Half-year Financial Report
for the six months ended 30 June 2013

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International Personal Finance plc
Half-year Financial Report for the six months ended 30 June 2013

Key highlights

- **Record first half profit up 35%**
  - Profit before tax* of £42.3M reflects strong underlying growth of £13.5M and the combined £2.6M adverse impact of higher Early Settlement Rebate costs and the benefit of stronger FX rates
  - Revenue increased by 9%
  - Stable credit quality with annualised impairment 26.8% of revenue (Dec 2012: 27.0%)
  - Continued tight cost control has reduced the cost-income ratio to 39.5% (Dec 2012: 39.8%)

- **Delivering against our strategy for growth**
  - Credit issued increased by 14% (Dec 2012: 13%) with growth in all markets
  - Longer-term, higher value loans being rolled out in Poland, the Czech Republic and Slovakia
  - First loans issued in Lithuania in July
  - Market entry plans for Bulgaria on track for Q3

- **Strong profit growth in Mexico**
  - Profit before tax doubled to £5M
  - Annualised profit per customer increased to £17 (June 2012: £12)

- **Interim dividend increased by 17.5% to 3.8 pence per share**

- **£60M share buyback to reduce capital ratio to around 50%**

Key statistics	**H1 2013**	H1 2012	YOY change at CER
Customers (000s)	**2,440**	2,367	3.1%
Credit issued (£M)	**486.5**	409.3	13.9%
Revenue (£M)	**360.3**	316.0	9.2%
Annualised impairment % revenue	**26.8%**	26.2%	(0.6 ppts)
Annualised cost-income ratio	**39.5%**	41.0%	1.5 ppts
PBT* (£M)	**42.3**	31.4	
Statutory PBT** (£M)	**54.7**	25.8	
EPS* (pence)	**12.55**	8.91	

* Before exceptional items and fair value adjustments
** See page 7 for details on exceptional items

Chief Executive Officer, Gerard Ryan, commented:

"Our strategy is delivering stronger growth and has resulted in a record first half profit. Our expansion plans are on track and we have made good progress on new product development which is helping to strengthen our customer relationships. In addition, today's announcement of the £60M share buyback is a further sign of our commitment to operating with a more efficient balance sheet and delivering increased shareholder returns. We believe there are opportunities to deliver substantial medium to long-term growth and we are confident of further progress."

Strategy delivering growth in all markets

One year since the launch of our strategy, we are delivering good growth and higher underlying profit in all our markets. Our plans to expand our geographic footprint are on track and we have made good progress on new product development, improving systems and implementing reward strategies throughout the business to accelerate growth further in 2013.

Expand footprint

During the second half of 2013, we plan to expand into Mexico City which has a population in excess of 20 million. As part of this expansion we will test the delivery of loans on a pre-paid card together with our existing products with agent home collection service.

We were pleased to issue our first loans to customers in Lithuania in July and now have around 40 employees and agents developing the business from a branch in Vilnius and our head office in Poland. This marks an important step in our strategy to expand into new markets adjacent to our existing European markets and we expect to open our second branch in Lithuania in September. In Bulgaria, our launch plans are on track and we expect to begin issuing loans to customers at the beginning of September.

We aim to reach a customer base of 2,000-3,000 in each market by the end of 2013 and we are targeting 80,000 customers in Lithuania and 100,000 customers in Bulgaria at maturity. New market investment in the first half of the year was £0.7M and our guidance remains that we anticipate these expansion costs will be between £4M and £5M in 2013.

Customer engagement - new product development

We believe that expanding our product offering to customers is key to improving customer engagement.

Our pilot for longer-term, higher value loans to existing quality customers in Poland, the Czech Republic and Slovakia generated strong demand and is proving to be revenue enhancing. Around 6% of customers eligible for a new loan were given the option of a longer-term loan. Of those who accepted a loan offer, about 50% chose the longer term product. Average issue values on these loans were approximately 30% higher, there has been no material impact on impairment and the overall reduction in underlying yield across the product portfolio is marginal. We have rolled out a 100-week loan in the Czech Republic and Slovakia and are rolling out a 90-week product in Poland. We have also begun piloting loan terms of up to 78 weeks in Romania.

Rewarding loyal customers through preferential pricing has proved positive for our customers and our business. Already in place in Slovakia, it will be rolled out in Poland and Hungary by the end of 2013. A test is underway in the Czech Republic and pilots will be implemented in Mexico and Romania shortly.

Our pilot to sell home insurance to existing customers in Hungary continues. The performance is in line with our expectations and we intend to evaluate performance in Q3 2013. We are also exploring opportunities to test insurance in our other markets.

Sales culture and execution

During the year we have piloted a series of changes to the front-end of our business in Poland with the aim of creating a more supportive business environment for our operational managers. These included the introduction of tablet technology, the removal of non-value added tasks to empower experienced and successful managers, and updating our incentivisation structures to more clearly focus on growth. This pilot was successful and, therefore, we are rolling out the changes within our Polish business and will introduce it in all our other markets.

We have also been performing tests on the predictive nature and potential value of credit bureau data on our lending decisions to new customers. We believe that credit bureau should be a positive addition to our existing credit vetting techniques. It is already in use in Hungary and is being rolled out in Mexico. Credit bureau has been introduced in Lithuania from launch, we are running a test in Poland and plan to trial it in all our other markets.

Our new technology strategy to modernise our systems is progressing well. We are currently in the process of selecting our long-term IT partner who will work with us to deliver a more technology-enabled approach to serving our customers.

Market overview and regulation

The macroeconomic conditions in Europe continue to contrast with those in Mexico. GDP growth in Europe remains low but stable with 2013 forecasts expected in the range of (0.8%) and 1.6% in our established markets. In Mexico, GDP growth estimates have been reduced but are still forecast at 2.7% for 2013. The outlook for both regions is stronger for 2014. Consumer confidence in Europe is improving, albeit at a lower level to Mexico.

Successive interest rate cuts aimed at stimulating economic growth in a number of European markets have resulted in the reduction of the rate caps in place in Poland and Hungary. Consequently, we have repriced our loans to ensure compliance with the new levels of regulatory rate caps.

The competitive landscape remains largely unchanged with the exception of Poland and the Czech Republic. In Poland, the environment continues to evolve with the increasing presence of payday lenders. Their marketing, particularly TV advertising, has reduced our share of voice in the media however our performance has not been impacted. In the Czech Republic, a number of home credit companies have expanded their operations, which is making new customer growth more difficult in this market.

In recent years, there have been active discussions on rate caps across Europe and we have seen the level of debate increase in most of our European markets. As a business, we maintain constructive relationships with regulators and continue to monitor the situation closely.

Performance and financial review

Building on our strong 2012 performance and with the growth strategy embedded into the business, we delivered record first half profit before taxation and exceptional items of £42.3M.

