International Personal Finance

Interim Management Report for the six months ended 30 June 2008

International Personal Finance

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International Personal Finance plc
Interim management report for the six months ended 30 June 2008

Operating and financial highlights

- Profit before tax up by 39.0% to £22.1 million (June 2007: £15.9 million*)
- Central European profit before tax up 37.9% with underlying, local currency, profit growth of 15.9% augmented by favourable foreign exchange rates
- Credit quality stable with group underlying annualised impairment at 21.9% of revenue (December 2007: 21.8%)
- Mexico improving as expected with credit quality now as good as in Central Europe: On track for profit in 2009
- Earnings per share up by 39.6% to 6.03 pence (June 2007: 4.32 pence*)
- Interim dividend per share up by 21.1% to 2.30 pence (June 2007: 1.90 pence)
- Strong balance sheet: total equity represents 46.6% of receivables, and substantial headroom on committed bank facilities sufficient to fund growth through to Spring 2010

Chairman Christopher Rodrigues commented:

"We are pleased with our performance in the first half, with steady growth, good credit quality and tight cost control driving strong underlying growth in profits. We are well funded and the favourable Central European foreign exchange rates we have locked in for the second half will continue to provide a substantial uplift. We have made good progress in our first year as an independent group and expect to make further good progress in the second half."

* Stated on a pro forma basis

Summary

Certain comparative information included in this interim management report is stated on a pro forma basis including the adjustments required to present the results as if International Personal Finance plc (IPF or the Group) had operated as a stand alone entity throughout the comparative periods. The statutory profit before taxation for the six months to 30 June 2007 was £12.3 million and the EPS for the six months to 30 June 2007 was 3.15 pence. Further information on the pro forma adjustments is presented in note 15 of this report.

Percentage change figures for all performance measures, other than profit or loss before taxation and earnings per share, unless stated otherwise, are quoted after restating prior year figures at a constant exchange rate (CER) for 2008 in order to present the underlying performance variance.

Profit before taxation	**30 June 2008 £m**	30 June 2007[†] £m	Change £m	Change %	Change at CER[‡] %
Central Europe	**42.9**	31.1	11.8	37.9	15.9
UK central costs	**(6.4)**	(6.4)	-	-	-
Established businesses	**36.5**	24.7	11.8	47.8	19.3
Mexico	**(5.4)**	(6.9)	1.5	21.7	20.6
Romania	**(4.8)**	(1.9)	(2.9)	(152.6)	(152.6)
Russia	**(2.2)**	-	(2.2)	-	-
Developing markets	**(12.4)**	(8.8)	(3.6)	(40.9)	(42.5)
Profit before taxation and fair value losses on foreign currency contracts	**24.1**	15.9	8.2	51.6	10.0
Fair value losses on foreign currency contracts	**(2.0)**	-	(2.0)	-	
Profit before taxation	**22.1**	15.9	6.2	39.0	

The performance of IPF in the first half of 2008 has been good; our Central European businesses delivered strong underlying pre-tax profit growth of 15.9% and this was enhanced by favourable exchange rates. As a result pre-tax profit for Central Europe grew by 37.9%. We held our UK central costs constant at £6.4 million and this helped the profit from our established markets to grow by 47.8%, reaching £36.5 million.

The improving performance in Mexico was encouraging. The loss for the first six months of 2008 reduced by 21.7% (£1.5 million) to £5.4 million and, critically, credit quality is now at a satisfactory level, with impairment as a percentage of revenue for the first half of 2008 down to 34.6% compared with 43.9% for the same period of 2007. At each stage of customer

[†] Stated on a pro forma basis
[‡] CER = constant exchange rates

development, first loan, second loan, etc, credit quality in Mexico is now comparable to or better than the Central European markets. Having achieved this, our focus shifted towards stronger but controlled growth in customer numbers and receivables and, after a slow start to the year, we added 14,000 customers in the second quarter. Mexico remains on track to report a profit for 2009.

The development of our Romanian business continues to progress well and it now has over 50,000 customers. In the first half we opened a further seven branches, taking our branch infrastructure to 14, and we commenced national TV advertising. Credit quality remains good. The investment in start-up losses in the first half of 2008 was £4.8 million and is in line with our expectations. Romania remains on track to generate a profit in 2010.

Our pilot operation in Russia is about to commence trading. During the first half we have opened our head office and our first branch in Moscow, recruited a local team, and also transferred the banking operations and licence to Moscow. As a result we expect to issue our first loans in the next few weeks using pre-paid Visa debit cards.

Our research on potential new markets continues to progress well. At this stage, and subject to finalisation of the research in the next few months, we expect the Ukraine to be our next market entry in the first half of next year.

Central European currencies have appreciated strongly against sterling since the end of 2007 and in May 2008 we put in place derivative foreign currency contracts to provide certainty of the exchange rates for reporting the second half results. Cover was put in place for 90% of the expected second half profit with the result that the effective exchange rates used for the translation of 2008 profits as a whole will be approximately 20% more favourable than those used in 2007. These contracts have been recorded at fair value at 30 June 2008, giving rise to a charge of £2.0 million, as a result of further appreciation against sterling. This charge will unwind in the second half as the contracts mature.

Details of the rates used to translate first half profits, along with rates at 30 June 2008 and contracted rates for the second half of 2008 are included in note 14.

Overall, first half pre-tax profit increased by 51.6% to £24.1 million before the fair value losses on foreign currency contracts and, after them, increased by 39% to £22.1 million. This is a good result and a strong platform for a good performance for the full year.

Taxation

The taxation charge for the first six months of 2008 is £6.6 million which at 30.0% of pre-tax profit represents the Group's best estimate of the effective rate of taxation for the year.

Dividend

An interim dividend of 2.30 pence has been declared, which represents growth of 21.1% compared with the 2007 interim dividend of 1.90 pence. This growth is less than the rate of earnings growth and is consistent with our policy of moving towards a 25% pay out ratio over the medium term. The dividend is payable on 3 October 2008 to shareholders on the register at close of business on 5 September 2008. The shares will be marked ex-dividend on 3 September 2008.

