

PRESS ANNOUNCEMENT

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PRELIMINARY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Adjusted measures Six months ended 30 June 2006 Unaudited €'000	Adjusted measures Six months ended 30 June 2005 Unaudited €'000	Notes	IFRS Total Six months ended 30 June 2006 Unaudited €'000	IFRS Total Six months ended 30 June 2005 Unaudited €'000
Revenue	n/a	n/a		50,817	42,523
Operating profit	7,940	6,155	1	7,980	5,601
Profit before taxation	7,098	4,988	1	7,138	4,434
Adjusted earnings per ordinary share - in cent	8.18	5.97	2	n/a	n/a
Basic earnings per ordinary share - in cent	n/a	n/a		8.90	5.13
Renewal income	14,205	13,666		n/a	n/a
Group net debt				27,634	38,471
Interim dividend per ordinary share - in cent	1.05	0.95	3	n/a	n/a

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

“Our performance continues to improve in each division and we remain optimistic that we will deliver to expectations.”

Notes:

- Adjusted profit and earnings per share are stated before exceptional adjustments, amortisation of intangible assets and share option charges.
- Reconciliation of adjusted earnings:

	Six months ended 30 June 2006		Six months ended 30 June 2005	
	Per share cent	Earnings €'000	Per share cent	Earnings €'000
Profit attributable to equity holders	8.90	5,730	5.13	3,343
Exceptional adjustments (net of tax)	(1.36)	(872)	0.43	285
Amortisation of intangible assets	0.33	212	0.08	52
Share option charges	0.31	200	0.33	217
Adjusted earnings	<u>8.18</u>	<u>5,270</u>	<u>5.97</u>	<u>3,897</u>

- In accordance with IFRS the interim dividend is not accrued until paid and as such is not included as a reduction in reserves.

The directors report that operating profit for the six months ended 30 June 2006 was €8.0 million compared with €5.6 million in the previous period, an increase of 42%. Profit before taxation was up 61% to €7.1 million compared with a profit before taxation of €4.4 million in the previous period. Basic earnings per share were 8.90 cent (2005HY 5.13 cent) representing an increase of 73% on the previous period.

The Group has performed to expectation in the first six months of the year. This reflects an improvement in the underlying performance of the business.

The Board has decided to pay an interim dividend of 1.05 cent (2005HY 0.95 cent) per share subject to withholding tax at 20%. The dividend, which represents an increase of 11% on the previous period, will be paid to qualifying shareholders on the Register at the close of business on 17 November 2006. Dividend warrants will be posted on 1 December 2006.

Group Performance

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 pensioner trustee business.

The Group operates in two business segments:

- Financial Services;
- Trustee and Corporate Services.

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

	Total operating profit Six months ended 30 June 2006 €'000	Total operating profit/(loss) Six months ended 30 June 2005 €'000
Trustee & Corporate Services		
International Trustee & Corporate Services	3,256	2,906
Financial Services & Unallocated		
Pensioner Trustee – UK	1,623	1,605
Financial Services – UK	780	253
Mortgage and Title Insurance – Ireland	1,786	1,820
Financial Services including Central Overhead – Ireland	495	(429)
Adjusted operating profit	7,940	6,155
*Reconciling items	40	(554)
Total operating profit	7,980	5,601

*Reconciling items

Exceptional items	- Financial Services	452	(285)
Share option charges	- Trustee & Corporate Services	(40)	(44)
Share option charges	- Financial Services	(160)	(173)
Amortisation of intangibles	- Trustee & Corporate Services	(135)	-
Amortisation of intangibles	- Financial Services	(77)	(52)
Total reconciling items		40	(554)

The profits from both of the Group's principal segments have shown solid growth year on year. During the first six months net finance costs were reduced from €1.3 million to €0.8 million, a reduction of 34%. This was driven by a continued focus on reducing the Group's debt.

Trustee & Corporate Services

The International Trustee and Corporate Service business has shown an increase in adjusted operating profit from €2.9 million to €3.3 million, an increase of 12% from the prior period. IFRS operating profit improved from €2.9 million to €3.41m, an increase of 8%.

