

IFG Group plc

Annual Report and Accounts 2002

Contents

Financial Highlights	*
Directors and Advisors	*
Chairman's Statement	*
Chief Executive's Review	*
	* Notice of Meeting
	* Report of the Directors
	* Review of Compliance with the Combined Code
	* Report of the Auditors
	* Consolidated Profit and Loss Account
	* Other statements - Movements in Profit and Loss Account - Statement of Total Recognised Gains and Losses - Note of Group Historical Cost Profits and Losses
	* Other Statements - Reconciliation of Movements in Shareholders' Funds
	* Consolidated Balance Sheet
	* Company Balance Sheet
	* Consolidated Cash Flow Statement
	* Accounting Policies
	* Notes to the Financial Statements
	* Principal Operating Subsidiaries, Associated Undertakings and Joint Ventures
	* Group Financial Record

Calendar

Annual General Meeting
Jurys Hotel Dublin
12.00 noon, Tuesday 24 June 2003

Dividends

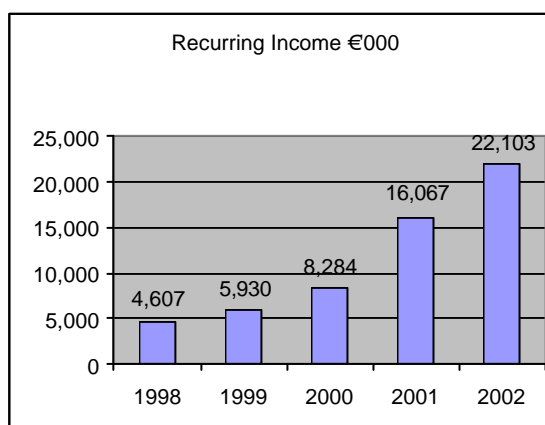
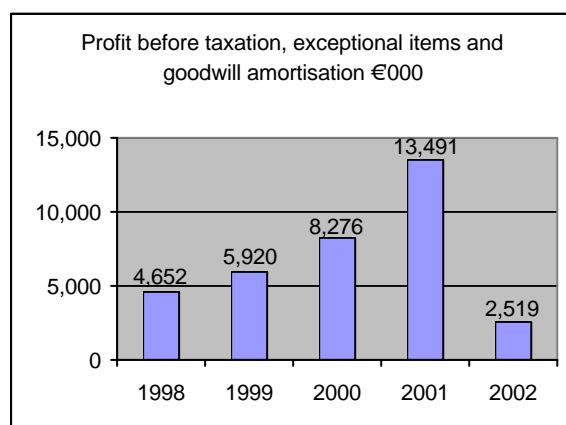
Interim - paid 6 December 2002
Final - payable 25 July 2003

IFG Group plc Financial Highlights

	Continuing Activities 2002	Continuing Activities 2001 restated	Notes	Total 2002	Total 2001 restated
	€'000	€'000		€000	€000
Turnover	87,270	71,666		85,190	81,637
Operating profit/(loss)	13,513	13,791	1	(2,948)	14,667
Profit/(loss) before taxation	10,103	11,715	1	(32,793)	10,370
Adjusted earnings per ordinary share - in cent	12.22	14.49	2	n/a	n/a
Basic earnings per share - in cent	5.16	8.27		(51.87)	12.28
Recurring income				22,103	16,067
Dividend per ordinary share – in cent				2.20	2.20
Shareholders' Funds				33,779	65,822

Notes :

1. Continuing activity figures are stated before goodwill amortisation and exceptional items.
2. Adjusted earnings per share is calculated before goodwill amortisation and exceptional items.



Directors & Advisors

Directors

Patrick Joseph Moran (Chairman) ⇒
(Senior Independent Non-Executive)
Richard George Hayes (Chief Executive)
Mark George Bourke (Executive Director - Finance)
Paul Francis Gardner-Bougaard (British)
(Executive Director - International Trustee and
Corporate Services)
John Francis Lawrie (British)(Non-Executive) ⇒
Donal Martin Lynch (Executive Director – Legal,
Secretarial and Compliance)
Colm William Moran (Non-Executive) ⇒
Victor William Quigley (Executive Director – Irish Financial
Services)
David James Saunderson (British) (Executive Director - UK
Operations)
Thomas Joseph Wacker (USA) (Non-Executive)

⇒ A member of the Audit Committee and of
the Remuneration Committee

Company Secretary

Donal Martin Lynch A.C.I.S

Trading Address

IFG House
Boosterstown Hall
Boosterstown
Co Dublin
Telephone (353-1) 275 2800
Fax (353-1) 275 2801
E-Mail : securemail@ifg.ie

Registered Office

IFG Group plc
IFG House
Boosterstown Hall
Boosterstown
Co. Dublin

Websites

www.ifggroup.com
www.ifgmortgages.ie
www.firsl.com
www.ifgim.com
www.ifginvest.com
www.teppco.ie
www.tcbrokers.com
www.fntc.com
www.ifgint.com
www.ifg.co.uk
www.retire.co.uk
www.isa-shop.co.uk
www.ips4pensions.co.uk
www.saunderson-house.co.uk
www.santwhit.com
www.fir-uk.com

Registered in Ireland

Principal Bankers

Ulster Bank Ireland Limited
Ulster Bank Group Centre
George's Quay
Dublin 2

Anglo Irish Bank Corporation plc
Stephen's Court
18/21 St Stephen's Green
Dublin 2

Bank of Scotland (Ireland) Limited
Canada House
65/68 St. Stephen's Green
Dublin 2

Royal Bank of Scotland
22 High Street
St Peter Port
Guernsey
Channel Islands

Stockbrokers

NCB Stockbrokers Limited
3 George's Dock
IFSC
Dublin 1

Group and Subsidiary Company Auditors

PricewaterhouseCoopers
Wilton Place
Dublin 2

Principal Subsidiary Company Auditors

O.S.K.
Accountants and Business Consultants
East Point Business Park - P4B
Dublin 3

PricewaterhouseCoopers
60 Circular Road
Douglas
Isle of Man

Solicitors

O'Donnell Sweeney
The Earlsfort Centre
Earlsfort Terrace
Dublin 2

Registrars

Computershare Investor Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18

Chairman's Statement

After nine successive years of growth in profits and earnings per share it is disappointing to report a sharp downturn in overall results for 2002.

Profits on continuing activities before tax, goodwill amortisation and exceptional items were €10.1 million on revenues of €87.3 million (total loss and revenues of €32.8 million and €35.2 million respectively) as compared with €11.7 million and €11.7 million respectively in the previous year (total profit and revenues of €10.4 million and €31.6 million respectively). Results of continuing activities, as reflected, are before charging/crediting exceptional restructuring costs of €2.8 million, losses on termination of UK operations of €1.6 million, losses on termination of endowment trading for investment purposes of €19.7 million, profits on sales of property investments of €1.4 million, losses on sale of Irish businesses €0.6 million and write-down on investments of €7.5 million. Adjusted earnings per share were 12.22 cent (2001: 14.49 cent). On a total basis, basic earnings per share were (51.87) cent (2001: 12.28 cent).

At year-end total group debt was €66.7m. This includes ring-fenced debt of €19.4m (reduced to €3.3 million since the year-end) leaving a total core debt of €47.3m. Contingent deferred consideration is expected to be €8.9m.

Recurring income credited was €2.0 million, an increase of 37% on the previous year. This income which recurs over a long period of time, consists of insurance renewals, fund management fees, trustee fees and actuarial fees which are payable over the lifetime of the insurance policy, investment product, trust or pension fund. Your Board believes that recurring income is a key measurement for the future of the company.

2002 was a very challenging year. In the first half of the year we decided to discontinue the investment and trading activities in the sterling traded endowment market and accordingly made a provision of €18.5m in the half year accounts to write down the valuation of the investment to surrender value in anticipation of selling the holdings at or above this price. A near 25% fall in the FTSE100 over the period in which we were disposing of these investments has resulted in a total loss on disposal after all costs of €22.6 million. It was also decided to discontinue operations in the financial services middle market and to restructure part of the continuing UK and Irish business. This resulted in the closure of twelve offices and a significant reduction in staff numbers.

Apart from the activities subject to restructuring and cessation, our business performed reasonably. Of particular note was the strong growth achieved in our corporate and trustee business, our mortgage and title insurance operations, and our city of London based IFA business. Profits in the international, corporate and trustee business grew by 36% in the year.

Mortgage Business Solutions, the new trading name for mortgage operations chosen to more accurately reflect the business activity, is now positioned as Ireland's only business to business model within the mortgage lending area. Mortgage Business Solutions currently accounts for 18% of the third party distribution of mortgages in Ireland and has revolutionised the remortgage process for lenders by providing the means to significantly reduce the process time of a transaction.

During 2002 we acquired IPS Pensions Limited (IPS) in the UK for an initial consideration of €18.68 million, with maximum deferred consideration of €6.15 million. We also acquired Trade Credit Brokers Limited in Ireland for an initial consideration of €1.65 million with maximum deferred consideration of €4.06 million. Both businesses performed to expectation in 2002.

Dividends

Your Board is recommending a final dividend of 1.47 cent per share which when added to the interim dividend already paid makes a total dividend of 2.20 cent, the same amount as the previous year. Subject to shareholders' approval the final dividend will be paid on 25 July 2003 to shareholders on the Register on 11 July 2003.

Directors, Management and Staff

I would like to thank all in the company who have remained so committed in what has been a difficult year in some areas of the business.

Current Trading

Part of the business is still directly affected by the level of and confidence in the equity markets. Trading in these areas remain subdued. We are experiencing good growth in the main bulk of our business.

Overall we expect that the measures we have taken in 2002 to focus the business on providing independent financial advice and administration services will deliver above average growth in the years ahead. Performance in 2003 however, is likely to be restrained in the short term by difficult markets.

Joe Moran
Chairman

Chief Executive's Review

In 2002 our plan was to restructure part of the UK operations. This restructuring was carried out under difficult market conditions and resulted in slightly higher costs than previously envisaged.

The decision to exit our investment division and thereby substantially de-gear the Group was also driven by market conditions. In doing so a significant loss was realised. Gearing is now substantially reduced and the trading Group will not bear any residual debt burden as assets are divested and debt eliminated.

The Group banking and deferred consideration commitments are set out as follows:-

	Core Debt €m	Investment Debt €m	Total €m
Net Debt per Balance Sheet	21.0	19.4	40.4
Bank Guaranteed Deferred Consideration	26.3*	-	26.3
	-----	-----	-----
Total Bank Commitment	47.3	19.4	66.7
	=====	=====	=====

The core debt of the business is €47.3 million of which €26.3 million is shown in the balance sheet as part of deferred consideration payable. €19.4 million of the company's debt at year-end is debt related to investments held at year-end. This debt is secured by the investment division's assets and "ring-fenced" or isolated from the core trading business for security purposes.

This investment related debt of €19.4 million at year-end was offset by the assets of the investment division which are summarised as follows:

	€m	
(i) Debt for the sale and surrender of endowment policies	14.8	(1)
(ii) Remaining assets valued at year-end	6.8	

	21.6	
	=====	

(1) Reduced to €3.3 million by 3 April 2003

The debt commitment must be looked at in conjunction with deferred consideration commitments in relation to acquisitions. This is summarised as follows:

	€m	
Bank Guaranteed Deferred Consideration	26.3	(2)
Contingent Deferred Consideration	18.9	

Total Deferred Consideration	45.2	
	=====	

(2) Included in Banking Commitment but shown in Balance Sheet as a Creditor for deferred consideration.

The Group is now clearly focused on its principal trading business which specialises in the provision of financial advisory and administrative services.

The performance of the Group in the twelve months split between its main activities was as follows:

	Continuing Activities Operating Profit	Continuing Activities Operating Profit	Total Operating Profit/(loss)	Total Operating Profit
	2002	2001 restated	2002	2001 restated
	€000	€000		€000
International				
International & Corporate Services	3,348	2,460	3,348	2,460
UK				
Actuarial and Pensioner Trustee Financial Services	3,156	1,400	3,156	1,400
- subject to restructuring	(1,449)	621	(2,949)	360
- not subject to restructuring	3,558	2,995	3,558	2,995
Pension Release and Discount Brokerage	3,570	4,578	3,570	4,578
Ireland				
Mortgage Business Solutions	1,130	421	1,130	421
Financial Services including Central Overhead	200	1,316	200	1,226
Investment Division (Discontinued)	-	-	(2,869)	4,863
Exceptional losses	-	-	(3,955)	-
	-----	-----	-----	-----
Operating profit before goodwill amortisation	13,513	13,791	5,189	18,303
	-----	-----	-----	-----
Goodwill amortisation	(4,573)	(3,636)	(8,137)	(3,636)
	-----	-----	-----	-----
Operating Profit/(loss)	8,940	10,155	(2,948)	14,667
	=====	=====	=====	=====

Note: Continuing activities operating profit is stated before exceptional items

International Trustee and Corporate Services

This division operates in two main areas:-

- Provision of corporate and trustee services in the Isle of Man, Jersey, Geneva and London
- Provision of specialist trustee and back office services to the timeshare industry in Europe through FNTC.

Profits of this division grew by 36% during the period (from €2.46 million to €3.35 million) in line with expectations.

2002 saw the first full year of offshore services regulation in both the Isle of Man and Jersey. IFG has been able to benefit from its position in the market as a high quality independent corporate provider to the offshore markets.

UK

- **Actuarial and Pensioner Trustee**

The Actuarial and Pensioner Trustee division is based in London, Manchester and Bristol. This division administers and provides trustee and actuarial services for SSASs (small self administered pension schemes) and SIPP (self invested personal pension plans). We believe that we currently have about 10% of the market for SSASs and 5% of the market for SIPP.

The increase in profit (from €1.4 million to €3.2 million) in this division is attributable to the acquisition of IPS which occurred in April 2002 which is performing in line with expectations.

The governments proposed simplification in pension regimes may provide our business with the opportunity to be a provider of pensions for a much wider section of the population. Our low cost administration and efficient servicing of 5,000 existing arrangements should provide a strong base for future expansion.

- **Financial Services (subject to restructuring)**

During the year, this division has been restructured resulting in a professional services organization that serves both corporate and private clients. The main actions taken to effect this restructuring were as follows:

- Closure of 12 offices with associated reduction in staff costs
- Implementation of a fee-based business model
- Increased expenditure on information technology infrastructure and related support costs
- New Management structures

We reported at the half-year that market conditions had been difficult and they remained so for the second half as well. While we had hoped for a break-even second half, continuing adverse market conditions contributed to a loss of €842,000 in the period.

The benefits of the restructuring will show through during 2003.

- **Financial Services (not subject to restructuring)**

Our mainstream IFA activities have concentrated on the provision of wealth management services in particular market niches and with on-going revenues for such services.

An overview of the operations of the principal locations of this division are as follows:

- London

This is a niche business serving partners in large professional firms with some 10% of this niche market and despite difficult market conditions this business has continued to attract new clients and has performed well.

- Fareham

The Fareham business primarily serves an expatriate & potential expatriate client base. The business has gained market share and has met expectations.

- Norwich

This specialist IFA serving Private Clients in East Anglia has performed well through tight cost control in a difficult market.

The requirement for good financial planning advice is substantial and the lack of qualified experienced practitioners means that those firms who have the staff and systems in place should reap the appropriate rewards. We are well placed to deliver good advice in a timely and cost effective manner which should lead to considerable organic growth in client numbers and the related funds under advisory management.

Pension Release and Discount Brokerage

- **Pension Release**

The taking of benefits from pension funds continues to be a growing area of activity.

It was noted at the half-year that long lead times have slowed profit growth and whilst there have been high volumes of business in the second half, increases in advertising costs and the increasing requirements of compliance have contributed to a slower second half.

In 2003 we expect a similar out-turn to 2002.

- **Discount brokerage**

The investment climate has been harsh with sharp falls in stock markets over the last three years. Investor confidence is unlikely to return quickly with the uncertainties in the Middle East, the deteriorating economic outlook and stock-market volatility. Applications for new ISAs are running at a very low level nationally and we are experiencing the same conditions.

