

IFG Group plc

Financial Highlights

Interim Results

Six months ended 30 June 2004

| | Core Activities Six Months Ended 30 June 2004 Unaudited €000 | Core Activities Six Months Ended 30 June 2003 Unaudited €000 | Notes | Total Six Months Ended 30 June 2004 Unaudited €000 | Total Six Months Ended 30 June 2003 Unaudited €000 |
|--|---|---|-------|---|---|
| Turnover | 40,366 | 37,185 | 1 | 44,965 | 43,674 |
| Operating profit | 7,034 | 6,255 | 2 | 4,638 | 4,010 |
| Profit before taxation | 4,810 | 4,345 | 2 | 2,590 | 1,154 |
| Adjusted earnings per ordinary share - in cent | 6.03 | 5.53 | 3 | n/a | n/a |
| Basic earnings per ordinary share - in cent | n/a | n/a | | 2.61 | 1.27 |
| Recurring income | | | | 11,960 | 10,899 |
| Interim dividend per ordinary share - in cent | | | | 0.76 | 0.73 |
| Group Debt | | | | 41,200 | 62,800 |

Notes:

1. Turnover in relation to core activities excludes amounts in respect of employee leasing.
2. Core activity figures are stated before goodwill amortisation, discontinued activities and exceptional items.
3. Adjusted earnings per share are calculated before goodwill amortisation and exceptional items.

Commenting on the results, Richard Hayes chief executive said:

"Further significant debt reduction, strong growth in our more mature businesses and a large investment in recruitment and training in the half year give us confidence of delivering good growth in earnings in the years ahead."

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Commentary on Interim Results

The directors report that operating profit before goodwill amortisation and exceptional items in respect of core activities for the six months ended 30 June 2004 was €7.0 million compared with €6.3 million in the previous period. Profit before taxation was €2.6 million compared with a profit of €1.2 million in the previous period. Adjusted earnings per share were 6.03 cent (2003HY 5.53 cent). Basic earnings per share were 2.61 cent (2003HY 1.27 cent)

The continuing focus on sustainable long term cash generation has enabled the Group to reduce its banking and deferred consideration obligations in the half year by €6.3 million to €1.2 million whilst at the same time increasing recurring income. Recurring income credited, a key measurement for the future of the company, was €12.0 million from core activities, an increase of 12% on the 2003 comparative figure of €10.7 million. Recurring income includes insurance renewals, trustee fees, actuarial fees and fund management fees which recur over a long period.

The Board has decided to pay an interim dividend of 0.76 cent (2003HY 0.73 cent) per share subject to withholding tax at 20%. The dividend will be paid to qualifying shareholders on the Register at the close of business on 19 November 2004. Dividend warrants will be posted on 3 December 2004.

The Group's International business continued its history of excellent performance. In the UK, the actuarial business although slower through the first half is expected to deliver similar results to 2003 for the full year. The Irish businesses continued to produce strong growth.

Financial Services however continued to turn in weak performances with pension release being a loss making operation through the first half of the year.

Debt

Group Banking and deferred consideration commitments are summarised and compared to the previous half year and year-end below.

| | As at 30 June 2004 | | | As at 31 Dec 2003 | | | As at 30 June 2003 | | |
|--|--------------------|---------------|--------------|-------------------|---------------|--------------|--------------------|---------------|--------------|
| | <u>Core</u> | <u>Invest</u> | <u>Total</u> | <u>Core</u> | <u>Invest</u> | <u>Total</u> | <u>Core</u> | <u>Invest</u> | <u>Total</u> |
| | €m | €m | €m | €m | €m | €m | €m | €m | €m |
| Net debt per balance sheet | 30.1 | 3.8 | 33.9 | 22.2 | 5.2 | 27.4 | 24.5 | 6.0 | 30.5 |
| Bank guaranteed deferred consideration | 4.5 | - | 4.5 | 19.6 | - | 19.6 | 20.9 | - | 20.9 |
| Total bank commitment | 34.6 | 3.8 | 38.4 | 41.8 | 5.2 | 47.0 | 45.4 | 6.0 | 51.4 |
| Contingent deferred consideration | | | 2.8 | | | 10.5 | | | 11.4 |
| Total Commitment | | | 41.2 | | | 57.5 | | | 62.8 |

