

**PRESS ANNOUNCEMENT
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PRELIMINARY RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2005

	Adjusted measures 2005 €000	Adjusted measures 2004 €000	Notes	Total IFRS 2005 €000	Total IFRS 2004 €000
Revenue	92,674	83,836	1	92,674	95,328
Operating profit	12,868	10,315	2	5,152	386
Profit/(loss) before taxation	10,683	6,718	2	2,967	(3,211)
Adjusted earnings per share - in cent	12.58	7.49	3	n/a	n/a
Basic earnings per ordinary share - in cent	n/a	n/a		1.69	(5.15)
Renewal income	24,993	23,859		n/a	n/a
Group net debt				29,600	36,700
Dividend per ordinary share - in cent				3.00	2.40

Notes:

1. Revenue in relation to adjusted measures excludes amounts in respect of employee leasing in 2004. The results of the employee leasing unit are included under associates in 2005.
2. Adjusted profit/(loss) and earnings per share figures are stated before exceptional items, amortisation of intangible assets and share option charges.
3. Reconciliation of adjusted earnings:

	Year ended 31 Dec 2005		Year ended 31 Dec 2004	
	Per share cent	Earnings €000	Per share cent	Earnings €000
Profit/(loss) attributable to equity holders	1.69	1,098	(5.15)	(3,353)
Exceptional adjustments (net of tax) (note 4)	10.15	6,595	12.08	7,865
Amortisation of intangible assets	0.16	101	0.18	115
Share option charges	0.58	378	0.38	247
Adjusted earnings	12.58	8,172	7.49	4,874

Commenting on the results, Mark Bourke, Interim Chief Executive, said:

“The quality of our people combined with the strength of our financial position will deliver strong growth in each of our divisions going forward. We will maintain our focus on cash generation and the growth of high quality income streams.”

For further information, please contact Mark Bourke on +353 1 275 2800, e-mail: mark.bourke@ifg.ie

The Group earns revenue from two sources:

- Commissions earned in the intermediation of financial services products;
- Fees from the provision of services including, in particular trustee and corporate services and actuarial and pensioner trustee business.

The Group operates in two business segments:

- Financial Services;
- Trustee and Corporate Services

2005 saw a continuing improvement in the performance of both segments. Within the segments there was strong growth in both the Irish Property and UK based Actuarial and Pensioner Trustees businesses. There was also continued growth in the International business. These results were complemented by steady performances in the UK and Irish advisory businesses.

Adjusted profits before tax were €10.7 million on revenues of €2.7 million (total profit before tax of €3.0 million) after the items noted below. This compares with €6.7 million and €3.8 million respectively in the previous year (total loss before tax of €2 million on total revenues of €5.3 million).

Adjusted profits before tax for the year as reflected are before:

- Provision for the past business review of the Pension Release business of €1.9 million;
- Funding of senior directors' pension of €0.6 million;
- Proceeds from the sale of Irish business of €0.1 million;
- Loss on sale of investment of €0.2 million;
- Share option charges of €0.4 million;
- Amortisation of intangible assets of €0.1 million.

The net effect of these items is a charge of €3.1 million and, in addition, goodwill of €4.6 million has been written off in relation to IFG Financial Services Limited, the general UK IFA business. Total adjustments to operating profit are €7.7 million. Details of 2005 and 2004 exceptional items are set out in Note 4.

Adjusted earnings per share were 12.58 cent (2004: 7.49 cent). On a total IFRS basis, basic earnings per share were 1.69 cent (2004: losses of 5.15 cent).

Group Financing

	As at 31 December 2005			As at 31 December 2004		
	Core €m	Investment €m	Total €m	Core €m	Investment €m	Total €m
Total net bank commitment	26.6	3.0	29.6	30.2	3.8	34.0
Deferred consideration			-			2.7
Total net commitment			<u>29.6</u>			<u>36.7</u>

The gross cash generation was in excess of €13.0m, of which €6.0m was reinvested in the International Division with the remainder reducing debt. The €13.0m cash generated was substantially operating cash with €0.8m coming from a property disposal in Kent. 2005 also saw the final payment of our deferred consideration of €2.7m and therefore the conclusion of Trade Credit Brokers' earnout.

