S Compliance Category [1/2/3]; TEFRA C/TEFRA D/TEFRA not applicable]

[ANNEX – FORM OF ISSUE SPECIFIC SUMMARY]

[●]

GENERAL INFORMATION

- (1) It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or Permanent Global Note (or one or more Certificates) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or about 11 December 2012. Prior to official listing and admission to trading of any Tranche of Notes, however, dealings in such Notes will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. Notes may also be issued on the basis that they will be admitted to trading by the Regulated Market operated by BondSpot S.A. or the Regulated Market operated by the Warsaw Stock Exchange, or on another market and/or stock exchange not being a regulated market (or equivalent) for the purposes of Directive 2004/39/EC. Unlisted Notes may also be issued pursuant to the Programme.
- (2) The Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme. The establishment and update of the Programme was authorised by resolutions of the Board of IPF passed on 12 March 2010 and 25 September 2012, respectively and by the Executive Committee of IPF on 19 April 2010 and 4 December 2012, respectively.
- (3) There has been no significant change in the financial or trading position of the Issuer, any of the Guarantors or of the Group since 30 June 2012 and no material adverse change in the prospects of the Issuer, any of the Guarantors or of the Group since 31 December 2011.
- (4) There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware during the 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on the Issuer and/or the Guarantors and/or the Group's financial position or profitability.
- (5) IPF and Provident Financial plc ("**Provident Financial**") entered into a demerger agreement on 25 June 2007 to effect the demerger of IPF from the Provident Financial group and govern the relationship between their respective groups following the demerger. Pursuant to the demerger agreement, IPF became the owner of the entire issued share capital of Provident International Holdings Limited (which was the then holding company of Provident Financial's international division) and, thereby, its operating subsidiaries. The demerger agreement contains mutual indemnities under which IPF indemnifies the Provident Financial group against certain tax liabilities and liabilities arising in respect of the IPF business and Provident Financial similarly indemnifies the Group against certain tax liabilities and liabilities arising in respect of the businesses carried on by the Provident Financial group. These mutual indemnities are unlimited in terms of amount or duration and are customary for an agreement of this type.
- (6) Save as disclosed above, there are no material contracts entered into other than in the ordinary course of the Issuer's or any of the Guarantors' business, which could result in any member of the Issuer's Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.
- (7) Each Bearer Note having a maturity of more than one year Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (8) The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). Interests in the Notes may also be held through the issuance of CDIs representing the underlying Notes. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB. The address of any alternative clearing system will be specified in the applicable Final Terms.

- (9) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
- (10) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer:
- (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, and the Talons);
 - (ii) the Agency Agreement;
 - (iii) the Memorandum and Articles of Association of the Issuer;
 - (iv) the Issuer's Annual Report and Financial Statements 2010 containing the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2010 together with the audit report thereon and notes thereto;
 - (v) the Issuer's Annual Report and Financial Statements 2011 containing the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2011 together with the audit report thereon and notes thereto;
 - (vi) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);
 - (vii) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus; and
 - (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

This Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange at:

<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

- (11) The consolidated accounts of the Issuer for the years ended 31 December 2010 and 2011 contained in this document do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 (the "**Act**"). Statutory accounts for the financial years ended 31 December 2010 and 2011 have been delivered to the Registrar of Companies in England and Wales. The Issuer's auditors have made a report under section 495 of the Act on the last statutory accounts that was not qualified within the meaning of section 539 of the Act and did not contain a statement made under section 498(2) or section 498(3) of the Act. The report of the Issuer's auditors contained the following statement: "This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 to 497 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing."
- (12) PricewaterhouseCoopers LLP of Benson House, 33 Wellington Street, Leeds, LS1 4JP (independent auditors, authorised and regulated by the Financial Services Authority for designated investment business and a member of the Institute of Chartered Accountants in England and Wales) have audited, and rendered unqualified audit reports on, the accounts of the Issuer for the year ended 31 December 2010. Deloitte LLP of 1 City Square, Leeds, LS1 2AL (independent auditors, authorised and regulated by the Financial Services Authority

for designated investment business and a member of the Institute of Chartered Accountants in England and Wales) have audited, and rendered unqualified audit reports on, the accounts of the Issuer for the year ended 31 December 2011.

- (13) Deloitte LLP of 1 City Square, Leeds, LS1 2AL (independent auditors, authorised and regulated by the Financial Services Authority for designated investment business and a member of the Institute of Chartered Accountants in England and Wales) have audited, and rendered unqualified audit reports on, the accounts of each of the Guarantors for the years ended 30 December 2010 and 31 December 2011.
- (14) The yield for any particular Series of Notes will be specified in the applicable Final Terms and will be calculated on the basis of the compound annual rate of return if the relevant Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. Set out below is an example formula for the purposes of calculating the yield of Fixed Rate Notes or Zero Coupon Notes. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.

$$\text{Issue Price} = \text{Rate of Interest}^* \frac{1 - \left(\frac{1}{(1 + \text{Yield})^n} \right)}{\text{Yield}} + \left[\text{Final Redemption Amount}^* \frac{1}{(1 + \text{Yield})^n} \right]$$

Where:

“**Rate of Interest**” means the Rate of Interest expressed as a percentage as specified in the applicable Final Terms and adjusted according to the frequency (and in the case of Zero Coupon Notes, means “0”) i.e. for a semi-annual paying Note, the rate of interest is half the stated annualised rate of interest in the Final Terms;

“**Yield**” means the yield to maturity calculated on a frequency commensurate with the frequency of interest payments as specified in the applicable Final Terms (and in the case of Zero Coupon Notes, means the Amortisation Yield as specified in the applicable Final Terms); and

“**n**” means the number of interest payments to maturity.

Set out below is a worked example illustrating how the yield on a Series of Fixed Rate Notes could be calculated on the basis of the above formula. It is provided for purposes of illustration only and should not be taken as an indication or prediction of the yield for any Series of Notes; it is intended merely to illustrate the way which the above formula could be applied.

Where:

N = 6

Rate of Interest = 3.875%

Issue Price = 99.392

Final Redemption Amount = 100

$$99.392 = 3.875^* \frac{1 - \left(\frac{1}{(1 + \text{Yield})^6} \right)}{\text{Yield}} = \left[100^* \frac{1}{(1 + \text{Yield})^6} \right]$$

Yield = 3.99% (calculated by iteration)

The yield specified in the applicable Final Terms in respect of a Series of Notes will not be an indication of future yield.

INDEX TO THE APPENDICES

	Page
Appendix 1: Guarantor Historical Financial Information	148
IPF Holdings Limited: Accountants' Report	149
IPF Holdings Limited: Profit and Loss Account for the two years ended 31 December 2011.....	151
IPF Holdings Limited: Balance Sheet as at 31 December 2011 and 31 December 2010	152
IPF Holdings Limited: Cash Flow Statement for the two years ended 31 December 2011 and 31 December 2010	153
IPF Holdings Limited: Notes to the Financial Information for the two years ended 31 December 2011	154
International Personal Finance Investments Limited: Accountants' Report	165
International Personal Finance Investments Limited: Profit and Loss Account for the two years ended 31 December 2011.....	167
International Personal Finance Investments Limited: Balance Sheet as at 31 December 2011 and 31 December 2010	168
International Personal Finance Investments Limited: Cash Flow Statement for the two years ended 31 December 2011 and 31 December 2010	169
International Personal Finance Investments Limited: Notes to the Financial Information for the two years ended 31 December 2011	170
IPF International Limited: Accountants' Report	177
IPF International Limited: Profit and Loss Account for the two years ended 31 December 2011.....	179
IPF International Limited: Balance Sheet as at 31 December 2011 and 31 December 2010	180
IPF International Limited: Cash Flow Statement for the two years ended 31 December 2011 and 31 December 2010	181
IPF International Limited: Notes to the Financial Information for the two years ended 31 December 2011	182
Appendix 2: Semi-Annual Unaudited Guarantor Financial Information	195
IPF Holdings Limited: Interim Report and Financial Statements for the period ended 30 June 2012	196
International Personal Finance Investments Limited: Interim Report and Financial Statements for the period ended 30 June 2012	205
IPF International Limited: Interim Report and Financial Statements for the period ended 30 June 2012	213

Explanatory Note:

The cashflow statements in the IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited audited non-consolidated historical financial information and the totality of the unaudited and unreviewed non-consolidated interim historical financial information included on the following pages of this Prospectus has been prepared in order to comply with the disclosure requirements of the Prospectus Rules. Historically, IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited have prepared non-consolidated annual financial statements which have not been required to include cashflow statements, and IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited have not been required to prepare interim financial information.

The audited annual non-consolidated financial statements of IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited for the years ended 31 December 2010 and 2011 excluding the cashflow statements were prepared in the normal course of each company's financial cycle.

None of IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited is required to, or does in fact prepare, consolidated financial statements.

The interim financial statements for the Guarantors set out below are prepared by the Guarantors and are unaudited and have not been independently reviewed.

APPENDIX 1
GUARANTOR FINANCIAL INFORMATION

The Board of Directors
On behalf of International Personal Finance plc
Number Three Leeds City Office Park
Meadow Lane
Leeds
LS11 5BD

7 December 2012

Dear Sirs

IPF Holdings Limited (the “Guarantor Company”)

We report on the Guarantor Company’s financial information for the years ended 31 December 2011 and 31 December 2010 set out on pages 151 to 164 of the prospectus dated 7 December 2012 of International Personal Finance plc (the “Company”) (the “Prospectus”). The financial reporting framework that has been applied in the preparation of the financial information for inclusion in the Prospectus is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). This report is required by Annex IV item 13.1 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with United Kingdom Generally Accepted Accounting Practice.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.4R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex IV item 16.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Guarantor Company as at 31 December 2011 and 31 December 2010 and of its profits, cash flows and recognised gains and losses for the years then ended in accordance with United Kingdom Generally Accepted Accounting Practice.

Declaration

For the purposes of Prospectus Rule 5.5.4R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex IV item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Deloitte LLP', is positioned above the printed name of the firm.

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Member of Deloitte Touche Tohmatsu Limited

IPF Holdings Limited
Profit and Loss Account
for the two years ended 31 December 2011

	Notes	2011 £	2010 £
TURNOVER	2	8,689,418	7,713,044
GROSS PROFIT		8,689,418	7,713,044
Administrative expenses.....		(11,484,638)	(9,863,302)
OPERATING LOSS		(2,795,220)	(2,150,258)
Interest payable and similar charges	3	(12,346,865)	(11,524,770)
Interest receivable	3	13,684,845	12,018,483
Income from shares in group undertakings.....		13,716,864	33,608,978
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	12,259,624	31,952,433
Tax credit on profit on ordinary activities.....	6	413,195	417,196
PROFIT FOR THE YEAR	14,15	<u>12,672,819</u>	<u>32,369,629</u>

The results shown in the profit and loss account derive wholly from continuing activities.

The Guarantor Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

IPF Holdings Limited
Balance Sheet
as at 31 December 2011 and 31 December 2010

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	1,846,024	2,444,577
Investments	8	31,085,656	31,085,656
		<u>32,931,680</u>	<u>33,530,233</u>
CURRENT ASSETS			
Debtors	9	90,995,672	78,160,957
Cash at bank and in hand		<u>182,969,842</u>	<u>183,614,134</u>
		273,965,514	261,775,091
CREDITORS: amounts falling due within one year .	10	(214,076,487)	(215,157,436)
NET CURRENT ASSETS		<u>59,889,027</u>	<u>46,617,655</u>
NET ASSETS		<u>92,820,707</u>	<u>80,147,888</u>
CAPITAL AND RESERVES			
Called-up share capital	13	3,239,072	3,239,072
Profit and loss account	14	<u>89,581,635</u>	<u>76,908,816</u>
TOTAL SHAREHOLDER'S FUNDS	15	<u><u>92,820,707</u></u>	<u><u>80,147,888</u></u>

IPF Holdings Limited
Cash Flow Statement
for the two years ended 31 December 2011

	Notes	2011 £	2010 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20	(16,076,743)	(39,979,768)
RETURNS ON INVESTMENT ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(12,346,865)	(11,524,770)
Interest received		13,684,845	12,018,483
Dividends from subsidiaries.....		13,716,864	33,608,978
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE ...		<u>15,054,844</u>	<u>34,102,691</u>
TAXATION			
Taxation received		392,424	282,006
NET CASH INFLOW FROM TAXATION		<u>392,424</u>	<u>282,006</u>
CAPITAL EXPENDITURE			
Purchase of fixed assets		(14,817)	(31,242)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		<u>(14,817)</u>	<u>(31,242)</u>
DECREASE IN CASH IN THE YEAR		<u>(644,292)</u>	<u>(5,626,313)</u>

IPF Holdings Limited

Notes to the Financial Information for the two years ended 31 December 2011

1. Principal accounting policies

The financial information has been prepared under the historical cost convention in accordance with United Kingdom Generally Accepted Accounting Practice and the requirements of the Prospectus Directive Regulations and the Listing Rules. Consolidated financial information has not been presented, since the Guarantor Company is a wholly owned subsidiary of International Personal Finance plc, a company incorporated in the United Kingdom. International Personal Finance plc has consolidated the financial information of the Guarantor Company and its subsidiaries in its Annual Report and Accounts for the years ended 31 December 2011 and 31 December 2010, referenced on Page 6 of the Prospectus. The directors have adopted the going concern basis in preparing the financial information.

