17 January 2012

IG GROUP HOLDINGS PLC

Interim Results for the six months ended 30 November 2011

IG Group Holdings plc ("IG" or "the Group") today announces interim results for the six month period ended 30 November 2011.

Operating Highlights

- Net trading revenue[1] up 28% at £195.5 million
- Profit before tax[1, 3] up 28% to £103.2 million
- Diluted EPS[1, 3] up 31% at 20.68p
- Interim dividend of 5.75p per share (up 9.5%)
- Well capitalised debt-free balance sheet
- Continued strong growth in active client numbers and revenue per client

Tim Howkins, Chief Executive, commented:

"IG has again delivered record results with strong growth in both revenue and profits. Our significant investment in technology and strong financial position support our increasing market lead and we remain well positioned to deliver further profitable growth. I remain confident about the outlook for the business."

Financial highlights

	Unaudited Six months ended 30 November 2011 £000	*Unaudited Six months ended 30 November 2010 £000*	*Growth %*
Net trading revenue[1, 2]	195,463	152,997	27.8%
Profit before taxation[1, 3]	103,174	80,637	27.9%
Profit before taxation[1, 3] margin[5]	52.8%	52.7%	-
Profit / (loss) before taxation (statutory)	103,174	(70,066)	n/a
EBITDA[4]	108,513	85,508	26.9%
EBITDA margin[5]	55.5%	55.9%	-
Diluted earnings per share from continuing operations[3]	20.68p	15.80p	30.9%
Diluted earnings per share from continuing operations (statutory)	20.68p	(22.61)p	n/a
Interim dividend per share	5.75p	5.25p	9.5%

[1] Amounts presented are in relation to the continuing operations of the Group and exclude the Sport business that was discontinued in the period
[2] Trading revenue excluding interest on segregated client funds and is presented net of introducing broker commissions
[3] The comparative figures are presented as an adjusted measure excluding the amortisation and impairment of intangibles associated with the Group's Japanese and Sport businesses and the related taxation
[4] EBITDA represents operating profit before depreciation, amortisation and impairment of intangible assets and amounts written off property, plant and equipment and intangible assets
[5] Calculated as profit before taxation or EBITDA respectively divided by net trading revenue

Further information

IG Group
Tim Howkins
Chris Hill
020 7896 0011
(www.iggroup.com)

FTI Consulting
Neil Doyle
Edward Berry
020 7269 7114 / 7297

Analyst presentation

There will be an analyst presentation on the results at 9:30am on Tuesday 17 January 2012 at IG Group, Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA. The presentation will also be accessible via a conference call on the following number:

+ 44 20 3059 5845

A replay of the conference call is available for a period of seven days on the following dial-in:

+ 44 121 2604 861 with the passcode 3921421#

A webcast of the presentation will also be available at: www.iggroup.com

Forward-looking statements

This interim statement prepared by IG Group Holdings plc contains forward-looking statements about the IG Group. By their very nature, forward-looking statements involve uncertainties because they relate to events, and depend on circumstances, that will or may occur in the future. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. The forward-looking statements contained herein reflect knowledge and information available at the date of this statement and the Group undertakes no obligation to update these forward-looking statements.

Nothing in this statement should be construed as a profit forecast.

Chief Executive's statement

For the six months ended 30 November 2011

Our net trading revenue[1], excluding the Group's Sport business[2], for the six months to 30 November 2011 was £195.5m, an increase of 28%. This revenue growth was driven by a 15% increase in the number of clients trading in the period, coupled with an 11% increase in average revenue per client. In part this improvement in revenue per client is attributable to market volatility seen in the period, but in part I believe it is thanks to the significant investment we have made, and will continue to make, in IT, which I describe later in this statement.

Market conditions during the period were mixed: market volatility and hence client activity were relatively subdued in June and July; August saw a period of extraordinary market volatility, which resulted in highly elevated levels of client activity; whilst after August, volatility remained elevated but as clients progressively became more accustomed to these market conditions their activity reduced to more normal levels.

Profit before tax was £103.2m, an increase of 28%[3]. Diluted EPS increased by 31%[3] to 20.68p. Our PBT margin in the first half was 52.8%, compared to 52.7%[3] achieved in the first half of last year. As previously indicated, we would expect the full year margin[3] to be closer to the Group margin for the prior financial year, reflecting ongoing investment in additional headcount within IT and marketing.

Geographic results

The table below shows a geographical split of the revenue achieved by the Group and the growth in active clients and revenue per client which drove the growth in revenue.

