Half-year Financial Report for the six months ended 30 June 2015

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International Personal Finance plc
Half-year Financial Report for the six months ended 30 June 2015

Key highlights

- **Resilient financial performance**
  - Strong underlying growth in profit before tax and exceptional items of 16% (£7.5M) before additional new business investment of £3.3M and negative FX impact of £8.0M
  - Group profit before tax and exceptional items of £43.3M
  - 10% increase in credit issued and 6% growth in customer numbers delivered revenue growth of 5%

- **Home credit – strong growth in Mexico; improving growth trend in Europe**
  - Excellent performance in Mexico and on track to reach profit per customer target of MXN $660 in 2015
  - Growth initiatives in Europe delivered improving growth trend
  - Improved credit quality – 1.6ppt improvement in impairment to revenue ratio provides stronger platform for further growth
  - New products launched to broaden appeal to more customers
  - Working on new product structure to comply with revised draft total cost of credit legislation in Poland, if enacted by parliament

- **Digital performed well and expansion underway**
  - Digital Division established with strong growth potential in large markets
  - Three digital brands fully integrated following acquisition of MCB Finance in Q1 2015
  - Growing business in Poland and plan to enter Spain with digital offer

- **Funding position strengthened and further returns to shareholders**
  - £100M of new long-term bonds secured from diversified sources
  - Share buyback to reduce equity to receivables ratio towards 40% target level
  - Interim dividend increased by 10% to 4.6 pence per share

Group key statistics	**H1 2015**	H1 2014	YOY change at CER
Customers (000s)	**2,753**	2,607	5.6%
Credit issued (£M)	**509.3**	513.0	9.7%
Revenue (£M)	**372.9**	394.1	4.6%
Annualised impairment % revenue	**26.6%**	28.2%	1.6ppts
Annualised cost-income ratio	**40.4%**	38.4%	(2.0)ppts
PBT* (£M)	**43.3**	47.1	
Statutory PBT** (£M)	**38.6**	24.5	
EPS* (pence)	**13.7**	14.5	

* Before exceptional items. ** See page 12 for details on exceptional items

Chief Executive Officer, Gerard Ryan, commented:
"I am encouraged that our Home Credit business is responding well to our strategic growth initiatives and delivered a steadily improving performance in the period. Whilst trading conditions in Europe remain challenging and potential regulatory changes in Poland have introduced some uncertainty for that market, our business in Mexico continues to deliver very strong growth and remains on track to meet our customer and profitability targets. Our newly formed Digital business is developing very positively and we are targeting to enter the Spanish market towards the end of the year. With strong underlying profit growth in the period of 16% and a very robust balance sheet, we are announcing another share buyback programme to move us closer to our target equity to receivables ratio of 40% and we are focussed on delivering further growth in the second half of the year."

Group performance overview

We delivered a resilient financial performance with strong underlying growth in profit before tax of 16% (£7.5M) in the first half of the year. This was offset by £3.3M of incremental new business investment costs and £8.0M from weaker FX rates. Group profit before tax and exceptional items for the first half of the year was £43.3M and statutory profit before taxation was £38.6M. The exceptional items arose from the integration of MCB Finance and the decision to enter Spain through our Digital business rather than Home Credit.

	H1 2015 reported profit £M	Underlying profit movement £M	New business costs £M	Weaker FX rates £M	H1 2014 reported profit £M
Home Credit	**51.4**	7.5	(1.9)	(8.0)	53.8
Digital	**(1.4)**	-	(1.4)	-	-
Central costs	**(6.7)**	-	-	-	(6.7)
Profit before taxation and exceptional items	**43.3**	7.5	(3.3)	(8.0)	47.1
Exceptional items	**(4.7)**				
Profit before taxation	**38.6**				

Following the acquisition of MCB Finance and the launch of hapiloans in Poland, the Board undertook a review of the reporting segments that it will use to assess the Group's performance. We will now report by business line - Home Credit and Digital; and by geographic region within the Home Credit business – Poland-Lithuania; Czech-Slovakia; Southern Europe (Hungary, Romania and Bulgaria); and Mexico.

Market overview

The demand for small-sum, short-term credit for low to middle income consumers remains generally consistent across our markets. Today, we are operating in an increasingly dynamic and competitive business environment in Europe with a major influence being the development and increasing penetration of digital sales channels.

Our response to this change has two key themes. Firstly, we are broadening and improving our product choice for customers; we now offer both shorter and longer term loans than previously, micro-finance loans for sole traders, loans on pre-paid cards and a tailored range of insurance products sourced from third parties. Secondly, we now have three digital consumer credit brands which are available remotely with no agent involvement. These developments will provide opportunities to serve more consumers in Europe and Australia and will enable us to compete more effectively.

In contrast to the landscape in Europe, the competitive environment in Mexico is largely unchanged.

Key macroeconomics in our markets and consumer confidence indicators remain supportive of growth.

Regulation

As reported on 13 July 2015, the Lower Chamber of the Polish Parliament voted in favour of revisions to a draft total cost of credit amendment law issued by the Ministry of Finance. If the legislation is enacted as currently drafted, we believe that all non-interest costs in connection with a consumer loan agreement may be subject to the cap. We will adapt our product structure to ensure compliance with any new regulation; at this stage there can be no assurance that the legislation will not have some adverse financial impact on IPF.

The draft law will go to the plenary session of Upper Chamber of Parliament for voting between 4 and 7 August. Based on the usual process once the draft is finalised it will go to the President who then has 21 days to either sign the law, withdraw it or send it to the constitutional tribunal. According to the current draft it would become effective and lenders would be required to comply after six months of the President signing the law. If signed we expect it to be effective during Q1/2016.

Separately, we continue to await a date for the court process to begin our appeal against the findings of UOKiK, the Polish Office of Consumer Protection and Competition, into the way we calculate total cost of credit and APR in Poland. We continue to believe that this matter will be resolved in a way that is positive for our customers, our business and UOKiK.

In April 2015, UOKiK's review into a number of non-bank consumer credit providers in respect of the calculation of fees for loan products was satisfactorily concluded for our Polish business.

Strategy update and performance review

Strategy update

We continued to progress our strategy for growth, the key pillars of which are transforming from a single product, single distribution channel organisation to a provider of consumer finance via multiple products, brands and distribution channels and expanding our geographic footprint. We are investing in technology that will improve the experience for our customers and will also deliver substantial efficiencies to our employees and agents. We have also launched a range of new products to attract new, and retain existing, home credit customers.

Expanding our digital lending business is another strategic priority and this goal was accelerated by the acquisition of the established digital consumer credit provider MCB Finance in Q1 2015. We have fully integrated the business into the Group by creating the IPF Digital Division and incorporated our existing digital hapiloans offering into this portfolio. The business serves low and middle income customers who have an existing credit footprint and who are looking to secure fast, affordable small-sum credit online and make monthly repayments through the banking system. Our digital portfolio of three brands – Credit 24, hapiloans and Sving – operates within a highly automated business model with rigorous centralised credit decisioning and rapid loan distribution direct to our customers' bank accounts within 15 minutes.

