International Personal Finance plc

Preliminary announcement of the final results and statement of dividends – year ended 31 December 2007

International Personal Finance plc ("IPF" or "the Group") is a fast growing international business offering small sum loans to 1.9 million customers in six countries.

IPF was created by the demerger of the international division of Provident Financial plc. Its shares were admitted to the Official List and to trading on the London Stock Exchange's market for listed securities on 16 July 2007. Its results as a trading division for the period up to the demerger date form a part of the consolidated final results of Provident Financial plc.

Operating and financial highlights

- Profit before tax up by 25.6% to £50.1 million (2006: £39.9 million)*

- Good growth:
  - customer numbers up 8.8% to 1.94 million;
  - average net receivables up 11.8%** to £362.1 million;
  - period end net receivables up 18.8%** to £443.2 million;
  - revenue up 8.5%** to £409.8 million

- Credit quality significantly improved: Underlying impairment as a percentage of revenue reduced from 29.3% to 21.8%

- Earnings per share up by 29.5% to 13.65 pence*

- Final proposed dividend of 2.85 pence per share (full year dividend: 4.75 pence)

- Strong balance sheet: Gearing low and substantial headroom on committed bank facilities sufficient to fund growth through to 2010

* On a pro forma basis

** At constant exchange rates

Chairman, Christopher Rodrigues, commented:

"We are very pleased with our first full year results as an independent Group. All our businesses have made good progress and we have a well funded balance sheet. Looking forward, we believe emerging markets provide us with many opportunities for profitable growth and we have the management and financial resources required to seize them. We expect 2008 to be another year of significant progress."

This document provides pro forma results for IPF for the years ended 31 December 2007 and 31 December 2006. The pro forma results include the adjustments required to present the results of IPF as if it had operated as a stand alone entity throughout the current year and the comparative period and to exclude exceptional demerger costs.

This document also includes the statutory results for IPF for the years ended 31 December 2007 and 31 December 2006 which have been prepared using the principles of reverse acquisition accounting (see note 1). The statutory profit before taxation for the year is £47.0 million (2006: £34.6 million). Statutory profit after taxation is £32.5 million (2006: £23.0 million). Statutory earnings per share have increased by 41.4% from 8.94 pence to 12.64 pence.

A reconciliation from the statutory profit after taxation of £32.5 million (2006: £23.0 million) to the pro forma result is provided in note 9. The statutory balance sheet for IPF as at 31 December 2007 and 31 December 2006 is included within this announcement along with the pro forma balance sheet for 31 December 2006. A reconciliation of the statutory and pro forma balance sheets is provided in note 9.

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International Personal Finance

Summary

Percentage change figures for all performance measures other than profit or loss before taxation and earnings per share are quoted after restating prior year figures at the average exchange rate (CER) for 2007 in order to present the underlying performance variances.

IPF produced excellent results for the year ended 31 December 2007 with profit before tax increasing by 25.6% to £50.1 million and earnings per share up by 29.5% to 13.65 pence.

	Pro forma 2007 £m	Pro forma 2006 £m	Change £m	Change %	Change at CER %
Revenue	409.8	365.3	44.5	12.2	8.5
Impairment	(83.2)	(103.1)	19.9	19.3	20.0
Revenue less impairment	326.6	262.2	64.4	24.6	19.4
Finance costs	(19.2)	(18.6)	(0.6)	(3.2)	(0.5)
Operating and administration costs	(257.3)	(203.7)	(53.6)	(26.3)	(22.7)
	(276.5)	(222.3)	(54.2)	(24.4)	(20.7)
Profit before taxation	50.1	39.9	10.2	25.6	

There were two key drivers of this performance: strong volume growth and much improved credit quality.

Customer numbers increased steadily in the year, up by 8.8% to 1.94 million. This, together with our focus on providing larger loans over longer terms to our lowest risk customers resulted in average net receivables growing by 11.8% to £362.1 million. This generated revenue growth of £44.5 million (8.5%) to £409.8 million.

The investment made in implementing improvements to our credit management processes proved successful with the impairment charge reducing substantially, by £19.9 million to £83.2 million and underlying impairment as a percentage of revenue, calculated before provision releases in the first half of £6.0 million (2006: £3.8 million), reducing from 29.3% to 21.8%.

As a result of these factors, revenue less impairment increased by 19.4% to £326.6 million.

Operating and administration costs increased by £53.6 million (22.7%), reflecting four main factors. Firstly, the additional costs of implementing enhanced credit control processes, which have supported the reduction in impairment during the year. Secondly, with credit quality well under control, we also increased our marketing investment in the year, which has supported the good growth in customers and net receivables. Thirdly, operating and administration costs include £8.0 million (2006: £0.5 million) of additional costs in Hungary incurred as a result of

regulatory changes in November 2006, including employing agents and related administrative changes. And finally, the increase also reflects the increased scale of the Group including increased investment in our developing markets of Mexico, Romania and Russia.

Performance by market

	Pro forma 2007 £m	Pro forma 2006 £m	Change £m	Change %*
Profit before taxation				
Central Europe	80.6	64.1	16.5	25.7
Central costs	(12.5)	(11.9)	(0.6)	(5.0)
Established businesses	68.1	52.2	15.9	30.5
Mexico	(13.3)	(9.9)	(3.4)	(34.3)
Romania	(4.2)	(2.4)	(1.8)	(75.0)
Russia	(0.5)	-	(0.5)	-
Developing markets	(18.0)	(12.3)	(5.7)	(46.3)
Profit before taxation	50.1	39.9	10.2	25.6
Taxation	(15.0)	(12.8)	(2.2)	(17.2)
Profit after taxation	35.1	27.1	8.0	29.5
Earnings per share (pence)				
Established businesses	18.55	13.78	4.77	34.6
Developing markets	(4.90)	(3.24)	(1.66)	(51.2)
Total	13.65	10.54	3.11	29.5

* At actual exchange rates

Our Central European businesses have all performed well, combining good customer and receivables growth with significantly improved credit quality. Profit before taxation from our established Central European businesses, net of central costs of £12.5 million, increased by 30.5% to £68.1 million, and earnings per share increased by 34.6% to 18.55 pence.

We firmly believe that investment in taking our home credit model to new, emerging markets will generate substantial shareholder value and so in 2007 we invested £18.0 million (2006: £12.3 million) in developing our home credit businesses in Mexico, Romania and Russia.

In Mexico, we have continued to focus on improving business performance through a combination of tightening credit controls, strengthening the management team and re-training local staff and agents. It is now clear that we have substantially improved the credit quality of all

lending since September and the benefit of this will be increasingly reflected in the results as 2008 unfolds. We now have a sound platform on which to grow the business.

