19 October 2010

International Personal Finance plc ("IPF")
Interim Management Statement

In accordance with the UK Listing Authority's Disclosure and Transparency Rules, the purpose of this Interim Management Statement is to provide an update on the performance and financial position of IPF since 1 July up to the date of publication. The quarterly figures presented in this statement are unaudited.

Quarter 3 highlights:

IPF continues to make good progress with Group pre tax profit for Q3, 2010 up by 36% and with improved results in all markets. This means that pre tax profit for the nine months to 30 September has increased from £27.1 million last year to £54.9 million.

- Quarter 3 Group pre tax profit increased by 36% to £24.4 million
- Credit quality good in all markets; Q3 impairment 25% of revenue (Q3 2009: 28%)
- Revenue up 10%; credit issued steady reflecting focus on credit quality
- All markets delivered improved Q3 results, with Hungary maintaining its strong recovery and Romania profit increased despite adverse economic conditions
- Good progress in securing medium term funding from diversified sources: £220 million 5 year funding raised through separate EMTN and Polish bond issues
- Strong balance sheet with equity to receivables of 57%, gearing at 1.0 times and borrowings reduced to £293.8 million, reflecting cash generative business model

Chief Executive Officer, John Harnett commented:

"IPF has recovered well from the impact of the recession with pre tax profit for the first nine months of the year increased from £27.1 million to £54.9 million. In Quarter 3, our strategy of focusing on good credit quality, collections and costs has resulted in strong profit growth and good credit quality across all markets. Economic conditions continue to improve across the majority of our markets and we are now seeking stronger growth in the peak sales period in the final quarter of the year.**"**

Review of Q3 performance

Percentage change figures for all performance measures, other than profit or loss before taxation, unless otherwise stated, are quoted after restating prior year figures at a constant exchange rate (CER) for 2010 in order to present the underlying performance variance.

Profit before taxation & exceptional items from continuing operations	2010 £ million	2009 £ million	2008 £ million
Q1	2.0	(8.5)	6.3
Q2	28.5	17.6	20.0
Q3	24.4*	18.0**	18.2
Q4	-	34.6	31.8
Full year	-	61.7	76.3

** excludes £5.3 million of exceptional refinancing costs*
*** includes £3.0 million of one-off restructuring costs in Hungary*

Since the end of 2008 when the prospect of a global downturn impacting our markets became clear, our strategy has been to focus on maintaining good credit quality, maximising collections and keeping costs tight, at the expense of stronger growth. This strategy, coupled with an improvement in economic conditions in most markets, has resulted in a strong increase in third quarter profits to £24.4 million. This represents growth of 36% on the reported result for the third quarter 2009, but underlying growth of 16% after taking into account £3.0 million of one-off restructuring costs incurred in 2009 in respect of Hungary.

	Q3 2010 £m	Q3 2009 £m	%	YTD 2010 £m	YTD 2009 £m	%
Customer numbers (‘000s)	2,140	1,972	9	2,140	1,972	9
Credit issued	183.7	185.5	-	536.1	499.1	4
Average net receivables	499.5	467.0	8	513.3	471.5	5
Revenue	145.6	134.1	10	448.3	399.1	9
Impairment	(36.6)	(37.9)	2	(133.9)	(133.8)	3
Finance costs	(8.2)	(7.0)	(21)	(22.8)	(22.4)	2
Agents’ commission	(16.6)	(15.4)	(11)	(49.7)	(47.0)	(3)
Other costs	(59.8)	(55.8)	(8)	(187.0)	(168.8)	(8)
Profit before tax*	24.4	18.0		54.9	27.1	

** excludes exceptional costs of £5.3 million in Q3 on the closure of interest rate swaps that were no longer hedge effective following the EMTN and Polish Bond issuances and a £2.9 million curtailment gain in Q1 arising on the closure of the Group’s defined benefit pension scheme to future accrual.*

Whilst there remains uncertainty in the global external environment, during 2010 we have seen a return to economic growth, an improved economic outlook and improvements in consumer confidence in the markets in which we operate, with the exception of Romania where the position is weaker but stable. Although taken overall our bias has remained more focused on credit quality than growth, as the quarter progressed and economic conditions and credit quality continued to improve we progressively moved our focus towards growth.

Overall growth during the third quarter was relatively flat, reflecting our cautious credit positioning. Customers increased by 26,000 to 2,140,000 (representing year on year growth of 9%) and credit issued was at a similar level to the prior year. However, the volume and quality of applications for credit has been good and we have started to see a return to stronger growth in the last weeks of the quarter in response to the greater emphasis on controlled growth that we have placed in our incentives and marketing.

Revenue increased by 10% over the same quarter in 2009, reflecting the growth in credit issued in previous quarters and the impact of the price rise implemented during the third quarter of 2009. As previously noted, the impact of the price rise has started to be mitigated by the increase in the cost of early settlement rebates arising on implementation of the EU Consumer Credit Directive (“CCD”). The CCD was implemented in Hungary, Romania and Slovakia in July and rebates in those markets were £1.3 million higher than Q3 in the prior year. The Czech Republic is due to implement at the start of 2011, with Poland expected to follow shortly after. The additional cost of early settlement rebates on revenue and therefore profit for 2011 as compared to 2010 is expected to be approximately £15 million.

