

**ANNUAL REPORT**

**2010**

**IPF Investments Polska Sp. z o.o.**

## Content of the Annual Report:

- 1) Letter from the management board
- 2) Selected financial data
- 3) Annual financial statements
- 4) Management board report
- 5) Management board statements
- 6) Independent registered auditor's opinion and report

Letter from the management board of  
IPF Investments Polska Sp. z o.o.

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Dear Bondholders and Shareholder,

We are delighted to present the first Annual Report of IPF Investments Polska Sp. z o.o. ("the Company") prepared for the period from 21 December 2009 to 31 December 2010.

The Company was established on 8 December 2009 and was formed as a special purpose entity for the purpose of raising funds, mainly from commercial bond issues, in order to provide finance to entities owned by International Personal Finance plc ("IPF plc" - an entity listed on London Stock Exchange / "the Group").

The Company started its activity in the second half of 2010 and successfully issued commercial floating-rate bonds on 1 October 2010 with a maturity date of 30 June 2015 and a par value of PLN 200 million. Since 7 October 2010 the bonds have been listed on the wholesale market of the alternative trading system ASO BondSpot organised by BondSpot S.A. and constituting a part of the Catalyst bond platform. The funds raised from the bond issue were lent to Provident Polska S.A. (a member of the Group) on 1 October 2010 in the form of a floating-rate loan. The intra-group loan agreement was concluded on 28 September 2010 with Provident Polska S.A. as a borrower and International Personal Finance Plc, IPF Holdings Limited, International Personal Finance Investments Limited, IPF International Limited (entities from the Group) as guarantors.

We would like to thank all the bondholders and our partners who contributed to the success of the Company's debut on ASO BondSpot Catalyst market.

With kind regards,

Management Board of IPF Investments Polska Sp. z o.o.

Letter from the management board of  
IPF Investments Polska Sp. z o.o.

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David Broadbent  
Board Member



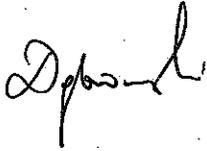
John Bahlgreen  
Board Member



Alicja Kopeć  
Board Member



Krzysztof Adamski  
Board Member



Mariusz Dąbrowski  
Board Member  
Responsible for  
maintaining the books of account

Warsaw, 2nd March 2011

**Selected financial data**  
**IPF Investments Polska Sp. z o.o.**

As at 31 December 2010 and for the period from 21 December 2009 to 31 December 2010	PLN 000'	EUR 000'
Total income	6 319	1 595
Profit before income tax	8	2
<b>Profit for the year</b>	<b>7</b>	<b>2</b>
Non-current assets	197 557	49 884
Current assets	5 913	1 493
<b>Total assets</b>	<b>203 470</b>	<b>51 377</b>
Paid in share capital	45	11
<b>Total equity</b>	<b>52</b>	<b>13</b>
Current liabilities	5 857	1 479
Non-current liabilities	197 561	49 885
<b>Total liabilities</b>	<b>203 418</b>	<b>51 364</b>
Net cash from operating activities	-197 106	-49 771
Net cash from financing activities	197 151	49 782
Net increase in cash and cash equivalents	45	11
Cash and cash equivalents at the end of the period	45	11

The amounts in PLN have been translated to EUR at the average NBP rate as at 31 December 2010.

**IPF Investments Polska Sp. z o.o.**

**Financial Statements**

**as at 31 December 2010 and for the period from  
21 December 2009 to 31 December 2010**

**To the Shareholder of IPF Investments Polska Sp. z o.o.**

## **Approval of the financial statements**

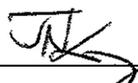
The accompanying statement of comprehensive income, statement of financial position, statement of changes in shareholders' equity, statement of cash flows and notes to the financial statements have been prepared in accordance with International Financial Reporting Standards IFRS as adopted by the European Union and are presented in the following order:

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Statement of comprehensive income	4
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Statement of cash flows	6
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David Broadbent  
Board Member



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John Dahlgreen  
Board Member



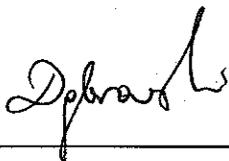
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Alicja Kopeć  
Board Member



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Krzysztof Adamski  
Board Member



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Mariusz Dąbrowski  
Board Member/ Responsible for  
maintaining the books of account

Warsaw, 2nd March 2011

# Statement of comprehensive income

For the period from 21 December 2009 to 31 December 2010

Notes

PLN

Interest revenue	1	6 318 525,76
<b>Total income</b>		<b>6 318 525,76</b>
Finance costs	2	(6 270 676,38)
Operating costs	3	(39 815,80)
<b>Total costs</b>		<b>(6 310 492,18)</b>
<b>Profit before income tax</b>		<b>8 033,58</b>
Income tax expense	4	(1 526,38)
<b>Profit for the year</b>		<b>6 507,20</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>
<b>Total comprehensive income for the year</b>		<b>6 507,20</b>
<b>Profit attributable to:</b>		
Owners of the Company		6 507,20
<b>Total comprehensive income attributable to:</b>		
Owners of the Company		6 507,20

## Statement of financial position

As at 31 December	Notes	2010 PLN
<b>ASSETS</b>		
<b>Non-current assets</b>		
Receivables from loans	5	197 556 765,14
		<b>197 556 765,14</b>
<b>Current assets</b>		
Receivables from loans	5	5 867 835,62
Cash and cash equivalents	6	44 960,00
		<b>5 912 795,62</b>
<b>Total assets</b>		<b>203 469 560,76</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Debt securities in issue	7	5 817 424,66
Trade and other payables	8	39 775,80
		<b>5 857 200,46</b>
<b>Non-current liabilities</b>		
Debt securities in issue	7	197 559 326,72
Deferred tax liability	9	1 526,38
		<b>197 560 853,10</b>
<b>Total liabilities</b>		<b>203 418 053,56</b>
<b>EQUITY</b>		
Paid in share capital	10	45 000,00
Retained earnings		6 507,20
<b>Total equity</b>		<b>51 507,20</b>
<b>Total equity and liabilities</b>		<b>203 469 560,76</b>

## Statement of changes in equity

	Paid in share capital PLN	Retained earnings PLN	Total equity PLN
At 21 December 2009	-	-	-
Share capital paid in	45 000,00	-	45 000,00
Profit for the year	-	6 507,20	6 507,20
At 31 December 2010	45 000,00	6 507,20	51 507,20

