Half-year Financial Report for the six months ended 30 June 2016

CONTENTS PAGE

Key highlights 3
Group performance overview 4
Market overview 4
Strategy update 5
Regulatory update 6
Performance review
Home credit 7
Digital 12
Outlook 14
Investor relations and media contacts 14
Condensed consolidated interim financial information
Consolidated income statement 15
Consolidated statement of comprehensive income 17
Consolidated balance sheet 18
Consolidated statement of changes in equity 19
Consolidated cash flow statement 21
Notes to the condensed consolidated interim financial information 22
Responsibility statement 35
Independent review report to the members of International Personal Finance plc 36

International Personal Finance plc
Half-year Financial Report for the six months ended 30 June 2016
This announcement contains inside information

Key highlights

- **Group profit reduced broadly in line with expectations to £30.7M**
  - Underlying profit before tax declined 22% (£9.7M) before £1.8M positive FX impact and additional investment of £4.7M in IPF Digital
  - Delivered increase in credit issued of 6%† and customer growth of 1%†
  - Group impairment as a percentage of revenue in target range at 25.9%
  - Cost optimisation programme delivers £12M annualised savings

- **Home credit**
  - Strong growth momentum delivered by Southern Europe
  - New product offering introduced in Poland to comply with new regulations – no change in guidance on expected financial impact
  - Disappointing first half in Mexico – actions taken to improve short-term performance and capture long-term potential
  - Good progress in Slovakia - collections progressing ahead of expectations

- **Digital**
  - Good profit growth in established markets
  - 30% growth in proforma credit issued and 50% increase in customers to 157,000
  - New market performance in Poland, Australia and Spain gathering momentum; launching IPF Digital offering in Mexico in Q3

- **Regulation continues to evolve in a number of markets**

- **Interim dividend maintained at 4.6 pence per share**

- **Brexit not expected to have material impact on the business other than FX translation**

Group key statistics	H1 2015	**H1 2016**	YOY change at CER
Customers (000s)†	2,611	**2,641**	1.1%
Credit issued (£M) †	482.3	**514.5**	6.0%
Revenue (£M) †	353.0	**358.3**	1.5%
Annualised impairment % revenue†	26.3%	**25.9%**	0.4 ppts
Annualised cost-income ratio†	40.4%	**42.4%**	(2.0) ppts
PBT* (£M)	43.3	**30.7**	
Statutory PBT** (£M)	38.6	**30.7**	
EPS* (pence)	13.7	**9.8**	

† Excluding Slovakia. * Before exceptional items. ** See page 26 for details on exceptional items

Chief Executive Officer, Gerard Ryan, commented:
"Our businesses in Southern Europe and IPF Digital delivered strong growth. Growth in Mexico fell short of our expectations and we have responded to improve not only short-term performance but also to ensure that we capture the significant, long-term potential of this market. We introduced our new product offering in Poland to comply with new regulations and there is no change in guidance on the expected financial impact. Our business is undergoing significant change as we address competition and regulation but our strategy reflects this changing dynamic and we are well placed to take advantage of growing demand within our target segment of consumers for digital loans. We are confident that our strategy will deliver sustainable, profitable growth to shareholders."

Group performance overview

During the first half of the year, Group profit before tax and exceptional items was £12.6M lower than 2015 at £30.7M. This result is broadly in line with expectations and reflects the initial impact of the new price cap in Poland, the winding down of our business in Slovakia and a mixed performance in our home credit businesses together with the expected higher levels of investment in IPF Digital.

	H1 2015 reported profit £M	Underlying profit movement £M	New business costs £M	Stronger FX rates £M	**H1 2016 reported profit £M**
Home credit	51.4	(10.5)	-	1.8	**42.7**
Digital	(1.4)	1.7	(4.7)	-	**(4.4)**
Central costs	(6.7)	(0.9)	-	-	**(7.6)**
Profit before taxation and exceptional items	43.3	(9.7)	(4.7)	1.8	**30.7**
Exceptional items	(4.7)	4.7	-	-	-
Profit before taxation	38.6	(5.0)	(4.7)	1.8	**30.7**

The reduction in underlying profit before tax in our home credit business was driven primarily by the introduction of new legislation in Poland and a disappointing performance in Mexico. This was offset partially by a strong performance in Southern Europe where we delivered an excellent profit outcome. Our digital business grew strongly and we continued our investment in new markets and head office functional capabilities. Central costs increased by £0.9M which principally reflects £1.4M of restructuring costs in connection with the UK head office reorganisation.

We increased customer numbers by 1% and grew credit issued by 6% year on year, excluding Slovakia. In addition impairment as a percentage of revenue was stable at 25.9% with improvements in our European home credit businesses offset by a poorer performance in Mexico.

Market overview

Competition in our European markets remains intense and there has been little change in Polish market dynamics following the introduction of the new total cost of credit legislation in March 2016. The competitive landscape for established consumer loans providers in Mexico is largely unchanged though a small number of digital lending businesses are now operating.

The result of the Brexit vote has created significant global market uncertainty, and the general expectation is that there may be longer-term impacts on global economic growth. However, all of our operations take place within the European Union, Mexico and Australia and therefore we do not expect there to be a material impact on the operational side of our business or our ability to trade. Our debt funding position is strong with local currency bank facilities and bonds; and our main €400M (£335M) bond provides direct funding to our markets which use the Euro currency, and to markets using other currencies via FX transactions. Therefore, we do not expect fluctuations in the value of sterling to have a major impact on our funding position. Our policy continues to be not to hedge the value of sterling-reported profits. We will continue to monitor developments following the Brexit vote, including the impact on financial markets and macroeconomic conditions, and react as appropriate.

Strategy update

Our strategy aims to maximise lending opportunities and returns in a marketplace that is increasingly digital and where regulation and competition have intensified, and we have segmented our operations to achieve this.

Growth businesses – IPF Digital and home credit Mexico and Romania-Bulgaria

We are building momentum in our new digital markets in Poland, Australia and Spain where we are now serving 27,000 customers. We also see good opportunities for digital lending in Mexico and will launch an IPF Digital business in this market in Q3. Smartphone, internet and social media penetration is growing significantly and we believe there is good demand among under-served consumers in this segment.

Our home credit business in Mexico underperformed in the first half of the year and further details of steps taken to improve performance can be found in the performance review of this statement.

Established markets – home credit in Poland-Lithuania, the Czech Republic and Hungary

Regulation and competition will reduce margins in our most developed markets over time. As such, we are focused on adjusting the cost base to maximise the value generated from these businesses while also attracting customers through agent, digital and broker-based channel developments.