We previously stated that we would review the viability of seven branches in the Puebla region of Mexico that were performing very poorly and we have now done this. Six branches have demonstrated much improved performance and are making good progress towards profitability. One has not improved and is to be closed with its outstanding balances collected using neighbouring branches. The loss for Mexico in 2007 was £13.3 million (2006: £9.9 million).

Romania is performing well. Following our decision in June 2007 to progress to national roll-out, we have begun to increase our management resource and branch coverage. At the end of 2007 we had 33,000 customers, up from 6,000 at December 2006, served from seven branches. As expected, Romania reported a pre-tax loss of £4.2 million in 2007 (2006: £2.4 million).

In December 2007 following a rigorous search and extensive due diligence, we acquired a small Russian bank for a consideration of £2.8 million in order to provide us with a licence to operate. We are now completing the regulatory filings and procedures that will allow us to commence lending in the Moscow region in the first half of this year. We intend to pilot both in Moscow and one further major Russian city for about eighteen months to evaluate the market and build our local team. If this is successful, we will begin a wider geographic roll-out in mid 2010. The cost in 2007 of preparing for entry into the Russian market was £0.5 million (2006: £nil).

Taxation

The taxation charge for the year was £15.0 million (2006: £12.8 million) which, before taking account of exceptional items, represents an underlying effective rate of 29.9% (2006: 32.1%). In 2008 we continue to expect the Group's effective rate of taxation to be around 30%.

Dividend

At demerger we said that, in the absence of unforeseen circumstances, we intended to declare aggregate dividends in respect of 2007 of 4.75 pence per share. An interim dividend of 1.90 pence per share was paid on 19 October 2007 and, subject to shareholder approval, a final dividend of 2.85 pence per share will be paid on 23 May 2008 to shareholders on the register at close of business on 11 April 2008. The shares will be marked ex-dividend on 9 April 2008.

We intend to continue to adopt a progressive dividend policy with a medium-term target of reaching a dividend payout ratio of 25% of post-tax profit.

Balance sheet

IPF is strongly capitalised and well positioned to fund its growth strategy. At 31 December 2007 we had net assets of £203.6 million, an increase of £53.4 million compared with pro forma net assets at the end of 2006. Balance sheet gearing, calculated as borrowings divided by shareholders' equity, remained conservative at 1.8 times (2006: 1.6 times).

Net receivables grew strongly during the year, particularly during the second half as customer growth accelerated in Central Europe. At 31 December 2007 net receivables were £443.2 million, which at constant exchange rates represents growth of 18.8% during the year. Of the year end receivables, 95% fall due in less than one year.

At 31 December 2007 the Group had total committed facilities of £546.2 million, including facilities of £34.3 million that have been agreed since the half year and, of this, £175.4 million

was unutilised at the year end. The maturity profile of committed facilities comfortably exceeds that of year end receivables, with 95% of facilities committed for over two years from the balance sheet date. These facilities are sufficient to support the planned growth of the business through to 2010.

New countries

Our research programme is progressing well. Following the commencement of the pilot in Russia noted above, our next medium-term targets remain India and the Ukraine.

Regulation and legislation

We previously reported that there had been discussion concerning the introduction of an interest rate cap in our smallest established market, Slovakia. In January 2008 the Slovakian government passed legislation that brings into force a cap on the total amount that can be charged on a loan contract. The precise regulations will be set by a separate decree of the Ministry of Finance which is due to be issued in May. The rate cap is expected to become effective from July 2008. We operate successfully within a rate cap in Poland with a modified product offering and expect we will be able to do the same in Slovakia.

On 16 January 2008 the European Parliament issued a new Consumer Credit Directive which we expect will pass into law in each of our Central European markets and Romania over the course of the next two and a half years. The new Directive focuses on fairness to customers and transparency. There are some areas where the precise details of the law will only be clear when the Directive is enacted in each member state and, in due course, we may need to make some adjustments, but overall we welcome the changes it will bring.

Prospects

We are pleased with performance in our first period of trading as an independent listed company. Our businesses in Central Europe are profitable, growing well and are demonstrating excellent credit quality. We expect them to continue to make good progress in 2008.

In Mexico, we expect the hard work done in 2007 in improving the business to feed through into reduced losses in 2008 and we continue to target for the business to be profitable in 2009.

In Romania, we will continue to expand our branch coverage and grow customer numbers. We continue to expect 2008 to be the peak year of start-up losses, as a result of the cost of infrastructure expansion, with reduced losses in 2009 and a profit for 2010.

We expect to commence trading in Russia in the first half of this year with start-up losses for the year of around £5 million.

Overall, we have many opportunities for profitable growth and have the management and financial resources required to seize these opportunities. We expect 2008 to be another year of significant progress.

Operating review

IPF has a proven, successful business model. This model is based on providing small sums of credit over short periods. Most of our lending has a duration of around one year and at 31 December 2007 the average remaining period of outstanding loans was around six months. This means that we are able to respond quickly to changes in the market, and although the economic

trends in each of our markets generally remain positive, we are well positioned to respond quickly to any deterioration.

This ability to respond quickly is supported by our robust approach to credit management. Key to this is the personal relationship between the customer and agent, including weekly face to face contact, which allows us a close understanding of the financial circumstances of our customers. In the past year we have added to this through the implementation of application and behavioural scoring as well as call centre based collections. This has supported the substantial improvement in credit quality and impairment in 2007. These systems and processes will be further enhanced in 2008 as we extend their scope across more markets and upgrade to more sophisticated and powerful credit scoring and collections management systems.

We continue to believe the key challenge to meeting our strategic goals is our ability to develop sufficient skilled and experienced management to be able to seize the opportunities presented by further expansion into new markets. During 2007 we continued to augment our senior management pool through external recruitment and also developed and introduced a bespoke leadership development programme to identify and develop the individuals who will manage our business in the years to come.

The key drivers of performance are covered in more detail for each of our markets in the following section, starting with Central Europe.

Central Europe

Central Europe comprises our operations in Poland, the Czech Republic, Hungary and Slovakia.