While we will continue with the disciplined approach to the Group's debt, we will in parallel seek to develop each of our core divisions through a combination of organic growth and bolt on acquisitions where price and fit combine to make a compelling case.

Group Performance

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

	Total operating profit/(loss) 2005 €000	Total operating profit/(loss) 2004 €000
Trustee & Corporate Services		
International Trustee & Corporate Services	5,106	5,338
Financial Services & Unallocated		
Pensioner Trustee - UK	3,220	2,496
Financial Services - UK	872	(1,496)
Mortgage and Title Insurance - Ireland	3,005	2,024
Financial Services including Central Overhead - Ireland	665	1,814
Employee Leasing	-	139
Adjusted operating profit	12,868	10,315
Exceptional items - Financial Services	(7,237)	(9,567)
Share option charges - Trustee & Corporate Services	(76)	(52)
- Financial Services	(302)	(195)
Amortisation of intangibles - Financial Services	(101)	(115)
Total operating profit	5,152	386
Operating profit - Trustee & Corporate Services	5,030	5,286
- Financial Services	122	(4,900)
Total operating profit	5,152	386

International Trustee and Corporate Services

Adjusted profits of this division remain strong at €5.1m (2004: €5.3m). This result belies the strength of the underlying business as the division also generated interest income of €470k (included in finance income) and incurred set up costs of €250k for its new operations in Spain. The underlying growth is also highly favourable when considered against an exceptional performance in the prior year.

During the year the International Business made two bolt on acquisitions.

- (i) In April the Group purchased Mularon Limited ('Mularon') which was a small privately owned corporate trust business based in Shannon, Ireland. Total consideration was €25k;
- (ii) Bank of Scotland Trust Company (International) Limited ('BOST') was purchased on 23 December 2005. This acquisition is a bolt on to IFG Jersey Limited and has, in addition to standard corporate services, a specialism in offshore employee benefit trust administration. The total consideration was €10.0m which included cash acquired of €4.4m.

These acquisitions mark the execution of the International strategy in terms of service locations and distribution capability. In addition to the acquisition we are already benefiting from our newly established relationship with Halifax Bank of Scotland. In conjunction with these acquisitions the Group continued to develop its Eastern European client base and has invested in resources to service the opportunities in this area.

The division will continue to perform in 2006 and expects to maintain its track record of strong growth. The business environment continues to be favourable as offshore locations tighten up compliance and large institutions retreat from custodial work.

Financial Services

Pensioner Trustee - UK

The results of the Pensioner Trustee business show growth year on year of 29%. This is due to good growth in both Bristol and London, as well as the elimination of losses in Manchester.

Although the benefits anticipated by the original "A" day proposals relating to wider asset classes (in particular residential property) will not now materialise, we expect continued organic growth in the SIPP market and there may be opportunities for bolt on acquisitions.

Financial Services – UK

Over the past three years the Financial Services business has been a disappointing performer overall coping with legacy business complaints, ever increasing regulatory burdens and generally poor market conditions.

The combined performance of these businesses has improved from a loss of €1.5m to an adjusted profit of €0.9m. This improvement is largely due to loss elimination in our pension release business, with turnover growing by approximately 8%. This growth is a significant achievement given the complaints experience in relation to legacy issues.

As stated last year the UK was subject to a number of remedial actions which have resulted in the successful turnaround of certain loss makers. This was against a backdrop of a high level of complaints and a requirement for intensive work on the past business review of the pension release business which is now closed to new business.

There has been an additional provision in relation to the now concluded past business review. We believe, as stated on 15 March 2006, that this issue is now behind us.

Leaving aside the successful management of the past business related issues, the UK now looks set for positive performance going forward particularly in the niche carved out by Saunderson House Limited and John Siddalls Group.