We made good progress reducing costs in our established home credit businesses by driving cost-efficiencies through technology, rolling out a new sales and service organisational structure and instigating a headcount reduction programme. We continued to invest in the digitisation of our home credit business model through 'MyProvi' – our agent mobile technology which will support agent sales and collections, reduce administration costs and facilitate further efficiencies in our field teams. The initial deployment of the collections app to agents in Hungary, Poland and the Czech Republic will begin during the second half of the year.

Following the successful implementation of our new sales and service organisation structure in Hungary in 2015, we rolled out the structure in Poland, the Czech Republic and Romania. This has driven cost-efficiencies through increased spans of control. We also commenced a cost optimisation programme including the right-sizing of our head offices in these markets and the UK which resulted in a reduction of around 330 roles and annualised savings of £12M.

With our channel development initiative, we continue to test our Provident Direct digital loans offering in Poland and we have now provided around 3,000 loans through this channel. We are pleased with the early results and further good progress is expected.

Optimising customer flow between businesses

A core element of our strategy has been to adapt and extend our product, channel and brand offering to enable us to serve more customers within our target segment with the product and access point they require. We now have a range of complementary brands and a selection of products to appeal to different customers and their credit-risk profile. This approach aims to satisfy two key strategic goals:

- to provide more customers in our target segment with relevant product offers; and
- to enable our customers to switch to another loan product without having to leave the IPF Group.

We are testing this strategy in Poland and Lithuania where we offer both our home credit and digital offerings. The product and brand portfolio will be managed to build the flow of referrals between the different channels and brands. The future technology platform that will support a seamless customer journey has been designed and deployment is expected to commence around the end of 2016.

Regulatory update

Regulation continues to evolve with the key areas of focus being around licensing, affordability-related rules and taxation. We have improved our capabilities to anticipate, monitor and influence new regulation by engaging more directly with relevant politicians and driving more focused discussions through our industry representative groups.

The National Bank of Romania proposed a regulatory change to bring the practices of non-banking financial institutions (NBFIs) closer to those which apply to banks and will require more stringent and restrictive creditworthiness assessment. The proposed change is expected to be effective by the end of 2016. It is unlikely that there will be any material impact on profitability in 2016 but growth rates in 2017 would, without mitigation, be impacted materially. We are currently developing an appropriate response to these anticipated changes.

In the Czech Republic, new legislation requiring all NBFIs to obtain a licence to trade from the Czech National Bank has been proposed and is expected to become effective in November 2016, with a three month transition period allowed for compliance. The key changes will be the requirement for agents to have either a secondary education or at least three years' of financial service experience, a clear separation of duties between sales and credit decisioning teams and modifications to proof of income processes. We are adapting our processes to comply and offering assistance to agents to become accredited.

In December 2015, new collection regulations were introduced in Mexico banning weekend and late hour collections from customers' homes. Together with other market operators, we appealed against this and are currently awaiting the outcome of this process. We do not have to comply with the law until the case is closed and we are working with interested parties to change the respective elements of the legislation for it to better reflect the needs of both customers and the business.

We will continue to update the market with any material developments.

Performance review

Home credit

Our home credit business delivered profit before tax of £42.7M in the first half of 2016 which comprised £45.2M from our on-going businesses and a loss of £2.5M in Slovakia. This represents a reduction in underlying profit of £7.9M in our on-going home credit businesses. During the period we benefitted from a moderate strengthening of FX rates against sterling that had a positive impact of £1.8M.

	H1 2015 reported profit £M	Underlying profit movement £M	FX rates £M	**H1 2016 reported profit £M**
Poland-Lithuania	28.3	(7.9)	0.9	**21.3**
Czech Republic	7.8	(0.5)	0.9	**8.2**
Southern Europe	6.9	5.6	0.9	**13.4**
Mexico	8.6	(5.1)	(1.2)	**2.3**
On-going home credit	51.6	(7.9)	1.5	**45.2**
Slovakia	1.6	(4.4)	0.3	**(2.5)**
Spain	(1.8)	1.8	-	**-**
Profit before taxation and exceptional items	51.4	(10.5)	1.8	**42.7**

The results for our on-going home credit businesses are shown in the table below:

	2015 £M	**2016 £M**	Change £M	Change %	Change at CER %
Customer numbers (000s)	2,506	**2,484**	(22)	(0.9)	(0.9)
Credit issued	447.0	**455.2**	8.2	1.8	1.8
Average net receivables	678.3	**726.3**	48.0	7.1	6.7
Revenue	340.6	**335.3**	(5.3)	(1.6)	(1.2)
Impairment	(102.3)	**(100.6)**	1.7	1.7	(0.2)
Net revenue	238.3	**234.7**	(3.6)	(1.5)	(1.8)
Finance costs	(19.0)	**(19.6)**	(0.6)	(3.2)	(3.2)
Agents' commission	(40.8)	**(39.9)**	0.9	2.2	1.2
Other costs	(126.9)	**(130.0)**	(3.1)	(2.4)	(2.7)
Profit before taxation and exceptional items	51.6	**45.2**	(6.4)	(12.4)	

Customer numbers fell by 1% which reflected a 6% increase in our growth markets of Mexico, Romania and Bulgaria offset by a 6% decline in our established markets. We delivered a 2% increase in credit issued with strong growth in Southern Europe of 22% and growth of 2% in Mexico, However, we saw a weaker performance in Poland as anticipated due to legislative changes and a continued contraction of our business in the Czech Republic. The shift in the mix of our loan portfolio towards longer-term and lower yielding products as part of our customer retention strategy, together with the impact of price caps, resulted in a decline in revenue of 1%. Overall, impairment as a percentage of revenue remains at the bottom end of our target range at 25.4%.

Other costs increased by £3.4M at CER (Actual: £3.1M) driven by a £3.5M (CER) cost increase in Mexico reflecting the additional investment in that market. Our cost optimisation programme in Europe resulted in a reduction of around 300 roles and annualised savings of around £9M. These actions were implemented progressively during the first half of the year and delivered savings of £3.9M. As expected, the net benefit was more modest at around £1.3M due to the impact of one-off restructuring costs. The cost-income ratio increased by 0.8ppts since December 2015 to 37.9% which was due principally to yield compression from longer-term products.

Poland and Lithuania

Poland and Lithuania delivered reported profit before tax of £21.3M which reflects a £7.9M reduction in underlying profit offset partially by a modest strengthening of FX rates. This decline in profit before tax was broadly in line with our expectations and reflects additional costs from the new Polish bank tax of around £1M, restructuring costs of £2.0M together with the initial impact of the total cost of credit cap.