Group investment related debt at 30 June 2004 was €3.8 million (30 June 2003: €6.0 million) in total which was offset by ring-fenced assets as follows:

| | As at 30 June 2004 | As at 31 Dec 2003 | As at 30 June 2003 |
|--|--------------------|-------------------|--------------------|
| | €m | €m | €m |
| Debtors for sale and surrender of policies | - | 1.4 | 2.3 |
| Remaining assets valued at period end | 4.7 | 4.7 | 6.3 |
| | ----- | ----- | ----- |
| | 4.7 | 6.1 | 8.6 |
| | ----- | ----- | ----- |

The Group continued to focus on debt reduction and cash generation through the first half of the year. The total commitment of the Group, which includes contingent deferred consideration, has fallen by 28% or €16.3 million in the first half of the year. The reduction resulted from the cash receipt of €10.6 million through the sale of 50% of our mortgage broking business combined with good cash generation in the operating businesses.

The breakdown of debt shows that contingent deferred consideration reduced by €7.7 million. A final payment was made in relation to IPS (our Bristol Actuarial service operation). In addition, Core bank debt reduced by €7.2 million. Investment related debt has reduced by €1.4 million and now stands at €3.8 million which is secured against land, equity and premises valued at €4.7 million.

Group Performance

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

| | Core Activities Operating Profit/(loss) | Core Activities Operating Profit/(loss) | Total Operating Profit/(loss) | Total Operating Profit/(loss) |
|--|--|--|---|---|
| | Six Months Ended 30 June 2004 €000 | Six Months Ended 30 June 2003 €000 | Six Months Ended 30 June 2004 €000 | Six Months Ended 30 June 2003 €000 |
| International | | | | |
| International Trustee and Corporate Services | 2,765 | 2,283 | 2,765 | 2,283 |
| UK | | | | |
| Actuarial and Pensioner Trustee | 1,575 | 1,855 | 1,575 | 1,855 |
| Financial Services | 521 | 791 | 521 | 591 |
| Pension Release | (526) | 34 | (526) | (629) |
| Ireland | | | | |
| Mortgage Business Solutions | 978 | 890 | 978 | 890 |
| Financial Services including Central Overhead | 1,721 | 402 | 1,436 | 402 |
| Investment Division (Discontinued) | - | - | - | (77) |
| | ----- | ----- | ----- | ----- |
| Operating profit before goodwill amortisation | 7,034 | 6,255 | 6,749 | 5,315 |
| | ----- | ----- | ----- | ----- |

| | | | | |
|------------------------------|----------------|---------|----------------|---------|
| Goodwill amortisation | (2,111) | (1,305) | (2,111) | (1,305) |
| | ----- | ----- | ----- | ----- |
| Operating profit | 4,923 | 4,950 | 4,638 | 4,010 |
| | ===== | ===== | ===== | ===== |

Note: Core activities operating profit are stated before exceptional items

The International Trustee and Corporate Services division continued its long run of growth through the first half with turnover growth of 16% and profit growth of 21%.

In the UK, Actuarial had a disappointing first half due to a poor performance in the Manchester operation. As stated, the full year result is expected to be in line with 2003. We continue to believe that the pension reform scheduled for 2006 will give rise to significant growth opportunities albeit with a delay of 12 months. The UK IFA business remains profitable but has not yet regained momentum. The Pension Release business has lost money which is a considerable disappointment. This performance is not expected to improve markedly in the second half of the year.

In Ireland, our Mortgage Broking business (which is now a Joint Venture with GE Capital Woodchester) continues to deliver in prime lending. While the non-conforming operations have been slow to develop we continue to believe in the potential of this market. Irish Financial Services have performed well with continued strong growth coming in our Title Insurance, Pensions and other businesses.

During the first half of the year, a substantial investment was made in recruitment and training with approximately fifty new people taken on. These were predominantly in fee earning and client servicing roles.

Outlook

Further significant debt reduction, strong growth in our more mature businesses and a large investment in recruitment and training in the half year give us confidence of delivering good growth in earnings in the years ahead.