	2007 £m	2006 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	1,592	1,523	69	4.5	4.5
Credit issued	553.8	474.9	78.9	16.6	11.3
Average net receivables	336.7	292.9	43.8	15.0	8.7
Revenue	367.1	338.6	28.5	8.4	4.0
Impairment	(64.3)	(90.6)	26.3	29.0	30.4
Revenue less impairment	302.8	248.0	54.8	22.1	16.2
Agent commission	(51.7)	(39.7)	(12.0)	(30.2)	(24.9)
Finance costs	(18.1)	(19.8)	1.7	8.6	13.0
Other operating costs	(152.4)	(124.4)	(28.0)	(22.5)	(17.1)
Profit before taxation	80.6	64.1	16.5	25.7	

The Central European businesses performed well in 2007 with profit before tax increasing by £16.5 million (25.7%), to £80.6 million. During the second half of 2006 our focus was firmly on improving credit quality. In 2007 as the year progressed and we saw reduced levels of impairment, we shifted our emphasis to controlled customer growth in all markets except Slovakia. This was successful and we generated improved customer growth whilst continuing to see reduced levels of impairment. Customer numbers grew by 50,000 in the second half and finished the year at 1,592,000, an increase on 2006 of 4.5%.

This growth, together with the targeted issue of larger loans to better quality customers, led to an increase in credit issued of 11.3% compared with 2006 and an increase in average customer receivables of 8.7%.

Revenue grew more slowly, up by 4.0% to £367.1 million (2006: £338.6 million), reflecting a higher proportion of longer-term lending which carries a lower effective interest rate.

In conjunction with the good growth in credit issued and customer receivables, we have seen a substantial improvement in credit quality. This has resulted in the impairment charge reducing by £26.3 million (30.4%) to £64.3 million. This includes the release in the first half of £6.0 million of impairment provisions no longer required in Poland because of the improvement in credit quality. A similar release of provisions was made in 2006 of £3.8 million, primarily in the Czech Republic. The underlying impairment charge, before provision releases, as a percentage of revenue fell to 19.2%, compared with 19.9% at June 2007 and 27.9% at the end of 2006.

Revenue less impairment has increased by £54.8 million (16.2%) to £302.8 million.

Total costs, comprising agent commission, finance costs and other operating costs, have increased by 15.5% to £222.2 million. As noted above, this includes £8.0 million (2006: £0.5 million) of additional costs in Hungary resulting from the employment of agents and other administrative changes made in November 2006 to comply with the requirements of the regulator, the PSZAF. It also reflects the additional costs of around £5.0 million of operating enhanced credit management processes throughout Central Europe, which has supported the reduction in impairment during the year. As much of the cost of improved credit management systems and the additional PSZAF costs have now been absorbed, we expect the rate of growth in costs to be lower in 2008 and for the cost-income ratio to improve.

The performance of each country is reviewed in the following section.

Poland

	2007 £m	2006 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	871	854	17	2.0	2.0
Credit issued	270.9	235.6	35.3	15.0	10.8
Average net receivables	181.0	159.2	21.8	13.7	7.3
Revenue	183.1	185.0	(1.9)	(1.0)	(4.3)
Impairment	(26.4)	(56.0)	29.6	52.9	53.3
Revenue less impairment	156.7	129.0	27.7	21.5	16.2

Following a strong performance in the first half, Poland made further progress in the second half with continued good credit quality, coupled with stronger growth in customer numbers, credit issued and receivables. Customers have grown from 854,000 to 871,000 at 31 December 2007 with much stronger growth in the second half of the year. We have focused on increasing loan sizes to lower risk customers and this increased credit issued by 10.8%, well ahead of customer growth. Average customer receivables also increased strongly, by 7.3%, but a change in product

mix towards longer-term products with lower effective interest rates led to a reduction in revenue of 4.3%. This principally relates to the longer-term 104 week product, which accounted for 17.3% of credit issued in 2007 and for 26.9% of average customer receivables. Only customers with the lowest credit risk profile are offered the longer-term loan. Their credit quality is very good with the result that, although the effective interest rate is lower, the risk adjusted yield (revenue less impairment) is higher.

Impairment reduced significantly from £56.0 million to £26.4 million, a reduction of 53.3%. This reflects the full year effect of the substantial improvements in credit control techniques implemented in 2006. Performance in the period has also benefited from the extension of the centralised collections process, from approximately 30% of the Polish operations at the end of 2006 to the whole country from the first quarter of 2007. As previously noted, this improved credit performance enabled a release of prior year impairment provisions of £6.0 million in the first half. Underlying impairment as a percentage of revenue, before provision releases, remained good at 17.7% compared with 17.4% at 30 June 2007, and 30.3% at the end of 2006.

Revenue net of impairment increased strongly, up by £27.7 million (16.2%) to £156.7 million.

We expect further good progress in Poland in 2008 with continued growth in customer numbers and credit issued accompanied by a small increase in the level of impairment reflecting this stronger growth.

Czech Republic

	2007 £m	2006 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	271	254	17	6.7	6.7
Credit issued	111.7	97.4	14.3	14.7	10.7
Average net receivables	64.5	56.8	7.7	13.6	10.5
Revenue	69.4	60.7	8.7	14.3	11.0
Impairment	(14.1)	(9.6)	(4.5)	(46.9)	(46.9)
Revenue less impairment	55.3	51.1	4.2	8.2	4.5

The Czech Republic also delivered a strong performance in 2007. Customer numbers grew by 6.7% to 271,000 at the end of December 2007. As the incomes of our Czech customers have risen we have been able to increase our loan sizes and this, combined with good customer growth, has resulted in an increase in credit issued of 10.7% to £111.7 million. Average net receivables increased correspondingly, up by 10.5% and revenue also rose strongly, up by 11.0% to £69.4 million.

Credit quality remained very good with underlying impairment as a percentage of revenue at 20.3% for the year to 31 December 2007 (2006: 21.6%, before provision releases of £3.5 million).

Revenue net of impairment increased by 4.5% to £55.3 million.

We expect continued good progress in the Czech Republic in 2008 with a slight increase in impairment reflecting stronger growth in the business.

Hungary

	2007 £m	2006 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	319	284	35	12.3	12.3
Credit issued	130.0	102.7	27.3	26.6	19.7
Average net receivables	68.1	57.0	11.1	19.5	12.4
Revenue	87.1	70.6	16.5	23.4	17.1
Impairment	(17.4)	(17.2)	(0.2)	(1.2)	2.2
Revenue less impairment	69.7	53.4	16.3	30.5	23.1

The Hungarian business performed well in 2007 having recovered rapidly from the suspension of lending imposed by the local regulator, the PSZAF, in the final quarter of 2006. Customer numbers increased by 35,000 (12.3%) to 319,000 during the year. Credit issued increased by 19.7% to £130.0 million, and over the same period average net receivables rose by 12.4% to £68.1 million. Revenue increased by 17.1% to £87.1 million.