Saunderson House Limited, the high quality fee based advisory business, has been the most significant contributor to profits of the Group's advisory operation in the UK. This has grown both top line and operating profit at margins which are rarely found in this area. John Siddalls Group, which deals with UK nationals going offshore, has outperformed against expectations and is a business which, we believe, has significant potential in a growing but under serviced market. These niche specialisms are the UK's growth engines and will feature more as legacy issues recede.

Mortgage and Title Insurance- Ireland

In Ireland our property division surged ahead in 2005 with the combined mortgage and title insurance profit growing by 48% (excluding the non-conforming dividend).

This was achieved on the back of a 25% growth in turnover on both mortgages and title insurance. In 2005 cheque issues to clients from lenders were €1.5bn (2004 €1.16bn). This represents an increase of 30% on the prior year. The venture with GE Capital Woodchester in non-conforming lending performed to target but was disappointing in the context of overall development of the non-conforming or sub-prime market.

The Group has now developed a mortgage product for the over sixties in conjunction with Sentinel (a New Zealand provider) which is new to the Irish market. This is expected to grow significantly in the 2006-2007 periods and has already met with considerable interest in the market place.

Financial Services including Central Overhead – Ireland

The financial advisory business has recovered from a weak first six months which had been impacted by losses in the Group's investment management business, group pensions business and policy trading unit. The latter two operations have been turned around whilst the Group has exited its investment management business in the first quarter of 2006.

Our credit insurance subsidiary has successfully negotiated its first year post earn-out and is increasing its focus on ways to build on its dominant position in the market.

As a Group, we see considerable scope in our advisory business going forward particularly in the context of an advisory network which operates in the same manner as our mortgage division.

Dividends

Your Board is recommending a final dividend of 2.05 cent per share which when added to the interim dividend already paid, makes a total of 3.00 cent per share, an increase of 25% on the previous year. Subject to shareholder approval, the final dividend will be paid on 21 July 2006 to shareholders on the Register on 7 July 2006.

Consolidated Income Statement

Year Ended 31 December 2005

	Notes	2005 €000	2004 €000
Revenue	3	92,674	95,328
Cost of sales		<u>(4,385)</u>	<u>(19,226)</u>
Gross profit		88,289	76,102
Operating expenses			
Administrative expenses		(76,470)	(66,719)
Other expenses		<u>(6,667)</u>	<u>(8,997)</u>
Total operating expenses		<u>(83,137)</u>	<u>(75,716)</u>
Operating profit	3	5,152	386
Operating profit before exceptional items		12,389	9,953
Exceptional items	4	<u>(7,237)</u>	<u>(9,567)</u>
Operating profit	3	5,152	386
Finance income		996	718
Finance costs		(3,287)	(4,421)
Share of profit of associates		<u>106</u>	<u>106</u>
Profit/(loss) before income tax		2,967	(3,211)
Income tax (expense)/credit	5	<u>(845)</u>	<u>516</u>
Profit/(loss) for the period		<u>2,122</u>	<u>(2,695)</u>
Profit/(loss) for period attributable to:			
Equity holders of the Company		1,098	(3,353)
Minority interest		<u>1,024</u>	<u>658</u>
		<u>2,122</u>	<u>(2,695)</u>
Earnings per ordinary share (cent)			
Basic	6	1.69	(5.15)
Diluted	6	1.69	(5.15)

The 2004 consolidated income statement has been restated since the release of the Group's transition document. See Note 8 for details.