	2015 £M	**2016 £M**	Change £M	Change %	Change at CER %
Customer numbers (000s)	851	**802**	(49)	(5.8)	(5.8)
Credit issued	180.9	**176.2**	(4.7)	(2.6)	(3.8)
Average net receivables	288.1	**308.8**	20.7	7.2	6.3
Revenue	137.3	**132.4**	(4.9)	(3.6)	(4.5)
Impairment	(40.3)	**(39.2)**	1.1	2.7	2.2
Net revenue	97.0	**93.2**	(3.8)	(3.9)	(5.5)
Finance costs	(8.2)	**(8.4)**	(0.2)	(2.4)	(2.4)
Agents' commission	(15.4)	**(14.3)**	1.1	7.1	7.7
Other costs	(45.1)	**(49.2)**	(4.1)	(9.1)	(7.7)
Profit before taxation	28.3	**21.3**	(7.0)	(24.7)	

We implemented our new product structure to comply with the new total cost of credit legislation which became effective on 11 March 2016. There has been little change in the competitive dynamic of the Polish market, 'first loan for free' is still the most prevalent offer and there is a trend away from very short-term lending. In addition, customer response to the 120 day rule is not yet evident. We relaxed credit settings selectively to offer longer-term and larger loans to quality customers in line with our strategy to mitigate some of the financial impact of the new legislation. We continue to believe we can mitigate up to half of the estimated £30M gross financial impact resulting from this legislative change.

This competitive environment, together with the decline in volumes following the introduction of the total cost of credit legislation in Poland and clarification of debt-to-income rules in Lithuania, impacted top-line growth. Customer numbers decreased year-on-year by 6% and credit issued contracted by 4%. Revenue decreased by 5% reflecting lower pricing introduced with the total cost of credit cap and the move to longer-term, lower-yielding lending in Poland.

A good collections performance resulted in impairment as a percentage of revenue remaining stable at 22.9% compared to the 2015 year end. Year-on-year, other costs increased by £3.5M at CER (Actual: £4.1M) driven principally by the new bank tax of around £1M and restructuring costs of £2.0M. Overall, our cost optimisation programme is expected to generate annual savings of around £6.5M. The net cost savings in the first half were modest due to the impact of the restructuring costs. The cost-income ratio increased by 2.2ppts since the 2015 year end to 36.4% due to the combination of higher costs and the contraction of the revenue yield.

We expect Poland to continue to be a large and profitable market for our home credit business and we are focusing on mitigating the financial impact of the new legislation and on improving the product offering that we make to customers.

Czech Republic
Competition continued to impact top-line growth and resulted in a reduction in revenue of 17%. However, improved collections and good credit quality helped to deliver £8.2M profit before tax which reflects a £0.5M reduction in underlying profit.

	2015 £M	**2016 £M**	Change £M	Change %	Change at CER %
Customer numbers (000s)	203	**169**	(34)	(16.7)	(16.7)
Credit issued	52.6	**46.4**	(6.2)	(11.8)	(18.7)
Average net receivables	90.0	**84.8**	(5.2)	(5.8)	(12.8)
Revenue	36.3	**32.5**	(3.8)	(10.5)	(17.3)
Impairment	(9.1)	**(5.1)**	4.0	44.0	47.4
Net revenue	27.2	**27.4**	0.2	0.7	(7.4)
Finance costs	(2.1)	**(2.0)**	0.1	4.8	13.0
Agents' commission	(3.6)	**(3.6)**	-	-	7.7
Other costs	(13.7)	**(13.6)**	0.1	0.7	7.5
Profit before taxation	7.8	**8.2**	0.4	5.1	

Customer numbers and credit issued contracted by 17% and 19% respectively. We continued to deliver a good collections performance and, as a result, impairment as a percentage of revenue improved 4.6ppts to 21.0% since the 2015 year end. We have responded to the challenging trading environment through our cost optimisation programme which resulted in a reduction of around 20 roles with a full year saving of £0.9M in addition to the 75 roles removed in 2015. Overall other costs were £1.1M lower than 2015 at CER (Actual: £0.1M) but the reduction in revenue resulted in the cost-income ratio increasing by 2.0ppts since the 2015 year end to 39.3%.

Our aim in the Czech Republic is to stabilise our portfolio size by introducing a product offering in Q3 with a broader range of pricing points and product features that will appeal more strongly to a wider range of customers and their changing needs. Products offered to our best credit quality customers will require a digital lending platform and we expect to implement this towards the end of the year. We will also continue to target further cost efficiencies.

Southern Europe

Strong growth and collections together with good cost control in the first half of the year delivered an excellent profit performance in Southern Europe. Underlying profit growth was £5.6M and reported profit increased from £6.9M to £13.4M.

	2015 £M	**2016 £M**	Change £M	Change %	Change at CER %
Customer numbers (000s)	639	**665**	26	4.1	4.1
Credit issued	100.6	**130.0**	29.4	29.2	22.4
Average net receivables	162.1	**191.9**	29.8	18.4	12.7
Revenue	80.1	**82.9**	2.8	3.5	(1.3)
Impairment	(25.5)	**(22.1)**	3.4	13.3	16.0
Net revenue	54.6	**60.8**	6.2	11.4	5.4
Finance costs	(4.9)	**(5.0)**	(0.1)	(2.0)	2.0
Agents' commission	(10.1)	**(10.6)**	(0.5)	(5.0)	(1.0)
Other costs	(32.7)	**(31.8)**	0.9	2.8	7.3
Profit before taxation	6.9	**13.4**	6.5	94.2	

Building on the momentum from the second half of 2015, all three markets in this region delivered double digit credit issued growth contributing to a strong overall increase of 22%. This was driven, in the main, by sales of longer-term, larger loans but was also supported by a 4% increase in customers.

Average net receivables increased by 13%. In contrast revenue decreased by 1% due to the lower average yield generated on the receivables book. The reduction in yield reflects our strategy of broadening the product range and improving our price competitiveness to appeal to more customers.

Credit quality is good and we delivered a significant year-on-year improvement in collections performance. This resulted in a 2.6ppt improvement in impairment as a percentage of revenue since the 2015 year end to 20.0%. Our new sales and service organisational structure was implemented in Hungary in 2015 and together with the rollout of the same structure in Romania in the first half of 2016 and other cost optimisation actions, we delivered a £2.5M at CER (Actual: £0.9M) reduction in other costs. Cost optimisation actions initiated in the first half of 2016 will deliver annualised savings of around £1.5M. Overall, these actions resulted in a 1.3ppt reduction in the cost income ratio to 39.6%.

Demand for credit is good in Southern Europe and we expect to see further growth in the second half of the year. We will also seek further cost efficiencies across the business. As noted earlier, it is likely that without mitigation the proposed regulatory changes in Romania will have a material impact on growth rates in 2017.

Mexico

As reported in our Q1 trading update, top-line growth and collections performance was materially below our original expectations, principally due to a combination of operational issues, and this has continued through the remainder of the first half. These impacts, combined with investments in our expansion programme, resulted in a £5.1M reduction in underlying profit. We have taken a number of steps to address overall performance including slowing the pace of business change and geographic expansion, redirecting experienced leaders to our established regions and implementing a 'back to basics' programme in our operations.