Balance sheet

The Group's balance sheet remains strong with 46.6% of net receivables backed by equity. Gearing, calculated as borrowings divided by shareholders' equity, is 1.6 times, a reduction on the previous level of 1.8 times reported at December 2007. Net assets at 30 June 2008 were £243.5 million, an increase of £39.9 million since December 2007.

Funding

At 30 June 2008 the Group had headroom of £243.2 million on its committed banking facilities and has funding in place to support the planned growth in the business to Spring 2010. Work continues on diversifying funding sources and increasing the maturity profile of existing facilities.

Regulation

As expected, the Slovakian government has now implemented legislation which introduces a cap on charges for loans and this came into force from the beginning of July. We have adapted our product accordingly and, as in Poland, now offer agent collection as an optional service. We do not expect any adverse impact on profitability.

Principal business risks

The board does not believe that the Group's principal business risks have changed since the publication of the annual report and financial statements for 2007. This document can be found on the corporate website at www.ipfin.co.uk.

Prospects

We are making good progress in all of our markets and have funding through to Spring 2010. Importantly there are few signs of the problems in the world economy feeding into our markets.

In Central Europe we expect a strong underlying performance in the second half, with good volume growth combined with stable credit quality and tight cost control. The favourable Central European foreign exchange rates we have locked in for the second half will continue to provide a substantial uplift.

In Mexico we expect stronger volume growth in the second half with reduced losses and we remain on track to report a profit for 2009.

We will continue to expand our operation in Romania and expect continued high levels of growth. Our expectation for start-up losses for this year remains in the range of £6 million to £7 million.

We will commence trading in Russia very shortly and expect start-up losses of £5 million to £6 million for this year, as previously indicated.

Overall, the prospects for IPF remain good.

Operating review

A review of the performance in each of our markets is included in this section of our interim management report.

Central Europe

	30 June 2008 £m	30 June 2007 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**1,602**	1,542	60	3.9	3.9
Credit issued	**336.4**	252.6	83.8	33.2	7.8
Average net receivables	**443.5**	316.6	126.9	40.1	14.2
Revenue	**234.8**	173.1	61.7	35.6	9.9
Impairment	**(53.0)**	(34.2)	(18.8)	(55.0)	(27.4)
Revenue less impairment	**181.8**	138.9	42.9	30.9	5.6
Finance costs	**(12.0)**	(10.1)[§]	(1.9)	(18.8)	1.6
Agents' commission	**(32.3)**	(23.9)	(8.4)	(35.1)	(9.9)
Other costs	**(94.6)**	(73.8)	(20.8)	(28.2)	(1.2)
Profit before taxation	**42.9**	31.1	11.8	37.9	15.9

The Central European businesses have reported good results in the first half with profit before taxation increasing by 37.9% (£11.8 million) to £42.9 million. This represents underlying profit growth, before the translation impact of favourable exchange rates, of 15.9%.

Customer numbers increased steadily, up by 3.9% and now exceed 1.6 million. This increase in customer numbers, combined with an increase in average issue per customer of 3.2%, led to an increase in credit issued of 7.8%. Following strong growth in the second half of 2007 average receivables grew by 14.2% and this led to an increase in revenue of 9.9% to £234.8 million.

Credit quality remains good, with gross cash loss, being the expected total value of contractual customer repayments written off or to be written off, stable at 10.1% compared with 10.0% at December 2007 (June 2007: 9.8%). Underlying annualised impairment as a percentage of revenue, (i.e. measured over a twelve month period and stated before provision releases), is also stable at 19.8% compared with 19.9% at June 2007 and 19.2% at December 2007. The impairment charge increased by 27.4% in the first half, which reflects the growth in receivables but also a reduction in impairment provision releases of £4.0 million. The results for the first half of 2008 include the benefit of a £2.0 million release of prior year impairment provisions in Poland, compared with a £6.0 million release in the first half of 2007.

Finance costs at constant exchange rates have reduced by 1.6% compared with 2007 as the Central European business continues to generate surplus cash allowing borrowings to be repaid. On an annualised basis, finance costs represented 4.7% of revenues, which is down from 6.3% a year ago.

[§] Stated on a pro forma basis

Agents' commission costs have increased by 9.9%, which is in line with the growth in the business.

Improved cost effectiveness has been a strong driver of profit growth. Other costs, which include all back-office costs, have grown by only 1.2%, a much lower rate than the increase in revenue, as the business leverages its existing infrastructure. This has resulted in an improvement in the cost-income ratio, with other costs representing 40.3% of revenue in the first half of 2008 compared with 42.6% for the same period last year.

The performance of each country within our Central European market is reviewed below:

Poland

	30 June 2008 £m	30 June 2007 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**877**	857	20	2.3	2.3
Credit issued	**168.6**	123.8	44.8	36.2	7.4
Average net receivables	**243.5**	169.9	73.6	43.3	16.1
Revenue	**116.9**	84.9	32.0	37.7	8.7
Impairment	**(20.9)**	(9.6)	(11.3)	(117.7)	(69.9)
Revenue less impairment	**96.0**	75.3	20.7	27.5	0.8

Poland made a steady start to 2008. Customer numbers increased to 877,000 compared with 871,000 at December 2007 and this represents growth of 2.3% since June 2007. In order to accelerate growth, in the second quarter, we launched a new TV campaign and improved our lead management processes, which resulted in improved rates of customer recruitment. We expect this improvement to continue in the second half.

Credit issued increased at a faster rate, up by 7.4%. This was due to increases in loan size enabled by customers' rising disposable incomes. As a result of this and the strong growth experienced in the second half of 2007, average receivables over the period increased by 16.1% compared with the previous year. Revenue increased by 8.7%, a lower rate than the growth in receivables. This reflected an increased mix of both new customers and higher quality repeat customers offered products with slightly lower margins to promote retention.