We believe the synergies between the two business models, Home Credit and Digital, particularly in lead management, provide greater potential competitive advantage in our target segment.

Expanding our footprint
Mexico offers significant growth potential and we opened a further ten locations to increase our reach to more new customers. We now have national coverage in Lithuania and we opened four locations in Bulgaria in the first half of 2015. Both businesses are growing well and had 12,000 and 21,000 customers respectively at the half year.

The acquisition of MCB Finance added four new countries to our footprint - Finland, Estonia, Latvia and Australia - operating through the Credit 24 and Sving brands. Plans are underway to launch a digital offering in Spain towards the end of the year where we see strong potential demand for small-sum, remote instalment loans in this sizeable market. We plan to establish digital businesses in each of our existing markets and expand into other countries in due course. We are not currently progressing a credit licence for a home credit operation in Spain but will review this decision once our digital business is established.

Improving customer engagement
We see opportunities to attract new home credit customers and retain existing profitable customers by offering a greater choice of loan terms and broadening our product portfolio. During the first half of the year we introduced twelve week and three month loan products in Poland and the Czech Republic respectively in response to demand from some consumers to repay loans over shorter terms than our current offering. In addition, we extended our range of longer-term loans in response to consumer demand with terms now available between 75 and 104 weeks in Europe and launched a monthly home credit offering in our established European markets following a successful introduction in Poland in 2014. Our pre-paid cards offer customers the convenience of being able to use them for online and point of sale payments and at ATMs, and practically all of our loans in Slovakia are now issued in this form.

The value proposition of our insurance products continues to find favour with customers. In Mexico, more than 270,000 customers have chosen to take Provident Plus (family life and medical assistance cover) since it was launched in July 2014. In Poland, an optional medical policy is offered with our new product structure and since February 2015 we have sold 53,000 of these policies. In Hungary, we also achieved national rollout of our home insurance and family personal accident cover.

Effective execution
Our global change programme Transformation for Growth, underpins the transformation of our core agent business model to deliver an improved customer experience, generate incremental profit opportunities through the introduction of agent technology, deliver a new CRM system and enable a refocussed field sales force structure which is currently being trialled in Hungary.

In addition, we developed a new common credit decisioning system with automated linkages to credit bureaux that enable better quality lending decisions and support the issue of higher value loans. Credit bureaux will be introduced in our Czech Republic and Slovakia business in Q3 and this will complete the rollout across the Group.

Home Credit

The results for our Home Credit Division are shown in the table below:

	2015 £M	2014 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**2,648**	2,607	41	1.6	1.6
Credit issued	**474.0**	513.0	(39.0)	(7.6)	2.1
Average net receivables	**725.1**	761.9	(36.8)	(4.8)	5.3
Revenue	**360.5**	394.1	(33.6)	(8.5)	1.1
Impairment	**(109.3)**	(130.2)	20.9	16.1	7.6
Net revenue	**251.2**	263.9	(12.7)	(4.8)	5.4
Finance costs	**(20.2)**	(23.4)	3.2	13.7	5.2
Agents' commission	**(42.6)**	(44.6)	2.0	4.5	(4.9)
Other costs	**(137.0)**	(142.1)	5.1	3.6	(4.9)
Profit before taxation and exceptional items	**51.4**	53.8	(2.4)	(4.5)	

We generated strong underlying growth in profit before tax and exceptional items of £7.5M before absorbing £1.9M of additional new business investment costs and £8.0M as a result of weaker FX rates.

Our Mexican business delivered excellent growth in credit issued which fed through to strong underlying profit growth and we made progress against our near-term objective to return our European Home Credit business to growth over the course of 2015 following the slowdown experienced in H2 2014. We refined our marketing campaigns with clearer call to action and launched product-led promotions as well as a number of new products. We also implemented field incentives aligned to growth in selected markets and extended controlled credit relaxations to capture more quality sales opportunities.

Together, these growth-focussed actions are gaining increasing traction and we have seen a modest, progressive quarterly improvement in credit issued growth during the course of 2015, and in June we increased credit issued by 9%.

Q3 2014	Q4 2014	Q1 2015	Q2 2015	June 2015
1%	(5%)	1%	3%	9%

Over the half-year period, we delivered a 2% increase in customer numbers to 2.6M and 2% growth in credit issued. Average net receivables grew by 5% while revenue increased by 1%. As expected, revenue yields contracted reflecting one of our customer retention strategies to increase the proportion of customers taking larger and longer-term loans and preferentially priced loans. Good credit quality drove an improvement in annualised impairment as a percentage of revenue to 26.6% and all our European markets are now within or below our 25% to 30% target range. Impairment in Mexico was slightly outside the target range at 31.2% and we are comfortable with this given the mix of new and repeat lending in this growing market.

Finance costs reduced by 5% reflecting the lower cost of funding following the refinancing of our core Eurobond in 2014. The cost-income ratio increased by 1.0ppts to 37.6% compared to last year reflecting our investment in Spain and a contraction in revenue in Czech-Slovakia. Managing down our cost-income ratio in the medium-term remains a priority.

Segmental review

The following table shows the performance of each of our Home Credit markets highlighting the impact of investment in new markets and weaker FX rates against sterling to provide a better understanding of underlying performance:

	H1 2015 reported profit £M	Underlying profit movement £M	New business costs £M	Weaker FX rates £M	H1 2014 reported profit £M
Poland-Lithuania	**28.3**	3.8	-	(4.0)	28.5
Czech-Slovakia	**9.4**	0.1	-	(1.9)	11.2
Southern Europe	**6.9**	0.8	(0.1)	(1.3)	7.5
Mexico	**8.6**	2.8	-	(0.8)	6.6
Spain	**(1.8)**	-	(1.8)	-	-
Profit before taxation and exceptional items	**51.4**	7.5	(1.9)	(8.0)	53.8

Poland and Lithuania

Poland and Lithuania delivered another good performance with growth in credit issued and significantly improved credit quality supported the delivery of strong underlying profit growth of £3.8M (13%), offset by £4.0M of adverse FX movements. Reported profit before tax was £28.3M.

	2015 £M	2014 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**851**	853	(2)	(0.2)	(0.2)
Credit issued	**180.9**	189.4	(8.5)	(4.5)	6.2
Average net receivables	**288.1**	302.3	(14.2)	(4.7)	6.0
Revenue	**137.3**	158.0	(20.7)	(13.1)	(3.3)
Impairment	**(40.3)**	(53.1)	12.8	24.1	15.7
Net revenue	**97.0**	104.9	(7.9)	(7.5)	3.0
Finance costs	**(8.2)**	(9.8)	1.6	16.3	6.8
Agents' commission	**(15.4)**	(16.4)	1.0	6.1	(4.1)
Other costs	**(45.1)**	(50.2)	5.1	10.2	2.2
Profit before taxation	**28.3**	28.5	(0.2)	(0.7)	

Customer numbers were stable year-on-year and selective relaxation of credit settings, new products and flexing our incentives towards growth delivered a 6% increase in credit issued. Average net receivables increased by 6% and revenue reduced by 3% reflecting contracting yields driven by a tightening of the interest rate cap following a 1.5ppt reduction in the Lombard rate during Q4 2014 and Q1 2015. It was also impacted by more customers taking longer-term loans and preferentially priced loans.