A summary of the principal accounting policies applied in preparing the financial information of the Guarantor Company for the two years ended 31 December 2011, which have been applied on a consistent basis, are set out below.

a) *Turnover*

Turnover represents the amounts receivable from fellow subsidiary undertakings in respect of the provision of business know-how and services and is recognised on an accruals basis.

b) *Administrative expenses*

Administrative expenses represent costs incurred in the development and strategic management of the overseas business units of International Personal Finance plc.

c) *Taxation*

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date and is determined using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not recognised on revalued assets unless there is a binding agreement at the balance sheet date to sell the revalued asset and the related gain has been recognised in the accounts. Deferred taxation balances are not discounted. Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date. Where withholding tax has been suffered on overseas income received, it has been accounted for as overseas tax.

d) *Foreign exchange*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are expressed, in sterling, at the rates of exchange ruling at the end of the financial period or the contracted rate to the extent that they are hedged. Resultant gains or losses are taken to the profit and loss account.

e) *Pension costs*

The Guarantor Company participated in pension arrangements provided on a Group basis. The Guarantor Company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of accounting under FRS 17. Accordingly, contributions to the Group defined benefit pension schemes are charged to the profit and loss account on an accruals basis. On 1 March 2010 all contributions to the defined benefit scheme ceased.

IPF Holdings Limited

Notes to the Financial Information for the two years ended 31 December 2011 (continued)

1. Principal accounting policies (continued)

f) *Subsidiary undertakings*

Investments in subsidiary undertakings are stated at the balance sheet date at cost less provisions for impairment in their value.

g) *Depreciation*

Depreciation of tangible fixed assets has been calculated by reference to the expected lives of the assets concerned. The following are the principal annual bases:

	Per cent	Basis
Equipment, including computers	10 – 33.33%	Straight line
Leasehold improvements	10%	Straight line

Where fixed assets become obsolete, or suffer impairment in value, provision is made in the profit and loss account where necessary.

h) *Share-based payments*

The Guarantor Company's parent company, International Personal Finance plc, issues equity settled share-based payments to certain employees through The International Personal Finance plc Performance Share Plan (the Performance Share Plan) and The International Personal Finance plc Employee Savings-related Share Option Scheme (the SAYE scheme).

The cost of providing share-based payments to employees is charged to the income statement of the employing company over the vesting period of the related share options or share allocations. The corresponding credit is made to the profit and loss reserve.

The cost is based on the fair value of the options and shares allocated, determined using a Monte Carlo simulation model for the Performance Share Plan as these scheme is subject to a total shareholder return performance target and using a similar option pricing model for the SAYE scheme.

i) *Operating leases*

The leases entered into by the Guarantor Company are solely operating leases. Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Leases are classified as operating leases whenever the terms of the lease do no transfer substantially all the risks and rewards of ownership to the Guarantor Company.

j) *Interest receivable*

This represents interest earned on bank deposits and on intercompany loans and is accounted for on an accruals basis.

k) *Interest payable and similar charges*

This represents the interest payable on an intercompany loan. This was accounted for on an accruals basis.

IPF Holdings Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

2. Turnover and profit on ordinary activities before taxation

Turnover relates to one class of business, the origin of which is wholly within the UK.

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2011	2010
	£	£
Depreciation of tangible owned fixed assets	613,370	1,085,058
Auditor's remuneration:		
Fees payable to the auditor for the audit of the Guarantor		
Company's accounts	1,445	1,445
Operating lease rentals	946,041	977,726
Income from shares in Group undertakings	(13,716,864)	(33,608,978)
Foreign exchange (gains)/losses	(110,098)	7,078
	<u>613,370</u>	<u>1,085,058</u>

3. Interest (payable)/receivable and similar charges

	2011	2010
	£	£
Interest payable and similar charges		
Interest payable – Group	(12,346,865)	(11,524,770)
	<u>(12,346,865)</u>	<u>(11,524,770)</u>
Interest receivable		
Interest receivable – external	11,602,414	10,804,360
Interest receivable – Group	2,082,431	1,214,123
	<u>13,684,845</u>	<u>12,018,483</u>

4. Directors' emoluments

	2011	2010
	£	£
Aggregate emoluments	—	34,863
	<u>—</u>	<u>34,863</u>

From 1 March 2010 none of the directors received any emoluments in respect of their services to the Guarantor Company. All the costs of the directors' emoluments were borne by another Group company.

During the year none of the directors of the Guarantor Company (2010: nil) exercised share options in shares of the Guarantor Company's parent undertaking International Personal Finance plc.

Aggregate emoluments of the highest paid director are as follows:

	2011	2010
	£	£
Aggregate emoluments	—	34,863
	<u>—</u>	<u>34,863</u>
Defined benefit pension scheme:		
Accrued pension at end of year	—	84,159
	<u>—</u>	<u>84,159</u>

IPF Holdings Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

5. Employee information

- a) The average number of persons employed by the Guarantor Company during the period, excluding executive directors, was as follows:

	2011 Number	2010 Number
Administration.....	—	9

- b) Employment costs – all employees:

	2011 £	2010 £
Wages and salaries.....	—	480,743
Social security costs.....	—	148,387
Pension costs (note 12)	—	166,319
	<u>—</u>	<u>795,449</u>

On 28 February 2010 all employees of IPF Holdings Limited were transferred to another Group company.

6. Tax credit on profit on ordinary activities

- (a) Analysis of tax credit for the year:

	2011 £	2010 £
Current tax:		
UK corporation tax credit on profit for the year	410,642	366,872
Overseas tax	(2,930)	—
Adjustment in respect of prior years	28,482	282,006
Total current tax credit (note 6(b))	436,194	648,878
Deferred tax :		
Origination and reversal of timing differences	(29,290)	9,931
Adjustment in respect of prior years	6,291	(241,613)
Total deferred tax charge (note 11).....	(22,999)	(231,682)
Tax credit on profit on ordinary activities	<u>413,195</u>	<u>417,196</u>

- (b) Factors affecting the tax credit for the year:

The tax credit for the year differs from the standard rate of corporation tax in the UK as explained below:

	2011 £	2010 £
Profit on ordinary activities before taxation.....	12,259,624	31,952,433
Expected tax charge calculated at the standard rate of corporation tax in the UK of 26.5% (2010: 28.0%).....	(3,247,961)	(8,946,681)
Effects of:		
Expenses not deductible for tax purposes.....	—	(86,662)
Fixed asset and other timing differences	18,880	(10,298)
Non taxable dividends.....	3,639,723	9,410,513
Overseas tax	(2,930)	—
Adjustment in respect of prior years	28,482	282,006
Current tax credit for the year (note 6(a)).....	<u>436,194</u>	<u>648,878</u>

IPF Holdings Limited
Notes to the Financial Information
for the two years ended 31 December 2011 (continued)

6. Tax credit on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges:

Future tax charges or credits are likely to be in line with the standard rate of corporation tax in the UK which is reducing to 25% (currently 26%) with effect from 1 April 2012.

7. Tangible fixed assets

	Plant and machinery £	Leasehold improvements £	Total £
Cost			
At 1 January 2010	4,991,567	2,600,643	7,592,210
Additions	31,242	—	31,242
At 31 December 2010	<u>5,022,809</u>	<u>2,600,643</u>	<u>7,623,452</u>
Depreciation			
At 1 January 2010	3,319,789	774,028	4,093,817
Charge for the year	824,994	260,064	1,085,058
At 31 December 2010	<u>4,144,783</u>	<u>1,034,092</u>	<u>5,178,875</u>
Net book value at 31 December 2010	<u>878,026</u>	<u>1,566,551</u>	<u>2,444,577</u>
Cost			
At 1 January 2011	5,022,809	2,600,643	7,623,452
Additions	14,817	—	14,817
At 31 December 2011	<u>5,037,626</u>	<u>2,600,643</u>	<u>7,638,269</u>
Depreciation			
At 1 January 2011	4,144,783	1,034,092	5,178,875
Charge for the year	353,304	260,066	613,370
At 31 December 2011	<u>4,498,087</u>	<u>1,294,158</u>	<u>5,792,245</u>
Net book value at 31 December 2011	<u>539,539</u>	<u>1,306,485</u>	<u>1,846,024</u>

8. Investments

Investments in subsidiary undertakings or fellow subsidiary undertakings comprise:

	Shares at cost £
At 31 December 2010 and 31 December 2011	<u>31,085,656</u>

IPF Holdings Limited

Notes to the Financial Information for the two years ended 31 December 2011 (continued)

8. Investments (continued)

Name of subsidiary or fellow subsidiary	Country of incorporation	Class of shares issued	Percentage holding
International Personal Finance Investments Limited .	England	Ordinary £1	100%
Provident Mexico S.A. de C.V.....	Mexico	Ordinary A*	0.002%
Provident Financial Romania IFN S.A.....	Romania	Ordinary #	0.01%
Provident Financial s.r.o.....	Czech Republic	Registered capital**	0.07%
Provident Financial s.r.o.....	Slovak Republic	Registered capital***	0.01%
IPF Financial Services Limited	England	Ordinary £1	100%
Provident Personal Loans (Thailand) Limited	Thailand	Ordinary##	0.01%
OOO IPF Bank ###	Russia	Ordinary###	0.01%

* Shares are denominated in Mexican pesos

Shares are denominated in Romanian leu

** Shares are denominated in Czech crowns

*** Shares are denominated in Euros

Shares are denominated in Thai bahts

Shares are denominated in Russian roubles

In liquidation

In the opinion of the directors, the value of the Guarantor Company's investment in its subsidiary or fellow subsidiary undertakings is not worth less than the amount at which it is stated in the balance sheet.

9. Debtors

Amounts falling due within one year:

	2011 £	2010 £
Amounts owed by ultimate parent undertaking	88,758,127	76,134,698
Amounts owed by other Group undertakings	9,487	22,203
Corporation tax recoverable.....	410,642	366,872
Deferred tax asset (note 11)	125,612	148,611
Other debtors	152,229	91,522
Prepayments and accrued income	1,539,575	1,397,051
	<u>90,995,672</u>	<u>78,160,957</u>

Amounts owed by the Guarantor Company's ultimate parent undertaking are unsecured and have no fixed date of repayment. Interest is credited at rates linked to equivalent national LIBOR rates. No interest is credited on amounts owed by other Group undertakings.

IPF Holdings Limited
Notes to the Financial Information
for the two years ended 31 December 2011 (continued)

10. Creditors

Amounts falling due within one year:

	2011	2010
	£	£
Trade creditors	192,122	235,911
Amounts owed to ultimate parent undertaking	767,229	—
Amounts owed to other Group undertakings	211,851,853	213,336,444
Other taxation and social security	—	324,288
Accruals and deferred income	1,265,283	1,260,793
	<u>214,076,487</u>	<u>215,157,436</u>

Amounts owed to the Guarantor Company's ultimate parent and other Group undertakings are unsecured and have no fixed date of repayment. Interest is charged at equivalent national LIBOR rates.

11. Deferred taxation

a) Deferred tax is recognised in the financial information as follows:

	2011	2010
	£	£
Accelerated capital allowances	125,612	105,084
Short term timing differences	—	43,527
	<u>125,612</u>	<u>148,611</u>

b) The movement in deferred tax during the year is as follows:

	2011	2010
	£	£
Deferred tax asset at 1 January	148,611	380,293
Charged to profit and loss account in the year (note 6(a))	(22,999)	(231,682)
Deferred tax asset at 31 December	<u>125,612</u>	<u>148,611</u>

12. Pension schemes

(a) *Defined benefit*

As at 31 December 2011, the Guarantor Company is unable to identify its share of the underlying assets and liabilities relating to its employees for the purposes of meeting the disclosure requirements of FRS 17 "Retirement benefits" but the required disclosures for the International Personal Finance plc Group are included within the financial statements of the ultimate parent company, International Personal Finance plc.

With effect from 1 March 2010, the Group's final salary pension scheme was closed to further accrual of defined benefit obligations, with all members being transferred into an existing money purchase scheme.

As at 31 December 2011 the valuation of the pension scheme included in the International Personal Finance plc Group financial statements is a liability of £4,006,000 (31 December 2010: liability of £3,253,000).

The defined benefit costs of the Guarantor Company for the year were £nil (2010: £141,710) representing contributions payable to the International Personal Finance plc scheme.

IPF Holdings Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

12. Pension schemes (continued)

(b) *Defined contribution*

The defined benefit pension arrangements described above were closed to new members from 1 January 2003 and all other members from 1 March 2010. All employees of the Guarantor Company joining after that date are now invited to join a stakeholder pension plan into which the Guarantor Company contributes a maximum of 15% of members' pensionable earnings, provided the employee contributes a minimum of 5%. The assets of the scheme are held separately from those of the company and the ultimate parent company in an independently administered fund. The pension cost charged in the profit and loss account includes contributions payable by the Guarantor Company to the fund and amounted to £nil for the year ended 31 December 2011(2010: £24,609).

13. Called-up share capital

	2011	2010
	£	£
Authorised		
6,000,000 ordinary shares of £1 each.....	6,000,000	6,000,000
Allotted, called-up and fully paid		
3,239,072 ordinary shares of £1 each.....	3,239,072	3,239,072

14. Statement of retained profits

	2011	2010
	£	£
Retained profit at 1 January	76,908,816	44,539,187
Profit for the year	12,672,819	32,369,629
Retained profit at 31 December.....	89,581,635	76,908,816

15. Reconciliation of movements in shareholder's funds

	2011	2010
	£	£
Opening shareholder's funds.....	80,147,888	47,778,259
Profit for the year	12,672,819	32,369,629
Total shareholder's funds.....	92,820,707	80,147,888

16. Related party disclosures

As a wholly owned subsidiary, the Guarantor Company has taken advantage of the exemption in FRS 8 "Related Party Transactions" from disclosing related party transactions with other entities included in the consolidated financial statements of International Personal Finance plc.

IPF Holdings Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

17. Operating leases

The Guarantor Company has commitments to make operating lease payments under all existing leases as follows:

Leases expiring:

	Land and buildings 2011 £	Other 2011 £	Total 2011 £	Land and buildings 2010 £	Other 2010 £	Total 2010 £
Not later than one year.....	931,111	14,930	946,041	908,633	69,093	977,726
Later than one year but not later than five years	3,483,074	—	3,483,074	3,634,532	14,657	3,649,189
Later than five years.....	—	—	—	757,194	—	757,194
	<u>4,414,185</u>	<u>14,930</u>	<u>4,429,115</u>	<u>5,300,359</u>	<u>83,750</u>	<u>5,384,109</u>

18. Contingent liabilities

The Guarantor Company has a contingent liability for (i) guarantees given in respect of borrowings made by the Guarantor Company's ultimate parent undertaking and (ii) guarantees given jointly and severally with the Guarantor Company's ultimate parent undertaking in respect of borrowings made by certain of its fellow subsidiaries to a maximum of £442,900,000 (2010: £474,600,000). At 31 December 2011 the borrowings amounted to £280,500,000 (2010: £309,400,000). No loss is expected to arise.