This performance was achieved through delivering growth in all our markets, maintaining credit quality with impairment as a percentage of revenue in the middle of our target range, and continuing our efficiency programme to improve the cost-income ratio. This resulted in strong underlying profit growth of £13.5M before the impact of higher Early Settlement Rebate costs (ESRs) of £6.4M in Poland and a £3.8M benefit from stronger FX rates.

The Group results are shown in the table below:

	2013 £M	2012 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**2,440**	2,367	73	3.1	3.1
Credit issued	**486.5**	409.3	77.2	18.9	13.9
Average net receivables	**677.6**	568.9	108.7	19.1	14.4
Revenue (net of ESRs)	**360.3**	316.0	44.3	14.0	9.2
Impairment	**(108.4)**	(98.3)	(10.1)	(10.3)	(5.7)
Net revenue	**251.9**	217.7	34.2	15.7	10.9
Finance costs	**(23.7)**	(20.4)	(3.3)	(16.2)	(11.3)
Agents' commission	**(41.9)**	(35.9)	(6.0)	(16.7)	(11.7)
Other costs	**(144.0)**	(130.0)	(14.0)	(10.8)	(8.1)
Profit before taxation, exceptional items and fair value adjustments	**42.3**	31.4	10.9	34.7	
Exceptional items	**12.4**	(4.8)	17.2		
Fair value adjustments	**-**	(0.8)	0.8		
Statutory profit before taxation	**54.7**	25.8	28.9		

We are focussed on delivering our plan for growth and have worked hard to execute a range of strategic and operational improvements to support this including improving engagement of our teams, aligning reward with growth and introducing longer-term loans.

As a result of our efforts, credit issued increased by 14% (2012: 12%) in the first half, accelerating from 11% in Q1 to 17% in Q2. We also achieved revenue growth of 9% and, again, we reported faster growth over the period from 8% in Q1 to 10% in Q2. This was despite the £6.4M impact of higher ESRs in Poland which are charged against revenue.

Customer growth at 3% was below our expectation. We are taking action to address this and in the second half we aim to increase customer numbers by expanding our agent force and further incentivising management and agents for growth. In the first half, we opened two new branches in Mexico and ten offices within our existing footprint in Romania. We plan to open another two branches in Mexico including one in Mexico City, and a further ten offices in Romania by the end of the year. We will also extend our reach to potential new customers with the launch of our two new markets in Lithuania and Bulgaria.

Credit quality remains good and resulted in annualised impairment as a percentage of revenue improving to 26.8% (December 2012: 27.0%; June 2012: 26.2%). As a result of revenue growth and good credit quality, net revenue increased by 11%.

While we invested an additional £4.2M in growth opportunities which included marketing expenditure and incentivisation activity for our field management teams, we also managed costs tightly and delivered an improvement of 0.3 percentage points in the annualised cost-income ratio to 39.5% since December 2012.

Segmental results

We delivered underlying profit growth of £13.5M with good performances in all our markets.

The following table shows the performance of each of our markets, highlighting the impact of the higher ESRs and stronger FX rates against sterling to provide a better understanding of underlying performance:

	2013 Reported profit £M	Underlying profit growth £M	Additional ESR costs £M	Stronger FX rates £M	2012 Reported profit £M
Poland	**23.1**	5.9	(6.4)	2.5	21.1
Czech Republic and Slovakia	**13.6**	2.4	-	0.3	10.9
Hungary	**6.5**	2.6	-	0.4	3.5
Romania	**0.5**	1.0	-	0.1	(0.6)
Mexico	**5.0**	2.0	-	0.5	2.5
UK costs	**(6.4)**	(0.4)	-	-	(6.0)
Profit before taxation and exceptional items	**42.3**	13.5	(6.4)	3.8	31.4

Poland incurred £6.4M of additional ESR costs in the first half of 2013. We expect the full year impact of ESRs to be around £10M and they will be fully embedded in the Group's income statement by the end of the year.

As announced previously, we no longer hedge the rates at which we translate local currency profits into sterling. In the first half of 2013, our reported profit benefited from £3.8M as a result of our operating currencies strengthening against sterling.

Exceptional items

The income statement includes an exceptional gain of £12.4M. This comprises a profit on the sale of impaired receivables originating from loans issued in Poland of £15.9M and a write down of IT assets of £3.5M. The impairment of IT assets arose from a review of the future technology platforms that we need to support our growth strategy, which identified assets that are no longer compatible with this vision.

Taxation

The taxation charge for the first six months of 2013 has been based on an expected effective tax rate for the full year of 27%.

Dividend

The Board is pleased to declare an increase in the interim dividend of 17.5% to 3.8 pence per share (2012: 3.23 pence), reflecting our strong trading performance and the cash generative nature of the business model. The dividend is payable on 4 October 2013 to shareholders on the register at close of business on 6 September 2013. The shares will be marked ex-dividend on 4 September 2013.

Funding

The Group has a strong balance sheet and continues to be well funded.

The business is highly cash generative and during the first half of the year the Group generated operating cash flows of £99.2M (2012: £75.4M) including the proceeds from the sale of impaired Polish receivables, before funding a £38.2M increase in net receivables (2012: £10.6M). Net debt reduced by £18.6M to £270.9M as a result of this strong cash flow. Gearing, calculated as borrowings divided by equity, remains at 0.8 times (2012: 0.8 times).

During the first half, we continued to make good progress on our strategic debt funding objectives of extending the maturity profile and further diversifying our sources of funding at a lower cost. In January 2013, we issued £11.4M of five-year Hungarian forint bonds. In April we issued our inaugural seven-year UK retail bond which raised £70M at the materially lower fixed rate cost of 6.125% and resulted in the extension of our debt funding maturity profile to 2020. The interest rate on the retail bond is over 500 basis points lower than the eurobond issued in 2010 which has a fixed coupon of 11.5%.

The business is fully funded through to May 2015 with total committed facilities at 30 June 2013 of £551.1M and headroom on these facilities of £217.1M.

Share buyback

As a result of our strong trading performance the Group balance sheet continued to strengthen in the first half of 2013 with equity as a percentage of receivables increasing to 58.9% (December 2012: 57.8%; June 2012: 59.2%). At 30 June 2013, the Group had net assets of £404.4M (June 2012: £333.9M) and receivables of £686.8M (June 2012: £564.4M).

We have reviewed the Group's capital ratio against a backdrop of our strong trading and funding position, and more stable economic conditions. This review concluded that it is appropriate to reduce the equity to receivables ratio to around 50% with immediate effect. Consequently, the Group will undertake an on-market share buyback programme of c.£60M which will reset the capital ratio to around 50%.

We are committed to making the Group's balance sheet work harder in order to optimise the amount of equity capital in the business and enhance shareholder returns. The Board will continue to keep the equity to receivables ratio under review and a key driver is expected to be the anticipated reduction in funding costs when we refinance our core eurobond funding, which matures in August 2015.

Outlook

We operate in an environment where there is increasing competition and a more active level of regulatory debate. However, our strategy is delivering stronger growth and has resulted in a record first half profit. Our expansion plans are on track and we have made good progress on new product development which is helping to strengthen our customer relationships. In addition, today's announcement of the £60M share buyback is a further sign of our commitment to operating with a more efficient balance sheet and delivering increased shareholder returns. We believe there are opportunities to deliver substantial medium to long-term growth and we are confident of further progress.