Credit quality remained good and impairment decreased by 2.2% to £17.4 million. Impairment as a percentage of revenue reduced to 20.0% (2006: 24.4%).

Revenue net of impairment increased by £16.3 million (23.1%) to £69.7 million. However, this was partly offset by an increase in operating costs of £8.0 million as a result of the increased costs of employing the agency force and new administrative processes to meet the requirements of the PSZAF.

We expect continued good progress in Hungary in 2008.

Slovakia

	2007 £m	2006 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	131	131	-	-	-
Credit issued	41.2	39.2	2.0	5.1	(5.1)
Average net receivables	23.1	19.9	3.2	16.1	5.0
Revenue	27.5	22.3	5.2	23.3	11.3
Impairment	(6.4)	(7.8)	1.4	17.9	24.7
Revenue less impairment	21.1	14.5	6.6	45.5	30.2

Our main objective for the Slovakian business during 2007 was to improve credit quality after the implementation of improved credit management systems at the end of 2006. This objective has been achieved, with impairment for the year ended 31 December 2007 falling by £1.4 million

(24.7%) to £6.4 million. Impairment now represents 23.3% of revenue, compared with 35.0% at the end of 2006.

As a result of our tight stance on credit, customer numbers remained steady at 131,000, which is the same level as that reported at December 2006 and June 2007 and credit issued reduced by 5.1% to £41.2 million. The quality and profitability of the customer base has, however, improved substantially and we have been able to extend more credit to better quality customers such that average net receivables increased by 5.0% to £23.1 million. Revenue increased by 11.3% to £27.5 million. Revenue net of impairment increased by £6.6 million (30.2%) to £21.1 million.

We expect to return to customer growth in 2008 and to maintain good credit quality.

Central costs
Central costs for 2007 were £12.5 million. This represents a small increase on 2006, when central costs were £11.9 million. This includes £1.5 million in respect of new country research costs (2006: £1.5 million).

Developing markets

Mexico

	2007 £m	2006 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	312	252	60	23.8	23.8
Credit issued	58.1	48.1	10.0	20.8	30.9
Average net receivables	22.3	14.5	7.8	53.8	61.0
Revenue	38.8	26.4	12.4	47.0	59.0
Impairment	(18.4)	(12.5)	(5.9)	(47.2)	(58.6)
Revenue less impairment	20.4	13.9	6.5	46.8	59.4
Agent commission	(4.6)	(2.6)	(2.0)	(76.9)	(91.7)
Finance costs	(3.0)	(2.6)	(0.4)	(15.4)	(25.0)
Other operating costs	(26.1)	(18.6)	(7.5)	(40.3)	(52.6)
Loss before taxation	(13.3)	(9.9)	(3.4)	(34.3)	

In Mexico, we currently operate from two regional centres: Puebla and Guadalajara. At the half year we noted that our main objectives for 2007 were to continue to improve performance and, in particular credit quality, in the Puebla region whilst maintaining the good performance of the Guadalajara region. We have made good progress towards both of these objectives in the year.

Enhanced credit management systems were introduced to both regions in the second half of the year, in Puebla in July and in Guadalajara in August. These systems include application scoring for new customers and behavioural scoring for repeat loans.

In Puebla, customer numbers reduced in the second half by 25,000 to 224,000 as a result of the tightening of credit controls, although there was growth for the year as a whole (2006: 211,000).

Impairment as a percentage of revenue for 2007 was 51.3%, which is similar to that reported at the half year. However, substantial improvements in credit quality have been seen for credit issued in all months since September 2007. As evidence of this, we forecast the gross cash loss (i.e. the proportion of contractual loan repayments not collected and ultimately written off) to have fallen from over 15% on loans issued in the first half, to 11.7% on loans issued in the fourth quarter. Our lending in Mexico is over very short terms, typically 30 weeks, and so the benefit of improved lending in the final quarter of 2007 will quickly be reflected in an improved impairment charge in the first half of 2008.

At the half year we identified seven branches in the Puebla region that were heavily loss making and we said we would apply special measures to improve these branches and then evaluate their viability in February 2008. Six branches have shown substantial improvement, with gross cash loss improving from over 20% in the first half to 11.7% in the fourth quarter, and are well on the way to making a positive contribution. We have decided to close one branch that has not shown sufficient improvement. We will collect outstanding receivables from neighbouring branches.

Guadalajara continues to perform satisfactorily and towards the end of 2007 we opened two new branches in the city of Guadalajara. The customer base has grown strongly, up by 20,000 or 29.4% from 68,000 at June 2007 to 88,000 by 31 December 2007 (2006: 41,000). As expected, the increased intake of new customers, who carry a higher risk profile, has contributed to a slight increase in impairment, which is now running at 34.4% of revenue (2006: 28.6%). However, the new enhanced credit management systems are now benefiting the region and are expected to reduce impairment as a percentage of revenue in 2008.

As a result of these tightened credit controls, overall customer numbers in Mexico reduced by 5,000 in the second half and finished the year at 312,000. This still represents strong growth of 60,000 (23.8%) on December 2006. Credit issued increased by 30.9% to £58.1 million and average net receivables were £22.3 million, which represents growth of 61.0% on 2006. As a result, revenue for 2007 increased by 59.0% to £38.8 million.

Impairment increased in line with revenue up by 58.6% to £18.4 million. At 31 December 2007 impairment as a percentage of revenue was 47.4%, which is similar to the level of 47.3% reported at the end of 2006. As noted above, we expect the improved quality of lending from September 2007 onwards to result in a reduced level of impairment in 2008.

Revenue net of impairment increased by £6.5 million (59.4%) to £20.4 million. Other operating costs increased by £7.5 million (52.6%) reflecting the increased size of the business compared with 2006 and the cost of the credit management systems referred to above. Start-up losses for the year were £13.3 million (2006: £9.9 million).

Overall, we have made good progress during 2007. We have strengthened the management team, re-trained local staff and agents and introduced improved credit controls, which are now leading to much better credit quality. We believe that this gives us a sound platform on which to resume growth and build a profitable business.

In 2008 we expect significant improvements in impairment coupled with controlled growth in customer numbers and credit issued per customer. As a result we expect reduced losses in 2008.

We continue to target profit from both the Puebla and Guadalajara regions and for Mexico overall in 2009.