19. Share-based payments

The Guarantor Company's ultimate parent undertaking, International Personal Finance plc operates two share schemes in which employees of the Guarantor Company participate: The International Personal Finance plc Performance Share Plan (the Performance Share Plan and The International Personal Finance plc Employee Savings-related Share Option Scheme (the SAYE scheme). However, on 28 February 2010 all employees and their associated share options were transferred to another Group undertaking.

The charge to the profit and loss account in respect of the Performance Share Plan has been calculated using a Monte Carlo simulation model as this scheme is subject to a Total Shareholder Return performance target. The charge to the profit and loss account in respect of the SAYE scheme is also determined using a similar option pricing model.

The total charge to the profit and loss account in respect of these share-based payments is £nil (2010: £nil).

IPF Holdings Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

19. Share-based payments (continued)

The fair value per option granted and the assumptions used in the calculation of the share-based payment charge for the awards are as follows:

	SAYE	SAYE	Performance share plan	Performance share plan
Grant date	2-April-08	1-Sept-09	20-Jul-07	20-Mar-09
Share price at grant date (£)	2.28	1.40	2.50	0.95
Base price for TSR	n/a	n/a	2.26	1.26
Exercise price (£)	1.88	1.12	—	—
Shares under option	—	—	—	—
Vesting period (years)	3,5 and 7	3,5 and 7	3-4	3-4
Expected volatility	30.0%	30.0%	30.0%	30.0%
Option life (years)	Up to 7	Up to 7	3	Up to 3
Expected life (years)	Up to 7	Up to 7	3	Up to 10
Risk free rate	5.7%	5.7%	5.7%	5.7%
Expected dividends expressed as a dividend yield	2.8%	2.8%	2.8%	2.8%
Deferred portion	n/a	n/a	50.0%	50.0%
TSR threshold	n/a	n/a	30.0%	30.0%
TSR maximum target	n/a	n/a	60.0%	60.0%
Fair value per option (£)	<u>0.68-0.85</u>	<u>0.42-0.53</u>	<u>1.10-1.13</u>	<u>0.44</u>
		SAYE		SAYE
		2-Apr-08		1-Sep-09
	Number	Exercise price	Number	Exercise price
Outstanding at 1 January 2010	24,560	1.88	234,603	1.12
Granted	—	—	—	—
Expired/lapsed	—	—	—	—
Exercised	—	—	—	—
Transferred to other group undertaking	<u>(24,560)</u>	<u>1.88</u>	<u>(234,603)</u>	<u>1.12</u>
Outstanding at 31 December 2010	—	—	—	—
Outstanding at 1 January 2011	—	—	—	—
Granted	—	—	—	—
Expired/lapsed	—	—	—	—
Exercised	—	—	—	—
Outstanding at 31 December 2011	—	—	—	—
Exercisable at 31 December 2011	—	—	—	—
Exercisable at 31 December 2010	—	—	—	—

IPF Holdings Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

19. Share-based payments (continued)

	Performance share plan 20-Jul-07		Performance share plan 20-Mar-09	
	Number	Exercise price	Number	Exercise price
Outstanding at 1 January 2010	242,853	—	52,789	—
Granted	—	—	—	—
Expired/lapsed.....	—	—	—	—
Exercised.....	—	—	—	—
Transferred to other group undertaking.....	(242,853)	—	(52,789)	—
Outstanding at 31 December 2010.....	—	—	—	—
Outstanding at 1 January 2011.....	—	—	—	—
Granted	—	—	—	—
Expired/lapsed.....	—	—	—	—
Exercised.....	—	—	—	—
Outstanding at 31 December 2011	—	—	—	—
Exercisable at 31 December 2011.....	—	—	—	—
Exercisable at 31 December 2010	—	—	—	—

20. Reconciliation of operating loss to cash used in operations

	2011 £	2010 £
Operating Loss.....	(2,795,220)	(2,150,258)
Adjusted for:		
– Depreciation	613,370	1,085,058
Change in operating assets and liabilities		
– Increase in debtors	(12,813,944)	(31,823,107)
– Decrease in creditors	(1,080,949)	(7,091,491)
Cash used in operations	<u>(16,076,743)</u>	<u>(39,979,768)</u>

21. Parent undertaking

The Guarantor Company, whose liability is limited to a maximum of the share capital issued, is registered and domiciled in the United Kingdom. The ultimate parent undertaking and controlling party is International Personal Finance plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of that company's consolidated financial statements can be obtained from the Company Secretary, International Personal Finance plc, Number Three Leeds City Office Park, Meadow Lane, Leeds LS11 5BD.

The Board of Directors
On behalf of International Personal Finance plc
Number Three Leeds City Office Park
Meadow Lane
Leeds
LS11 5BD

7 December 2012

Dear Sirs

International Personal Finance Investments Limited (the “Guarantor Company”)

We report on the Guarantor Company’s financial information for the years ended 31 December 2011 and 31 December 2010 set out on pages 167 to 176 of the prospectus dated 7 December 2012 of International Personal Finance plc (the “Company”) (the “Prospectus”). The financial reporting framework that has been applied in the preparation of the financial information for inclusion in the Prospectus is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). This report is required by Annex IV item 13.1 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with United Kingdom Generally Accepted Accounting Practice.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.4R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex IV item 16.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Guarantor Company as at 31 December 2011 and 31 December 2010 and of its profits, cash flows and recognised gains and losses for the years then ended in accordance with United Kingdom Generally Accepted Accounting Practice.

Declaration

For the purposes of Prospectus Rule 5.5.4R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex IV item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Deloitte LLP', is positioned above the company name.

Deloitte LLP

Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Member of Deloitte Touche Tohmatsu Limited

International Personal Finance Investments Limited

**Profit and Loss Account
for the two years ended 31 December 2011**

	Notes	2011 £	2010 £
Administrative (expenses)/income		(553,646)	75,182
OPERATING (LOSS)/PROFIT		(553,646)	75,182
Interest payable and similar charges	3	(506,937)	(1,644,843)
Interest receivable	3	1,665,110	1,716,687
Income from shares in group undertakings.....	2	44,292,317	15,078,990
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	44,896,844	15,226,016
Tax (charge)/credit on profit on ordinary activities ...	6	(132,760)	1,174,855
PROFIT FOR THE YEAR	13,14	<u>44,764,084</u>	<u>16,400,871</u>

**Statement of Total Recognised Gains and Losses
for the two years ended 31 December 2011**

	2011 £	2010 £
PROFIT FOR THE YEAR	44,764,084	16,400,871
Foreign exchange gains taken to reserves	798,255	98,481
Foreign exchange losses taken to reserves.....	(798,255)	(98,481)
TOTAL RECOGNISED GAINS FOR THE YEAR	<u>44,764,084</u>	<u>16,400,871</u>

The results shown in the profit and loss account derive wholly from continuing activities.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

International Personal Finance Investments Limited

**Balance Sheet
as at 31 December 2011 and 31 December 2010**

	Notes	2011 £	2010 £
FIXED ASSETS			
Investments.....	7	136,158,138	121,601,230
CURRENT ASSETS			
Debtors	8	70,891,848	62,856,383
Cash at bank and in hand		499	545
TOTAL CURRENT ASSETS		<u>70,892,347</u>	<u>62,856,928</u>
CREDITORS: amounts falling due within one year .	9	(5,251,504)	(27,423,261)
NET CURRENT ASSETS		<u>65,640,843</u>	<u>35,433,667</u>
NET ASSETS		<u>201,798,981</u>	<u>157,034,897</u>
CAPITAL AND RESERVES			
Called-up share capital.....	11	2,191,452	2,191,452
Revaluation reserve	12	1,108,663	1,108,663
Profit and loss account	13	198,498,866	153,734,782
TOTAL SHAREHOLDER'S FUNDS	14	<u><u>201,798,981</u></u>	<u><u>157,034,897</u></u>

International Personal Finance Investments Limited

**Cash Flow Statement
for the two years ended 31 December 2011**

	Notes	2011 £	2010 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	17	<u>(32,128,587)</u>	<u>(9,845,324)</u>
RETURNS ON INVESTMENT ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(506,937)	(1,644,843)
Interest received		1,665,110	1,716,687
Dividends from subsidiaries.....		<u>44,292,317</u>	<u>15,078,990</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE ...		<u>45,450,490</u>	<u>15,150,834</u>
TAXATION			
Taxation received		<u>436,704</u>	<u>387,738</u>
NET CASH INFLOW FROM TAXATION		<u>436,704</u>	<u>387,738</u>
ACQUISITIONS AND DISPOSALS			
Purchase of subsidiary undertakings		<u>(13,758,653)</u>	<u>(5,699,126)</u>
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		<u>(13,758,653)</u>	<u>(5,699,126)</u>
DECREASE IN CASH IN THE YEAR.....		<u>(46)</u>	<u>(5,878)</u>

International Personal Finance Investments Limited

Notes To The Financial Information for the two years ended 31 December 2011

1. Principal accounting policies

The financial information has been prepared under the historical cost convention in accordance with United Kingdom Generally Accepted Accounting Practice and the requirements of the Prospectus Directive Regulations and the Listing Rules. Consolidated financial information has not been presented, since the Guarantor Company is a wholly owned subsidiary of International Personal Finance plc, a company incorporated in the United Kingdom. International Personal Finance plc has consolidated the financial information of the Guarantor Company and its subsidiaries in its Annual Report and Accounts for the years ended 31 December 2011 and 31 December 2010, referenced on Page 6 of the Prospectus. The directors have adopted the going concern basis in preparing the financial information.

A summary of the principal accounting policies applied in preparing the financial information of the Guarantor Company for the two years ended 31 December 2011, which have been applied on a consistent basis, are set out below.

a) *Administrative expenses*

Administrative expenses incurred represent certain costs as a result of operating the company's business. These costs are recognised on an accruals basis.

b) *Taxation*

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date and is determined using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not recognised on revalued assets unless there is a binding agreement at the balance sheet date to sell the revalued asset and the related gain has been recognised in the accounts. Deferred taxation balances are not discounted. Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date. Where withholding tax has been suffered on overseas income received, it has been accounted for as overseas tax.

c) *Foreign exchange*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. To the extent that foreign equity investments are hedged by foreign currency liabilities, these investments are translated at the exchange rate ruling at the end of the financial period. Exchange differences arising on retranslation of these foreign equity investments are taken to reserves and offset against exchange differences arising on the related foreign currency liabilities. From 12 July 2011 all foreign currency denominated equity investments were fixed in sterling and all corresponding foreign currency liabilities were repaid. All other monetary assets and liabilities denominated in foreign currencies are expressed, in sterling, at the rates of exchange ruling at the end of the financial period or the contracted rate to the extent that they are hedged. Resultant gains or losses are taken to the profit and loss account.

d) *Subsidiary undertakings*

Investments in subsidiary undertakings and fellow subsidiary undertakings are stated at the balance sheet date at cost less provisions for impairment in their value. Prior to 12 July 2011, to the extent that foreign equity investments are hedged by foreign currency liabilities, these investments are translated at the exchange rate ruling at the end of the financial period. The exchange differences arising on the retranslation of such investments and foreign currency borrowings are taken to reserves.

International Personal Finance Investments Limited
Notes To The Financial Information
for the two years ended 31 December 2011 (continued)

2. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2011	2010
	£	£
Auditor's remuneration:		
Fees payable to the auditor for the audit of the Guarantor Company's accounts	1,445	5,203
Foreign exchange losses/(gains)	547,435	(71,843)
Dividends from other Group undertakings.....	(44,292,317)	(15,078,990)

3. Interest (payable)/receivable and similar charges

	2011	2010
	£	£
Interest payable and similar charges		
Group interest	(506,937)	(1,357,205)
Bank loans and overdrafts	—	(287,638)
	(506,937)	(1,644,843)
Interest receivable		
Group interest	1,660,227	1,712,527
Other	4,883	4,160
	1,665,110	1,716,687

4. Directors' emoluments

None of the directors of the Guarantor Company received any remuneration for their services to the Guarantor Company during the year (2010: nil). All directors' remuneration and related costs were borne by the Guarantor Company's parent undertaking or subsidiary undertakings.

5. Employee information

The average number of persons employed by the Guarantor Company, excluding executive directors, during the year was nil (2010: nil).

6. Tax (charge)/credit on profit on ordinary activities

(a) Analysis of tax (charge)/credit for the year:

	2011	2010
	£	£
Current tax		
UK corporation tax charge on profit for the year	(160,026)	(35,737)
Adjustment in respect of prior years	27,441	1,210,792
Total current tax (charge)/credit (note 6(b))	(132,585)	1,175,055
Deferred tax		
Origination and reversal of timing differences	(175)	(200)
Total deferred tax charge (note 10)	(175)	(200)
Tax (charge)/credit on profit on ordinary activities	(132,760)	1,174,855

International Personal Finance Investments Limited
Notes To The Financial Information
for the two years ended 31 December 2011 (continued)

6. Tax (charge)/credit on profit on ordinary activities (continued)

(b) Factors affecting the current tax (charge)/credit for the year:

The tax (charge)/credit for the year differs from the standard rate of corporation tax in the UK as explained below:

	2011 £	2010 £
Profit on ordinary activities before taxation.....	44,896,844	15,226,016
Expected tax charge calculated at the standard rate of corporation tax in the UK of 26.5% (2010: 28.0%)	(11,894,589)	(4,263,284)
Effects of:		
Capital allowances for the year in excess of depreciation	133	175
Non taxable dividends and other income	11,734,430	4,227,372
Adjustment in respect of prior years	27,441	1,210,792
Current tax (charge)/credit for the year (note 6(a))	<u>(132,585)</u>	<u>1,175,055</u>

(c) Factors that may affect future tax charges:

Future tax charges or credits are likely to be in line with the standard rate of corporation tax in the UK which is reducing to 25% (currently 26%) with effect from 1 April 2012.