Review of operations

Poland

Poland continued to perform very well and we made a number of significant advances against our growth strategy including the roll out of three new products and a successful pilot of operational initiatives to improve the way we serve customers and drive greater efficiencies. We also received a Top Employer Award by the Corporate Research Foundation in Poland recognising our commitment to building an excellent company culture.

Our teams in Poland and Lithuania worked together to reach the important milestone of serving our first customers in Lithuania. We received registration of the business as a credit provider with the National Bank of Lithuania, opened our first branch in Vilnius and employees and agents began their training and inductions. Our aim in the second half of the year is to build brand awareness in this new market, open a second branch and increase our agent and customer base.

We delivered year-on-year credit issued growth of 12% (2012: 9%) and improved credit quality with annualised impairment as a percentage of revenue at 28.4% (December 2012: 29.6%). These key drivers contributed to strong growth in underlying profit growth of £5.9M before an additional £6.4M of ESR costs and a £2.5M benefit from stronger FX rates. Reported profit for the first half of the year was £23.1M.

	2013 £M	2012 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**825**	802	23	2.9	2.9
Credit issued	**178.1**	152.4	25.7	16.9	11.5
Average net receivables	**272.3**	227.4	44.9	19.7	14.1
Revenue	**142.4**	132.2	10.2	7.7	2.7
Impairment	**(45.0)**	(45.3)	0.3	0.7	5.5
Net revenue	**97.4**	86.9	10.5	12.1	7.0
Finance costs	**(9.8)**	(8.6)	(1.2)	(14.0)	(8.9)
Agents' commission	**(15.3)**	(13.5)	(1.8)	(13.3)	(8.5)
Other costs	**(49.2)**	(43.7)	(5.5)	(12.6)	(11.1)
Profit before taxation	**23.1**	21.1	2.0	9.5	

Revenue, which was impacted by higher ESR costs, increased by 3% over the period and we saw an acceleration from 1% in Q1 to 5% in Q2. We expect the year-on-year impact of ESRs to slow in the second half of the year and estimate the full year impact for 2013 to be around £10M.

The increase in credit issued and customer numbers was driven in part by a £2.8M investment in growth initiatives which included promotional activities and new product marketing. Customers responded well to tests of our new longer-term 90-week loans and preferential pricing offer and we are rolling out both products as part of our standard loan portfolio. We have also launched a home credit loan tailored specifically to customers who are self-employed. Our investment in growth initiatives, together with diluted revenue growth due to ESRs, resulted in the cost-income ratio increasing by 1.2 percentage points since the 2012 year end to 33.4%.

We were pleased to introduce a secondary listing of IPF shares on the Warsaw Stock Exchange in March which will allow Polish investors, particularly pension funds, to invest in the business more easily. Our team was also instrumental in selling two portfolios of impaired receivables originating from loans issued in Poland which resulted in a £15.9M exceptional profit for the Group in the first half of the year.

We continue to monitor the changing competitive landscape in Poland where payday lenders are marketing their services on a larger scale than previously. However we believe our clear growth strategy supported by the roll out of our business improvement programme will deliver further growth in the second half of the year.

Czech Republic and Slovakia

Our business in the Czech Republic and Slovakia delivered a much improved performance in the first half of the year with stronger revenue growth of 5% driving a 25% increase in reported profit to £13.6M. This reflected good underlying growth of £2.4M together with a £0.3M benefit from stronger FX rates.

	2013 £M	2012 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**376**	387	(11)	(2.8)	(2.8)
Credit issued	**106.8**	94.8	12.0	12.7	10.7
Average net receivables	**157.2**	146.1	11.1	7.6	5.8
Revenue	**71.4**	66.8	4.6	6.9	5.2
Impairment	**(19.3)**	(19.3)	-	-	1.5
Net revenue	**52.1**	47.5	4.6	9.7	7.9
Finance costs	**(4.6)**	(4.6)	-	-	-
Agents' commission	**(7.6)**	(7.1)	(0.5)	(7.0)	(5.6)
Other costs	**(26.3)**	(24.9)	(1.4)	(5.6)	(4.0)
Profit before taxation	**13.6**	10.9	2.7	24.8	

We have seen growing competitive pressure in the Czech Republic. Bank and non-bank lenders have intensified media activity and we experienced increased competition from other home credit operators during the second quarter resulting in a disappointing 3% contraction in customer numbers to 376,000.

However, our team's focus on accelerating growth through the introduction of new products and credit relaxation has delivered a year-on-year increase in credit issued of 11%. We also achieved good growth in revenue of 5% (2012: a contraction of 3%) now that the impact of ESRs is fully embedded in the income statement.

As we experienced in Poland, there was strong take-up of our longer-term loans which are now being offered to quality customers across both markets and will enhance customer retention. Preferential pricing in Slovakia also contributed to growth with average issue values for customers taking discounted loans increasing by 9%. Our discounted loans are also being rolled out in the Czech Republic.

Good collections performance resulted in annualised impairment as a percentage of revenue at the lower end of our target range at 24.8% (December 2012: 25.6%). This level indicates there is scope to capture further sales opportunities and grow the business faster while managing impairment within the 25% to 30% range. Finance costs are in line with 2012 and as a result of continued tight cost control the annualised cost-income ratio has improved marginally since December 2012 to 36.4%.

Looking ahead to the second half of the year, we will focus on growing customer numbers and credit issued through improving agent productivity, expanding our product range and engaging our teams further with training and reward schemes aligned to our growth objectives.

Hungary

Our Hungarian business delivered another excellent performance. Strong growth in the first half of the year coupled with robust collections and very tight cost control resulted in a £3.0M increase in reported profit to £6.5M. Underlying profit growth was also good at £2.6M after the impact of £0.4M of stronger FX rates.

	2013 £M	2012 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**276**	250	26	10.4	10.4
Credit issued	**61.1**	50.3	10.8	21.5	17.7
Average net receivables	**92.0**	72.0	20.0	27.8	23.8
Revenue	**47.4**	36.4	11.0	30.2	26.1
Impairment	**(11.9)**	(7.7)	(4.2)	(54.5)	(48.8)
Net revenue	**35.5**	28.7	6.8	23.7	19.9
Finance costs	**(3.7)**	(2.8)	(0.9)	(32.1)	(23.3)
Agents' commission	**(7.3)**	(6.1)	(1.2)	(19.7)	(15.9)
Other costs	**(18.0)**	(16.3)	(1.7)	(10.4)	(9.8)
Profit before taxation	**6.5**	3.5	3.0	85.7	

We made further good progress against our objective to rebuild customer numbers to the previous level of more than 300,000. Despite some banks and other financial institutions increasing their levels of advertising activity in Q2, we were successful in growing year-on-year customer numbers by 10% to 276,000.