	2015 £M	**2016 £M**	Change £M	Change %	Change at CER %
Customer numbers (000s)	813	**848**	35	4.3	4.3
Credit issued	112.9	**102.6**	(10.3)	(9.1)	1.8
Average net receivables	138.1	**140.8**	2.7	2.0	14.5
Revenue	86.9	**87.5**	0.6	0.7	12.9
Impairment	(27.4)	**(34.2)**	(6.8)	(24.8)	(40.7)
Net revenue	59.5	**53.3**	(6.2)	(10.4)	0.2
Finance costs	(3.8)	**(4.2)**	(0.4)	(10.5)	(23.5)
Agents' commission	(11.7)	**(11.4)**	0.3	2.6	(8.6)
Other costs	(35.4)	**(35.4)**	-	-	(11.0)
Profit before taxation	8.6	**2.3**	(6.3)	(73.3)	

During H1, we delivered 4% growth in customer numbers and credit issued growth of 2%. Average net receivables increased by 15% and revenue increased by 13% which reflects the good growth performance in the second half of 2015. We expanded our geographic footprint to maximise future growth with the opening of six new branches and eight interview rooms. We also introduced a micro business offering and a 12 week loan product as a customer acquisition tool.

Impairment as a percentage of revenue has increased by 3.8ppts since the 2015 year end to 35.7% and as this is higher than our risk appetite for this market, we have implemented strong arrears management activities. Our investment in business growth, geographical expansion and micro business loans resulted in other costs increasing by £3.5M at CER (Actual: £nil).

We expect to deliver improved credit issued growth and progressively reduce impairment in the second half of the year. We will open three more interview rooms in H2 and continue to keep our 2017 branch expansion plans under review. We remain confident that Mexico offers significant growth potential and believe the actions we have taken will return the business to performance levels that will enable us to achieve our long-term goals.

Slovakia

We announced the wind down of our Slovakia operation in February 2016 following the introduction of new rate cap legislation in that market. Since this time we have been focused on maximising collections from the receivables book and to progressively reducing the scope of operations.

Our Slovakian team is making good progress, with collections in the first half of 2016 running at 109% of our original expectations and we have collected around 61% of the total expected for the full year. We closed three branches in the first half and reduced agent and employee numbers by 400. We reported a £2.5M loss before tax for the first half which compares to a profit of £1.6M recorded in 2015 when the business was operating on a going concern basis.

The carrying value of the receivables book at the half year is £15.7M. We continue to expect the business in Slovakia to generate a loss of between £5M and £7M for the year as a whole.

Digital

Growing our digital business is a key strategic opportunity because of the increasing demand within our target segment of consumers for digital loans. IPF Digital delivered strong growth in the first half of the year and, with the expected increase in investment in our new markets and head office functional capabilities, we incurred a loss before tax of £4.4M.

	2015* £M	**2016** **£M**	Change £M	Change %	Change at CER %
Customer numbers (000s)	105	**157**	52	49.5	49.5
Credit issued	35.3	**59.3**	24.0	68.0	54.8
Average net receivables	33.5	**69.0**	35.5	106.0	92.7
Revenue	12.4	**23.0**	10.6	85.5	71.6
Impairment	(3.3)	**(8.0)**	(4.7)	(142.4)	(122.2)
Net revenue	9.1	**15.0**	5.9	64.8	53.1
Finance costs	(1.3)	**(1.8)**	(0.5)	(38.5)	(12.5)
Other costs	(9.2)	**(17.6)**	(8.4)	(91.3)	(83.3)
Loss before taxation	(1.4)	**(4.4)**	(3.0)	(214.3)	

*2015 includes four and a half months of trading of MCB Finance following the acquisition in February 2015.

On a proforma basis, we delivered strong customer growth of 50% to 157,000 customers and grew credit issued by 30% to £59.3M which, in turn, resulted in revenue growth of 42.0% to £23.0M. Annualised impairment as a percentage of revenue increased 4.0ppts to 32.6% reflecting the mix of new and repeat lending across our new and established markets.

We continued to build our new markets and invested £3.2M in our head office functional capabilities to deliver future growth. Despite this investment, we delivered a cost-income ratio of 76.0% which broadly mirrors the year-end position. In addition, finance costs as a percentage of income improved by 1.4ppts to 8.6% as a result of access to lower cost funding secured following the integration of IPF Digital into the Group.

IPF Digital comprises digital lending operations in seven markets, all at various stages of development. The profitability of these businesses is segmented as follows:

	2015 £M	**2016** **£M**	Change £M	Change %
Established markets: Finland and the Baltics	2.4	**4.3**	1.9	79.2
New markets: Poland, Australia and Spain	(2.5)	**(4.2)**	(1.7)	(68.0)
Head office costs	(1.3)	**(4.5)**	(3.2)	(246.2)
IPF Digital	(1.4)	**(4.4)**	(3.0)	(214.3)

Established markets

	2015 £M	**2016 £M**	Change £M	Change %	Change at CER %
Customer numbers (000s)	99	**130**	31	31.3	31.3
Credit issued	31.8	**47.4**	15.6	49.1	36.6
Average net receivables	31.4	**60.8**	29.4	93.6	80.4
Revenue	11.7	**19.4**	7.7	65.8	54.0
Impairment	(2.7)	**(5.9)**	(3.2)	(118.5)	(103.4)
Net revenue	9.0	**13.5**	4.5	50.0	39.2
Finance costs	(1.4)	**(1.5)**	(0.1)	(7.1)	-
Other costs	(5.2)	**(7.7)**	(2.5)	(48.1)	(37.5)
Profit before taxation	2.4	**4.3**	1.9	79.2	

Our established markets of Finland and the Baltics delivered a 79% increase in reported profit before tax to £4.3M. Proforma customer and credit growth was 31% and 13% respectively in the first half of the year. We delivered strong credit issued growth in Estonia, Finland and Latvia but delivered a lower-than-expected performance in Lithuania as a result of the clarification to debt-to-income rules previously mentioned. Annualised impairment as a percentage of revenue increased from 24.0% to 27.7% reflecting lower margins as a result of price caps introduced at the start of 2016, and some modest credit relaxation.

New markets

We continued to build on the considerable digital opportunity we see in our new markets in Poland, Australia and Spain which now serve 27,000 customers. We issued £11.9M of credit in the first half which represented growth of 231% and this resulted in revenue growth of around 350%. Annualised impairment as a percentage of revenue was 66.0% in the first half of the year which is in line with our expectations. We plan to enter Mexico with our IPF Digital offering in Q3. Overall, the investment associated with developing these businesses resulted in a £1.7M increase in losses to £4.2M which was in-line with our expectations.