Consolidated Balance Sheet

As at 31 December 2005

	Notes	2005 €000	2004 €000
Assets			
Non-current assets			
Property, plant & equipment		4,891	5,870
Intangible assets		54,581	51,203
Investments in associates		527	471
Deferred income tax assets		1,347	1,492
Investments		-	630
Available for sale financial assets		188	-
Other receivables		266	526
Total non-current assets		61,800	60,192
Current Assets			
Inventories		-	228
Trade and other receivables		35,009	34,511
Current income tax asset		320	265
Cash and cash equivalents	7	17,281	17,944
Total current assets		52,610	52,948
Total assets	3	114,410	113,140
Liabilities			
Non-current liabilities			
Borrowings		29,616	39,026
Deferred income tax liabilities		543	-
Retirement benefit obligations		912	881
Provisions for liabilities and charges		893	-
Other non-current liabilities		1,250	1,250
Total non-current liabilities		33,214	41,157
Current liabilities			
Trade and other payables		38,334	32,425
Current income tax liabilities		1,165	1,577
Borrowings		17,210	12,936
Provisions for liabilities and charges		2,187	3,441
Total current liabilities		58,896	50,379
Total liabilities	3	92,110	91,536
Net assets		22,300	21,604
Equity			
<i>Capital & reserves attributable to equity holders of the company</i>			
Share capital		7,828	7,827
Share premium		44,861	44,867
Other reserves		1,224	661
Retained earnings		(32,887)	(33,124)
		21,026	20,231
Minority interest		1,274	1,373
Total equity		22,300	21,604

The 2004 consolidated balance sheet has been restated since the release of the Group's transition document. See Note 8 for details.

Consolidated Cash Flow Statement

As at 31 December 2005

	Note	2005 €000	2004 €000
Cash flows from operating activities			
Cash generated from operations	7	21,010	23,258
Interest received		674	383
Income taxes paid		(1,347)	(825)
Net cash generated from operating activities		20,337	22,816
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,306)	(2,011)
Sale of property, plant and equipment		937	110
Purchase of subsidiary undertakings net of cash acquired		(6,251)	(492)
Deferred consideration on prior year acquisitions		(2,687)	(29,136)
Interest on loan notes issued on acquisitions		-	(75)
Sale of interest in subsidiary undertaking		-	8,381
Net cash used in investing activities		(9,307)	(23,223)
Cash flows from financing activities			
Dividends paid		(1,663)	(1,444)
Interest paid		(3,400)	(3,819)
Dividends paid to minority interests		(1,123)	(606)
Proceeds from issue of share capital		(5)	63
Repayment of debt		(1,219)	(1,739)
Proceeds from long-term borrowings		-	20,897
Senior unsecured notes repaid		(5,860)	(13,408)
Payment of finance lease liabilities		(182)	(294)
Net cash used in financing activities		(13,452)	(350)
Net decrease in cash and cash equivalents		(2,422)	(757)
Cash and cash equivalents at the beginning of the year		16,307	17,033
Effect of foreign exchange rate changes		451	31
Cash and Cash Equivalents at end of year	7	14,336	16,307

Cash and Cash Equivalents are comprised of cash and short term deposits net of bank overdrafts that are repayable on demand. For the purpose of the cash flow statement cash and cash equivalents include the following:

		2005 €000	2004 €000
Cash and Cash Equivalents	7	17,281	17,944
Bank overdrafts		(2,945)	(1,637)
	7	14,336	16,307

The 2004 consolidated cash flow statement has been restated since the release of the Group's transition document. See Note 8.

