

FINANCIAL HIGHLIGHTS

Interim Results

Six months ended 30 June 2002

	Continuing Activities	Continuing Activities	
	Six Months ended 30 June 2002	Six Months ended 30 June 2001 Restated	
	Unaudited €000	Unaudited €000	
Turnover	46,938	33,655	39.5%
Operating profit before goodwill amortisation	7,468	7,058	5.8%
Profit before taxation and goodwill amortisation	5,361	5,358	0.1%
Recurring income	11,579	7,750	49.4%
Interim Dividend per ordinary share - € cents	0.73	0.73	0.0%
Adjusted earnings per ordinary share - € cents	6.56	7.01	-6.5%

Commenting on the results, Richard Hayes chief executive said

"Our business now has the necessary scale to develop and grow organically. The discontinuing of the investment activities and the restructuring, whilst entailing substantial provisioning, simplify our business model. Current market conditions remain very difficult and will inevitably inhibit performance in the second half. However, the continuing strong growth of recurring income, and the focus which the business now has, gives us confidence for the future".

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COMMENTARY ON INTERIM RESULTS

Overview

The directors report that operating profit before goodwill amortisation in respect of continuing activities for the six months ended 30 June 2002 was €7.47 million compared with €7.06 million in the previous year. These figures are before exceptional restructuring costs of €2.62 million, losses on discontinued UK activities of €0.69 million, a provision for losses on discontinued investment activities of €18.46 million, and profit on the sale of property investment of €0.35 million. Adjusted earnings per share were 6.56 cents (2001HY 7.01 cents).

Recurring income credited, a key measurement for the future of the company, was €11.58 million an increase of 49.4% on the 2001 comparative figure of €7.75 million. Recurring income includes insurance renewals, trustee fees, actuarial fees and fund management fees, all of which recur over a long period.

The Board has decided to pay an interim dividend of 0.73 cents per share subject to withholding tax at 20% (2001HY 0.73 cents). The dividend will be paid to qualifying shareholders on the Register at the close of business on 22 November 2002. Dividend warrants will be posted on 6 December 2002.

During the first half of the year the Group decided to discontinue operations in the financial services middle market, and further to restructure its continuing UK business, concentrating on the specific areas where it has a strong market position. This discontinuation has involved the closure of ten offices and a significant reduction in staff numbers. The continuing restructured business has moved to a fee based model supported by new management structure. The Group now has a platform for organic growth which is a key part of its strategy going forward.

The Group has discontinued its investment and trading activities in the sterling traded endowment market. Consequently it has taken a provision which effectively values policies at their surrender value (i.e. what the insurance company will pay out). The effect of this is to significantly reduce the carrying value of the portfolio and to give a loss on the discontinued activity for the half year of €18.46 million. The financing cost of Group investment for the period under review was €1.86 million. In addition to the €18.46 million provision against endowment policies the Group sold a property generating a profit of €0.35 million (thus the total net loss from discontinued investment activities is €18.11 million).

The fundamental changes made to the business leave the Group clearly focused on providing independent financial advisory and administrative services to clients in the following areas:

- Trustee and Corporate Services - non-advisory administrative services in IOM, Jersey and Geneva
- Actuarial & Pensioner Trustee - self administered and self invested pension plans for companies and individuals
- Financial Services - Independent Advisory services for corporate and private clients
- Pension Release and Discount Brokerage - pension transfer and execution only brokerage (UK)
- Mortgage Intermediary - commercial and residential mortgage broking (Ireland)

Group Performance

The performance of the Group in the first half year split between its main activities was as follows:-

	Continuing Activities Six Months ended 30 June 2002 Unaudited €000	Continuing Activities Six Months ended 30 June 2001 Restated Unaudited €000
<u>International</u>		
Trustee and Corporate Services	1,707	1,004
<u>UK</u>		
Actuarial and Pensioner Trustee	1,569	1,065
Financial Services		
- subject to restructuring	(606)	885
- not subject to restructuring	1,644	1,179
Pension Release and Discount Brokerage	2,543	2,024
<u>Ireland</u>		
Mortgage Intermediary	561	297
Financial Services including Central Overhead	<u>50</u>	<u>604</u>
Operating Profit - Continuing Activities	<u>7,468</u>	<u>7,058</u>

The International Trustee and Corporate services division achieved a 70% increase in operating profit to €1.71 million. The Isle of Man business performed particularly well. The increasingly regulated environment has helped the division develop further markets and income streams.