Credit quality remains good in Poland with gross cash loss at 9.9%. This represents a small managed increase on June 2007 (9.3%) and December 2007 (9.6%) as we eased credit controls slightly following the significant tightening in 2006 and the first half of 2007. Annualised underlying impairment as a percentage of revenue at 18.5% is well below our benchmark level of 25%. This excellent credit quality has supported a £2.0 million release of impairment provisions in the first half of 2008 following the £6.0 million release in the first half of 2007.

Revenue less impairment increased by 0.8% to £96.0 million, although the underlying growth, before impairment provision releases, was 7.4%.

Czech Republic and Slovakia

	30 June 2008 £m	30 June 2007 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**402**	392	10	2.6	2.6
Credit issued	**92.6**	68.7	23.9	34.8	6.6
Average net receivables	**112.4**	82.5	29.9	36.2	6.2
Revenue	**62.1**	46.9	15.2	32.4	4.7
Impairment	**(15.2)**	(13.6)	(1.6)	(11.8)	10.1
Revenue less impairment	**46.9**	33.3	13.6	40.8	10.6

Since 2006, our Czech and Slovakian operations have been under common management and we continue to identify opportunities to merge back office operations to improve operational effectiveness and efficiencies. As these business units are now managed as one they are now reported as a single business unit.

Customer numbers have increased by 2.6% since June 2007 whilst year on year growth in credit issued was higher at 6.6%, reflecting an increase in the average loan size issued to customers in line with growth in disposable incomes. Average net receivables have increased by 6.2% and revenue by 4.7%.

Credit quality has improved with annualised underlying impairment as a percentage of revenue at June 2008 of 19.7% which represents an improvement on the position at December 2007 of 21.2% and at June 2007 of 21.9%. This reflects a gross cash loss of 9.9%, which has improved from 10.2% at June 2007 (December 2007: 9.9%).

As a result, revenue less impairment has increased by 10.6% to £46.9 million.

Hungary

	30 June 2008 £m	30 June 2007 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**323**	293	30	10.2	10.2
Credit issued	**75.2**	60.1	15.1	25.1	10.1
Average net receivables	**87.6**	64.2	23.4	36.4	20.4
Revenue	**55.8**	41.3	14.5	35.1	19.0
Impairment	**(16.9)**	(11.0)	(5.9)	(53.6)	(36.3)
Revenue less impairment	**38.9**	30.3	8.6	28.4	12.8

The Hungarian business has made good progress. Customer numbers have grown strongly year on year by 10.2%. Credit issued increased by 10.1% and average net receivables increased more strongly, up by 20.4% due to the strong growth in credit issued in the second half of 2007. Revenue increased in line with receivables growth, up by 19.0%.

Gross cash loss has increased slightly from 10.4% at June 2007 to 10.7% at December 2007 and 11.0% at June 2008. As a result annualised impairment as a percentage of revenue has increased to 22.9% at June 2008 (June 2007: 21.3%) but remains well below our benchmark of 25%. Revenue less impairment increased strongly, up by 12.8% to £38.9 million.

Developing markets

Mexico

	30 June 2008 £m	30 June 2007 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**307**	317	(10)	(3.2)	(3.2)
Credit issued	**27.0**	30.7	(3.7)	(12.1)	(14.8)
Average net receivables	**23.9**	21.1	2.8	13.3	9.1
Revenue	**21.1**	17.1	4.0	23.4	19.2
Impairment	**(7.3)**	(7.5)	0.2	2.7	5.2
Revenue less impairment	**13.8**	9.6	4.2	43.8	38.0
Finance costs	**(1.8)**	(1.9)	0.1	5.3	10.0
Agents' commission	**(2.6)**	(2.0)	(0.6)	(30.0)	(23.8)
Other costs	**(14.8)**	(12.6)	(2.2)	(17.5)	(16.5)
Loss before taxation	**(5.4)**	(6.9)	1.5	21.7	20.6

Analysed as:

	30 June 2008 £m	30 June 2007 £m	Change £m	Change %	Change at CER %
Puebla	**(2.0)**	(3.4)	1.4	41.2	39.4
Guadalajara	**(0.8)**	(0.8)	-	-	-
Head office	**(2.6)**	(2.7)	0.1	3.7	3.7
Loss before taxation	**(5.4)**	(6.9)	1.5	21.7	20.6

Good progress has been made in Mexico in the first half, continuing the improvements seen in the fourth quarter of 2007. Our primary objective in improving performance in Mexico was to achieve satisfactory credit quality and then to focus on controlled growth in customers and receivables. It is pleasing to report that credit quality is now at this satisfactory level.

Gross cash loss in the Puebla region of Mexico is now at 10.9% having reduced significantly from 15.8% a year ago (December 2007: 13.9%). Gross cash loss in the Guadalajara region is slightly higher, reflecting a higher proportion of new customers but is good and remains stable at 12.7% (December 2007: 12.9%, June 2007: 11.8%). At each stage of customer development; first loan, second loan, etc, Mexico is now comparable with or better than the Central European markets.

This improved credit quality has been the key driver of an improved result in the first half, with losses reducing by £1.5 million (21.7%) to £5.4 million.

As a result of our focus on improving credit quality, customer numbers for Mexico have reduced a little and at the half year were 307,000 compared with 317,000 at June 2007 and 312,000 at December 2007. In Puebla, customer numbers reduced from 249,000 at June 2007 to 224,000 at December 2007 and further to a low of 197,000 at the end of April 2008, but in response to our renewed focus on growth have now started to grow again, reaching 204,000 at the half year. In Guadalajara customer numbers have continued to grow consistently, increasing from 68,000 at June 2007 and 88,000 at December 2007 to 103,000 at the half year.

The overall reduction in customers, together with tighter lending policies, led to a reduction in credit issued in the first half of 14.8%. However, average net receivables have increased by 9.1% reflecting growth in the second half of last year and reduced levels of impairment. This growth, coupled with the introduction of higher margin products during 2007 has led to an increase in revenues of 19.2%.