This increase also reflects an investment of €0.2 million in IFG Spanish Solutions SL., which when added back shows underlying growth of 19%. The first six months saw the successful integration of the Bank of Scotland Trustee business with the Jersey operation. The acquisition is performing to plan and delivering healthy organic growth at the same time. This division is maintaining its continuous track record of high growth over the previous six years (CAGR 2000 – 2006 of 23%)

Financial Services UK

In the UK the Pensioner Trustee business had a solid period, delivering adjusted operating profit and total IFRS profit of €1.6 million (2005HY €1.6 million). The arrival of "A Day", whilst of importance in the long run, was dampened by the UK Government's last minute decision to exclude residential property from SIPPs. This business has delivered despite the challenging operating conditions.

The UK fee based business has delivered strong underlying growth proving again the quality of the staff and the business model. The provision of advisory services to those emigrating has also performed well in this niche market. The generalist IFA business made a small profit, which represents a hard fought and welcome improvement. Conditions, though better, remain challenging overall as we move into the traditionally weaker second half of the year.

Mortgage & Title Insurance Ireland

The Mortgage Intermediary business continues to deliver in prime lending. Cheques issued by lenders to clients of the Group amounted to €766 million (2005HY €644 million), an increase of 19%. Our non conforming operation is delivering to expectations, with cheques issued at €84 million compared to €34 million for the same period in the previous year, due to the impact of direct marketing, product design and increased interest from the broking community.

The performance of our Title Insurance business has been disappointing resulting from margin erosion due to a change in the sales mix and poorer sales figures than anticipated. This is, and will remain, a significant focus in the second half of the year.

Financial Services Ireland

The Group's other Irish Financial Services businesses have delivered a strong performance across life, pensions and our specialist credit insurance and policy broking business, with each contributing to the significant period on period improvement.

Debt

Group Banking is summarised and compared to the previous half year and year-end below.

	As at 30 June 2006			As at 31 December 2005			As at 30 June 2005		
	Core	Investment	Total	Core	Investment	Total	Core	Investment	Total
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Total net debt	24.7	2.9	27.6	26.6	3.0	29.6	34.7	3.8	38.5

Total net debt now consists of a mix of secured and unsecured borrowing facilities, with maturity and amortisation profiles over the next three years.

The Group's net debt position has improved by €2.0 million since December 2005. This is despite funding €2.2 million of redress for Berkeley Jacobs Financial Services Limited. The continued de-gearing is a result of the Group's focus on cash generation.

Outlook

The business, which is concentrating on its core competencies, is beginning to deliver. The Group is maintaining its focus while building a strong balance sheet and remains confident of delivering to expectations for the year.

Consolidated Income Statement

Six months ended 30 June 2006

	Notes	Six months ended 30 June 2006 Unaudited €'000	Six months ended 30 June 2005 Unaudited €'000	Year ended 31 December 2005 Audited €'000
Revenue	4	50,817	42,523	92,674
Cost of sales		(2,434)	(2,287)	(4,385)
Gross profit		48,383	40,236	88,289
Operating expenses				
Administrative expenses		(40,855)	(34,635)	(76,470)
Other expenses		-	-	(6,802)
Other income		452	-	135
Total operating expenses		(40,403)	(34,635)	(83,137)
Operating profit	4	7,980	5,601	5,152
Operating profit before exceptional items		7,528	5,886	12,389
Exceptional items	5	452	(285)	(7,237)
Operating profit		7,980	5,601	5,152
Finance income		564	341	996
Finance costs		(1,400)	(1,608)	(3,287)
Share of (loss)/profit of associates		(6)	100	106
Profit before income tax		7,138	4,434	2,967
Income tax expense	6	(905)	(672)	(845)
Profit for the period		6,233	3,762	2,122
Profit for period attributable to:				
Equity holders of the Company		5,730	3,343	1,098
Minority interest		503	419	1,024
		6,233	3,762	2,122
Earnings per ordinary share (cent)				
Basic	3	8.90	5.13	1.69
Diluted	3	8.74	5.12	1.69