Consolidated Profit and Loss Account

Six months ended 30 June 2004

| | | Six Months Ended 30 June 2004 | Six Months Ended 30 June 2003 Restated | Year Ended 31 Dec 2003 |
|--|-------|--|---|------------------------------|
| | Notes | Unaudited €000 | Unaudited €000 | Audited €000 |
| Turnover | 4 | 44,965 | 43,674 | 91,711 |
| Cost of sales | | (2,605) | (9,751) | (23,853) |
| Gross profit | | 42,360 | 33,923 | 67,858 |
| Operating expenses | | | | |
| Goodwill amortisation | | (2,111) | (1,305) | (4,684) |
| Other costs | | (35,611) | (27,615) | (56,064) |
| Exceptional impairment of investments | | - | - | (258) |
| Exceptional item - pension release | | - | (663) | (4,369) |
| <i>Discontinued activities:</i> | | | | |
| Other costs | | - | (330) | (1,122) |
| | | (37,722) | (29,913) | (66,497) |
| Operating profit | 4,5 | 4,638 | 4,010 | 1,361 |
| <i>Exceptional items:</i> | | | | |
| Restructuring charge | | - | (188) | (750) |
| Sale of Irish business | 5 | 176 | - | 6,236 |
| Termination of endowment trading for investment purposes | | - | (200) | (329) |
| Disposal of property investment | | - | 62 | 104 |
| Disposal of businesses | | - | (218) | (172) |
| | | 176 | (544) | 5,089 |
| Profit on ordinary activities before interest | | 4,814 | 3,466 | 6,450 |
| Net interest and other income | 6 | (2,224) | (2,312) | (4,778) |
| Profit on ordinary activities before taxation | | 2,590 | 1,154 | 1,672 |
| Tax on profit on ordinary activities | 7 | (606) | (342) | (1,504) |
| Profit on ordinary activities after taxation | | 1,984 | 812 | 168 |
| Equity minority interest | | (285) | 11 | (26) |
| Profit for the financial year | | 1,699 | 823 | 142 |
| Dividends | | (494) | (474) | (1,496) |
| Retained profit/(loss) for the financial year attributable to equity shareholders | | 1,205 | 349 | (1,354) |
| Adjusted earnings per ordinary share – cent * | 3 | 6.03 | 5.53 | 10.51 |
| Basic earnings per ordinary share – cent | 3 | 2.61 | 1.27 | 0.22 |
| Diluted earnings per ordinary share – cent | 3 | 2.60 | 1.27 | 0.22 |

* before goodwill amortisation, discontinued activities and exceptional items.

Reconciliation of Comparative Profit and Loss Figures to Published Results

Six months ended 30 June 2003

| | Notes | As Published | | | Total |
|--|-------|--|--|--|----------|
| | | Continuing Activities Six Months Ended 30 June 2003 Restated Unaudited €000 | Discontinued Activities Six Months Ended 30 June 2003 Unaudited €000 | Exceptional Items Six Months Ended 30 June 2003 Unaudited €000 | |
| Turnover | 4 | 43,452 | 222 | - | 43,674 |
| Cost of sales | | (9,582) | (169) | - | (9,751) |
| Gross profit | | 33,870 | 53 | - | 33,923 |
| Operating expenses | | | | | |
| <i>Continuing Activities:</i> | | | | | |
| Goodwill amortisation | | (1,305) | - | - | (1,305) |
| Other costs | | (27,615) | - | - | (27,615) |
| Exceptional item – Pension release | | - | - | (663) | (663) |
| <i>Discontinued Activities:</i> | | | | | |
| Other costs | | - | (330) | - | (330) |
| | | (28,920) | (330) | (663) | (29,913) |
| Operating profit/(loss) | 4 | 4,950 | (277) | (663) | 4,010 |
| <i>Exceptional items:</i> | | | | | |
| Continuing activities – Restructuring charge | | - | - | (188) | (188) |
| Discontinued activities – Termination of endowment trading for investment purposes | | - | - | (200) | (200) |
| Discontinued activities – Disposal of property investment | | - | - | 62 | 62 |
| Discontinued activities – Disposal of businesses | | - | - | (218) | (218) |
| | | - | - | (544) | (544) |
| Profit/(loss) on ordinary activities before interest | | 4,950 | (277) | (1,207) | 3,466 |
| Net interest and other income | 6 | (1,910) | (402) | - | (2,312) |
| Profit/(loss) on ordinary activities before taxation | | 3,040 | (679) | (1,207) | 1,154 |
| Tax on profit on ordinary activities | 7 | (767) | 110 | 315 | (342) |
| Profit/(loss) on ordinary activities after taxation | | 2,273 | (569) | (892) | 812 |
| Equity minority interest | | 11 | - | - | 11 |
| Profit/(loss) for the financial year | | 2,284 | (569) | (892) | 823 |
| Dividends | | (474) | - | - | (474) |
| Retained profit/(loss) for the financial year attributable to equity shareholders | | 1,810 | (569) | (892) | 349 |
| Adjusted earnings per ordinary share – cent * | 3 | 5.53 | n/a | n/a | n/a |
| Basic earnings per ordinary share – cent | 3 | n/a | n/a | n/a | 1.27 |
| Diluted earnings per ordinary share – cent | 3 | n/a | n/a | n/a | 1.27 |