Despite the strong increase in revenues, impairment reduced by 5.2%, as a result of the improvement in credit quality noted above. Impairment as a percentage of revenue for the first half of 2008 was 34.6% compared with 43.9% in the first half of 2007.

Overall, revenue less impairment has increased by 38.0% as a result of the improvements in both revenue and impairment.

Other costs in Mexico have increased by 16.5% in the first half. This includes full period costs in respect of two branches opened in Guadalajara in the second half of 2007, along with costs of the central collections unit implemented in the second half of 2007 and increased levels of management resource deployed during the turnaround process.

We expect to see stronger, controlled growth in both regions in the second half of the year coupled with good credit quality and a further reduction in reported losses. Mexico remains on track for profit in 2009.

Romania

	30 June 2008 £m	30 June 2007 £m	Change £m
Customer numbers (000s)	**51**	17	34
Credit issued	**10.4**	3.2	7.2
Average net receivables	**7.4**	1.9	5.5
Revenue	**4.8**	1.4	3.4
Impairment	**(1.0)**	(0.1)	(0.9)
Revenue less impairment	**3.8**	1.3	2.5
Finance costs	**(1.1)**	(0.2)	(0.9)
Agents' commission	**(0.5)**	(0.1)	(0.4)
Other costs	**(7.0)**	(2.9)	(4.1)
Loss before taxation	**(4.8)**	(1.9)	(2.9)

Our Romanian operation continues to perform well and in line with our expectations. During the first half we opened a further seven branches, taking our branch infrastructure to 14 branches. This means that we are now able to serve around 70% of the Romanian urban population and, therefore, we were in a position to cost effectively commence national TV advertising with the launch of our first national TV campaign in May. The business is growing well and at June 2008 had just over 51,000 customers, which represents an increase of 34,000 compared with June 2007. Credit issued, average net receivables and revenue all showed significant growth compared with the prior year as a result of the increased number of branches and customers.

Credit quality remains good with gross cash loss at 8.1% and annualised impairment as a percentage of revenue at 19.2%.

Total costs have increased by £5.4 million in order to support the substantial branch expansion in the second half of last year and the first half of this year, resulting in an increase in start-up losses of £2.9 million to £4.8 million. We plan to open a further two branches in the second half of 2008 and expect full year losses to be around £6 million to £7 million. We remain on track to generate a profit from Romania in 2010.

International Personal Finance plc
Condensed consolidated interim financial information for the six months ended 30 June 2008

Consolidated income statement

	Notes	**Unaudited Six months ended 30 June 2008 £m**	Unaudited Six months ended 30 June 2007 £m	Audited Year ended 31 December 2007 £m
Revenue**	5	**260.7**	191.6	409.8
Impairment	5	**(61.3)**	(41.8)	(83.2)
Revenue less impairment		**199.4**	149.8	326.6
Finance costs		**(13.9)**	(13.4)	(22.3)
Other operating costs		**(57.0)**	(37.4)	(81.6)
Administrative expenses		**(106.4)**	(86.7)	(175.7)
Total costs		**(177.3)**	(137.5)	(279.6)
Profit before taxation	5	**22.1**	12.3	47.0
Tax expense – UK		**-**	1.7	(1.9)
– Overseas		**(6.6)**	(5.9)	(12.6)
Total tax expense	6	**(6.6)**	(4.2)	(14.5)
Profit after taxation attributable to equity shareholders		**15.5**	8.1	32.5

Earnings per share

	Notes	**Unaudited Six months ended 30 June 2008 pence**	Unaudited Six months ended 30 June 2007 pence	Audited Year ended 31 December 2007 pence
Basic	7	**6.03**	3.15	12.64
Diluted	7	**6.02**	3.15	12.62

** All amounts included in revenue are defined as finance income under IFRS 7

Proposed dividend per share

	Notes	**Unaudited Six months ended 30 June 2008 pence**	Unaudited Six months ended 30 June 2007 pence	Audited Year ended 31 December 2007 pence
Interim dividend	8	**2.30**	1.90	1.90
Final dividend	8	**-**	-	2.85
Total dividend		**2.30**	1.90	4.75

Dividends paid

	Notes	**Unaudited Six months ended 30 June 2008 £m**	Unaudited Six months ended 30 June 2007 £m	Audited Year ended 31 December 2007 £m
Interim dividend of 1.90p per share	8	**-**	-	4.9
Final dividend of 2.85p per share	8	**7.3**	-	-
Total dividends paid		**7.3**	**-**	4.9

Consolidated statement of recognised income and expense

	Unaudited Six months ended 30 June 2008 £m	Unaudited Six months ended 30 June 2007 £m	Audited Year ended 31 December 2007 £m
Profit after taxation attributable to equity shareholders	**15.5**	8.1	32.5
Exchange gains on foreign currency translations	**29.5**	1.4	21.1
Net fair value gains – cash flow hedges	**3.0**	1.0	1.4
Actuarial losses on retirement benefit asset	**(1.2)**	-	(2.0)
Tax (charge)/credit on items taken directly to equity	**(0.4)**	(0.3)	0.1
Net income recognised directly in equity	**30.9**	2.1	20.6
Total recognised income for the period	**46.4**	10.2	53.1