The actuarial and pension trustee division made up of IPS, an acquisition made during the first half of 2002 based in Bristol, and businesses in London and Manchester, now has critical mass in both the SSASs (self administered pension funds) and SIPPs (self invested pension plans) markets with 10% and 5% of the UK market respectively and approximately €3.5 billion of assets under administration. The new scale of the business provides significant opportunities for organic growth.

A new management team was appointed in the UK in late 2001. This team has undertaken a re-organisation of IFG Financial Services UK which has involved a discontinuation in the middle of the market and a restructuring of the remaining business. Costs and losses and indeed the extent of the rationalisation have been greater than originally thought, mainly as a result of the difficult market conditions. The performance of the businesses not subject to re-organisation or discontinuation was credible given the difficult market situation. Profit from this latter part of the IFA business grew, predominantly as a result of the acquisition of Saunderson Ventures in September 2001, profits from which are not included in the 2001 comparative figure above.

The pension release business performed strongly on the back of increased marketing spend. Although activity levels in the business are significantly higher than the previous year, long lead times have slightly inhibited profit growth to date. The discount brokerage business is inevitably suffering from the poor stock market sentiment and lower recurring income as a result of market falls.

Cheques issued on behalf of clients of the mortgage intermediary business were €243 million, an increase of 69% on the same period last year. Business submitted to lenders was up 75% at 30 June 2002.

The Irish Financial Services business is rapidly expanding its client base in the pensions market. In June 2001, a pensions advisory team was employed together with associated costs. This team is expected to contribute to profit in 2003. These costs together with an increase in central overhead costs necessary to take the Group to the next level have impacted profitability.

Outlook

Poor market conditions will curtail growth in the short term in some areas of the business and trading in the second half of the year is likely to remain difficult.

In addition the discontinuation of investment activities will initially re-base earnings to a lower level. This however will in due course greatly reduce gearing and simplify the Group's balance sheet. Further, the decision to focus primarily on recurring income and fee based activities will give greater certainty of earnings and predictability of earnings growth.

Consolidated Profit & Loss Account
Six months ended 30 June 2002

	Notes	2002 Half Year				2001 HY	2001 YE
		Continuing Activities	Discontinued Activities	Exceptional Items	Total	Continuing Activities	Continuing Activities
		Six Months ended 30 June 2002	Six Months ended 30 June 2002	Six Months ended 30 June 2002	Six Months ended 30 June 2002	Six Months ended 30 June 2001 Restated	Year ended 31 Dec 2001 Restated
		Unaudited €000	Unaudited €000	Unaudited €000	Unaudited €000	Unaudited €000	Unaudited €000
Turnover	6	46,938	358	-	47,296	33,655	71,808
Cost of sales		(3,040)	-	-	(3,040)	(2,202)	(4,924)
Gross profit		43,898	358	-	44,256	31,453	66,884
Operating expenses							
Goodwill amortisation		(2,342)	-	-	(2,342)	(1,665)	(3,636)
Other		(36,430)	(1,451)	-	(37,881)	(24,395)	(53,551)
		(38,772)	(1,451)	-	(40,223)	(26,060)	(57,187)
Operating profit/(loss)	6	5,126	(1,093)	-	4,033	5,393	9,697
Exceptional Items	7						
Continuing operations - Restructuring		-	-	(2,621)	(2,621)	-	-
Discontinued operations - UK		-	-	(685)	(685)	-	-
Discontinued operations - Investments		-	-	(18,456)	(18,456)	-	-
Sale of property investment		-	-	346	346	-	-
		-	-	(21,416)	(21,416)	-	-
Profit/(loss) on ordinary activities before interest		5,126	(1,093)	(21,416)	(17,383)	5,393	9,697
Net Interest and other income	8	(2,107)	(1,862)	-	(3,969)	(1,700)	(2,173)
Profit/(loss) on ordinary activities before taxation		3,019	(2,955)	(21,416)	(21,352)	3,693	7,524
Tax on profits on ordinary activities	9	(943)	300	792	149	(1,318)	(2,976)
Profit/(loss) on ordinary activities after taxation		2,076	(2,655)	(20,624)	(21,203)	2,375	4,548
Minority interest		(175)	-	-	(175)	(104)	(94)
Profit/(loss) for the financial period		1,901	(2,655)	(20,624)	(21,378)	2,271	4,454
Dividends		(474)	-	-	(474)	(425)	(1,446)
Retained profit/(loss) for the financial period		1,427	(2,655)	(20,624)	(21,852)	1,846	3,008
Earnings per ordinary share	5						
Adjusted earnings per share - € cents *		6.56	(4.10)	NA	NA	7.01	13.84
Basic earnings per share - € cents		2.94	(4.10)	(31.87)	(33.03)	4.05	7.62
Diluted earnings per share - € cents		2.82	(3.94)	(30.63)	(31.75)	3.87	7.34