Our new product structure in Poland, which offers customers more optionality and includes some fixed rather than variable fees, will be rolled out by the end of July 2015 so all new loans issued from 1 August will be under the new structure.

A strengthened year-on-year collections performance and debt sale in Q3 2014 delivered a 4.9 percentage point improvement in annualised impairment as a percentage of revenue to 24.8%. We continued to maintain tight cost control with expenses being held at last year's level despite growth in the business.

We will continue our strategy to accelerate growth through selective credit easing and targeted marketing to attract new customer segments and increase visibility in this competitive marketplace. Additionally, we will focus on our online decision in principle technology and extending broker coverage nationwide in Poland by the end of 2015. We will also grow our customer base in Lithuania and work with our Digital Division to cross-sell our home credit and digital offerings.

Czech Republic and Slovakia

We are executing our strategy to return our Czech Republic and Slovakia business to sustainable growth. Despite the very competitive marketplace in the Czech Republic and the impact of regulations introduced in Slovakia in Q2 2014, underlying profit was £0.1M higher than 2014 at £9.4M, before a £1.9M impact from weaker FX rates.

	2015 £M	2014 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**345**	380	(35)	(9.2)	(9.2)
Credit issued	**79.6**	102.7	(23.1)	(22.5)	(12.9)
Average net receivables	**136.8**	164.4	(27.6)	(16.8)	(6.6)
Revenue	**56.2**	71.4	(15.2)	(21.3)	(11.5)
Impairment	**(16.1)**	(23.9)	7.8	32.6	24.8
Net revenue	**40.1**	47.5	(7.4)	(15.6)	(4.8)
Finance costs	**(3.3)**	(4.3)	1.0	23.3	15.4
Agents' commission	**(5.4)**	(7.2)	1.8	25.0	15.6
Other costs	**(22.0)**	(24.8)	2.8	11.3	2.2
Profit before taxation	**9.4**	11.2	(1.8)	(16.1)	

We implemented a programme of growth-focussed initiatives and expanded our product offer to be more competitive. Whilst customer numbers and credit issued reduced by 9% and 13% respectively, it is pleasing to note that we saw an improving trend in levels of credit issued over the course of the first half of the year.

Our credit tightening programme implemented in 2014, improved field collections particularly in Slovakia together with a sale of non-performing receivables delivered a 2.6 ppt improvement in annualised impairment as a percentage of revenue to 28.1% since the end of 2014. Other costs were managed tightly and held at last year's levels, however, the contraction of revenue resulted in the annualised cost-income ratio increasing to 37.7%.

While trading conditions are expected to remain challenging, we believe our strategy to introduce new products, market our offering to customers more effectively and improve lead management will support a return to growth in the second half of the year.

Southern Europe

In Southern Europe, underlying profit growth was £0.8M offset by an additional £0.1M investment in the development of Bulgaria and a £1.3M adverse FX impact. Reported profit before tax reduced to £6.9M.

	2015 £M	2014 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**639**	617	22	3.6	3.6
Credit issued	**100.6**	122.7	(22.1)	(18.0)	(8.0)
Average net receivables	**162.1**	175.5	(13.4)	(7.6)	3.5
Revenue	**80.1**	88.5	(8.4)	(9.5)	1.6
Impairment	**(25.5)**	(29.5)	4.0	13.6	3.4
Net revenue	**54.6**	59.0	(4.4)	(7.5)	4.2
Finance costs	**(4.9)**	(5.7)	0.8	14.0	3.9
Agents' commission	**(10.1)**	(10.8)	0.7	6.5	(4.1)
Other costs	**(32.7)**	(35.0)	2.3	6.6	(4.1)
Profit before taxation	**6.9**	7.5	(0.6)	(8.0)	

Expansion in Bulgaria and the positive impact of growth initiatives helped deliver a 4% increase in customer numbers to 639,000. In contrast, credit issued growth was tempered by our focus on collections in Romania and the impact of transitioning to operate under new payment to income legislation in Hungary. As a result, credit issued in the first half of the year was 8% lower than the same period in 2014.

We delivered a robust collections performance particularly in Romania and the performance in Hungary improved progressively throughout the period which resulted in a significant improvement in impairment as a percentage of revenue of 1.1 ppts to 23.8% since the 2014 year-end. The cost-income ratio improved year-on-year by 0.5 ppts to 40.8% due to tight cost control.

The outlook for growth in Southern Europe is positive and expected to improve. We now have a solid platform to move to a growth focus which will include new products, controlled credit relaxation and rewards aligned towards growth to drive increased customer numbers and credit issued. We will also accelerate growth in Bulgaria now that we are close to having national coverage.

Mexico

Mexico delivered another excellent performance. Strong growth in customer numbers and credit issued helped deliver a record half-year profit of £8.6M reflecting underlying profit growth of £2.8M before absorbing £0.8M as a result of weaker FX rates.

	2015 £M	2014 £M	Change £M	Change %	Change at CER %
Customer numbers (000s)	**813**	757	56	7.4	7.4
Credit issued	**112.9**	98.2	14.7	15.0	21.1
Average net receivables	**138.1**	119.7	18.4	15.4	21.6
Revenue	**86.9**	76.2	10.7	14.0	20.2
Impairment	**(27.4)**	(23.7)	(3.7)	(15.6)	(20.7)
Net revenue	**59.5**	52.5	7.0	13.3	20.0
Finance costs	**(3.8)**	(3.6)	(0.2)	(5.6)	(8.6)
Agents' commission	**(11.7)**	(10.2)	(1.5)	(14.7)	(20.6)
Other costs	**(35.4)**	(32.1)	(3.3)	(10.3)	(15.7)
Profit before taxation	**8.6**	6.6	2.0	30.3	

We made good progress against our year-end customer target (900,000) and profitability target (MXN $660 profit per customer). By the end of June, our customer count had grown by 7% to 813,000 and profit per customer had increased by 15% to MXN $536. Credit issued growth for the period was 21% driving strong revenue growth of 20%.

Stable impairment as a percentage of revenue at 31.2% reflects our decision to support growth through progressive credit relaxation combined with a robust collections performance. We are comfortable with this level of impairment in Mexico given the mix of new and repeat customers in this growing market. We managed costs well whilst investing in geographic expansion and delivered a further 1.5 ppt year-on-year improvement in the cost-income ratio to 40.4%.

We expect further strong growth in the second half of the year.