Romania

	2007 £m	2006 £m	Change £m
Customer numbers (000s)	33	6	27
Credit issued	9.2	1.3	7.9
Average net receivables	3.1	0.3	2.8
Revenue	3.9	0.3	3.6
Impairment	(0.5)	-	(0.5)
Revenue less impairment	3.4	0.3	3.1
Agent commission	(0.4)	-	(0.4)
Finance costs	(0.5)	(0.2)	(0.3)
Other operating costs	(6.7)	(2.5)	(4.2)
Loss before taxation	(4.2)	(2.4)	(1.8)

Romania continues to perform well and in line with our expectations. During the second half of the year we opened two more branches taking our total number of branches to seven. This, along with growth in the more established branches, resulted in customer numbers almost doubling in the second half and finishing the year at 33,000 (June 2007: 17,000; December 2006: 6,000).

Impairment is running at 12.8% of revenue, which is in line with our expectation for the early stages of a developing market, and underlying credit quality remains good. The loss for the year ended 31 December 2007 was £4.2 million, which was in line with expectations.

During 2008 we expect start-up losses to reach a peak as we extend our branch infrastructure with the opening of around ten new locations. We continue to target a profit from this market in 2010.

International Personal Finance

International Personal Finance plc

Consolidated income statement for the year ended 31 December

	Notes	Unaudited Pro forma* 2007 £m	Unaudited Pro forma* 2006 £m	Unaudited Statutory 2007 £m	Unaudited Statutory 2006 £m
Revenue**	2	409.8	365.3	409.8	365.3
Impairment	2	(83.2)	(103.1)	(83.2)	(103.1)
Revenue less impairment		326.6	262.2	326.6	262.2
Finance costs		(19.2)	(18.6)	(22.3)	(24.0)
Other operating costs		(81.6)	(58.2)	(81.6)	(58.2)
Administrative expenses		(175.7)	(145.5)	(175.7)	(145.4)
		(276.5)	(222.3)	(279.6)	(227.6)
Profit before taxation	2	50.1	39.9	47.0	34.6
Profit before taxation and exceptional demerger costs		50.1	39.9	49.8	38.8
Exceptional demerger costs	9	-	-	(2.8)	(4.2)
Profit before taxation		50.1	39.9	47.0	34.6
Total tax expense	3	(15.0)	(12.8)	(14.5)	(11.6)
Profit after taxation attributable to equity shareholders		**35.1**	**27.1**	**32.5**	**23.0**

* A reconciliation between the pro forma and statutory consolidated income statements is provided in note 9.
** All amounts included in revenue are defined as finance income under IFRS 7.

Earnings per share

	Notes	Unaudited Pro forma 2007 pence	Unaudited Pro forma 2006 pence	Unaudited Statutory 2007 pence	Unaudited Statutory 2006 pence
Basic earnings per share	4	**13.65**	**10.54**	**12.64**	**8.94**
Diluted earnings per share	4	**13.63**	**10.52**	**12.62**	**8.93**

Dividend per share

	Notes	Unaudited 2007 pence	Unaudited 2006 pence
Interim dividend (per share)	5	1.90	-
Final proposed dividend (per share)	5	2.85	-
		4.75	**-**

International Personal Finance

Dividends paid

	Notes	Unaudited 2007 £m	Unaudited 2006 £m
Interim dividend of 1.90 pence per share	5	4.9	-
Final proposed dividend of 2.85 pence per share	5	-	-
		4.9	**-**

Consolidated statement of recognised income and expense for the year ended 31 December

	Unaudited Pro forma 2007 £m	Unaudited Pro forma 2006 £m	Unaudited Statutory 2007 £m	Unaudited Statutory 2006 £m
Profit after taxation attributable to equity shareholders	35.1	27.1	32.5	23.0
Exchange gains/(losses) on foreign currency translations	21.1	(0.2)	21.1	(0.2)
Net fair value gains – cash flow hedges	1.4	1.8	1.4	1.8
Actuarial losses on retirement benefit asset	(2.0)	-	(2.0)	-
Tax credit/(charge) on items taken directly to equity	0.1	(0.6)	0.1	(0.6)
Net income recognised directly in equity	20.6	1.0	20.6	1.0
Total recognised income for the year	**55.7**	**28.1**	**53.1**	**24.0**

International Personal Finance

Consolidated balance sheet as at 31 December

	Notes	Unaudited Statutory 2007 £m	Unaudited Pro forma* 2006 £m	Unaudited Statutory 2006 £m
Assets				
Non-current assets				
Intangible assets		18.7	14.0	14.0
Property, plant and equipment		40.8	30.2	30.2
Retirement benefit asset		1.7	0.4	-
Deferred tax assets		27.8	15.6	15.7
		89.0	60.2	59.9
Current assets				
Amounts receivable from customers				
- due within one year		422.7	312.4	312.4
- due in more than one year		20.5	18.6	18.6
	6	443.2	331.0	331.0
Derivative financial instruments		0.7	0.6	0.6
Cash and cash equivalents		88.8	44.6	44.5
Amounts due from Provident Financial plc		-	-	78.3
Trade and other receivables		9.0	6.5	6.5
		541.7	382.7	460.9
Total assets		630.7	442.9	520.8
Liabilities				
Current liabilities				
Bank borrowings	7	(8.8)	(73.1)	(218.4)
Derivative financial instruments		(0.7)	(2.3)	(2.3)
Trade and other payables		(50.6)	(35.0)	(35.0)
Current tax liabilities		(5.0)	(12.7)	(13.6)
		(65.1)	(123.1)	(269.3)
Non-current liabilities				
Bank borrowings	7	(362.0)	(169.6)	(169.6)
		(362.0)	(169.6)	(169.6)
Total liabilities		(427.1)	(292.7)	(438.9)
Net assets		**203.6**	**150.2**	**81.9**
Shareholders' equity				
Called-up share capital	8	25.7	25.7	3.2
Other reserve	8	(22.5)	(22.5)	-
Foreign exchange and hedging reserves	8	27.8	5.7	5.7
Retained earnings	8	172.6	141.3	73.0
Total equity	8	**203.6**	**150.2**	**81.9**

* A reconciliation between the statutory and pro forma balance sheets for 2006 is provided in note 9.