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

Reconciliation of comparative profit and loss figures to published results

	Notes	2001 Half Year			2001 Year End		
		Continuing	Discontinued	As published Total	Continuing	Discontinued	As published Total
		Six Months ended 30 June 2001 Restated Unaudited €000	Six Months ended 30 June 2001 Restated Unaudited €000	Six Months ended 30 June 2001 Unaudited €000	Year ended 31 Dec 2001 Restated Unaudited €000	Year ended 31 Dec 2001 Restated Unaudited €000	Year ended 31 Dec 2001 Audited €000
Turnover	6	33,655	4,711	38,366	71,808	9,909	81,717
Cost of sales		<u>(2,202)</u>	<u>-</u>	<u>(2,202)</u>	<u>(4,924)</u>	<u>-</u>	<u>(4,924)</u>
Gross profit		31,453	4,711	36,164	66,884	9,909	76,793
Operating expenses		<u>(26,060)</u>	<u>(1,724)</u>	<u>(27,784)</u>	<u>(57,187)</u>	<u>(4,859)</u>	<u>(62,046)</u>
Operating profit	6	5,393	2,987	8,380	9,697	5,050	14,747
Exceptional profit on disposal of interest in online services business		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515</u>	<u>515</u>
Profit on ordinary activities before interest		5,393	2,987	8,380	9,697	5,565	15,262
Net interest and other income		<u>(1,700)</u>	<u>(1,355)</u>	<u>(3,055)</u>	<u>(2,173)</u>	<u>(2,639)</u>	<u>(4,812)</u>
Profit on ordinary activities before taxation		3,693	1,632	5,325	7,524	2,926	10,450
Tax on profits on ordinary activities		<u>(1,318)</u>	<u>(63)</u>	<u>(1,381)</u>	<u>(2,976)</u>	<u>(124)</u>	<u>(3,100)</u>
Profit on ordinary activities after taxation		2,375	1,569	3,944	4,548	2,802	7,350
Minority interest		<u>(104)</u>	<u>-</u>	<u>(104)</u>	<u>(94)</u>	<u>-</u>	<u>(94)</u>
Profit for the financial period		2,271	1,569	3,840	4,454	2,802	7,256
Dividends		<u>(425)</u>	<u>-</u>	<u>(425)</u>	<u>(1,446)</u>	<u>-</u>	<u>(1,446)</u>
Retained profit for the financial period		<u>1,846</u>	<u>1,569</u>	<u>3,415</u>	<u>3,008</u>	<u>2,802</u>	<u>5,810</u>
Earnings per ordinary share	5						
Adjusted earnings per share - € cents *		<u>7.01</u>	<u>2.80</u>	<u>9.81</u>	<u>13.84</u>	<u>3.91</u>	<u>17.75</u>
Basic earnings per share - € cents		<u>4.05</u>	<u>2.79</u>	<u>6.84</u>	<u>7.62</u>	<u>4.79</u>	<u>12.41</u>
Diluted earnings per share - € cents		<u>3.87</u>	<u>2.67</u>	<u>6.54</u>	<u>7.34</u>	<u>4.61</u>	<u>11.95</u>