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

Consolidated balance sheet

	Notes	**Unaudited 30 June 2008 £m**	Unaudited 30 June 2007 £m	Audited 31 December 2007 £m
Assets				
Non-current assets				
Intangible assets		**18.5**	12.6	18.7
Property, plant and equipment	9	**46.7**	34.1	40.8
Retirement benefit asset	12	**0.7**	-	1.7
Deferred tax assets		**32.6**	14.6	27.8
		98.5	61.3	89.0
Current assets				
Amounts receivable from customers				
- due within one year		**497.3**	337.3	422.7
- due in more than one year		**24.7**	17.9	20.5
	10	**522.0**	355.2	443.2
Derivative financial instruments		**4.6**	0.8	0.7
Cash and cash equivalents		**59.6**	44.6	88.8
Amounts due from Provident Financial plc		**-**	2.6	-
Trade and other receivables		**12.8**	11.2	9.0
		599.0	414.4	541.7
Total assets		**697.5**	475.7	630.7
Liabilities				
Current liabilities				
Bank borrowings	11	**(11.2)**	(96.7)	(8.8)
Derivative financial instruments		**(4.0)**	(1.3)	(0.7)
Trade and other payables		**(53.6)**	(43.3)	(50.6)
Current tax liabilities		**(7.6)**	(4.5)	(5.0)
		(76.4)	(145.8)	(65.1)
Non-current liabilities				
Bank borrowings	11	**(377.6)**	(167.8)	(362.0)
		(377.6)	(167.8)	(362.0)
Total liabilities		**(454.0)**	(313.6)	(427.1)
Net assets		**243.5**	162.1	203.6
Shareholders' equity				
Called-up share capital	13	**25.7**	3.2	25.7
Other reserve	13	**(22.5)**	-	(22.5)
Foreign exchange and hedging reserves	13	**59.5**	6.5	27.8
Retained earnings	13	**180.8**	152.4	172.6
Total equity	13	**243.5**	162.1	203.6

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

Consolidated cash flow statement

	Unaudited Six months ended 30 June 2008 £m	Unaudited Six months ended 30 June 2007 £m	Audited Year ended 31 December 2007 £m
Cash flows from operating activities			
Cash generated from operations	**29.7**	15.0	45.1
Interest paid	**(14.0)**	(14.9)	(22.4)
Income tax paid	**(2.6)**	(14.7)	(29.7)
Net cash generated from / (used in) operating activities	**13.1**	(14.6)	(7.0)
Cash flows from investing activities			
Purchases of property, plant and equipment	**(8.2)**	(9.9)	(22.7)
Proceeds from sale of property, plant and equipment	**2.6**	2.2	5.9
Purchases of intangible assets	**(1.6)**	(0.1)	(5.1)
Acquisition of subsidiary net of cash acquired	**-**	-	(2.4)
Net cash used in investing activities	**(7.2)**	(7.8)	(24.3)
Cash flows from financing activities			
Repayment of bank borrowings	**(33.1)**	(123.1)	(70.4)
Net movement in funding from Provident Financial plc	**-**	75.7	78.3
Capital contribution (note 13)	**-**	70.0	70.0
Dividends paid to company shareholders	**(7.3)**	-	(4.9)
Net cash (used in) / generated from financing activities	**(40.4)**	22.6	73.0
Net (decrease) / increase in cash and cash equivalents	**(34.5)**	0.2	41.7
Cash and cash equivalents at the start of the period	**88.8**	44.5	44.5
Exchange gains / (losses) on cash and cash equivalents	**5.3**	(0.1)	2.6
Cash and cash equivalents at the end of the period	**59.6**	**44.6**	**88.8**

Certain companies within the Group are required to keep certain cash and short-term deposits strictly segregated from the rest of the Group and these amounts are therefore not available to repay Group borrowings. At 30 June 2008 such cash and short-term deposits held by these companies amounted to £21.0 million (30 June 2007: £22.0 million, 31 December 2007: £36.8 million).

Reconciliation of profit after taxation to cash flows from operations

	Unaudited Six months ended 30 June 2008 £m	Unaudited Six months ended 30 June 2007 £m	Audited Year ended 31 December 2007 £m
Profit after taxation	**15.5**	8.1	32.5
Adjusted for:			
Tax expense	**6.6**	4.2	14.5
Finance costs	**13.9**	13.4	22.3
Share-based payment charge	**0.8**	0.2	3.5
Pension credit	**(0.1)**	-	(3.6)
Depreciation of property, plant and equipment	**4.7**	4.3	9.6
Profit on sale of property, plant and equipment	**-**	(0.1)	(0.2)
Amortisation of intangible assets	**1.7**	1.5	3.4
Changes in operating assets and liabilities:			
Amounts receivable from customers	**(8.6)**	(24.3)	(63.5)
Trade and other receivables	**(3.9)**	(3.8)	7.2
Trade and other payables	**(3.2)**	11.7	19.8
Retirement benefit asset	**(0.1)**	-	(0.1)
Derivative financial instruments	**2.4**	(0.2)	(0.3)
Cash generated from operations	**29.7**	15.0	45.1

Cash generated from operations can be analysed by business unit as follows:

	Unaudited Six months ended 30 June 2008 £m	Unaudited Six months ended 30 June 2007 £m	Audited Year ended 31 December 2007 £m
Established businesses	**40.8**	33.6	71.2
Developing markets	**(11.1)**	(15.3)	(22.2)
Exceptional demerger costs	**-**	(3.3)	(3.9)
	29.7	15.0	45.1

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

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union. This condensed consolidated interim financial information should be read in conjunction with the annual report and financial statements for the year ended 31 December 2007, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim financial information was approved for release on 23 July 2008.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. The annual report and financial statements for the year ended 31 December 2007 (the financial statements) were approved by the board on 31 March 2008 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 237 of the Companies Act 1985. The financial statements are available on the Group's website (www.ipfin.co.uk).

This condensed consolidated interim financial information has not been audited. PricewaterhouseCoopers LLP's review opinion on the interim financial information is set out at the end of this announcement, following note 15.

Except as described below, the accounting policies adopted in the interim financial information are consistent with those adopted in the financial statements for the year ended 31 December 2007. The accounting polices are detailed in those financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings for the year.

The following new standard will be adopted for the year ended 31 December 2008:

- IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction.'

2. Principal risks

The directors believe that the Group's principal business risks have not changed since the publication of the annual report and financial statements for the year ended 31 December 2007. These are set out in the section 'Principal Business Risks' on pages 30 to 32 of that document under the following headings: financial, reputational, regulatory, strategic and operational.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

3. Related parties

The Group has not entered into any new material transactions with related parties in the six months to 30 June 2008.