International Personal Finance

Consolidated cash flow statement for the year ended 31 December

	Unaudited Statutory 2007 £m	Unaudited Statutory 2006 £m
Cash flows from operating activities		
Cash generated from operations	45.1	65.8
Established businesses	71.2	88.2
Start-up businesses	(22.2)	(18.2)
Exceptional demerger costs	(3.9)	(4.2)
	45.1	65.8
Interest paid	(22.4)	(24.1)
Income tax paid	(29.7)	(19.1)
Net cash (used in)/ generated from operating activities	(7.0)	22.6
Cash flows from investing activities		
Purchases of property, plant and equipment	(22.7)	(17.4)
Proceeds from sale of property, plant and equipment	5.9	3.4
Purchases of intangible assets	(5.1)	(12.1)
Acquisition of subsidiary (see below)	(2.4)	-
Net cash used in investing activities	(24.3)	(26.1)
Cash flows from financing activities		
(Repayment of)/proceeds from bank borrowings	(70.4)	4.7
Net movement in funding from Provident Financial plc	78.3	(4.0)
Capital contribution (note 8)	70.0	-
Dividends paid to company shareholders	(4.9)	-
Net cash generated from financing activities	73.0	0.7
Net increase/(decrease) in cash and cash equivalents	41.7	(2.8)
Cash and cash equivalents at the start of the period	44.5	47.1
Exchange gains on cash and cash equivalents	2.6	0.2
Cash and cash equivalents at the end of the period	**88.8**	**44.5**

Certain companies within the Group are required to keep certain cash and short-term deposits strictly segregated from the rest of the Group and these amounts are therefore not available to repay Group borrowings. At 31 December 2007 such cash and short-term deposits held by these companies amounted to £36.8 million (2006: £21.4 million).

International Personal Finance

Reconciliation of profit after taxation to cash flows from operations

	Unaudited Statutory 2007 £m	Unaudited Statutory 2006 £m
Profit after taxation	32.5	23.0
Adjusted for:		
Tax expense	14.5	11.6
Finance costs	22.3	24.0
Share-based payment charge/(credit)	3.5	(0.4)
Pension credit	(3.6)	-
Depreciation of property, plant and equipment	9.6	7.2
Profit on sale of property, plant and equipment	(0.2)	(0.2)
Amortisation of intangible assets	3.4	-
Changes in operating assets and liabilities:		
Amounts receivable from customers	(63.5)	(7.0)
Trade and other receivables	7.2	(0.7)
Trade and other payables	19.8	9.0
Retirement benefit asset	(0.1)	-
Derivative financial instruments	(0.3)	(0.7)
Cash generated from operations	**45.1**	**65.8**

On 28 December 2007 the Group acquired a new subsidiary company, OOO Maritime Commercial Bank of Kaliningrad, in Russia. The amount reflected in the cash flow statement of £2.4 million can be analysed as follows:

	Unaudited £m
Purchase price – paid in cash	2.8
Acquisition costs incurred	0.8
	3.6
Cash acquired with subsidiary	(1.2)
	2.4

Notes to the pro forma financial information for the year ended 31 December 2007

1. Basis of preparation

This preliminary announcement has been prepared in accordance with the Listing Rules of the Financial Services Authority and is based on the 2007 financial statements which have been prepared under International Financial Reporting Standards as adopted by the European Union (IFRS) and those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The preliminary announcement, which is unaudited, does not constitute the statutory financial statements of the Group within the meaning of Section 240 of the Companies Act 1985.

The preliminary announcement has been agreed with the Group's auditors for release.

On 16 July 2007 the international home credit businesses of Provident Financial plc were demerged, a process effected by a dividend in specie. International Personal Finance plc (IPF plc) acquired these international businesses by issuing one IPF plc share to the shareholders of Provident Financial plc for each Provident Financial plc share held by them. On the same day the shares of IPF plc were admitted to listing on the London Stock Exchange. The financial statements, upon which this preliminary announcement is based, have been prepared in accordance with the principles of reverse acquisition accounting as required by IFRS 3 'Business Combinations'. Although IPF plc is the legal parent, the consolidated financial statements represent the consolidated financial information of the international businesses of Provident Financial plc amended for the acquisition of IPF plc on 16 July 2007. Certain information in respect of the income statement, balance sheet and earnings per share has been prepared on a pro forma basis in order to present a consolidated position as if the Group (IPF plc and its subsidiaries) had always existed in its current form. A reconciliation of the pro forma and statutory income statements and balance sheets is provided in note 9.

The accounting policies used in completing this financial information have been consistently applied in all periods shown. These accounting policies, along with full details of the demerger, are given in the prospectus which can be found on the Group's website (www.ipfin.co.uk).

International Personal Finance

2. Segmental information

Geographical segments

	Unaudited Pro forma 2007 £m	Unaudited Pro forma 2006 £m	Unaudited Statutory 2007 £m	Unaudited Statutory 2006 £m
Revenue				
Central Europe	367.1	338.6	367.1	338.6
Mexico	38.8	26.4	38.8	26.4
Romania	3.9	0.3	3.9	0.3
	409.8	365.3	409.8	365.3
Impairment				
Central Europe	64.3	90.6	64.3	90.6
Mexico	18.4	12.5	18.4	12.5
Romania	0.5	-	0.5	-
	83.2	103.1	83.2	103.1
Profit before taxation				
Central Europe	80.6	64.1	79.3	59.2
UK – central costs	(12.5)	(11.9)	(11.6)	(8.3)
Established businesses	68.1	52.2	67.7	50.9
Mexico	(13.3)	(9.9)	(13.2)	(9.7)
Romania	(4.2)	(2.4)	(4.2)	(2.4)
Russia	(0.5)	-	(0.5)	-
Profit before exceptional demerger costs	50.1	39.9	49.8	38.8
Exceptional demerger costs	-	-	(2.8)	(4.2)
Profit before taxation	**50.1**	**39.9**	**47.0**	**34.6**

The Group operates in one business segment and therefore no segmental information is provided for business activities.

3. Taxation

The pro forma tax rate for the period is 29.9% (2006: 32.1%). The statutory tax rate excluding exceptional demerger costs is 29.9% (2006: 32.2%). Including exceptional demerger costs the statutory tax rate is 30.9% (2006: 33.5%).

The tax credit on the exceptional demerger costs of £2.8 million (2006: £4.2 million) is £0.4 million (2006: £0.9 million).

International Personal Finance

4. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the statutory earnings attributable to shareholders of £32.5 million (2006: £23.0 million) by the weighted average number of shares in issue during the period (2006: number of shares at the date of demerger of 257.2 million).

The directors have elected to show a pro forma EPS excluding the impact of the exceptional demerger costs net of taxation of £2.4 million (2006: £3.3 million) and including the pro forma adjustments, net of taxation, detailed in note 9 of £0.2 million (2006: £0.8 million). The pro forma earnings attributable to shareholders used in the calculation of pro forma EPS are £35.1 million (2006: £27.1 million).