* before goodwill amortisation and exceptional items.

Reconciliation of Comparative Profit and Loss Figures to Published Results

Year ended 31 December 2003

| | Notes | As Published | | | Total |
|--|-------|---|---|---|-------------|
| | | Continuing Activities Year Ended 31 Dec 2003 Audited €000 | Discontinued Activities Year Ended 31 Dec 2003 Audited €000 | Exceptional Items Year Ended 31 Dec 2003 Audited €000 | |
| Turnover | 4 | 91,446 | 265 | - | 91,711 |
| Cost of sales | | (23,640) | (213) | - | (23,853) |
| Gross profit | | 67,806 | 52 | - | 67,858 |
| Operating expenses | | | | | |
| <i>Continuing Activities:</i> | | | | | |
| Goodwill amortisation | | (4,684) | - | - | (4,684) |
| Other costs | | (55,494) | - | (570) | (56,064) |
| Exceptional item – Impairment of Investment | | - | - | (258) | (258) |
| Exceptional item – Pension release | | - | - | (4,369) | (4,369) |
| <i>Discontinued Activities:</i> | | | | | |
| Other costs | | - | (1,122) | - | (1,122) |
| | | (60,178) | (1,122) | (5,197) | (66,497) |
| Operating profit/(loss) | 4 | 7,628 | (1,070) | (5,197) | 1,361 |
| <i>Exceptional items:</i> | | | | | |
| Continuing activities – Restructuring charge | | - | - | (750) | (750) |
| Continuing activities – Sale of Irish business | | - | - | 6,236 | 6,236 |
| Discontinued activities – Termination of endowment trading for investment purposes | | - | - | (329) | (329) |
| Discontinued activities – Disposal of property investment | | - | - | 104 | 104 |
| Discontinued activities – Disposal of businesses | | - | - | (172) | (172) |
| | | - | - | 5,089 | 5,089 |
| Profit/(loss) on ordinary activities before interest | | 7,628 | (1,070) | (108) | 6,450 |
| Net interest and other income | 6 | (4,219) | (559) | - | (4,778) |
| Profit/(loss) on ordinary activities before taxation | | 3,409 | (1,629) | (108) | 1,672 |
| Tax on profit on ordinary activities | 7 | (1,240) | 25 | (289) | (1,504) |
| Profit/(loss) on ordinary activities after taxation | | 2,169 | (1,604) | (397) | 168 |
| Equity minority interest | | (26) | - | - | (26) |
| Profit/(loss) for the financial year | | 2,143 | (1,604) | (397) | 142 |
| Dividends | | (1,496) | - | - | (1,496) |
| Retained profit/(loss) for the financial year attributable to equity shareholders | | 647 | (1,604) | (397) | (1,354) |
| Adjusted earnings per ordinary share – cent * | 3 | 10.51 | n/a | n/a | n/a |
| Basic earnings per ordinary share – cent | 3 | n/a | n/a | n/a | 0.22 |
| Diluted earnings per ordinary share – cent | 3 | n/a | n/a | n/a | 0.22 |

* before goodwill amortisation and exceptional items.