7. Investments

Investments in subsidiary or fellow subsidiary undertakings comprise:

	Shares at cost £
At 1 January 2010	115,803,623
Additions	5,699,126
Foreign exchange movement on equity investments	98,481
At 31 December 2010	<u>121,601,230</u>
At 1 January 2011	121,601,230
Additions	13,758,653
Foreign exchange movement on equity investments	798,255
At 31 December 2011	<u>136,158,138</u>

International Personal Finance Investments Limited
Notes To The Financial Information
for the two years ended 31 December 2011 (continued)

7. Investments (continued)

Details of the company's subsidiaries or fellow subsidiaries are as follows:

Name of subsidiary or fellow subsidiary	Country of incorporation	Class of shares issued	Percentage holding
IPF Guernsey Limited	Guernsey	Ordinary £1	100%
IPF International Limited	England	Ordinary £1	100%
Provident Polska S.A.	Poland	Ordinary*	100%
Provident Financial s.r.o.	Czech Republic	Registered	99.93%
Provident Financial s.r.o.	Slovak Republic	capital**	99.99%
Provident Pénzügyi Zrt	Hungary	Registered	99%
		capital	
Provident Mexico S.A. de C.V.	Mexico	€	99.998%
		Ordinary #	100%
Provident Servicios S.A. de C.V.	Mexico	Ordinary A~	0.002%
Provident Servicios de Agencia S.A. de C.V.	Mexico	Ordinary B~	0.002%
IPF Development (2003) Limited	England	Ordinary A~	100%
IPF Financing Limited	England	Ordinary A~	100%
Provident Personal Loans (Thailand) Limited	Thailand	Ordinary £1	99.98%
Provident Financial Romania IFN S.A.	Romania	Ordinary £1	99.999%
PF (Netherlands) B.V.	Netherlands	Ordinary##	100%
OOO IPF Bank (in liquidation)	Russia	Ordinary **	99.99%
OOO Provident Financial (in liquidation)***	Russia	Ordinary €	99.99%
TOV IPF Ukraine	Ukraine	Ordinary @	99.99%
		Ordinary@	
		Ordinary &	

* Shares are denominated in 10 Polish zloty

** Shares are denominated in Czech crowns

Shares are denominated in 100,000 Hungarian forints

~ Shares are denominated in Mexican pesos

Shares are denominated in Thai bahts

##* Shares are denominated in Romanian leu

€ Shares are denominated in Euros

@ Shares are denominated in Russian roubles

& Shares are denominated in Ukrainian hryvnia

*** Liquidated during the year ended 31 December 2010

In the opinion of the directors, the value of the Guarantor Company's investments in its subsidiary or fellow subsidiary undertakings is not worth less than the amount at which it is stated in the balance sheet.

Additions

On 8 December 2010 the company acquired 29m RON of registered share capital of Provident Financial Romania IFN S A for a consideration of £5,699,126.

On 16 August 2011 the Guarantor Company acquired 33,631,120 lei of registered share capital of Provident Financial Romania IFN S.A. for a consideration of £6,893,036. This represented new share capital issued by Provident Financial Romania IFN S.A.

On 25 November 2011 the Guarantor Company acquired 150,000,000 pesos of registered share capital of Provident Mexico S.A. de C.V. for a consideration of £6,865,617. This represented new share capital issued by Provident Mexico S.A. de C.V.

International Personal Finance Investments Limited
Notes To The Financial Information
for the two years ended 31 December 2011 (continued)

8. Debtors

Amounts falling due within one year:

	2011 £	2010 £
Amounts owed by ultimate parent undertaking	42,550,135	34,236,903
Amounts owed by other Group undertakings	27,942,805	27,942,805
Prepayments and accrued income	398,407	230,999
Deferred taxation (note 10).....	501	676
Corporation tax recoverable.....	—	445,000
	<u>70,891,848</u>	<u>62,856,383</u>

Amounts owed by the Guarantor Company's ultimate parent and other Group undertakings are unsecured and have no fixed date of repayment. Interest is credited at LIBOR related rates.

9. Creditors

Amounts falling due within one year:

	2011 £	2010 £
Amounts owed to ultimate parent undertaking	—	22,063,795
Amounts owed to other Group undertakings.....	5,052,906	5,052,906
Corporation tax payable.....	160,026	35,737
Accruals and deferred income	38,572	270,823
	<u>5,251,504</u>	<u>27,423,261</u>

Amounts owed to the Guarantor Company's other Group undertakings are unsecured and have no fixed date of repayment.

No interest is payable on amounts owed to the Guarantor Company's other Group undertakings.

10. Deferred taxation

a) Deferred taxation is recognised in the financial information as follows:

	2011 £	2010 £
Accelerated capital allowances	<u>501</u>	<u>676</u>

b) The movement in deferred taxation during the year is as follows:

	2011 £	2010 £
Deferred tax asset at 1 January	676	876
Charged to the profit and loss account in the year (note 6) ..	(175)	(200)
Deferred tax asset at 31 December	<u>501</u>	<u>676</u>

International Personal Finance Investments Limited
Notes To The Financial Information
for the two years ended 31 December 2011 (continued)

11. Called-up share capital

	2011	2010
	£	£
Authorised		
4,000,000 ordinary shares of £1 each.....	<u>4,000,000</u>	<u>4,000,000</u>
Allotted, called-up and fully paid		
2,191,452 ordinary shares of £1 each.....	<u>2,191,452</u>	<u>2,191,452</u>

12. Revaluation reserve

	2011	2010
	£	£
At 1 January and 31 December.....	<u>1,108,663</u>	<u>1,108,663</u>

This reserve arose when the accounting policies for foreign exchange and the valuation of subsidiaries were first implemented.

13. Retained Profits

	2011	2010
	£	£
Retained profit at 1 January	153,734,782	137,333,911
Foreign exchange gains taken to reserves	798,255	98,481
Foreign exchange losses taken to reserves.....	(798,255)	(98,481)
Profit for the year	<u>44,764,084</u>	<u>16,400,871</u>
Retained profit at 31 December.....	<u>198,498,866</u>	<u>153,734,782</u>

14. Reconciliation of movements in shareholder's funds

	2011	2010
	£	£
Profit for the year	44,764,084	16,400,871
Foreign exchange gains taken to reserves	798,255	98,481
Foreign exchange losses taken to reserves.....	(798,255)	(98,481)
Net increase in shareholder's funds	<u>44,764,084</u>	<u>16,400,871</u>
Opening shareholder's funds.....	<u>157,034,897</u>	<u>140,634,026</u>
Closing shareholder's funds.....	<u>201,798,981</u>	<u>157,034,897</u>

15. Related party disclosures

As a wholly owned subsidiary, the Guarantor Company has taken advantage of the exemption in FRS 8 "Related Party Transactions" from disclosing related party transactions with other entities included in the consolidated financial statements of International Personal Finance plc.

16. Contingent liabilities

The Guarantor Company has a contingent liability for (i) guarantees given in respect of borrowings made by the Guarantor Company's ultimate parent undertaking and (ii) guarantees given jointly and severally with the Guarantor Company's ultimate parent undertaking in respect of borrowings made by certain of its fellow subsidiaries to a maximum of £442,900,000 (2010: £474,600,000). At 31 December 2011 the borrowings amounted to £280,500,000 (2010: £309,400,000). No loss is expected to arise.

International Personal Finance Investments Limited
Notes To The Financial Information
for the two years ended 31 December 2011 (continued)

17. Reconciliation of operating (loss)/profit to cash used in operations

	2011	2010
	£	£
Operating (loss)/profit.....	(553,646)	75,182
Adjusted for:		
Change in operating assets and liabilities		
– (Increase)/decrease in debtors	(9,278,895)	40,664
– Decrease in creditors.....	(22,296,046)	(9,961,170)
Cash used in operations	<u>(32,128,587)</u>	<u>(9,845,324)</u>

18. Parent undertakings

The immediate parent undertaking is IPF Holdings Limited.

The Guarantor Company, whose liability is limited to a maximum of the share capital issued, is registered and domiciled in the United Kingdom. The ultimate parent undertaking and controlling party is International Personal Finance plc, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of that company's consolidated financial statements can be obtained from the Company Secretary, International Personal Finance plc, Number Three Leeds City Office Park, Meadow Lane, Leeds LS11 5BD.

The Board of Directors
On behalf of International Personal Finance plc
Number Three Leeds City Office Park
Meadow Lane
Leeds
LS11 5BD

7 December 2012

Dear Sirs

IPF International Limited (the “Guarantor Company”)

We report on the Guarantor Company’s financial information for the years ended 31 December 2011 and 31 December 2010 set out on pages 179 to 194 of the prospectus dated 7 December 2012 of International Personal Finance plc (the “Company”) (the “Prospectus”). The financial reporting framework that has been applied in the preparation of the financial information for inclusion in the Prospectus is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). This report is required by Annex IV item 13.1 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with United Kingdom Generally Accepted Accounting Practice.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.4R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex IV item 16.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Guarantor Company as at 31 December 2011 and 31 December 2010 and of its profits, cash flows and recognised gains and losses for the years then ended in accordance with United Kingdom Generally Accepted Accounting Practice.

Declaration

For the purposes of Prospectus Rule 5.5.4R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex IV item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Deloitte LLP', is positioned above the company name.

Deloitte LLP

Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Member of Deloitte Touche Tohmatsu Limited

IPF International Limited
Profit and Loss Account
for the two years ended 31 December 2011

	Notes	2011 £	2010 £
TURNOVER	2	24,990,643	22,690,934
GROSS PROFIT		<u>24,990,643</u>	<u>22,690,934</u>
Administrative expenses		(27,755,669)	(20,784,544)
OPERATING (LOSS)/PROFIT		(2,765,026)	1,906,390
Interest receivable	3	<u>—</u>	<u>931</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(2,765,026)	1,907,321
Tax credit on (loss)/profit on ordinary activities	6	692,805	317,833
(LOSS)/PROFIT FOR THE YEAR	15,16	<u>(2,072,221)</u>	<u>2,225,154</u>

The results shown in the profit and loss account derive wholly from continuing activities.

The Guarantor Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the year stated above, and their historical cost equivalents.

IPF International Limited
Balances Sheet
as at 31 December 2011 and 31 December 2010

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	7	3,510,745	5,093,617
Tangible assets	8	10,542,747	8,214,384
Investments	9	35,172	35,172
		<u>14,088,664</u>	<u>13,343,173</u>
CURRENT ASSETS			
Debtors	10	2,500,121	1,219,579
Cash at bank and in hand		302	3,974
		<u>2,500,423</u>	<u>1,223,553</u>
CREDITORS: amounts falling due within one year .	11	<u>(32,639,161)</u>	<u>(28,723,510)</u>
NET CURRENT LIABILITIES		<u>(30,138,738)</u>	<u>(27,499,957)</u>
NET LIABILITIES		<u>(16,050,074)</u>	<u>(14,156,784)</u>
CAPITAL AND RESERVES			
Called-up share capital	14	64,286	64,286
Profit and loss account	15	<u>(16,114,360)</u>	<u>(14,221,070)</u>
TOTAL SHAREHOLDER'S DEFICIT	16	<u>(16,050,074)</u>	<u>(14,156,784)</u>

IPF International Limited
Cash Flow Statement
for the two years ended 31 December 2011

	Notes	2011 £	2010 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	7,298,060	4,267,483
RETURNS ON INVESTMENT ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		—	931
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE ...		—	931
TAXATION			
Taxation (paid)/received		(315,485)	960,274
NET CASH (OUTFLOW)/INFLOW FROM TAXATION		(315,485)	960,274
CAPITAL EXPENDITURE			
Purchase of fixed assets		(6,515,219)	(4,767,232)
Purchase of intangible assets		(471,028)	(474,096)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(6,986,247)	(5,241,328)
DECREASE IN CASH IN THE YEAR		(3,672)	(12,640)

IPF International Limited
Notes to the Financial Information
for the two years ended 31 December 2011

1. Principal accounting policies

The financial information has been prepared under the historical cost convention in accordance with United Kingdom Generally Accepted Accounting Practice and the requirements of the Prospectus Directive Regulations and the Listing Rules. Consolidated financial information has not been presented, since the Guarantor Company is a wholly owned subsidiary of International Personal Finance plc, a company incorporated in the United Kingdom. International Personal Finance plc has consolidated the financial information of the Guarantor Company and its subsidiaries in its Annual Report and Accounts for the years ended 31 December 2011 and 31 December 2010, referenced on Page 6 of the Prospectus. The directors have adopted the going concern basis in preparing the financial information.

A summary of the principal accounting policies applied in preparing the financial information of the Guarantor Company for the two years ended 31 December 2011, which have been applied on a consistent basis, are set out below.

a) *Turnover*

Turnover represents the amounts receivable from fellow subsidiary undertakings, together with any related withholding taxes, in respect of the provision of business know-how and services and is recognised on an accruals basis.

b) *Administrative expenses*

Administrative expenses represent costs incurred in providing services and business know how to the overseas business units of International Personal Finance plc.

c) *Taxation*

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date and is determined using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not recognised on revalued assets unless there is a binding agreement at the balance sheet date to sell the revalued asset and the related gain has been recognised in the accounts. Deferred taxation balances are not discounted. Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date. Where withholding tax has been suffered on overseas income received, it has been accounted for as overseas tax.

d) *Pension costs*

The Guarantor Company participates in pension arrangements provided on a Group basis. The Guarantor Company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of accounting under FRS 17. Accordingly, contributions to the Group defined benefit pension schemes are charged to the profit and loss account on an accruals basis.