Statement of Changes in Equity

	Share capital	Share premium	Other reserves	Translation reserve	Retained earnings	Attributable to equity holders	Minority interest	Total Equity
	€000	€000	€000	€000	€000	€000	€000	€000
At 1 January 2004	7,800	44,831	414	(4,773)	(21,979)	26,293	1,370	27,663
Currency translation adjustments	-	-	-	(1,505)	-	(1,505)	(1)	(1,506)
Net expense recognised directly in equity	-	-	-	(1,505)	-	(1,505)	(1)	(1,506)
Loss for the period	-	-	-	-	(3,353)	(3,353)	658	(2,695)
Total recognised income for 2004	-	-	-	(1,505)	(3,353)	(4,858)	657	(4,201)
Dividends	-	-	-	-	(1,514)	(1,514)	(606)	(2,120)
Issue of share capital	27	36	-	-	-	63	-	63
Sale of interest in subsidiary with minority interest	-	-	-	-	-	-	(48)	(48)
Equity share options granted	-	-	247	-	-	247	-	247
	27	36	247	-	(1,514)	(1,204)	(654)	(1,858)
At 31 December 2004	7,827	44,867	661	(6,278)	(26,846)	20,231	1,373	21,604
<u>Adjustments on adoption of IAS 32 & IAS 39</u>								
Convertible bond-equity component	-	-	338	-	(184)	154	-	154
Fair value losses – available for sale financial assets	-	-	(119)	-	-	(119)	-	(119)
At 1 January 2005	7,827	44,867	880	(6,278)	(27,030)	20,266	1,373	21,639
Currency translation adjustments	-	-	-	1,006	-	1,006	-	1,006
Fair value movement on available-for-sale investments	-	-	(34)	-	-	(34)	-	(34)
Net (expense)/income recognised directly in equity	-	-	(34)	1,006	-	972	-	972
Profit for the period	-	-	-	-	1,098	1,098	1,024	2,122
Total recognised income for 2005	-	-	(34)	1,006	1,098	2,070	1,024	3,094
Dividends	-	-	-	-	(1,683)	(1,683)	(1,123)	(2,806)
Issue of share capital	1	6	-	-	-	7	-	7
Equity share options granted	-	-	378	-	-	378	-	378
Buy back of treasury shares	-	(12)	-	-	-	(12)	-	(12)
	1	(6)	378	-	(1,683)	(1,310)	(1,123)	(2,433)
At 31 December 2005	7,828	44,861	1,224	(5,272)	(27,615)	21,026	1,274	22,300

The 2004 consolidated statement of changes in equity has been restated since the release of the Group's transition document. See Note 8.

Notes

1. General information

IFG Group and its subsidiaries (together the Group) are engaged in the provision of financial advisory services and international corporate and trustee services. The Company is a public company, incorporated and domiciled in the Republic of Ireland. The address of its registered office is IFG House, Booterstown Hall, Booterstown, County Dublin, Ireland. The financial statements have been approved for issue by the Board of Directors on 11 April 2006.

2. Basis of preparation of the consolidated financial statements

The consolidated financial statements of IFG Group plc, which are presented in Euro (‘€’) have been prepared using the historical cost convention as modified by the measurement at fair value of share options and available-for-sale financial assets. Previously the Group prepared its audited annual financial statements in accordance with Irish GAAP. In accordance with EU Regulations, the Group is required to present its annual consolidated financial statements for the year ended 31 December 2005 in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) and adopted for use by the EU.

The Group’s transition date to IFRS is 1 January 2004 and the comparative financial information for the year ended 31 December 2004 has been restated on a consistent basis with those accounting policies applied by Group in preparing its first full financial statements in accordance with IFRS at 31 December 2005, except where otherwise required or permitted by IFRS 1 “First time adoption of International Accounting Standards” (IFRS 1). Since the publication of the transition document on 28 September 2005 a number of errors have come to light that have been corrected. See Note 8 for further details.

The transition to IFRS is accounted for in accordance with IFRS 1. This standard sets out how to adopt IFRS for the first time and mandates that most standards are to be fully applied retrospectively. There are certain limited exemptions from this requirement. The significant decisions taken in respect of availing, or otherwise, of the exemptions available are outlined below.

- Business combinations: Business combinations prior to the transition date (1 January 2004) have not been restated;
- Share-based payments: IFRS 2 ‘Share-based Payments’ applies to equity instruments such as share options. IFG has elected to implement the standard in respect of share options granted after 7 November 2002 and not vested by 1 January 2005;
- Financial instruments: Financial instruments in the comparative periods presented in the Annual Report 2005 are recorded on the Irish GAAP basis applicable in that year, rather than in accordance with IAS 32 ‘Financial Instruments : Disclosure and Presentation’ and IAS 39 ‘Financial Instruments: Recognition and Measurement’;
- Retirement benefit obligations: Cumulative actuarial gains and losses at date of transition have been recognised in full in equity. IFG has elected to adopt the ‘corridor approach’ in relation to recognition of actuarial gains and losses;
- Foreign exchange: Cumulative translation differences for all foreign operations are deemed to be zero at date of transition. Upon subsequent disposal of a foreign operation, the gain or loss will exclude any translation differences prior to transition but will include all later differences.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. These assumptions affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management’s best judgement at the date of the financial statements, deviate from the actual outcome, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