Other Statements

Six months ended 30 June 2004

| | Six months Ended 30 June 2004 Unaudited €000 | Six months Ended 30 June 2003 Unaudited €000 | Year Ended 31 Dec 2003 Audited €000 |
|---|---|--|---|
| Statement of Total Recognised Gains and Losses | | | |
| Profit for the financial period | 1,699 | 823 | 142 |
| Exchange movements | (636) | 2,016 | (992) |
| Cost of senior unsecured notes issued | - | - | (16) |
| Total recognised gains/(losses) for the financial period | 1,063 | 2,839 | (866) |

| | Six months Ended 30 June 2004 Unaudited €000 | Six months Ended 30 June 2003 Unaudited €000 | Year Ended 31 Dec 2003 Audited €000 |
|--|---|--|---|
| Reconciliation of Movements in Shareholders' Funds | | | |
| Profit for the financial period | 1,699 | 823 | 142 |
| Dividends | (494) | (474) | (1,496) |
| | 1,205 | 349 | (1,354) |
| <i>Other recognised gains/(losses) for the period:</i> | | | |
| Exchange movements | (636) | 2,016 | (992) |
| Net increase in share capital | - | 9 | 15 |
| Increase in share premium (net of issue expenses) | - | 10 | 42 |
| Net increase/(decrease) to equity shareholders' funds | 569 | 2,384 | (2,289) |
| Opening equity shareholders' funds | 31,627 | 33,916 | 33,916 |
| Closing equity shareholders' funds | 32,196 | 36,300 | 31,627 |

Consolidated Balance Sheet

As at 30 June 2004

| | 30 June 2004 Unaudited €000 | 30 June 2003 Unaudited €000 | 31 Dec 2003 Audited €000 |
|---|--|-----------------------------------|--------------------------------|
| Fixed assets | | | |
| Intangible assets | 61,772 | 70,569 | 62,538 |
| Tangible assets | 6,071 | 5,622 | 5,606 |
| Financial assets | | | |
| - investments in associates | 408 | 307 | 343 |
| - other investments | 727 | 985 | 727 |
| | <hr/> | <hr/> | <hr/> |
| | 68,978 | 77,483 | 69,214 |
| | <hr/> | <hr/> | <hr/> |
| Current assets | | | |
| Stocks | 1,714 | 2,227 | 1,220 |
| Debtors | 43,388 | 36,519 | 43,648 |
| Cash at bank and in hand | 21,023 | 23,347 | 20,753 |
| | <hr/> | <hr/> | <hr/> |
| | 66,125 | 62,093 | 65,621 |
| | <hr/> | <hr/> | <hr/> |
| Creditors (amounts falling due within one year) | (48,326) | (26,215) | (57,147) |
| | <hr/> | <hr/> | <hr/> |
| Net current assets | 17,799 | 35,878 | 8,474 |
| | <hr/> | <hr/> | <hr/> |
| Total assets less current liabilities | 86,777 | 113,361 | 77,688 |
| | <hr/> | <hr/> | <hr/> |
| Creditors (amounts falling due after more than one year) | (46,602) | (65,476) | (38,116) |
| | <hr/> | <hr/> | <hr/> |
| Provisions for liabilities and charges | (6,327) | (11,710) | (6,575) |
| | <hr/> | <hr/> | <hr/> |
| | 33,848 | 36,175 | 32,997 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Capital and reserves | | | |
| Called up share capital | 7,800 | 7,794 | 7,800 |
| Share premium account | 44,831 | 44,799 | 44,831 |
| Capital conversion reserve fund | 414 | 414 | 414 |
| Profit and loss account | (20,849) | (16,707) | (21,418) |
| | <hr/> | <hr/> | <hr/> |
| Group equity shareholders' funds | 32,196 | 36,300 | 31,627 |
| Equity minority interests | 1,652 | (125) | 1,370 |
| | <hr/> | <hr/> | <hr/> |
| Total shareholders' funds | 33,848 | 36,175 | 32,997 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Consolidated Cash Flow Statement