Contributions to a defined contribution pension scheme are charged to the profit and loss account on an accruals basis.

e) *Foreign exchange*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are expressed, in sterling, at the rates of exchange ruling at the end of the financial period or the contracted rate to the extent hedged. Resultant gains or losses are taken to the profit and loss account.

IPF International Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

1. Principal accounting policies (continued)

f) *Subsidiary undertakings*

Investments in subsidiary undertakings are stated at the balance sheet date at cost less provisions for impairment in their value.

g) *Depreciation*

Depreciation of tangible fixed assets has been calculated by reference to the expected lives of the assets concerned. The following are the principal annual bases:

	Per cent	Basis
Equipment, including computers	10 – 33.33%	Straight line

Assets in the course of construction are not depreciated.

Where fixed assets become obsolete, or suffer an impairment in value, provision is made in the profit and loss account where necessary.

h) *Share-based payments*

The Guarantor Company's ultimate parent company, International Personal Finance plc, issues equity settled share-based payments to certain employees through The International Personal Finance plc Performance Share Plan (the Performance Share Plan), The International Personal Finance plc Approved Company Share Option Plan (the CSOP), The International Personal Finance plc Employee Savings-related Share Option Scheme (the SAYE scheme) and The International Personal Finance plc Deferred Share Plan (the Deferred Share Plan).

The cost of providing share-based payments to employees is charged to the profit and loss account of the employing company over the vesting period of the related share options or share allocations. The corresponding credit is made to the profit and loss reserve.

The cost is based on the fair value of the options and shares allocated, determined using a Monte Carlo simulation model for the Performance Share Plan and the CSOP as these schemes are subject to a total shareholder return performance target and using a similar option pricing model for the SAYE scheme. No employees of this Guarantor Company participate in the Deferred Share Plan.

i) *Intangible fixed assets*

Intangible assets, which comprise computer software and software licences, are capitalised as intangible assets on the basis of the costs incurred to acquire or develop the specific software or licence and bring it into use.

Computer software is amortised on a straight-line basis over its estimated useful economic life which is generally estimated to be five years. The residual values and economic lives are reviewed by management at each balance sheet date.

IPF International Limited
Notes to the Financial Information
for the two years ended 31 December 2011 (continued)

2. Turnover and (loss)/profit on ordinary activities before taxation

Turnover relates to one class of business, the origin of which is wholly within the UK.

The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	2011 £	2010 £
Depreciation of tangible fixed assets.....	983,053	977,618
Amortisation of intangible fixed assets	2,053,900	1,968,188
Loss on disposal of fixed assets.....	3,203,803	—
Auditor's remuneration:		
Fees payable to the auditor for the audit of the company's accounts	2,408	2,408
Foreign exchange gains.....	<u>(33,311)</u>	<u>(2,887)</u>

The loss on disposal of fixed assets is a write-down in the carrying value in relation to hand held technology.

3. Interest receivable

	2011 £	2010 £
Interest receivable – external.....	<u>—</u>	<u>931</u>

4. Directors' emoluments

None of the directors of the Guarantor Company received any emoluments in respect of their services to the Guarantor Company during the year (2010: nil). All the costs of the directors' emoluments were borne by another Group company.

During the year no director of the Guarantor Company (2010: nil) exercised share options in shares of the Guarantor Company's ultimate parent undertaking International Personal Finance plc.

5. Employee information

a) The average number of persons employed by the Guarantor Company during the year was as follows:

	2011 Number	2010 Number
Administration.....	<u>70</u>	<u>59</u>

b) Employment costs:

	2011 £	2010 £
Wages and salaries.....	4,065,268	2,834,554
Social security costs.....	543,445	287,805
Pension costs (note 13)	367,574	174,018
Share-based payments (note 19)	178,931	76,542
	<u>5,155,218</u>	<u>3,372,919</u>

IPF International Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

6. Tax credit on (loss)/profit on ordinary activities

(a) Analysis of tax credit for the year:

	2011	2010
	£	£
Current tax		
UK corporation tax credit/(charge) on (loss)/profit for the year	730,580	(271,344)
Overseas tax	(834)	(122,140)
Adjustment in respect of prior years	(43,307)	949,154
Total current tax credit (note 6(b))	686,439	555,670
Deferred taxation (note 12)		
Origination and reversal of timing differences	6,366	(237,837)
Tax credit on (loss)/profit on ordinary activities	692,805	317,833

(b) Factors affecting the tax credit for the year:

The tax credit for the year differs from the standard rate of corporation tax in the UK as explained below:

	2011	2010
	£	£
(Loss)/profit on ordinary activities before taxation	(2,765,026)	1,907,321
Expected tax credit/(charge) calculated at the standard rate of corporation tax in the UK of 26.5% (2010: 28.0%)	732,542	(534,050)
Effects of:		
Expenses not deductible for tax purposes.....	(2,199)	(51,312)
Fixed asset and other timing differences	237	314,018
Overseas tax	(834)	(122,140)
Adjustment in respect of prior years	(43,307)	949,154
Current tax credit for the year (note 6(a)).....	686,439	555,670

(c) Factors that may affect future tax charges:

Future tax charges or credits are likely to be in line with the standard rate of corporation tax in the UK which is reducing to 25% (currently 26%) with effect from 1 April 2012.

IPF International Limited
Notes to the Financial Information
for the two years ended 31 December 2011 (continued)

7. Intangible fixed assets

	Software licences £	Computer software £	Total £
Cost			
At 1 January 2010	10,949,000	10,145,010	21,094,010
Additions	—	474,096	474,096
At 31 December 2010	10,949,000	10,619,106	21,568,106
Amortisation			
At 1 January 2010	10,949,000	3,557,301	14,506,301
Charge for the year	—	1,968,188	1,968,188
At 31 December 2010	10,949,000	5,525,489	16,474,489
Net book value at 31 December 2010	—	5,093,617	5,093,617
Cost			
At 1 January 2011	10,949,000	10,619,106	21,568,106
Additions	—	471,028	471,028
At 31 December 2011	10,949,000	11,090,134	22,039,134
Amortisation			
At 1 January 2011	10,949,000	5,525,489	16,474,489
Charge for the year	—	2,053,900	2,053,900
At 31 December 2011	10,949,000	7,579,389	18,528,389
Net book value at 31 December 2011	—	3,510,745	3,510,745

8. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2010	7,723,456
Additions	4,767,232
At 31 December 2010	12,490,688
Depreciation	
At 1 January 2010	3,298,686
Charge for the year	977,618
At 31 December 2010	4,276,304
Net book value at 31 December 2010	8,214,384
Cost	
At 1 January 2011	12,490,688
Additions	6,515,219
Disposals	(3,203,803)
At 31 December 2011	15,802,104
Depreciation	
At 1 January 2011	4,276,304
Charge for the year	983,053
At 31 December 2011	5,259,357
Net book value at 31 December 2011	10,542,747

Disposals are a write-down in carrying value in relation to hand held technology.

IPF International Limited
Notes to the Financial Information
for the two years ended 31 December 2011 (continued)

9. Investments

Investments in subsidiary or fellow subsidiary undertakings comprise:

	Shares at cost £
At 31 December 2010 and 31 December 2011	35,172

Name of subsidiary or fellow subsidiary	Country of incorporation	Class of shares issued	Percentage holding
Provident Pénzügyi Zrt	Hungary	Ordinary*	1%
Provident Servicios S.A. de C.V.	Mexico	Ordinary A**	99.998%
		Ordinary B**	100%
Provident Servicios de Agencia S.A. de C.V.	Mexico	Ordinary A**	99.998%
Provident Personal Loans (Thailand) Limited	Thailand	Ordinary#	0.01%
TOV IPF Ukraine	Ukraine	Ordinary@	0.01%

* Shares are denominated in Hungarian forints

** Shares are denominated in Mexican pesos

Shares are denominated in Thai bahts

@ Shares are denominated in Ukrainian hryvnia

In the opinion of the directors, the value of the Guarantor Company's investments in its subsidiary or fellow subsidiary undertakings is not worth less than the amount at which it is stated in the balance sheet.

10. Debtors Amounts falling due within one year:

	2011	2010
	£	£
Amounts owed by other Group undertakings	244,346	52,995
Corporation tax	730,580	—
Prepayments	1,074,302	791,289
Other debtors	450,893	375,295
	2,500,121	1,219,579

Amounts owed by other Group undertakings are unsecured and have no fixed date of repayment.

Interest is not charged on amounts owed by other Group undertakings.

11. Creditors

Amounts falling due within one year:

	2011	2010
	£	£
Trade creditors	1,068,822	767,206
Amounts owed to ultimate parent undertaking	25,615,201	23,939,823
Amounts owed to other Group undertakings	3,318,622	2,119,776
Corporation tax payable	—	271,344
Other taxation and social security	146,796	111,280
Deferred taxation (note 12)	220,328	226,694
Other creditors	—	387
Accruals and deferred income	2,269,392	1,287,000
	32,639,161	28,723,510

Amounts owed to the Guarantor Company's ultimate parent undertaking and other Group undertakings are unsecured and have no fixed date of repayment.

Interest is not paid on amounts owed to the ultimate parent undertaking or other Group undertakings.

IPF International Limited
Notes to the Financial Information
for the two years ended 31 December 2011 (continued)

12. Deferred taxation

(a) Deferred tax is recognised in the financial information as follows:

	2011 £	2010 £
Accelerated capital allowances	(279,000)	(252,402)
Short-term timing differences	58,672	25,708
	<u>(220,328)</u>	<u>(226,694)</u>

(b) The movement in deferred taxation during the year is as follows:

	2011 £	2010 £
Deferred tax liability at 1 January	(226,694)	11,143
Credited to profit and loss account in the year (note 6(a))	6,366	(237,837)
Deferred tax liability at 31 December	<u>(220,328)</u>	<u>(226,694)</u>

13. Pension schemes

(a) *Defined benefit*

As at 31 December 2011, the Guarantor company is unable to identify its share of the underlying assets and liabilities relating to its employees for the purposes of meeting the disclosure requirements of FRS 17 "Retirement benefits" but the required disclosures for the International Personal Finance plc Group are included within the financial statements of the ultimate parent company, International Personal Finance plc.

With effect from 1 March 2010, the Group's final salary pension scheme was closed to further accrual of defined benefit obligations, with all members being transferred into an existing money purchase scheme.

As at 31 December 2011 the valuation of the pension scheme included in the International Personal Finance plc Group financial statements is a liability of £4,006,000 (31 December 2010: liability of £3,253,000).

The defined benefit costs of the Guarantor Company for the year were £nil (2010: £22,719) representing contributions payable to the International Personal Finance plc scheme.

(b) *Defined contribution*

The defined benefit pension arrangements described above were closed to new members from 1 January 2003 and all other members from 1 March 2010. All employees of the Guarantor Company joining after that date are now invited to join a stakeholder pension plan into which the Guarantor Company contributes a maximum of 15% of members' pensionable earnings, provided the employee contributes a minimum of 5%. The assets of the scheme are held separately from those of the Guarantor Company and the ultimate parent company in an independently administered fund. The pension cost charged in the profit and loss account includes contributions payable by the Guarantor Company to the fund and amounted to £367,574 for the year ended 31 December 2011 (2010: £151,299).

IPF International Limited
Notes to the Financial Information
for the two years ended 31 December 2011 (continued)

14. Called-up share capital

	2011 £	2010 £
Authorised		
100,000 ordinary shares of £1 each.....	100,000	100,000
Allotted, called-up and fully paid		
64,286 ordinary shares of £1 each.....	64,286	64,286

15. Statement of retained losses

	2011 £	2010 £
Retained loss at 1 January	(14,221,070)	(16,522,766)
Share-based payments	178,931	76,542
(Loss)/profit for the year.....	(2,072,221)	2,225,154
Retained loss at 31 December	(16,114,360)	(14,221,070)

16. Reconciliation of movements in shareholder's deficit

	2011 £	2010 £
Opening shareholder's deficit	(14,156,784)	(16,458,480)
(Loss)/profit for the year.....	(2,072,221)	2,225,154
Share-based payments	178,931	76,542
Total shareholder's deficit	(16,050,074)	(14,156,784)

17. Related party disclosure

As a wholly owned subsidiary, the Guarantor Company has taken advantage of the exemption in FRS 8 "Related Party Transactions" from disclosing related party transactions with other entities included in the consolidated financial statements of International Personal Finance plc.

18. Contingent liabilities

The Guarantor Company has a contingent liability for (i) guarantees given in respect of borrowings made by the Guarantor Company's ultimate parent undertaking and (ii) guarantees given jointly and severally with the Guarantor Company's ultimate parent undertaking in respect of borrowings made by certain of its fellow subsidiaries to a maximum of £442,900,000 (2010: £474,600,000). At 31 December 2011 the borrowings amounted to £280,500,000 (2010: £309,400,000). No loss is expected to arise.

19. Share-based payments

The Guarantor Company's ultimate parent undertaking, International Personal Finance plc operates four share schemes: The International Personal Finance plc Performance Share Plan (the Performance Share Plan), The International Personal Finance plc Approved Company Share Option Plan (the CSOP), The International Personal Finance plc Employee Savings-related Share Option Scheme (the SAYE scheme) and The International Personal Finance plc Deferred Share Plan (the Deferred Share Plan).

The charge to the profit and loss account in respect of the Performance Share Plan and the CSOP has been calculated using a Monte Carlo simulation model as this scheme is subject to a Total Shareholder Return performance target.

IPF International Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

19. Share-based payments (continued)

The charge to the profit and loss account in respect of the SAYE scheme is also determined using a Monte Carlo simulation option pricing model.

No employees of this Guarantor Company participate in the Deferred Share Plan.

The total charge to the profit and loss account in respect of these share-based payments is £178,931 (2010: £76,542).