The accounts in this preliminary announcement are not the statutory accounts of the company a copy of which is required to be annexed to the company's annual return to the Companies Registration Office in Ireland. A copy of the statutory accounts required to be annexed to the company's annual return in respect of the year ended 31 December 2004 has in fact been so annexed. A copy of the statutory accounts in respect of the year ended 31 December 2005 will be annexed to the company's annual return for 2005. The auditors of the company have made a report, without any qualification on their audit of the statutory accounts of the company in respect of the year ended 31 December 2004 and the directors have approved the statutory accounts of the company in respect the year ended 31 December 2005 on 11 April 2006.

3. Segment information

Primary reporting format-business segments

At 31 December 2005, the Group is organised on a worldwide basis into two main business segments:

- Provision of financial services;
- Provision of corporate and trustee services incorporating back office services.

The segment results for the year ended 31 December 2005 are as follows:

	Financial services	Trustee & corporate services	Unallocated	Total
	€000	€000	€000	€000
Revenue	72,090	20,584	-	92,674
Operating profit/(loss)	631	5,030	(509)	5,152
Finance costs (net)				(2,291)
Share of profit of associate	106	-	-	<u>106</u>
Profit before income tax				2,967
Income tax expense				(845)
Profit for the year				<u>2,122</u>

The segment results for the year ended 31 December 2004 are as follows:

	Financial services	Trustee & corporate services	Unallocated	Total
	€000	€000	€000	€000
Revenue	77,358	17,970	-	95,328
Operating profit/(loss)	(3,648)	5,286	(1,252)	386
Finance costs (net)				(3,703)
Share of profit of associate	106	-	-	<u>106</u>
Profit before income tax				(3,211)
Income tax expense				516
Profit for the year				<u>(2,695)</u>

Other non-cash segment items included in the income statement are as follows:

	<u>2005</u>				<u>2004</u>			
	Financial services	Trustee & corporate services	Other	Total	Financial services	Trustee & corporate services	Other	Total
	€000	€000	€000	€000	€000	€000	€000	€000
Depreciation	<u>685</u>	<u>474</u>	<u>210</u>	<u>1,369</u>	754	368	289	1,411
Amortisation of intangibles	<u>41</u>	-	<u>60</u>	<u>101</u>	56	-	59	115
Impairment of goodwill	<u>4,619</u>	-	-	<u>4,619</u>	7,374	-	-	7,374

The segment assets and liabilities at 31 December 2005 and capital expenditure for the year then ended are as follows:

	<u>2005</u>				<u>2004</u>			
	Financial services	Trustee & corporate services	Other	Total	Financial services	Trustee & corporate services	Other	Total
	€000	€000	€000	€000	€000	€000	€000	€000
Assets	74,559	33,131	6,720	114,410	79,700	24,311	9,129	113,140
Liabilities	(13,341)	(23,247)	(55,522)	(92,110)	(14,122)	(13,145)	(64,269)	(91,536)
Capital expenditure	962	6,518	16	7,496	1,340	890	237	2,467

Segment assets consist primarily of property, plant & equipment, intangible assets, trade receivables and cash. They exclude both income tax and deferred tax and investments.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.

Capital expenditure comprised additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations. It does not include additions acquired by finance leases.

Secondary reporting format-geographical segments

The Group's two main business segments operate in three main geographical areas.

The home country of the company is Ireland.

Revenue	2005	2004
	€000	€000
Ireland	40,195	47,386
UK	30,923	30,010
IOM & Jersey	19,479	16,984
Other countries	2,077	948
	92,674	95,328

Revenue is allocated based on the country where the customer is located.