Overall, we expect a challenging UK environment in 2003 within which to operate. We are focused on increasing market share by the professionalism of our offerings - meeting needs and satisfying clients. We are reliant to some extent on the return of investor confidence and hope that we will see improving stock market levels over the coming months.

Ireland

- **Mortgage Business Solutions**

In 2002 cheques issued by lenders to clients of the Group amounted to €90 million up from €29 million in 2001, an increase of 79%. Business submitted to lenders amounted to €70 million (2001: €24 million) an increase of 66%. Title Insurance, brought to Ireland by IFG's joint venture with First American Corporation, has now been adopted by five leading lenders in the mortgage market. Since the year end the Group has reached agreement with First American Corporation under which IFG now holds 100% of First American Title Company (Ireland) Limited. This area of activity and now proven business model provides us with the opportunity to achieve substantial growth going forward.

- **Financial Services**

During the year we invested heavily in the group pensions business. This was still loss making through the year-end but as stated at the half year we expect it to contribute to profit in 2003. Central overheads combined with the costs relating to the advisory business have offset a good performance by Trade Credit Brokers (TCB), which was acquired in May, (TCB arranges but does not underwrite credit insurance) and the Individual Advisory business.

Investment Division - discontinued

At the beginning of the year we held the following investments

- Trading stock of marketable endowment policies with a value of €5.3 million
- Equities and oil and gas properties with a market value of €3.5 million
- 35% of Rayband Limited, a company holding development land with a total market value of over €1 million i.e. an investment with a market value of approximately €3.85 million.
- 25% of Pro-Active Mortgages Limited. At 31 December 2001 the equity investment in this business was €35,000.
- Properties used for the Group's purposes in Ireland (Dublin and Cork), in the UK (London, Cambridgeshire and Kent) and in the Isle of Man with an approximate market value of €1.6 million.

During the year we decided to exit our investment business. As stated this decision was driven by the continuing deterioration in markets. Despite the substantial losses realised the board took the view that the Group's primary objective should be to reduce debt. Whilst significant losses were realised there will be a cash excess when all investments and properties are realised.

At year-end the assets still held are valued as follows

- Equities and oil and gas properties with a market valuation of €0.8 million
- 35% of Rayband with a total market value of €3.0 million, representing an investment with a market value of €2.8 million
- Properties in Cambridgeshire, Kent and Cork with a market value of €2.7 million (the Cork property has since been sold for €1 million).

The ring-fenced debt at year-end was €19.4 million. Debtors for the sale of and surrender of marketable endowment policies of €14.8 million, (reduced to €3.3 million by 3 April 2003), offset this debt leaving a residual debt of €4.6 million which will be paid off as the remaining assets are divested.

Richard Hayes
Chief Executive

Financials

- * Notice of Meeting
- * Report of the Directors
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Notice of Meeting

Notice is hereby given that the Thirty Ninth Annual General Meeting of IFG Group plc will be held at Jurys Hotel, Ballsbridge, Dublin 4 on Tuesday 24 June 2003 at 12.00 noon for the following purposes:

Ordinary Business

- 1 To receive and consider the report of the Directors and financial statements and the independent auditors' report thereon for the year ended 31 December 2002.
- 2 To declare the dividend recommended by the Directors.
- 3 To re-elect as directors John Francis Lawrie, Victor William Quigley and Thomas Joseph Wacker who retire by rotation in accordance with the Company's Articles of Association.
- 4 To authorise the Directors to fix the remuneration of the auditors.

Special Business

5. As an Ordinary Resolution:

“that the Directors of the Company be and they are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 20 of the Companies (Amendment) Act, 1983) up to an aggregate nominal amount not exceeding the present authorised but unissued capital of the Company; provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 23 September 2004 (if earlier) unless previously renewed, varied or revoked by the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired”.

6 As a Special Resolution:

“ that the Directors be and they are hereby empowered pursuant to Section 23 and Section 24 (1) of the Companies (Amendment) Act, 1983 to allot equity securities (within the meaning of Section 23 of the said Act) for cash pursuant to the authority conferred by Resolution 5 above as if Section 23 (1) of the Companies (Amendment) Act, 1983 did not apply to such allotment provided that this power shall be limited:-

- i* to the allotment of equity securities in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to the respective number of Ordinary Shares held by them; and
- ii* to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of €389,237 representing 5% of the issued share capital of the Company.

The power hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 23 September 2004 (if earlier) unless such power shall be renewed in accordance with and subject to the provisions of the said Section 24”.

7. As a Special Resolution:

“ that the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 212 of the Companies Act, 1990) on The London Stock Exchange and/or The Irish Stock Exchange of Ordinary Shares of €0.12 each in the capital of the Company (“Ordinary Shares”) provided that :

- a. the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 6,487,286 (representing 10% of the issued ordinary share capital);
- b. the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is €0.12 being the nominal value of an Ordinary Share;
- c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is not more than 5% above the average of the bid and offer price for an Ordinary Share for the ten business days immediately preceding the day on which the Ordinary Shares are purchased;
- d. unless previously revoked or varied, the authority hereby conferred shall expire at the close of business on 23 December 2004;
- e. the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of such a contract or contracts, notwithstanding that this authority has otherwise expired”.

8. As a Special Resolution:

“ that the directors of the Company be and are hereby authorised to cancel such of the Ordinary Shares of €0.12 each in the capital of the Company which may now or at any time in the future be held by the Company as Treasury Shares pursuant to Section 209 of the Companies Act, 1990, in such number or numbers as the Directors may from time to time determine”.

9. As a Special Resolution:

“ that for the purposes of Section 209 of the Companies Act, 1990, the re-issue price range at which any Treasury Shares (as defined by the said Section 209) for the time being held by the Company may be re-issued off-market shall be as follows :

- a the maximum price at which a Treasury Share may be re-issued off-market, shall not be more than five percent above the average of the bid and offer price for an Ordinary Share for the ten business days immediately preceding the day on which the Treasury Share is re- issued;
- b the minimum price at which a Treasury Share may be re-issued off-market shall not be less than ten percent below the average of the bid and offer price for an Ordinary Share for the ten business days immediately preceding the day on which the Treasury Share is re- issued.

Unless previously revoked or varied, the authority hereby conferred shall expire at the close of business on 23 December 2004".

By order of the Board

D M Lynch
Secretary

IFG House
Booterstown Hall
Booterstown
Co Dublin

[* May 2003]

Notes

- 1 A member entitled to attend and vote may appoint a proxy to attend, speak and vote instead of him and such proxy need not necessarily be a member of the Company. A proxy form is enclosed for this purpose. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of authority must be deposited at the registered office of the Company by not later than 12.00 noon on 22 June 2003.
- 2 The following documents will be available at the registered office of the Company on Monday to Friday during normal business hours and at the place of the meeting for a period of fifteen minutes before and during the meeting:
 - a The register of Directors' or secretaries' interest in shares in, or debentures of, the Company or any subsidiary.
 - b The register of interests in shares in the Company.
 - c Copies of the service agreements of Paul Francis Gardner-Bougaard, Victor William Quigley and David James Saunderson.
 - d The rules of the IFG Group Share Option Scheme 2000 and the IFG Group Share Option (UK) Scheme 2000.

Report of the Directors

The directors of IFG Group plc present their report and the audited financial statements for the year ended 31 December 2002.

Activities

The principal activities of the Group are the provision of financial services and investment. The Chairman's Statement on pages * and * and the Chief Executive's Review on pages * to * contain a review of the development of the businesses of the Group during the year, the position at the year end and of likely future developments.

Results

Loss before taxation and goodwill amortisation was €28,220,000 (2001: Profit €14,006,000). Taxation absorbed €740,000 (2001: €1,100,000). The loss for the financial year after goodwill amortisation and taxation was €3,613,000 (2001: Profit €7,176,000).

Dividends

An interim dividend of €0.73 cent per ordinary share, subject to withholding tax at 20% (2001: €0.73 cent), was paid on 6 December 2002 and a final dividend of €1.47 cent per ordinary share, which may be subject to withholding tax at 20% (2001: €1.47 cent subject to withholding tax at 20%), will be paid on 25 July 2003 to qualifying shareholders on the register on 11 July 2003.

Retained Earnings

The retained loss for the year was €5,044,000 (2001: profit €5,730,000).

Directors

Patrick Joseph Moran is non-executive Chairman of the Company. He is also chief executive of IWP International plc and a Director of a number of other companies.

Richard George Hayes is Chief Executive of the Company. He is a Chartered Accountant and a director of The Findlay Park US Smaller Companies Fund plc.

Mark George Bourke, is Finance Director and was previously a partner in international tax services with PricewaterhouseCoopers US, San Jose, California.

Paul Francis Gardner-Bougaard is executive Director responsible for the international trustee and corporate services division.

John Francis Lawrie is a non-executive Director and a former chairman of Aberdeen Asset Management Ireland Limited, investment managers to Scottish Provident Ireland whose Irish equity portfolios he managed for over twenty five years.

Donal Martin Lynch, a Chartered Secretary, is Director of legal, secretarial and compliance and Company Secretary.

Colm William Moran is a non-executive Director and one of the founder shareholders of IFG Securities Limited. He is a director of a number of other companies.

Victor William Quigley is the executive Director responsible for the Group's Irish Financial Services division. He is also founding editor of the 'Irish Broker' magazine and a former Council Member of the IBA.

David James Saunderson is the executive Director responsible for IFG UK operations.

Thomas Joseph Wacker was chairman and chief executive of the Group's operations in the Isle of Man until 1996 and is now a non-executive Director. Prior to joining IFG he was chairman of Royal Trust International.

In accordance with the Articles of Association of the Company John Francis Lawrie, Victor William Quigley and Thomas Joseph Wacker retire by rotation and being eligible, offer themselves for re-election. Service agreements and contracts are dealt with later in this report.

Report of the Directors

Directors' Remuneration

The remuneration of directors for the year ended 31 December 2002 and 31 December 2001 are noted below:

	Salary	Fees	Bonus	Pension	Other	2002 Total	2001 Total
	€000	€000	€000	€000	€000	€000	€000
Patrick Joseph Moran	-	35	-	-	-	35	32
Richard George Hayes	387	-	-	76	25	488	484
Mark George Bourke	190	-	-	82	16	288	239
Paul Francis Gardner-Bougaard	211	22	40	42	15	330	346
John Francis Lawrie	-	25	-	-	-	25	19
Donal Martin Lynch	152	-	-	31	12	195	130
Colm William Moran	-	25	-	-	-	25	19
Victor William Quigley	173	-	-	125	2	300	277
David James Saunderson	255	-	-	48	2	305	-
Thomas Joseph Wacker	-	25	-	-	-	25	19
Total	1,368	132	40	404	72	2,016	1,565

Directors' Interests

The interests of the directors in office and their families, all of which were beneficial, in the ordinary €0.12 shares of the Company at 31 December 2002 and 31 December 2001 are noted below :

	At 31 December 2002		At 31 December 2001	
	Shares under option	Share holding	Shares under option	Share holding
Patrick Joseph Moran	-	4,687,628	-	4,687,628
Richard George Hayes	350,000	4,027,704	350,000	4,327,704
Mark George Bourke	250,000	45,788	250,000	15,788
Paul Francis Gardner-Bougaard	250,000	20,346	250,000	20,346
John Francis Lawrie	-	10,000	-	10,000
Donal Martin Lynch (also Company Secretary)	250,000	147,130	250,000	147,130
Colm William Moran	-	1,694,472	-	1,694,472
Victor William Quigley	50,000	871,913	250,000	871,913
David James Saunderson (appointed 19 February 2002)	250,000	18,100	-	18,100
Thomas Joseph Wacker	-	304,717	-	304,717

There has been no change in the above holdings between 31 December 2002 and * April 2003. Included in the above shareholdings are a total of 17,130 shares held in trust for each of Richard Hayes, Donal Lynch, Victor Quigley, 5038 shares for Mark Bourke and 6,422 shares for Paul Gardner-Bougaard under the terms of the IFG Group plc Revenue Approved Profit Sharing Scheme ("APSS").

The dates granted and prices of the shares under option are as follows :

P F Gardner- Bougaard	V W Quigley	D M Lynch	R G Hayes	M G Bourke	D J Saunderson	Date Granted	Exercise price	Expiry date
					250,000	10.04.2002	270c	09.04.2012
-	-	-	-	250,000		06.09.2000	170c	05.09.2010
50,000	50,000	250,000	350,000	-		04.07.2000	140c	03.07.2010
200,000	-	-	-	-		22.05.1995	27.93c	21.05.2005
<u>250,000</u>	<u>50,000</u>	<u>250,000</u>	<u>350,000</u>	<u>250,000</u>	<u>250,000</u>	Total at 31 December 2002		
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>350,000</u>	<u>250,000</u>	<u>0</u>	Total at 31 December 2001		

Report of the Directors

In the year ended 31 December 2002, Victor William Quigley exercised options over 200,000 ordinary shares of the Company at an average exercise price of 24.13c (market price at date of exercise €2.85).

Other than the above, there were no options over the Company's shares exercised by any other director of the Company. The year-end market price on the Irish Stock Exchange of the Company's ordinary shares was €0.39; during the year the price ranged from €0.39 to €3.25.

Directors' Service Agreements and Contracts

Victor William Quigley has a three year service agreement with IFG Quigley Limited which was entered into on 18 November 2000 and which can be terminated on six months' notice by either party to expire on or at any time after the third anniversary of the service agreement.

Paul Francis Gardner-Bougaard has a four year service agreement with FNTC (UK) Limited which was entered into on 6 April 2001 and which can be terminated on six month's notice by either party to expire on or at any time after 31 October 2005.

David James Saunderson has a three year service agreement with IFG Holdings Limited which was entered into on 13 September 2001 and which can be terminated at any time on six months notice by either party.

Save as disclosed above, there are no contracts of service (not terminable on less than one years notice) existing or proposed between the IFG Group and any Director of IFG Group plc.

Other than as disclosed in Note 31 'Related party transactions', there has not been any contract or arrangement with the Company or any subsidiary during the year in which a Director of the Company was materially interested and which was significant in relation to the Company's business.

Substantial Shareholdings

So far as the Board is aware, the following are the holdings other than directors of more than 3% of the issued share capital of the Company at ** April 2003.

	Number of shares	% of issued share capital
Fidelity Investments	7,949,574	12.25
Nordea Bank Danmark AS	4,895,094	7.55
Aviva plc	3,581,785	5.52
Liberty Square Asset Management	3,323,570	5.12
Royal Liver Assurance Limited	2,625,387	4.05

Annual General Meeting

Notice of the Company's Thirty Ninth Annual General Meeting is set out on pages * and *. The resolutions to be proposed as special business at the meeting are explained below.

The Directors believe that the resolutions to be proposed are in the best interests of the Company and its shareholders. They intend to vote in favour of those resolutions and recommend that shareholders also vote in favour of such resolutions.

Allotment of Shares

At the Company's Annual General Meeting held on 25 June 2002 the Directors were authorised to allot relevant securities up to an aggregate nominal amount not exceeding the then authorised but unissued share capital of the Company. This authority expires at the conclusion of this year's Annual General Meeting. The Directors are seeking authority for renewal of this authority in respect of the current authorised unissued share capital of the Company.

At this meeting the Directors were also authorised to allot shares in the Company for cash up to a nominal value of €387,768 as if the provisions of Section 23(1) of the Companies (Amendment) Act, 1983 did not apply. This authority expires at the conclusion of this year's Annual General Meeting. Under the Companies (Amendment) Act, 1983, any Ordinary Shares issued for cash must first be offered to existing shareholders unless approval of the ordinary shareholders is obtained that these provisions should not be applied. Your Directors consider it desirable that this authority should be renewed, thereby enabling them to retain the ability to make allotments of ordinary shares for cash, other than by way of rights issues to existing ordinary shareholders, up to a maximum nominal value amount of €389,237, being approximately 5% of the nominal amount of the Company's issued share capital.