Increasing new customers, together with higher sales and loan values to existing customers as a result of credit easing, helped deliver strong growth in credit issued of 18%. Consequently, average net receivables increased by 24%, which generated excellent revenue growth of 26%.

In addition to achieving strong growth, we also maintained high levels of credit quality and robust collections. As planned, annualised impairment as a percentage of revenue increased to 18.0% (December 2012: 15.2%). This highlights opportunities to seek faster growth through staged credit relaxations while moving towards our target range for impairment as a percentage of revenue of 25% to 30%.

We continued to manage other costs tightly and as a result the cost-income ratio improved by a further 3.0 percentage points to 39.3% since December 2012, falling below 40% for the first time.

In the second half of the year we intend to evaluate our home insurance pilot and expect to build on our strong trading performance through continued easing of credit rules, intensive new customer marketing and incentivising our teams for growth.

Romania

Our business in Romania reported an improved performance and profit for the period increased by £1.1M to £0.5M. This is after new market investment costs of £0.3M relating to Bulgaria and a £0.1M positive impact from stronger FX rates.

Our plans for entering Bulgaria in Q3 are progressing and the team in Romania is working with colleagues based in this new market and the UK to prepare for the launch. We have branch premises in Sofia, systems testing is underway and recruitment is progressing well.

	2013 £M	2012 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**269**	256	13	5.1	5.1
Credit issued	**46.8**	40.9	5.9	14.4	10.6
Average net receivables	**57.6**	51.3	6.3	12.3	8.7
Revenue	**31.7**	27.8	3.9	14.0	10.5
Impairment	**(10.8)**	(10.8)	-	-	1.8
Net revenue	**20.9**	17.0	3.9	22.9	18.1
Finance costs	**(2.3)**	(2.1)	(0.2)	(9.5)	-
Agents' commission	**(3.2)**	(2.6)	(0.6)	(23.1)	(18.5)
Other costs	**(14.9)**	(12.9)	(2.0)	(15.5)	(12.9)
Profit /(loss) before taxation	**0.5**	(0.6)	1.1	183.3	

The macroeconomic environment in Romania is stable but low-growth and in this context we changed our focus from collections to cautiously targeting faster growth during the second quarter of the year. This strategy led to an 11% increase in credit issued in the first half of the year with an acceleration from 6% in Q1 to 15% in Q2. This increase generated revenue growth of 11%.

We are targeting 500,000 customers in Romania and currently have geographic coverage of 80%. Customer numbers in the first half of the year increased by 5% and we aim to build on this through continued selective easing of credit settings and geographic expansion. Since the beginning of the year, we have opened ten offices within our existing regional footprint to increase our reach to potential new customers and we plan a similar level of geographic expansion in the second half of the year.

New product development has also begun with the commencement of a test to serve quality customers with longer-term loans of up to 78 weeks.

Improved collections in the first half resulted in annualised impairment as a percentage of revenue moving back into our target range at 30.0% (December 2012: 32.0%). This, together with the increase in revenue, resulted in strong growth in net revenue of 18%. Other costs increased by 13% due to investment in infrastructure to target faster growth and so the cost-income ratio increased by 0.3 percentage points to 44.0% since December 2012.

We plan to build on this improved level of growth in Romania during the second half of the year and credit strategies, marketing activity and incentive schemes have been realigned to support this objective.

Mexico

Strong growth continued in Mexico in the first half of the year and resulted in reported profit doubling to £5.0M including a £0.5M benefit from stronger FX rates.

We remain focussed firmly on our objective of achieving £33 profit per customer by 2015 and plan to deliver this through increasing revenue per customer, maintaining impairment as a percentage of revenue in our target range of 25% to 30% and reducing the cost-income ratio. As a result of our ongoing actions, the business in Mexico delivered excellent growth in credit issued and annualised profit per customer increased to £17 (June 2012: £12).

	2013 £M	2012 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**694**	672	22	3.3	3.3
Credit issued	**93.7**	70.9	22.8	32.2	22.5
Average net receivables	**98.5**	72.1	26.4	36.6	26.4
Revenue	**67.4**	52.8	14.6	27.7	18.2
Impairment	**(21.4)**	(15.2)	(6.2)	(40.8)	(30.5)
Net revenue	**46.0**	37.6	8.4	22.3	13.3
Finance costs	**(3.3)**	(2.3)	(1.0)	(43.5)	(37.5)
Agents' commission	**(8.5)**	(6.6)	(1.9)	(28.8)	(18.1)
Other costs	**(29.2)**	(26.2)	(3.0)	(11.5)	(4.3)
Profit before taxation	**5.0**	2.5	2.5	100.0	

The key driver of our strategy to increase revenue per customer is the issuance of higher value loans to existing customers though controlled credit easing. During the first half of the year, we rolled out more relaxed credit rules in a further 13 branches and these are now in place in 31 of our 56 locations.

Supporting our credit easing strategy, we are also looking to drive faster growth by increasing customer numbers and refreshing operational targets. We expanded our geographic footprint with the opening of two branches in the first half of the year and plan another branch launch in Q3. We also intend to further increase our agent force and launch a test of our home credit operation in Mexico City during the second half of the year.

During the first quarter, we began to test the live use of credit bureau data on new customer applications in six branches. Early results indicate that it will enhance prediction of new customer performance and we have therefore rolled out the test across the market.

These actions are helping us to accelerate growth and make progress against our primary profit objective of £33 per customer in Mexico. Customer numbers increased by 3% and we expect faster growth in the second half of the year. Credit issued growth in the first half increased by 23%, accelerating from 12% in the first quarter to the significantly faster rate of 33% in Q2. This contributed to revenue growth of 18%.

Collections performance remained good and annualised impairment as a percentage of revenue remains in our target range at 29.9% (December 2012: 28.3%). Other costs were very tightly controlled and increased at a much slower rate than revenue. As a consequence, the annualised cost-income ratio reduced by 2.7 percentage points since the 2012 year end to 43.7%.

We are pleased with the progress made in Mexico and believe the extension of new credit rules, geographic expansion and our refreshed incentive programme will support further strong growth in 2013.

This report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The report should not be relied on by any other party or for any other purpose. The report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. Percentage change figures for all performance measures, other than profit before taxation and earnings per share, unless otherwise stated, are quoted after restating prior year figures at a constant exchange rate (CER) for 2013 in order to present the underlying performance variance.

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International Personal Finance will host a conference call for analysts and investors at 17.30hrs (BST) today. Dial-in details for this call can be obtained from Matthew Newton at RLM Finsbury on +44 (0) 20 7251 3801 or at IPF@RLMFinsbury.com.

A copy of this statement can be found on the Company's website – www.ipfin.co.uk.