We expect to deliver good customer and credit issued growth in our established markets and continue to build momentum in our new digital markets. We expect the total investment in IPF Digital for the full year to be around £8M to £10M. This small increase reflects the impact of FX rates and our investment in Mexico.

Taxation

The taxation charge on profit for the first six months of 2016 has been based on an expected effective tax rate for the full year of 28% excluding the Slovakian operation, where we will not derive a tax benefit from the expected losses. The tax charge is expected to increase by around £2M from 2017 due to the impact of legislative changes in the calculation of the Hungarian bank tax.

Funding and balance sheet

We have a strong funding position with a balanced debt portfolio including a range of bonds at competitive cost across a number of currencies, wholesale and retail, with varying maturities including significant long-term funding, and a range of bank facilities from a core group of banks. At 30 June 2016, we had headroom on bank facilities of around £160M. In July, following its annual review, Fitch reaffirmed IPF's long-term credit rating at BB+ stable. Our balance sheet remains robust, with an equity to receivables capital ratio at 30 June 2016 of 43.6% against our target of around 40%.

Dividend

The Board is pleased to declare an unchanged interim dividend of 4.6 pence per share. The dividend is payable on 7 October 2016 to shareholders on the register at close of business on 2 September 2016. The shares will be marked ex-dividend on 1 September 2016.

Outlook

The performance in Poland following the introduction of the total cost of credit legislation is in line with expectations and we believe the actions taken in Mexico will return this market to growth in the second half of the year. Our cost reduction and digitisation programmes are underway to offset margin compression in our established home credit markets. We expect to deliver continued good growth in Southern Europe and in IPF Digital's established markets, and build further momentum in our new digital markets, including a launch into Mexico.

Our business is undergoing significant change as we address competition and regulation. Our strategy reflects the changing dynamic and we are well placed to take advantage of growing demand within our target segment of consumers for digital loans. We are confident that it will deliver sustainable, profitable growth to shareholders.

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 2016 in order to present the underlying performance variance.

Investor relations and media contacts:

International Personal Finance plc

Rachel Moran - Investor Relations
+44 (0)7760 167637 / +44 (0)113 285 6798
Gergely Mikola - Media
+36 20 339 02 25
Ben Murphy – Company Secretary Responsible for arranging the release of this announcement
+44 (0)113 285 6890

FTI Consulting

Neil Doyle
+44 (0)20 3727 1141 / +44 (0)7771 978 220

International Personal Finance will host a live webcast of its half-year results presentation at 09:30hrs (BST) today – Thursday 28 July 2016, which can be accessed www.ipfin.co.uk.

The team will also host a conference call for analysts and investors at 16:00hrs (BST) today – Thursday 28 July 2016. An audio recording will be available at www.ipfin.co.uk from 29 July 2016.

Dial-in (UK): +44(0)20 3427 1909
Dial-in (US): +1646 254 3367
Passcode: 3149449

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 2016

Consolidated income statement

	Notes	**Unaudited Six months ended 30 June 2016 £M**	Unaudited Six months ended 30 June 2015 £M	Audited Year ended 31 December 2015 £M
Revenue	4	**364.4**	372.9	735.4
Impairment	4	**(102.8)**	(112.6)	(188.9)
Exceptional impairment	6	**-**	-	(10.3)
Revenue less impairment		**261.6**	260.3	536.2
Finance costs		**(21.8)**	(21.5)	(41.6)
Other operating costs		**(59.2)**	(57.3)	(116.8)
Administrative expenses		**(149.9)**	(138.2)	(272.0)
Exceptional administrative expenses	6	**-**	(4.7)	(5.6)
Total costs		**(230.9)**	(221.7)	(436.0)
Profit before taxation and exceptional items	4	**30.7**	43.3	116.1
Exceptional items	4, 6	**-**	(4.7)	(15.9)
Profit before taxation	4	**30.7**	38.6	100.2
Tax expense – UK		**-**	-	(1.5)
– Overseas		**(9.1)**	(11.7)	(36.2)
Total tax expense	5	**(9.1)**	(11.7)	(37.7)
Profit after taxation attributable to owners of the Company		**21.6**	26.9	62.5

The profit for the period is from continuing operations.

Earnings per share - statutory

	Notes	**Unaudited Six months ended 30 June 2016 Pence**	Unaudited Six months ended 30 June 2015 pence	Audited Year ended 31 December 2015 pence
Basic	7	**9.8**	11.6	27.3
Diluted	7	**9.5**	11.3	26.6

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 2016 Pence**	Unaudited Six months ended 30 June 2015 pence	Audited Year ended 31 December 2015 pence
Basic	7	**9.8**	13.7	37.1

Dividend per share

	Notes	**Unaudited Six months ended 30 June 2016 Pence**	Unaudited Six months ended 30 June 2015 pence	Audited Year ended 31 December 2015 pence
Interim dividend	8	**4.6**	4.6	4.6
Final dividend	8	**-**	-	7.8
Total dividend		**4.6**	4.6	12.4

Dividends paid

	Notes	**Unaudited Six months ended 30 June 2016 £M**	Unaudited Six months ended 30 June 2015 £M	Audited Year ended 31 December 2015 £M
Interim dividend of 4.6 pence (2015: interim dividend of 4.6 pence) per share	8	**-**	-	10.6
Final 2015 dividend of 7.8 pence (2015: final 2014 dividend of 7.8 pence) per share	8	**17.2**	18.0	18.0
Total dividends paid		**17.2**	18.0	28.6

Consolidated statement of comprehensive income

	Unaudited Six months ended 30 June 2016 £M	Unaudited Six months ended 30 June 2015 £M	Audited Year ended 31 December 2015 £M
Profit after taxation attributable to owners of the Company	**21.6**	26.9	62.5
Other comprehensive income/(expense)			
Items that may subsequently be reclassified to income statement			
Exchange gains/(losses) on foreign currency translations	**52.1**	(29.1)	(23.9)
Net fair value losses – cash flow hedges	**(0.7)**	(0.1)	(1.0)
Tax (charge)/credit on items that may be reclassified	**(0.2)**	0.2	0.3
Items that will not subsequently be reclassified to income statement			
Actuarial (losses)/gains on retirement benefit asset/obligation	**(5.6)**	1.0	0.7
Tax credit/(charge) on items that will not be reclassified	**1.2**	(0.2)	(0.1)
Other comprehensive income/(expense) net of taxation	**46.8**	(28.2)	(24.0)
Total comprehensive income/(expense) for the period attributable to owners of the Company	**68.4**	(1.3)	38.5