Digital

We acquired MCB Finance on 6 February 2015 and the performance data detailed in the table below comprises hapiloans for the first six months of the year and MCB Finance since the acquisition.

	2015 £M
Customer numbers (000s)	**105**
Credit issued	**35.3**
Average net receivables	**33.5**
Revenue	**12.4**
Impairment	**(3.3)**
Net revenue	**9.1**
Finance costs	**(1.3)**
Other costs	**(9.2)**
Loss before taxation and exceptional items	**(1.4)**

On a proforma basis, in the six months to June, the legacy MCB Finance businesses delivered customer growth of 17% to 101,000 and grew credit issued by 18% to £39.6M.

Reported revenue during the half year was £12.4M including legacy MCB Finance revenue of £11.9M since 6 February. Impairment as a percentage of revenue was 26.6% with credit quality stable despite the strong growth in credit issued. Finance costs were 10% of revenue and reflect the refinancing of the high-cost legacy MCB Finance debt with cheaper funding from IPF's existing facilities. Excluding the £2.4M invested in developing hapiloans in Poland, the cost-income ratio was 56%. The established legacy MCB Finance businesses in Finland and the Baltic states delivered a profit of £1.4M and we invested £2.8M in developing our businesses in Poland and Australia.

Our plans to enter the Spanish market with a digital offer are progressing well and we expect to enter the market towards the end of 2015. Based on our current plans, we expect to invest between £5M and £7M in our Digital business in 2015.

Exceptional item

The results include an exceptional charge of £4.7M of which MCB Finance integration costs are £2.5M (principally a write down of IT assets) and Spain Home Credit costs are £2.2M (principally contractual obligations and IT write offs).

Taxation

The underlying taxation charge on pre-exceptional profit for the first six months of 2015 has been based on an expected effective pre-exceptional tax rate for the full year of 27%.

Funding and balance sheet

Our funding strategy is to raise long-term debt at lower cost from diversified sources and we have a key objective of making the balance sheet work harder. We are making good progress on both fronts.

We have issued over £100M equivalent of bonds maturing in 2020 and 2021. In April we issued €100M (£72M) of bonds under our Euro Medium Term Note programme, as a tap transaction to increase the existing €300M 5.75% 2021 Eurobond to €400M – the new bonds have the same coupon and maturity. In June we issued PLN200M (£35M equivalent) of bonds due in 2020 under the Polish Medium Term Note Programme.

Our target equity to receivables capital ratio is 40% and at the end of June the capital ratio was 46.0%. Consequently, we are commencing a share buyback programme, starting today, with a view to reducing our equity to receivables ratio towards our target.

Dividend

In February, we increased the target dividend pay-out ratio to approximately 35% of post-tax earnings and the Board is pleased to declare an increase in the interim dividend of 10% to 4.6 pence per share (2014: 4.2 pence), reflecting the robust underlying trading performance. The dividend is payable on 2 October 2015 to shareholders on the register at close of business on 4 September 2015. The shares will be marked ex-dividend on 3 September 2015.

Outlook

The demand for small-sum, short-term credit for low to middle income consumers remains consistent in the majority of our markets. While the competitive environment is challenging, we are responding by increasing investment in technology and new products, brands and distribution channels which will appeal to both existing and potential new customers and increase our target market materially. We delivered increased growth as the year has progressed and we are focussed on continuing this trend in the second half of the year.

The legislative process in relation to the draft total cost of credit regulations in Poland continues and we will update the market on the outcome of the legal process and our response in due course.

Overall, we are confident of delivering a good result for our shareholders for the year as a whole.

Note

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 2015 in order to present the underlying performance variance.

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International Personal Finance will host a live webcast of its full year results presentation at 09:00hrs (BST) today – Wednesday 29 July 2015, which can be accessed at www.ipfin.co.uk/investors.

The team will also host a conference call for analysts and investors at 16:00hrs (BST) today – Wednesday 29 July 2015. An audio recording will be available at www.ipfin.co.uk/investors from 30 July 2015.

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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 2015

Consolidated income statement

	Notes	**Unaudited Six months ended 30 June 2015 £M**	Unaudited Six months ended 30 June 2014 £M	Audited Year ended 31 December 2014 £M
Revenue	4	**372.9**	394.1	783.2
Impairment	4	**(112.6)**	(130.2)	(220.0)
Revenue less impairment		**260.3**	263.9	563.2
Finance costs		**(21.5)**	(23.4)	(45.3)
Other operating costs		**(57.3)**	(57.3)	(120.0)
Administrative expenses		**(138.2)**	(136.1)	(274.4)
Total costs		**(217.0)**	(216.8)	(439.7)
Profit before taxation and exceptional items	4	**43.3**	47.1	123.5
Exceptional items	4, 6	**(4.7)**	(22.6)	(23.3)
Profit before taxation	4	**38.6**	24.5	100.2
Tax (expense)/income – UK		**-**	-	2.5
– overseas		**(11.7)**	(8.7)	(30.9)
Total tax expense	5	**(11.7)**	(8.7)	(28.4)
Profit after taxation attributable to owners of the Company		**26.9**	15.8	71.8

The profit for the period is from continuing operations.

Earnings per share - statutory

	Notes	**Unaudited Six months ended 30 June 2015 pence**	Unaudited Six months ended 30 June 2014 pence	Audited Year ended 31 December 2014 pence
Basic	7	**11.6**	6.7	30.2
Diluted	7	**11.3**	6.4	29.4

The notes to the financial information are an integral part of this consolidated financial information.

Earnings per share – adjusted for exceptional items

	Notes	**Unaudited Six months ended 30 June 2015 pence**	Unaudited Six months ended 30 June 2014 pence	Audited Year ended 31 December 2014 pence
Basic	7	**13.7**	14.5	38.0

Dividend per share

	Notes	**Unaudited Six months ended 30 June 2015 pence**	Unaudited Six months ended 30 June 2014 pence	Audited Year ended 31 December 2014 pence
Interim dividend	8	**4.6**	4.2	4.2
Final dividend	8	**-**	-	7.8
Total dividend		**4.6**	4.2	12.0

Dividends paid

	Notes	**Unaudited Six months ended 30 June 2015 £M**	Unaudited Six months ended 30 June 2014 £M	Audited Year ended 31 December 2014 £M
Interim dividend of 4.6 pence (2014: interim dividend of 4.2 pence) per share	8	**-**	-	9.8
Final 2014 dividend of 7.8 pence (2014: final 2013 dividend of 5.5 pence) per share	8	**18.0**	13.1	13.1
Total dividends paid		**18.0**	13.1	22.9

Consolidated statement of comprehensive income

	Unaudited Six months ended 30 June 2015 £M	Unaudited Six months ended 30 June 2014 £M	Audited Year ended 31 December 2014 £M
Profit after taxation attributable to owners of the Company	**26.9**	15.8	71.8
Other comprehensive (expense)/income			
Items that may subsequently be reclassified to income statement			
Exchange losses on foreign currency translations	**(29.1)**	(19.7)	(42.3)
Net fair value (losses)/gains – cash flow hedges	**(0.1)**	0.4	1.1
Tax credit/(charge) on items that may be reclassified	**0.2**	-	(0.2)
Items that will not subsequently be reclassified to income statement			
Actuarial gains/(losses) on retirement benefit asset/obligation	**1.0**	(1.5)	(1.5)
Tax (charge)/credit on items that will not be reclassified	**(0.2)**	0.3	0.3
Other comprehensive expense net of taxation	**(28.2)**	(20.5)	(42.6)
Total comprehensive (expense)/income for the period attributable to owners of the Company	**(1.3)**	(4.7)	29.2

The notes to the financial information are an integral part of this consolidated financial information.