4. Statement of directors' responsibilities

The following statement is given by each of the directors: namely Christopher Rodrigues, Executive Chairman; John Harnett, Chief Operating Officer; David Broadbent, Finance Director; Charles Gregson, non-executive director; Tony Hales, non-executive director; Ray Miles, non-executive director; and Nick Page, non-executive director. "The directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union, and that this interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8."

5. Segmental information

Geographical segments

	Unaudited Six months ended 30 June 2008 £m	Unaudited Six months ended 30 June 2007 £m	Audited Year ended 31 December 2007 £m
Revenue			
Central Europe	**234.8**	173.1	367.1
Mexico	**21.1**	17.1	38.8
Romania	**4.8**	1.4	3.9
	260.7	191.6	409.8
Impairment			
Central Europe	**53.0**	34.2	64.3
Mexico	**7.3**	7.5	18.4
Romania	**1.0**	0.1	0.5
	61.3	41.8	83.2
Profit before taxation			
Central Europe	**42.9**	29.4	79.3
UK – central costs	**(6.4)**	(5.0)	(11.6)
Established businesses	**36.5**	24.4	67.7
Mexico	**(5.4)**	(6.9)	(13.2)
Romania	**(4.8)**	(1.9)	(4.2)
Russia	**(2.2)**	-	(0.5)
Profit before fair value losses on foreign currency contracts and exceptional demerger costs	**24.1**	15.6	49.8
Fair value losses on foreign currency contracts	**(2.0)**	-	-
Exceptional demerger costs	**-**	(3.3)	(2.8)
	22.1	12.3	47.0

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

6. 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 30.0% (30 June 2007: 30.8%, 31 December 2007: 29.9%, both rates stated before exceptional items) to the profit for the period.

7. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the statutory earnings attributable to shareholders of £15.5 million (30 June 2007: £8.1 million, 31 December 2007: £32.5 million) by the weighted average number of shares in issue during the period of 257.2 million (2007: number of IPF ordinary shares in existence at date of demerger 257.2 million).

For diluted EPS the weighted average number of shares has been adjusted to 257.6 million (2007: 257.5 million) to take account of all potentially dilutive shares.

	Unaudited Six months ended 30 June 2008 pence	Unaudited Six months ended 30 June 2007 pence	Audited Year ended 31 December 2007 pence
Basic EPS	**6.03**	3.15	12.64
Dilutive effect of options	**(0.01)**	-	(0.02)
Diluted EPS	**6.02**	3.15	12.62

The pro forma EPS is set out in note 15 to this interim financial information.

8. Dividends

The final dividend for 2007 of 2.85 pence per share was paid to shareholders on 23 May 2008 at a total cost to the Group of £7.3 million. The directors propose an interim dividend in respect of the financial year ended 31 December 2008 of 2.30 pence per share (2007: 1.90 pence per share) payable on 3 October 2008 to shareholders who are on the register at 5 September 2008. This will amount to a total dividend payment of £5.9 million. This dividend is not reflected as a liability in the balance sheet as at 30 June 2008.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

9. Property, plant and equipment

	Unaudited Six months ended 30 June 2008 £m	Unaudited Six months ended 30 June 2007 £m	Audited Year ended 31 December 2007 £m
Net book value at start of period	**40.8**	30.2	30.2
Exchange adjustments	**5.0**	0.4	3.2
Additions	**8.2**	9.9	22.7
Disposals	**(2.6)**	(2.1)	(5.7)
Depreciation	**(4.7)**	(4.3)	(9.6)
Net book value at end of period	**46.7**	34.1	40.8

As at 30 June 2008 the Group had £3.5 million (31 December 2007: £2.0 million) of capital expenditure commitments with third parties that were not provided for.

10. Amounts receivable from customers

	Unaudited 30 June 2008 £m	Unaudited 30 June 2007 £m	Audited 31 December 2007 £m
Central Europe	**486.2**	328.2	415.0
Mexico	**25.6**	24.0	22.9
Romania	**10.2**	3.0	5.3
Total receivables	**522.0**	355.2	443.2

11. Borrowings

	Unaudited 30 June 2008 £m	Unaudited 30 June 2007 £m	Audited 31 December 2007 £m
Due in less than one year	**11.2**	96.7	8.8
Due between one and two years	**328.9**	59.3	-
Due between two and five years	**48.7**	108.5	362.0
	377.6	167.8	362.0
Total borrowings	**388.8**	264.5	370.8

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

12. Retirement benefit asset

On 1 January 2008, the Group set up a new funded defined benefit scheme for those individuals who had previously been members of the defined benefit pension schemes operated by Provident Financial plc. As part of the demerger agreement, the liabilities relating to past and present employees of the Group are to be transferred to the new scheme together with an agreed amount of assets.

The amounts recognised in the balance sheet are as follows:

	Unaudited 30 June 2008 £m	Audited 31 December 2007 £m
Equities	**17.3**	17.6
Bonds	**4.7**	4.8
Index-linked gilts	**4.7**	4.8
Other	**4.9**	4.7
Total fair value of scheme assets	**31.6**	31.9
Present value of funded defined benefit obligation	**(30.9)**	(30.2)
Net asset recognised in the balance sheet	**0.7**	1.7

The credit recognised in the income statement in respect of defined benefit pension costs is £0.1m (30 June 2007: £nil, 31 December 2007: £0.1m plus exceptional credit of £3.5m).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