Total assets	2005	2004
	€000	€000
Ireland	28,218	32,654
UK	52,624	55,227
IOM & Jersey	32,843	23,887
Other countries	198	901
	113,883	112,669
Associates	527	471
	114,410	113,140

Total assets are allocated based on where the assets are located.

Capital Expenditure	2005	2004
	€000	€000
Ireland	623	757
UK	327	820
IOM & Jersey	6,512	890
Other countries	34	-
	7,496	2,467

Capital expenditure is allocated based on where the assets are located.

4. Exceptional Costs

		2005	2004
		€000	€000
Goodwill impairment	(i)	(4,619)	(7,374)
Pension release provision	(ii)	(1,950)	-
Pension funding	(iii)	(570)	(570)
Sale of investments	(iv)	(233)	-
Disposal of Irish businesses	(v)	135	483
Pension release closure	(vi)	-	(1,590)
Exceptional payments	(vii)	-	(419)
Impairment of investments	(viii)	-	(97)
		<u>(7,237)</u>	<u>(9,567)</u>

(i) Goodwill impairment

During the second half of the year the goodwill carried in IFG Financial Services UK Limited was deemed to be impaired, due to a reduction in profitability, and has been written off in full. An amount of €4,619,000 has been charged to the income statement.

2004

On 23 November 2004 the Group announced its intention to exit the pension release business carried on by its subsidiary Berkeley Jacobs Financial Services Limited. The goodwill being carried at that time of €7,374,000 was deemed to be impaired and was written off in full.

(ii) Pension release provision

In the year ended 31 December 2003 an amount for €2,700,000 was provided to cover the cost of undertaking a review of past business practices at Berkeley Jacobs Financial Services Limited and possible redress following an investigation by the FSA. This provision was based on best estimates at that time. During 2005 as the review progressed, greater clarity was achieved on the number of cases to be reviewed and the methodology to calculate the potential redress. Arising from these developments, an additional amount of €1,950,000 has been provided. It is anticipated that the additional amount provided will be sufficient.

(iii) Pension funding

The executive directors received an aggregate payment of €570,000 in each of 2003, 2004 and 2005. These payments which are shown as part of directors' remuneration were made as the directors' pensions were deemed under-funded. No further payments are expected in 2006.

(iv) Sale of investments

During 2005, the Group disposed of quoted equities for an amount of €56,000. Their market value had fallen during the year and this resulted in an exceptional loss on disposal of €233,000.

(v) Disposal of Irish businesses

In December 2005 the Group disposed of its interest in an associate company FIRSL Resources Limited for €50,000. The gain on disposal amounted to €35,000.

2004

On 31 December 2001 the Group disposed of 75% of its interest in IFG Technology and Development Limited, Lawlink Limited and Companies Information Direct Limited. Deferred consideration of €504,000 was recognised during 2004 as the final profit from the disposal of these interests. Additionally a loss of €21,000 arising from a correction of prior year estimates was recognised in the twelve months to 31 December 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.

(vi) Pension release closure

During 2004 the Group closed its pension release subsidiary to new business. Costs incurred and provisions for future costs as a result of this decision included write-off of fixed assets, employee related costs and professional fees amounting to €1,590,000.

(vii) **Exceptional payments**

Exceptional bonus payments of €419,000 were made during 2004 to employees and directors of the Irish pension business in lieu of earnout in future years.

(viii) **Impairment of investments**

At year end 2003, the Group held quoted equities at a value of €386,000. Their market value fell during 2004 and the Group considered the investment to be impaired. The exceptional charge in relation to this diminution in value was €97,000.