	Unaudited 2007 pence	Unaudited 2006 pence
Basic EPS	12.64	8.94
Exceptional demerger costs, net of taxation	0.93	1.28
Pro forma adjustments, net of taxation	0.08	0.32
Pro forma EPS	**13.65**	**10.54**

The pro forma EPS is attributable to the following defined business units:

	Unaudited Pro forma 2007 pence	Unaudited Pro forma 2006 pence
Central Europe	21.95	16.92
UK - central costs	(3.40)	(3.14)
Established businesses	18.55	13.78
Mexico	(3.62)	(2.61)
Romania	(1.14)	(0.63)
Russia	(0.14)	-
Pro forma EPS	**13.65**	**10.54**

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

	Unaudited Pro forma 2007 pence	Unaudited Pro forma 2006 pence	Unaudited Statutory 2007 pence	Unaudited Statutory 2006 pence
Pro forma basic/basic EPS	13.65	10.54	12.64	8.94
Dilutive effect of options	(0.02)	(0.02)	(0.02)	(0.01)
Pro forma diluted/diluted EPS	**13.63**	**10.52**	**12.62**	**8.93**

International Personal Finance

5. Dividends

	Unaudited 2007 £m	Unaudited 2006 £m
Interim dividend of 1.90p per share	**4.9**	**-**

The directors are recommending a final dividend in respect of the financial year ended 31 December 2007 of 2.85 pence per share which will amount to a dividend payment of £7.3 million. If approved by the shareholders at the annual general meeting, this dividend will be paid on 23 May 2008 to shareholders who are on the register of members at 11 April 2008. This dividend is not reflected as a liability in the balance sheet as at 31 December 2007 as it is subject to shareholder approval.

6. Amounts receivable from customers

	Unaudited Statutory 2007 £m	Unaudited Statutory 2006 £m
Central Europe	415.0	311.9
Mexico	22.9	18.1
Romania	5.3	1.0
	443.2	**331.0**

7. Analysis of borrowings

	Unaudited Statutory 2007 £m	Unaudited Pro forma 2006 £m	Unaudited Statutory 2006 £m
Due in less than one year	8.8	73.1	218.4
Due between one and two years	-	79.5	79.5
Due between two and five years	362.0	90.1	90.1
	362.0	169.6	169.6
	370.8	**242.7**	**388.0**

8. Consolidated statement of changes in shareholders' equity for the year ended 31 December

	Unaudited – Statutory				
	Called-up share capital £m	Other reserve £m	Foreign exchange and hedging reserves £m	Retained Earnings £m	Total £m
Balance at 1 January 2006	**3.2**	**-**	**4.7**	**50.4**	**58.3**
Exchange losses on foreign currency translations	-	-	(0.2)	-	(0.2)
Net fair value gains – cash flow hedges	-	-	1.8	-	1.8
Tax charge on items taken directly to equity	-	-	(0.6)	-	(0.6)
Net income recognised directly in equity	-	-	1.0	-	1.0
Profit for the year	-	-	-	23.0	23.0
Total recognised income for the year	-	-	1.0	23.0	24.0
Share-based payment adjustment to reserves	-	-	-	(0.4)	(0.4)
Balance at 31 December 2006	**3.2**	**-**	**5.7**	**73.0**	**81.9**
Balance at 1 January 2007	3.2	-	5.7	73.0	81.9
Exchange gains on foreign currency translations	-	-	21.1	-	21.1
Net fair value gains – cash flow hedges	-	-	1.4	-	1.4
Actuarial losses on retirement benefit asset	-	-	-	(2.0)	(2.0)
Tax (charge)/credit on items taken directly to equity	-	-	(0.4)	0.5	0.1
Net income/(expense) recognised directly in equity	-	-	22.1	(1.5)	20.6
Profit for the year	-	-	-	32.5	32.5
Total recognised income for the year	-	-	22.1	31.0	53.1
Increase in share capital	437.3	226.3	-	-	663.6
Capital reorganisation and reverse acquisition adjustment	(414.8)	(248.8)	-	-	(663.6)
Capital contribution	-	-	-	70.0	70.0
Share-based payment adjustment to reserves	-	-	-	3.5	3.5
Dividends paid	-	-	-	(4.9)	(4.9)
Balance at 31 December 2007	**25.7**	**(22.5)**	**27.8**	**172.6**	**203.6**

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

On 16 July 2007, 257,217,888 shares of £1.70 were issued by IPF plc in exchange for the entire share capital of Provident International Holdings Limited (renamed as IPF Holdings Limited). The difference between the nominal value of shares issued and the fair value of the subsidiaries acquired was credited to an 'other' reserve in accordance with the reverse acquisition principles of IFRS 3.

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

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

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

9. Pro forma adjustments

A reconciliation of the statutory result for the years ended 31 December 2007 and 31 December 2006 to the pro forma result is presented below. The pro forma adjustments will not form part of the Group's financial statements.

31 December 2007	Statutory £m	Demerger costs £m	Pro forma adjustments £m	Pro forma £m
Revenue	409.8	-	-	409.8
Impairment	(83.2)	-	-	(83.2)
Revenue less impairment	326.6	-	-	326.6
Finance costs	(22.3)	-	3.1	(19.2)
Other operating costs	(81.6)	-	-	(81.6)
Administrative expenses	(175.7)	2.8	(2.8)	(175.7)
	(279.6)	2.8	0.3	(276.5)
Profit before taxation	**47.0**	**2.8**	**0.3**	**50.1**
Analysed as:				
Central Europe	79.3	-	1.3	80.6
UK - central costs	(11.6)	-	(0.9)	(12.5)
Established businesses	67.7	-	0.4	68.1
Mexico	(13.2)	-	(0.1)	(13.3)
Romania	(4.2)	-	-	(4.2)

Russia	(0.5)	-	-	(0.5)
Exceptional demerger costs	(2.8)	2.8	-	-
Profit before taxation	**47.0**	**2.8**	**0.3**	**50.1**
Taxation	(14.5)	(0.4)	(0.1)	(15.0)
Profit after taxation	**32.5**	**2.4**	**0.2**	**35.1**