# Statement of cash flows

For the period from 21 December 2009 to 31 December 2010

Notes

		PLN
<b>Profit before income tax</b>		<b>8 033,58</b>
<b>Adjusted for :</b>		<b>(197 114 148,58)</b>
Finance costs		6 270 676,38
Increase in receivables	5	(203 424 600,76)
Increase in current liabilities, excluding bank and other borrowings		39 775,80
<b>Income tax paid</b>		<b>-</b>
<b>Net cash from operating activities</b>		<b>(197 106 115,00)</b>
<b>Cash flow from investing activities</b>		
<b>Net cash inflow/(outflow) from investing activities</b>		<b>-</b>
<b>Cash flow from financing activities</b>		
<b>Cash inflows :</b>		<b>197 151 075,00</b>
Share capital		45 000,00
Issue of debt securities		197 106 075,00
<b>Net cash from financing activities</b>		<b>197 151 075,00</b>
<b>Net increase in cash and cash equivalents</b>	<b>6</b>	<b>44 960,00</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6</b>	<b>44 960,00</b>

# Notes to the financial statements

## 1. General information

IPF Investments Polska Sp. z o.o. ("the Company") is incorporated in the Republic of Poland. The address of the Company's registered office is ul. Polna 11, Warsaw.

IPF Investments Polska Sp. z o.o. was established on 8 December 2009. On 21 December 2009 the Company was entered into the Register of Entrepreneurs kept by the Business Department of the National Court Register at the District Court in Warsaw, XII Commercial Division of the National Court Registry, under number KRS 0000344995.

The Company was formed as a special purpose entity for the purpose of raising funds mainly from commercial bonds issue and provision of finance to entities owned by International Personal Finance Plc ("IPF Plc" - an entity listed on the London Stock Exchange/ "the Group") to finance their home lending business.

As stated in the Company's Memorandum of Association, the Company's operation period is unlimited.

The following persons served as members of the Management Board in the period from 21 December 2009 to 31 December 2010:

David Broadbent	Member since 08 December 2009
John Dahlgreen	Member since 08 December 2009
Alicja Kopeć	Member since 08 December 2009
Krzysztof Adamski	Member since 08 December 2009
Mariusz Dąbrowski	Member since 08 December 2009

## 2. Summary of significant accounting policies

### Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. In accordance with the Accounting Act of 29 September 1994, IPF Investments Polska Sp. z o.o. as a subsidiary of an entity listed in the European Economic Area, International Personal Finance Plc (the Company's parent), may prepare financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements have been prepared on a going concern basis under the historical cost convention.

These financial statements are the Company's first annual financial statements and have been prepared for the period from 21 December 2009 to 31 December 2010 in accordance with all IFRS adopted by the EU effective as at 31 December 2010. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied in preparing these financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the paragraph 'Key assumptions and estimates'.

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

IFRS 9, 'Financial instruments', issued in December 2009. IFRS 9 introduces new requirements for classifying and measuring financial assets and financial liabilities and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The standard was not endorsed by the EU as at the date of the financial statements. The Company is yet to assess IFRS 9's full impact and has not yet decided when to adopt IFRS 9;

IAS 32 (amendment), 'Classification of rights issues'; the changes apply to periods starting on or after 1 February 2010;

IAS 24 (revised), 'Related party disclosures'; the changes apply to periods starting on or after 1 January 2011;

### IPF Investments Polska Sp. z o.o. – Financial Statements

As at 31 December 2010 and for the period from 21 December 2009 to 31 December 2010

The notes on pages 7 to 18 are an integral part of these financial statements.

# Notes to the financial statements (continued)

## 2. Summary of significant accounting policies (continued)

IFRS 1 (revised), 'Limited exemption from comparative IFRS 7 disclosures for first time adopters'; the changes apply to periods starting on or after 1 July 2010;

IFRS 7 (revised), 'Transfer of financial assets'; the changes apply to periods starting on or after 1 July 2011; the changes were not endorsed by the EU as at the date of the financial statements;

IAS 12 (revised), 'Recovery for underlying assets'; the changes apply to periods starting on or after 1 July 2012; the changes were not endorsed by the EU as at the date of the financial statements;

IFRS 1 (amendment), 'Severe hyperinflation and fixed dates'; the changes apply to periods starting on or after 1 July 2011; the changes were not endorsed by the EU as at the date of the financial statements;

Amendments to IFRS 2010; the majority of the amendments to the 7 standards applies to periods starting on or after 1 January 2011; the changes were not endorsed by the EU as at the date of the financial statements;

IFRIC 14 (amendment), 'Prepayments of a minimum funding requirement'; the amendments apply to periods starting on or after 1 January 2011;

IFRIC 19, 'Extinguishing financial liabilities with equity instruments'; applies to periods starting on or after 1 July 2010.

The above presented requirements of published standards and interpretations except for IFRS 9 will not significantly influence the financial statements of the Company when initially applied or are not relevant to the Company.

### Interest revenue

Revenue (Interest income) on loan receivables is recognized on an accrual basis using the effective interest rate (EIR). The EIR is the rate that discounts estimated cash flows, these being contractual payments adjusted for the impact of borrowers repaying early but excluding the anticipated impact of borrowers paying late or not paying at all. In case of loans bearing variable interest rates, future cash flows are estimated using projections of future interest rates calculated on the basis of adequate market curves. Directly attributable incremental costs and fees related to granting the loans are also taken into account in calculating the EIR. Income on loans continues to be accrued on impaired loans using the original EIR applied to the net value of the loan.

### Finance income and finance costs

Finance income comprises the return generated on cash and cash equivalents and is recognized as it accrues. Finance costs comprise the interest on debt securities in issue including arrangement fees and are recognized as they accrue using the effective interest rate method. In case of debt securities in issue bearing variable interest rates, future cash flows are estimated using projections of future interest rates calculated on the basis of adequate market curves.

### Operating expenses

Operating costs include administrative services provided to the Company by external providers.

### Income tax expense

The tax expense represents the sum of current and deferred tax, except for deferred tax on items recognized within in other comprehensive income.