Consolidated Balance Sheet
As at 30 June 2006

	30 June 2006 Unaudited €'000	30 June 2005 Unaudited restated €'000	31 December 2005 Audited €'000
Assets			
Non-current assets			
Property, plant & equipment	5,237	6,041	4,891
Intangible assets	53,920	53,862	54,581
Investments in associates	131	572	527
Deferred income tax assets	1,323	959	1,347
Available-for-sale financial assets	1,472	335	188
Other receivables	263	-	266
Total non-current assets	62,346	61,769	61,800
Current assets			
Trade and other receivables	37,235	37,185	35,009
Current income tax asset	368	208	320
Cash and cash equivalents	17,498	14,525	17,281
Total current assets	55,101	51,918	52,610
Total assets	117,447	113,687	114,410
Liabilities			
Non-current liabilities			
Borrowings	29,576	39,801	29,616
Deferred income tax liabilities	516	-	543
Retirement benefit obligations	912	881	912
Provisions for liabilities	884	-	893
Other non-current liabilities	1,250	1,250	1,250
Total non-current liabilities	33,138	41,932	33,214
Current liabilities			
Trade and other payables	36,924	28,660	38,334
Current income tax liabilities	1,560	899	1,165
Borrowings	15,556	13,193	17,210
Provisions for liabilities	1,771	2,997	2,187
Total current liabilities	55,811	45,749	58,896
Total liabilities	88,949	87,681	92,110
Net assets	28,498	26,006	22,300
Equity			
Capital & reserves attributable to equity holders of the company			
Share capital	7,848	7,827	7,828
Share premium	45,047	44,867	44,861
Other reserves	1,409	922	1,224
Retained earnings	(27,583)	(29,400)	(32,887)
	26,721	24,216	21,026
Minority interest	1,777	1,790	1,274
Total equity	28,498	26,006	22,300

Consolidated Cash Flow Statement

As at 30 June 2006

		Six months ended 30 June 2006 Unaudited €'000	Six months ended 30 June 2005 Unaudited €'000	Year ended 31 December 2005 Audited €'000
	Notes			
Cash flows from operating activities				
Cash generated from operations	8	4,565	1,737	21,010
Interest received		848	332	674
Income taxes paid		(702)	(674)	(1,347)
Net cash generated from operating activities		4,711	1,395	20,337
Cash flows from investing activities				
Purchase of property, plant & equipment		(999)	(734)	(1,306)
Sale of property, plant & equipment		3	90	937
Purchase of available-for-sale financial assets		(1,424)	-	-
Sale of interest in associate undertakings		960	-	-
Purchase of subsidiary undertakings net of cash acquired		(25)	(315)	(6,251)
Deferred consideration on prior year acquisitions		-	(2,687)	(2,687)
Net cash used in investing activities		(1,485)	(3,646)	(9,307)
Cash flows from financing activities				
Dividends paid		-	-	(1,663)
Interest paid		(1,387)	(1,757)	(3,400)
Dividends paid to minority interests		-	-	(1,123)
Proceeds from issue of share capital		206	-	(5)
Repayment of debt		(178)	(132)	(1,219)
Senior unsecured notes repaid		-	-	(5,860)
Payment of finance lease liabilities		(48)	(67)	(182)
Net cash used in financing activities		(1,407)	(1,956)	(13,452)
Net increase/(decrease) in cash and cash equivalents		1,819	(4,207)	(2,422)
Cash and cash equivalents at the beginning of the period		14,336	16,307	16,307
Effect of foreign exchange rate changes		(155)	570	451
Cash and cash equivalents at end of period		16,000	12,670	14,336

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:

		Six months ended 30 June 2006 Unaudited €'000	Six months ended 30 June 2005 Unaudited €'000	Year ended 31 December 2005 Audited €'000
Cash and cash equivalents		17,498	14,525	17,281
Bank overdrafts		(1,498)	(1,855)	(2,945)
	9	16,000	12,670	14,336