Geographical net trading revenue	H1			KPI	
	FY12 £m	FY11 £m	% Change	Active client growth	Revenue per client growth
UK	102.1	82.9	23%	12%	10%
Australia	32.7	22.9	43%	20%	20%
Europe	37.8	26.7	41%	38%	2%
Rest of World [a]	14.5	9.4	54%	23%	26%
Total Financial excluding Japan	187.1	141.9	32%	18%	12%
Japan	8.4	11.1	(25%)	(8%)	(19%)
Total Financial	**195.5**	**153.0**	**28%**	**15%**	**11%**

[a] Comparative for Rest of World includes South Africa for 3 months only

It is encouraging that we achieved good levels of growth in active clients in our most established markets in the UK and Australia. In both markets independent market research, which was conducted prior to the increased volatility in August, confirmed that we had again extended our market lead, while also showing that the market size in both countries had increased.

Revenue per client in a number of our European offices is higher than in our more established offices, reflecting that the early adopters in a new market tend to be higher value. Over time we would expect revenue per client in these offices to trend towards that seen elsewhere as we continue to broaden our client base. This trend was masked in the period by increased client activity due to elevated volatility. As a consequence revenue per client was broadly flat in each of France, Spain and Italy, while increasing by 10% in the longer established German office.

In Japan, the last of a number of expected regulatory restrictions on leverage came into force on 1 August 2011. With these changes behind us we expect revenue in Japan to stabilise. The business continues to deliver reasonable profit margins at current revenue levels, following progressive reductions in the cost base.

The Group continues to further develop the offering of its US regulated exchange, Nadex, which remains an attractive, longer-term, growth opportunity.

During the period we closed our Sport business. We sold the majority of that business' client list under a three year revenue sharing arrangement. In the four and a half months since that transaction completed we received £0.4m from this revenue sharing arrangement, which is reported as other operating income in our income statement.

Chief Executive's statement
For the six months ended 30 November 2011

Investing for long term growth

We continue to invest heavily in the people we need to drive the future profitable growth of our business. We have been recruiting in two key areas in particular – IT and marketing.

The last six months have seen significant payback from previous investment in IT. We now have a mobile app for all the main mobile platforms - iPhone, iPad, Android, Windows Phone 7, and Blackberry - and their international roll out is well underway. By the end of the period these apps accounted for 16% of all client-initiated deals and this percentage, which is more than double what it was a year earlier, continues to grow steadily.

During the period we completed the roll-out of our own charts package, reducing the cost to us of our previous third-party solution and providing much closer integration between dealing and charts. We continue to further enhance our charts offering, including the charts available within our mobile apps. We also started to roll out another long term development project, a new platform bringing together financial data, technical analysis tools, breaking market news, live prices, client sentiment and more.

The benefit we derive from these enhancements to our client offering is readily apparent. A significant proportion of our IT effort is devoted to other projects which, while less tangible, are at least equally important. For example, we have progressively increased the level of automation so that the vast majority of client transactions are executed with no human intervention, within a tenth of a second and always either at the requested price or at a better price for the client. This gives us the ability to cope with extreme peaks in load. At its peak in August our platform was handling 296 orders a second. The speed at which we are able to handle these transactions means that we are able to offer our clients an exceptional dealing experience even in chaotic markets. It also ensures that we are increasingly efficient at converting transaction volume into revenue.

All of these IT developments will have contributed to our improved revenue per client and, over the longer term, they should also help with client retention. Ongoing investment in IT should produce further improvements and position us for continued profitable growth.

We are at the early stages of improving our marketing capability. We are bringing an increasing range of marketing functions in house rather than relying on external agencies; we are also putting in place the resources to rapidly develop and deploy creative concepts across a wide variety of media as well as to continually enhance our increasingly broad online presence.

Competitive advantage

The economic situation and the recent failure of MF Global are resulting in an increased focus on the financial strength of providers and also the proper segregation of client money on a global basis. For example, the Australian Treasury has recently commenced consultation on client money segregation and we expect to see the introduction of full client money protection in due course.

Our financial strength and our policy of offering all non-corporate clients full client money protection, even where regulation permits otherwise, should provide a significant competitive advantage in this climate.

Dividend

An interim dividend of 5.75p per share, amounting to £20.9m, will be paid at the end of February. This represents an increase of 9.5% from the 5.25p interim dividend distributed last year. The full year dividend policy remains unchanged.

Chief Executive's statement
For the six months ended 30 November 2011

Current trading and outlook

After four months of elevated volatility from August to November, market volatility declined progressively through December and early January. As a consequence client activity was subdued and the normal lull in client trading over the holiday period began earlier and ended later than in some previous years. Despite this, revenue in December was slightly higher than in the prior year. Client account balances are at near record levels, positioning clients to rapidly take advantage of any trading opportunities that market conditions present.

The Group continues to invest in IT and marketing capability. This investment and our strong financial position support the increasing market lead we have in a number of the countries in which we operate and we believe will help deliver industry-leading growth rates over the long term.

We are well placed to deliver continuing profitable growth and I remain confident about the outlook for the business.

Tim Howkins
Chief Executive
17 January 2012

Footnotes:

(1) Net trading revenue is trading revenue excluding interest on segregated client funds and is presented net of introducing broker commissions. All references to 'revenue' in this statement are made with regards to net trading revenue.