31 December 2006	Statutory £m	Demerger costs £m	Pro forma adjustments £m	Pro forma £m
Revenue	365.3	-	-	365.3
Impairment	(103.1)	-	-	(103.1)
Revenue less impairment	262.2	-	-	262.2
Finance costs	(24.0)	-	5.4	(18.6)
Other operating costs	(58.2)	-	-	(58.2)
Administrative expenses	(145.4)	4.2	(4.3)	(145.5)
	(227.6)	4.2	1.1	(222.3)
Profit before taxation	**34.6**	**4.2**	**1.1**	**39.9**
Analysed as:				
Central Europe	59.2	-	4.9	64.1
UK - central costs	(8.3)	-	(3.6)	(11.9)
Established businesses	50.9	-	1.3	52.2
Mexico	(9.7)	-	(0.2)	(9.9)
Romania	(2.4)	-	-	(2.4)
Exceptional demerger costs	(4.2)	4.2	-	-
Profit before taxation	**34.6**	**4.2**	**1.1**	**39.9**
Taxation	(11.6)	(0.9)	(0.3)	(12.8)
Profit after taxation	**23.0**	**3.3**	**0.8**	**27.1**

The exceptional demerger costs can be analysed as follows:

	2007 £m	2006 £m
IT separation costs	2.3	2.9
Property costs	-	0.9
Defined benefit pension credit	(3.5)	-
Accelerated share-based payment charge	2.4	-
Other	1.6	0.4
	2.8	4.2
Taxation credit	(0.4)	(0.9)
	2.4	**3.3**

The pro forma adjustments can be analysed as follows:

	2007 £m	2006 £m

Additional finance costs due to higher interest rates (note a)	(0.8)	(1.9)
Interest credit on capital contribution (note b)	1.9	4.7
Corporate office costs (note c)	(2.8)	(6.9)
Additional property and IT costs (note d)	-	(2.7)
Group interest payable (note e)	2.0	2.6
Pension contributions (note f)	-	5.3
	0.3	1.1
Taxation credit	(0.1)	(0.3)
	0.2	**0.8**

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

(a) An adjustment has been included to increase finance costs to reflect the fact that IPF is subject to higher interest rates now that borrowings are no longer guaranteed by Provident Financial plc.

(b) As part of the demerger IPF received a capital contribution of £70.0 million from Provident Financial plc (see note 8). This pro forma adjustment reflects the interest that would have been earned on this capital contribution had it been received prior to the start of 2006.

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

(d) As part of the demerger IPF has moved to new premises and undergone a process of separating its IT systems. The additional costs in respect of these items are included as a pro forma adjustment for 2006. The property and IT changes had all occurred by the start of 2007 and therefore no adjustment is included to the 2007 result.

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

(f) This pro forma adjustment reverses statutory charges in respect of the pension contributions which were made to the defined benefit pension schemes. A one-off additional payment was made in 2006 of £5.3 million. As IPF did not acquire the assets and liabilities of the defined benefit schemes until after the demerger it is required to charge these contributions to the profit and loss account rather than increasing the pension surplus held on the balance sheet. These contributions were not treated as a charge to the income statement in the international division result reported within the Provident Financial plc result. Instead they were accounted for as a reduction in the Provident Financial plc pension deficit.

A reconciliation of the profit before taxation for the international division that was reported in the segmental analysis of the Provident Financial plc results for the year ended 31 December 2006 to the statutory profit before taxation is presented below:

International Personal Finance

	2006 £m
International division profit before taxation reported in Provident Financial plc results	46.2
Pension adjustment	(5.3)
Group interest allocation	(2.6)
Exceptional demerger costs	(4.2)
Reduced recharge (see below)	0.5
Statutory profit before taxation	**34.6**

The statutory recharge from Provident Financial plc was £0.5 million lower than that allocated to the international division for the Provident Financial plc segmental analysis.

A reconciliation of the actual balance sheet as at 31 December 2006 to the pro forma balance sheet is presented below:

	Notes	Unaudited Statutory 2006 £m	Pro forma adjustments £m	Unaudited Pro forma 2006 £m
Assets				
Non-current assets				
Intangible assets		14.0	-	14.0
Property, plant and equipment		30.2	-	30.2
Retirement benefit asset	a	-	0.4	0.4
Deferred tax assets	b	15.7	(0.1)	15.6
		59.9	0.3	60.2
Current assets				
Amounts receivable from customers				
- due within one year		312.4	-	312.4
- due in more than one year		18.6	-	18.6
		331.0	-	331.0
Derivative financial instruments		0.6	-	0.6
Cash and cash equivalents	c	44.5	0.1	44.6
Amounts due from Provident Financial plc	d	78.3	(78.3)	-
Trade and other receivables		6.5	-	6.5
		460.9	(78.2)	382.7
Total assets		520.8	(77.9)	442.9
Liabilities				
Current liabilities				
Bank borrowings	e	(218.4)	145.3	(73.1)
Derivative financial instruments		(2.3)	-	(2.3)
Trade and other payables		(35.0)	-	(35.0)
Current tax liabilities	f	(13.6)	0.9	(12.7)
		(269.3)	146.2	(123.1)
Non-current liabilities				
Bank borrowings		(169.6)	-	(169.6)

		(169.6)	-	(169.6)
Total liabilities		(438.9)	146.2	(292.7)
Net assets		**81.9**	**68.3**	**150.2**
Shareholders' equity				
Called-up share capital	g	3.2	22.5	25.7
Other reserve	g	-	(22.5)	(22.5)
Foreign exchange and hedging reserves		5.7	-	5.7
Retained earnings		73.0	68.3	141.3
Total equity		**81.9**	**68.3**	**150.2**

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

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

(b) Deferred tax on defined benefit pension asset.

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

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

(e) This adjustment includes the £78.3 million due from Provident Financial plc which has been reclassified (note (d)), the £70.0 million capital contribution which was received as part of the preparation for the demerger (see note 8) and £3.0 million of demerger costs.

(f) This is the expected tax credit on the £3.0 million of demerger costs.

(g) This adjustment brings the share capital to that of IPF plc which is the legal share capital of the group as at 31 December 2007. The difference between the share capital of IPF plc and the share capital of the international businesses of Provident Financial plc has been credited to an 'other' reserve.

Information for shareholders

1. The shares will be marked ex-dividend on 9 April 2008.

2. The final dividend, which is subject to shareholder approval, will be paid on 23 May 2008 to shareholders on the register at the close of business on 11 April 2008. Dividend warrants/vouchers will be posted on 21 May 2008.

3. A dividend reinvestment scheme is operated by Capital Registrars. For further information contact them at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (telephone 0871 664 0300 – calls cost 10p per minute plus network extras).

4. The 2007 annual report and financial statements, together with the notice of the annual general meeting, will be posted to shareholders on or around 11 April 2008.

5. The annual general meeting will be held on 14 May 2008 at the Kingsway Hall Hotel, 66 Great Queen Street, London, WC2B 5BX.