The current income tax charge is computed using the applicable rate (as specified in the Corporate Income Tax Act) and calculated based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

# Notes to the financial statements (continued)

## 2. Summary of significant accounting policies (continued)

### Deferred income tax

Deferred income tax is provided in full, using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

### Receivables from loans

All receivables from loans are initially recognized at the fair value amount loaned to the borrower adjusted by directly attributable incremental costs and fees. After initial recognition, the receivables are subsequently measured at amortized cost. Amortized cost is the amount of loan receivable at initial recognition less repayments, plus revenue earned calculated using the EIR, less any deduction for impairment losses.

Loan receivables are assessed for impairment at each balance sheet date. Impairment losses are calculated by estimating the future cash flows from each loan, discounting these to a present value, using the original EIR and comparing this figure with the carrying value. All such impairment losses are charged to the income statement.

The unwinding of the discounted value used to compute the impairment is reflected in the revenue recognised on the impaired loan.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short - term deposits and other short - term highly liquid investments with original maturities of three months or less held for the purpose of meeting short-term cash commitments. Cash and cash equivalents are carried at amortized cost.

Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

### Debt securities in issue

Debt securities in issue are recognized initially at fair value, being their issue proceeds, net of any transaction costs incurred. Debt securities in issue are subsequently stated at amortized cost; any difference between the initial amount and the redemption value is recognized in the income statement over the expected life of the borrowings using the effective interest rate.

### Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Provisions

Provisions are recognized when the Company has a present obligation resulting from a past event, it is probable that the Company will be required to settle that obligation and the amount can be reliably estimated. Provisions are measured at managements best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

### Equity

Equity comprises capital set up by the Company on the basis of the applicable legal regulations and the provisions of its Memorandum of Association.

The nominal value of the Company's share capital is stated at the amount specified in its Memorandum of Association and the Commercial Register.

Retained earnings or accumulated losses represent unappropriated net profit (net loss which has not been offset), including the net profit or loss for the financial year recognized in the income statement.

## IPF Investments Polska Sp. z o.o. – Financial Statements

As at 31 December 2010 and for the period from 21 December 2009 to 31 December 2010

The notes on pages 7 to 18 are an integral part of these financial statements.

## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### Key assumptions and estimates

The Company makes assumptions in relation to the future market interest rates levels which are the basis for the effective interest rate valuation of 5-year floating rate receivables from loans and debt securities in issue. The future rates are estimated on the basis of available expected market forward interest rate curves. If the estimated future interest rates increased/decreased by 50 bps this would result in increase/decrease of the carrying value of those items by approximately PLN 207 thousand as at 31 December 2010.

# Notes to the financial statements (continued)

## 1 Interest revenue

Interest revenue comprises interest income from loans granted to entities owned by International Personal Finance Plc calculated using the effective interest rate method.

## 2 Finance costs

For the period from 21 December 2009 to 31 December 2010

PLN

Interest payable on debt securities	6 270 676,38
<b>Total</b>	<b>6 270 676,38</b>

Interests payable on debt securities is calculated using the effective interest rate method.

## 3 Expenses by nature

For the period from 21 December 2009 to 31 December 2010

PLN

External services:	
- audit and advisory services	21 000,00
- administrative costs	18 775,80
- bank charges	40,00
<b>Total expenses by nature</b>	<b>39 815,80</b>
Classified as:	
- operating costs	39 815,80

## 4 Tax expense

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the period from 21 December 2009 to 31 December 2010 is as follows:

	31 December 2010
	PLN
<b>Accounting profit before tax</b>	<b>8 033,58</b>
Current income tax	-
Deferred income tax	1 526,38
<b>Income tax expense reported in income statement</b>	<b>1 526,38</b>
<b>Income tax expense at statutory income tax rate of 19,0%</b>	<b>1 526,38</b>
Tax on expenditure not allowable for income tax purposes and non taxable incomes	-
<b>Income tax expense at the effective income tax rate of 19,0%</b>	<b>1 526,38</b>

## Notes to the financial statements (continued)

### 5 Receivables from loans

	31 December 2010 PLN
- due within one year	5 867 835,62
- due in more than one year	197 556 765,14
<b>Total</b>	<b>203 424 600,76</b>

As at 31 December 2010 the Company had a receivable from only one loan, which was issued to a related entity for a period of 5 years at nominal value of PLN 200 million. The loan matures in 2015. The interest on the loan is variable. The amount receivable from the loan is held at amortized cost and equals the expected future cash flows discounted at the EIR of 13,45%.

The repayment of the loan is guaranteed by entities from the Group (for details see note 13). The loan was neither past due nor impaired as at 31 December 2010.

### 6 Cash and cash equivalents

	31 December 2010 PLN
Cash at bank	44 960,00
<b>Total</b>	<b>44 960,00</b>

Cash and cash equivalents represent amounts denominated in Polish Zloty. Cash at bank is interest bearing (floating rates).

### 7 Debt securities in issue

In October 2010 the Company issued 5-year floating-rate debt securities with a total nominal value of PLN 200 million. The details of the bonds as at 31 December 2010 are the following:

ISIN code	Maturity Date	Average interest rate (EIR%)	PLN
PLIPFIP00025	30.06.2015	13,35%	203 376 751,38
Current (interest)			5 817 424,66
Non-current			197 559 326,72
<b>Total</b>			<b>203 376 751,38</b>

## Notes to the financial statements (continued)

### 8 Trade and other payables

	31 December 2010 PLN
Trade payables	18 775,80
Accruals	21 000,00
<b>Total</b>	<b>39 775,80</b>

The above balances comprise amounts to be settled within 12 months from the balance sheet date. The fair value of trade and other payables approximates to their book value due to their short-term nature.

### 9 Deferred tax liability

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19%.

	PLN
At 21 December 2009	-
Increase debited to income statement	(1 526,38)
<b>As at 31 December 2010</b>	<b>(1 526,38)</b>

Deferred tax assets have been recognised in respect of all tax losses and other temporary timing differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

#### Deferred tax liabilities

	31 December 2010 PLN
Interest receivable	6 318 525,76
<b>Total</b>	<b>6 318 525,76</b>
<b>Deferred tax liabilities at 19%</b>	<b>1 200 519,89</b>

#### Deferred tax assets

	31 December 2010 PLN
Interest payable	6 270 676,38
Cost accruals	21 000,00
Tax losses	18 815,80
<b>Total</b>	<b>6 310 492,18</b>
<b>Deferred tax assets at 19%</b>	<b>1 198 993,51</b>
<b>Net deferred tax liabilities:</b>	<b>1 526,38</b>

# Notes to the financial statements (continued)

## 10 Share capital

31 December 2010

	Authorized		Issued and fully paid	
	Number	PLN	Number	PLN
Shares of 450 PLN each	100	45 000	100	45 000

During the year there were no changes to the number of shares issued. The Company's immediate parent and sole shareholder is International Personal Finance Plc. The Company's ultimate parent is International Personal Finance plc.