Consolidated balance sheet

	Notes	**Unaudited 30 June 2015 £M**	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M
Assets				
Non-current assets				
Goodwill	16	**19.5**	-	-
Intangible assets	9	**19.2**	1.4	10.1
Property, plant and equipment	10	**25.0**	28.2	28.2
Deferred tax assets		**66.5**	66.8	73.7
Retirement benefit asset	13	**0.1**	-	-
		130.3	96.4	112.0
Current assets				
Amounts receivable from customers				
- due within one year		**686.0**	717.7	723.9
- due in more than one year		**65.7**	39.6	36.6
	11	**751.7**	757.3	760.5
Derivative financial instruments		**8.4**	3.9	5.8
Cash and cash equivalents		**51.7**	80.1	68.8
Other receivables		**27.5**	18.6	14.1
Current tax assets		**-**	-	1.6
		839.3	859.9	850.8
Total assets	4	**969.6**	956.3	962.8
Liabilities				
Current liabilities				
Borrowings	12	**(35.2)**	(43.2)	(73.7)
Derivative financial instruments		**(3.0)**	(4.2)	(2.7)
Trade and other payables		**(93.3)**	(86.4)	(95.3)
Current tax liabilities		**(14.8)**	(14.1)	(22.9)
		(146.3)	(147.9)	(194.6)
Non-current liabilities				
Retirement benefit obligation	13	**-**	(1.9)	(2.0)
Borrowings	12	**(477.5)**	(437.4)	(404.6)
		(477.5)	(439.3)	(406.6)
Total liabilities	4	**(623.8)**	(587.2)	(601.2)
Net assets		**345.8**	369.1	361.6
Equity attributable to owners of the Company				
Called-up share capital		**24.0**	24.0	24.0
Other reserve		**(22.5)**	(22.5)	(22.5)
Foreign exchange reserve		**(61.6)**	(9.9)	(32.5)
Hedging reserve		**0.5**	(0.1)	0.4
Own shares		**(37.1)**	(12.5)	(43.1)
Capital redemption reserve		**1.7**	1.7	1.7
Retained earnings		**440.8**	388.4	433.6
Total equity		**345.8**	369.1	361.6

The notes to the financial information are an integral part of this consolidated financial information.

Consolidated statement of changes in equity

	Unaudited				
	Called-up share capital £M	Other reserve £M	Other reserves * £M	Retained earnings £M	Total equity £M
At 1 January 2014	24.0	(22.5)	8.0	384.4	393.9
Comprehensive income					
Profit after taxation for the period	-	-	-	15.8	15.8
Other comprehensive (expense)/income					
Exchange losses on foreign currency translation	-	-	(19.7)	-	(19.7)
Net fair value gains – cash flow hedges	-	-	0.4	-	0.4
Actuarial losses on retirement benefit obligation	-	-	-	(1.5)	(1.5)
Tax credit on other comprehensive expense	-	-	-	0.3	0.3
Total other comprehensive expense	-	-	(19.3)	(1.2)	(20.5)
Total comprehensive (expense)/income for the period	-	-	(19.3)	14.6	(4.7)
Transactions with owners					
Share-based payment adjustment to reserves	-	-	-	3.6	3.6
Own shares acquired	-	-	(10.6)	-	(10.6)
Shares granted from treasury and employee trust	-	-	1.1	(1.1)	-
Dividends paid to Company shareholders	-	-	-	(13.1)	(13.1)
At 30 June 2014	24.0	(22.5)	(20.8)	388.4	369.1
At 1 July 2014	24.0	(22.5)	(20.8)	388.4	369.1
Comprehensive income					
Profit after taxation for the period	-	-	-	56.0	56.0
Other comprehensive (expense)/income					
Exchange losses on foreign currency translation	-	-	(22.6)	-	(22.6)
Net fair value gains – cash flow hedges	-	-	0.7	-	0.7
Actuarial gains on retirement benefit obligation	-	-	-	-	-
Tax charge on other comprehensive income	-	-	(0.2)	-	(0.2)
Total other comprehensive expense	-	-	(22.1)	-	(22.1)
Total comprehensive (expense)/income for the period	-	-	(22.1)	56.0	33.9
Transactions with owners					
Share-based payment adjustment to reserves	-	-	-	3.9	3.9
Deferred tax on share-based payment transactions	-	-	-	(0.7)	(0.7)
Own shares acquired	-	-	(34.5)	(0.3)	(34.8)
Shares granted from treasury and employee trust	-	-	3.9	(3.9)	-
Dividends paid to Company shareholders	-	-	-	(9.8)	(9.8)
At 31 December 2014	24.0	(22.5)	(73.5)	433.6	361.6

Consolidated statement of changes in equity (continued)

	Unaudited				
	Called-up share capital £M	Other reserve £M	Other reserves * £M	Retained earnings £M	Total equity £M
At 1 January 2015	**24.0**	**(22.5)**	**(73.5)**	**433.6**	**361.6**
Comprehensive income					
Profit after taxation for the period	**-**	**-**	**-**	**26.9**	**26.9**
Other comprehensive (expense)/income					
Exchange losses on foreign currency translation (note 17)	**-**	**-**	**(29.1)**	**-**	**(29.1)**
Net fair value losses – cash flow hedges	**-**	**-**	**(0.1)**	**-**	**(0.1)**
Actuarial gains on retirement benefit asset	**-**	**-**	**-**	**1.0**	**1.0**
Tax credit/(charge) on other comprehensive (expense)/income	**-**	**-**	**0.2**	**(0.2)**	**-**
Total other comprehensive (expense)/income	**-**	**-**	**(29.0)**	**0.8**	**(28.2)**
Total comprehensive (expense)/ income for the period	**-**	**-**	**(29.0)**	**27.7**	**(1.3)**
Transactions with owners					
Share-based payment adjustment to reserves	**-**	**-**	**-**	**3.5**	**3.5**
Own shares acquired	**-**	**-**	**-**	**-**	**-**
Shares granted from treasury and employee trust	**-**	**-**	**6.0**	**(6.0)**	**-**
Dividends paid to Company shareholders	**-**	**-**	**-**	**(18.0)**	**(18.0)**
At 30 June 2015	**24.0**	**(22.5)**	**(96.5)**	**440.8**	**345.8**

* Includes foreign exchange reserve, hedging reserve, own shares and capital redemption reserve.