Other Statements
Six months ended 30 June 2002

	Six Months ended 30 June 2002	Six Months ended 30 June 2001 Restated	Year ended 31 Dec 2001
	Unaudited €000	Unaudited €000	Audited €000
Statement of Total Recognised Gains and Losses			
(Loss)/profit for the financial period	(21,378)	3,840	7,256
Exchange movements gain/(loss)	2,787	(1,009)	(545)
Cost of share issues	-	-	(394)
Cost of sale of treasury shares	-	-	(240)
Cost of senior unsecured notes issued	(174)	-	(654)
	<u>(18,765)</u>	<u>2,831</u>	<u>5,423</u>
Prior year adjustment	<u>-</u>	<u>77</u>	<u>77</u>
Total recognised (losses)/gains for the financial period	<u>(18,765)</u>	<u>2,908</u>	<u>5,500</u>

	Six Months ended 30 June 2002	Six Months ended 30 June 2001	Year ended 31 Dec 2001
	Unaudited €000	Unaudited €000	Audited €000
Reconciliation of Movements in Shareholders' Funds			
(Loss)/profit for the financial period	(21,378)	3,840	7,256
Dividends	(474)	(425)	(1,446)
	<u>(21,852)</u>	<u>3,415</u>	<u>5,810</u>
Other recognised gains and losses relating to the period:			
- Exchange movements gain/(loss)	2,787	(1,009)	(545)
Increase/(decrease) in share capital	30	(296)	256
Increase in share premium (net of expenses)	144	2,000	16,558
Increase in capital reserve fund	-	414	414
Goodwill resurrected on disposal of subsidiary	-	-	112
Sale of treasury shares	-	7,963	12,181
	<u>(18,891)</u>	<u>12,487</u>	<u>34,786</u>
Net (decrease)/increase to equity shareholders' funds	<u>(18,891)</u>	<u>12,487</u>	<u>34,786</u>
Opening equity shareholders' funds	<u>66,145</u>	<u>31,359</u>	<u>31,359</u>
Closing equity shareholders' funds	<u>47,254</u>	<u>43,846</u>	<u>66,145</u>

**Consolidated Balance Sheet
as at 30 June 2002**

	30 June 2002	30 June 2001	31 Dec 2001
	Unaudited	Restated	Audited
	€000	Unaudited	€000
	€000	€000	€000
Fixed assets			
Intangible assets	90,867	57,567	66,218
Tangible assets	11,825	14,836	15,097
Financial assets			
- investments in joint ventures	248	5	189
- investments in associates	1,435	1,150	1,278
- other investments	4,297	7,015	4,234
	<hr/>	<hr/>	<hr/>
	108,672	80,573	87,016
	<hr/>	<hr/>	<hr/>
Current Assets			
Stocks	1,679	490	1,258
Debtors	32,727	24,456	38,891
Investments	50,607	48,098	65,350
Cash at bank and in hand	23,636	6,709	26,223
	<hr/>	<hr/>	<hr/>
	108,649	79,753	131,722
	<hr/>	<hr/>	<hr/>
Creditors (amounts falling due within one year)	(30,854)	(39,791)	(51,944)
	<hr/>	<hr/>	<hr/>
Net current assets	77,795	39,962	79,778
	<hr/>	<hr/>	<hr/>
Total assets less current liabilities	186,467	120,535	166,794
	<hr/>	<hr/>	<hr/>
Creditors (amounts falling due after more than one year)	(95,591)	(54,526)	(83,018)
Provisions for liabilities and charges	(43,502)	(22,023)	(17,684)
	<hr/>	<hr/>	<hr/>
	47,374	43,986	66,092
	<hr/>	<hr/>	<hr/>
Capital and reserves			
Called up share capital	7,785	7,203	7,755
Share premium account	44,789	30,087	44,645
Capital conversion reserve fund	414	414	414
Revaluation reserve	2,803	2,803	2,803
Profit and loss account	(8,537)	3,339	10,528
	<hr/>	<hr/>	<hr/>
Group equity shareholders' funds	47,254	43,846	66,145
Equity minority interests	120	140	(53)
	<hr/>	<hr/>	<hr/>
	47,374	43,986	66,092
	<hr/>	<hr/>	<hr/>