## 11 Directors' remuneration

The members of the Company's management board have been employed by the Group. During the period, the management of the Company has not received any compensation in respect of their capacity as managers of the Company. The Company's managers have been nominated by the shareholders, and were appointed in order to safeguard the shareholders' interests.

## 12 Employee information

The Company did not employ any employees in the period covered by the financial statements and is not planning to employ any employees in the near future.

## 13 Related party transactions

### (a) Relationship between IPF Investments Polska and its parent

For the parent information, see note 10.

### (b) Key management personnel compensation

For the details related to key management personnel compensation, see note 11.

In the period from 21 December 2009 to 31 December 2010 the Company did not grant any loans to the Management Board members. There were no other transactions concluded with members of the management of the Company, of the parent company nor their close family members.

### (c) Group transactions

In the period from 21 December 2009 to 31 December 2010 the Company concluded transactions with the following related Group entities:

- IPF Plc (UK)
- Provident Polska S.A.
- IPF Holdings Ltd (UK)
- International Personal Finance Investments Ltd (UK)
- IPF International Ltd (UK).

The nature of the transactions with the above entities was the following:

1. Intra-group Loan Agreement concluded with Provident Polska S.A. as borrower to financially support its basic business activity and with IPF plc, IPF Holdings Ltd, International Personal Finance Investments Ltd, IPF International Ltd as guarantors.
2. Services Agreement, which regulates the provision by Provident Polska S.A. to the Company for services in relation to accounting, banking, legal and other business related services as well as rental of office space.

## IPF Investments Polska Sp. z o.o. – Financial Statements

As at 31 December 2010 and for the period from 21 December 2009 to 31 December 2010

The notes on pages 7 to 18 are an integral part of these financial statements.

# Notes to the financial statements (continued)

## 13 Related party transactions (continued)

Only the transactions with Provident Polska S.A. had an effect on the Company's balance sheet and income statement, which was the following:

As at 31 December 2010 and for the period from 21 December 2009 to 31 December 2010

PLN

<b>Revenue/(costs)</b>	
Interests from loan	6 318 525,76
Administrative costs	(18 775,80)
	<u>6 299 749,96</u>
<b>Assets / (liabilities)</b>	
Receivables from loan	203 424 600,76
Trade liabilities	(18 775,80)
	<u>203 405 824,96</u>

## 14 Contingent liabilities

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year and may impose additional tax assessments and penalties. The Management Board is not aware of any circumstances which may give rise to a potential tax liability in this respect. In the period from 21 December 2009 to 31 December 2010 the Company was not subject to control proceedings.

## 15 Post balance sheet events

There were no events after the balance sheet date up to the date of the signing the financial statements that would require additional disclosure in the financial statements.

## 16 Fair values of financial assets and liabilities by category

The fair value and carrying value of the financial assets and liabilities of the Company are set out below:

As at 31 December

2010

	Fair value	Carrying value
	PLN	PLN
<b>Financial assets</b>		
Cash and cash equivalents	44 960,00	44 960,00
Receivables from loans	203 424 600,76	203 424 600,76
	<u>203 469 560,76</u>	<u>203 469 560,76</u>
<b>Financial liabilities</b>		
Debt securities in issue	210 817 424,66	203 376 751,38
Trade and other payables	39 775,80	39 775,80
	<u>210 857 200,46</u>	<u>203 416 527,18</u>

The fair value of amounts receivable from loans has been derived by discounting expected future cash flows at an appropriate discount rate (risk free rate plus margin).

The fair value of debt securities in issue has been obtained from the ASO BondSpot market listings as at the balance sheet date (the last available transaction listing for 2010 was on 23 December 2010).

## Notes to the financial statements (continued)

### 16 Fair values of financial assets and liabilities by category (continued)

For other financial liabilities, which are all short-term in nature, the carrying value is a reasonable approximation of fair value.

### 17 Risk management

#### Risk arising from financial instruments

The Company follows treasury policies approved by the Group Board. The Company's day-to-day operations are managed by delegated employees of Provident Polska S.A. on the basis of a services agreement (see also note 13).

The treasury policies are designed to manage the main financial risks in relation to funding and investment. These policies ensure that the borrowings and investments are with high quality counterparties; are limited to specific instruments; the exposure to a single counterparty or type of instrument is controlled; and the Company's exposure to interest rate risk is maintained within set limits.

#### Interest rate risk

The Company is exposed to interest rate risk arising on changes in interest rates on loan receivables and debt securities in issue and therefore seeks to limit its exposure (the interest risk in relation to overnights and deposits is assessed as insignificant, trade receivables and payables are non interest bearing). This is achieved by the perfect matching of the parameters of loans issued to the Group companies with the terms and conditions of the debt securities issued, which means that any changes in market conditions in relation to debt securities in issue will be automatically reflected in loan contract conditions. Therefore, if interest rates increased/decreased by 50 bps in the period from 21 December 2009 to 31 December 2010 this would have no significant effect on net interest revenue (revenue less interest expense).

#### Currency risk

In the period from 21 December 2009 to 31 December 2010 the Company was not exposed to any currency risk.

#### Credit risk

The Company is subject to credit risk in respect of the amounts receivable from loans and the cash and cash equivalents held on deposit with banks.

	31 December 2010 PLN Carrying value
Cash and cash equivalents	44 960,00
Receivables from loans	203 424 600,76
<b>Total</b>	<b>203 469 560,76</b>

The above table presents a worst case scenario of the credit risk that the Company is exposed to at 31 December 2010.

#### *Cash and cash equivalents*

Cash and cash equivalents are neither past due nor impaired. Credit quality of these assets is good and the cash and cash equivalents are held with banks with good ratings (Moody's: Aa2 and Aa3), which meet the criteria set out within treasury policies to ensure the risk of loss is minimized. The Company does not hold any petty cash.