Report of the Directors

Authority to Purchase Own Shares

At the Company's Annual General Meeting held on 25 June 2002, the Directors were granted authority to make market purchases (within the meaning of Section 212 of the Companies Act, 1990) up to a maximum aggregate number of 6,462,799 Ordinary Shares, representing 10% of the issued ordinary share capital net of repurchases. The Directors were also authorised to re-issue off-market Treasury Shares within defined price ranges. The Directors are seeking approval for renewal of these authorities for 6,487,286 Ordinary Shares representing 10% of the present issued Ordinary share capital. The Directors are seeking approval for renewal of this authority until 23 December 2004.

Research and Development

The Group continues to research and develop new financial service products and to improve existing ones.

Political and Charitable Donations

The Company has made €23,000 in charitable donations and no political donations.

Welfare of Employees

It is the policy of the Group undertakings to ensure the health and welfare of its employees by maintaining a safe place and system of work. This policy, which is set out in the safety statement required by the Safety, Health and Welfare at Work Act, 1989, was fulfilled during the year.

Subsidiary Undertakings

The Company's principal subsidiaries, associates and joint ventures as at 31 December 2002 are listed on pages * to *.

Acquisitions completed during the year are set out in note 2 to the Financial Statements.

Statement of Directors' responsibilities

Irish company law requires Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The measures taken by the Directors to secure compliance with the company's obligations to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at IFG House Booterstown Hall, Booterstown, Co Dublin.

Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The maintenance and integrity of the IFG Group plc website is the responsibility of the Directors.

Corporate Governance

The Irish Stock Exchange has adopted the principle of Good Governance and Code of Best Practice (the "Combined Code") with effect for years ending on or after 31 March 1999. A review of the Group's compliance with the Combined Code is set out on page *. Details of Directors' fees and emoluments are set out in accordance with the requirements of the Irish Companies Acts, 1963 to 2001, and with the requirements of the Listing Rules of the Irish Stock Exchange.

After making enquiries, the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Report of the Directors

PricewaterhouseCoopers have reported to the Board that in their opinion the Directors' statements on going concern set out above and on financial controls set out below (together with a review of compliance with the Code on page *, have provided the disclosures required by the Code and are consistent with the information which came to their attention as a result of their audit work on the financial statements, and appropriately reflect the Company's compliance with the paragraphs of the Code specified for their review. The auditors were not required to perform the additional work necessary to express, and did not express, any opinion on the effectiveness of the Group's system of internal financial controls or corporate governance procedures nor on the ability of the Group to continue in operational existence.

The Board have established procedures necessary to implement the requirements of the Combined Code relating to internal control as reflected in the September 1999 guidance "Internal Control : Guidance for Directors on the Combined Code" (the Turnbull Guidance).

Internal Control

The Directors' overall responsibilities in respect of the accounting records, the safeguarding of assets, and the prevention and detection of fraud and other irregularities are set out above in the Statement of Directors' Responsibilities. As part of the process to satisfy these obligations, the Group has an established system of internal control which complements the Group's decentralised management and legal structures. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The components of this system include:

- A detailed formal budgeting process for all Group businesses is undertaken annually and results in a Group budget, which is approved by the main Board. For each business the actual performance is reported monthly to the Directors of the Group which enables progress against budget and longer term objectives to be monitored, trends to be evaluated and variances to be acted upon. Group forecasts for the year are updated regularly.
- A management control regime has been implemented which governs all areas of internal controls. Under this regime performance is reviewed continuously. The executive Directors regularly (at least annually) visit all Group locations to observe the procedures and practices.
- An organisation structure which defines authority limits and reporting procedures to management and the board. Professional and experienced staff of the necessary calibre to fulfil their allotted responsibilities are appointed, both by recruitment and promotion.
- The Group has defined procedures for the appraisal, review and control of capital expenditure.
- The Audit Committee is comprised of three non-executive Directors. It reviews the effectiveness of the systems of financial, operational and compliance controls of the Group. This includes review of the annual financial statements, company announcements, internal control procedures, accounting policies, compliance with accounting standards, the appointment and fees of external auditors and such other related functions as may arise. The Directors have reviewed the effectiveness of the Group's system of internal controls during the year ended 31 December 2002.
- The Remuneration Committee is comprised of the Chairman and two non-executive Directors. It determines the remuneration of the executive Directors and reviews that of other senior executives in the Group. Salaries are set in relation to industry norms and are designed to attract, retain, motivate and reward executives of suitably high calibre. Group executives may qualify for bonuses determined by the performance of the Group and its business units in relation to challenging objectives and specific budgetary targets.

Detail of Directors' remuneration is set out on page * and in note * to the Financial Statements.

Pension contributions for executive Directors are paid into a defined contribution scheme. The Chairman and Chief Executive determine the remuneration of the non-executive Directors.

It is the policy of the Company to grant share options under the terms of the IFG Group Share Option Scheme 2000 and the IFG Share Option (UK) Scheme 2000 to executive Directors and key employees of the Group to encourage identification with shareholders' interests in general. Options granted are entirely consistent with the Share Option Schemes rules approved by shareholders. There was no departure from the Company's policy in the period under review and no change in the policy from the previous year.

Events since the year end

(i) In February 2003 the company acquired 50% of the share capital of First American Title Company (Ireland) Limited from its joint venture partner First American Management Services Limited a subsidiary of First American Corporation. The group now hold 100% of the company. The business provides title insurance in the re-mortgage markets in Ireland.

The consideration for the outstanding equity in the company was €271,000 of which €150,000 was paid in cash on the date of acquisition and the remaining €121,000 was paid on 9 April 2003. As part of the transaction First American Title (Ireland) Limited have entered into a 10 year exclusivity agreement whereby the First American Group will underwrite the title insurance provided by the company.

(ii) The group continued its' program of disposal of non-core assets with the sale of its Cork property after the year end. The property sale was completed on 3 March 2003 for a total consideration of €1m, which represents a small gain on disposal.

(iii) On 13 March 2003, the Slater Group plc completed the purchase of a further 10% of the issued share capital of The ISA shop. There still remains a call option to acquire the final 10% of the issued share capital.

Auditors

In accordance with Section 160 of the Companies Act, 1963, PricewaterhouseCoopers Dublin have indicated their willingness to continue in office.

On behalf of the Board

R G Hayes Chief Executive
M G Bourke Finance Director

** April 2003

Review of Compliance with the Combined Code

The Irish Stock Exchange (“ISE”) has adopted the Principles of Good Governance and Code of Best Practice (the “Combined Code”), initially drafted by The Hampel Committee on Corporate Governance, with effect for years ending on or after 31 March 1999. The following paragraphs set out how the Company currently applies the principles of the Combined Code.

The Company is headed by a Board consisting of six executive Directors and four non-executive Directors (see biographical details on page *). The executive Directors have extensive experience of the financial services business and are responsible for the operational management of the Group’s businesses. This specialist knowledge is backed up by the general business skills of each of the individual Directors involved and by the broadly based skills and knowledge of each of the non-executive Directors. The Board is satisfied that it is a well-balanced and effective team to lead and control your Company.

Within the Company there is a clear division of responsibilities, with the Board retaining control of major decisions, and importantly, the roles of Chief Executive and Chairman are independent of each other.

The Combined Code defines “independent director” as one who is “independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement”. It is the belief of the Board that all non-executive Directors fulfil this definition.

The Board meets at least quarterly with additional meetings as required. The Board met 9 times in the year to 31 December 2002. The Board is supplied on a timely basis with information in a form and of a quality to enable it to discharge its duties.

The Audit Committee comprises three non executive directors. The Audit Committee in conjunction with the full Board are responsible for the review of internal controls and reviewing the scope and results of the audit and the nature and extent of services provided by the external auditors.

The Articles of Association of the Company currently provide that all Directors are subject to retirement by rotation on the basis that one-third, or the number nearest one-third, of their number retire at each annual general meeting.

The disclosure of Directors’ remuneration is made in accordance with the Listing Rules of the Irish Stock Exchange.

The Company puts significant effort into communications with shareholders. The Chief Executive and Finance Director meet regularly with institutional shareholders and brokers catering for private shareholders.

The Directors believe the annual report and accounts, half yearly report and business review, and other shareholder communications, provide a balanced and, in the context of the complexities imposed by modern financial accounting rules, an understandable assessment of the Company’s financial position and prospects.

The Directors confirm that the Company has complied throughout the year with the provisions of the Combined Code.

Report of the Auditors

Independent Auditors' Report to the members of IFG Group plc

We have audited the consolidated financial statements on pages * to *.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page * in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements, auditing standards issued by the Auditing Practices Board applicable in Ireland and the Listing Rules of The Irish Stock Exchange. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 193 of the Companies Act 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001, and the European Communities (Companies: Group Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the Company balance sheet is in agreement with the books of account. We also report to you:

- whether the company has kept proper books of account;
- whether the Directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the Company, as stated in the Company balance sheet, are not more than half of its called up share capital.

We also report to you if, in our opinion, information specified by law or the Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report, the Chairman's statement, the Chief Executives review and the Review of Compliance with the Combined Code.

We review whether the corporate governance statement on page * reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001, and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion, the information given in the Directors' report on pages * to * is consistent with the financial statements.

The net assets of the Company, as stated in the company balance sheet on page *, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 2002 a financial situation which, under section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an Extraordinary General Meeting of the Company.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

** April 2003

Consolidated Profit and Loss Account

Year Ended 31 December 2002

	Notes	2002			Total	2001		Total Restated
		Continuing Activities	Discontinued Activities	Exceptional Items		Continued Activities Restated	Discontinued Activities Restated	
		€000	€000	€000	€000	€000	€000	€000
Turnover								
Group and share of joint venture								
Continuing operations		82,740	-	-	82,740	61,132	-	61,132
Exceptional impairment of investments	5(iv)(a)	-	-	(3,152)	(3,152)	-	-	-
Acquisitions		4,982	-	-	4,982	11,103	-	11,103
Discontinued operations		-	1,072	-	1,072	-	9,971	9,971
Less: share of joint ventures		(452)	-	-	(452)	(569)	-	(569)
	3	87,270	1,072	(3,152)	85,190	71,666	9,971	81,637
Cost of sales	4	(12,395)	-	-	(12,395)	(7,961)	(759)	(8,720)
Gross profit	4	74,875	1,072	(3,152)	72,795	63,705	9,212	72,917
Operating expenses								
Goodwill amortisation	4	(4,573)	-	-	(4,573)	(3,636)	-	(3,636)
Exceptional goodwill impairment	5 (iv) (c)	-	-	(3,564)	(3,564)	-	-	-
Other costs	4	(61,362)	(5,441)	-	(66,803)	(49,914)	(4,700)	(54,614)
Exceptional loss on investment in associated company 5 (iv) (b)		-	-	(803)	(803)	-	-	-
		(65,935)	(5,441)	(4,367)	(75,743)	(53,550)	(4,700)	(58,250)
Operating profit/(loss)								
Continuing operations		6,075	-	(7,519)	(1,444)	7,396	-	7,396
Joint ventures		133	-	-	133	130	-	130
Associates		(2)	-	-	(2)	(258)	-	(258)
Acquisitions		2,734	-	-	2,734	2,887	-	2,887
Discontinued operations		-	(4,369)	-	(4,369)	-	4,512	4,512
	3	8,940	(4,369)	(7,519)	(2,948)	10,155	4,512	14,667
Exceptional items								
Continuing operations – Restructuring charge	5 (i)	-	-	(2,775)	(2,775)	-	-	-
Discontinued Operations:								
Termination of UK operations	5 (i)	-	-	(1,628)	(1,628)	-	-	-
Termination of endowment trading for investment purposes	5 (ii)	-	-	-	-	(19,708)	-	(19,708)
Disposal of property investments	5 (ii)	-	-	1,444	1,444	-	-	-
Disposals of Irish businesses	5 (ii)	-	-	(553)	(553)	-	515	515
	5	-	-	(23,220)	(23,220)	-	515	515
Profit/(loss) on ordinary activities before interest		8,940	(4,369)	(30,739)	(26,168)	10,155	5,027	15,182
Net interest and other income	6	(3,410)	(3,215)	-	(6,625)	(2,076)	(2,736)	(4,812)
Profit/(loss) on ordinary activities before taxation	7,8,9	5,530	(7,584)	(30,739)	(32,793)	8,079	2,291	10,370
Tax on profit on ordinary activities	10	(2,103)	671	692	(740)	(3,152)	52	(3,100)
Profit/(loss) on ordinary activities after taxation		3,427	(6,913)	(30,047)	(33,533)	4,927	2,343	7,270
Equity minority interest		(80)	-	-	(80)	(94)	-	(94)
Profit/(loss) for the financial year		3,347	(6,913)	(30,047)	(33,613)	4,833	2,343	7,176
Dividends paid	11	(477)	-	-	(477)	(496)	-	(496)
Dividends proposed	11	(954)	-	-	(954)	(950)	-	(950)
		(1,431)	-	-	(1,431)	(1,446)	-	(1,446)
Retained profit/(loss) for the financial year attributable to equity shareholders								
		1,916	(6,913)	(30,047)	(35,044)	3,387	2,343	5,730
Adjusted earnings per ordinary share – cent *	12	12.22	n/a	n/a	n/a	14.49	n/a	n/a

Basic earnings per ordinary share – cent	12	n/a	n/a	n/a	(51.87)	n/a	n/a	12.28
Diluted earnings per ordinary share – cent	12	n/a	n/a	n/a	(51.13)	n/a	n/a	11.92

* *before goodwill amortisation and exceptional items (previously reported before goodwill amortisation only).*

On behalf of the Board

R G Hayes *Chief Executive*

M G Bourke *Finance Director*

Other Statements

Year Ended 31 December 2002

	<i>Notes</i>	2002	2001
		€000	Restated €000
Movements in Profit and Loss Account			
Retained profit/(loss) as previously stated	24	10,528	(7,030)
Prior year adjustment	24	(270)	(190)
		<hr/>	<hr/>
Retained profit/(loss) as restated	24	10,258	(7,220)
(Loss)/profit retained for the year	24	(35,044)	5,730
Exchange movements	24	3,014	(545)
Goodwill (write off) / resurrected on disposal of subsidiary	24	(103)	112
Sale of treasury shares	24	-	12,181
Revaluation reserve realised on sale of property		2,555	-
		<hr/>	<hr/>
Retained profit at end of year	24	(19,320)	10,258
		=====	=====

	2002	2001
	€000	Restated €000

Statement of Total Recognised Gains and Losses

(Loss)/profit for the financial year	(33,613)	7,176
Exchange movements	3,014	(545)
Cost of share issues	-	(394)
Cost of sale of treasury shares	-	(240)
Cost of senior unsecured notes issued	(174)	(654)
	<hr/>	<hr/>
Total recognised (losses)/gains for the financial year	(30,773)	5,343
Prior year adjustment	(270)	(190)
	<hr/>	<hr/>
Total (losses)/gains recognised since last annual report	(31,043)	5,153
	=====	=====

	2002	2001
	€000	Restated €000

Note of Group Historical Cost Profits and Losses

(Loss)/profit on ordinary activities before taxation	(32,793)	10,370
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	-	34
Revaluation of current asset investments	-	(4,168)
	<hr/>	<hr/>
Historical (loss)/profit on ordinary activities before taxation	(32,793)	6,236
	<hr/>	<hr/>
Historical cost retained (loss)/profit for the financial year	(35,044)	1,596
	=====	=====

Other Statements (continued)

Year Ended 31 December 2002

	2002	2001
	€000	Restated €000
Reconciliation of Movements in Shareholders' Funds		
(Loss)/profit for the financial year	(33,613)	7,176
Dividends	(1,431)	(1,446)
	<hr/>	<hr/>
	(35,044)	5,730
Other recognised gains for the year:		
Exchange movements	3,014	(545)
Net increase in share capital	30	256
Increase in share premium (net of issue expenses)	144	16,558
Increase in capital conversion reserve fund	-	414
Goodwill (write off)/ resurrected on disposal of subsidiary	(103)	112
Sale of treasury shares (net of expenses)	-	12,181
	<hr/>	<hr/>
Net increase to equity shareholders' funds	(31,959)	34,706
Opening equity shareholders' funds	65,875	31,169
(originally €66,145,000 restated for prior year adjustment €270,000)	<hr/>	<hr/>
Closing equity shareholders' funds	33,916	65,875
	=====	=====