5. **Income tax expense/ (credit)**

2005	2005	2005	2004
€000	Exceptional €000	€000	€000

The taxation charge is based on profit on ordinary activities for the year and comprises:

Corporation tax

Irish (at 12.5%):

- current year	429	-	429	533
- prior year	(39)	-	(39)	3

UK and other (primarily at 30%):

- current year	730	-	730	729
- prior year	(538)	-	(538)	-
	582	-	582	1,265

Deferred taxation

Irish:

- current year	(138)	(45)	(183)	(1,372)
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UK and other;

- current year	1,043	(597)	446	(409)
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1,487	(642)	845	(516)
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6. **Earnings per ordinary share**

	2005	2004
	€000	€000
<u>Basic</u>		
Profit/(loss) after income tax and minority interest (€000)	1,098	(3,353)
Weighted average number of ordinary shares in issue for the calculation of earnings per share	64,958,171	65,065,051
Basic earnings/(loss) per share (cent)	1.69	(5.15)
<u>Diluted</u>		
Profit/(loss) after income tax and minority interest (€000)	1,098	(3,353)
Weighted average number of ordinary shares in issue for the calculation of earnings per share	64,958,171	65,065,051
Dilutive effect of share options and warrants	169,889	38,078
Weighted average number of ordinary shares for the calculation of diluted earnings per share	65,128,060	65,103,129
Diluted earnings/(loss) per share (cent)	1.69	(5.15)

The number of shares used in the calculation of basic earnings per share and diluted earnings per share has been calculated in accordance with International Accounting Standard No.33. Diluted earnings per share is based on the weighted 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.

7. Cash generated from operations

Reconciliation of operating profit to net cash from operating activities

	2005 €000	2004 €000
Profit/(loss) for the period	2,122	(2,695)
Impairment of investments and goodwill	4,852	7,471
Depreciation and amortisation	1,660	1,689
Profit on sale of fixed assets	(5)	(11)
Finance costs	3,287	4,421
Finance income	(996)	(718)
Tax charge/(credit)	845	(516)
Profit on associated undertakings	(106)	(106)
Currency translation adjustment	3	(856)
Non-cash share based payments	378	247
Decrease in trade & other receivables	1,126	1,478
Pension release closure	-	823
Decrease/(increase) in inventories	228	(598)
Loan to associated undertakings	(7)	(90)
Increase trade & other payables	7,623	12,719
	21,010	23,258

Analysis of net debt

	Opening balance €000	Cash flow €000	Acquisition and disposals €000	Other non cash changes €000	Closing balance €000
Cash	17,944	4,876	(6,013)	474	17,281
Overdraft	(1,637)	(1,285)	-	(23)	(2,945)
	16,307	3,591	(6,013)	451	14,336
Loans due within one year	(5,485)	(2,855)	-	(9)	(8,349)
Loans due after one year	(19,954)	4,074	-	(14)	(15,894)
Senior unsecured notes due < 1 yr	(5,673)	-	-	(164)	(5,837)
Senior unsecured notes due > 1 yr	(18,992)	5,860	-	(556)	(13,688)
Finance leases	(221)	182	-	(74)	(113)
Total	(34,018)	10,852	(6,013)	(366)	(29,545)

8. Reissue of transition document

Since the publication of the Group's transition document a number of errors have come to light that have been corrected against financial information of prior years. The errors identified are as follows:

- A tax debtor for an amount of €115,000 relating to 2003 has been written off due to an incorrect group relief election. In addition a tax debtor on consolidation of €735,000 has been written off. Opening retained earnings and current income tax asset have both been reduced at 1 January 2004 by €1.15 million to reflect this change.
- An under-accrual of VA T on expenses incurred in 2002 and 2003 amounting to €72,000 has been reflected through a reduction in opening retained earnings and recognition of an additional creditor in trade and other payables in the transition balance sheet at 1 January 2004. A further expense for €83,000, for a similar error, has been recognised in the 2004 income statement by means of an increase in administration expenses. Trade and other payables has also increased by €83,000.
- A review of the revenue recognition policy in one of the Group's subsidiaries required a reduction of €245,000 in opening retained earnings and an increase in deferred income on 1 January 2004. Additionally this has resulted in a deduction from revenue in 2004 of €44,000 being processed with a corresponding increase in trade and other payables.
- Since the publication of the Group's transition document the Group has reconsidered its accounting policy for accounting for investment properties. The Group's policy is to carry investment properties at cost. In the transition document they were carried in error at valuation. This error has been corrected by reducing investment in associates and decreasing other reserves by €1.57 million.