# Notes to the financial statements (continued)

## 17 Risk management (continued)

### *Amounts receivable from loans*

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, as a result of its principal activity of granting loans to the Group companies. The risk of material unexpected credit losses in respect of amounts receivable from loans is low as the Company lends only to Group companies. This risk is further minimized by the guarantees for the loan agreements obtained from other Group companies (see note 13) who have Fitch Agency rating BB+.

The receivables from loans as at 31 December 2010 were neither past due nor impaired.

### Liquidity risk

The Company is not subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plans for growth as it has a stable source of long term finance in the form of debt securities.

The nature of the Company's business is that the term and conditions of amounts receivable from loans are matched with those of debt securities in issue.

### *Analysis of assets and liabilities due*

The following analysis presents undiscounted amounts due from loans and liabilities from debt securities as at 31 December 2010, according to maturities.

	Receivables from loans	Percentage	Bank and other borrowings	Percentage
	PLN	%	PLN	%
Less than 1 year	23 680 000,00	7,4	23 480 547,95	7,3
1-5 years	297 022 739,73	92,6	296 272 602,74	92,7
	<b>320 702 739,73</b>	<b>100,0</b>	<b>319 753 150,69</b>	<b>100,0</b>

The table illustrates the nature of long-term receivables from loans and long-term nature of funding in the form of debt securities.

### Capital management

Due to the character of the Company (finance providing Special Purpose Vehicle) its objective when managing capital is to retain the initially paid in share capital as well as retaining a high gearing ratio. This is to be obtained through the issue of debt instruments.

# Notes to the financial statements (continued)

## 18 Categories of financial assets and liabilities

### Financial assets

As at 31 December	2010
	Loans and receivables at amortized cost
	PLN
Cash and cash equivalents	44 960,00
Amounts receivable from loans	203 424 600,76
	<b>203 469 560,76</b>

### Financial liabilities

As at 31 December	2010
	Financial liabilities measured at amortized cost
	PLN
Debt securities in issue	(203 376 751,38)
Trade and other payables	(39 775,80)
	<b>(203 416 527,18)</b>

**MANAGEMENT BOARD REPORT**

**of**

**IPF Investments Polska Sp. z o.o.**

**for the period from  
21 December 2009 to 31 December 2010**

Management Board Report of IPF Investments Polska Sp. z o.o.  
for the period from 21 December 2009 to 31 December 2010

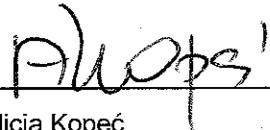
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David Broadbent  
Board Member



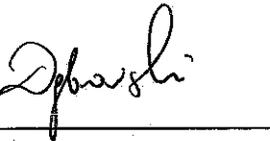
John Dahlgreen  
Board Member



Alicja Kopec  
Board Member



Krzysztof Adamski  
Board Member



Mariusz Dabrowski  
Board Member / Responsible for  
maintaining the books of account

Warsaw, 2nd March 2011

Management Board Report of IPF Investments Polska Sp. z o.o.  
for the period from 21 December 2009 to 31 December 2010

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Dear Shareholder,

This report covers the period from 21 December 2009 to 31 December 2010.

1. Organisational matters

IPF Investments Polska Sp. z o.o. is a Company registered in the Republic of Poland. The address of the Company's registered office is ul. Polna 11, Warsaw.

IPF Investments Polska Sp. z o.o. was established on 8 December 2009. On 21 December 2009 the Company was entered into the Register of Entrepreneurs kept by the Business Department of the National Court Register at the District Court in Warsaw, XII Commercial Division of the National Court Registry, under the number KRS 0000344995.

The Company was formed as a special purpose entity for the purpose of raising funds, mainly from the issue of commercial bonds, and the provision of finance to entities owned by International Personal Finance Plc ("IPF Plc" - an entity listed on London Stock Exchange / "the Group") to finance their home lending business. The Company does not employ any employees and is not planning to employ any employees in the near future.

As stated in the Company's Memorandum of Association, the Company's operation period is unlimited.

The following persons served as members of the Management Board in the period from 21 December 2009 to 31 December 2010:

David Broadbent	Member since 08 December 2009
John Dahlgreen	Member since 08 December 2009
Alicja Kopeć	Member since 08 December 2009
Krzysztof Adamski	Member since 08 December 2009
Mariusz Dąbrowski	Member since 08 December 2009

2. Significant events in 2010

Bonds issue programme

On 22 July 2010 the Company entered into a PLN 300 million medium-term bond programme agreement ("the Programme"), as the issuer, with Bank Polska Kasa Opieki S.A. as the issue agent, dealer, paying agent and depositary and IPF Plc as the guarantor. On 14 September 2010 three other companies from the Group (IPF Holdings Limited, International Personal Finance Investments Limited, IPF International Limited) joined the programme as guarantors. On 1 October 2010 the Company successfully issued floating-rate bonds with a maturity date of 30 June 2015 and a par value of PLN 200 million under the Programme.

ASO BondSpot Catalyst market debut

On 7 October 2010 the bonds successfully debuted on the wholesale market of the alternative trading system ASO BondSpot organised by BondSpot S.A. and constituting a part of the Catalyst bond platform.

Loan to Provident Polska S.A.

Following the successful issue of the commercial bonds all the proceeds from the first issue of the bonds, PLN 200 million, were loaned to Provident Polska S.A. to finance its home lending business in Poland. The loan agreement was concluded on 28 September 2010 with Provident Polska S.A. as a borrower and IPF Plc, IPF Holdings Limited, International Personal Finance Investments Limited, IPF International Limited (entities from the Group) as guarantors. On the basis of the agreement the maturity of the loan and interest payments intervals match those of the commercial bonds issued by the Company.

Management Board Report of IPF Investments Polska Sp. z o.o.  
for the period from 21 December 2009 to 31 December 2010

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### 3. Financial position and result

In the period from 21 December 2009 to 31 December 2010 the Company made a net profit of PLN 6,5 thousand. As at 31 December 2010 the Company's assets consisted of only one loan, which was issued to a related entity for a period of 5 years, with a nominal value of PLN 200 million, which was financed by debt securities in issue in the same nominal amount and with the same maturity.

The Management Board expects that the Company will continue to operate and generate profits in the future.

### 4. Risk arising from financial instruments

The Company follows treasury policies approved by the Group Board. The Company's day-to-day operations are managed by delegated employees of Provident Polska S.A. on the basis of a service agreement.