Alongside the increase in revenue, our focus on credit quality has resulted in an impairment charge 2% lower than the same quarter last year. As a result, impairment as a percentage of revenue has fallen from 28% in the third quarter of 2009 to 25% this year.

As previously indicated, our borrowing costs have increased as a result of higher margins on bond issues leading to an increase in finance costs of 21%; agent commission costs, which are directly linked to collections, have increased by 11%; and other costs have increased by 8%, primarily reflecting an increase in performance related pay.

Performance by market

Profit before taxation & exceptional items from continuing operations	Quarter 3 2010 £ million	Quarter 3 2009 £ million	YTD 2010 £ million	YTD 2009 £ million
Poland, Czech and Slovakia	24.8	23.7	59.2	51.4
Hungary	2.6	(2.0)**	4.1	(9.0)
Mexico	0.5	0.2	1.2	(3.3)
Romania	0.2	(0.8)	0.4	(2.7)
UK central costs	(3.7)	(3.1)	(10.0)	(9.3)
Profit before tax	24.4*	18.0	54.9	27.1

**excludes £5.3 million of exceptional refinancing costs*
*** includes £3.0 million of one-off restructuring costs*

Poland, Czech and Slovakia have continued to perform well with good collections performance and credit quality. We have also seen stronger growth in recent weeks, which is important in advance of the seasonal Christmas peak. Quarterly profit for these markets has increased by 5% to £24.8 million.

Hungary has continued its strong recovery and made a pre tax profit of £2.6 million in the third quarter having made a loss of £2.0 million in Q3, 2009 (including £3.0 million of restructuring costs). The key driver of this has been a strong collections performance, and the business is also starting to re-build customer numbers.

Mexico reported a quarterly pre tax profit of £0.5 million, including £0.2 million of losses in respect of the newly opened Monterrey region, which is developing well. Growth in the Puebla and Guadalajara regions has been slowed during the quarter to ensure credit quality was maintained after some early signs of deterioration, largely reflecting the need to develop less experienced operational management recruited during the strong growth period last year. As a result credit quality and impairment levels have remained good and we expect a stronger performance in the fourth quarter.

In Romania, the economic backdrop is weaker than the other markets and we implemented a tightening of credit criteria in December 2009 and again in April 2010 in advance of the introduction of the government's austerity plan, which took effect in July. As a result, although we experienced a dip in collections performance during August, the Romanian business has performed well and has continued to keep impairment under control and to trade profitably, reporting a profit for the quarter of £0.2 million compared with a loss of £0.8 million during the same period last year. Our objective remains to deliver a maiden full year profit for 2010.

Balance sheet and funding

Borrowings at the end of September were £293.8 million compared with £337.6 million at the same point last year and this represents a reduction in borrowings of £7.9 million (at CER) since the half year, reflecting the cash generative nature of the business. The balance sheet remains strong, with shareholders' funds currently representing 57% of net customer receivables and gearing of 1.0 times.

IPF has committed bank facilities which provide sufficient funding for existing operations to October 2011. As previously announced, we aim to diversify our sources of funding and to secure our medium term funding requirement by the end of the year and we are making good progress:

- In August we issued €225 million (approximately £180 million equivalent) 5 year bonds at a fixed coupon of 11.5% under our Euro Medium Term Note programme
- In September, we issued 200 million Polish zloty bonds (approximately £40 million equivalent) maturing 30 June 2015. The coupon is a floating rate of 6 month WIBOR (the relevant Polish bank reference rate) plus a margin of 750 basis points
- In September we have also commenced the process of re-financing a proportion of our bank facilities

As a result of these transactions, we expect the Group's funding costs to increase to approximately 7.5% of revenue in 2011.

Outlook

Economic conditions and consumer confidence are on balance improving, although conditions do vary by market. At the end of September, credit quality and collections performance is good in all markets and the number of customers who are eligible for the offer of a further loan is 15% higher than last year. This coupled with a progressive emphasis on growth gives us a good platform for improved growth in the fourth quarter, our seasonal peak sales period, and for delivering a strong result for the year.

As noted above, the Group will experience an increase in its cost base in 2011 of approximately £15 million as a result of the CCD implementation and an increase in the Group's costs of borrowing to approximately 7.5% of revenue. However, we expect the combination of stronger growth and good credit quality to put the Group in a good position to deliver further improvement in 2011.

A further trading update will be published in mid-December.

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Appendix - Average and closing foreign exchange rates

The table below shows the average exchange rates for the relevant reporting periods, closing exchange rates at the relevant period ends, together with the rates at which the Group has economically hedged a proportion of its expected profits for the last quarter of the year.

	Average Q3 2010	Average Q3 2009	Average YTD 2010	Average YTD 2009	Closing Sep 2010	Closing Dec 2009	Contract Q4 2010
Poland	4.72	4.77	4.69	5.00	4.63	4.62	4.71
Czech Republic	29.41	29.15	29.43	30.00	28.84	29.75	29.56
Slovakia	1.18	1.14	1.15	1.15	1.17	1.13	1.12
Hungary	325.89	317.52	318.75	319.91	324.53	303.63	315.71
Mexico	20.76	21.78	20.04	19.86	19.83	21.10	20.86
Romania	4.98	4.94	4.83	4.72	4.98	4.77	5.01