

**IFG GROUP PLC**  
Interim Report  
June 2001

## PRESS ANNOUNCEMENT

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### Interim Results

Six months ended 30 June 2001

	Six Months ended 30 June 2001 unaudited €000	Six Months ended 30 June 2000 unaudited €000	
Turnover	38,366	18,606	+ 106.2%
Operating profit before goodwill amortisation	10,045	4,571	+ 119.8%
Profit before taxation and goodwill amortisation	6,990	3,446	+ 102.8%
Recurring income	7,750	3,639	+ 113.0%
Adjusted earnings per ordinary share - cents	9.81	6.92	+ 41.8%
Interim Dividend per ordinary share - cents	0.73	0.63	+ 15.0%

Commenting on the results, Richard Hayes, Chief Executive said:

“On average to date in 2001, the Group has transacted business each week which gives rise to future annual recurring income to be credited in 2002 and beyond of in excess of €50,000. In other words it can be expected that in excess of €2.5 million will be added to the recurring income to be credited in 2002 as a result of business written in 2001. In addition many acquisition opportunities are presenting themselves which fit the stringent criteria which the Group applies. Against this background the Board is confident of maintaining the growth performance of the past number of years and it is expected that the year will be the ninth successive year of strong growth in both profits and earnings per share.”

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## Commentary on Interim Results

The Directors are pleased to report another period of continuing strong growth for the six months ended 30<sup>th</sup> June 2001. Profits before tax and goodwill amortisation were up over 100% at €6.99 million (2000 €3.45 million) on turnover of €38.37 million (2000 €18.61 million). Adjusted earnings per share of 9.81 cents were up 42% from 6.92 cents for the comparative period in 2000.

Recurring income credited, that is income such as insurance renewals, trustee fees, actuarial fees and fund management fees all of which recur over a long period were €7.75 million, an increase of 113% on the 2000 comparative figure of €3.64 million.

These very satisfactory results continue the trend whereby the Group has achieved a compound annual growth rate in earnings per share of in excess of 30% over the past nine years.

The Board has decided to pay an interim dividend of 0.73 cents subject to withholding tax at 20%. This represents an increase of 15% on the previous year and is covered 13 times by earnings before goodwill amortisation. The Board's view is that whilst the Group continues to generate high returns on capital employed, it is in the best interest of shareholders that a high retention of profit should be maintained. The dividend will be paid to qualifying shareholders on the Register at the close of business on 23 November 2001. Dividend warrants will be posted on 7 December 2001.

The financial services division achieved operating profits of €7.07 million, an increase of 115.4% on the previous year. The activities in both the UK and Ireland contributed to this growth. In the UK the introduction of 'Stakeholder Pensions' has created a much greater awareness of pension obligations in the corporate sector and the Group's specialist pension advisory teams were very active in the half year and continue to be so. In Ireland the Group put together one of the strongest pension advisory teams in the country and has won a considerable amount of new business in recent months. IFG Investment Managers is now well established to manage self administered pension schemes and personal portfolios. Whilst there has undoubtedly been a slowdown in the housing market in Ireland, cheques issued to clients arranged by the mortgage division have nevertheless increased by 4 % to €44 million.

The International Trustee and Corporate Services division achieved a 66.8% increase in operating profit to €1.004 million helped by the performance of the newly acquired corporate trust business in Jersey and Geneva as well as a first time contribution from the recently formed Timeshare Finance Company. Exciting opportunities with good growth prospects continue to present themselves in this specialist sector and a new management structure is being implemented to enable the Group to best take advantage of these.

It is pleasing to report that the Internet Technology business made a small operating profit in the period for the first time on sales up from €28,000 to €89,000, with the prospect of continuing improvement going forward. Following on from the losses incurred last year and against a difficult market background, this is a significant achievement. The majority of Ireland's legal practices and many accountancy practices are now clients of this division.

Operating profits for the Investment division were €1.96 million, up from €71,000 for the comparative period in 2000. As capital employed in this division has been increased significantly, it is more meaningful to look at the performance after related interest costs. After charging interest of €1.22 million on capital employed in the investment division, profits were €744,000 as compared with €372,000 in the comparative period, after interest of €99,000.