13. Consolidated statement of changes in shareholders' equity

	Unaudited				
	Called-up share capital £m	**Other reserve £m**	**Foreign exchange and hedging reserves £m**	**Retained Earnings £m**	**Total £m**
Balance at 1 January 2007	3.2	-	5.7	73.0	81.9
Exchange gains on foreign currency translations	-	-	21.1	-	21.1
Net fair value gains – cash flow hedges	-	-	1.4	-	1.4
Actuarial losses on retirement benefit asset	-	-	-	(2.0)	(2.0)
Tax (charge)/credit on items taken directly to equity	-	-	(0.4)	0.5	0.1
Net income/(expense) recognised directly in equity	-	-	22.1	(1.5)	20.6
Profit for the year	-	-	-	32.5	32.5
Total recognised income for the year	-	-	22.1	31.0	53.1
Increase in share capital	437.3	226.3	-	-	663.6
Capital reorganisation and reverse acquisition adjustment	(414.8)	(248.8)	-	-	(663.6)
Capital contribution	-	-	-	70.0	70.0
Share-based payment adjustment to reserves	-	-	-	3.5	3.5
Dividends paid	-	-	-	(4.9)	(4.9)
Balance at 31 December 2007	25.7	(22.5)	27.8	172.6	203.6
Balance at 1 January 2008	25.7	(22.5)	27.8	172.6	203.6
Exchange gains on foreign currency translations	-	-	29.5	-	29.5
Net fair value gains – cash flow hedges	-	-	3.0	-	3.0
Actuarial losses on retirement benefit asset	-	-	-	(1.2)	(1.2)
Tax (charge)/credit on items taken directly to equity	-	-	(0.8)	0.4	(0.4)
Net income/(expense) recognised directly in equity	-	-	31.7	(0.8)	30.9
Profit for the period	-	-	-	15.5	15.5
Total recognised income for the period	-	-	31.7	14.7	46.4
Share-based payment adjustment to reserves	-	-	-	0.8	0.8
Dividends paid	-	-	-	(7.3)	(7.3)
Balance at 30 June 2008	**25.7**	**(22.5)**	**59.5**	**180.8**	**243.5**

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

13. Consolidated statement of changes in shareholders' equity (continued)

On 30 May 2007 a special resolution was passed, conditional upon admission of the company to the London Stock Exchange and the approval of the Court, to reduce the nominal value of each IPF plc share from £1.70 to £0.10.

On 16 July 2007, 257,217,868 shares of £1.70 were issued by IPF plc in exchange for the entire share capital of Provident International Holdings Limited (renamed as IPF Holdings Limited). The difference between the nominal value of shares issued and the fair value of the subsidiaries acquired was credited to an 'other' reserve in accordance with the reverse acquisition principles of IFRS 3.

On 19 July 2007 the special resolution was effected resulting in a transfer from share capital to retained earnings for IPF plc and to 'other' reserve for the Group.

In accordance with the principles of reverse acquisition accounting the share capital presented is that of the legal parent, IPF plc, but the retained earnings represent the pre-acquisition reserves of IPF Holdings Limited plus the profit and other equity movements of the Group post demerger. The difference between the equity structure of IPF plc and IPF Holdings Limited has been debited to the 'other' reserve.

Prior to the demerger, Provident Financial plc made a capital contribution of £70.0 million to the international businesses that now form IPF. This capital contribution comprised an amount of £30.0 million received on 2 March 2007 and £40.0 million received on 20 June 2007. These amounts have been credited to retained earnings.

14. Average and closing foreign exchange rates

The table below shows the average (unhedged) exchange rates for the relevant reporting periods, closing exchange rates at the relevant period ends, together with the rates at which the Group has hedged approximately 90% of its expected profits for the second half of the year. This second half profit hedging has resulted in a "mark-to-market" fair value adjustment of £2.0 million at 30 June 2008 as a result of further appreciation in Central European currencies against sterling. This charge will unwind as the contracts mature.

	Average H1 2007	Closing June 2007	2007 Year	Closing Dec 2007	Average H1 2008	Closing June 2008	Contract H2 2008
Poland	5.69	5.61	5.53	4.90	4.51	4.23	4.27
Czech Republic	41.69	42.76	40.54	36.04	32.64	30.19	31.44
Slovakia	50.42	50.25	49.33	45.68	41.67	38.16	39.49
Hungary	370.55	365.29	366.75	343.14	327.23	297.19	314.84
Mexico	21.56	21.62	21.85	21.67	20.95	20.50	20.55
Romania	4.93	4.71	4.87	4.87	4.73	4.60	4.63
Russia	51.5	51.6	51.2	48.8	47.2	46.7	46.4

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

15. Pro forma financial information

Included below is a comparison of the actual results for the six months to 30 June 2008 with the pro forma results for the six months to 30 June 2007 and the year ended 31 December 2007. The pro forma result is then reconciled to the statutory result for these periods. The pro forma information is presented in order to show what the financial position would have been if the Group had operated as a stand alone entity throughout the periods shown.

Pro forma consolidated income statement

	Actual Unaudited Six months ended 30 June 2008 £m	Pro forma Unaudited Six months ended 30 June 2007 £m	Pro forma Unaudited Year ended 31 December 2007 £m
Revenue	**260.7**	191.6	409.8
Impairment	**(61.3)**	(41.8)	(83.2)
Revenue less impairment	**199.4**	149.8	326.6
Finance costs	**(13.9)**	(10.2)	(19.2)
Other operating costs	**(57.0)**	(37.4)	(81.6)
Administrative expenses	**(106.4)**	(86.3)	(175.7)
	(177.3)	(133.9)	(276.5)
Profit before taxation	**22.1**	15.9	50.1
Analysed as:			
Central Europe	**42.9**	31.1	80.6
UK – central costs	**(6.4)**	(6.4)	(12.5)
Established businesses	**36.5**	24.7	68.1
Mexico	**(5.4)**	(6.9)	(13.3)
Romania	**(4.8)**	(1.9)	(4.2)
Russia	**(2.2)**	-	(0.5)
Profit before taxation and fair value losses on foreign currency contracts	**24.1**	15.9	50.1
Fair value losses on foreign currency contracts	**(2.0)**	-	-
Profit before taxation	**22.1**	15.9	50.1
Taxation	**(6.6)**	(4.8)	(15.0)
Profit after taxation	**15.5**	11.1	35.1

The actual tax rate for the six months ended 30 June 2008 was 30%.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

15. Pro forma financial information (continued)

The pro forma tax rate, excluding demerger costs and including certain pro forma adjustments as set out below was 30.0% at 30 June 2007 and 29.9% at 31 December 2007.