International Personal Finance plc
Condensed consolidated interim financial information for the six months ended 30 June 2013

Consolidated income statement

	Notes	**Unaudited Six months ended 30 June 2013 £M**	Unaudited Six months ended 30 June 2012 £M	Audited Year ended 31 December 2012 £M
Revenue	4	**360.3**	316.0	651.7
Impairment	4	**(108.4)**	(98.3)	(176.2)
Revenue less impairment		**251.9**	217.7	475.5
Finance costs		**(23.7)**	(20.4)	(41.6)
Other operating costs		**(55.1)**	(48.6)	(100.3)
Administrative expenses		**(130.8)**	(117.3)	(238.5)
Total costs		**(209.6)**	(186.3)	(380.4)
Profit before taxation, exceptional items and fair value adjustments	4	**42.3**	31.4	95.1
Exceptional items	4, 8	**12.4**	(4.8)	(4.8)
Fair value adjustments	4	**-**	(0.8)	-
Profit before taxation	4	**54.7**	25.8	90.3
Tax (expense)/income – UK		**-**	-	4.4
– overseas		**(14.8)**	(7.2)	(20.6)
Total tax expense	5	**(14.8)**	(7.2)	(16.2)
Profit after taxation attributable to owners of the Company		**39.9**	18.6	74.1

Earnings per share - total

	Notes	**Unaudited Six months ended 30 June 2013 pence**	Unaudited Six months ended 30 June 2012 pence	Audited Year ended 31 December 2012 pence
Basic	6	**16.20**	7.33	29.42
Diluted	6	**15.73**	7.17	28.63

Earnings per share before exceptional items and fair value adjustments

	Notes	**Unaudited Six months ended 30 June 2013 pence**	Unaudited Six months ended 30 June 2012 pence	Audited Year ended 31 December 2012 pence*
Basic	6	**12.55**	8.91	27.55
Diluted	6	**12.08**	8.75	26.76

* Before exceptional items and adjusted to an underlying tax rate of 27%

Dividend per share

	Notes	**Unaudited Six months ended 30 June 2013 pence**	Unaudited Six months ended 30 June 2012 pence	Audited Year ended 31 December 2012 pence
Interim dividend	7	**3.80**	3.23	3.23
Final dividend	7	**-**	-	4.51
Total dividend		**3.80**	3.23	7.74

Dividends paid

	Notes	**Unaudited Six months ended 30 June 2013 £M**	Unaudited Six months ended 30 June 2012 £M	Audited Year ended 31 December 2012 £M
Interim dividend of 3.80 pence (2012: interim dividend of 3.23 pence) per share	7	**-**	-	8.2
Final 2012 dividend of 4.51 pence (2012: final 2011 dividend of 4.10 pence) per share	7	**11.0**	10.4	10.4
Total dividends paid		**11.0**	10.4	18.6

Consolidated statement of comprehensive income

	Unaudited Six months ended 30 June 2013 £M	Unaudited Six months ended 30 June 2012 £M	Audited Year ended 31 December 2012 £M
Profit after taxation attributable to owners of the Company	**39.9**	18.6	74.1
Other comprehensive (expense)/income:			
Items that may subsequently be reclassified to income statement:			
Exchange (losses)/gains on foreign currency translations (see note 15)	**(0.4)**	(3.6)	11.7
Net fair value (losses)/gains – cash flow hedges	**(3.6)**	(1.0)	2.1
Tax credit/(charge) on items that may be reclassified	**0.1**	0.1	(0.6)
Items that will not subsequently be reclassified to income statement:			
Actuarial gains on retirement benefit obligation	**1.5**	1.8	0.6
Tax charge on items that will not be reclassified	**(0.3)**	(0.5)	(0.1)
Other comprehensive (expense)/income net of taxation	**(2.7)**	(3.2)	13.7
Total comprehensive income for the period attributable to owners of the Company	**37.2**	15.4	87.8

Consolidated balance sheet

	Notes	**Unaudited 30 June 2013 £M**	Unaudited 30 June 2012 £M	Audited 31 December 2012 £M
Assets				
Non-current assets				
Intangible assets		**2.6**	3.1	3.2
Property, plant and equipment	9	**25.4**	29.0	28.3
Deferred tax assets		**57.3**	47.7	57.1
		85.3	79.8	88.6
Current assets				
Amounts receivable from customers				
- due within one year		**640.6**	552.1	627.2
- due in more than one year		**46.2**	12.3	23.1
	10	**686.8**	564.4	650.3
Derivative financial instruments		**1.9**	-	-
Cash and cash equivalents		**63.1**	19.5	24.2
Other receivables		**22.8**	19.4	15.4
Current tax assets		**-**	-	2.0
		774.6	603.3	691.9
Total assets	4	**859.9**	683.1	780.5
Liabilities				
Current liabilities				
Borrowings	11	**(10.6)**	(0.6)	(16.4)
Derivative financial instruments		**(1.5)**	(3.4)	(1.4)
Trade and other payables		**(104.1)**	(77.9)	(68.2)
Current tax liabilities		**(14.7)**	(19.7)	(21.1)
		(130.9)	(101.6)	(107.1)
Non-current liabilities				
Retirement benefit obligation	12	**(1.2)**	(1.9)	(3.2)
Borrowings	11	**(323.4)**	(245.7)	(294.4)
		(324.6)	(247.6)	(297.6)
Total liabilities		**(455.5)**	(349.2)	(404.7)
Net assets		**404.4**	333.9	375.8
Equity attributable to owners of the Company				
Called-up share capital		**24.9**	25.7	24.9
Other reserve		**(22.5)**	(22.5)	(22.5)
Foreign exchange reserve		**13.3**	(1.6)	13.7
Hedging reserve		**(3.8)**	(2.7)	(0.3)
Shares held by employee trust		**(4.2)**	(5.7)	(4.5)
Capital redemption reserve		**0.8**	-	0.8
Retained earnings		**395.9**	340.7	363.7
Total equity		**404.4**	333.9	375.8

Consolidated statement of changes in equity

	Unaudited				
	Called-up share capital £M	Other reserve £M	Other reserves * £M	Retained earnings £M	Total £M
At 1 January 2012	25.7	(22.5)	(5.5)	330.0	327.7
Comprehensive income:					
Profit after taxation for the period	-	-	-	18.6	18.6
Other comprehensive (expense)/income:					
Exchange losses on foreign currency translations	-	-	(3.6)	-	(3.6)
Net fair value losses – cash flow hedges	-	-	(1.0)	-	(1.0)
Actuarial gains on retirement benefit obligation	-	-	-	1.8	1.8
Tax credit/(charge) on other comprehensive (expense)/income	-	-	0.1	(0.5)	(0.4)
Total other comprehensive (expense)/income	-	-	(4.5)	1.3	(3.2)
Total comprehensive (expense)/income for the period	-	-	(4.5)	19.9	15.4
Transactions with owners:					
Share-based payment adjustment to reserves	-	-	-	1.2	1.2
Dividends paid to Company shareholders	-	-	-	(10.4)	(10.4)
At 30 June 2012	25.7	(22.5)	(10.0)	340.7	333.9
At 1 July 2012	25.7	(22.5)	(10.0)	340.7	333.9
Comprehensive income:					
Profit after taxation for the period	-	-	-	55.5	55.5
Other comprehensive income/(expense):					
Exchange gains on foreign currency translation	-	-	15.3	-	15.3
Net fair value gains – cash flow hedges	-	-	3.1	-	3.1
Actuarial losses on retirement benefit obligation	-	-	-	(1.2)	(1.2)
Tax (charge)/credit on other comprehensive income/(expense)	-	-	(0.7)	0.4	(0.3)
Total other comprehensive income/(expense)	-	-	17.7	(0.8)	16.9
Total comprehensive income for the period	-	-	17.7	54.7	72.4
Transactions with owners:					
Share-based payment adjustment to reserves	-	-	-	1.9	1.9
Deferred tax on share-based payment transactions	-	-	-	0.8	0.8
Own shares acquired	(0.8)	-	0.8	(25.0)	(25.0)
Shares granted from employee trust	-	-	1.2	(1.2)	-
Dividends paid to Company shareholders	-	-	-	(8.2)	(8.2)
At 31 December 2012	24.9	(22.5)	9.7	363.7	375.8