The Group's strategy is to grow the recurring income base by building a nationwide independent financial advisory business in the UK and Ireland. During the period Goldstone Financial Services in Manchester, D.K. Wild & Co in Norwich, Pensions Associates in London and Fair Isle Investments in Hampshire were acquired for a combined total initial consideration of Stg£4.6 million (€7.33 million) and potential deferred consideration of Stg£4.54 million (€7.23 million). The recurring income credited from these acquisitions in the half year was €1.37 million.

As a result of the rapidly increasing scale of the UK business, it has been decided to implement a new management structure with the appointment of a UK Chief Executive expected shortly.

## **Outlook**

On average to date in 2001, the Group has transacted business each week which gives rise to future annual recurring income to be credited in 2002 and beyond of in excess of €50,000. In other words it can be expected that in excess of €2.5 million will be added to the recurring income to be credited in 2002 as a result of business written in 2001. In addition many acquisition opportunities are presenting themselves which fit the stringent criteria which the Group applies. Against this background the Board is confident of maintaining the growth performance of the past number of years and it is expected that the year will be the ninth successive year of strong growth in both profits and earnings per share.

## Consolidated Profit & Loss Account

### Six months ended 30 June 2001

	Notes	Six Months ended 30 June 2001 Unaudited €000	Six Months ended 30 June 2000 Unaudited €000	Year ended 31 Dec 2000 Audited €000
<b>Turnover</b>	2	<u>38,366</u>	<u>18,606</u>	<u>51,071</u>
<b>Operating profit before goodwill amortisation</b>	2	10,045	4,571	11,044
Goodwill amortisation	3	<u>(1,665)</u>	<u>(282)</u>	<u>(1,068)</u>
<b>Profit on ordinary activities before interest</b>		8,380	4,289	9,976
Net interest and other income	4	<u>(3,055)</u>	<u>(1,125)</u>	<u>(2,845)</u>
<b>Profit on ordinary activities before taxation</b>		5,325	3,164	7,131
Tax on profit on ordinary activities	5	<u>(1,381)</u>	<u>(554)</u>	<u>(1,401)</u>
<b>Profit on ordinary activities after taxation</b>		3,944	2,610	5,730
Equity minority interest		<u>(104)</u>	<u>(97)</u>	<u>11</u>
<b>Profit for the financial period</b>		3,840	2,513	5,741
Dividends		<u>(425)</u>	<u>(257)</u>	<u>(958)</u>
<b>Retained profit for the financial period attributable to equity shareholders</b>		<u>3,415</u>	<u>2,256</u>	<u>4,783</u>
<b>Earnings per ordinary share</b>	6			
-adjusted earnings per ordinary share*		9.81c	6.92c	15.70c
-basic earnings per ordinary share		6.84c	6.22c	13.24c
-diluted earnings per ordinary share		6.54c	6.12c	12.96c

\*before goodwill amortisation

## Other Statements

Six months ended 30 June 2001

	Six Months ended 30 June 2001 Unaudited €000	Six Months ended 30 June 2000 Unaudited €000	Year ended 31 Dec 2000 Audited €000
<b>Statement of Total Recognised Gains and Losses</b>			
Profit for the financial period	3,840	2,513	5,741
Exchange movements	(1,009)	217	541
Surplus on revaluation of premises	-	608	608
<b>Total recognised gains for the financial period</b>	<u>2,831</u>	<u>3,338</u>	<u>6,890</u>

	Six Months ended 30 June 2001 Unaudited €000	Six Months ended 30 June 2000 Unaudited €000	Year ended 31 Dec 2000 Audited €000
<b>Reconciliation of Movements in Shareholders' Funds</b>			
Profit for the financial period	3,840	2,513	5,741
Dividends	(425)	(257)	(958)
	<u>3,415</u>	<u>2,256</u>	<u>4,783</u>
Other recognised gains for the period:			
Exchange movements	(1,009)	217	541
Surplus on revaluation of premises	-	608	608
(Decrease)/increase in share capital	(296)	14	1,855
Increase in share premium (net of expenses)	2,000	28	20,790
Increase in capital conversion reserve fund	414	-	-
Sale of treasury shares	7,963	-	-
Additional goodwill on pre-1998 acquisition	-	(1,563)	(1,618)
<b>Net increase to equity shareholders' funds</b>	<u>12,487</u>	<u>1,560</u>	<u>26,959</u>
<b>Opening equity shareholders' funds</b>	31,282	4,323	4,323
<b>Closing equity shareholders' funds</b>	<u>43,769</u>	<u>5,883</u>	<u>31,282</u>