Consolidated cash flow statement

	Notes	**Unaudited Six months ended 30 June 2015 £M**	Unaudited Six months ended 30 June 2014 £M	Audited Year ended 31 December 2014 £M
Cash flows from operating activities				
Cash generated from operating activities	15	**50.9**	35.3	121.7
Finance costs paid		**(27.8)**	(26.2)	(43.0)
Income tax paid		**(18.6)**	(22.2)	(44.8)
Net cash generated from/(used in) operating activities		**4.5**	(13.1)	33.9
Cash flows (used in)/generated from investing activities				
Acquisition of subsidiary, net of cash and cash equivalents acquired	16	**(53.0)**	-	-
Purchases of intangible assets	9	**(8.3)**	-	(9.3)
Purchases of property, plant and equipment	10	**(3.5)**	(6.0)	(11.6)
Proceeds from sale of property, plant and equipment		**0.4**	0.2	0.3
Net cash used in investing activities		**(64.4)**	(5.8)	(20.6)
Net cash (used in)/generated from operating and investing activities		**(59.9)**	(18.9)	13.3
Cash flows from financing activities				
Proceeds from borrowings		**141.1**	287.6	289.3
Repayment of borrowings		**(78.0)**	(188.4)	(190.1)
Dividends paid to Company shareholders	8	**(18.0)**	(13.1)	(22.9)
Acquisition of own shares		**-**	(10.6)	(45.4)
Cash received on share options exercised		**-**	-	0.9
Net cash generated from financing activities		**45.1**	75.5	31.8
Net (decrease)/increase in cash and cash equivalents		**(14.8)**	56.6	45.1
Cash and cash equivalents at beginning of period		**68.8**	24.6	24.6
Exchange losses on cash and cash equivalents		**(2.3)**	(1.1)	(0.9)
Cash and cash equivalents at end of period		**51.7**	80.1	68.8

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2015

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 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 2014, 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 29 July 2015.

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 2014 were approved by the Board on 25 February 2015 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 Board has reviewed the budget for the year to 31 December 2015 and the forecasts for the four years to 31 December 2019 which include projected profits, cash flows, borrowings and headroom against facilities. The Group's committed funding through a combination of bonds and committed bank facilities, combined with a successful track record of accessing debt funding markets, is sufficient to fund the planned growth of our existing operations and new markets for the foreseeable future. Taking these factors into account the Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the Board has adopted the going concern basis in preparing this Half-year Financial Report.

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 2014 and are detailed in those Financial Statements.

There are no new standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning 1 January 2015.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2015 (continued)

1. Basis of preparation (continued)

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

- IFRS 9 'Financial instruments'. This standard replaces IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and will affect the Group's accounting for its financial assets. The mandatory implementation date for this standard is 1 January 2018 however it has not yet been endorsed by the European Union. The Group is in the process of assessing IFRS 9's full impact;
- Amendments to IFRS 10 and IAS 28 'Sale or contribution of assets between an investor and its associate or joint venture';
- IFRS 11 (amendment) 'Accounting for acquisitions of interests in joint operations';
- IFRS 14 'Regulatory deferral accounts';
- IFRS 15 'Revenue from contracts with customers';
- Amendments to IAS 16 and IAS 38 'Clarification of acceptable methods of depreciation and amortisation';
- Amendments to IAS 16 and IAS 41 'Agriculture: bearer plants';
- IAS 27 'Equity method in separate Financial Statements; and
- Annual improvements to IFRSs: 2012-2014 cycle.

2. Principal risks and uncertainties

We operate a formal risk management process, the details of which are set out on page 64 of the Financial Statements for the year ended 31 December 2014. Details of our principal risks can be found on pages 50 to 53 of the Financial Statements and are summarised below:

- the risk that we suffer losses or fail to optimise profitable growth due to a failure to operate in compliance with, or effectively anticipate changes in, all applicable laws and regulations, or an external party interpreting these in a different way;
- the risk that we suffer losses or fail to optimise profitable growth through not responding to the competitive environment or failing to ensure our proposition meets customer needs;
- the risk that we suffer financial or reputational damage due to our methods of operation, ill-informed comment or malpractice;
- the risk of personal accident or assault of our agents or employees;
- the risk that our strategy is impacted due to not having sufficient depth and quality of people or being unable to retain key people and treat them in accordance with our values and ethical standards;
- the risk that we suffer losses or fail to optimise profitable growth due to a failure of our systems, suppliers or processes, or due to the loss or theft of sensitive information;
- the risk that we suffer additional taxation or financial penalties associated with failure to comply with tax legislation or adopting an interpretation of the law which cannot be sustained;
- the risk that we suffer losses or fail to optimise profitable growth due to a failure to manage change in an effective manner; and
- the risk that we suffer financial loss as a result of a failure to identify and adapt to changing economic conditions adequately.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2015 (continued)

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

Following the acquisition of MCB Finance Group plc and the launch of hapiloans in Poland, the Board undertook a review of the reporting segments that it will use to assess the Group's performance going forward. We will now report by business line - Home Credit and Digital; and by geographic region within the Home Credit business – Poland-Lithuania; Czech-Slovakia; Southern Europe (Hungary, Romania and Bulgaria); and Mexico. Spain is also reported separately following our decision to lead our market entry with a digital offering as reported in our Q1 trading update.

	Unaudited Six months ended 30 June 2015 £M	Unaudited Six months ended 30 June 2014 £M	Audited Year ended 31 December 2014 £M
Revenue			
Poland-Lithuania	**137.3**	158.0	308.8
Czech-Slovakia	**56.2**	71.4	136.9
Southern Europe	**80.1**	88.5	177.2
Mexico	**86.9**	76.2	160.3
Digital	**12.4**	-	-
	372.9	394.1	783.2
Impairment			
Poland-Lithuania	**40.3**	53.1	84.2
Czech-Slovakia	**16.1**	23.9	42.0
Southern Europe	**25.5**	29.5	44.2
Mexico	**27.4**	23.7	49.6
Digital	**3.3**	-	-
	112.6	130.2	220.0
Profit before taxation			
Poland-Lithuania	**28.3**	28.5	71.0
Czech-Slovakia	**9.4**	11.2	24.3
Southern Europe	**6.9**	7.5	28.9
Mexico	**8.6**	6.6	16.5
Spain	**(1.8)**	-	(2.0)
Digital	**(1.4)**	-	-
UK costs[1]	**(6.7)**	(6.7)	(15.2)
Profit before taxation and exceptional items	**43.3**	47.1	123.5
Exceptional items[1] (note 6)	**(4.7)**	(22.6)	(23.3)
Profit before taxation	**38.6**	24.5	100.2

[1] Although UK costs and exceptional items 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 2015 (continued)

4. Segment analysis (continued)

Segment assets	Unaudited 30 June 2015 £M	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M
Poland-Lithuania	**313.2**	330.6	322.0
Czech-Slovakia	**163.3**	182.3	176.0
Southern Europe	**163.5**	192.4	192.8
Mexico	**196.1**	167.5	183.3
Spain	**1.1**	-	1.1
Digital	**49.0**	-	-
UK[2]	**83.4**	83.5	87.6
Total	**969.6**	956.3	962.8

Segment liabilities	Unaudited 30 June 2015 £M	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M
Poland-Lithuania	**130.5**	108.6	135.9
Czech-Slovakia	**106.5**	133.2	121.7
Southern Europe	**92.1**	100.5	97.2
Mexico	**152.3**	124.9	134.7
Spain	**6.2**	-	1.7
Digital	**44.1**	-	-
UK[2]	**92.1**	120.0	110.0
Total	**623.8**	587.2	601.2

[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 and liabilities.