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

Consolidated balance sheet

	Notes	**Unaudited 30 June 2016 £M**	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Assets				
Non-current assets				
Goodwill	9	**22.9**	19.5	20.1
Intangible assets	10	**31.2**	19.2	25.6
Property, plant and equipment	11	**22.9**	25.0	24.3
Deferred tax assets		**87.3**	66.5	82.2
Retirement benefit asset	14	**-**	0.1	-
		164.3	130.3	152.2
Current assets				
Amounts receivable from customers				
- due within one year		**752.3**	686.0	718.9
- due in more than one year		**122.4**	65.7	83.5
	12	**874.7**	751.7	802.4
Derivative financial instruments		**19.9**	8.4	11.5
Cash and cash equivalents		**42.1**	51.7	39.9
Other receivables		**32.4**	27.5	14.8
Current tax assets		**3.9**	-	1.3
		973.0	839.3	869.9
Total assets	4	**1,137.3**	969.6	1,022.1
Liabilities				
Current liabilities				
Borrowings	13	**(17.8)**	(35.2)	(22.3)
Derivative financial instruments		**(6.1)**	(3.0)	(2.8)
Trade and other payables		**(120.1)**	(93.3)	(95.5)
Current tax liabilities		**(16.7)**	(14.8)	(30.9)
		(160.7)	(146.3)	(151.5)
Non-current liabilities				
Retirement benefit obligation	14	**(4.7)**	-	(0.2)
Deferred tax liabilities		**(6.1)**	-	(8.6)
Borrowings	13	**(584.6)**	(477.5)	(534.6)
		(595.4)	(477.5)	(543.4)
Total liabilities	4	**(756.1)**	(623.8)	(694.9)
Net assets		**381.2**	345.8	327.2
Equity attributable to owners of the Company				
Called-up share capital		**23.4**	24.0	23.4
Other reserve		**(22.5)**	(22.5)	(22.5)
Foreign exchange reserve		**(4.3)**	(61.6)	(56.4)
Hedging reserve		**(1.2)**	0.5	(0.3)
Own shares		**(55.2)**	(37.1)	(58.9)
Capital redemption reserve		**2.3**	1.7	2.3
Retained earnings		**438.7**	440.8	439.6
Total equity		**381.2**	345.8	327.2

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 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 18)	-	-	(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
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
At 1 July 2015	24.0	(22.5)	(96.5)	440.8	345.8
Comprehensive income					
Profit after taxation for the period	-	-	-	35.6	35.6
Other comprehensive income/(expense)					
Exchange gains on foreign currency translation (note 18)	-	-	5.2	-	5.2
Net fair value losses – cash flow hedges	-	-	(0.9)	-	(0.9)
Actuarial losses on retirement benefit obligation	-	-	-	(0.3)	(0.3)
Tax credit on other comprehensive income	-	-	0.1	0.1	0.2
Total other comprehensive income/(expense)	-	-	4.4	(0.2)	4.2
Total comprehensive income for the period	-	-	4.4	35.4	39.8
Transactions with owners					
Share-based payment adjustment to reserves	-	-	-	2.7	2.7
Deferred tax on share-based payment transactions	-	-	-	(0.3)	(0.3)
Own shares acquired	(0.6)	-	(28.3)	(21.3)	(50.2)
Shares granted from treasury and employee trust	-	-	7.1	(7.1)	-
Dividends paid to Company shareholders	-	-	-	(10.6)	(10.6)
At 31 December 2015	23.4	(22.5)	(113.3)	439.6	327.2

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 2016	**23.4**	**(22.5)**	**(113.3)**	**439.6**	**327.2**
Comprehensive income					
Profit after taxation for the period	-	-	-	**21.6**	**21.6**
Other comprehensive income/(expense)					
Exchange gains on foreign currency translation (note 18)	-	-	**52.1**	-	**52.1**
Net fair value losses – cash flow hedges	-	-	**(0.7)**	-	**(0.7)**
Actuarial losses on retirement benefit obligation	-	-	-	**(5.6)**	**(5.6)**
Tax (charge)/credit on other comprehensive income	-	-	**(0.2)**	**1.2**	**1.0**
Total other comprehensive income/(expense)	-	-	**51.2**	**(4.4)**	**46.8**
Total comprehensive income for the period	-	-	**51.2**	**17.2**	**68.4**
Transactions with owners					
Share-based payment adjustment to reserves	-	-	-	**2.8**	**2.8**
Shares granted from treasury and employee trust	-	-	**3.7**	**(3.7)**	-
Dividends paid to Company shareholders	-	-	-	**(17.2)**	**(17.2)**
At 30 June 2016	**23.4**	**(22.5)**	**(58.4)**	**438.7**	**381.2**

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

Consolidated cash flow statement

	Notes	**Unaudited Six months ended 30 June 2016 £M**	Unaudited Six months ended 30 June 2015 £M	Audited Year ended 31 December 2015 £M
Cash flows from operating activities				
Cash generated from operating activities	16	**58.6**	50.9	100.3
Finance costs paid		**(29.3)**	(27.8)	(40.9)
Income tax paid		**(28.5)**	(18.6)	(37.0)
Net cash generated from operating activities		**0.8**	4.5	22.4
Cash flows used in investing activities				
Acquisition of subsidiary, net of cash and cash equivalents acquired	17	**-**	(21.0)	(21.0)
Purchases of intangible assets	10	**(7.7)**	(8.3)	(18.9)
Purchases of property, plant and equipment	11	**(2.6)**	(3.5)	(8.2)
Proceeds from sale of property, plant and equipment		**0.1**	0.4	0.4
Net cash used in investing activities		**(10.2)**	(32.4)	(47.7)
Net cash used in operating and investing activities		**(9.4)**	(27.9)	(25.3)
Cash flows from financing activities				
Proceeds from borrowings		**56.1**	141.1	214.9
Repayment of borrowings		**(30.8)**	(110.0)	(138.2)
Dividends paid to Company shareholders	8	**(17.2)**	(18.0)	(28.6)
Acquisition of own shares		**-**	-	(50.2)
Cash received on share options exercised		**-**	-	0.7
Net cash generated from/(used in) financing activities		**8.1**	13.1	(1.4)
Net decrease in cash and cash equivalents		**(1.3)**	(14.8)	(26.7)
Cash and cash equivalents at beginning of period		**39.9**	68.8	68.8
Exchange gains/(losses) on cash and cash equivalents		**3.5**	(2.3)	(2.2)
Cash and cash equivalents at end of period		**42.1**	51.7	39.9

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, 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 28 July 2016.

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 2015 were approved by the Board on 24 February 2016 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 2016 and the forecasts for the two years to 31 December 2018 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 2015 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 2016.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (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;
- IFRS 11 (amendment) 'Accounting for acquisitions of interests in joint operations';
- IFRS1 (amendment) 'Disclosure Initiative';
- 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'; and
- IAS 27 'Equity method in separate Financial Statements.