Consolidated Balance Sheet

As at 31 December 2002

		2002	2002	2001	2001
	Notes	€000	€000	€000	Restated €000
Fixed assets					
Intangible assets	13		78,176		66,218
Tangible assets	14		6,865		15,097
Financial assets					
- investments in joint ventures:					
share of gross assets		1,670		1,691	
share of gross liabilities		<u>(1,366)</u>	304	<u>(1,502)</u>	189
- investments in associates	15		1,179		1,278
- other investments	15		985		4,234
			—————		—————
			87,509		87,016
			—————		—————
Current assets					
Stocks	16		1,634		1,258
Debtors	17		47,632		38,891
Investments	18		-		65,350
Cash at bank and in hand			23,909		26,223
			—————		—————
			73,175		131,722
Creditors (amounts falling due within one year)	19		<u>(30,000)</u>		<u>(52,214)</u>
Net current assets			—————		—————
			43,175		79,508
			—————		—————
Total assets less current liabilities			130,684		166,524
Creditors (amounts falling due after more than one year)	20		(81,391)		(83,018)
Provisions for liabilities and charges	21		(15,514)		(17,684)
			—————		—————
			33,779		65,822
			=====		=====
Capital and reserves					
Called up share capital	23		7,785		7,755
Share premium account	24		44,789		44,645
Capital conversion reserve fund	24		414		414
Revaluation reserve	24		248		2,803
Profit and loss account	24		<u>(19,320)</u>		<u>10,258</u>
Group equity shareholders' funds			33,916		65,875
Equity minority interests	25		(137)		(53)
			—————		—————
Total shareholders' funds			33,779		65,822
			=====		=====

On behalf of the Board

Company Balance Sheet

As at 31 December 2002

	<i>Notes</i>	2002 €000	2001 €000
Fixed assets			
Tangible assets	<i>14</i>	884	3,724
Financial assets	<i>15</i>	36,660	40,029
		<u>37,544</u>	<u>43,753</u>
Current assets			
Debtors	<i>17</i>	80,589	104,070
Cash at bank and in hand		13,933	8,380
		<u>94,522</u>	<u>112,450</u>
Creditors (amounts falling due within one year)	<i>19</i>	<u>(30,567)</u>	<u>(22,681)</u>
		63,955	89,769
Debtors (amounts receivable after one year)	<i>17</i>	15,053	18,351
Net current assets		<u>79,008</u>	<u>108,120</u>
Total assets less current liabilities		116,552	151,873
Creditors (amounts falling due after more than one year)	<i>20</i>	(51,954)	(71,380)
Provisions for liabilities and charges	<i>21</i>	(6,821)	(10,863)
		<u>57,777</u>	<u>69,630</u>
		=====	=====
Capital and reserves			
Called up share capital	<i>23</i>	7,785	7,755
Share premium account	<i>24</i>	44,789	44,645
Capital conversion reserve fund	<i>24</i>	414	414
Revaluation reserve	<i>24</i>	248	2,039
Profit and loss account	<i>24</i>	4,541	14,777
		<u>57,777</u>	<u>69,630</u>
		=====	=====
Total shareholders' funds		57,777	69,630

R G Hayes *Chief Executive*
M G Bourke *Finance Director*

Consolidated Cash Flow Statement

Year Ended 31 December 2002

	<i>Notes</i>	2002 €000	2001 €000
Net cash outflow from operating activities	28(ii)	(21,010)	(3,236)
Returns on investment and servicing of finance			
Interest received		1,700	494
Interest paid		(5,799)	(4,284)
Finance lease interest paid		(76)	(242)
Dividends received		130	122
Dividends paid to minority interests		(164)	(197)
Cost of senior unsecured notes issued		(688)	(132)
		(4,897)	(4,239)
Taxation payments		(4,391)	(3,367)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(6,135)	(1,446)
Sale of tangible fixed assets		4,533	316
Exceptional item – disposal of property investments		9,786	-
		8,184	(1,130)
Acquisitions and Disposals			
Purchase of subsidiary undertakings	28(iii)	(493)	(10,377)
Deferred consideration on prior year acquisitions		(14,714)	(3,613)
Interest on loan notes issued on acquisitions		(557)	(751)
Purchase of investments		(699)	(524)
Sale of investments		-	152
Sale of subsidiary undertaking		-	(86)
Exceptional item – disposal of Irish businesses	28 (iv)	(221)	-
Proceeds on prior year disposal of subsidiary		762	-
Decrease in holding of quoted investments		110	1,537
		(15,812)	(13,662)
Equity dividends paid		(1,431)	(1,241)
Cash outflow before management of liquid resources and financing		(39,357)	(26,875)
Management of liquid resources			
Increase in current asset investments		-	(15,542)
Exceptional item – decrease in investment in endowment policies		54,674	-
Financing			
Issue of share capital		49	15,277
Sale of treasury shares		-	12,420
Expenses of share issue and sale of treasury shares		(2)	(634)
Repayment of debt		(6,818)	(31,544)
Exceptional item – repayment of debt related to discontinued endowment business		(35,544)	-
New loans in year		15,293	37,347
Senior unsecured notes issued		10,000	31,793
Capital element of finance lease rentals		(871)	(466)

Net cash (outflow)/ inflow from financing		(17,893)	64,193
		————	————
Movement in cash	28(i)	(2,576)	21,776
		=====	=====

Accounting Policies

The significant accounting policies and estimation techniques adopted by the Group are as follows:

Basis of Preparation

The financial statements are prepared in Euro, denoted by the symbol € and are prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001, and the European Communities (Companies: Group Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Comparative figures

Comparative figures in the consolidated profit and loss account for the year ended 31 December 2001 have been represented to reflect results of discontinued activities separately from results of continuing activities, consistent with 2002 presentation. In addition, analysis between cost of sales, distribution costs and administration expenses for 2001 have been represented for consistency with the current year.

Basis of Accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain land and buildings.

Group Financial Statements

The Group financial statements include the financial statements of the Company and its subsidiaries consolidated on an acquisition basis as explained in note 1 to the financial statements. Associated undertakings and joint ventures are accounted for under the equity method of accounting whereby the investment is included in the Group balance sheet at cost, adjusted where applicable for goodwill on acquisition, together with the Group's share of post-acquisition retained profits.

Turnover

Turnover comprises income from financial services and products. Commission and fee income is recognised on a receivable basis. Fees for annual services billed, but not yet earned, are carried forward as deferred income. Commission income in relation to life and pensions agencies is recognised as revenue on the effective commencement or renewal date of the related policies.

Regarding subsidiary company Planlife Advisory Services Limited (PAS) previously revenue was recognised on business agreed by the customer in full in the financial period in which the business was written. PAS now recognises fees for annual services billed on an earned basis. The effect of the change in accounting policy is to decrease retained profits and net assets by €75,000 (2001: €70,000).

Pensions

The expected cost of providing pensions to employees under the Group's defined benefit pension scheme is charged to the profit and loss account as incurred over the period of employment of pensionable employees. The cost is calculated, with the benefit of advice from independent actuaries, at what is expected to be a constant proportion of pensionable pay. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities are spread out over the remaining service lives of the relevant current employees.

Contributions to the Group's defined contribution pension scheme are charged to the profit and loss account as incurred.

The disclosures required under the transitional arrangements of Financial Reporting Standard 17 "Retirement Benefits" for the year ended 31 December 2002 are shown in Note 30.

Accounting Policies

Tangible fixed assets

Freehold land and buildings are stated at cost or valuation. The company does not adopt a policy of revaluation. However, under the transitional provisions of FRS 15 "Tangible Fixed Assets" the company has retained the book amounts of land and buildings which were revalued in 1999 and has not updated that valuation.

The other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost less estimated residual value of the tangible fixed assets over their estimated useful lives by equal annual instalments. The principal rates of depreciation used are as follows:-

Buildings	2%
Fixtures and Fittings	10 - 25%
Motor vehicles	20-25%
Office equipment	10-25%
Computer equipment	20-33%

Financial assets

i Investments

The quoted investments are stated at cost less provision for any permanent diminution in value.

The unquoted investments are stated at the lower of cost and directors' valuation.

Investments in oil and gas interests are held at original cost, or at valuation calculated on a discounted cash basis where acquired as a profit share interest, less net distributions received, and provisions for any permanent diminution in value.

Profit share interests accruing to the Group as a result of the raising and management of investor funds in oil and gas interests are recognised in the profit and loss account on entitlement to the interests.

ii Investments in subsidiaries

Investments in subsidiaries are stated in the Company's balance sheet at cost less provision for any permanent diminution in value.

Stocks

Stock is stated at the lower of cost and net realisable value. Work in progress cost comprise cost incurred in bringing the pipeline of work to its present condition.

Leasing

Tangible assets financed by leasing arrangements which give rights and obligations approximating to ownership (finance leases) are treated as if they had been purchased outright at the amount of the present value of the minimum lease rentals and the corresponding leasing liabilities are included in creditors as leasing finance.

Depreciation on leased assets is calculated on a straight-line basis over the estimated useful lives of the individual assets. Interest arising on finance leases is charged to the profit and loss account in proportion to the amounts outstanding under the leases.

Rentals under leases which are not finance leases (operating leases) are charged to profit and loss as incurred.

Deferred taxation

Deferred tax is provided on all material timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between profits/(losses) computed for tax purposes and profits/(losses) as stated in the financial statements dealt with in different years for tax purposes.

As the adoption of FRS 19 did not give rise to any change in the deferred tax liability at 31 December 2001, or the deferred tax charge for the year then ended, a prior year adjustment was not required.

Accounting Policies

Intangible Assets

Goodwill arising on the acquisition of interests in subsidiary and associated undertakings, being the excess of cost over the fair value of the Group's share of net assets acquired, has been written off directly against reserves in respect of acquisitions completed prior to 31 December 1997. As permitted by Financial Reporting Standard 10, Goodwill and Intangible Assets, goodwill arising on past acquisitions remains written off against reserves and has been transferred to the profit and loss account reserve. Following the issuance of FRS 10, goodwill acquired is capitalised and amortised through the profit and loss account. Goodwill is written off over periods of between eight and twenty years which is an estimate of the average useful economic life of such assets.

Foreign currencies

Transactions denominated in foreign currencies are translated into Euro at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the balance sheet date (closing rate) with the resulting profit or loss included in the profit for the year.

The balance sheets of foreign subsidiary undertakings are translated into Euro using the closing rate method and profit and loss accounts translated using the average rate during the year. Exchange differences arising from the translation of the opening net investment in overseas subsidiaries together with the difference between the profit and loss translated at the average rate and the closing rate, net of related foreign currency financing, are shown as a movement on reserves.

Notes to the Financial Statements

1 Basis of Consolidation

The financial statements include the financial statements of IFG Group plc and its subsidiaries for the year ended 31 December 2002.

All subsidiaries, with the exception of Cumulus Two Limited, have been consolidated using the acquisition accounting method. The results of the acquired companies have been brought into the financial statements from the date of acquisition.

As required by Financial Reporting Standard 2 - Accounting for Subsidiary Undertakings, the financial statements of Cumulus Two Limited have not been consolidated as there are severe long term restrictions which substantially hinder the exercise of the rights of the parent undertaking over the assets of Cumulus Two Limited. At 5 April 2002, the assets and liabilities of Cumulus Two Limited were :-

	2002	2001
	€000	€000
Debtors	2,006	1,953
Creditors - due less than one year	(2,266)	(2,186)
Net liabilities	<u>(260)</u>	<u>(233)</u>

Cumulus Two Limited incurred a loss of €27,000 for the year ended 5 April 2002 (2001 : €22,000).

2 Acquisitions & Disposals

Acquisitions completed during the year were as follows:-

Date	Companies	Activities
10 April	IPS Pensions Limited	Pension administration and actuarial services
23 May	Trade Credit Brokers Limited	Credit insurance services

The Company has acquired businesses as follows:-

(i) the entire share capital of IPS Pensions Limited, a holding company based in Bristol in the UK, whose wholly owned trading subsidiary IPS Actuarial Services Limited is engaged in providing actuarial services, employee benefit consultancy and pension scheme administration. The initial consideration was Stg£11,430,000 (€18,682,576) satisfied in two tranches. The first tranche of Stg£10,800,000 (€17,652,828) was satisfied on completion by the issue of two year bank guaranteed non interest bearing loan notes which are redeemable on the second anniversary of the date of issue. The second tranche is payable in cash on 6 April 2004 in the amount of Stg£630,000 (€1,029,748). Further consideration of up to Stg£4,000,000 (€6,538,084) may become payable in the event the aggregate profits for the two years ending 30 September 2003 achieve certain agreed thresholds. The aggregate maximum consideration payable is Stg£15,430,000 (€25,220,660).

(ii) the entire share capital of Trade Credit Brokers Limited, a company based in Dublin and specialising in domestic and export credit insurance for a range of companies whose aggregate turnover insured is in excess of €5 billion. The initial consideration of €1,650,974 was satisfied on completion by a cash payment of €1,524,000 and by the issue of 44,867 ordinary shares in IFG Group plc. Additional consideration, subject to a maximum of €4,062,846, may be payable equal to six times the average profits before tax for the three years ending 31 December 2004, less the initial consideration. The aggregate maximum consideration payable is €5,713,820.

Notes to the Financial Statements

2 Acquisitions & Disposals (continued)

The net assets, consideration and goodwill on acquisition can be analysed as follows:

	Total Book Value €000
Tangible fixed assets	76
Debtors	1,189
Creditors	(560)
Finance debt	(147)
Stocks	245

Net assets at acquisition date	803
Goodwill on acquisition	25,659

	26,462
	=====
Satisfied by:	
Shares issued	127
Cash payments	1,531
Deferred payments - discounted	25,842
Expenses	643

	28,143
Cash acquired	(1,681)

	26,462
	=====

The subsidiary undertakings acquired during the year introduced funds of €1,681,000 excluding expenses, received €381,000 in respect of net returns on investment and servicing of finance and contributed €443,000 of the Group's net operating cash flows. Acquired subsidiaries paid €13,000 in respect of financing, €718,000 in respect of taxation and paid €5,000 in respect of net capital expenditure. The Group has made no fair value adjustments on acquisition.

The results of the acquired businesses for the period since acquisition which have been included in the financial statements for the year ended 31 December 2002 are as follows:-

	Trade Credit Brokers Limited €000	IPS Pensions Limited €000	Total €000
Turnover	1,111	3,871	4,982
	=====	=====	=====
Profit before taxation	544	2,571	3,115
Taxation	(118)	-	(118)
	-----	-----	-----
Attributable profits	426	2,571	2,997
Exchange movements	-	93	93
	-----	-----	-----
Total recognised gains for the period	426	2,664	3,090
	=====	=====	=====

Disposals

The Company disposed of 76% of its interest in Financial Tradeline for an initial cash sum of €100,000 to be paid on completion, and intercompany loan balances totalling €123,000 written off on 31 December 2002. Deferred consideration may be receivable based on future profits by way of dividend distribution up to a maximum of €1,170,000.