5. Tax expense

The underlying taxation charge on pre-exceptional profit for the first six months of 2015 has been based on an expected effective pre-exceptional tax rate for the full year of 27% (30 June 2014: 27%, 31 December 2014: 27%).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2015 (continued)

6. Exceptional items

The income statement includes an exceptional charge of £4.7M of which MCB integration costs are £2.5M (principally a write down of IT assets) and Spain Home Credit costs are £2.2M (principally contractual obligations and IT write offs).

The exceptional charge in 2014 included a £22.6M loss on the buyback of €190.2M (£152.5M at 30 June 2014) of 11.5% Eurobonds due 2015. The exceptional item arose because the Eurobonds were bought back at a premium to par value.

7. Earnings per share

	Unaudited Six months ended 30 June 2015 pence	Unaudited Six months ended 30 June 2014 pence	Audited Year ended 31 December 2014 pence
Basic EPS	**11.6**	6.7	30.2
Dilutive effect of awards	**(0.3)**	(0.3)	(0.8)
Diluted EPS	**11.3**	6.4	29.4

Basic earnings per share ('EPS') is calculated by dividing the earnings attributable to shareholders of £26.9M (30 June 2014: £15.8M, 31 December 2014: £71.8M) by the weighted average number of shares in issue during the period of 231.4M which has been adjusted to exclude the weighted average number of shares held in treasury and by the employee trust (30 June 2014: 237.5M, 31 December 2014: 237.6M).

For diluted EPS the weighted average number of shares has been adjusted to 238.9M (30 June 2014: 245.6M, 31 December 2014: 244.4M) to assume conversion of all dilutive potential ordinary share options relating to employees of the Group.

The adjusted earnings per share, of 13.7 pence (30 June 2014: 14.5 pence, 31 December 2014: 38.0 pence), shown in the financial highlights of this report has been presented before exceptional items, in order to better present the underlying performance of the Group.

8. Dividends

The final dividend for 2014 of 7.8 pence per share was paid to shareholders on 8 May 2015 at a total cost to the Group of £18.0M. The directors propose an interim dividend in respect of the financial year ended 31 December 2015 of 4.6 pence per share payable to shareholders who are on the register at close of business on 4 September 2015. This will amount to a total dividend payment of £10.7M based upon the number of shares in issue and ranking for dividends as at 30 June 2015. This dividend is not reflected as a liability in the balance sheet as at 30 June 2015.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2015 (continued)

9. Intangible assets

	Unaudited 30 June 2015 £M	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M
Net book value at start of period	**10.1**	1.8	1.8
Exchange adjustments	**(0.2)**	-	-
Acquisition of subsidiary (note 16)	**6.0**	-	-
Additions	**8.3**	-	9.3
Disposals	**(3.2)**	-	-
Amortisation	**(1.8)**	(0.4)	(1.0)
Net book value at end of period	**19.2**	1.4	10.1

10. Property, plant and equipment

	Unaudited 30 June 2015 £M	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M
Net book value at start of period	**28.2**	28.8	28.8
Exchange adjustments	**(1.0)**	(0.6)	(1.5)
Acquisition of subsidiary (note 16)	**0.1**	-	-
Additions	**3.5**	6.0	11.6
Disposals	**(0.4)**	(0.2)	(0.4)
Charge to the income statement	**(5.4)**	(5.8)	(10.3)
Net book value at end of period	**25.0**	28.2	28.2

As at 30 June 2015 the Group had £8.1M of capital expenditure commitments with third parties that were not provided for (30 June 2014: £4.4M, 31 December 2014: £7.1M).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2015 (continued)

11. Amounts receivable from customers

All lending is in the local currency of the country in which the loan is issued. The currency profile of amounts receivable from customers is as follows:

	Unaudited 30 June 2015 £M	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M
Polish zloty	**285.6**	298.2	293.3
Czech crown	**87.9**	106.2	100.3
Euro*	**86.3**	53.4	51.9
Hungarian forint	**92.5**	104.7	109.5
Romanian leu	**56.0**	69.6	68.4
Lithuanian litas	**-**	1.1	2.3
Bulgarian lev	**3.8**	1.1	2.3
Mexican peso	**139.1**	123.0	132.5
Australian dollar	**0.5**	-	-
Total receivables	**751.7**	757.3	760.5

*Includes receivables in Slovakia, Lithuania, Latvia, Finland and Estonia.

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 118% which consists of a Home Credit average of 120% and Digital of 74% (30 June 2014: 122%, 31 December 2014: 121%). All amounts receivable from customers are at fixed interest rates. The average period to maturity of the amounts receivable from customers is 6.0 months (30 June 2014: 5.7 months, 31 December 2014: 5.6 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 £219.2M (6 months ended 30 June 2014: £229.5M, 12 months ended 31 December 2014: £458.6M).

12. Borrowings

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

	Unaudited 30 June 2015 £M	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M
Repayable			
- in less than one year	**35.2**	43.2	73.7
- between one and two years	**12.3**	36.1	14.1
- between two and six years	**465.2**	401.3	390.5
	477.5	437.4	404.6
Total borrowings	**512.7**	480.6	478.3

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

	Unaudited 30 June 2015 £M	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M
Repayable			
- on demand	**13.5**	13.8	14.0
- in less than one year	**62.1**	163.9	88.0
- between one and two years	**48.7**	53.3	42.1
- between two and six years	**558.7**	445.9	506.0
Total facilities	**683.0**	676.9	650.1

13. Retirement benefit asset

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

	Unaudited 30 June 2015 £M	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M
Equities	**20.8**	19.1	19.5
Bonds	**9.4**	8.5	9.2
Index-linked gilts	**8.1**	7.1	8.1
Other	**0.3**	0.1	0.1
Total fair value of scheme assets	**38.6**	34.8	36.9
Present value of funded defined benefit obligations	**(38.5)**	(36.7)	(38.9)
Net asset/(obligation) recognised in the balance sheet	**0.1**	(1.9)	(2.0)

The charge recognised in the income statement in respect of defined benefit pension costs is £nil (6 months ended 30 June 2014: £nil, 12 months ended 31 December 2014: £nil).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2015 (continued)

14. 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 2014 and 31 December 2014: 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 2015 £M	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M	**Unaudited 30 June 2015 £M**	Unaudited 30 June 2014 £M	Audited 31 December 2014 £M
Financial assets						
Amounts receivable from customers	**751.7**	757.3	760.5	**1,017.9**	1,030.0	1,078.3
	751.7	757.3	760.5	**1,017.9**	1,030.0	1,078.3
Financial liabilities						
Bonds	**505.4**	474.4	462.4	**500.5**	489.7	452.1
Bank borrowings	**7.3**	6.2	15.9	**7.3**	6.2	15.9
	512.7	480.6	478.3	**507.8**	495.9	468.0

The fair value of amounts receivable from customers has been derived by discounting expected future cash flows (as used to calculate the carrying value of amounts due from customers), net of agent 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.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2015 (continued)

14. Fair values of financial assets and liabilities (continued)

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.