Consolidated statement of changes in equity (continued)

	Unaudited				
	Called-up share capital	Other reserve	Other reserves *	Retained earnings	Total
	£M	£M	£M	£M	£M
At 1 January 2013	**24.9**	**(22.5)**	**9.7**	**363.7**	**375.8**
Comprehensive income:					
Profit after taxation for the period	**-**	**-**	**-**	**39.9**	**39.9**
Other comprehensive (expense)/income:					
Exchange losses on foreign currency translation (see note 15)	**-**	**-**	**(0.4)**	**-**	**(0.4)**
Net fair value losses – cash flow hedges	**-**	**-**	**(3.6)**	**-**	**(3.6)**
Actuarial gains on retirement benefit obligation	**-**	**-**	**-**	**1.5**	**1.5**
Tax credit/(charge) on other comprehensive (expense)/income	**-**	**-**	**0.1**	**(0.3)**	**(0.2)**
Total other comprehensive (expense)/income	**-**	**-**	**(3.9)**	**1.2**	**(2.7)**
Total comprehensive (expense)/income for the period	**-**	**-**	**(3.9)**	**41.1**	**37.2**
Transactions with owners:					
Share-based payment adjustment to reserves	**-**	**-**	**-**	**2.4**	**2.4**
Shares granted from employee trust	**-**	**-**	**0.3**	**(0.3)**	**-**
Dividends paid to Company shareholders	**-**	**-**	**-**	**(11.0)**	**(11.0)**
At 30 June 2013	**24.9**	**(22.5)**	**6.1**	**395.9**	**404.4**

* Includes foreign exchange reserve, hedging reserve, shares held by employee trust and capital redemption reserve.

Consolidated cash flow statement

	Notes	**Unaudited Six months ended 30 June 2013 £M**	Unaudited Six months ended 30 June 2012 £M	Audited Year ended 31 December 2012 £M
Cash flows from operating activities				
Cash generated from operating activities	14	**61.0**	64.8	98.2
Established businesses		**74.9**	62.3	89.6
Developing businesses		**(13.9)**	2.5	8.6
	14	**61.0**	64.8	98.2
Finance costs paid		**(11.4)**	(10.8)	(40.9)
Income tax paid		**(19.4)**	(11.7)	(28.1)
Net cash generated from operating activities		**30.2**	42.3	29.2
Cash flows from investing activities				
Purchases of property, plant and equipment	9	**(5.9)**	(4.4)	(9.4)
Proceeds from sale of property, plant and equipment		**0.6**	1.6	2.5
Purchases of intangible assets		**-**	(0.5)	(1.5)
Net cash used in investing activities		**(5.3)**	(3.3)	(8.4)
Net cash from operating and investing activities				
Established businesses		**47.5**	43.9	30.9
Developing businesses		**(22.6)**	(4.9)	(10.1)
		24.9	39.0	20.8
Cash flows from financing activities				
Proceeds from borrowings		**89.8**	17.9	54.6
Repayment of borrowings		**(65.0)**	(44.7)	(25.9)
Dividends paid to Company shareholders	7	**(11.0)**	(10.4)	(18.6)
Acquisition of own shares		**-**	-	(25.0)
Net cash generated from/(used in) financing activities		**13.8**	(37.2)	(14.9)
Net increase in cash and cash equivalents		**38.7**	1.8	5.9
Cash and cash equivalents at beginning of period		**24.2**	17.9	17.9
Exchange gains/(losses) on cash and cash equivalents		**0.2**	(0.2)	0.4
Cash and cash equivalents at end of period		**63.1**	19.5	24.2

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

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2013

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. This condensed consolidated interim financial information should be read in conjunction with the Annual Report and Financial Statements ('the Financial Statements') for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. This condensed consolidated interim financial information was approved for release on 30 July 2013.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Financial Statements for the year ended 31 December 2012 were approved by the Board on 6 March 2013 and delivered to the Registrar of Companies. The Financial Statements contained an unqualified audit report and did not include an emphasis of matter paragraph or any statement under Section 498 of the Companies Act 2006. The Financial Statements are available on the Group's website (www.ipfin.co.uk).

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

The accounting policies adopted in this condensed consolidated interim financial information are consistent with those adopted in the Financial Statements for the year ended 31 December 2012 and are detailed in those Financial Statements. The presentation of the 2012 interim exceptional item has been amended in the income statement to enable comparison with subsequent periods, and the segmental split of profit before taxation for 2012 has been restated to reflect the change in finance cost allocation announced in the 2012 Financial Statements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2013, but do not have any impact on the Group, except as noted below:

- Annual improvement to IFRSs: 2009-2011 cycle;
- IFRS 1 (amendment) 'Severe hyperinflation and removal of fixed dates for first-time adopters';
- IFRS 1 (amendment) 'Government loans';
- IFRS 7 (amendment) 'Disclosures – offsetting financial assets and financial liabilities';
- IFRS 13 'Fair value measurement'. This standard has not materially impacted the measurement of assets and liabilities of the Group that are held at fair value, however it has introduced new disclosures;
- IAS 1 (amendment) 'Presentation of items of other comprehensive income';
- IAS 12 (amendment) 'Deferred tax: recovery of underlying assets'; and

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2013 (continued)

1. Basis of preparation (continued)

- IAS 19 (revised) 'Employee benefits'. This standard has impacted the accounting for the Group's defined benefit scheme by replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability. There has been no significant change in profit or other comprehensive income as a result of this change.

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

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

2. Principal risks and uncertainties

We operate a formal risk management process, the details of which are set out on page 32 of the Financial Statements for the year ended 31 December 2012. Details of our principal risks can be found on pages 32 to 35 of the Financial Statements and are summarised below:

- the risk that we do not comply with the legal and regulatory regimes in which we operate or that those regimes change;
- the risk that our business does not recognise or respond to changes in the economic environment within our markets;
- the risk that we do not recognise or respond to competitive conditions in our markets which impacts on our performance;
- the risk that our agents and people suffer personal accident or assault as they complete their daily activities;
- the risk that we are unable to deliver our strategy due to the unavailability of quality people;
- the risk that we lose business or customer data which impacts our performance and customer relationships;
- the risk of failure to realise the intended benefits from system and process change; and
- the risk of our business suffering reputational damage due to operational failure, ill-informed comment or malpractice.