Consolidated Cash Flow Statement
Six months ended 30 June 2002

	Notes	Six months ended 30 June 2002 Unaudited €000	Six months ended 30 June 2001 Unaudited €000	Year ended 31 Dec 2001 Audited €000
Net cash inflow/(outflow) from operating activities	10	1,091	(4,669)	(3,236)
Returns on investment and servicing of finance				
Interest received		614	182	494
Interest paid		(3,831)	(2,285)	(4,284)
Finance lease interest paid		(118)	(61)	(242)
Income from investments		74	-	122
Dividends paid to minority interests		-	-	(197)
Cost of senior unsecured notes issued		(174)	-	(132)
		(3,435)	(2,164)	(4,239)
Taxation		(505)	(1,540)	(3,367)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(1,939)	(678)	(1,446)
Sale of tangible fixed assets		4,306	29	316
		2,367	(649)	(1,130)
Acquisitions and Disposals				
Purchase of subsidiary undertakings		(1,203)	(6,229)	(10,377)
Deferred consideration on acquisitions		(10,343)	(2,988)	(3,613)
Interest on loan notes issued on acquisitions		-	-	(751)
Purchase of investments		(321)	(2,260)	(524)
Sale of investments		-	188	152
Sale of subsidiary undertaking		-	-	(86)
(Increase)/decrease in holding of quoted investments		(50)	-	1,537
		(11,917)	(11,289)	(13,662)
Equity dividends paid		-	(45)	(1,241)
Cash outflow before use of liquid resources and financing		(12,399)	(20,356)	(26,875)
Management of liquid resources				
Increase in current asset investments		(7,792)	(219)	(15,542)
Financing				
New loans in period		12,263	19,404	37,347
Senior unsecured notes issued		10,000	-	31,793
Capital element of finance lease rentals		(719)	(242)	(466)
Repayment of debt		(4,027)	(3,757)	(31,544)
Issue of share capital		174	75	15,277
Sale of treasury shares		-	7,964	12,420
Expenses of share issue and sale of treasury shares		(1)	(58)	(634)
Net cash inflow from financing		17,690	23,386	64,193
Movement in cash	11	(2,501)	2,811	21,776

Supplementary information

1. Basis of Preparation

The interim financial statements have been prepared on the basis of the accounting policies set out in the Group's Annual Report for the year ended 31 December 2001, with the exception of the following:

- The Group has adopted the provisions of FRS19 - Deferred Tax (refer to note 9)
- The method of valuation of investments has been changed (refer to note 3)

The interim statement has been approved by the Board of Directors on 5 September 2002. The interim financial information has been reviewed, but not audited, by the Group's auditors, PricewaterhouseCoopers (PwC). As this is the first year in which a half year review has taken place, PwC did not consider the first half results for 2001.

2. Comparative figures

Comparative figures in the Consolidated Profit and Loss Account for the six months ended 30 June 2002 (page 4) are presented net of amounts relating to discontinued activities and exceptional items. A reconciliation of comparative profit and loss figures to published results is included on page 5 of the Interim Report.

3. Investments

The Group has discontinued its investment and trading activities in the traded endowment market and plans to unwind its portfolio of policies in an orderly program of disposal. In light of this, and given current market conditions, the Group has changed its method of valuing policies. Whereas previously each policy was valued by marking each individual policy to market at the balance sheet date, the Group now values policies at their surrender value (i.e. what the insurance company will pay out). The effect of this is to significantly reduce the carrying value of the portfolio and to provide for a loss on the discontinued activity for the half year of €18.46 million. The financing cost of Group investment for the period under review was €1.86 million.

4. Acquisitions and Disposals

The company acquired the following businesses during the six months ended 30 June 2002.

IPS Pensions Limited

On 10 April 2002, the Company acquired Bristol based IPS Pensions Limited, parent of IPS Actuarial Services Limited, a trading company engaged in the provision of actuarial services, employee benefit consultancy and pension scheme administration. The initial consideration of €18.68 million (Stg£11.43 million) was paid by loan notes of €17.65 million (Stg£10.8 million), and cash of €1.03 million (Stg£0.63 million). Further consideration of up to €6.54 million (Stg£4 million) may be payable on achieving agreed profit targets. Net assets acquired were €1.8 million (Stg£1.1 million). A fair value adjustment of Stg£0.15 million has been made to the balance sheet at the acquisition date to recognise work in progress. This had no impact on profit for the period ending 30 June 2002.

Trade Credit Brokers Limited

On 23 May 2002, the Company acquired Trade Credit Brokers Limited, Ireland's largest independent credit insurance brokerage. The initial consideration paid was €1.65 million. Additional consideration of €4.06 million may be payable on achieving agreed profit targets. Net assets acquired were €0.43 million.