(2) The Sport business was discontinued in the period. All revenue, profit and EPS figures are stated with regards to continuing operations.

(3) The comparative profit before tax, profit before tax margin and diluted EPS and percentage increases calculated thereon are based on an adjusted measure excluding the amortisation and impairment of intangible assets associated with the Group's Japanese business and impairment of goodwill associated with the Group's Sport business and related taxation.

Interim consolidated income statement
for the six months ended 30 November 2011 (unaudited)

	Note	***Unaudited Six months ended 30 November 2011***	*Unaudited Six months ended 30 November 2010 (restated[(1)])*			*Audited Year ended 31 May 2011 (restated[(1)])*		
		Total	*Before certain items*	*Certain items*	*Total*	*Before certain items*	*Certain items*	*Total*
		£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Trading revenue		**212,631**	169,278	-	169,278	345,409	-	345,409
Interest income on segregated client funds		**5,167**	4,042	-	4,042	9,115	-	9,115
Revenue		**217,798**	173,320	-	173,320	354,524	-	354,524
Interest expense on segregated client funds		**(106)**	(123)	-	(123)	(176)	-	(176)
Introducing broker commissions		**(17,168)**	(16,281)	-	(16,281)	(32,688)	-	(32,688)
Betting duty		**(5,684)**	(824)	-	(824)	(3,064)	-	(3,064)
Other operating income	4	**443**	-	-	-	-	-	-
Net operating income	3	**195,283**	156,092	-	156,092	318,596	-	318,596
Analysed as:								
Net trading revenue	3	***195,463***	*152,997*	*-*	*152,997*	*312,721*	*-*	*312,721*
Other net operating (expense) / income		***(180)***	*3,095*	*-*	*3,095*	*5,875*	*-*	*5,875*
Administrative expenses		**(92,271)**	(75,227)	(150,703)	(225,930)	(155,383)	(150,703)	(306,086)
Operating profit/(loss)		**103,012**	80,865	(150,703)	(69,838)	163,213	(150,703)	12,510
Finance revenue		**1,156**	1,005	-	1,005	2,403	-	2,403
Finance costs		**(994)**	(1,233)	-	(1,233)	(2,411)	-	(2,411)
Profit / (loss) before taxation		**103,174**	80,637	(150,703)	(70,066)	163,205	(150,703)	12,502
Tax expense		**(27,646)**	(22,988)	11,652	(11,336)	(44,444)	11,652	(32,792)
Profit/ (loss) for the period from continuing operations		**75,528**	57,649	(139,051)	(81,402)	118,761	(139,051)	(20,290)
(Loss)/ profit for the period from discontinued operations[(1)]	5	**(354)**	1,060	-	1,060	248	(5,250)	(5,002)
Profit / (loss) for the period		**75,174**	58,709	(139,051)	(80,342)	119,009	(144,301)	(25,292)
Profit/ (loss) for the period attributable to:								
Equity holders of the parent		**75,213**	58,646	(139,051)	(80,405)	118,848	(144,301)	(25,453)
Non-controlling interests		**(39)**	63	-	63	161	-	161
		75,174	58,709	(139,051)	(80,342)	119,009	(144,301)	(25,292)
Earnings / (loss) per share from continuing operations (pence)								
- basic	7	**20.90p**			(22.61p)			(5.66p)
- diluted	7	**20.68p**			(22.61p)			(5.66p)
Dividends per share (pence)								
- interim proposed	8	**5.75p**			5.25p			-
- interim paid	8	**-**			-			5.25p
- final proposed	8	**-**			-			14.75p

[(1)] The comparative consolidated income statements have been restated in order to present the Group's Sport business as a discontinued operation – please refer to note 5. In prior periods the Group presented its consolidated income statement in a columnar format – please refer to note 2 'Income statement presentation' for further details.

Interim consolidated statement of comprehensive income

for the six months ended 30 November 2011 (unaudited)

	Unaudited Six months ended 30 November 2011		*Unaudited Six months ended 30 November 2010*		*Audited Year ended 31 May 2011*	
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Profit / (loss) for the period		75,174		(80,342)		(25,292)
Other comprehensive income / (expense):						
Foreign currency translation gains / (losses) on overseas subsidiaries	943		(31)		(344)	
Other comprehensive income / (expense) for the period		943		(31)		(344)
Total comprehensive income / (expense) for the period		76,117		(80,373)		(25,636)
Total comprehensive income / (expense) attributable to:						
Equity holders of the parent		76,175		(80,439)		(25,797)
Non-controlling interests		(58)		66		161
		76,117		(80,373)		(25,636)

Interim consolidated statement of financial position

at 30 November 2011 (unaudited)