Six months ended 30 June 2004

| | Notes | Six months Ended 30 June 2004 Unaudited €000 | Six months Ended 30 June 2003 Unaudited €000 | Year Ended 31 Dec 2003 Audited €000 |
|--|-------|--|--|---|
| Net cash inflow from operating activities | 8 | 13,758 | 13,163 | 22,704 |
| Returns on investment and servicing of finance | | | | |
| Interest received | | 205 | 439 | 394 |
| Interest paid | | (2,109) | (1,991) | (3,658) |
| Finance lease interest paid | | (19) | (26) | (50) |
| Dividends received | | - | 28 | 12 |
| Cost of senior unsecured notes issued | | - | (14) | (22) |
| | | (1,923) | (1,564) | (3,324) |
| Taxation payments | | (563) | (315) | (1,237) |
| Capital expenditure and financial investment | | | | |
| Purchase of tangible fixed assets | | (1,021) | (398) | (979) |
| Sale of tangible fixed assets | | 61 | 607 | 58 |
| Exceptional item – disposal of property investment | | - | 902 | 943 |
| | | (960) | 1,111 | 22 |
| Acquisitions and Disposals | | | | |
| Purchase of subsidiary undertakings | | (109) | 364 | 177 |
| Deferred consideration on prior year acquisitions | | (24,700) | (7,901) | (8,724) |
| Interest on loan notes issued on acquisitions | | (34) | (154) | (170) |
| Sale of investments | | - | 635 | 635 |
| Exceptional item – Sale of subsidiary undertakings | | 9,050 | 2,269 | 1,885 |
| | | (15,793) | (4,787) | (6,197) |
| Equity dividends paid | | - | - | (1,431) |
| Cash (outflow)/inflow before management of liquid resources and financing | | (5,481) | 7,608 | 10,537 |
| Management of liquid resources | | - | - | - |
| Financing | | | | |
| Issue of share capital | | - | 19 | 63 |
| Repayment of debt | | (411) | (588) | (1,022) |
| Exceptional item – repayment of debt related to discontinued endowment business | | (1,500) | (12,592) | (13,293) |
| New loans in period | | 16,475 | - | - |
| Senior unsecured notes repurchased | | (7,700) | - | - |
| Capital element of finance lease rentals | | (173) | (123) | (212) |
| Net cash inflow/(outflow) from financing | | 6,691 | (13,284) | (14,464) |
| Movement in cash | 9 | 1,210 | (5,676) | (3,927) |

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 2003.

The interim statement was approved by the Board of Directors on 01 September 2004. The interim financial information has been reviewed, but not audited, by the Group's auditors, PricewaterhouseCoopers (PwC).

2. Comparative figures

The analysis between cost of sales, distribution costs and administration expenses for the period to 30 June 2003 have been restated for consistency with the current period and the year to 31 December 2003.

3. Earnings per Ordinary Share

| | 30 June 2004 | 30 June 2003 | 31 Dec 2003 |
|--|---------------------|--------------|-------------|
| | Unaudited | Unaudited | Audited |
| <u>Adjusted</u> | | | |
| Profit after taxation and minority interest before exceptional items, discontinued activities and goodwill amortisation (€000) | 3,919 | 3,589 | 6,827 |
| Weighted average number of ordinary shares in issue for the calculation of earnings per share | 64,997,859 | 64,903,936 | 64,941,695 |
| Adjusted earnings per share (€cent) | 6.03 | 5.53 | 10.51 |
| <u>Basic</u> | | | |
| Profit after taxation and minority interest (€000) | 1,699 | 823 | 142 |
| Weighted average number of ordinary shares in issue for the calculation of earnings per share | 64,997,859 | 64,903,936 | 64,941,695 |
| Basic earnings per share (€cent) | 2.61 | 1.27 | 0.22 |
| <u>Diluted</u> | | | |
| Profit after taxation and minority interest (€000) | 1,699 | 823 | 142 |
| Weighted average number of ordinary shares for the calculation of diluted earnings per share | 65,228,910 | 65,008,990 | 65,075,380 |
| Diluted earnings per share (€cent) | 2.60 | 1.27 | 0.22 |

Reconciliation of adjusted earnings

| | Six Months Ended 30 June 2004 | | Six Months Ended 30 June 2003 | | Year Ended 31 Dec 2003 | |
|--|----------------------------------|------------------|----------------------------------|------------------|---------------------------|------------------|
| | Per share Cent | Earnings €000 | Per share Cent | Earnings €000 | Per share Cent | Earnings €000 |
| Profit for the financial period | 2.61 | 1,699 | 1.27 | 823 | 0.22 | 142 |
| Adjustment for goodwill amortisation | 3.25 | 2,111 | 2.01 | 1,305 | 7.21 | 4,684 |
| Adjustment for exceptional items | 0.17 | 109 | 1.37 | 892 | 0.61 | 397 |
| Adjustment for discontinued activities | - | - | 0.88 | 569 | 2.47 | 1,604 |
| Adjusted earnings before goodwill amortisation | 6.03 | 3,919 | 5.53 | 3,589 | 10.51 | 6,827 |

Supplementary Information (Cont.)