The fair value per option granted and the assumptions used in the calculation of the share-based payment charge for the awards are as follows:

	SAYE	SAYE	Performance share plan	Performance share plan	SAYE
Grant date	2-Apr-08	1-Sep-09	20-Jul-07	20-Mar-09	24-Aug-10
Share price at grant date (£).....	2.28	1.40	2.50	0.95	2.34
Base price for TSR.....	n/a	n/a	2.26	1.26	n/a
Exercise price (£)	1.88	1.12	—	—	1.87
Shares under option.....	8,936	168,416	—	93,137	11,660
Vesting period (years)	3, 5 and 7	3, 5 and 7	3-4	3-4	3, 5 and 7
Expected volatility.....	30.0%	30.0%	30.0%	30.0%	68.1%
Option life (years).....	Up to 7	Up to 7	3	Up to 3	Up to 7
Expected life (years)	Up to 7	Up to 7	3	Up to 10	Up to 7
Risk free rate.....	5.7%	5.7%	5.7%	5.7%	1.8%
Expected dividends expressed as a dividend yield	2.8%	2.8%	2.8%	2.8%	2.5%
Deferred portion	n/a	n/a	50.0%	50.0%	n/a
TSR threshold	n/a	n/a	30.0%	30.0%	n/a
TSR maximum target	n/a	n/a	60.0%	60.0%	n/a
Fair value per option (£).....	<u>0.68-0.85</u>	<u>0.42-0.53</u>	<u>1.10-1.13</u>	<u>0.44</u>	<u>1.41</u>
	CSOP	CSOP	Performance share plan	Performance share plan	SAYE
Grant date	23-Jul-10	17-Sep-10	23-Jul-10	17-Sep-10	31-Mar-11
Share price at grant date (£).....	2.22	2.66	2.22	2.66	3.23
Base price for TSR.....	2.08	2.28	2.08	2.28	n/a
Exercise price (£)	2.08	2.70	—	—	2.59
Shares under option.....	144,160	22,196	114,445	9,311	25,575
Vesting period (years)	3-4	3-4	3-4	3-4	3 and 5
Expected volatility.....	68.7%	68.0%	68.7%	68.0%	65.0%
Option life (years).....	3	3	3	3	Up to 5
Expected life (years)	3	3	3	3	Up to 5
Risk free rate.....	2.3%	2.0%	2.3%	2.0%	2.4%
Expected dividends expressed as a dividend yield	2.6%	2.1%	2.6%	2.1%	1.8%
Deferred portion	50.0%	50.0%	50.0%	50.0%	n/a
TSR threshold	30.0%	30.0%	30.0%	30.0%	n/a
TSR maximum target	60.0%	60.0%	60.0%	60.0%	n/a
Fair value per option (£).....	<u>0.91-0.93</u>	<u>1.07-1.09</u>	<u>1.35-1.38</u>	<u>1.70-1.71</u>	<u>1.47</u>

IPF International Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

19. Share-based payments (continued)

	SAYE	CSOP	CSOP	Performance share plan	Performance share plan
Grant date	22-Aug-11	16-Mar-11	29-Jul-11	16-Mar-11	29-Jul-11
Share price at grant date (£).....	3.33	3.11	3.21	3.11	3.15
Base price for TSR.....	n/a	3.34	3.55	3.34	3.55
Exercise price (£)	2.66	3.11	3.21	—	—
Shares under option.....	17,072	28,920	28,053	9,296	164,174
Vesting period (years)	3 and 5	3-4	3-4	3-4	3-4
Expected volatility.....	62.1%	66.6%	66.8%	66.6%	66.8%
Option life (years).....	Up to 5	3	3	3	3
Expected life (years)	Up to 5	3	3	3	3
Risk free rate.....	2.4%	2.4%	2.4%	2.4%	2.4%
Expected dividends expressed as a dividend yield	2.7%	1.9%	2.0%	1.9%	2.0%
Deferred portion	n/a	50.0%	50.0%	50.0%	50.0%
TSR threshold	n/a	30.0%	30.0%	30.0%	30.0%
TSR maximum target	n/a	60.0%	60.0%	60.0%	60.0%
Fair value per option (£).....	1.46	1.18-1.27	1.17-1.25	1.76-1.84	1.73-1.81

All awards made on the Performance Share Plan have no exercise price payable. The risk free rate of return is the yield on zero coupon UK government bonds with a remaining term equal to the expected term.

	SAYE 2-Apr-08		SAYE 1-Sep-09		Performance share plan 20-Jul-07	
	Number	Exercise price	Number	Exercise price	Number	Exercise price
Outstanding at 1 January 2010	10,978	1.88	234,804	1.12	96,749	—
Granted	—	—	—	—	—	—
Transferred from other						
Group companies	15,108	1.88	20,460	1.12	—	—
Expired/lapsed	—	—	(53,307)	1.12	(96,749)	—
Exercised	—	—	(2,325)	1.12	—	—
Outstanding at 31 December 2010	26,086	1.88	199,632	1.12	—	—
Outstanding at 1 January 2011	26,086	1.88	199,632	1.12	—	—
Granted	—	—	—	—	—	—
Transferred to other						
Group companies	(15,108)	1.88	—	—	—	—
Expired/lapsed	—	—	(31,216)	1.12	—	—
Exercised	(2,042)	1.88	—	—	—	—
Outstanding at 31 December 2011	8,936	1.88	168,416	1.12	—	—
Exercisable at 31 December 2011	—	—	—	—	—	—
Exercisable at 31 December 2010	—	—	—	—	—	—

IPF International Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

19. Share-based payments (continued)

	Performance share plan 20-Mar-09		SAYE 24-Aug-10		CSOP 23-Jul-10	
	Number	Exercise price	Number	Exercise price	Number	Exercise price
Outstanding at 1 January 2010	226,145	—	—	—	—	—
Granted	—	—	16,199	1.87	144,160	2.08
Expired/lapsed	(86,905)	—	—	—	—	—
Exercised	—	—	—	—	—	—
Outstanding at 31 December 2010	139,240	—	16,199	1.87	144,160	2.08
Outstanding at 1 January 2011	139,240	—	16,199	1.87	144,160	2.08
Granted	—	—	—	—	—	—
Transferred from other Group companies.....	—	—	—	—	14,416	2.08
Expired/lapsed	(46,103)	—	(4,539)	1.87	(14,416)	2.08
Exercised	—	—	—	—	—	—
Outstanding at 31 December 2011	93,137	—	11,660	1.87	144,160	2.08
Exercisable at 31 December 2011	—	—	—	—	—	—
Exercisable at 31 December 2010	—	—	—	—	—	—
	CSOP 17-Sep-10		Performance share plan 23-Jul-10		Performance share plan 17-Sep-10	
	Number	Exercise price	Number	Exercise price	Number	Exercise price
Outstanding at 1 January 2010	—	—	—	—	—	—
Granted	22,196	2.70	99,550	—	9,311	—
Expired	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Outstanding at 31 December 2010	22,196	2.70	99,550	—	9,311	—
Outstanding at 1 January 2011	22,196	2.70	99,550	—	9,311	—
Granted	—	—	—	—	—	—
Transferred from other Group companies	—	—	23,029	—	—	—
Expired	—	—	(8,134)	—	—	—
Exercised	—	—	—	—	—	—
Outstanding at 31 December 2011	22,196	2.70	114,445	—	9,311	—
Exercisable at 31 December 2011	—	—	—	—	—	—
Exercisable at 31 December 2010	—	—	—	—	—	—

IPF International Limited

**Notes to the Financial Information
for the two years ended 31 December 2011 (continued)**

19. Share-based payments (continued)

	SAYE 31-Mar-11		SAYE 22-Aug-11		CSOP 16-Mar-11	
	Number	Exercise price	Number	Exercise price	Number	Exercise price
Outstanding at 1 January 2010	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Transferred from other Group companies	—	—	—	—	—	—
Expired/lapsed	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Outstanding at 31 December 2010	—	—	—	—	—	—
Outstanding at 1 January 2011	—	—	—	—	—	—
Granted	25,575	2.59	17,072	2.66	28,920	3.11
Transferred from other Group companies	—	—	—	—	—	—
Expired/lapsed	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Outstanding at 31 December 2011	25,575	2.59	17,072	2.66	28,920	3.11
Exercisable at 31 December 2011	—	—	—	—	—	—
Exercisable at 31 December 2010	—	—	—	—	—	—
	CSOP 29-Jul-11		Performance share plan 16-Mar-11		Performance share plan 29-Jul-11	
	Number	Exercise price	Number	Exercise price	Number	Exercise price
Outstanding at 1 January 2010	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Expired/lapsed	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Outstanding at 31 December 2010	—	—	—	—	—	—
Outstanding at 1 January 2011	—	—	—	—	—	—
Granted	28,053	3.21	9,296	—	171,842	—
Expired/lapsed	—	—	—	—	(7,668)	—
Exercised	—	—	—	—	—	—
Outstanding at 31 December 2011	28,053	3.21	9,296	—	164,174	—
Exercisable at 31 December 2011	—	—	—	—	—	—
Exercisable at 31 December 2010	—	—	—	—	—	—

IPF International Limited
Notes to the Financial Information
for the two years ended 31 December 2011 (continued)

20. Reconciliation of operating (loss)/profit to cash generated from operations

	2011	2010
	£	£
Operating (loss)/profit.....	(2,765,026)	1,906,390
Adjusted for:		
– Depreciation	983,053	977,618
– Write-down of tangible fixed assets.....	3,203,803	—
– Amortisation	2,053,900	1,968,188
– Share based payment charge	178,931	76,542
Change in operating assets and liabilities		
– (Increase)/decrease in debtors	(549,962)	1,650,620
– Increase/(decrease) in creditors	4,193,361	(2,311,875)
Cash generated from operations	<u>7,298,060</u>	<u>4,267,483</u>

21. Parent undertakings

The immediate parent undertaking is International Personal Finance Investments Limited.

The Guarantor Company, whose liability is limited to a maximum of the share capital issued, is registered and domiciled in the United Kingdom. The ultimate parent undertaking and controlling party is International Personal Finance plc, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of that company's consolidated financial statements can be obtained from the Company Secretary, International Personal Finance plc, Number Three Leeds City Office Park, Meadow Lane, Leeds LS11 5BD.

APPENDIX 2

SEMI-ANNUAL UNAUDITED GUARANTOR FINANCIAL INFORMATION

The interim financial statements for the Guarantors set out below are prepared by the Guarantors and are unaudited and have not been independently reviewed.

IPF HOLDINGS LIMITED
UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012
(Company Number 1525242)

IPF Holdings Limited
Unaudited Interim Report and Financial Statements
for the period ended 30 June 2012

	Page
Profit and loss account	198
Balance sheet	199
Cash Flow statement	200
Notes to the financial statements	201

IPF Holdings Limited
Unaudited Profit and Loss Account
for the period ended 30 June 2012

	Period ended 30 June 2012 £	Period ended 30 June 2011 £
TURNOVER	6,631,826	2,945,926
GROSS PROFIT	6,631,826	2,945,926
Administrative expenses	(7,554,884)	(4,334,763)
OPERATING LOSS	(923,058)	(1,388,837)
Interest payable and similar charges	(6,252,447)	(6,063,319)
Interest receivable	6,851,536	6,668,738
Income from shares in group undertakings	17,919	13,699,693
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(306,050)	12,916,275
Tax credit on (loss)/profit on ordinary activities	76,512	211,523
(LOSS)/PROFIT FOR THE PERIOD	<u>(229,538)</u>	<u>13,127,798</u>

The results shown in the profit and loss account derive wholly from continuing activities.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

(Company Number 1525242)

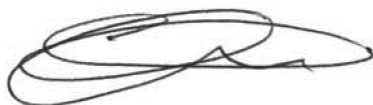
IPF Holdings Limited

Unaudited Balance Sheet
as at 30 June 2012

	Notes	30 June 2012 £	30 June 2011 £
FIXED ASSETS			
Tangible assets	2	1,570,664	2,230,727
Investments.....	3	31,085,656	31,085,656
		<u>32,656,320</u>	<u>33,316,383</u>
CURRENT ASSETS			
Debtors	4	91,409,751	91,874,095
Cash at bank and in hand		197,364,436	202,452,432
		<u>288,774,187</u>	<u>294,326,527</u>
CREDITORS: amounts falling due within one year .	5	<u>(228,839,335)</u>	<u>(234,367,225)</u>
NET CURRENT ASSETS		<u>59,934,852</u>	<u>59,959,302</u>
NET ASSETS		<u>92,591,172</u>	<u>93,275,685</u>
CAPITAL AND RESERVES			
Called-up share capital		3,239,072	3,239,072
Profit and loss account		89,352,100	90,036,613
TOTAL SHAREHOLDER'S FUNDS		<u>92,591,172</u>	<u>93,275,685</u>

These unaudited interim financial statements on pages 1 to 7 were approved by the board of directors on 15 November 2012 and were signed on its behalf by:

G J Ryan



(Directors)

D E S Broadbent



IPF Holdings Limited
Unaudited Cash Flow Statement
for the period ended 30 June 2012

	2012 £	2011 £
Cash flows from operating activities		
Cash generated by operating activities	13,787,684	4,639,918
Finance costs paid	(6,252,447)	(6,063,319)
Finance income received	6,851,536	6,668,738
Income tax paid.....	(1,991)	—
Net cash generated by operating activities	<u>14,384,782</u>	<u>5,245,337</u>
Cash flows from investing activities		
Purchase of fixed assets.....	(8,107)	(106,732)
Cash flows from financing activities		
Dividends received from subsidiary undertakings	17,919	13,699,693
	<u>14,394,594</u>	<u>18,838,298</u>
Cash and cash equivalents at beginning of period	182,969,842	183,614,134
Cash and cash equivalents at end of period.....	<u>197,364,436</u>	<u>202,452,432</u>
Reconciliation of (loss)/profit after taxation to cash generated by operations		
(Loss)/profit after tax	(229,537)	13,127,798
Adjusted for		
Tax credit.....	(76,512)	(211,523)
Finance costs	6,252,447	6,063,319
Finance income	(6,851,536)	(6,668,738)
Depreciation	283,467	320,582
Dividends received from subsidiary undertakings	(17,919)	(13,699,693)
Change in operating assets and liabilities		
Debtors.....	(335,576)	(13,501,615)
Creditors.....	14,762,850	19,209,788
Cash generated by operating activities	<u><u>13,787,684</u></u>	<u><u>4,639,918</u></u>