Notes to the Financial Statements

2 Acquisitions & Disposals (continued)

The net assets, consideration and goodwill on disposal of subsidiaries can be analysed as follows:

	Total Book Value €000
Tangible fixed assets	7
Debtors	28
Creditors	(81)
	<u> </u>
Net assets at disposal	(46)
Goodwill at date of disposal	687
	<u> </u>
	641
Loss on disposal	(639)
	<u> </u>
Net proceeds	2
	<u> </u>
Satisfied by:	
Deferred consideration	100
Intercompany loans	123
	<u> </u>
	223
Cash disposed	<u>(221)</u>
	<u> </u>
	2
	<u> </u>

3 Segmental Analysis

Turnover

	2002	2001
	€000	Restated €000
<u>Business Sector</u>		
Continuing Operations		
Financial Services	55,717	48,716
Investments	(3,152)	-
International Trustee & Corporate Services	14,998	13,064
Employee leasing	<u>16,555</u>	<u>9,886</u>
Total - continuing operations	84,118	71,666
Discontinued Operations		
Financial Services	1,072	3,167
Investment	-	5,483
Internet technology	-	1,321
	<u> </u>	<u> </u>
	85,190	81,637
	<u> </u>	<u> </u>
<u>Geographical analysis</u>		
Republic of Ireland	16,989	17,710
United Kingdom and International	<u>68,201</u>	<u>63,927</u>
	<u> </u>	<u> </u>
	85,190	81,637
	<u> </u>	<u> </u>

Notes to the Financial Statements

3 Segmental Analysis (continued)

Operating profit/(loss)

	2002	2001
<u>Business Sector</u>	€000	Restated €000
Continuing Operations	8,943	10,937
Investments	(3,152)	-
International Trustee & Corporate Services	3,348	2,460
Employee leasing	419	394
	<u>9,558</u>	<u>13,791</u>
Discontinued Operations		
Financial Services	(1,500)	(261)
Investment	(2,869)	4,863
Internet technology	-	(90)
	<u>5,189</u>	<u>18,303</u>
Operating profit before goodwill amortisation	<u>(8,137)</u>	<u>(3,636)</u>
Goodwill amortisation	(2,948)	14,667
Operating profit after goodwill amortisation	<u>(2,948)</u>	<u>14,667</u>
	<u>=====</u>	<u>=====</u>
<u>Geographical analysis</u>		
Republic of Ireland	(4,184)	883
United Kingdom & International	1,236	13,784
	<u>(2,948)</u>	<u>14,667</u>
	<u>=====</u>	<u>=====</u>

Net operating assets by business sector and by origin are not provided as the directors are of the opinion that such disclosures would be prejudicial to the activities of the trading companies within the Group.

Associates

	2002	2001
	€000	€000
Share of turnover of associates and joint ventures	1,352	4,952
	<u>=====</u>	<u>=====</u>

4 Cost of sales, gross profit, distribution costs and administrative expenses

	Continuing Operations	Acquisitions	Discontinued Operations	Total 2002	Total 2001 Restated
	€000	€000	€000	€000	€000
Turnover	79,136	4,982	1,072	85,190	81,637
Cost of sales	(12,395)	-	-	(12,395)	(8,720)
	<u>66,741</u>	<u>4,982</u>	<u>1,072</u>	<u>72,795</u>	<u>72,917</u>
Gross profit	(33,108)	(1,143)	(968)	(35,219)	(28,679)
Distribution costs	(26,808)	(1,106)	(4,473)	(32,387)	(25,935)
Administrative expenses	(8,137)	-	-	(8,137)	(3,636)
Goodwill amortisation	<u>(1,312)</u>	<u>2,733</u>	<u>(4,369)</u>	<u>(2,948)</u>	<u>14,667</u>
Operating profit	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Cost of sales, distribution costs and administrative expenses for 2001 have been adjusted to reflect a correction of a presentation error. The effect of this correction is to increase cost of sales by €3,796,000, reduce distribution costs by €2,796,000 and reduce administrative expenses by €1,000,000. The adjustment has no impact on operating profit.

Notes to the Financial Statements

5 Exceptional Items and Discontinued Activities

i) Restructuring of Financial Services Business

UK

At the start of the year the Group took the decision to discontinue operations in the financial services middle market in the UK. This decision was taken as the Directors believe this section of the market is overcrowded and will ultimately be unprofitable. The decision to withdraw from the middle market was accompanied by a restructuring of remaining operations.

The focus of the restructured business is on providing independent financial advice to higher net worth individuals using a fee-based business model. The Directors believe that this model (with commission offset) reinforces our position and stature as a highly professional provider of independent advice. It will also leave the business unaffected by proposed regulatory changes.

In summary the actions taken were as follows:

- a) Closure of 12 offices, with associated reduction of staff numbers
- b) Implementation of a fee based business model, related information technology support and new management structures.

Ireland

In Ireland the life & pensions business has undergone a re-organisation into two operating divisions, one dealing with individual investment clients and the other devoted to group pensions and employee benefits.

The costs associated with the re-structuring are summarised below:

	Discontinued Activities €000	Discontinued Exceptional Items €000	Total €000
Results of discontinued operations UK:			
Income UK	(524)	-	(524)
less			
Distribution Costs	968	-	968
Administration Costs	1,082	-	1,082
Exceptional costs in discontinued operations	-	1,628	1,628
	1,526	1,628	3,154

Exceptional costs from re-organisation of continuing business:

	Continuing Exceptional Items €000	Total €000
UK	2,124	2,124
Ireland	651	651
	2,775	2,775

Total costs of restructuring financial services business :

	Discontinued Activities €000	Discontinued Exceptional Items €000	Continuing Exceptional Items €000	Total €000

Total restructuring loss before tax	1,526	1,628	2,775	5,929
	=====	=====	=====	=====
Tax effect	(458)	(488)	(741)	(1,687)
Loss after tax	1,068	1,140	2,034	4,242
	=====	=====	=====	=====

Notes to the Financial Statements

5 Exceptional Items and Discontinued Activities (continued)

ii) Discontinued Activities – Investment

Prior to half year the group took a strategic decision to unwind its investment division and to cease investment related trading activities. In light of this decision, during the year the group changed its method of valuing investments in endowment policies. Whereas previously policies were valued by marking each individual policy to market, in accordance with the method normally used in the UK market to arrive at a market valuation for a holding of endowment policies, (the method used projected an estimated maturity value for each policy by reference to current bonus rates), the group valued endowment policies at their surrender value during 2002. At half year the group reflected a provision against its investment in traded endowment policies of €18.4m.

The group has now discontinued its investment activities in the traded endowment market.

In the second half the group implemented the “unwind” of its investment division by selling property investments and surrendering its portfolio of traded endowment policies. As at 31 December 2002 the group has surrendered its entire portfolio of investments in traded endowment policies. As markets continued to fall in the second half of 2002, the total loss arising on disposal of the portfolio of investments in traded endowment policies during 2002 is €19.7m an excess of €1.3m over the provision held at half year.

Results of Discontinued Investment:

	Discontinued Activities €000	Discontinued Exceptional Items €000	Total €000
Administration costs	2,868	-	2,868
Interest	3,215	-	3,215
	-----	-----	-----
	6,083	-	6,083

Exceptional costs from discontinuing investment activities:

Loss on endowment policies	-	19,708	19,708
Gain on sale of property	-	(1,444)	(1,444)
	-----	-----	-----
Total Loss related to investment activities	6,083	18,264	24,347
	-----	-----	-----

iii) Discontinued Activity- Disposal of Businesses

On 28 March 2003 the group disposed of Financial Tradeline, a company which provides working capital finance in the Republic of Ireland, to the management of the company. This disposal is part of the groups continuing program of exiting non-core business.

As this disposal occurred after the year end but prior to the publication of the accounts the operating results of Financial Tradeline have been included as part of the discontinued activities.

The 2002 results for the business are as follows:

	Discontinued Activities €000
Income	(548)
Administrative expenses	523

Profit before tax	(25)
-------------------	------

Notes to the Financial Statements

5 Exceptional Items and Discontinued Activities (continued)

The loss on sale of the business was €639,000 (see note 2).

The total loss from the sale of businesses is summarised as follows:

	Discontinued Exceptional Items €000
Loss of sale of Financial Tradeline	639
Profit on sale of other Irish businesses	(86)

	553
	=====

iv) Continuing Activity-Exceptional write-down on investments

a) Quoted securities

At year end 2001 the group held equities at a value of €3,796,000. These were held at cost as a long-term investment. The market value has fallen substantially during the second half and the group considers this investment to be permanently impaired. The exceptional charge in relation to this diminution in value is €1,52,000.

b) Investment in Retirement Strategies

The group has continued to fund an associated venture through preference share issues by the company. As the venture which engages in fund management is not expected to be substantially profitable in the foreseeable future the group have chosen to take a provision against the value of the preference shares held of €803,000.

c) Provision for impairment of investment in The ISA Shop

The group invested Stg£4.2m in The ISA Shop in December 2000. This business specialises in execution only sale of ISAs in the UK. During the year as markets have continued to fall both the value of the renewal income stream purchased and the activity level in the business have fallen dramatically. The group believes therefore that it is appropriate to take a goodwill impairment charge of €3,564,000 (Stg£2.3m).

Summary:

	Discontinued Activities €000	Discontinued Exceptional Items €000	Continuing Exceptional Items €000	Total €000
Profit/(loss) on ordinary activities before taxation				
i) Restructuring	1,526	1,628	2,775	5,929
ii) Discontinued Investment	6,083	18,264	-	24,347
iii) Sale of Business	(25)	553	-	528
iv) Continuing activities exceptional items				
a) Quoted Securities	-	-	3,152	3,152
b) Investment in Retirement Strategies	-	-	803	803
c) Provision for impairment – ISA Shop	-	-	3,564	3,564
	-----	-----	-----	-----
	7,584	20,445	10,294	38,323
	=====	=====	=====	=====

Notes to the Financial Statements

6 Net interest and other income

	2002	2001
	€000	€000
Income from quoted investments	(113)	(788)
Other interest receivable and similar income	(1,723)	(494)
Interest payable on borrowings wholly repayable within five years	244	1,698
Interest payable on borrowings wholly repayable after five years (endowment related borrowings)	3,215	2,628
Interest on loan notes issued on acquisitions	557	636
Interest on senior unsecured notes in issue	2,726	95
Finance lease interest	76	105
Notional interest in respect of deferred consideration	1,643	932
	<u>6,625</u>	<u>4,812</u>

Included in income from quoted investments is nil profit on sale of shares (2001: €632,000), held by a subsidiary to satisfy obligations to employees which were no longer required.

7 Profit on ordinary activities before taxation

	2002	2001
	€000	€000
Profit on ordinary activities before taxation has been arrived at after charging the following:		
Depreciation	1,672	1,435
Amortisation of goodwill	4,573	3,636
Operating lease rentals - other assets	2,324	1,247
Operating lease rentals - plant and machinery	192	148
Auditors' remuneration		
- audit	560	354
- non audit	257	267
	<u> </u>	<u> </u>
and after crediting the following :		
Unrealised increases on revaluation of investments	-	4,168
Income from quoted investments	113	788
	<u> </u>	<u> </u>

8 Directors' remuneration

	2002	2001
	€000	€000
<u>Executive Directors</u>		
Salaries	1,368	879
Bonus payments	40	197
Fees	22	23
Benefits in kind	72	20
Pension contributions	404	282
Approved profit sharing scheme contributions	<u>-</u>	<u>75</u>
	<u>1,906</u>	<u>1,476</u>
	<u> </u>	<u> </u>
Number of Executive Directors (average)	6	5
	<u> </u>	<u> </u>
	2002	2001

	€000	€000
<u>Non-Executive Directors</u>		
Fees	110	99
	<u> </u>	<u> </u>
Number of Non-Executive Directors (average)	4	4
	<u> </u>	<u> </u>

All directors pension contributions are paid to defined contribution schemes. Director's shareholdings, share options and remuneration are detailed on page ** of the Directors' report.

Notes to the Financial Statements

9 Employees

The average number of persons employed by the Group during the year was 561 (2001: 536). At 31 December 2002, 570 persons (2001: 545) were employed by the Group.

	2002	2001
	€000	€000
Staff costs:		
Wages and salaries	29,380	22,242
Social welfare costs	2,097	2,668
Pension costs	<u>1,381</u>	<u>1,675</u>
	<u>32,858</u>	<u>26,585</u>

10 Taxation charge/(credit)

	2002	2002	2002	2002	2001
	Continuing	Discontinued	Exceptional	Total	Total
	Activities	Activities	Items	€000	€000
	€000	€000	€000	€000	€000
The taxation charge is based on profit on ordinary activities for the year and comprises :					
Corporation tax – Irish (at 16%)					
- current year	309	(214)	334	429	20
- prior year	-	-	-	-	35
- UK and other (primarily at 30%)					
- current year	2,294	(457)	(1,026)	811	2,831
- prior year	184	-	-	184	66
	<u>2,787</u>	<u>(671)</u>	<u>(692)</u>	<u>1,424</u>	<u>2,952</u>
Deferred taxation – Irish					
- current year	(564)	-	-	(564)	85
- UK and other					
- current year	(137)	-	-	(137)	(318)
- other taxation provisions	-	-	-	-	374
Share of taxation of associates	17	-	-	17	7
	<u>2,103</u>	<u>(671)</u>	<u>(692)</u>	<u>740</u>	<u>3,100</u>

Reconciliation of current tax charge for the year:

	2002	2001
	€000	€000
Profit before tax	(32,793)	10,371
	<u> </u>	<u> </u>
Profit at the Irish corporation tax rate for the year of 16% (2001:20%)	(5,247)	2,074

Effects of:

Write down of investments not deductible for tax purposes	1,182	-
Other expenses not deductible for tax purposes	1,431	949
Depreciation in excess of capital allowances	25	37
Adjustments in respect of prior periods	184	101

Other tax timing differences	212	198
Intra-group transactions eliminated on consolidation	(574)	(179)
Tax exempt income and income chargeable at other rates	4,211	(228)
	-----	-----
Current tax charge for the year	1,424	2,952
	=====	=====

Notes to the Financial Statements

11 Dividends

	2002	2001
	€000	€000
Interim dividend paid of €0.73 cent (2001: €0.73 cent)	474	448
Final proposed dividend of €1.47 cent (2001: €1.47 cent)	954	950
Final dividend 2001 underprovided	3	48
	-----	-----
	1,431	1,446
	=====	=====

Dependent upon the individual circumstances of shareholders, dividends may or may not be subject to withholding tax.

12 Earnings per Ordinary Share

	2002	2001
		restated
<u>Adjusted</u>		
Profit after taxation and minority interest before exceptional items, discontinued activities and goodwill amortisation (€000)	7,920	8,469
	=====	=====
Weighted average number of ordinary shares in issue for the calculation of earnings per share	64,798,418	58,451,761
	=====	=====
Adjusted earnings per share (€cent)	12.22	14.49
	=====	=====
<u>Basic</u>		
(Loss)/profit after taxation and minority interest (€000)	(33,613)	7,176
	=====	=====
Weighted average number of ordinary shares in issue for the calculation of earnings per share	64,798,418	58,451,761
	=====	=====
Basic earnings per share (€cent)	(51.87)	12.28
	=====	=====
<u>Diluted</u>		
(Loss)/profit after taxation and minority interest (€000)	(33,613)	7,176
	=====	=====
Weighted average number of ordinary shares in issue for the calculation of earnings per share	64,798,418	58,451,761
Dilutive effect of share options and warrants	944,336	1,770,566
	-----	-----
Weighted average number of ordinary shares for the calculation of diluted earnings per share	65,742,754	60,222,327
	=====	=====
Diluted earnings per share (€cent)	(51.13)	11.92
	=====	=====

Reconciliation of adjusted earnings

2002	2002	2001	2001
------	------	------	------

	Per share Cent	Earnings €000	restated Per share Cent	restated Earnings €000
Profit for the financial year	(51.87)	(33,613)	12.28	7,176
Adjustment for goodwill amortisation	7.05	4,573	6.22	3,636
Adjustment for exceptional items	46.37	30,047	(0.88)	(515)
Adjustment for discontinued activities	10.67	6,913	(3.13)	(1,828)
Adjusted earnings before goodwill amortisation	12.22	7,920	14.49	8,469

The number of shares used in the calculation of basic earnings per share and diluted earnings per share has been calculated in accordance with Financial Reporting Standard 14. Diluted earnings per share is based on the average number of Ordinary Shares used in the basic earnings per share calculation, with an adjustment to reflect the bonus element of the average number of options and warrants outstanding during the year. The bonus element arises when the exercise price is lower than the average market price during the year.