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

	Unaudited Six months ended 30 June 2015 £M	Unaudited Six months ended 30 June 2014 £M	Audited Year ended 31 December 2014 £M
Profit after taxation	**26.9**	15.8	71.8
Adjusted for			
Tax charge	**11.7**	8.7	28.4
Finance costs	**21.5**	23.4	45.3
Share-based payment charge	**3.5**	2.9	4.9
Amortisation of intangible assets (note 9)	**1.8**	0.4	1.0
Loss on disposal of intangible assets	**3.2**	-	-
Depreciation of property, plant and equipment (note 10)	**5.4**	5.8	10.3
Loss on disposal of property, plant and equipment	**-**	-	0.1
Changes in operating assets and liabilities			
Amounts receivable from customers	**(11.3)**	(4.7)	(36.3)
Other receivables	**(12.9)**	(9.3)	(1.9)
Trade and other payables	**4.5**	(10.5)	(2.2)
Retirement benefit asset/obligation	**(1.1)**	(0.5)	(0.4)
Derivative financial instruments	**(2.3)**	3.3	0.7
Cash generated from operating activities	**50.9**	35.3	121.7

16. Acquisitions

On 6 February 2015 the Group acquired 100% of the issued share capital of MCB Finance Group plc ('MCB'), a profitable digital consumer finance provider established in 2006, for a cash consideration of £23.2M.

The allocation of the consideration has been subject to a preliminary purchase price allocation exercise during the period. The excess of consideration over the net assets acquired has been allocated to goodwill. Further fair value adjustments to the opening balance sheet of MCB may occur in the second half of the year.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2015 (continued)

16. Acquisitions (continued)

Goodwill represents MCB's digitally knowledgeable and experienced management team who can help accelerate the development of the Group's digital lending business across new geographies. Additionally we expect the launch of our digital channel will open up new geographies which are not economically viable for a home credit operation or where an agent-led offer is not compelling to potential customers. The business combination also provides attractive growth opportunities as MCB will also benefit from the Group's investment support and access to cheaper funding to enable the business to grow at a faster rate with lower funding costs.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The net assets acquired and goodwill (presented at the exchange rate at the acquisition date) are as follows:

	Net book value £M	Fair value adjustments £M	Fair value £M
Recognised amounts of identifiable assets acquired and liabilities assumed			
Intangible assets	**1.9**	**4.1**	**6.0**
Property, plant and equipment	**0.1**	**-**	**0.1**
Amounts receivable from customers	**33.9**	**(0.6)**	**33.3**
Cash and cash equivalents	**2.2**	**-**	**2.2**
Other receivables	**0.2**	**-**	**0.2**
Borrowings	**(32.0)**	**-**	**(32.0)**
Trade and other payables	**(3.8)**	**-**	**(3.8)**
Deferred tax liability	**(0.6)**	**(1.0)**	**(1.6)**
Current tax liabilities	**(0.7)**	**-**	**(0.7)**
	1.2	**2.5**	**3.7**
Goodwill			**19.5**
Total consideration			**23.2**
Cash consideration			**23.2**
Cash acquired			**(2.2)**
Borrowings assumed			**32.0**
Net cash outflow in respect of acquisition			**53.0**

The fair value of financial assets includes amounts receivable from customers with a fair value of £33.3M and a gross contractual value of £57.5M. The best estimate at the acquisition date of the gross contractual cash flows not likely to be collected was £3.4M.

For the period between the date of purchase and 30 June 2015, MCB contributed £11.9M to the Group's revenue, and £1.0M to the Group's profit before tax. Had the Group completed the purchase of MCB on the first day of the financial year, Group revenue would have been £2.8M higher than the reported results whilst Group profit before tax would not have been materially different.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2015 (continued)

17. Foreign exchange rates

The table below shows the average exchange rates for the relevant reporting periods and closing exchange rates at the relevant period ends.

	Average H1 2015	**Closing June 2015**	Average H1 2014	Closing June 2014	Average Year 2014	Closing December 2014
Polish zloty	**5.7**	**5.8**	5.1	5.2	5.2	5.5
Czech crown	**37.8**	**38.1**	33.4	34.3	34.2	35.6
Euro	**1.4**	**1.4**	1.2	1.3	1.2	1.3
Hungarian forint	**421.5**	**437.9**	375.5	382.0	385.0	407.0
Romanian leu	**6.1**	**6.3**	5.4	5.5	5.5	5.8
Bulgarian lev	**2.7**	**2.7**	2.4	2.4	2.4	2.5
Mexican peso	**23.3**	**24.4**	21.9	22.1	22.0	23.0
Lithuania litas	**-**	**-**	4.2	4.3	4.3	4.4
Australian dollar	**2.0**	**2.0**	-	-	-	-

The £29.1M 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 2014 and June 2015 shown in the table above.

18. Contingent liabilities

The Group's Polish business received a notice from the Polish Office of Consumer Protection and Competition ('UOKiK') in December 2013 stating that the way it calculates APRs amounts to a collective infringement of consumer interests and issued a fine of PLN 12.4M (£2.4M). UOKiK believes that the fee for the optional home service and an associated additional preparatory fee should be included in the total cost of credit and, therefore, the APR figure. On the basis of legal advice received, the Group believes that it is calculating the total cost of credit and APR correctly and has appealed against the decision. Consequently the Group has not made a provision in this Half-year Financial Report for the cost of the fine because it does not believe it constitutes a probable cash outflow from the Group.

Responsibility statement

The following statement is given by each of the directors: namely; Dan O'Connor, Chairman; Gerard Ryan, Chief Executive Officer; Adrian Gardner, Chief Financial Officer; David Broadbent, Chief Commercial Officer; Jayne Almond, non-executive director; Tony Hales, non-executive director; John Mangelaars, non-executive director; Richard Moat, non-executive director; Nicholas Page, non-executive director and Cathryn Riley, 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 review 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 2015 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 18. 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 2015 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
29 July 2015