IPF Holdings Limited

Notes to the Unaudited Interim Report and Financial Statements for the period ended 30 June 2012

1. Principal accounting policies

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and with applicable Accounting Standards in the United Kingdom. In accordance with section 400 of the Companies Act 2006 consolidated financial statements are not presented, since the company is a wholly owned subsidiary of International Personal Finance plc, a company incorporated in the United Kingdom. The directors have adopted the going concern basis in preparing the financial statements. A summary of the principal accounting policies applied in preparing the financial statements of the company for the period ended 30 June 2012 which have been applied on a consistent basis, is set out below.

a) *Turnover*

Turnover represents the amounts receivable from fellow subsidiary undertakings in respect of the provision of business know-how and services and is recognised on an accruals basis.

b) *Administrative expenses*

Administrative expenses represent costs incurred in the development and strategic management of the overseas business units of International Personal Finance plc.

c) *Taxation*

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date and is determined using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not recognised on revalued assets unless there is a binding agreement at the balance sheet date to sell the revalued asset and the related gain has been recognised in the accounts. Deferred taxation balances are not discounted. Current tax is calculated based on taxable profit for the period using tax rates that have been enacted or substantively enacted by the balance sheet date. Where withholding tax has been suffered on overseas income received, it has been accounted for as overseas tax.

d) *Foreign exchange*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are expressed, in sterling, at the rates of exchange ruling at the end of the financial period or the contracted rate to the extent that they are hedged. Resultant gains or losses are taken to the profit and loss account.

e) *Pension costs*

The company participated in pension arrangements provided on a Group basis. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of accounting under FRS 17. Accordingly, contributions to the Group defined benefit pension schemes are charged to the profit and loss account on an accruals basis. On 1 March 2010 all contributions to the defined benefit scheme ceased.

f) *Subsidiary undertakings*

Investments in subsidiary undertakings are stated at the balance sheet date at cost less provisions for impairment in their value.

IPF Holdings Limited

Notes to the Unaudited Interim Report and Financial Statements for the period ended 30 June 2012 (continued)

1. Principal accounting policies (continued)

g) Depreciation

Depreciation of tangible fixed assets has been calculated by reference to the expected lives of the assets concerned. The following are the principal annual bases:

	Per cent	Basis
Equipment, including computers	10 – 33.33%	Straight line
Leasehold improvements	10%	Straight line

Where fixed assets become obsolete, or suffer impairment in value, provision is made in the profit and loss account where necessary.

h) Share-based payments

The company's parent company, International Personal Finance plc, issues equity settled share-based payments to certain employees through The International Personal Finance plc Performance Share Plan (the Performance Share Plan) and The International Personal Finance plc Employee Savings-related Share Option Scheme (the SAYE scheme).

The cost of providing share-based payments to employees is charged to the income statement of the employing company over the vesting period of the related share options or share allocations. The corresponding credit is made to the profit and loss reserve.

The cost is based on the fair value of the options and shares allocated, determined using a Monte Carlo simulation model for the Performance Share Plan as these scheme is subject to a total shareholder return performance target and using a similar option pricing model for the SAYE scheme.

i) Operating leases

The leases entered into by the company are solely operating leases. Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Leases are classified as operating leases whenever the terms of the lease do no transfer substantially all the risks and rewards of ownership to the company.

j) Interest receivable

This represents interest earned on bank deposits and on intercompany loans and is accounted for on an accruals basis.

k) Interest payable and similar charges

This represents the interest payable on an intercompany loan. This was accounted for on an accruals basis.

2. Tangible fixed assets

	Unaudited 30 June 2012	Unaudited 30 June 2011
	£	£
Net book value at start of period	1,846,024	2,444,577
Additions	8,107	106,732
Depreciation	(283,467)	(320,582)
Net book value at end of period	1,570,664	2,230,727

IPF Holdings Limited

Notes to the Unaudited Interim Report and Financial Statements for the period ended 30 June 2012 (continued)

3. Investments

Investments in subsidiary undertakings or fellow subsidiary undertakings comprise:

			Shares at cost £
At 30 June 2011 and 30 June 2012			31,085,656
Name of subsidiary or fellow subsidiary	Country of incorporation	Class of shares issued	Percentage holding
International Personal Finance Investments Limited	England	Ordinary £1	100%
Provident Mexico S.A. de C.V.	Mexico	Ordinary A*	0.002%
Provident Financial Romania IFN S.A.	Romania	Ordinary #	0.01%
Provident Financial s.r.o.	Czech Republic	Registered capital**	0.07%
Provident Financial s.r.o.	Slovak Republic	Registered capital***	0.01%
IPF Financial Services Limited	England	Ordinary £1	100%
Provident Personal Loans (Thailand) Limited	Thailand	Ordinary###	0.01%
OOO IPF Bank ###*	Russia	Ordinary ###	0.01%

* Shares are denominated in Mexican pesos

Shares are denominated in Romanian leu

** Shares are denominated in Czech crowns

*** Shares are denominated in Euros

Shares are denominated in Thai bahts

Shares are denominated in Russian roubles

In liquidation

In the opinion of the directors, the value of the company's investment in its subsidiary or fellow subsidiary undertakings is not worth less than the amount at which it is stated in the balance sheet.

4. Debtors

Amounts falling due within one year:

	2012 £	2011 £
Amounts owed by ultimate parent undertaking	88,641,788	75,448,519
Amounts owed by other Group undertakings	188,082	13,984,411
Corporation tax recoverable.....	489,145	578,395
Deferred tax asset	125,612	148,611
Other debtors	230,053	99,869
Prepayments and accrued income	1,735,071	1,614,290
	91,409,751	91,874,095

Amounts owed by the company's ultimate parent undertaking are unsecured and have no fixed date of repayment. Interest is credited at rates linked to equivalent national LIBOR rates. No interest is credited on amounts owed by other Group undertakings.

IPF Holdings Limited

**Notes to the Unaudited Interim Report and Financial Statements
for the period ended 30 June 2012 (continued)**

5. Creditors

Amounts falling due within one year:

	2012	2011
	£	£
Trade creditors	729,851	677,256
Amounts owed to ultimate parent undertaking	776,853	908,868
Amounts owed to other Group undertakings.....	226,282,557	231,366,720
Other taxation and social security	—	—
Accruals and deferred income	1,050,074	1,414,381
	<u>228,839,335</u>	<u>234,367,225</u>

Amounts owed to the company's ultimate parent and other Group undertakings are unsecured and have no fixed date of repayment. Interest is charged at equivalent national LIBOR rates.

INTERNATIONAL PERSONAL FINANCE INVESTMENTS LIMITED
UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(Company Number 961088)

International Personal Finance Investments Limited
Unaudited Interim Report and Financial Statements
for the period ended 30 June 2012

	Page
Profit and loss account	207
Statement of total recognised gains and losses.....	207
Balance sheet	208
Cash flow statement	209
Notes to the financial statements	210

International Personal Finance Investments Limited

**Unaudited Profit and Loss Account
for the period ended 30 June 2012**

	Period ended 30 June 2012	Period ended 30 June 2011
	£	£
Administrative expenses	(414,056)	(1,214,803)
OPERATING LOSS	(414,056)	(1,214,803)
Interest payable and similar charges	—	(502,358)
Interest receivable	833,351	743,276
Income from shares in group undertakings	25,200,854	19,876,551
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	25,620,149	18,902,666
Tax (charge)/credit on profit on ordinary activities.....	(104,824)	290,390
PROFIT FOR THE PERIOD	25,515,325	19,193,056

**Unaudited Statement of Total Recognised Gains and Losses
for the period ended 30 June 2012**

	Period ended 30 June 2012	Period ended 30 June 2011
	£	£
PROFIT FOR THE PERIOD	25,515,325	19,193,056
Foreign exchange gains taken to reserves	—	831,563
Foreign exchange losses taken to reserves.....	—	(831,563)
TOTAL RECOGNISED GAINS FOR THE PERIOD	25,515,325	19,193,056

The results shown in the profit and loss account derive wholly from continuing activities.

There is no difference between the profit on ordinary activities before taxation and the profit for the period stated above, and their historical cost equivalents.

(Company Number 961088)

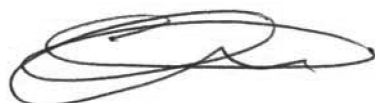
International Personal Finance Investments Limited

Unaudited Balance Sheet
as at 30 June 2012

	Notes	30 June 2012 £	30 June 2011 £
FIXED ASSETS			
Investments.....	2	<u>149,753,304</u>	<u>122,432,793</u>
CURRENT ASSETS			
Debtors	3	82,852,915	62,453,564
Cash at bank and in hand		<u>316</u>	<u>1,219</u>
TOTAL CURRENT ASSETS		<u>82,853,231</u>	<u>62,454,783</u>
CREDITORS: amounts falling due within one year .	4	<u>(5,292,229)</u>	<u>(8,659,623)</u>
NET CURRENT ASSETS		<u>77,561,002</u>	<u>53,795,160</u>
NET ASSETS		<u>227,314,306</u>	<u>176,227,953</u>
CAPITAL AND RESERVES			
Called-up share capital.....		2,191,452	2,191,452
Revaluation reserve		1,108,663	1,108,663
Profit and loss account		<u>224,014,191</u>	<u>172,927,838</u>
TOTAL SHAREHOLDER'S FUNDS		<u>227,314,306</u>	<u>176,227,953</u>

These unaudited interim financial statements on pages 1 to 6 were approved by the board of directors on 15 November 2012 and were signed on its behalf by:

G J Ryan



(Directors)

D E S Broadbent



International Personal Finance Investments Limited

**Unaudited Cash Flow Statement
for the period ended 30 June 2012**

	2012	2011
	£	£
Cash flows from operating activities		
Cash used by operating activities	(12,279,196)	(19,276,936)
Finance costs paid	—	(502,358)
Finance income received	833,351	743,276
Income tax paid	<u>(160,026)</u>	<u>(8,296)</u>
Net cash used by operating activities	(11,605,871)	(19,044,314)
Cash flows from investing activities		
Investment in subsidiary undertakings	(13,595,166)	(831,563)
Cash flows from financing activities		
Dividends received from subsidiary undertakings	<u>25,200,854</u>	<u>19,876,551</u>
	<u>(183)</u>	<u>674</u>
Cash and cash equivalents at beginning of period	<u>499</u>	<u>545</u>
Cash and cash equivalents at end of period	<u>316</u>	<u>1,219</u>
Profit after tax	25,515,325	19,193,056
Adjusted for		
Tax charge/(credit)	104,824	(290,390)
Finance costs	—	502,358
Finance income	(833,351)	(743,276)
Dividends received from subsidiary undertakings	(25,200,854)	(19,876,551)
Change in operating assets and liabilities		
Debtors	(11,961,067)	665,768
Creditors	<u>95,927</u>	<u>(18,727,901)</u>
Cash used by operating activities	<u><u>(12,279,196)</u></u>	<u><u>(19,276,936)</u></u>

International Personal Finance Investments Limited

Notes to the Unaudited Interim Report and Financial Statements for the period ended 30 June 2012

1. Principal accounting policies

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and with applicable Accounting Standards in the United Kingdom. The directors have adopted the going concern basis in preparing the financial statements. In accordance with section 400 of the Companies Act 2006 consolidated financial statements are not presented, since the company is a wholly owned subsidiary of International Personal Finance plc, a company incorporated in the UK. A summary of the principal accounting policies applied in preparing the financial statements of the company for the period ended 30 June 2012 which have been applied on a consistent basis, are set out below.

a) *Administrative expenses*

Administrative expenses incurred represent certain costs as a result of operating the company's business. These costs are recognised on an accruals basis.

b) *Taxation*

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date and is determined using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not recognised on revalued assets unless there is a binding agreement at the balance sheet date to sell the revalued asset and the related gain has been recognised in the accounts. Deferred taxation balances are not discounted. Current tax is calculated based on taxable profit for the period using tax rates that have been enacted or substantively enacted by the balance sheet date. Where withholding tax has been suffered on overseas income received, it has been accounted for as overseas tax.

c) *Foreign exchange*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. To the extent that foreign equity investments are hedged by foreign currency liabilities, these investments are translated at the exchange rate ruling at the end of the financial period. Exchange differences arising on retranslation of these foreign equity investments are taken to reserves and offset against exchange differences arising on the related foreign currency liabilities. From 12 July 2011 all foreign currency denominated equity investments were fixed in sterling and all corresponding foreign currency liabilities were repaid. All other monetary assets and liabilities denominated in foreign currencies are expressed, in sterling, at the rates of exchange ruling at the end of the financial period or the contracted rate to the extent that they are hedged. Resultant gains or losses are taken to the profit and loss account.

d) *Subsidiary undertakings*

Investments in subsidiary undertakings and fellow subsidiary undertakings are stated at the balance sheet date at cost less provisions for impairment in their value. Prior to 12 July 2011, to the extent that foreign equity investments are hedged by foreign currency liabilities, these investments are translated at the exchange rate ruling at the end of the financial period. The exchange differences arising on the retranslation of such investments and foreign currency borrowings are taken to reserves.