The treasury policies are designed to manage the main financial risks in relation to funding and investment. These policies ensure that the borrowings and investments are with high quality counterparties; are limited to specific instruments; the exposure to a single counterparty or type of instrument is controlled; and the Company's exposure to interest rate risk is maintained within set limits.

#### Interest rate risk

The Company is exposed to interest rate risk arising on changes in interest rates on loan receivables and debt securities in issue and therefore seeks to limit its exposure (the interest risk in relation to overnights and deposits is assessed as insignificant, trade receivables and payables are non interest bearing). This is achieved by the perfect matching of the parameters of loans issued to the Group companies with the terms and conditions of the debt securities issued, which means that any changes in market conditions in relation to debt securities in issue will be automatically reflected in loan contract conditions. Therefore, if interest rates increased/decreased by 50 bps in the period from 21 December 2009 to 31 December 2010 this would have no significant effect on net interest revenue (revenue less interest expense).

#### Credit risk

The Company is subject to credit risk in respect of the amounts receivable from loans and the cash held on deposit with banks. Credit quality of these assets is good.

The cash deposits are held with banks with good ratings (Moody's: Aa2 and Aa3), which meet the criteria set out within treasury policies to ensure the risk of loss is minimized. In addition the amounts held with the banks are minimised.

The risk of material unexpected credit losses in respect of amounts receivable from loans is low as the Company lends only to Group companies. This risk is further minimized by the guarantees for the loan agreements obtained from other Group companies who have Fitch Agency rating BB+.

#### Liquidity risk

The Company is not subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plans for growth as it has a stable source of long term finance in the form of debt securities. The nature of the Company's business and its policy is that the term and conditions of amounts receivable from loans are matched with those of debt securities in issue.

### 5. Anticipated development

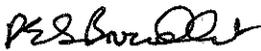
The Company was formed as a special purpose entity for the purpose of raising funds, mainly from commercial bond issues, and the provision of finance to entities owned by International Personal Finance Plc. Therefore its strategy is to sustain long term finance at levels which meet the needs of the Group.

**IPF Investments Polska Sp. o.o.  
MANAGEMENT BOARD STATEMENT**

**in relation to the Financial Statements and the Management Board Report  
of IPF Investments Polska Sp. z o.o.  
as at 31 December 2010 and for the period from 21 December 2009  
to 31 December 2010 and the audit thereof**

The Management Board of IPF Investments Polska Sp. z o.o. hereby confirms that according to their best knowledge the attached annual financial statements and the comparative data for the period from 21 December 2009 to 31 December 2010 have been prepared in accordance with the applicable accounting principles and they present true, fair and clear view of the property and financial situation of IPF Investments Polska Sp. z o.o. and its financial result. The Management Board also confirms that the management board report for the period from 21 December 2009 to 31 December 2010 presents a true picture of the development and achievements and the situation of IPF Investments Polska. Sp. z o.o., including a description of main threats and risks.

The Management Board of IPF Investments Polska Sp. z o.o. hereby confirms that the certified auditor who audited the attached financial statements was selected according to legal regulations and that the audit company and the individual auditors, who audited the financial statements fulfilled the conditions of expressing an impartial and independent opinion on the audited annual financial statements according to applicable regulations and professional standards.



David Broadbent  
Board Member



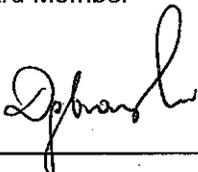
John Dahlgreen  
Board Member



Alicja Kopec  
Board Member



Krzysztof Adamski  
Board Member



Mariusz Dąbrowski  
Board Member/ Responsible for  
maintaining the books of accounts

Warsaw, 2nd March 2011

## TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the registered auditor's opinion and report of the below-mentioned Polish Company. In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland.

The accompanying translated report has not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancy in interpreting the terminology, the Polish language version is binding.

### Independent registered auditor's opinion

#### To General Shareholders' Meeting of IPF Investments Polska Sp. z o.o.

We have audited the accompanying financial statements of IPF Investments Polska Sp. z o.o. (hereinafter called "the Company"), with its registered office in Warsaw, ul. Polna 11, which comprise:

- (a) the statement of financial position as at 31 December 2010, showing total assets and total liabilities & equity of PLN 203.469.560,76;
- (b) the statement of comprehensive income for the period from 21 December 2009 to 31 December 2010, showing a total comprehensive income of PLN 6.507,20;
- (c) the statement of changes in equity for the period from 21 December 2009 to 31 December 2010, showing an increase in equity of PLN 51.507,20;
- (d) the statement of cash flows for the period from 21 December 2009 to 31 December 2010, showing a net increase in cash and cash equivalents of PLN 44.960,00;
- (e) additional information on adopted accounting policies and other explanatory notes.

The Company's Management Board is responsible for preparing the financial statements and a Directors' Report in accordance with the applicable regulations.

The Management Board is required to ensure that the financial statements and the Director's Report meets the requirements set out in the Accounting Act of 29 September 1994 (uniform text, *Journal of Laws* of 2009, No. 152, item 1223 with further amendments, hereinafter referred to as "the Act").

Our responsibility was to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the following:

- (a) the provisions of Chapter 7 of the Act;
- (b) national standards of auditing issued by the National Chamber of Registered Auditors.

## **Independent Registered Auditor's Opinion**

### **To the General Shareholders' Meeting and Supervisory Board of IPF Investments Polska Sp. z o.o. (cont.)**

Our audit was planned and performed to obtain reasonable assurance that the financial statements were free of material misstatements and omissions. The audit included examining, on a test basis, accounting documents and entries supporting the amounts and disclosures in the financial statements. The audit also included an assessment of the accounting policies applied by the Company and significant estimates made in the preparation of the financial statements as well as an evaluation of the overall presentation thereof. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, and in all material respects, the accompanying financial statements:

- (a) have been prepared in accordance with the applicable accounting principles (policies) on the basis of properly maintained accounting records;
- (b) comply in form and content with the applicable laws and the Company's Memorandum of Association;
- (c) give a fair and clear view of the Company's financial position as at 31 December 2010 and of the results of its operations for the period from 21 December 2009 to 31 December 2010, in accordance with the International Financial Reporting Standards as adopted by the European Union.

The information in the Directors' Report for the period from 21 December 2009 to 31 December 2010 has been presented in accordance with the provisions of the Act and is consistent with the information presented in the audited financial statements.

Conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Andrzej J. Konopacki

Key Registered Auditor  
No. 1750

Warsaw, 2 March 2011

**IPF Investments Polska Sp. z o.o.**

**Independent Registered Auditor's Report  
on the financial statements  
for the period from 21 December 2009 to 31 December 2010**

**TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the registered auditor's opinion and report of the below-mentioned Polish Company. In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland.

The accompanying translated report has not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancy in interpreting the terminology, the Polish language version is binding.

**Independent registered auditor's report on the financial statements  
To General Shareholders' Meeting of IPF Investments Polska Sp. z o.o.**

**This report contains 11 consecutively numbered pages and consists of:**

	Page
I. General information about the Company.....	2
II. Information about the audit .....	3
III. The Company's results and financial position .....	4
IV. Discussion of financial statement components.....	5
V. The independent registered auditor's statement.....	10
VI. Final information and comments .....	11

**IPF Investments Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**for the period from 21 December 2009 to 31 December 2010**

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**I. General information about the Company**

- (a) The Company began operating on 8 December 2010. The Company was formed on the basis of a Notarial Deed drawn up on 8 December 2010 at the Notary Public's Office of Sławomir Strojny in Warsaw and registered with Rep. No. A 18769/2009. On 21 December 2009 the Regional Court in Warsaw XII Business Department of the National Court Register entered the Company in the Register of Businesses with the KRS number 0000344995.
- (b) On 28 January of 2010 the Company was assigned a tax identification number (NIP) 1070015071 for making tax settlements. The Company was assigned a REGON number 142212025 for statistical purposes on 11 February 2010.
- (c) As at 31 December 2010, the Company's registered share capital amounted to PLN 45 thousand and consisted of 100 shares, each of PLN 450 par value.
- (d) In the audited period, the Company's core business was:
- Fund raising mainly from commercial bonds issue on ASO Bonds Spot market,
  - Financing Provident Polska (an entity owned by International Personal Finance Plc) in a form of a loan.
- (e) The following people were on the Company's Management Board during the financial year:
- |                     |                     |
|---------------------|---------------------|
| • Kopec Alicja      | Member of the Board |
| • Dąbrowski Mariusz | Member of the Board |
| • Broadbent David   | Member of the Board |
| • Dahlgreen John    | Member of the Board |
| • Adamski Krzysztof | Member of the Board |
- (f) The Company has the following related entities:
- |                                    |                                      |
|------------------------------------|--------------------------------------|
| International Personal Finance Plc | - parent and ultimate parent company |
| Provident Polska SA                | - subsidiary of parent company       |

and members of the Company's parent capital group.

- (g) The Company belongs to a capital group where the higher level parent company prepares the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. In accordance with the choice of selecting accounting policies permitted by the Accounting Act, the Company has decided to prepare its financial statements in accordance with IFRS as adopted by the European Union as of 2010.

The decision to prepare the Company's financial statements in accordance with these standards was made by the General Shareholders' Meeting in their Resolution No. 2 passed on 22 July 2010.

**IPF Investments Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**for the period from 21 December 2009 to 31 December 2010**

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**II. Information about the audit**

- (a) PricewaterhouseCoopers Sp. z o.o. was appointed independent registered auditor to the Company by Resolution No. 1 of the General Shareholders' Meeting dated 4 November 2010 in accordance with paragraph 8.2.4 of the Company's Memorandum of Association.
- (b) PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the audited entity within the meaning of art. 56, clause 2-4 of the Act on registered auditors and their council, entities entitled to provide audit of financial statements and public supervision of 7 May 2009 (Journal of Laws 2009, No. 77, item 649).
- (c) The audit was conducted in accordance with an agreement in the following periods:
- Interim audit            from 18 October 2010 to 5 November 2010;
  - final audit                from 17 January 2011 to 2 March 2011.

**IPF Investments Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**for the period from 21 December 2009 to 31 December 2010**

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**III. The Company's results and financial position**

The financial statements do not take account of the effects of inflation. The consumer price index (on a December to December basis) amounted to 3.1% in the audited year (3.5% in 2009).

The observations below are based on knowledge obtained during the audit of the financial statements.

- As at the end of the financial year the Company's assets amounted to PLN 203 470 thousand. The assets were financed by an increase in non-current liabilities (of 197 561 thousands) and current liabilities (of PLN 5 857 thousand).
- The structure of the Company's liabilities represents mainly debt securities in issue and short-term interests on bonds. The gearing ratio was above 99% as at the end of the audited year.
- Total revenues amounted to PLN 6 319 thousand and comprised interest income from a loan granted to Provident Polska SA. The finance costs amounted to PLN 6 271 thousand and comprised interest payable on bonds giving net profit of PLN 7 thousands.
- As at the end of the financial year the Company's current and quick liquidity ratio amounted to 1.

The financial statements have been prepared on the assumption that the Company will continue in operation as a going concern.

**IPF Investments Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**for the period from 21 December 2009 to 31 December 2010**

**IV. Discussion of financial statement components**

**STATEMENT OF FINANCIAL POSITION as at 31 December 2010**

	Note	31.12.2010 PLN'000	31.12.2010 Structure (%)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Receivables from loans	[ 1 ]	197 557	97
		<u>197 557</u>	<u>97</u>
<b>Current assets</b>			
Receivables from loans	[ 1 ]	5 868	3
Cash and cash equivalents		45	0
		<u>5 913</u>	<u>3</u>
<b>Total assets</b>		<u><u>203 470</u></u>	<u><u>100</u></u>
<b>LIABILITIES</b>			
<b>EQUITY</b>			
	[ 2 ]		
Share capital	[ 3 ]	45	0
Retained earnings	[ 4 ]	7	0
		<u>52</u>	<u>0</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Debt securities in issue	[ 5 ]	197 559	97
Deferred Tax		2	0
		<u>197 561</u>	<u>97</u>
<b>Current liabilities</b>			
Debt securities in issue	[ 5 ]	5 817	3
Trade and other payables		40	0
		<u>5 857</u>	<u>3</u>
<b>Total equity and liabilities</b>		<u><u>203 470</u></u>	<u><u>100</u></u>

**IPF Investments Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**for the period from 21 December 2009 to 31 December 2010**

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**IV. Discussion of financial statement components (cont.)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the period from 21 December 2009 to 31 December 2010**