	Note	*Unaudited 30 November 2011 £000*	*Unaudited 30 November 2010 £000 (restated(1))*	*Audited 31 May 2011 £000*
Assets				
Non-current assets				
Property, plant and equipment		16,782	17,878	16,761
Intangible assets	9	116,118	119,830	117,202
Deferred tax assets		12,652	11,794	11,264
		145,552	149,502	145,227
Current assets				
Trade receivables	10	204,245	218,848	270,104
Prepayments and other receivables		8,107	6,749	8,199
Cash and cash equivalents	11	200,636	109,339	124,528
		412,988	334,936	402,831
TOTAL ASSETS		558,540	484,438	548,058
Liabilities				
Current liabilities				
Trade payables	14	67,925	60,726	83,490
Other payables		49,219	41,577	45,149
Provisions	15	1,538	1,432	1,427
Income tax payable		33,216	38,031	37,060
		151,898	141,766	167,126
Non-current liabilities				
Provisions	15	1,269	1,147	1,991
Redeemable preference shares		40	40	40
		1,309	1,187	2,031
Total liabilities		153,207	142,953	169,157
Capital and reserves				
Equity share capital	16	18	18	18
Share premium		206,291	206,246	206,246
Other reserves		84,456	78,835	80,173
Retained earnings		114,425	56,280	92,263
Shareholders' equity		405,190	341,379	378,700
Non-controlling interests		143	106	201
Total equity		405,333	341,485	378,901
TOTAL EQUITY AND LIABILITIES		558,540	484,438	548,058

(1) The comparative 30 November 2010 Statement of Financial Position has been restated to reflect the change in accounting policy adopted in the 31 May 2011 Annual Report whereby segregated client funds and the associated payable to clients are excluded from the Statement of Financial Position.

Tim Howkins, Director

Christopher Hill, Director

Interim consolidated statement of changes in shareholders' equity

for the six months ended 30 November 2011 (unaudited)

	Equity share capital £000 Note 16	*Share premium £000*	*Other reserves £000*	*Retained earnings £000*	*Shareholders' equity £000*	*Minority interests £000*	*Total equity £000*
At 1 June 2010	18	206,246	79,742	185,443	471,449	3,179	474,628
(Loss) / profit for the period	-	-	-	(80,405)	(80,405)	63	(80,342)
Other comprehensive income for the period	-	-	(34)	-	(34)	3	(31)
Total comprehensive income for the period	-	-	(34)	(80,405)	(80,439)	66	(80,373)
Equity-settled employee share-based payments	-	-	2,098	-	2,098	-	2,098
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	(365)	-	(365)	-	(365)
Acquisition of interest in IG Markets Securities	-	-	(2,302)	-	(2,302)	(3,139)	(5,441)
Purchase of own shares	-	-	(292)	-	(292)	-	(292)
Exercise of US share incentive plans	-	-	(12)	-	(12)	-	(12)
Equity dividends paid	-	-	-	(48,758)	(48,758)	-	(48,758)
Movement in shareholders' equity	-	-	(907)	(129,163)	(130,070)	(3,073)	(133,143)
At 30 November 2010	18	206,246	78,835	56,280	341,379	106	341,485
Profit for the period	-	-	-	54,952	54,952	98	55,050
Other comprehensive income for the period	-	-	(310)	-	(310)	(3)	(313)
Total comprehensive income for the period	-	-	(310)	54,952	54,642	95	54,737
Equity-settled employee share-based payments	-	-	2,127	-	2,127	-	2,127
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	(466)	-	(466)	-	(466)
Purchase of own shares	-	-	1	-	1	-	1
Exercise of US share incentive plans	-	-	(14)	-	(14)	-	(14)
Equity dividends paid	-	-	-	(18,969)	(18,969)	-	(18,969)
Movement in shareholders' equity	-	-	1,338	35,983	37,321	95	37,416
At 31 May 2011	18	206,246	80,173	92,263	378,700	201	378,901
Profit / (loss) for the period	-	-	-	75,213	75,213	(39)	75,174
Other comprehensive income for the period	-	-	943	-	943	(19)	924
Total comprehensive income for the period	-	-	943	75,213	76,156	(58)	76,098
Equity-settled employee share-based payments	-	-	3,238	-	3,238	-	3,238
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	404	-	404	-	404
Issuance of own shares	-	45	-	-	45	-	45
Purchase of own shares	-	-	(298)	-	(298)	-	(298)
Exercise of US share incentive plans	-	-	(4)	-	(4)	-	(4)
Equity dividends paid	-	-	-	(53,051)	(53,051)	-	(53,051)
Movement in shareholders' equity	-	45	4,283	22,162	26,490	(58)	26,432
At 30 November 2011	18	206,291	84,456	114,425	405,190	143	405,333

Interim consolidated cash flow statement

for the six months ended 30 November 2011 (unaudited)