The directors consider that there have been a number of changes to the environment in which the Group operates that have led to the reappraisal of the significance of certain risks. The directors now believe there are two additional principal risks and uncertainties, which as well as those identified at the 2012 year-end, above, have the potential to impact our results or financial position during the remaining six months of 2013:

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2013 (continued)

2. Principal risks and uncertainties (continued)

- as a result of the changing competitive environment and in particular the quantity of digital loan propositions entering the market, the risk that the business operates a product strategy which does not meet our customer requirements; and
- as a result of the increasing concern about threats to cyber security, particularly in the financial services sector, the risk that such a threat may lead to a disruption to systems and processes from which the Group is unable to recover in a reasonable time frame.

3. Related parties

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

4. Segment analysis

	Unaudited Six months ended 30 June 2013 £M	Unaudited Six months ended 30 June 2012 £M	Audited Year ended 31 December 2012 £M
Revenue			
Poland	**142.4**	132.2	268.8
Czech-Slovakia	**71.4**	66.8	133.4
Hungary	**47.4**	36.4	78.2
Mexico	**67.4**	52.8	114.1
Romania	**31.7**	27.8	57.2
	360.3	316.0	651.7
Impairment			
Poland	**45.0**	45.3	79.5
Czech-Slovakia	**19.3**	19.3	34.2
Hungary	**11.9**	7.7	11.9
Mexico	**21.4**	15.2	32.3
Romania	**10.8**	10.8	18.3
	108.4	98.3	176.2
Profit before taxation			
Poland	**23.1**	21.1	54.9
Czech-Slovakia	**13.6**	10.9	27.1
Hungary	**6.5**	3.5	12.5
UK costs[1]	**(6.4)**	(6.0)	(13.1)
Mexico	**5.0**	2.5	9.2
Romania	**0.5**	(0.6)	4.5
Profit before taxation, exceptional items and fair value adjustments	**42.3**	31.4	95.1
Exceptional items[1] (see note 8)	**12.4**	(4.8)	(4.8)
Fair value adjustments[1]	**-**	(0.8)	-
Profit before taxation	**54.7**	25.8	90.3

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

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2013 (continued)

4. Segment analysis (continued)

Segment assets	**Unaudited 30 June 2013 £M**	Unaudited 30 June 2012 £M	Audited 31 December 2012 £M
Poland	**296.4**	247.3	291.1
Czech-Slovakia	**181.5**	163.4	172.8
Hungary	**112.2**	87.9	104.8
UK[2]	**67.5**	31.3	34.5
Mexico	**139.9**	97.3	116.9
Romania	**62.4**	55.9	60.4
Total	**859.9**	683.1	780.5

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

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

5. Tax expense

The tax expense for the period has been calculated by applying the directors' best estimate of the effective tax rate for the year, which is 27% (30 June 2012: 28%, 31 December 2012: 18%), to the profit for the period.

6. Earnings per share

	Unaudited Six months ended 30 June 2013 pence	Unaudited Six months ended 30 June 2012 pence	Audited Year ended 31 December 2012 pence
Basic EPS	**16.20**	7.33	29.42
Dilutive effect of awards	**(0.47)**	(0.16)	(0.79)
Diluted EPS	**15.73**	7.17	28.63

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to shareholders of £39.9M (30 June 2012: £18.6M, 31 December 2012: £74.1M) by the weighted average number of shares in issue during the period of 246.3M which has been adjusted to exclude the weighted average number of shares held by the employee trust (30 June 2012: 253.7M, 31 December 2012: 251.9M).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2013 (continued)

6. Earnings per share (continued)

For diluted EPS the weighted average number of shares has been adjusted to 253.7M (30 June 2012: 259.4M, 31 December 2012: 258.8M) to assume conversion of all dilutive potential ordinary share options relating to employees of the Group.

Earnings per share before exceptional items and fair value adjustments

	Unaudited Six months ended 30 June 2013 pence	Unaudited Six months ended 30 June 2012 pence	Audited Year ended 31 December 2012 pence*
Basic	**12.55**	8.91	27.55
Diluted	**12.08**	8.75	26.76

* Before exceptional items and adjusted to an underlying tax rate of 27%

Earnings per share before exceptional items and fair value adjustments is calculated by dividing the earnings attributable to shareholders excluding exceptional items of £30.9M (30 June 2012: £22.6M, 31 December 2012: £69.4M) by the weighted average number of shares in issue during the period.

7. Dividends

The final dividend for 2012 of 4.51 pence per share was paid to shareholders on 3 May 2013 at a total cost to the Group of £11.0M. The directors propose an interim dividend in respect of the financial year ended 31 December 2013 of 3.80 pence per share payable to shareholders who are on the register at close of business on 6 September 2013. This will amount to a total dividend payment of £9.4M based upon the number of shares in issue as at 30 June 2013. This dividend is not reflected as a liability in the balance sheet as at 30 June 2013.

8. Exceptional items

Profit before taxation includes a £15.9M profit on the sale of impaired receivables originating from loans issued in Poland and a write down in the carrying value of IT assets of £3.5M. The impairment of IT assets arose from a review of the future technology platforms that we need to support our growth strategy, which identified assets that are no longer compatible with this vision.

The exceptional charge in 2012 related to the cost of a management restructuring exercise designed to strengthen UK functional support teams and refresh the country management teams.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2013 (continued)

9. Property, plant and equipment

	Unaudited 30 June 2013 £M	Unaudited 30 June 2012 £M	Audited 31 December 2012 £M
Net book value at start of period	**28.3**	30.6	30.6
Exchange adjustments	**0.2**	-	0.4
Additions	**5.9**	4.4	9.4
Disposals	**(4.1)**	(1.5)	(2.3)
Charge to the income statement	**(4.9)**	(4.5)	(9.8)
Net book value at end of period	**25.4**	29.0	28.3

Included within disposals is a write down in the carrying value of £3.5M in relation to IT assets, which has been included as an exceptional item (see note 8).

As at 30 June 2013 the Group had £6.2M of capital expenditure commitments with third parties that were not provided for (30 June 2012: £2.2M, 31 December 2012: £3.3M).

10. Amounts receivable from customers

	Unaudited 30 June 2013 £M	Unaudited 30 June 2012 £M	Audited 31 December 2012 £M
Poland	**270.4**	225.4	264.0
Czech-Slovakia	**159.5**	141.9	154.6
Hungary	**95.2**	73.2	89.1
Mexico	**103.7**	73.1	87.1
Romania	**58.0**	50.8	55.5
Total receivables	**686.8**	564.4	650.3

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

Amounts receivable from customers are held at amortised cost and are equal to the expected future cash flows receivable discounted at the average effective interest rate ('EIR') of 129% (30 June 2012: 132%, 31 December 2012: 131%). All amounts receivable from customers are at fixed interest rates. The average period to maturity of the amounts receivable from customers is 5.5 months (30 June 2012: 5.1 months, 31 December 2012: 5.4 months).