	Note	2010 PLN'000	2010 Structure (%)
Interest revenue	[ 6 ]	6 319	100
<b>Total income</b>		<b>6 319</b>	<b>100</b>
Finance costs	[ 6 ]	(6 271)	99
Operating costs		(40)	1
<b>Total costs</b>		<b>(6 311)</b>	<b>99</b>
<b>Profit before income tax</b>		<b>8</b>	<b>0</b>
Income tax expense		1	0
<b>Net profit/(loss)</b>		<b>7</b>	<b>0</b>
Other comprehensive income		0	0
<b>Comprehensive income</b>		<b>7</b>	<b>0</b>

**IPF Investments Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**for the period from 21 December 2009 to 31 December 2010**

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**IV. Discussion of financial statement components (cont.)**

**Presentation of the Company's financial position and results**

The following ratios characterize the Company's activities, results of operations during the audited year and its financial position as at the balance sheet date compared with previous years:

	<b>31.12.2010</b>
Liability ratios	
- gearing ratio	99 %
Liquidity ratios	
- current ratio	1
- quick ratio	1
Other ratios	
- effective tax rate	19 %

**IPF Investments Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**for the period from 21 December 2009 to 31 December 2010**

**IV. Discussion of consolidated financial statement components (cont.)**

**Balance sheet as at 31 December 2010**

**1. Receivables from loans**

As at 31 December 2010, receivables from loans comprise long-term loans amounting to PLN 197 557 thousand and short-term interest receivable of PLN 5 868. As at the balance sheet date 100% of receivables from loans constitute financing provided by the Company to Provident Polska SA.

**2. Equity**

	31.12.2010	Gains /(losses) recognized directly in equity	Share capital increase	21.12.2009
	PLN'000	PLN'000	PLN'000	PLN'000
Share capital	45	0	45	0
Retained earnings	7	7	0	0
<b>Total</b>	<b>52</b>	<b>7</b>	<b>45</b>	<b>0</b>

In the audited year, share capital was increased by PLN 45 000 through an issue of 100 shares with a nominal value of PLN 450 per share and an issue price of PLN 450 per share.

**3. Share capital – ownership structure**

As at 31 December 2010, the Company's shareholders were:

Shareholder	Number of shares held	Nominal value of shares held	Type of shares held (ordinary/ preference)	% voting rights
<i>International Personal Finance plc</i>	100	45 000	ordinary	100
	<b>100</b>	<b>45 000</b>		<b>100</b>

**4. Net profit/loss for the year**

The net profit for the audited year amounted to PLN 7 thousand. As disclosed in the notes to the financial statements, the Management Board will propose to the General Shareholders' Meeting that the profit will be appropriated as follows:

- PLN 7 thousand as retained earnings.

**IPF Investments Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**for the period from 21 December 2009 to 31 December 2010**

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**IV. Discussion of consolidated financial statement components (cont.)**

**5. Debt securities in issue**

As at 31 December 2010, debt securities in issue amounted to PLN 203 376 thousand and comprised debt securities issued as non-current liabilities of PLN 197 559 thousand and short-term interest liabilities of PLN 5 817. The commercial bonds were issued for 5-year time period and are traded on ASO BondSpot.

**Income statement for the year ended 31 December 2010**

**6. Interest revenue and finance cost**

Revenue of PLN 6 319 comprises interest income from loans granted to Provident Polska SA. The finance costs amounted to PLN 6 271 thousand and comprised interest payable on bonds.

**IPF Investments Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**for the period from 21 December 2009 to 31 December 2010**

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**V. The independent registered auditor's statement**

- (a) The Company's Management Board provided all the information, explanations, and representations required by us in the course of the audit and provided us with a representation letter confirming the completeness of the information included in the accounting records and the disclosure of all contingent liabilities and post-balance-sheet events which occurred up to the date on which that letter was signed.
- (b) The scope of the audit was not limited.
- (c) The Company has updated documentation of its accounting policies, approved by the Management Board. The Company's accounting policies were tailored to its needs and ensured the identification of all events with a material effect on the assessment of its financial position and results, taking into consideration the prudence principle.
- (d) We have assessed the operation of the accounting system. Our assessment covered in particular:
- the accuracy of the documentation relating to business transactions;
  - the fairness, accuracy and verifiability of the accounting records, including computerized accounting records;
  - the methods used for controlling access to data and computerized data processing systems;
  - the safeguarding of accounting documentation, accounting records and the financial statements.

This assessment together with our verification of individual items of the financial statements is a basis for expressing a general, comprehensive and unqualified opinion on the truth and fairness of these financial statements. The audit was not intended to provide a comprehensive opinion on the operations of the said system.

- (e) The notes to the financial statements present all significant information required by IFRS as adopted by the European Union.
- (f) The Directors' Report includes all the information required by the Accounting Act. The financial information presented therein is consistent with that presented in the financial statements.
- (g) Counts of assets and liabilities and equity were carried out and reconciled in accordance with the Accounting Act, and their results were included in the accounting records for the audited year.
- (h) No significant violations of the law affecting the financial statements and significant violations of the Memorandum of Association have been noted in the course of the audit.

**IPF Investments Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**for the period from 21 December 2009 to 31 December 2010**

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**VI. Final information and comments**

This report has been prepared in connection with our audit of the financial statements of IPF Investments Polska Sp. z o.o. with its registered office in Warsaw, ul. Polna 11. The audited financial statements comprised:

- (a) the statement of financial position as at 31 December 2010, showing total assets and total liabilities & equity of PLN 203.469.560,76;
- (b) the statement of comprehensive income for the period from 21 December 2009 to 31 December 2010, showing a total comprehensive income of PLN 6.507,20;
- (c) the statement of changes in equity for the period from 21 December 2009 to 31 December 2010, showing an increase in equity of PLN 51.507,20;
- (d) the statement of cash flows for the period from 21 December 2009 to 31 December 2010, showing a net increase in cash and cash equivalents of PLN 44.960,00;
- (e) additional information on adopted accounting policies and other explanatory notes.

The financial statements were signed by the Company's Management Board and the person responsible for maintaining the accounting records on 2 March 2011. This report should be read in conjunction with the Independent Registered Auditor's Opinion to the General Shareholders' Meeting of IPF Investments Polska Sp. z o.o. signed on 2 March 2011 concerning the above-mentioned financial statements. The opinion is a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the financial statements as a whole.

Conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o. Registered Audit Company No. 144:

Andrzej J. Konopacki

Key Registered Auditor  
No. 1750

Warsaw, 2 March 2011