	Note	*Unaudited Six months ended 30 November 2011 £000*	*Unaudited Six months ended 30 November 2010 £000 (restated[1])*	*Audited year ended 31 May 2011 £000*
Cash generated from operations	12	160,468	63,811	119,636
Income taxes paid		(32,252)	(21,776)	(43,503)
Interest received on segregated client funds		5,058	3,762	8,015
Interest paid on segregated client funds		(106)	(151)	(161)
Net cash flow from operating activities		133,168	45,646	83,987
Investing activities				
Interest received		1,105	1,086	2,046
Purchase of property, plant and equipment		(3,116)	(12,610)	(15,387)
Proceeds on disposal of property, plant and equipment		-	-	313
Payments to acquire intangible fixed assets		(1,402)	(1,988)	(4,521)
Purchase of a minority interest		-	-	(5,072)
Purchase of a client list and business		-	(1,600)	(2,739)
Net cash flow from investing activities		(3,413)	(15,112)	(25,360)
Financing activities				
Interest paid		(749)	(860)	(1,897)
Equity dividends paid to equity holders of the parent	8	(53,051)	(48,758)	(67,727)
Proceeds from the issue of shares		37	-	-
Purchase of own shares		(298)	(292)	(291)
Payment of redeemable preference share dividends		-	-	(3)
Net cash flow from financing activities		(54,061)	(49,910)	(69,918)
Net increase / (decrease) in cash and cash equivalents		75,694	(19,376)	(11,291)
Cash and cash equivalents at the beginning of the period		124,528	128,097	128,097
Exchange gains on cash and cash equivalents		414	618	7,722
Cash and cash equivalents at the end of the period	11	200,636	109,339	124,528

[1]The comparative 30 November 2010 Cash Flow Statement has been restated to reflect the change in accounting policy adopted in the 31 May 2011 Annual Report whereby segregated client funds and the associated payable to clients are excluded from the Statement of Financial Position.

Notes to the interim condensed consolidated financial statements
At 30 November 2011 (unaudited)

1. General information

The interim condensed consolidated financial statements of IG Group Holdings plc and its subsidiaries for the six months ended 30 November 2011 were authorised for issue by the board of Directors on 17 January 2012. IG Group Holdings plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

The interim information, together with the comparative information contained in this report for the year ended 31 May 2011, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim information is unaudited but has been reviewed by the company's auditors, PricewaterhouseCoopers LLP, and their report appears at the end of the interim financial statements. The financial statements for the year ended 31 May 2011 have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 November 2011 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and with IAS 34 "Interim Financial Reporting" as adopted by the European Union (EU). The interim condensed consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report for the year ended 31 May 2011 which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The preparation of the interim information requires the Group to make various estimates and assumptions when determining the carrying value of certain assets and liabilities. The significant judgments and estimates applied by the Group in this interim information have been applied on a consistent basis with the Annual Report for the year ended 31 May 2011. In the Directors' opinion, the accounting estimates or judgements that have the most significant impact on the financial statements remain the impairment of goodwill (refer to note 9) the impairment of trade receivables (refer to note 10) and the calculation of the Group's current corporation tax charge and recognition of deferred tax assets. The calculation of the Group's current corporation tax charge involves a degree of estimation and judgement with respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. The Group holds tax provisions in respect of the potential tax liability that may arise on these unresolved items, however, the amount ultimately paid may be materially lower than the amount accrued and could therefore improve the overall profitability and cash flows of the Group in future periods. A deferred tax asset is only recognised to the extent it is considered to be probable that future operating profits will exceed the losses that have arisen to date. Litigation is disclosed in note 17.

Going concern

The Directors have prepared the condensed consolidated interim financial statements on a going concern basis which requires the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Significant accounting policies

The accounting policies, methods of computation and presentation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Report for the year ended 31 May 2011, other than as set out below.

Income statement presentation - Columnar format

In prior periods the Group presented its consolidated income statement in a columnar format as this enabled the Group to present profit for the year before amortisation and impairment of intangible assets associated with both the Group's Japanese and Sport businesses. This 'adjusted' profit measure was used to calculate adjusted EPS (refer to note 7) as it was considered to better reflect the Group's underlying cash earnings. Both the amortisation and impairment of intangible assets associated with the Group's Japanese and Sport businesses were therefore previously reported in the column 'certain items' on the statutory consolidated income statement. In the period to 30 November 2011 there has been no amortisation and impairment of intangible assets associated with the Group's Japanese or Sport businesses and therefore the column 'certain items' has not been presented. Accordingly the adjusted and unadjusted profit measures for the period ended 30 November 2011 are equivalent.

Income statement presentation - Discontinued operations

Discontinued operations consist of a single major line of business or a geographical area that have either been closed or sold during the period or are classified as held for sale at the period-end. The financial performance and cash flows of discontinued operations are separately reported.

In the period ended 30 November 2011 the Group's Sport business has been disclosed as a discontinued operation and the comparative balances restated accordingly. Please refer to note 5 for additional detail.