# Consolidated Balance Sheet

as at

	30 June 2001 Unaudited €000	30 June 2000 Unaudited €000	31 December 2000 Audited €000
<b>Fixed assets</b>			
Intangible assets	57,567	8,235	45,775
Tangible assets	14,836	11,276	13,957
Financial assets			
-investment in joint ventures	5	9	20
-investment in associates	1,150	824	935
-other investments	7,015	5,053	5,298
	<hr/>	<hr/>	<hr/>
	80,573	25,397	65,985
	<hr/>	<hr/>	<hr/>
<b>Current assets</b>			
Stocks	413	304	64
Debtors	24,456	14,913	29,606
Investments	48,098	19,483	44,414
Cash at bank and in hand	6,709	3,647	3,801
	<hr/>	<hr/>	<hr/>
	79,676	38,347	77,885
	<hr/>	<hr/>	<hr/>
<b>Creditors</b> (amounts falling due within one year)	<u>(39,791)</u>	<u>(16,603)</u>	<u>(50,387)</u>
<b>Net current assets</b>	39,885	21,744	27,498
	<hr/>	<hr/>	<hr/>
<b>Total assets less current liabilities</b>	120,458	47,141	93,483
<b>Creditors</b> (amounts falling due after more than one year)	(54,526)	(36,536)	(45,744)
<b>Provisions for liabilities and charges</b>	(22,023)	(4,540)	(16,421)
	<hr/>	<hr/>	<hr/>
	43,909	6,065	31,318
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	7,203	5,658	7,499
Share premium account	30,087	7,325	28,087
Capital conversion reserve fund	414	-	-
Revaluation reserve	2,803	2,803	2,803
Profit and loss account	<u>3,262</u>	<u>(9,903)</u>	<u>(7,107)</u>
	<hr/>	<hr/>	<hr/>
Group equity shareholders' funds	43,769	5,883	31,282
Equity minority interests	140	182	36
	<hr/>	<hr/>	<hr/>
	43,909	6,065	31,318
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Consolidated Cash Flow Statement

Six months ended 30 June 2001

	Notes	Six Months ended 30 June 2001 Unaudited €000	Six Months ended 30 June 2000 Unaudited €000	Year ended 31 Dec 2000 Audited €000
<b>Net cash (outflow)/inflow from operating activities</b>	7	(4,669)	3,546	17,631
<b>Returns on investment and servicing of finance</b>				
Interest received		182	81	336
Interest paid		(2,285)	(1,099)	(2,603)
Finance lease interest paid		(61)	(21)	(61)
Income from investments		-	85	114
Dividends paid to minority interests		-	-	(103)
		<u>(2,164)</u>	<u>(954)</u>	<u>(2,317)</u>
<b>Taxation</b>		<u>(1,540)</u>	<u>(304)</u>	<u>(1,216)</u>
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(678)	(545)	(3,045)
Sale of tangible fixed assets		29	-	441
Expenditure on intangible fixed assets		-	(2)	(2)
		<u>(649)</u>	<u>(547)</u>	<u>(2,606)</u>
<b>Acquisitions and Disposals</b>				
Purchase of subsidiary undertakings		(6,229)	(2,438)	(15,602)
Deferred consideration on prior year acquisitions		(2,988)	(2,759)	(3,258)
Purchase of investments		(2,260)	(295)	(1,266)
Sale of investments		188	-	227
		<u>(11,289)</u>	<u>(5,492)</u>	<u>(19,899)</u>
<b>Equity dividends paid</b>		<u>(45)</u>	<u>-</u>	<u>(726)</u>
<b>Cash outflow before use of liquid resources and financing</b>		<u>(20,356)</u>	<u>(3,751)</u>	<u>(9,133)</u>
<b>Management of liquid resources</b>				
Increase in current asset investments		(219)	(4,088)	(27,922)
<b>Financing</b>				
New loans in period		19,404	6,493	26,035
Capital element of finance lease rentals		(242)	(123)	(287)
Repayment of debt		(3,757)	-	(10,988)
Issue of share capital		75	42	22,010
Sale of treasury shares		7,964	-	-
Expenses of share issue and sale of treasury shares		(58)	-	(914)
<b>Net cash inflow from financing</b>		<u>23,386</u>	<u>6,412</u>	<u>35,856</u>
<b>Movement in cash</b>	8	<u>2,811</u>	<u>(1,427)</u>	<u>(1,199)</u>