Notes to the Financial Statements

13 Intangible assets

	Goodwill €000
Consolidated	
At 31 December 2001	66,218
Additions	25,500
Write down of investment in subsidiary	(8,415)
Disposal of subsidiaries	(687)
Amortisation	(4,573)
Exchange adjustment	133
At 31 December 2002	78,176

14 Tangible assets

	Land and Buildings € 000	Computer Equipment €000	Fixtures & Fittings € 000	Motor Vehicles €000	Total € 000
Consolidated					
<u>Cost or valuation</u>					
At 31 December 2001					
- valuation	4,394	-	-	-	4,394
- cost	7,535	3,306	3,755	1,662	16,258
Additions	4,437	911	1,106	97	6,551
Disposals	(12,209)	(181)	(425)	(1,350)	(14,165)
Acquisition of subsidiaries	-	81	265	43	389
Disposal of subsidiary	-	(23)	-	-	(23)
Exchange adjustment	(344)	(185)	(202)	(38)	(769)
At 31 December 2002	3,813	3,909	4,499	414	12,635
<u>Accumulated depreciation</u>					
At 31 December 2001	(397)	(2,106)	(2,434)	(618)	(5,555)
Charge for year	(143)	(700)	(655)	(174)	(1,672)
Disposals	306	176	355	634	1,471
Acquisition of subsidiaries	-	(69)	(216)	(27)	(312)
Disposal of subsidiaries	-	16	-	-	16
Exchange adjustment	15	124	128	15	282
At 31 December 2002	(219)	(2,559)	(2,822)	(170)	(5,770)
<u>Net book amounts</u>					
At 31 December 2001	11,532	1,200	1,321	1,044	15,097
At 31 December 2002					
- valuation	244	-	-	-	244
- cost	3,569	3,909	4,499	414	12,391
- accumulated depreciation	(219)	(2,559)	(2,822)	(170)	(5,770)
	3,594	1,350	1,677	244	6,865

Opening balance has been restated to take account of revised classification.

Notes to the Financial Statements

14 Tangible assets (continued)

	Land and Buildings € 000	Fixtures & Fittings € 000	Total € 000
Company			
<u>Cost or valuation</u>			
At 31 December 2001			
- revaluation	2,011	-	2,011
- cost	1,766	109	1,875
Additions	-	-	-
Disposals	(2,888)	-	(2,888)
At 31 December 2002	889	109	998
<u>Accumulated depreciation</u>			
At 31 December 2001	(116)	(46)	(162)
Charge for year	(29)	(21)	(50)
Disposals	98	-	98
At 31 December 2002	(47)	(67)	(114)
<u>Net book amounts</u>			
At 31 December 2001	3,661	63	3,724
At 31 December 2002			
- valuation	244	-	244
- cost	645	109	754
-accumulated depreciation	(47)	(67)	(114)
	842	42	884

In May 1999 Cohalan Downing & Associates, Estate Agents and Valuers valued the freehold premises in IFG Group plc on a open market valuation for existing use basis, which resulted in a surplus of €248,000 being transferred to revaluation reserve.

Capital commitments

At 31 December 2002 amounts authorised by the directors but not contracted for were €nil (2001: €nil). Capital commitments contracted for were nil (2001: €1,192,000).

Finance Leases

Assets held under finance leases included in the above are as follows:

	Land & Buildings € 000	Computer Equipment € 000	Fixtures & Fittings € 000	Motor Vehicles € 000	Total € 000
Consolidated					
<u>Net present value of lease rentals</u>					
At 31 December 2001	-	863	382	1,350	2,595
Additions	68	30	278	48	424
Disposals	-	(62)	-	(1,233)	(1,295)
Acquisition of subsidiaries	-	-	-	31	31
Exchange adjustment	(4)	(32)	(9)	(27)	(72)
At 31 December 2002	64	799	651	169	1,683
<u>Accumulated Depreciation</u>					
At 31 December 2001	-	(696)	(311)	(465)	(1,472)
Charge for year	(2)	(55)	(33)	(128)	(218)
Disposals	-	1	-	541	542
Acquisition of subsidiaries	-	-	-	(21)	(21)
Exchange adjustment	-	32	6	9	47
At 31 December 2002	(2)	(718)	(338)	(64)	(1,122)
<u>Net book amounts</u>					
At 31 December 2001	-	167	71	885	1,123
At 31 December 2002	62	81	313	105	561

Notes to the Financial Statements

15 Financial Assets	2002	2001	
	€000	€000	
Consolidated			
Joint ventures			
Share of assets			
-fixed assets	74	65	
-current assets	<u>1,596</u>	<u>1,626</u>	
	1,670	1,691	
Share of liabilities			
Liabilities due within one year	(1,340)	(1,474)	
Liabilities due after one year	(26)	(28)	
	<u>304</u>	<u>189</u>	
	2002	2001	
	€000	€000	
Consolidated			
Investments in associates			
At 1 January	1,278	935	
Additions in year	686	601	
Share of loss before taxation	18	(258)	
Write down in value of associate	(803)	-	
	<u>1,179</u>	<u>1,278</u>	
	=====	=====	
Other investments			
	Quoted	Unquoted	Total
	Investments	Investments	
	€000	€000	€000
At 31 December 2001	3,906	328	4,234
Additions	-	13	13
Disposals	(110)	-	(110)
Write down of investments	(3,152)	-	(3,152)
	<u>644</u>	<u>341</u>	<u>985</u>
	=====	=====	=====

The market value of the quoted investments at 31 December 2002 was €644,000 (2001: €3,336,000). Unquoted investments include €241,000 (2001: €241,000) in respect of the Group's interest in oil and gas interests operated by Texiana Gas Limited. The Directors have received professional reports which support this valuation.

Company	2002	2001
	€000	€000
Investments held as fixed assets		
At 1 January - shares in subsidiaries	34,424	33,694
Additions in year	6,366	32
Write down of investments/adjustments	(5,519)	746
Disposals	(947)	(48)
	<u>34,324</u>	<u>34,424</u>
Investment in subsidiaries	34,324	34,424
Other investments	<u>2,336</u>	<u>5,605</u>
At 31 December	<u>36,660</u>	<u>40,029</u>
	=====	=====

Principal subsidiaries, associates and joint ventures are listed on page **.

16 Stocks	2002	2001
	€000	€000
Consolidated		

Work in progress	1,249	1,258
Marketable Endowment policies	385	-
	<u>1,634</u>	<u>1,258</u>
	<u><u>1,634</u></u>	<u><u>1,258</u></u>

There is no material difference between the replacement cost of stocks and the balance sheet amount.

Notes to the Financial Statements

17 Debtors

	<u>Group</u>		<u>Company</u>	
	2002	2001	2002	2001
	€000	€000	€000	Restated €000
Amounts receivable within one year				
Trade and other debtors	41,299	32,649	3,649	5,816
Prepayments	2,309	3,761	65	288
Loans to associates	1,640	2,232	140	777
Corporation tax - Irish	606	50	37	49
Corporation tax - United Kingdom and other	1,476	5	-	-
Value added tax	302	194	186	16
Amounts due from subsidiaries	<u>-</u>	<u>-</u>	<u>76,512</u>	<u>97,124</u>
	47,632	38,891	80,589	104,070
Amounts receivable after one year				
Amounts due from subsidiaries	-	-	14,451	15,448
Dividends receivable from subsidiaries	-	-	602	2,903
	<u>47,632</u>	<u>38,891</u>	<u>95,642</u>	<u>122,421</u>
	<u><u>47,632</u></u>	<u><u>38,891</u></u>	<u><u>95,642</u></u>	<u><u>122,421</u></u>

18 Investments

	2002	2001
Consolidated	€000	€000
Marketable endowment policies	-	65,350
	<u>-</u>	<u>65,350</u>
	<u><u>-</u></u>	<u><u>65,350</u></u>

19 Creditors (amounts falling due within one year)

	<u>Group</u>		<u>Company</u>	
	2002	2001	2002	2001
	€000	€000	€000	€000
Bank overdraft (<i>note 22</i>)	2,302	2,040	-	-
Bank advances (<i>note 22</i>)	1,202	1,058	635	635
	<u>3,504</u>	<u>3,098</u>	<u>635</u>	<u>635</u>
Leasing finance (<i>note 22</i>)	259	216	-	-
Trade and other creditors	3,124	10,006	533	29
Accruals and deferred income	9,076	9,146	1,079	1,200
Corporation tax - Irish	-	29	-	-
Corporation tax - United Kingdom and other	1,636	3,312	-	-
Other taxation - United Kingdom	560	947	-	-
PAYE and PRSI	288	81	17	10
Value added tax	673	726	-	-
Amounts due to associates	419	301	-	-
Deferred consideration for acquisitions	9,507	23,402	6,141	11,368
Proposed dividends	954	950	954	950
Amounts due to subsidiaries	-	-	21,208	8,489
	<u>30,000</u>	<u>52,214</u>	<u>30,567</u>	<u>22,681</u>
	<u><u>30,000</u></u>	<u><u>52,214</u></u>	<u><u>30,567</u></u>	<u><u>22,681</u></u>
Creditors for taxation and social welfare included above	3,157	5,095	17	10
	<u>3,157</u>	<u>5,095</u>	<u>17</u>	<u>10</u>
	<u><u>3,157</u></u>	<u><u>5,095</u></u>	<u><u>17</u></u>	<u><u>10</u></u>

20 Creditors (amounts falling due after more than one year)

	<u>Group</u>		<u>Company</u>	
	2002	2001	2002	2001
	€000	€000	€000	€000

Bank advances (<i>note 22</i>)	20,223	49,573	11,914	38,954
Leasing finance (<i>note 22</i>)	276	806	-	-
Deferred consideration for acquisitions	20,724	210	-	210
Corporation tax - United Kingdom and other	128	147	-	-
Other creditors	-	66	-	-
Senior unsecured notes (due 2008) (<i>note 22</i>)	<u>40,040</u>	<u>32,216</u>	<u>40,040</u>	<u>32,216</u>
	81,391	83,018	51,954	71,380
	=====	=====	=====	=====

Notes to the Financial Statements

21 Provisions for liabilities and charges

	Deferred taxation €000	Deferred consideration €000	Other provisions €000	Total €000
Consolidated				
At 31 December 2001	78	17,197	408	17,683
Profit and loss account	193	406	164	763
Net additions	-	3,971	-	3,971
Transfer to creditors falling due within one year	(88)	(5,878)	(213)	(6,179)
Exchange	(11)	(693)	(20)	(724)
	-----	-----	-----	-----
At 31 December 2002	172	15,003	339	15,514
	=====	=====	=====	=====

	Deferred Consideration €000	Total €000
Company		
At 31 December 2001	10,863	10,863
Net write-downs	(1,020)	(1,020)
Transfer to creditors falling due within one year	<u>(3,022)</u>	<u>(3,022)</u>
At 31 December 2002	6,821	6,821
	=====	=====

In accordance with Financial Reporting Standard 7, Fair Values in Acquisition Accounting, additions in the year relate to deferred consideration on acquisitions where the amount is dependent on future profit and/or revenue generation as more fully set out in note 2.

Deferred taxation of €172,000, representing full provision for timing differences, has been provided at a rate of 20% (2000: 20%). No deferred taxation has been provided for any liability which may arise if earnings retained by overseas subsidiaries were remitted. No deferred taxation has been provided on the revaluation surplus as this is considered to be a permanent timing difference.

22 Finance debt

(a) Maturity profile

The maturity profile of the carrying amount of the Group's financial liabilities other than short-term trade creditors and accruals at 31 December were as follows :

	2002			2001		
	Debt	Finance leases	Total	Debt	Finance leases	Total
	€000	€000	€000	€000	€000	€000
Within one year, or on demand	3,504	259	3,763	3,098	216	3,314
Between one and two years	10,314	246	10,560	427	236	663
Between two and five years	21,956	30	21,986	24,061	570	24,631
Over five years	27,993	-	27,993	57,301	-	57,301
	-----	-----	-----	-----	-----	-----
	63,767	535	64,302	84,887	1,022	85,909
	=====	=====	=====	=====	=====	=====

(b) Borrowing facilities

The Group has the following undrawn committed borrowing facilities available:

2002	2001
------	------

	Total €000	Total €000
Expiring within one year	882	10,196
Expiring between one and two years	-	4,519
Expiring in more than two years	76,922	38,546
	<u>77,804</u>	<u>53,261</u>

Notes to the Financial Statements

22 Finance debt (continued)

€76,922,000 represents ring-fenced borrowings in the Investment division which is in the process of being wound-up. As such these borrowings will not be drawn upon.

These facilities, including our short-term working capital facilities, provide the Group with the necessary funding in each of our functional currencies for our short and long term objectives. All of the working capital facilities in place at 31 December 2002 are denominated in sterling with the exception of €459,700 undrawn facility expiring within one year.

Group bank advances totalling €23,728,000 (2001: €52,671,000) are secured on certain of the Group's investments or by a fixed and floating charge over the Group's assets including the guarantee of the holding company. Other finance debt of €40,040,000 relates to the issue of senior unsecured notes.

The Company and certain subsidiaries have guaranteed the banking of certain subsidiaries up to a maximum of €12,991,000. At 31 December 2002, the liabilities amounted to €1,904,000.

(c) Fair values of financial assets and financial liabilities

Fair value is the amount at which a financial instrument could be exchanged in an arms length transaction between informed and willing parties, other than a forced sale and excluding accrued interest. In all cases the estimated difference between the carrying amount of financial assets and liabilities and their fair values is not material.

(d) Interest rate profile of finance debt

The interest rate risk profile of the Group's financial liabilities at 31 December 2002 was:

	Floating rate financial liabilities €000	Fixed rate financial liabilities €000	Total €000
Sterling	17,165	30,132	47,297
Euro	6,563	10,442	17,005
At 31 December 2002	<u>23,728</u>	<u>40,574</u>	<u>64,302</u>
Sterling	47,280	33,032	80,312
Euro	5,391	206	5,597
At 31 December 2001	<u>52,671</u>	<u>33,238</u>	<u>85,909</u>

The weighted average interest rate and period for which the rates are fixed in respect of material fixed liabilities are as follows:

	Fixed rate weighted average period years	Fixed rate weighted average interest rate %
Sterling	5	8.11

Floating rate financial liabilities bear interest at rates, based on relevant national LIBOR equivalents, which are fixed in advance for periods of between one month and six months.

(e) Currency rate profile of financial assets

2002

2001

	Cash at bank and in hand €000	Short term deposits €000	Total €000	Cash at bank and in hand €000	Short term deposits €000	Total €000
Euro	2,895	13,615	16,510	1,384	8,102	9,486
Sterling	3,646	3,371	7,017	2,506	13,801	16,307
US Dollar	254	42	296	136	167	303
Swiss Franc	86	-	86	127	-	127
	<u>6,881</u>	<u>17,028</u>	<u>23,909</u>	<u>4,153</u>	<u>22,070</u>	<u>26,223</u>

Notes to the Financial Statements

22 Finance debt (continued)

The majority of cash balances denominated in Euro belong to a cash pooling arrangement whereby the Group benefits from a reduced interest expense.

Floating rate cash earns interest based on relevant national bank deposit rates.

(f) Currency exposures

To mitigate the effect of the currency exposures arising from its net investments overseas the Group borrows in the local currency of its main operating activities. Gains and losses arising on net overseas investments and the financial instruments used to hedge the currency exposures are recognised in the statement of total recognised gains and losses.

(g) Hedging

The Group's policy is to hedge currency risk using foreign currency forward contracts and to hedge interest risk using interest cap/floor rate forward contracts.

All gains and losses in respect of foreign currency and interest rate forward contracts have been recognised where the contracts have closed during the year.

(h) Trading in financial instruments

The Group does not trade in financial instruments.