2. Basis of preparation and accounting policies (continued)

New accounting standards

The following new standards and interpretations are effective for accounting periods beginning 1 June 2011 but have not had a material impact on the presentation of, nor the results or financial position of the Group:

- IAS 24 (revised) “Related party disclosures”, issued in November 2009 (effective after 1 January 2011).
- Amendment to IFRIC 14 (effective 1 January 2011)
- Amendments to each of the following standards or interpretations issued under the improvements to IFRS in the year-ended December 2010:
  - IFRS3 “Business combinations”
  - IFRS7 “Financial instruments”
  - IAS1 “Presentation of financial statements”
  - IAS34 “Interim financial reporting”
  - IFRIC 13 “Customer loyalty programmes”

Seasonality of operations

The Directors consider that, given the growth in overseas business, the development of mobile platforms and the impact of market volatility, there is no predictable seasonality to the Group’s operations.

Notes to the interim condensed consolidated financial statements

At 30 November 2011 (unaudited)

3. Segment information

The segment information has been restated in order to disclose the Group's Sport business as a discontinued operation and to reflect certain changes to the Group's internal reporting. The Sport business was previously disclosed within the UK segment and derived its revenue from spread bets and fixed odds bets on sporting and other events and the operation of an online casino. Following this restatement the segment information is presented as follows:

- Segment net trading revenue has been disclosed net of introducing broker commissions as this is consistent with the management information received by the Chief Operating Decision Maker (CODM);
- Net trading revenue is reported by the location of the office and aggregated into the disclosable segments of UK, Australia, Europe and Japan with 'Rest of World' comprising the Group's remaining operations in each of South Africa, Singapore and the United States;
- The 'Europe' segment comprises the Group's operations in each of France, Germany, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden; and,
- Segment contribution, being segment trading revenue less directly incurred costs, as the measure of segment profit and loss reported to the (CODM).

The UK segment derives its revenue from financial spread bets, fixed odd bets on financial markets, Contracts for Difference (CFDs), margined forex and binary options. The Australian, Japanese and European segments derive their revenue from CFDs, margined forex and binary options. The businesses reported within the 'Rest of World' derive revenue from the operation of a regulated futures and options exchange as well as CFDs, margined forex and binary options.

The Group employs a centralised operating model whereby market risk is managed principally in the UK, switching to Australia outside of UK hours. The costs associated with these operations are included in the Central segment, together with central costs of senior management, middle office, IT development, marketing and other support functions. As the Group manages risk and hedges on a group-wide portfolio basis, the following segmental revenue analysis involves the use of an attribution methodology. Interest income and expense on segregated client funds is managed and reported to the CODM centrally and thus has been reported in the Central segment. In the following analysis, the Central segment costs have been further allocated to the other reportable segments based on segment net trading revenue, in order to provide segment EBITDA.

Notes to the interim condensed consolidated financial statements

At 30 November 2011 (unaudited)

3. Segment information (continued)

Six months ended 30 November 2011	*UK*	*Australia*	*Europe*	*Japan*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	102,121	32,737	37,762	8,357	14,486	-	195,463
Interest income on segregated client funds	-	-	-	-	-	5,167	5,167
Revenue from external customers	102,121	32,737	37,762	8,357	14,486	5,167	200,630
Interest expense on segregated client funds	-	-	-	-	-	(106)	(106)
Betting duty	(5,684)	-	-	-	-	-	(5,684)
Other operating income	-	-	-	-	-	443	443
Net operating income	96,437	32,737	37,762	8,357	14,486	5,504	195,283
Segment contribution	80,593	27,781	23,192	4,770	9,454	(37,277)	108,513
Allocation of central costs	(19,050)	(6,392)	(7,336)	(1,658)	(2,841)	37,277	-
Segment EBITDA[2]	61,543	21,389	15,856	3,112	6,613	-	108,513
Depreciation and amortisation	(2,476)	(777)	(937)	(343)	(968)	-	(5,501)
Amounts written off plant, property and equipment							-
Operating profit from continuing operations							103,012
Net finance revenue							162
Profit before taxation from continuing operations							103,174

Six months ended 30 November 2010 (restated)	*UK*	*Australia*	*Europe*	*Japan*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	82,885	22,873	26,710	11,125	9,404	-	152,997
Interest income on segregated client funds	-	-	-	-	-	4,042	4,042
Revenue from external customers	82,885	22,873	26,710	11,125	9,404	4,042	157,039
Interest expense on segregated client funds	-	-	-	-	-	(123)	(123)
Betting duty	(824)	-	-	-	-	-	(824)
Net operating income	82,061	22,873	26,710	11,125	9,404	3,919	156,092
Segment contribution[1]	70,990	17,749	15,742	3,995	5,005	(27,973)	85,508
Allocation of central costs	(15,457)	(4,083)	(4,768)	(1,986)	(1,679)	27,973	
Segment EBITDA[2]	55,533	13,666	10,974	2,009	3,326	-	85,508
Depreciation and amortisation	(2,187)	(572)	(589)	(8,122)	(744)	-	(12,214)
Impairment of intangible assets		-	-	(143,108)	-	-	(143,108)
Amounts written off plant, property and equipment							(24)
Operating loss from continuing operations							(69,838)
Net finance costs							(228)
Loss before taxation from continuing operations							(70,066)