International Personal Finance Investments Limited

Notes to the Unaudited Interim Report and Financial Statements for the period ended 30 June 2012 (continued)

2. Investments

Investments in subsidiary or fellow subsidiary undertakings comprise:

	Shares at cost £
At 30 June 2011	122,432,793
Additions	13,758,653
Foreign exchange movement on equity investments	(33,308)
At 31 December 2011	136,158,138
Additions	13,595,166
At 30 June 2012	149,753,304

Details of the company's subsidiaries or fellow subsidiaries are as follows:

Name of subsidiary or fellow subsidiary	Country of incorporation	Class of shares issued	Percentage holding
IPF Guernsey Limited	Guernsey	Ordinary £1	100%
IPF International Limited	England	Ordinary £1	100%
Provident Polska S.A.	Poland	Ordinary*	100%
Provident Financial s.r.o.	Czech Republic	Registered capital**	99.93%
Provident Financial s.r.o.	Slovak Republic	Registered capital €	99.99%
Provident Pénzügyi Zrt	Hungary	Ordinary #	99%
Provident Mexico S.A. de C.V.	Mexico	Ordinary A~	99.998%
		Ordinary B~	100%
Provident Servicios S.A. de C.V.	Mexico	Ordinary A~	0.002%
Provident Servicios de Agencia S.A. de C.V.	Mexico	Ordinary A~	0.002%
IPF Development (2003) Limited	England	Ordinary £1	100%
IPF Financing Limited	England	Ordinary £1	100%
Provident Personal Loans (Thailand) Limited	Thailand	Ordinary###	99.98%
Provident Financial Romania IFN S.A.	Romania	Ordinary **	99.999%
PF (Netherlands) B.V.	Netherlands	Ordinary €	100%
OOO IPF Bank (in liquidation)	Russia	Ordinary @	99.99%
TOV IPF Ukraine	Ukraine	Ordinary &	99.99%

* Shares are denominated in 10 Polish zloty

** Shares are denominated in Czech crowns

Shares are denominated in 100,000 Hungarian forints

~ Shares are denominated in Mexican pesos

Shares are denominated in Thai bahts

*# Shares are denominated in Romanian leu

€ Shares are denominated in Euros

@ Shares are denominated in Russian roubles

& Shares are denominated in Ukrainian hryvnia

In the opinion of the directors, the value of the company's investments in its subsidiary or fellow subsidiary undertakings is not worth less than the amount at which it is stated in the balance sheet.

Additions

On 16 August 2011 the company acquired 33,631,120 lei of registered share capital of Provident Financial Romania IFN S.A. for a consideration of £6,893,036. This represented new share capital issued by Provident Financial Romania IFN S.A.

International Personal Finance Investments Limited

**Notes to the Unaudited Interim Report and Financial Statements
for the period ended 30 June 2012 (continued)**

2. Investments (continued)

On 25 November 2011 the company acquired 150,000,000 pesos of registered share capital of Provident Mexico S.A. de C.V. for a consideration of £6,865,617. This represented new share capital issued by Provident Mexico S.A. de C.V.

On 17 May 2012 the company acquired 5,000,000,000 forint of registered share capital of Provident Penzugyi Zrt for a consideration of £13,595,166. This represented new share capital issued by Provident Penzugyi Zrt.

3. Debtors Amounts falling due within one year:

	2012 £	2011 £
Amounts owed by ultimate parent undertaking	48,670,492	33,802,134
Amounts owed by other Group undertakings	34,113,064	27,942,805
Prepayments and accrued income	68,858	—
Deferred taxation.....	501	676
Corporation tax recoverable.....	—	707,949
	<u>82,852,915</u>	<u>62,453,564</u>

Amounts owed by the company's ultimate parent and other Group undertakings are unsecured and have no fixed date of repayment. Interest is credited at LIBOR related rates.

4. Creditors Amounts falling due within one year:

	2012 £	2011 £
Amounts owed to ultimate parent undertaking	—	3,013,782
Amounts owed to other Group undertakings.....	5,052,906	5,052,906
Corporation tax payable.....	104,824	—
Accruals and deferred income	134,499	592,935
	<u>5,292,229</u>	<u>8,659,623</u>

Amounts owed to the company's other Group undertakings are unsecured and have no fixed date of repayment.

No interest is payable on amounts owed to the company's other Group undertakings.

IPF INTERNATIONAL LIMITED
UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(Company Number 753518)

IPF International Limited
Unaudited Interim Report and Financial Statements
for the period ended 30 June 2012

	Page
Profit and loss account	215
Balance sheet	216
Cash flow statement	217
Notes to the financial statements	218

IPF International Limited
Unaudited Profit and Loss Account
for the period ended 30 June 2012

	Period ended 30 June 2012 £	Period ended 30 June 2011 £
TURNOVER	14,871,857	13,428,390
GROSS PROFIT	14,871,857	13,428,390
Administrative expenses	(14,208,751)	(10,632,309)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	663,106	2,796,081
Tax charge on profit on ordinary activities.....	(165,776)	(754,942)
PROFIT FOR THE PERIOD	<u>497,330</u>	<u>2,041,139</u>

The results shown in the profit and loss account derive wholly from continuing activities.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

(Company Number 753518)

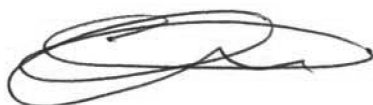
IPF International Limited

Unaudited Balance Sheet
as at 30 June 2012

	Notes	30 June 2012 £	30 June 2011 £
FIXED ASSETS			
Tangible and Intangible assets	2	14,962,714	13,889,330
Investments.....	3	173,380	35,172
		<u>15,136,094</u>	<u>13,924,502</u>
CURRENT ASSETS			
Debtors	4	3,351,453	2,653,189
Cash at bank and in hand		138	8,428
		<u>3,351,591</u>	<u>2,661,617</u>
CREDITORS: amounts falling due within one year	5	<u>(34,021,274)</u>	<u>(28,682,609)</u>
NET CURRENT LIABILITIES		<u>(30,669,683)</u>	<u>(26,020,992)</u>
NET LIABILITIES		<u>(15,533,589)</u>	<u>(12,096,490)</u>
CAPITAL AND RESERVES			
Called-up share capital		64,286	64,286
Profit and loss account		<u>(15,597,875)</u>	<u>(12,160,776)</u>
TOTAL SHAREHOLDER'S DEFICT		<u>(15,533,589)</u>	<u>(12,096,490)</u>

These unaudited interim financial statements on pages 1 to 7 were approved by the board of directors on 15 November 2012 and were signed on its behalf by:

G J Ryan



(Directors)

D E S Broadbent



IPF International Limited
Unaudited Cash Flow Statement
for the period 30 June 2012

	2012 £	2011 £
Cash flows from operating activities		
Net cash generated by operating activities	2,759,335	1,764,691
Cash flows from investing activities		
Purchase of fixed assets.....	(2,621,291)	(1,760,237)
Purchase of subsidiary undertakings.....	(138,208)	—
Cash used in investing activities.....	<u>(2,759,499)</u>	<u>(1,760,237)</u>
	(164)	4,454
Cash and cash equivalents at beginning of period	<u>302</u>	<u>3,974</u>
Cash and cash equivalents at end of period.....	<u>138</u>	<u>8,428</u>
Reconciliation of profit after taxation to cash generated from operations		
Profit after tax.....	497,330	2,041,139
Adjusted for.....		
Tax charge.....	165,776	754,942
Depreciation	1,712,069	1,178,908
Change in operating assets and liabilities.....		
Debtors.....	(997,953)	(1,414,455)
Creditors.....	<u>1,382,113</u>	<u>(795,843)</u>
Cash generated by operating activities	<u><u>2,759,335</u></u>	<u><u>1,764,691</u></u>

IPF International Limited

Notes to the Unaudited Interim Report and Financial Statements for the period ended 30 June 2012

1. Principal accounting policies

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and with applicable Accounting Standards in the United Kingdom. In accordance with section 400 of the Companies Act 2006 consolidated financial statements are not presented, since the company is a wholly owned subsidiary of International Personal Finance plc, a company incorporated in the UK. Due to the company's financial position, the ultimate parent undertaking, International Personal Finance plc, has confirmed its continued support to the company, consequently, the accounts have been prepared on a going concern basis. A summary of the principal accounting policies applied in preparing the financial statements of the company for the period ended 30 June 2012 which have been applied on a consistent basis, is set out below.

a) *Turnover*

Turnover represents the amounts receivable from fellow subsidiary undertakings, together with any related withholding taxes, in respect of the provision of business know-how and services and is recognised on an accruals basis.

b) *Administrative expenses*

Administrative expenses represent costs incurred in providing services and business know how to the overseas business units of International Personal Finance plc.

c) *Taxation*

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date and is determined using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not recognised on revalued assets unless there is a binding agreement at the balance sheet date to sell the revalued asset and the related gain has been recognised in the accounts. Deferred taxation balances are not discounted. Current tax is calculated based on taxable profit for the period using tax rates that have been enacted or substantively enacted by the balance sheet date. Where withholding tax has been suffered on overseas income received, it has been accounted for as overseas tax.

d) *Pension costs*

The company participates in pension arrangements provided on a Group basis. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of accounting under FRS 17. Accordingly, contributions to the Group defined benefit pension schemes are charged to the profit and loss account on an accruals basis.

Contributions to a defined contribution pension scheme are charged to the profit and loss account on an accruals basis.

e) *Foreign exchange*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are expressed, in sterling, at the rates of exchange ruling at the end of the financial period or the contracted rate to the extent hedged. Resultant gains or losses are taken to the profit and loss account.

f) *Subsidiary undertakings*

Investments in subsidiary undertakings are stated at the balance sheet date at cost less provisions for impairment in their value.

IPF International Limited

**Notes to the Unaudited Interim Report and Financial Statements
for the period ended 30 June 2012 (continued)**

1. Principal accounting policies (continued)

g) *Depreciation*

Depreciation of tangible fixed assets has been calculated by reference to the expected lives of the assets concerned. The following are the principal annual bases:

	Per cent	Basis
Equipment, including computers	10 – 33.33%	Straight line

Assets in the course of construction are not depreciated.

Where fixed assets become obsolete, or suffer an impairment in value, provision is made in the profit and loss account where necessary.

h) *Share-based payments*

The company's ultimate parent company, International Personal Finance plc, issues equity settled share-based payments to certain employees through The International Personal Finance plc Performance Share Plan (the Performance Share Plan), The International Personal Finance plc Approved Company Share Option Plan (the CSOP), The International Personal Finance plc Employee Savings-related Share Option Scheme (the SAYE scheme) and The International Personal Finance plc Deferred Share Plan (the Deferred Share Plan).

The cost of providing share-based payments to employees is charged to the profit and loss account of the employing company over the vesting period of the related share options or share allocations. The corresponding credit is made to the profit and loss reserve.

The cost is based on the fair value of the options and shares allocated, determined using a Monte Carlo simulation model for the Performance Share Plan and the CSOP as these schemes are subject to a total shareholder return performance target and using a similar option pricing model for the SAYE scheme. No employees of this company participate in the Deferred Share Plan.

i) *Intangible fixed assets*

Intangible assets, which comprise computer software and software licences, are capitalised as intangible assets on the basis of the costs incurred to acquire or develop the specific software or licence and bring it into use.

Computer software is amortised on a straight-line basis over its estimated useful economic life which is generally estimated to be five years. The residual values and economic lives are reviewed by management at each balance sheet date.

2. Tangible and Intangible Fixed assets

	Unaudited 30 June 2012	Unaudited 30 June 2011
	£	£
Net book value at start of period	14,053,492	13,308,001
Additions	2,621,291	1,760,237
Disposals	—	—
Depreciation	(1,712,069)	(1,178,908)
Net book value at end of period	14,962,714	13,889,330

IPF International Limited

Notes to the Unaudited Interim Report and Financial Statements for the period ended 30 June 2012 (continued)

3. Investments

Investments in subsidiary or fellow subsidiary undertakings comprise:

	Shares at cost £
At 30 June 2011 and 31 December 2011	35,172
Additions	138,208
At 30 June 2012	173,380

Name of subsidiary or fellow subsidiary	Country of incorporation	Class of shares issued	Percentage holding
Provident Pénzügyi Zrt	Hungary	Ordinary*	1%
Provident Servicios S.A. de C.V.	Mexico	Ordinary A**	99.998%
		Ordinary B**	100%
Provident Servicios de Agencia S.A. de C.V.	Mexico	Ordinary A**	99.998%
Provident Personal Loans (Thailand) Limited	Thailand	Ordinary#	0.01%
TOV IPF Ukraine	Ukraine	Ordinary@	0.01%

* Shares are denominated in Hungarian forints

** Shares are denominated in Mexican pesos

Shares are denominated in Thai bahts

@ Shares are denominated in Ukrainian hryvnia

In the opinion of the directors, the value of the company's investments in its subsidiary or fellow subsidiary undertakings is not worth less than the amount at which it is stated in the balance sheet.

Additions

On 17 May 2012 the company acquired 90,000 forint of registered share capital of Provident Pénzügyi Zrt for a consideration of £138,209. This represented new share capital issued by Provident Pénzügyi Zrt.

4. Debtors

Amounts falling due within one year:

	30 June 2012 £	30 June 2011 £
Amounts owed by other Group undertakings	1,491,630	1,372,763
Corporation tax	564,804	—
Prepayments	721,628	1,009,271
Other debtors	573,391	271,155
	3,351,453	2,653,189

Amounts owed by other Group undertakings are unsecured and have no fixed date of repayment.

Interest is not charged on amounts owed by other Group undertakings.

IPF International Limited

**Notes to the Unaudited Interim Report and Financial Statements
for the period ended 30 June 2012 (continued)**

5. Creditors

Amounts falling due within one year:

	30 June 2012	30 June 2011
	£	£
Trade creditors	658,689	633,205
Amounts owed to ultimate parent undertaking	31,124,040	24,443,170
Amounts owed to other Group undertakings.....	572,778	1,022,185
Corporation tax payable.....	—	1,026,286
Other taxation and social security	73,198	70,907
Deferred taxation.....	220,328	226,694
Accruals and deferred income	<u>1,372,241</u>	<u>1,260,162</u>
	<u><u>34,021,274</u></u>	<u><u>28,682,609</u></u>

Amounts owed to the company's ultimate parent undertaking and other Group undertakings are unsecured and have no fixed date of repayment.

Interest is not paid on amounts owed to the ultimate parent undertaking or other Group undertakings.

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