Consolidated 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 2006	7,828	44,861	1,224	(5,272)	(27,615)	21,026	1,274	22,300
Currency translation adjustments	-	-	-	(426)	-	(426)	-	(426)
Fair value movement on available-for-sale financial assets	-	-	(15)	-	-	(15)	-	(15)
Net expense recognised directly in equity	-	-	(15)	(426)	-	(441)	-	(441)
Profit for the period	-	-	-	-	5,730	5,730	503	6,233
Total recognised income for the period	-	-	(15)	(426)	5,730	5,289	503	5,792
Issue of share capital	20	186	-	-	-	206	-	206
Equity share options granted	-	-	200	-	-	200	-	200
	20	186	200	-	-	406	-	406
At 30 June 2006	7,848	45,047	1,409	(5,698)	(21,885)	26,721	1,777	28,498
At 1 January 2005 (as restated)	7,827	44,867	880	(6,278)	(27,030)	20,266	1,373	21,639
Currency translation adjustments	-	-	-	1,635	-	1,635	(2)	1,633
Fair value movement on available-for-sale financial assets	-	-	(175)	-	-	(175)	-	(175)
Net (expense)/income recognised directly in equity	-	-	(175)	1,635	-	1,460	(2)	1,458
Profit for the period	-	-	-	-	3,343	3,343	419	3,762
Total recognised income for the period	-	-	(175)	1,635	3,343	4,803	417	5,220
Dividends	-	-	-	-	(1,070)	(1,070)	-	(1,070)
Equity share options granted	-	-	217	-	-	217	-	217
	-	-	217	-	(1,070)	(853)	-	(853)
At 30 June 2005 (as restated)	7,827	44,867	922	(4,643)	(24,757)	24,216	1,790	26,006
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 financial assets	-	-	(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 the year	-	-	(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

Selected Notes to the Consolidated Financial Statements

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 23 August 2006.

2. Basis of Preparation

The Group's financial information for the period ended 30 June 2006 has been prepared in accordance with the Listing Rules of the Irish Stock Exchange. The Group's financial information has been prepared in accordance with the accounting policies that the Group expects to adopt for the 2006 year-end which are consistent with the principal accounting policies which were set out in the Group's 2005 consolidated financial statements. The principal accounting policies adopted by the Group for the 2005 year-end, as set out in the Group's 2005 consolidated financial statements, were consistent with IFRSs issued by the IASB as adopted by the European Commission (EC) for use in the European Union (EU).

The Group has chosen not to adopt IAS 34 'Interim Financial Reporting' in preparing its 2006 interim accounts since adoption of this standard is not mandatory until the EU Transparency Directive is implemented through the Irish Stock Exchange's Listing Rules.

The preparation of the financial information includes the use of estimates and assumptions that affect items reported in the Consolidated Balance Sheet and Income Statement and the disclosure of contingent assets and liabilities at the date of the financial information. Although these estimates are based on management's best knowledge of current circumstances and future events and actions, actual results may differ from those estimates, possibly significantly.

The accounting policies have been consistently applied to all periods presented.

The accounts in this interim report 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 2005 has in fact been so annexed. 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 2005.

Selected Notes to the Consolidated Financial Statements

3. Earnings per ordinary share

	Six months ended 30 June 2006 Unaudited	Six months ended 30 June 2005 Unaudited	Year ended 31 December 2005 Audited
Basic			
Profit after income tax and minority interest (€'000)	5,730	3,343	1,098
Weighted average number of ordinary shares in issue for the calculation of earnings per share	64,394,523	65,222,859	64,958,171
Basic earnings per share (cent)	8.90	5.13	1.69
Diluted			
Profit after income tax and minority interest (€'000)	5,730	3,343	1,098
Weighted average number of ordinary shares in issue for the calculation of earnings per share	64,394,523	65,222,859	64,958,171
Dilutive effect of share options and warrants	1,186,477	12,796	169,889
Weighted average number of ordinary shares for the calculation of diluted earnings per share	65,581,000	65,235,655	65,128,060
Diluted earnings per share (cent)	8.74	5.12	1.69

4. Segmental analysis

Primary reporting format-business segments

At 30 June 2006, 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 period ended 30 June 2006 are as follows:

	Financial services €'000	Trustee & corporate services €'000	Unallocated €'000	Total €'000
Revenue	38,439	12,378	-	50,817
Operating profit	4,924	3,081	(25)	7,980

The segment results for the period ended 30 June 2005 are as follows:

	Financial services €'000	Trustee & corporate services €'000	Unallocated €'000	Total €'000
Revenue	32,360	10,163	-	42,523
Operating profit	3,094	2,862	(355)	5,601