2. Principal risks and uncertainties

We operate a formal risk management process, the details of which are set out on page 53 of the Financial Statements for the year ended 31 December 2015. Details of our principal risks can be found on pages 38 to 43 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 a regulator 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 to, or assault of, our agents or employees;
- the risk that our strategy is impacted by 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 that 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 2016 (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

	Unaudited Six months ended 30 June 2016 £M	Unaudited Six months ended 30 June 2015 £M	Audited Year ended 31 December 2015 £M
Revenue			
Home credit			
Poland-Lithuania	**132.4**	137.3	267.4
Czech-Slovakia	**38.6**	56.2	106.5
Southern Europe	**82.9**	80.1	155.1
Mexico	**87.5**	86.9	175.3
	341.4	360.5	704.3
Digital	**23.0**	12.4	31.1
Revenue	**364.4**	372.9	735.4
Impairment			
Home credit			
Poland-Lithuania	**39.2**	40.3	61.3
Czech-Slovakia	**(0.7)**	16.1	27.7
Southern Europe	**22.1**	25.5	35.0
Mexico	**34.2**	27.4	56.0
	94.8	109.3	180.0
Digital	**8.0**	3.3	8.9
Impairment – pre-exceptional items	**102.8**	112.6	188.9
Exceptional items (note 6)	**-**	-	10.3
Impairment	**102.8**	112.6	199.2
Profit before taxation			
Home credit			
Poland-Lithuania	**21.3**	28.3	69.0
Czech-Slovakia	**5.7**	9.4	19.2
Southern Europe	**13.4**	6.9	26.6
Mexico	**2.3**	8.6	21.9
Spain	**-**	(1.8)	(1.8)
	42.7	51.4	134.9
Digital	**(4.4)**	(1.4)	(4.2)
UK costs[1]	**(7.6)**	(6.7)	(14.6)
Profit before taxation and exceptional items	**30.7**	43.3	116.1
Exceptional items (note 6)	**-**	(4.7)	(15.9)
Profit before taxation	**30.7**	38.6	100.2

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (continued)

4. Segment analysis (continued)

[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 on the previous page in order to provide a reconciliation to profit before taxation.

Segment assets	**Unaudited 30 June 2016 £M**	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Home credit			
Poland-Lithuania	**393.8**	313.2	356.3
Czech-Slovakia	**130.0**	163.3	135.4
Southern Europe	**228.7**	163.5	200.8
Mexico	**212.6**	196.1	200.5
Spain	**-**	1.1	-
	965.1	837.2	893.0
Digital	**97.3**	49.0	91.6
UK[2]	**74.9**	83.4	37.5
Total	**1,137.3**	969.6	1,022.1

Segment liabilities	**Unaudited 30 June 2016 £M**	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Home credit			
Poland-Lithuania	**182.0**	130.5	155.0
Czech-Slovakia	**108.7**	106.5	113.6
Southern Europe	**134.3**	92.1	117.9
Mexico	**163.9**	152.3	146.1
Spain	**-**	6.2	-
	588.9	487.6	532.6
Digital	**84.3**	44.1	59.1
UK[2]	**82.9**	92.1	103.2
Total	**756.1**	623.8	694.9

[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.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (continued)

5. Tax expense

The underlying taxation charge on profit for the first six months of 2016 has been based on an expected effective tax rate for the full year of 28% excluding the Slovakian operation, where we will not derive a tax benefit from the expected losses. The Hungarian Government has changed the reference period for its bank tax, the impact of which will be to increase the Group's tax charge by around £2M in 2017.

The Group is currently subject to tax audits with respect to Provident Polska for the years 2008, 2009 and 2010. With respect to 2008, a decision was issued by the lower chamber of the fiscal authorities during 2014. The decision sought to challenge the timing of taxation of revenues and the tax effect of certain intra-group transactions. On appeal the decision was rejected and cancelled by the upper chamber. A revised decision was issued in May 2016, making out in essence the same challenge, on slightly different grounds, and has been appealed. With respect to 2009, a similar decision was issued by the lower chamber of the fiscal authorities in June 2016, and has been appealed. An audit of 2010 was initiated in June 2016 and initial fact gathering has begun.

6. Exceptional items

The income statement in 2015 included an exceptional loss of £22.4M which comprised a pre-tax exceptional loss of £15.9M and an exceptional tax charge of £6.5M.

The exceptional loss included £18.6M in respect of the change in Slovak rate cap legislation in December 2015, following which a decision was made to wind down our home credit operation in Slovakia. It comprised an £11.2M charge against profit before tax and the write off of a deferred tax asset of £7.4M that we no longer expect to be realised. The pre-tax loss comprised a provision taken against the carrying value of the receivables book based on our best estimate of the value and timing of collections of £10.3M and £0.9M from the write down of fixed assets.

We also reported an exceptional cost of £4.7M in our half year results, which comprised £2.5M in respect of MCB Finance integration costs (principally a write-down of IT assets) and £2.2M (principally contractual obligations and IT write-offs) relating to the closure costs of our home credit business in Spain. There is a corresponding tax credit of £0.9M relating to these two items.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (continued)

7. Earnings per share

	Unaudited Six months ended 30 June 2016 Pence	Unaudited Six months ended 30 June 2015 Pence	Audited Year ended 31 December 2015 pence
Basic EPS	**9.8**	11.6	27.3
Dilutive effect of awards	**(0.3)**	(0.3)	(0.7)
Diluted EPS	**9.5**	11.3	26.6

Basic earnings per share ('EPS') is calculated by dividing the earnings attributable to shareholders of £21.6M (30 June 2015: £26.9M, 31 December 2015: £62.5M) by the weighted average number of shares in issue during the period of 220.7M which has been adjusted to exclude the weighted average number of shares held in treasury and by the employee trust (30 June 2015: 231.4M, 31 December 2015: 229.1M).

For diluted EPS the weighted average number of shares has been adjusted to 228.3M (30 June 2015: 238.9M, 31 December 2015: 235.4M) to assume conversion of all dilutive potential ordinary share options relating to employees of the Group.

8. Dividends

The final dividend for 2015 of 7.8 pence per share was paid to shareholders on 13 May 2016 at a total cost to the Group of £17.2M. The directors propose an interim dividend in respect of the financial year ended 31 December 2016 of 4.6 pence per share payable to shareholders who are on the register at close of business on 2 September 2016. This will amount to a total dividend payment of £10.2M based upon the number of shares in issue and ranking for dividends as at 30 June 2016. This dividend is not reflected as a liability in the balance sheet as at 30 June 2016.