5. Earnings per Ordinary Share

	30 June 2002 Unaudited	30 June 2001 Restated Unaudited	31 Dec 2001 Restated Audited
Adjusted			
Profit on continuing activities after taxation and minority interest before exceptional items and goodwill amortisation (€000)	4,243	3,936	8,090
Weighted average number of ordinary shares in issue	64,722,742	56,127,898	58,451,761
Adjusted earnings per share (€ cents)	6.56	7.01	13.84
Basic			
(Loss)/profit after taxation and minority interest (€000)	(21,378)	3,840	7,256
Weighted average number of ordinary shares in issue	64,722,742	56,127,898	58,451,761
Adjusted earnings per share (€ cents)	(33.03)	6.84	12.41
Diluted			
(Loss)/profit after taxation and minority interest (€000)	(21,378)	3,840	7,256
Weighted average number of ordinary shares in issue	67,337,849	58,724,836	60,708,258
Adjusted earnings per share (€ cents)	(31.75)	6.54	11.95

Reconciliation of adjusted earnings

	Six Months 30 June 2002		Six Months 30 June 2001 Restated		Year 31 Dec 2001 Restated	
	Per share €Cents	Earnings €000	Per share €Cents	Earnings €000	Per share €Cents	Earnings €000
(Loss)/profit for the financial year	(33.03)	(21,378)	6.84	3,840	12.41	7,256
Exceptional items	31.87	20,624	-	-	(0.88)	(515)
Discontinued activities	4.10	2,655	(2.80)	(1,569)	(3.91)	(2,287)
Goodwill amortisation	3.62	2,342	2.97	1,665	6.22	3,636
Adjusted earnings	6.56	4,243	7.01	3,936	13.84	8,090

6. Segmental Analysis

Turnover	30 June 2002 Unaudited €000	30 June 2001 Restated Unaudited €000	31 Dec 2001 Restated Unaudited €000
Business Sector			
Continuing Operations			
Financial Services	27,877	23,476	48,858
International Trustee & Corporate Services	7,007	5,956	13,064
Employee Leasing	12,054	4,223	9,886
	<u>46,938</u>	<u>33,655</u>	<u>71,808</u>
Discontinued Operations			
Financial Services	334	1,977	3,954
Investment	24	2,734	4,634
Internet Technology	-	-	1,321
	<u>47,296</u>	<u>38,366</u>	<u>81,717</u>

Operating Profit	30 June 2002 Unaudited €000	30 June 2001 Restated Unaudited €000	31 Dec 2001 Restated Unaudited €000
Business Sector			
Continuing Operations			
Financial Services	5,413	5,814	10,479
International Trustee & Corporate Services	1,707	1,004	2,460
Employee Leasing	348	240	394
	<u>7,468</u>	<u>7,058</u>	<u>13,333</u>
Discontinued Operations			
Financial Services	(824)	263	525
Investment	(269)	2,724	4,615
Internet Technology	-	-	(90)
	<u>6,375</u>	<u>10,045</u>	<u>18,383</u>
Operating profit before goodwill amortisation	<u>6,375</u>	<u>10,045</u>	<u>18,383</u>
Goodwill Amortisation	(2,342)	(1,665)	(3,636)
Operating profit after goodwill amortisation	<u>4,033</u>	<u>8,380</u>	<u>14,747</u>

7. Exceptional Items and Discontinued Activities

i) Restructuring

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 sector 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 10 offices, (2 pending at 30 June 2002), with associated reduction of staff numbers
- b) Implementation of a fee based business model, related IT support and new management structures

Ireland

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

Overall

The total costs of restructuring as at 30 June 2002 are:

	€000
UK re-organisation	(2,300)
Ireland re-organisation	(321)
	<hr/>
	(2,621)
	<hr/>

ii) Discontinued Investment Activities

The Group has taken the strategic decision to unwind its investment division and to cease investment related trading activities. The portfolio of endowment policies held at 30 June 2002 valued at €50.61 million will be unwound, and related debt valued at €49.82 million will be paid off.

The Group has also commenced the selling of other non core assets, namely properties in the investment division. The cessation of activities will remove the investment risk from the Group's Balance Sheet.

8. Net interest and other income

In accordance with current accounting standards net interest includes a €708,000 notional charge in respect of deferred consideration payable by the Company (June 2001: €450,000).