3. Segment information (continued)

Year ended 31 May 2011 (restated)	*UK*	*Australia*	*Europe*	*Japan*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	167,166	47,607	57,464	20,606	19,878	-	312,721
Interest income on segregated client funds	-	-	-	-	-	9,115	9,115
Revenue from external customers	167,166	47,607	57,464	20,606	19,878	9,115	321,836
Interest expense on segregated client funds	-	-	-	-	-	(176)	(176)
Betting duty	(3,064)	-	-	-	-	-	(3,064)
Net operating income	164,102	47,607	57,464	20,606	19,878	8,939	318,596
Segment contribution[(1)]	140,197	35,888	34,767	8,557	11,156	(57,044)	173,521
Allocation of central costs	(31,129)	(8,476)	(10,231)	(3,669)	(3,539)	57,044	-
Segment EBITDA[(2)]	109,068	27,412	24,536	4,888	7,617	-	173,521
Depreciation and amortisation	(4,844)	(1,227)	(1,349)	(8,599)	(2,167)	-	(18,186)
Impairment of intangible assets		-	-	(143,108)	-	-	(143,108)
Amounts written off plant, property and equipment							283
Operating profit							12,510
Net finance costs							(8)
Profit before taxation from continuing operations							12,502

[(1)] Segment contribution includes exceptional items of £1,023,000 and £1,752,000 for the periods ended 30 November 2010 and 31 May 2011 respectively. Refer to note 6 for further detail.
[(2)] EBITDA represents operating profit before depreciation, amortisation and impairment of intangible assets and amounts written off property, plant and equipment and intangible assets.

3. Segment information (continued)

Net trading revenue represents the trading income from financial instruments carried at fair value through profit and loss and has been disclosed net of introducing broker commissions as this is consistent with the management information received by the CODM. Revenue from external customers includes interest income on segregated client funds and is analysed as follows:

	Unaudited Six months ended 30 November 2011	*Unaudited Six months ended 30 November 2010*	*Audited Year ended 31 May 2011*
	£000	*£000*	*£000*
Net trading revenue			
Financial			
Spread Betting	71,026	52,267	109,796
Contracts for Difference	116,051	93,608	188,201
Binaries	8,386	7,122	14,724
Total net trading revenue from continuing operations	195,463	152,997	312,721
Interest income on segregated client funds	5,167	4,042	9,115
Revenue from external customers	200,630	157,039	321,836

Revenue from external customers has been restated following the disclosure of the Sport business as a discontinued operation. Refer to note 5 for more detail.

4. Other operating income

	Unaudited Six months ended 30 November 2011	*Unaudited Six months ended 30 November 2010*	*Audited Year ended 31 May 2011*
	£000	*£000*	*£000*
Revenue share arrangement	443	-	-
Total other operating income	443	-	-

On 8 June 2011 the Group reached agreement to sell the majority of the client list relating to Group's sport spread betting and fixed odds betting business to Spreadex Limited under a revenue share arrangement where the Group would receive semi-annual payments for the subsequent three years, calculated by reference to the revenue that the acquirer generates from clients on the list.

5. Discontinued operations

During the year ended 31 May 2011, the Directors decided that the Group should investigate selling or closing the Sport business, extrabet, in order to allow management to focus exclusively on the continuing expansion and development of the Financial business. The Group was unable to secure a sale of the Sport business in its entirety as a going concern on acceptable terms and on 8 June 2011 the Group reached agreement to sell the majority of the client list relating to extrabet's sport spread betting and fixed odds betting business to Spreadex Limited. On 12 July 2011 the Group completed a redundancy consultation process with the employees of extrabet. As a result of this all extrabet employees unable to find a role within the Group were made redundant as of 19 July 2011 and the business was closed.

Exceptional costs were incurred in the year-ended 31 May 2011 in relation to the impairment of the goodwill associated with the Sport business (£5.25 million) and other closure-related costs including redundancy (£0.7 million) and onerous lease charges (£1.3 million).

(Loss) / profit for period from discontinued operations:	*Unaudited Six months ended 30 November 2011 £000*	*Unaudited Six months ended 30 November 2010 £000*	*Audited Year ended 31 May 2011 £000*
Net trading revenue	159	3,703	7,671
Other net operating (expense)	(17)	(499)	(1,012)
Exceptional closure charges	-	-	(2,474)
Administrative expenses	(616)	(2,202)	(4,369)
Net interest payable	-	(22)	(22)
(Loss) / profit before tax of discontinued operations	(474)	980	(206)
Tax credit	120	80	454
(Loss) / profit after tax of discontinued operations	(354)	1,060	248
Impairment of goodwill in relation to the Sport business	-	-	(5,250)
(Loss) / profit for period from discontinued operations	(354)	1,060	(5,002)

There are no items of cumulative income or expense recognised in other comprehensive income relating to the discontinued operations.