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

Revenue recognised on amounts receivable from customers which have been impaired was £208.6M (6 months ended 30 June 2012: £178.8M, 12 months ended 31 December 2012: £370.1M).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2013 (continued)

11. Borrowings

The maturity of the Group's external bond and external bank borrowings is as follows:

	Unaudited 30 June 2013 £M	Unaudited 30 June 2012 £M	Audited 31 December 2012 £M
Repayable:			
- in less than one year	**10.6**	0.6	16.4
- between one and two years	**41.8**	8.5	14.3
- between two and seven years	**281.6**	237.2	280.1
	323.4	245.7	294.4
Total borrowings	**334.0**	246.3	310.8

The maturity of the Group's external bond and external bank facilities is as follows:

	Unaudited 30 June 2013 £M	Unaudited 30 June 2012 £M	Audited 31 December 2012 £M
Repayable:			
- on demand	**11.7**	10.9	11.4
- in less than one year	**86.1**	6.2	64.8
- between one and two years	**179.5**	70.3	26.8
- between two and seven years	**285.5**	359.5	367.3
Total facilities	**562.8**	446.9	470.3

12. Retirement benefit obligation

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

	Unaudited 30 June 2013 £M	Unaudited 30 June 2012 £M	Audited 31 December 2012 £M
Equities	**17.8**	16.0	16.2
Bonds	**7.6**	6.2	6.9
Index-linked gilts	**6.2**	6.2	4.5
Other	**-**	-	2.4
Total fair value of scheme assets	**31.6**	28.4	30.0
Present value of funded defined benefit obligation	**(32.8)**	(30.3)	(33.2)
Net obligation recognised in the balance sheet	**(1.2)**	(1.9)	(3.2)

The charge recognised in the income statement in respect of defined benefit pension costs is £nil (6 months ended 30 June 2012: £nil, 12 months ended 31 December 2012: £nil).

13. Fair values of financial assets and liabilities

IFRS 7 requires disclosure of fair value measurements of derivative financial instruments by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All of the Group's financial instruments held at fair value fall into hierarchy level 2 (30 June 2012 and 31 December 2012: all of the Group's financial instruments held at fair value fell into hierarchy level 2). The fair value of derivative financial instruments has been calculated by discounting expected future cash flows using interest rate yield curves and forward foreign exchange rates prevailing at the relevant period end.

Except as detailed in the following table, the carrying value of financial assets and liabilities recorded at amortised cost, which are all short-term in nature, are a reasonable approximation of their fair value:

	Carrying value			**Fair value**		
	Unaudited 30 June 2013 £M	Unaudited 30 June 2012 £M	Audited 31 December 2012 £M	**Unaudited 30 June 2013 £M**	Unaudited 30 June 2012 £M	Audited 31 December 2012 £M
Financial assets						
Amounts receivable from customers	**686.8**	564.4	650.3	**924.2**	788.3	919.4
	686.8	564.4	650.3	**924.2**	788.3	919.4
Financial liabilities						
Bonds	**326.8**	222.0	241.6	**356.0**	232.3	272.8
Bank borrowings	**7.2**	24.3	69.2	**7.2**	24.3	69.2
	334.0	246.3	310.8	**363.2**	256.6	342.0

The fair value of amounts receivable from customers has been derived by discounting expected future cash flows (net of collection costs) at the Group's weighted average cost of capital.

The fair value of the bonds has been calculated by reference to their market value.

The carrying value of bank borrowings is deemed to be a good approximation of their fair value. Bank borrowings can be repaid within six months if the Group decides not to roll over for further periods up to the contractual repayment date. The impact of discounting would therefore be negligible.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2013 (continued)

14. Reconciliation of profit after taxation to cash generated from operating activities

	Unaudited Six months ended 30 June 2013 £M	Unaudited Six months ended 30 June 2012 £M	Audited Year ended 31 December 2012 £M
Profit after taxation	**39.9**	18.6	74.1
Adjusted for:			
Tax charge	**14.8**	7.2	16.2
Finance costs	**23.7**	20.4	41.6
Share-based payment charge	**1.6**	1.2	2.0
Depreciation of property, plant and equipment (see note 9)	**4.9**	4.5	9.8
Loss/(profit) on disposal of property, plant and equipment	**3.5**	(0.1)	(0.2)
Amortisation of intangible assets	**0.6**	1.0	1.9
Changes in operating assets and liabilities:			
Amounts receivable from customers	**(38.2)**	(10.6)	(74.4)
Other receivables	**(9.4)**	(0.5)	4.1
Trade and other payables	**26.4**	11.3	10.0
Retirement benefit obligation	**(0.5)**	(0.3)	(0.2)
Derivative financial instruments	**(6.3)**	12.1	13.3
Cash generated from operating activities	**61.0**	64.8	98.2

Included within disposals is a write down in the carrying value of £3.5M in relation to IT assets, which has been included as an exceptional item (see note 8).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2013 (continued)

15. Average and closing foreign exchange rates

The table below shows the average exchange rates, including the impact of hedging in 2012, for the relevant reporting periods and closing exchange rates at the relevant period ends. From 2013 the Group no longer hedges the rates at which currency profits are translated into sterling. This change reflects the fact that underlying currency cash flows are the main driver of shareholder value and the fact that currency hedges as previously executed do not protect the business against long-term exchange rate movements.

	Average H1 2013	**Closing June 2013**	Average H1 2012	Closing June 2012	Average Year 2012	Closing December 2012
Poland	**4.9**	**5.1**	5.3	5.3	5.4	5.0
Czech Republic	**30.1**	**30.4**	31.0	31.6	30.9	30.8
Slovakia	**1.2**	**1.2**	1.2	1.2	1.2	1.2
Hungary	**349.1**	**351.4**	381.3	363.5	378.3	357.5
Mexico	**19.4**	**20.5**	21.1	21.9	21.5	20.9
Romania	**5.2**	**5.3**	5.2	5.5	5.2	5.5

The £0.4M exchange loss on foreign currency translations shown within the consolidated statement of comprehensive income arises on retranslation of net assets denominated in currencies other than sterling, due to the change in foreign exchange rates against sterling between December 2012 and June 2013 shown in the table above.

Responsibility statement

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

The directors confirm that to the best of their knowledge:

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

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

Independent review report to the members of International Personal Finance plc

We have been engaged by International Personal Finance plc ("the Company") to review the condensed consolidated interim financial information in the Half-year Financial Report for the six months ended 30 June 2013 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes 1 to 15. We have read the other information contained in the Half-year Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

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

Directors' responsibilities

The Half-year Financial Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-year Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial information in the Half-year Financial Report based on our review.

Scope of Review

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information in the Half-year Financial Report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
30 July 2013