9. Taxation

The charge for taxation for the six months ended 30 June 2002 is based on the estimated effective rate of taxation for the period.

	Continuing €000	Discontinued €000	Exceptional €000	Total €000
Current tax - current year	1,476	(300)	(792)	384
Current tax - prior year	127	-	-	127
Total current tax	1,603	(300)	(792)	511
Deferred tax asset	(660)	-	-	(660)
Net tax charge	943	(300)	(792)	(149)

Excess tax losses have arisen in the current period. Consistent with Financial Reporting Standard (FRS) 19 - Deferred Tax guidance, deferred tax has been calculated using the full provision approach, recognising a deferred tax asset in respect of tax losses arising in the period. The directors believe that it is more likely than not that there will be taxable profits generated in the future against which these losses can be offset. Adopting FRS 19 in 2002 does not impact previously reported financial results.

10. Reconciliation of profit before interest and tax to net inflow from operating activities

	30 June 2002 Unaudited €000	30 June 2001 Unaudited €000	31 Dec 2001 Audited €000
(Loss)/profit before interest and tax	(17,383)	8,380	15,262
Provision against investments	-	88	-
Depreciation and amortisation	3,141	2,371	5,074
Currency translation adjustment	(1,317)	733	947
Loss of associated and joint venture undertakings	92	93	194
Unrealised decrease/(increase) on revaluation of investments	18,090	(1,977)	(4,168)
Decrease/(increase) in debtors	6,947	5,413	(7,516)
Increase in stocks	(421)	(348)	(1,122)
Loan from/(to) associated undertakings	655	830	(369)
Decrease in creditors	(8,449)	(20,231)	(11,043)
(Profit)/loss on sale of fixed assets	(264)	6	11
Profit on sale of investments	-	(27)	-
Loss on sale of fixed asset investments	-	-	9
Profit on disposal of interest in online services business	-	-	(515)
Net cash inflow/(outflow) from operating activities	<u>1,091</u>	<u>(4,669)</u>	<u>(3,236)</u>

11. Reconciliation of net cash flow movements in net debt

	30 June 2002 Unaudited €000	30 June 2001 Unaudited €000	31 Dec 2001 Audited €000
(Decrease)/increase in cash in period	(2,501)	2,811	21,776
Cash inflow from increase in debt and lease financing	(18,168)	(15,405)	(36,476)
Change in net debt resulting from cash flows	<u>(20,669)</u>	<u>(12,594)</u>	<u>(14,700)</u>
New finance leases	-	(264)	(585)
Finance leases on acquisitions	-	(77)	(78)
Amortisation of issue costs	(55)	-	(4)
Translation difference	5,366	(2,322)	(1,934)
Movement in net debt in the period	<u>(15,358)</u>	<u>(15,257)</u>	<u>(17,301)</u>
Opening net debt	(59,686)	(42,385)	(42,385)
Closing net debt	<u>(75,044)</u>	<u>(57,642)</u>	<u>(59,686)</u>

12. Funding secured during period

€10m Senior Unsecured Notes

The company raised €10,000,000 through the issue of Senior Unsecured Notes with Warrants. The notes attract interest at a rate of 8.10% per annum. The notes require repayments at par commencing on the fifth anniversary of issuance and ending on the seventh, at amounts of €3,000,000, €3,000,000 and €4,000,000. Attaching to the notes are warrants to subscribe for €1,340,000 new Ordinary Shares of the Company at €4.00 per share.

13. Total Indebtedness

	Total Indebtedness 30 June 2002 €000
Total Indebtedness	
Investment Related (Ring Fenced) Debt	49,800
Core Business Debt	51,900
	<u>101,700</u>

14. Deferred consideration

	Discounted consideration provided 30 June 2002 €000
Deferred consideration on acquisitions Company	
Berkeley Jacobs Financial Services Limited	14,697
Atlantique Trust Group	2,387
DK Wild & Co Limited	1,551
Fair Isle Investments Limited and its subsidiaries	4,078
Saunderson Ventures Limited, Saunderson House Limited	4,311
Trade Credit Brokers Limited	3,476
IPS Pensions Limited, IPS Actuarial Services Limited	21,628
Other Acquisitions	1,672
	<u>53,800</u>