(i) Finance debt - Company

	2002 €000	2001 €000
Secured term bank loans		
Sterling	8,084	35,110
Euro	4,465	4,479
Secured bank overdrafts	-	-
Unsecured debt	<u>40,040</u>	<u>32,216</u>
	<u>52,589</u>	<u>71,805</u>
Repayable as follows:		
Within one year	635	635
After one year	51,954	71,170
	<u>52,589</u>	<u>71,805</u>

23 Share capital

Authorised	2002 No of shares	2002 €000	2001 No of shares	2001 €000
Ordinary shares of 12c each	85,187,210	10,222	83,847,210	10,062
"A" ordinary shares of €1.27 each	8,200	10	8,200	10

		10,232		10,072
Allotted and fully paid up	2002	2002	2001	2001
	No of Shares	€000	No of Shares	€000
Ordinary shares of 12c each at 1 January	64,627,992	7,755	59,062,464	7,499
New share capital allotted during the year	44,867	6	700,000	84
Share options exercised during year	200,000	24	260,000	33
Share Placings	-	-	4,605,528	553
Renominalisation of share capital	-	-	-	(414)
At 31 December	64,872,859	7,785	64,627,992	7,755

Notes to the Financial Statements

23 Share Capital (continued)

At 31 December 2002 share options were outstanding over 3,280,811 (2001: 2,806,500) ordinary shares under the Company's Share Option Schemes. These options entitle holders to purchase ordinary shares as follows: -

Number	Price in cent	<u>Period normally exercisable</u>	
		From	To
50,000	24.13	09.11.1996	08.11.2003
225,000	27.93	22.05.1998	21.05.2005
25,000	30.47	20.05.1999	19.05.2006
190,000	77.45	24.05.2002	23.05.2009
825,000	114.00	11.05.2003	10.05.2010
741,500	140.00	04.07.2003	03.07.2010
250,000	170.00	06.09.2003	05.09.2010
75,000	300.00	10.10.2004	09.10.2011
250,000	10.04.2005	09.04.2012	
334,311	275.00	17.04.2005	16.04.2012
315,000	190.00	09.07.2005	08.07.2012

During the year 200,000 options were exercised at a price of 24.13 cent.

Pursuant to the acquisition of Planlife Advisory Services Limited 100,000 Share Warrants entitling the holder to convert each warrant into an IFG Group plc Ordinary Share at any time up to 31 March 2003 or to redeem such warrants on 31 March 2003 at a rate of €2.22 per warrant, remains outstanding.

On 29 May 2002 pursuant to the acquisition of the entire issued share capital of Trade Credit Broker Limited 44,867 new fully paid ordinary shares were issued as part consideration for the acquisition.

On 18 December 2001, pursuant to the purchase of Stg£20 million senior unsecured notes, warrants to subscribe for up to 4,350,000 new ordinary shares were issued to an investor entitling it to purchase such new ordinary shares at a subscription price of €3.75 per ordinary share in the period from 18 December 2001 to 17 December 2008.

On 25 February 2002, pursuant to the purchase of €10 million senior unsecured notes, warrants to subscribe for up to 1,340,000 new ordinary shares were issued to investors entitling them to purchase such number of new ordinary shares at a subscription price of €4 per ordinary share in the period 26 February 2002 to 26 February 2009.

24 Reserves

	Share premium account €000	Capital conversion reserve fund €000	Revaluation reserve €000	Profit and loss account €000	Total €000
Consolidated					
At 31 December 2001	44,645	414	2,803	10,528	58,390
Prior year adjustment	-	-	-	(270)	(270)
As restated	44,645	414	2,803	10,258	58,120
Profit retained for the year	-	-	-	(35,044)	(35,044)
Premium on shares issued under share option schemes	24	-	-	-	24
Premium on new capital allotted during the year	122	-	-	-	122
Issue expenses	(2)	-	-	-	(2)
Revaluation reserve realised on sale of properties	-	-	(2,555)	2,555	-
Goodwill written down	-	-	-	(103)	(103)
Exchange movement	-	-	-	3,014	3,014
At 31 December 2002	44,789	414	248	(19,320)	26,131

Notes to the Financial Statements

24 Reserves (continued)

Cumulative goodwill relating to acquisitions made prior to 1998, which has been eliminated against reserves, amounts to €6,375,000 (2001: €6,272,000).

	Share premium account €000	Capital conversion reserve Fund €000	Revaluation reserve €000	Profit and loss account €000	Total €000
Company					
At 31 December 2001	44,645	414	2,039	14,777	61,875
Loss retained for the year	-	-	-	(10,906)	(10,906)
Premium on shares issued under share option schemes	24	-	-	-	24
Premium on new capital allotted during the year	122	-	-	-	122
Issue expenses	(2)	-	-	-	(2)
Revaluation reserve realised on sale of properties	-	-	(1,791)	1,791	-
Exchange movement	-	-	-	(1,121)	(1,121)
At 31 December 2002	44,789	414	248	4,541	49,992

The profit and loss account of the Parent Company, as permitted by Section 3 (2) of the Companies (Amendment) Act, 1986, is not presented in these financial statements. The loss before tax for the year amounted to €10,181,000 (2001: loss €1,109,000). The consolidated profit and loss account at 31 December 2002 includes €94,000 (2001: €6,829,000) of undistributable reserves relating to unrealised gains on investments.

25 Equity minority interests

At 31 December 2002, equity minority interest is represented by minority interests in Fitzwilliam International Resource Services Limited of (€70,000), Fitzwilliam International Resources (UK) Limited €148,000 and FNTC Finance Limited of €9,000.

26 Operating lease commitments

The Group had annual commitments under non-cancellable operating leases as follows:-

	2002 €000	2001 €000
Leasehold properties		
Expiring		
- within one year	84	325
- in the second to fifth year	193	270
- over five years	808	1,209
	<u>1,085</u>	<u>1,804</u>
Motor vehicles		
Expiring		
- within one year	24	24
- in the second to fifth year	47	58
	<u>71</u>	<u>82</u>
Plant and Machinery		
Expiring		
- within one year	15	4
- in the second to fifth year	91	9
- over five years	-	123
	<u>106</u>	<u>136</u>

Notes to the Financial Statements

27 Commitments and contingencies - Group and Company

Deferred consideration on acquisitions Company	Maximum Potential Consideration €000	Discounted Consideration Provided €000
Berkeley Jacobs Financial Services Limited	11,760	7,170
IFG Trust (Jersey) Limited, IFG (Suisse) SA, Atlantique BVI	5,842	1,998
The ISA Shop Limited	18,909	-
D K Wild & Co Limited	1,691	1,593
Fair Isle Investments Limited and its subsidiaries	3,309	3,309
Saunderson Ventures Limited, Saunderson House Limited	4,669	4,343
IPS Pensions Limited	23,720	22,190
Trade Credit Brokers Limited	4,063	3,571
Other acquisitions	1,144	1,060
	<u>75,107</u>	<u>45,234</u>

At 31 December 2002, a total, on the above acquisitions, of €45,234,000 discounted deferred consideration was provided for as follows: €9,507,000 creditors falling due within one year, €20,724,000 creditors falling due after more than one year and €15,003 provisions for liabilities and charges.

- (i) IFG Group plc is not involved in any legal or arbitration proceedings which may have a significant affect on its financial position.
- (ii) Following a review of sales and advice processes at a subsidiary by its Regulator during the third quarter of 2002, discussions are continuing with the Regulator. At this time, it is uncertain what, if any, action the Regulator may require. In the Board's opinion based on the information available, it is unlikely that the financial consequences will be material to the Group as a whole.
- (iii) Certain subsidiaries of the Company have a contingent liability for any levy in relation to independent financial advisers under the UK Investors Compensation Scheme. There is no basis at the present time for assessing the likelihood or the likely level of any such levy.
- (iv) The Company acquired the entire issued share capital of Berkeley Jacobs Financial Services Limited on 12 September 2000. On completion, a loan note for Stg£5.7 million was issued and can be redeemed at any time on or after the first anniversary of the date of issue. Further consideration of up to Stg£5.1 million is payable by the issue of a second loan note, which will be issued following determination of the aggregate adjusted profits before tax of Berkeley Jacobs Financial Services Limited for the four years ending 31 January 2004.
- (v) The entire share capital of IFG Trust (Jersey) Limited, IFG (Suisse) SA and Atlantique BVI was acquired by the company on 22 November 2000. Under the terms of the acquisition, additional deferred consideration of up to Stg£5 million may be payable as follows (a) Stg£1.2 million based on profit for the year ending 31 January 2002 and (b) Stg£3.8 million based on average profit for the three years ending 31 January 2003.
- (vi) A subsidiary of the Group, The Slater Group plc, acquired 80% of the issued share capital of The ISA Shop Limited on 4 December 2000 and have entered into a call option to acquire the remaining 20% of the issued share capital.

Under the terms of the acquisition for 80% of the share capital, an additional consideration of up to Stg£5.8 million is payable as follows (a) an amount based on average profits before taxation and renewal commissions receivable for the two years ending 31 December 2002 subject to a maximum of Stg£3.8 million and (b) an amount by way of bonus under service contracts amounting to a maximum of Stg£2.0 million based on average profit before taxation the two years ending 31 December 2002.

The consideration payable upon exercise of the Call Option relating to the remaining 20% of the issued share capital will be a maximum of Stg£6.5 million based on average profit before taxation and renewal commissions received for the two years ended 31 December 2004.

- (vii) A subsidiary company of the Group, The Slater Group plc acquired the entire share capital of D K Wild & Co Limited on 10 January 2001. Under the terms of the acquisition deferred consideration subject to a maximum of Stg£1.1 million may become payable based on average profits achieved for the three years ending 31 December 2004.

Notes to the Financial Statements

27 Commitments and contingencies - Group and Company (continued)

(viii) On 25 May 2001, The Slater Group plc acquired the entire share capital of Fair Isle Investments Limited and its subsidiaries. Under the terms of the acquisition, Stg£2 million may be payable, satisfied in Loan Notes, based on the profits and recurring income for the years ending 31 December 2001 and 31 December 2002. In addition, a bank guaranteed loan note of Stg£700,000 was issued on completion.

(ix) A subsidiary company of the Group, IFG Holdings Limited acquired the entire share capital of Saunderson Ventures Limited and its subsidiary Saunderson House Limited on 13 September 2001. On completion, 2% bank guaranteed "A" Loan Notes 2004 totalling Stg£60,000 were issued. In addition, 2% bank guaranteed exchangeable "B" Loan Notes totalling Stg£3 million were issued on completion.

(x) The Company acquired the entire share capital of IPS Pensions Limited on 10 April 2002. On completion Stg£10,800,000 two-year bank guaranteed non interest bearing loan notes were issued. Further consideration is payable in cash on 6 April 2004 in the amount of Stg£630,000. Additional consideration of up to Stg£4 million may become payable in the event the aggregate profits for the to years ending 30 September 2003 achieve certain agreed thresholds.

(xi) The Company acquired the entire share capital of Trade Credit Brokers Limited on 29 May 2002. The initial consideration of €1,650,974 was satisfied on completion by a cash payment of €1,524,000 and by the issue of 44,867 ordinary shares in IFG Group plc. Additional consideration, subject to a maximum of €4,062,846, may be payable equal to six times the average profits before tax for the three years ending 31 December 2004, less the initial consideration.

(xii) A maximum of €1.144 million is payable on other acquisitions based on profits and increased revenue generation.

All liabilities for deferred consideration have been provided for at the appropriate amounts ((iii) to (xii) above).

(xiii) The Company has guaranteed certain obligations of subsidiary companies totalling €9,698,000(2001: €8,456,000).

(xiv) Where the balance sheet of a subsidiary shows insufficient assets, after deducting third party liabilities, to meet amounts due to other Group Companies, the Company has guaranteed the balance to those other Group Companies. The effective amount of such guarantees was €1,743,000 (2001: €1,075,000) at 31 December 2002.

28 Notes to the cash flow statement

(i) Reconciliation of net cash flow movements in net debt

	2002	2001
	€000	€000
(Decrease)/increase in cash in period	(2,576)	21,776
Cash outflow/(inflow) from increase in debt and lease financing	18,108	(36,476)
Change in net debt resulting from cash flows	15,532	(14,700)
New finance leases	(417)	(585)
Loans and finance leases on acquisition	(147)	(78)
Amortisation of issue costs	(114)	(4)
Translation difference	4,439	(1,934)
Movement in net debt in the period	19,293	(17,301)
Net debt at 1 January	(59,686)	(42,385)
Net debt at 31 December	(40,393)	(59,686)

Notes to the Financial Statements

28 Notes to the cash flow statement (continued)

(ii) Reconciliation of (loss)/ profit before interest and tax to net cash inflow from operating activities

	20022001	Restated	
	€000	€000	
(Loss)/profit before interest and tax	(26,168)	15,182	
Provision against investments	5,004	-	
Exceptional items provision against investments	7,518	-	
Decrease in deferred consideration payable	(5,005)	-	
Depreciation and amortisation	6,359	5,074	
(Profit)/loss on sale of fixed assets	(374)	11	
Exceptional items – disposal of property investments	(1,444)	-	
(Profit)/loss on sale of fixed asset investments	(150)	9	
Currency translation adjustment	(760)	947	
(Profit)/loss of associated and joint venture undertakings	(151)	194	
Unrealised (decrease)/increases on revaluation of investments		6,734	(4,168)
Increase/(decrease) in debtors	6,423	(7,436)	
Exceptional items – restructuring charge continuing operations	467	-	
Exceptional items – termination of UK discontinued operations	1,100	-	
Exceptional items – termination of endowment trading for investment purposes	(14,827)	-	
Increase/(decrease) in stocks	254	(1,122)	
Loan from/(to) associated undertakings	710	(369)	
Decrease in creditors	(7,339)	(11,043)	
Loss/(profit) on sale of subsidiary	639	(515)	
	<u>(22,010)</u>	<u>(3,236)</u>	

(iii) Cash flows arising on acquisitions can be analysed as follows:

	2002
	€000
Cash payments	1,531
Expenses	643
Cash acquired	(1,681)
Overdrafts acquired	-
	<u>493</u>

(iv) Cash flow arising on disposal of subsidiaries can be analysed as follows

	2002
	€000
Cash disposal	(221)

v) Analysis of net debt

	Opening Balance	Cash flow	Acquisition and disposals	Other non cash changes	Closing Balance
	€000	€000	€000	€000	€000
Cash	26,223	(3,774)	1,460	-	23,909
Overdraft	(2,040)	(262)	-	-	(2,302)
	<u>24,183</u>	<u>(4,036)</u>	<u>1,460</u>	<u>-</u>	<u>21,607</u>
Loans due within one year	(1,058)	(11)	(145)	11	(1,203)
Loans due after one year	(49,573)	27,081	-	2,270	(20,222)
Senior unsecured notes (due 2008)	(32,216)	(9,832)	-	2,008	(40,040)
Finance leases	(1,022)	871	(2)	(382)	(535)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>

Total	<u><u>(59,686)</u></u>	<u><u>14,073</u></u>	<u><u>1,313</u></u>	<u><u>3,907</u></u>	<u><u>(40,393)</u></u>
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Notes to the Financial Statements

29. Significant non cash movements

Included in the non cash movements of €3,908,000 are exchange rate movements of €4,439,000 and finance lease arrangements entered into in respect of assets with a total capital value at the inception of the leases of €17,000 and amortisation of cost of senior unsecured notes issued of €14,000.

30 Pension commitments

(a) Companies in the Group operate various pension schemes, both contributory and non-contributory for certain of their employees. These schemes are either defined contribution or defined benefit schemes. The schemes provide benefits based on final pensionable pay or guaranteed minimum pensions. The assets of the schemes are held separately from the Group, being invested with insurance companies. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives.

The total pension cost for the group was €1,381,000 (2001: €1,675,000) which includes €109,000 (2001: €154,000) in respect of the defined benefit scheme. The pension costs of the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary using the attained age method. The latest actuarial valuation of the scheme was at 1 January 2000.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in pensionable salaries. It was assumed that the investment returns would be 6.5% per annum and that pensionable salary increases would average 3.0% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the scheme amounted to €2.35m and the actuarial value of the assets was sufficient to cover the benefits which had accrued to members.