Selected Notes to the Consolidated Financial Statements

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	631	5,030	(509)	5,152

5. Exceptional items

	Six months ended 30 June 2006 Unaudited €'000	Six months ended 30 June 2005 Unaudited €'000	Year ended 31 December 2005 Audited €'000
Disposal of Irish business	452	-	135
Pension funding	-	(285)	(570)
Goodwill impairment	-	-	(4,619)
Pension release provision	-	-	(1,950)
Sale of investments	-	-	(233)
Exceptional profit/(loss)	452	(285)	(7,237)

On the 27 January 2006 the Group disposed of its 25% interest in Rochford Brady Online Services Limited, Lawlink Limited, Lawlink UK Limited and its 12.5% interest in Companies Information Direct Limited for €960,000. This resulted in a gain on disposal of €452,000.

6. Income tax expense

The charge for taxation for the six months ended 30 June 2006 is based on the estimated effective rate of taxation for the year.

	Six months ended 30 June 2006 Unaudited €'000	Six months ended 30 June 2005 Unaudited €'000	Year ended 31 December 2005 Audited €'000
Current tax - current period expense	1,320	590	1,159
Current tax - prior period over provision	(41)	(473)	(577)
Total current tax	1,279	117	582
Movement in deferred tax	46	555	905
Exceptional tax credit	(420)	-	(642)
Net tax expense	905	672	845

The exceptional tax credit of €420,000 relates to the reversal of current tax provisions that were provided in the 2005 financial statements for Isle of Man subsidiaries. This tax will not be paid due to change in local tax rates.

The total tax charge for the period ending 30 June 2006 includes €526,000 relating to tax on UK profits.

Selected Notes to the Consolidated Financial Statements

7. Dividends

	Six months ended 30 June 2006 Unaudited €'000	Six months ended 30 June 2005 Unaudited €'000	Year ended 31 December 2005 Audited €'000
Final declared dividend	-	1,070	-
Final dividend paid	-	-	1,070
Interim dividend paid	-	-	613
	-	1,070	1,683

An interim ordinary dividend of €1.05 cent (2005 €0.95 cent) has been declared subsequent to 30 June 2006.

8. Reconciliation of operating profit to net cash from operating activities

	Six months ended 30 June 2006 Unaudited €'000	Six months ended 30 June 2005 Unaudited €'000	Year ended 31 December 2005 Audited €'000
Profit for the period	6,233	3,762	2,122
Impairment of investments and goodwill	-	-	4,852
Depreciation and amortisation	930	673	1,660
Profit on sale of property, plant & equipment	-	(18)	(5)
Profit on disposal of investment in associate undertaking	(452)	-	-
Finance costs	1,400	1,608	3,287
Finance income	(564)	(341)	(996)
Tax charge	905	673	845
Loss/(profit) on associated undertakings	6	(100)	(106)
Currency translation adjustment	(47)	156	3
Non-cash share based charges	200	217	378
(Increase)/decrease in trade & other receivables	(2,118)	(432)	1,354
Loan (to)/from associated undertakings	(260)	103	(7)
(Decrease)/increase in trade & other payables	(1,668)	(4,564)	7,623
	4,565	1,737	21,010

9. Analysis of net debt

	Opening balance €'000	Cash flow €'000	Acquisition and disposals €'000	Other non cash changes €'000	Closing balance €'000
Cash	17,281	195	-	22	17,498
Overdraft	(2,945)	1,624	-	(177)	(1,498)
	14,336	1,819	-	(155)	16,000
Loans due within one year	(8,349)	178	-	-	(8,171)
Loans due after one year	(15,894)	-	-	2	(15,892)
Senior unsecured notes due < 1 yr	(5,837)	-	-	58	(5,779)
Senior unsecured notes due > 1 yr	(13,688)	-	-	39	(13,649)
Finance leases	(113)	48	-	(78)	(143)
Total	(29,545)	2,045	-	(134)	(27,634)

Selected Notes to the Consolidated Financial Statements

10. Comparative figures

Comparatives for the prior period ended 30 June 2005 have been restated in accordance with adjustments made following the transition to IFRS as identified in Note 35 (d) on page 71 in the Group's Annual Report for the year ended 31 December 2005.