4. Segmental Analysis

Turnover

| | 30 June 2004 | 30 June 2003 | 31 Dec 2003 |
|--|-----------------------------|----------------------|----------------------|
| | Unaudited | Unaudited | Audited |
| | €000 | €000 | €000 |
| <u>Business Sector</u> | | | |
| Financial Services | 31,748 | 29,779 | 66,434 |
| International Trustee and Corporate Services | 8,618 | 7,406 | 15,201 |
| Employee Leasing | 4,599 | 6,267 | 9,811 |
| | <u>44,965</u> | <u>43,452</u> | <u>91,446</u> |
| <i>Discontinued Activities:</i> | | | |
| Financial Services | - | 222 | 265 |
| | <u>44,965</u> | <u>43,674</u> | <u>91,711</u> |
| | <u><u>44,965</u></u> | <u><u>43,674</u></u> | <u><u>91,711</u></u> |

Operating profit

| | 30 June 2004 | 30 June 2003 | 31 Dec 2003 |
|---|----------------------------|---------------------|---------------------|
| | Unaudited | Unaudited | Audited |
| | €000 | €000 | €000 |
| <u>Business Sector</u> | | | |
| Financial Services | 3,952 | 3,248 | 3,134 |
| Investment | - | - | (258) |
| International Trustee and Corporate Services | 2,765 | 2,283 | 4,150 |
| Employee Leasing | 32 | 61 | 89 |
| | <u>6,749</u> | <u>5,592</u> | <u>7,115</u> |
| <i>Discontinued Activities:</i> | | | |
| Financial Services | - | (200) | (272) |
| Investment | - | (77) | (798) |
| Operating profit before goodwill amortisation | <u>6,749</u> | <u>5,315</u> | <u>6,045</u> |
| Goodwill amortisation | <u>(2,111)</u> | <u>(1,305)</u> | <u>(4,684)</u> |
| Operating profit after goodwill amortisation | <u><u>4,638</u></u> | <u><u>4,010</u></u> | <u><u>1,361</u></u> |

Supplementary Information (Cont.)

5. Exceptional Items

(i) Other costs – Pension Funding

As noted at the year-end, the executive directors' pensions are currently under-funded. A further payment of €285,000 has been made in the six months to 30 June 2004 in line with amounts previously disclosed.

(ii) Sale of Irish business

A further gain of €176,000 has been recognised in the six months to 30 June 2004 following the completion of the sale of 50% of the Group's share of IFG Investment and Mortgage Services Limited and IFG Mortgage and Assurance Services Limited to GE Capital Woodchester.

6. Net interest and other income

Net interest includes a €19,000 notional charge in respect of deferred consideration payable by the Group (Six months ended 30 June 2003: €72,000).

7. Taxation

The charge for taxation for the six months ended 30 June 2004 is based on the estimated effective rate of taxation for the period.

| | 30 June 2004 | 30 June 2003 | 31 Dec 2003 |
|--|---------------------|--------------|-------------|
| | Unaudited | Unaudited | Audited |
| | €000 | €000 | €000 |
| Current tax – current period charge | 1,872 | 342 | 1,145 |
| Current tax – prior period under/(over) provision | 18 | (464) | (385) |
| Total current tax | 1,890 | (122) | 760 |
| Release of deferred tax liability to current tax liability | (1,284) | 464 | 744 |
| Net tax charge | 606 | 342 | 1,504 |

Supplementary Information (Cont.)