## Supplementary information

### 1. Basis of Preparation

The interim financial statements have been prepared on the basis of the accounting policies set out in the Group's Annual Report for the year ended 31 December 2000. The interim statement has been approved by the Board of Directors on 28 August 2001. The interim financial information has neither been reviewed nor audited by the Group's auditors, PricewaterhouseCoopers.

### 2. Segmental Analysis

#### Turnover

	30 June 2001 Unaudited €000	30 June 2000 Unaudited €000	31 Dec 2000 Audited €000
Business Sector			
Financial Services	29,183	13,148	38,287
International Trustee & Corporate Services	5,956	3,941	9,486
Internet Technology	589	528	1,227
Investment	2,638	989	2,071
	<u>38,366</u>	<u>18,606</u>	<u>51,071</u>

#### Operating Profit before goodwill amortisation

	30 June 2001 Unaudited €000	30 June 2000 Unaudited €000	31 Dec 2000 Audited €000
Business Sector			
Financial Services	7,074	3,284	8,006
International Trustee & Corporate Services	1,004	602	2,153
Internet Technology	3	(286)	(1,148)
Investment	1,964	971	2,033
	<u>10,045</u>	<u>4,571</u>	<u>11,044</u>

### 3. Goodwill

In accordance with Financial Reporting Standard 10 goodwill acquired is capitalised and amortised through the profit and loss account over periods of between eight and twenty years, which is an estimate of the average useful economic life of such assets.

### 4. Net interest and other income

In accordance with current accounting standards net interest includes an €450,000 notional charge in respect of deferred consideration payable by the Company (June 2000:€172,000).

## Supplementary information

### 5. Taxation

The charge for taxation for the six months ended 30 June 2001 is based on the estimated effective rate of taxation for the period.

### 6. Earnings per ordinary share

The earnings per ordinary share have been calculated on the weighted average number of shares in issue of 56,127,898 (June 2000: 40,415,533). The basic earnings per share and diluted earnings per share has been calculated in accordance with Financial Reporting Standard 14.

### 7. Reconciliation of profit before interest and tax to net cash inflow from operating activities

	30 June 2001 Unaudited €000	30 June 2000 Unaudited €000	31 Dec 2000 Audited €000
Profit before interest and tax	8,380	4,289	9,976
Provision against investments	88	43	132
Depreciation and amortisation	2,371	711	2,647
Currency translation adjustment	733	612	69
Loss of associated undertakings	93	72	269
Unrealised increases on revaluation of investments	(1,977)	(661)	(1,750)
Decrease/(increase) in debtors	5,413	1,111	(11,357)
Increase in stocks	(348)	(243)	(3)
Loan from/(to) associated undertakings	830	(1,243)	(785)
(Decrease)/increase in creditors	(20,231)	(1,145)	18,522
Loss/(profit) on sale of fixed assets	6	-	(89)
Profit on sale of investments	(27)	-	-
	<u>(4,669)</u>	<u>3,546</u>	<u>17,631</u>

### 8. Reconciliation of net cash flow movements in net debt

	30 June 2001 Unaudited €000	30 June 2000 Unaudited €000	31 Dec 2000 Audited €000
Increase/(decrease) in cash in period	2,811	(1,427)	(1,199)
Cash inflow from increase in debt and lease financing	(15,405)	(6,369)	(14,763)
Change in net debt resulting from cash flows	<u>(12,594)</u>	<u>(7,796)</u>	<u>(15,962)</u>
New finance leases	(264)	(27)	(398)
Finance leases on acquisitions	(77)	-	(215)
Translation difference	(2,322)	187	260
Movement in net debt in the period	<u>(15,257)</u>	<u>(7,636)</u>	<u>(16,315)</u>
Opening net debt	(42,385)	(26,070)	(26,070)
Closing net debt	<u>(57,642)</u>	<u>(33,706)</u>	<u>(42,385)</u>