9. Goodwill

	Unaudited 30 June 2016 £M	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Net book value at start of period	**20.1**	-	-
Acquisition of subsidiary	**-**	19.5	19.5
Exchange adjustments	**2.8**	-	(0.3)
Hindsight adjustment	**-**	-	0.9
Net book value at end of period	**22.9**	19.5	20.1

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (continued)

10. Intangible assets

	Unaudited 30 June 2016 £M	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Net book value at start of period	**25.6**	10.1	10.1
Exchange adjustments	**1.0**	(0.2)	-
Acquisition of subsidiary	**-**	6.0	6.0
Additions	**7.7**	8.3	18.9
Impairment	**-**	(3.2)	(4.6)
Amortisation	**(3.1)**	(1.8)	(4.8)
Net book value at end of period	**31.2**	19.2	25.6

11. Property, plant and equipment

	Unaudited 30 June 2016 £M	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Net book value at start of period	**24.3**	28.2	28.2
Exchange adjustments	**1.6**	(1.0)	(1.2)
Acquisition of subsidiary	**-**	0.1	0.1
Additions	**2.6**	3.5	8.2
Disposals	**(0.1)**	(0.4)	(0.4)
Depreciation	**(5.5)**	(5.4)	(10.6)
Net book value at end of period	**22.9**	25.0	24.3

As at 30 June 2016 the Group had £6.1M of capital expenditure commitments with third parties that were not provided for (30 June 2015: £8.1M, 31 December 2015: £7.8M).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (continued)

12. 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 2016 £M	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Polish zloty	**331.0**	285.6	300.1
Czech crown	**87.5**	87.9	85.0
Euro*	**89.9**	86.3	87.6
Hungarian forint	**122.7**	92.5	107.5
Romanian leu	**80.8**	56.0	67.3
Bulgarian lev	**6.6**	3.8	5.7
Mexican peso	**151.2**	139.1	147.4
Australian dollar	**5.0**	0.5	1.8
Total receivables	**874.7**	751.7	802.4

*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 110% (30 June 2015: 118%, 31 December 2015: 115%). All amounts receivable from customers are at fixed interest rates. The average period to maturity of the amounts receivable from customers is 7.1 months (30 June 2015: 6.0 months, 31 December 2015: 6.3 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 £215.8M (6 months ended 30 June 2015: £219.2M, 12 months ended 31 December 2015: £425.8M).

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (continued)

13. Borrowings

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

	Unaudited 30 June 2016 £M	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Repayable			
- in less than one year	**17.8**	35.2	22.3
- between one and two years	**60.4**	12.3	28.7
- between two and five years	**524.2**	182.5	214.0
- greater than five years	**-**	282.7	291.9
	584.6	477.5	534.6
Total borrowings	**602.4**	512.7	556.9

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

	Unaudited 30 June 2016 £M	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Repayable			
- on demand	**14.5**	13.5	13.6
- in less than one year	**31.9**	62.1	32.0
- between one and two years	**115.9**	48.7	60.7
- between two and five years	**602.5**	272.7	288.7
- greater than five years	**-**	286.0	294.9
Total facilities	**764.8**	683.0	689.9

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (continued)

14. Retirement benefit obligation

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

	Unaudited 30 June 2016 £M	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Equities	**20.9**	20.8	19.8
Bonds	**9.4**	9.4	8.9
Index-linked gilts	**8.3**	8.1	7.2
Other	**1.0**	0.3	0.2
Total fair value of scheme assets	**39.6**	38.6	36.1
Present value of funded defined benefit obligations	**(44.3)**	(38.5)	(36.3)
Net (obligation)/asset recognised in the balance sheet	**(4.7)**	0.1	(0.2)

The charge recognised in the income statement in respect of defined benefit pension costs is £nil (6 months ended 30 June 2015: £nil, 12 months ended 31 December 2015: £nil).

15. 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 derivative financial instruments held at fair value fall into hierarchy level 2 (30 June 2015 and 31 December 2015: all of the Group's derivative 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.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (continued)

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

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 2016 £M	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M	**Unaudited 30 June 2016 £M**	Unaudited 30 June 2015 £M	Audited 31 December 2015 £M
Financial assets						
Amounts receivable from customers	**874.7**	751.7	802.4	**1,222.3**	1,017.9	1,140.0
	874.7	751.7	802.4	**1,222.3**	1,017.9	1,140.0
Financial Liabilities						
Bonds	**553.4**	505.4	500.8	**511.5**	500.5	459.9
Bank borrowings	**49.0**	7.3	56.1	**49.0**	7.3	56.1
	602.4	512.7	556.9	**560.5**	507.8	516.0

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.

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

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (continued)

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

	Unaudited Six months ended 30 June 2016 £M	Unaudited Six months ended 30 June 2015 £M	Audited Year ended 31 December 2015 £M
Profit after taxation	**21.6**	26.9	62.5
Adjusted for			
Tax charge	**9.1**	11.7	37.7
Finance costs	**21.8**	21.5	41.6
Share-based payment charge	**2.8**	3.5	4.1
Amortisation of intangible assets (note 10)	**3.1**	1.8	4.8
Impairment of intangible assets	**-**	3.2	4.6
Depreciation of property, plant and equipment (note 11)	**5.5**	5.4	10.6
Changes in operating assets and liabilities			
Amounts receivable from customers	**(5.5)**	(11.3)	(58.5)
Other receivables	**(19.4)**	(12.9)	(1.1)
Trade and other payables	**26.3**	4.5	1.5
Retirement benefit obligation/asset	**(1.1)**	(1.1)	(1.1)
Derivative financial instruments	**(5.6)**	(2.3)	(6.4)
Cash generated from operating activities	**58.6**	50.9	100.3

17. Acquisitions

On 6 February 2015 the Group acquired 100% of the issued share capital of MCB Finance Group plc.

No hindsight adjustments have been made in the period in respect of this acquisition.

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2016 (continued)

18. 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 2016	**Closing June 2016**	Average H1 2015	Closing June 2015	Average Year 2015	Closing December 2015
Polish zloty	**5.6**	**5.2**	5.7	5.8	5.8	5.8
Czech crown	**34.5**	**32.4**	37.8	38.1	37.6	36.6
Euro	**1.3**	**1.2**	1.4	1.4	1.4	1.4
Hungarian forint	**397.2**	**382.0**	421.5	437.9	428.3	427.1
Romanian leu	**5.7**	**5.4**	6.1	6.3	6.1	6.1
Bulgarian lev	**2.5**	**2.3**	2.7	2.7	2.7	2.7
Mexican peso	**26.1**	**24.3**	23.3	24.4	24.5	25.3
Australian dollar	**2.0**	**1.8**	2.0	2.0	2.0	2.0

The £52.1M exchange gain 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 2015 and June 2016 shown in the table above.

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; Tony Hales, senior independent non-executive director; Jayne Almond, non-executive director; John Mangelaars, non-executive director; Richard Moat, 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 2016 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 2016 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
28 July 2016