The actuarial report is available for inspection by the members of the scheme.

(b) The group operates, via its subsidiary IFG Management Limited, a defined benefit pension scheme for eligible employees. This scheme was closed to new members with effect from 1 November 1997. The assets of the scheme are held separately from those of the group, being invested with an insurance company.

The group has chosen not to adopt Financial Reporting Standard No. 17 (Retirement benefits) early and has adopted its transitional arrangements. Accordingly, it complies with the existing Statement of Standard Accounting Practice No. 24 (Accounting for pension costs) and provides the disclosure in respect of the balance sheet which is required by Financial Reporting Standard No. 17.

Statement of Standard Accounting Practice No. 24

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent full valuation was as at 1 January 2000.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that the investment returns would be 8% per annum, salary increases would average 6% per annum and limited price indexation would be 3.5% per annum compound.

The actuarial valuation at 1 January 2000 showed the actuarial value of the scheme's assets, a "with profits policy", was €2,040,000 and that this represented 114% of the past service liability. The actuary concluded that, compared with past service liabilities, the scheme had a surplus of €244,000.

The actuary recommended that contributions of the group and employees should be 10.2% and 3% respectively. The pension charge for the year was €22,816 (2001: €56,998). There were no outstanding contributions at 31 December 2002.

An amount of €1,038 (2001: €87,739) is included within creditors, this being the excess of the accumulated pension costs over the amount funded arising from the previous full valuation.

Financial Reporting Standard No. 17

The valuation used for FRS17 disclosures has been based on the most recent actuarial valuation as at 1 January 2000, updated by the actuary to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31 December 2002. The liability valuation has been undertaken on the projected unit method. Scheme assets are stated at their market value at 31 December 2002.

Notes to the Financial Statements

30 Pension commitments (continued)

The assets in the scheme and the present value of the scheme liabilities at 31 December 2002 were:

	Expected return for 2002/3	Value at 31 December 2002	Expected return for 2001/2	Value at 31 December 2001
	%	€000	%	€000
Conventional with profits policy	6.5	2,228	6.5	2,350
Total market value of assets		<u>2,228</u>		<u>2,350</u>
Present value of scheme liabilities		(2,689)		(2,334)
(Deficit)/surplus in the scheme		(461)		16
Related deferred tax asset/(liability) @ 15% (2001: 12%)		69		(2)
Net pension (liability)/asset		<u>(392)</u>		<u>14</u>

The assets in the conventional with profits policy have been taken as the market value of the policy as at the valuation date.

The principal assumptions used in calculating the liabilities and expected rates of return on assets under the projected unit valuation method were:

	31 December 2002	31 December 2001
Annual rate of general inflation	2.5%	2%
Annual rate of income in pensionable salaries	3%	3%
Annual rate of income in pensions	2%	2%
Discount rate	5.5%	5.9%

Since the scheme is now closed to new members and the age profile of the active members is increasing, under the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

The amounts which would have been recognised in the financial statements if FRS17 had been fully adopted are as follows:

Analysis of the amount charged to operating profit

	31 December 2002
	€
Current service cost	100,000
Past service cost	9,000
Total operating charge	<u>109,000</u>

Notes to the Financial Statements

30 Pension commitments (continued)

The projected unit valuation method has been used to arrive at the above service cost. To produce a stable future contribution rate this valuation method assumes that the average age of the scheme membership will remain broadly constant in future due to a flow of new entrants to the scheme. As the scheme is closed to new entrants this will not be the case and the cost of benefits accruing, as a percentage of salaries, will be expected to increase over time.

Analysis of the amount which would be recognised in the statement of total recognised gains and losses (STRGL)

	31 December 2002 €000
Actual return less expected return on pension scheme assets	(238)
Experience gains and losses arising on the scheme liabilities	(75)
Changes in assumptions underlying the present value of the scheme liabilities	(235)

Actuarial loss which would be recognized in the STRGL	(548)

Movement in surplus/(deficit) during the year	
	31 December 2002 €000
Surplus at beginning of the year	15
Movement in year:	
Current service cost	(100)
Contributions paid by the employer	164
Past service costs	(9)
Other finance income	17
Actuarial loss	(548)

Deficit in scheme at end of year	(461)

Over the year to 31 December 2002 the employer contributed at 12.3% of pensionable salaries, with employees contributing at 3%.

History of experience gains and losses

	31 December 2002 €000
Difference between the expected and actual return on scheme assets:	
Amount	(238)
% of scheme assets	(11%)
Experience gains and losses on scheme liabilities:	
Amount	(75)
% of present value of scheme liabilities	(3%)
Total actuarial loss which would be recognised in the STRGL:	
Amount	(548)
% of present value of scheme liabilities	(20%)

Defined contribution scheme

The group also operates a defined contribution pension scheme. The contributions to this scheme in the year were €15,081 (2001: €9,885). There were no outstanding contributions at 31 December 2002.

Notes to the Financial Statements

31 Related party transactions

At 31 December Saunderson House Limited, a fully owned subsidiary was due €4,297 (2001: €5,137) by directors of the Company.

During the year Fitzwilliam International Resource Services Limited, a company in which the group has a 51% interest was charged fees for services rendered in the normal course of business of €34,747 (2001: €168,240) by the company. At the 31 December 2002 advances of €43,244 (2001: €201,579) and €83,717 (2001: €158,171) were outstanding to IFG Securities Limited and SWP Holdings Limited respectively. These advances are unsecured, interest free and have no fixed repayment date.

During the year the Fitzwilliam International Resource Services Limited charged Fitzwilliam International Resources (UK) Limited, a fellow subsidiary, fees of €167,780 (2001: €144,687) for services rendered in the normal course of business. At 31 December 2002 advances of €62,182 (2001: €144,687) were outstanding. These advances are secured, interest free and have no fixed repayment date.

During the year Planlife Advisory Services Limited, a company in which the group has a 100% equity interest, charged Retirement Strategies Limited, a fellow group company fees of €7,399 and €2,200 for a share of overheads and for introducer fees, respectively.

At 31 December, Berkeley Jacobs Financial Services Limited, a company in which the group has a 100% shareholding, had the following quasi loans with directors.

Name of Director	2002	2001
S C Murphy	274,404	170,607
P S Wheal	274,404	164,604
A R Moore	274,404	157,571

At 31 December, Teppco (Ireland) Limited, a group company has year-end balances with fellow group company First American Title Company (Ireland) Limited of €13,320 (2001: €12,198). Teppco also received €30,348 that had been due from fellow group company, Retirement Strategies Limited for services rendered in 2001.

During the year sales of €193,331 were made to PPS Limited. Victor Quigley, a director of the company is a 50% shareholding in PPS Limited.

During the year, IFG Investment and Mortgages Services Limited, a company in which the group has a 100% shareholding, charged fellow group companies, First American Title Company (Ireland) Limited and Proactive Mortgages Limited, €126,996 (2001: €171,834) and €14,000 (2001: €290,646) respectively. At 31 December balances of €33,183 (2001: €39,779) and €341,382 (2001: \$339,912) remained outstanding.

IFG Properties Limited, a company in which the group has a 100% interest charged Retirement Strategies Limited, a fellow group company, fees during the year of €34,295 for services rendered in the normal course of business. At 31 December a balance of €41,787 remains outstanding. IFG Properties also paid fees of €17,050 and €7,433 to Associate companies, RB Online and Lawlink Limited respectively.

During the year Shelbymount Limited, a group company charged IFG Mayfield Limited, a fellow group company €6,348 for services rendered during the year. At 31 December a balance of €9,120 remains outstanding.

During the year IFG Securities Limited, in which the group has a 100% shareholding, credited group companies €20,497 and was credited €66,075 by group companies. At 31 December 2002 a balance of €59,332 remains outstanding from group companies.

IFG Group charged management fees to Retirement Strategies Limited of €85,509.

32 Events since the year end

(i) In February 2003 the company acquired 50% of the share capital of First American title company from its joint venture partner First American Management Services Limited a subsidiary of First American Corporation. The group now hold 100% of the company. The business provides title insurance in the re-mortgage market in Ireland.

The consideration for the outstanding equity in the company is €271,000 of which €150,000 was paid in cash on the date of acquisition and the remaining €121,000 will be paid on 1st April 2003. As part of the transaction First American Title (Ireland) Ltd have entered into a 10 year exclusivity agreement whereby the First American Group will underwrite the title insurance provided by the company.

(ii) The group continued its' program of disposal of non-core assets with the sale of its Cork property after the year end. The property sale completed on 3 March 2003 for a total consideration of €1m which represents a small gain on disposal.

Notes to the Financial Statements

(iii) On 13 March 2003, the Slater Group plc completed the purchase of a further 10% of the issued share capital of The ISA shop. There still remains a call option to acquire the final 10% of the issued share capital.

33 Approval of financial statements

The Directors approved the financial statements on ** April 2003.

Principal Operating Subsidiaries, Associated Undertakings and Joint Ventures

Company	Principal Activities	Shareholding and Voting Rights %
Principal Operating Subsidiaries (INCORPORATED IN IRELAND)		
IFG Holdings Limited	Holding company	100
IFG Securities Limited	Group administration services	100
IFG Investment and Mortgage Services Limited	Life assurance, mortgage processors and brokers	100
Fitzwilliam International Resource Services Limited	Employee leasing company	51
IFG Quigley Limited	Life assurance, pension, corporate & individual investment consultants	100
Texiana Gas Limited	Management services	100
The Endowment Policy Purchasing Company Limited	Purchase and sale of marketable Endowment Policies	100
Planlife Advisory Services Limited	Life, pensions and actuarial services	100
Trade Credit Brokers Limited	Credit Insurance Services	100
<i>All at IFG House, Booterstown Hall, Booterstown, Co Dublin telephone (353-1) 2752800 fax (353-1) 2752801</i>		
(INCORPORATED IN THE ISLE OF MAN)		
IFG Holdings (IOM) Limited	Holding Company	100
IFG International Limited	Trust and corporate management and consultancy services	100
First National Trustee Company Limited	Trustee and administration services	100
Comeragh Limited	Purchase and sale of marketable Endowment Policies	100
<i>All at International House, Castle Hill, Victoria Road, Douglas, Isle of Man telephone (44 1624) 630 600 fax (44 1624) 624 469</i>		
(INCORORATED IN JERSEY)		
IFG Trust (Jersey) Limited	Trustee and administration services	100
<i>Warwich House, Longueville, St Savior, Jersey telephone (44 1534) 789 282 fax (44 1534) 767 787</i>		
(INCORORATED IN SWITZERLAND)		
IFG Suisse S.A.	Trustee and administration services	100
<i>7 Rue du Mont-Blanc, PO Box 1069, 1211 Geneva 1 telephone (41 22) 716 3220 fax (41 22) 716 3239</i>		
(INCORPORATED IN U.K.)		
IFG Holdings Limited	Holding company	100
The Slater Group plc	Holding company	100
IFG Financial Services Limited	Corporate and personal life and pensions	100
Goldstone Financial Services Limited	Independent financial advisor	100
Santhouse Whittington Actuarial Services Limited	Actuarial services	100
Fair Isle Investments Limited	Independent financial advisor	100
Pensions Associates Limited	Independent financial advisor	100
The ISA Shop Limited	Independent financial advisor	80
<i>All at Trinity House, Anderson Road, Swavesey, Cambridgeshire telephone (44 1954) 233 555 fax (44 1954) 233 500</i>		
First National Trustee Company (UK) Limited	Trustee and administration services	100
<i>3-4 Bentinck Street, London W1U 2EE telephone (44 207) 224 3533 fax (44 207) 224 3553</i>		
Berkeley Jacobs Financial Services Limited	Retirement and pension advisors	100
<i>Culpepper Close, Medway City Estate, Rochester, Kent telephone (44 1634) 735 735 fax (44 1634) 735 700</i>		
DK Wild & Company Limited	Independent financial advisor	100
<i>7 Woolgate Court, 55 - 57 St Benedicts Street, Norwich telephone (44 1603) 760 033 fax (44 1603) 508 100</i>		
Saunders Ventures Limited	Independent financial advisor	100
<i>1 Long Lane, London, EC1A 9HA telephone (44 207) 315 6500 fax (44 207) 315 6550</i>		
IPS Pensions Limited		100
<i>Queen Square House, 18/21 Queen Square, Bristol, B51 4NH telephone (44 117) 929 0941 fax (0044 117) 922 5076</i>		
Fitzwilliam International Resources (UK) Limited	Employee Leasing company	50.5
<i>25 Valiant House, Vicarage Crescent, London telephone (44 207) 743 6023 fax (44 207) 743 6021</i>		

Principal Operating Subsidiaries, Associated Undertakings and Joint Ventures (continued)

Company	Principal Activities	Shareholding and Voting Rights %
PRINCIPAL ASSOCIATES		
(INCORPORATED IN IRELAND)		
Retirement Strategies Limited	Fund managers	45
Rayband Limited	Property development	35
<i>IFG House, Booterstown Hall, Booterstown, Co Dublin telephone (353-1) 2752800 fax (353-1) 2752801</i>		
ProActive Mortgages Limited	Mortgage Lending	25
<i>2 Hume Street, Dublin 2 telephone (353-1) 603 5370 fax (353-1) 662 8962</i>		
IFG Technology and Development Limited	Development of on-line computer services	25
Lawlink Limited	Computer services to the legal profession	25
Companies Information Direct Limited	Provision of The Companies Office information	12.5
<i>All at 64 Francis St ,Dublin 8 telephone (353-1) 453 2222 fax (353-1) 453 2223</i>		
(INCORPORATED IN UK)		
Lawlink (UK) Limited	Computer services to the legal profession	25
<i>3-4 Bentinck Street, London W1U 2EE telephone (44 171) 224 3533 fax (44 171) 224 3533</i>		
PRINCIPLE JOINT VENTURES		
(INCORPORATED IN IRELAND)		
First American Title (Ireland) Limited	Provision of title insurance Services	50
<i>129 Lower Baggot Street, Dublin 2 telephone (353-1) 661 6977 fax (353-1) 661 2291</i>		

Notes

1. The companies operate principally in their countries of incorporation.
2. A full list of subsidiaries, joint ventures and associated undertakings will be filed with the Registrar of Companies.

IFG GROUP PLC

FORM OF PROXY

Voting at Annual General Meeting

I/We, the undersigned, being an Ordinary Shareholder of IFG Group plc HEREBY APPOINT the duly appointed Chairman of the Meeting or * as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 24 June, 2003 and at any adjournment thereof. I/We direct my/our proxy to vote on the resolutions set out in the Notice convening the meeting, as follows:

RESOLUTIONS

- | | **For | **Against |
|---|-------|-----------|
| No 1 To receive the report of the directors and financial statements and the independent auditors' report for the year ended 31 December 2002 | | |
| No 2 To declare dividends | | |
| No 3 (a) To re-elect John Francis Lawrie as a director of the Company
(b) To re-elect Victor William Quigley as a director of the Company
(c) To re-elect Thomas Joseph Wacker as a director of the Company | | |
| No 4 To authorise the directors to fix the remuneration of the auditors | | |

AS SPECIAL BUSINESS

- No 5 To empower the directors to allot relevant securities – section 20 authority
- No 6 To empower the directors to allot equity securities – section 23 authority
- No 7 To authorise repurchase of own shares
- No 8 To authorise cancellation of own shares
- No 9 To set the re-issue price range of treasury shares

Signature*

Name in full (block letters)

Address

Dated 2003

* If it is desired to appoint another person as proxy these words should be deleted and the name of the proxy, who need not be a Shareholder of the Company, inserted.

** Please indicate how you wish your proxy to vote by placing a tick in the appropriate box.

Unless otherwise directed, the proxy will vote as he/she thinks fit or abstain from voting.

Notes

1. In the case of a Corporation this proxy must be under its common seal or under the hand of an officer or attorney duly authorised in writing.
2. To be effective this proxy must reach The Registrar, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 not less than 48 hours before the time of the meeting.
3. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other registered holders of the share and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.