No pro forma adjustments are required to the income statement for the period ended 30 June 2008 as the entire period is post demerger. The pro forma adjustments for the six months ended 30 June 2007 and the year ended 31 December 2007 are as follows:

		Pro forma Unaudited Six months ended 30 June 2007 £m	Pro forma Unaudited Year ended 31 December 2007 £m
Statutory profit before taxation		12.3	47.0
Funding costs	(a)	1.1	1.1
Central office costs	(b)	(2.9)	(2.8)
Interest payable to former parent	(c)	2.1	2.0
Exceptional demerger costs	(d)	3.3	2.8
		3.6	3.1
Pro forma profit before taxation		15.9	50.1

Pro forma earnings per share

	Actual Unaudited Six months ended 30 June 2008 pence	Pro forma Unaudited Six months ended 30 June 2007 pence	Pro forma Unaudited Year ended 31 December 2007 pence
Central Europe	**11.71**	8.44	21.95
UK central costs	**(1.75)**	(1.75)	(3.40)
Established businesses	**9.96**	6.69	18.55
Mexico	**(1.47)**	(1.86)	(3.62)
Romania	**(1.31)**	(0.51)	(1.14)
Russia	**(0.60)**	-	(0.14)
Fair value losses on foreign currency contracts	**(0.55)**	-	-
EPS from ongoing operations	**6.03**	4.32	13.65

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

15. Pro forma financial information (continued)

Pro forma consolidated balance sheet

	Actual Unaudited 30 June 2008 £m	Pro forma Unaudited 30 June 2007 £m	Actual Audited 31 December 2007 £m
Assets			
Non-current assets			
Intangible assets	**18.5**	12.6	18.7
Property, plant and equipment	**46.7**	34.1	40.8
Retirement benefit asset	**0.7**	3.5	1.7
Deferred tax assets	**32.6**	13.6	27.8
	98.5	63.8	89.0
Current assets			
Amounts receivable from customers			
- due within one year	**497.3**	337.3	422.7
- due in more than one year	**24.7**	17.9	20.5
	522.0	355.2	443.2
Derivative financial instruments	**4.6**	0.8	0.7
Cash and cash equivalents	**59.6**	44.7	88.8
Amounts due from Provident Financial plc	**-**	-	-
Trade and other receivables	**12.8**	11.2	9.0
	599.0	411.9	541.7
Total assets	**697.5**	475.7	630.7
Liabilities			
Current liabilities			
Bank borrowings	**(11.2)**	(94.1)	(8.8)
Derivative financial instruments	**(4.0)**	(1.3)	(0.7)
Trade and other payables	**(53.6)**	(43.3)	(50.6)
Current tax liabilities	**(7.6)**	(4.5)	(5.0)
	(76.4)	(143.2)	(65.1)
Non-current liabilities			
Bank borrowings	**(377.6)**	(167.8)	(362.0)
	(377.6)	(167.8)	(362.0)
Total liabilities	**(454.0)**	(311.0)	(427.1)
Net assets	**243.5**	164.7	203.6

As at 30 June 2008 and 31 December 2007 no pro forma adjustments are required to be made to the balance sheet as both of these dates are after the demerger from Provident Financial plc.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

15. Pro forma financial information (continued)

The pro forma adjustments included in the balance sheet as at 30 June 2007 are as follows:

		£m
Statutory net assets		162.1
Retirement benefit asset	(a)	3.5
Deferred tax assets	(b)	(1.0)
Cash and cash equivalents	(c)	0.1
Amounts due from Provident Financial plc	(d)	(2.6)
Bank borrowings due in less than one year	(d)	2.6
		2.6
Pro forma net assets		164.7

The income statement pro forma adjustments can be explained as follows:

(a) An adjustment has been included to increase finance costs to reflect the fact that IPF is subject to higher interest rates now that borrowings are no longer guaranteed by Provident Financial plc. As part of the demerger IPF received a capital contribution of £70.0 million from Provident Financial plc. This pro forma adjustment also reflects the interest that would have been earned on this capital contribution had it been received prior to the start of the accounting period.

(b) An adjustment in respect of additional corporate office costs is included to reflect that as a stand alone entity with its own corporate office, IPF incurs additional costs compared with when it was a division of Provident Financial plc.

(c) While IPF was part of the Provident Financial plc group it was subject to certain interest charges that would not have been incurred if it was a stand alone entity. These interest charges (which were not included in the reported profit for the international division in the Provident Financial plc segmental analysis) have therefore been reversed.

(d) As a result of the demerger certain exceptional costs were incurred by the IPF group. These costs have been removed from the pro forma income statement.

The balance sheet pro forma adjustments can be explained as follows:

(a) Inclusion of defined benefit pension asset. The statutory financial information only includes a pension asset from the date of demerger which is the date at which Provident Financial plc agreed to transfer the scheme assets and liabilities in respect of IPF employees to IPF.

(b) Deferred tax on defined benefit pension asset.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2008 (continued)

15. Pro forma financial information (continued)

(c) The cash balances of IPF which are excluded from the statutory consolidated financial information until the date of demerger.

(d) The amounts due from Provident Financial plc of £2.6 million have been netted against borrowings in the pro forma information.

Report on review of condensed consolidated interim financial information for the six months ended 30 June 2008 to International Personal Finance plc

Introduction

We have been engaged by International Personal Finance plc ("the company") to review the condensed consolidated interim financial information in the interim report for the six months ended 30 June 2008, which comprises the income statement, balance sheet, statement of recognised income and expense, cash flow statement and related notes (except note 15 which includes pro forma information). We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial information.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial information included in this interim 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 interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 enquiries, 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.

Report on review of condensed consolidated interim financial information for the six months ended 30 June 2008 to 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 interim report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

Leeds

23 July 2008

Note:

The maintenance and integrity of the International Personal Finance plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the half yearly financial report since it was initially presented on the website.

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