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

| | 30 June 2004 | 30 June 2003 | 31 Dec 2003 |
|--|-----------------------------|----------------------|----------------------|
| | Unaudited | Unaudited | Audited |
| | €000 | €000 | €000 |
| Profit before interest and tax | 4,814 | 3,466 | 6,450 |
| Exceptional items provision against investments | - | - | 258 |
| Depreciation and amortisation | 2,706 | 2,219 | 5,989 |
| Profit/(loss) on sale of fixed assets | 6 | - | (2) |
| Exceptional items – disposal of property investments | - | (62) | (104) |
| Currency translation adjustment | (70) | (259) | (1,243) |
| Profit of associated and joint venture undertakings | (65) | (47) | (83) |
| Unrealised (increase)/decrease on revaluation of investments | - | (26) | 104 |
| (Increase)/decrease in debtors | (7,685) | 11,362 | 11,419 |
| Exceptional items – restructuring charge continuing activities | - | 121 | 2,807 |
| Exceptional items – gain on mortgages transaction | - | - | (6,236) |
| Exceptional items – termination of UK discontinued activities | - | - | 287 |
| Exceptional items – termination of endowment trading for investment purposes | - | 1,465 | - |
| (Increase)/decrease in stocks | (434) | 51 | 2,376 |
| Loan to associated undertakings | (17) | (320) | (33) |
| Increase/(decrease) in creditors | 14,503 | (5,025) | 543 |
| Exceptional item – loss on sale of subsidiary | - | 218 | 172 |
| | <u><u>13,758</u></u> | <u><u>13,163</u></u> | <u><u>22,704</u></u> |

9. Reconciliation of net cash flow movements in net debt

| | 30 June 2004 | 30 June 2003 | 31 Dec 2003 |
|---|-------------------------------|------------------------|------------------------|
| | Unaudited | Unaudited | Audited |
| | €000 | €000 | €000 |
| Increase/(decrease) in cash in period | 1,210 | (5,676) | (3,927) |
| Cashflow from (increase)/decrease in debt and lease financing | (6,736) | 13,289 | 14,549 |
| | <u><u>(5,526)</u></u> | <u><u>7,613</u></u> | <u><u>10,622</u></u> |
| Change in net debt resulting from cash flows | | | |
| New finance leases | (10) | (12) | (146) |
| Loans and finance leases on acquisition | - | - | (26) |
| Amortisation of issue costs | (60) | (59) | (121) |
| Translation difference | (883) | 2,343 | 2,656 |
| | <u><u>(6,479)</u></u> | <u><u>9,885</u></u> | <u><u>12,985</u></u> |
| Movement in net debt in the period | | | |
| Opening net debt | (27,408) | (40,393) | (40,393) |
| | <u><u>(33,887)</u></u> | <u><u>(30,508)</u></u> | <u><u>(27,408)</u></u> |

Supplementary Information (Cont.)

10. Deferred consideration on acquisitions

| | Discounted Consideration Provided 30 June 2004 €000 |
|---|--|
| <i>Company:</i> | |
| Saunderson Ventures Limited, Saunderson House Limited | 4,402 |
| Trade Credit Brokers Limited | 2,758 |
| Other acquisitions | 174 |
| | <hr/> 7,334 <hr/> <hr/> |

11. Contingent Liability

On 11 February 2004, the Financial Services Authority ("FSA") published a Final Notice arising from the investigation conducted by its Enforcement Division, during 2003, into sales and advice processes at Berkeley Jacobs Financial Services during the period December 2000 to March 2003. Berkeley Jacobs has undertaken to review the advice provided to clients who released pension benefits during that period in order to establish whether these clients may have been disadvantaged. Arrangements for the review have been agreed with the FSA and it is currently in its early stages. An amount of €2.5m has been provided, being the directors' best estimate both of the costs of undertaking the review and the amount of redress, which might need to be paid in due course. However, as this estimate is based on a number of assumptions which it is not possible to objectively support, it is subject to uncertainty. The eventual costs could be greater or less than the amounts provided.

INDEPENDENT REVIEW REPORT TO IFG Group plc

Introduction

We have been instructed by IFG Group plc to review the financial information set out on pages 4 to 14. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the board of directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Irish Stock Exchange which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board applicable in Ireland. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards applicable in Ireland and, therefore, provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. This report has been prepared for and only for the company for the purpose of the Listing Rules of the Irish Stock Exchange and for no other purpose. We do not, in producing this report, 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 by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2004.

PricewaterhouseCoopers
Chartered Accountants
Dublin

01 September 2004

Notes:

- (a) The maintenance and integrity of the IFG Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.
- (b) Legislation in Ireland governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.