The segmental disclosures for the six months ended 30 November 2010 and the year ended 31 May 2011 have been restated as the Sport business was previously disclosed in the UK segment (refer to note 3).

Cash flows from discontinued operations:	*Unaudited Six months ended 30 November 2011 £000*	*Unaudited Six months ended 30 November 2010 £000*	*Audited Year ended 31 May 2011 £000*
Operating cash flows	(1,093)	351	2,247
Investing cash flows	-	10	(14)
Financing cash flows	-	(22)	(22)
Total cash flows from discontinued operations	(1,093)	339	2,211

The operating cash flows in the table above are disclosed on a statutory basis and include the flow of cash deposits to or from betting exchanges as such amounts are included as cash flows from trade receivables. Such amounts are not considered to be actual cash generation and thus the underlying operating cash generation of the Sport business should be considered to exclude these amounts: 30 November 2011: £207,000; 30 November 2010: (£132,000); 31 May 2011: £736,000.

6. Exceptional items

No exceptional items have been incurred in the six months ended 30 November 2011. In the year ended 31 May 2011 exceptional items were incurred in relation to the impairment of goodwill and customer relationships associated with the acquisition of the Group's Japanese business, IG Markets Securities (formerly FXOnline). Additionally in the year ended 31 May 2011 exceptional items, now disclosed within the discontinued operations (note 5), were incurred in relation to the Group's Sport business. In the years ended 31 May 2011 and 31 May 2010, exceptional items were incurred in relation to the relocation of the Group's London headquarters.

	Unaudited Six months ended 30 November 2011	*Unaudited Six months ended 30 November 2010*	*Audited Year ended 31 May 2011*
Exceptional items included in operating profit	*£000*	*£000*	*£000*
Impairment of goodwill in relation to the Japanese business[1]	-	122,960	122,960
Impairment of Japanese customer relationships[1]	-	20,148	20,148
Relocation of the Group's London headquarters [2]	-	1,023	1,752
Total exceptional items	-	144,131	144,860
Deferred tax credit on exceptional items[1]	-	(8,462)	(8,462)
Tax credit on exceptional items	-	(286)	(485)
Total exceptional items after tax	-	135,383	135,913

Each of the impairment charges discussed above (31 May 2011 and 30 November 2010 totalling £143.1 million) as well as the amortisation of the Japanese customer relationships were disclosed in the Consolidated Income Statement in the column 'certain items' consistent with the Group's established accounting policy and presentation.

[1]The goodwill and customer relationships associated with the Japanese business were considered to be impaired following regulatory change in the Japanese market. The impairment charge disclosed as exceptional is exclusive of the amortisation (£7.6 million) charged in the accounting period immediately prior to impairment. The deferred tax credit on the exceptional items solely relates to the customer relationships.

[2]Includes costs arising in relation to an onerous lease charge for the excess office space resulting from the overlap of the lease period for the new London headquarters with that of the Group's previous London premises, double premises costs and accelerated depreciation of leasehold improvements and other assets that are obsolete following the Group's London headquarters move.

Notes to the interim condensed consolidated financial statements
At 30 November 2011 (unaudited)

7. Earnings per share

7(a) Diluted earnings per share

In prior periods the Group presented an adjusted EPS measurement as this was considered the most appropriate measure as it better reflected the business's underlying cash earnings. Adjusted EPS excluded the amortisation and impairment of intangible assets associated with both the Group's Japanese and Sport businesses and the related taxation. In the period to 30 November 2011 there has been no amortisation or impairment of intangible assets associated with the Group's Japanese or Sport business and therefore the adjusted and unadjusted earnings per share measures are equivalent. The following table shows diluted earnings per share for each period:

	Unaudited Six months ended 30 November 2011	*Unaudited Six months ended 30 November 2010*	*Audited Year ended 31 May 2011*
Diluted earnings per share			
Diluted earnings per share from continuing operations	20.68p	15.80p[1]	32.57p[1]
Diluted earnings per share from discontinued operations	(0.09p)	0.30p	0.07p[1]
Diluted earnings per share	20.59p	16.10p	32.64p

[1] The comparative figures shown for the periods ended 30 November 2010 and 31 May 2011 are the diluted adjusted earnings per share calculated after excluding the amortisation and impairment of intangible assets associated with both the Group's Japanese and Sport businesses and the related taxation as shown in note 7(b).

7(b) Calculation of earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding shares purchased by the Company and held as own shares in Employee Benefit Trusts. Diluted earnings per share is calculated using the same profit figure as that used in basic earnings per share and by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares arising from share schemes. Adjusted earnings were based on earnings before amortisation and impairment of intangibles arising on consolidation net of tax and minority interests. The following reflects the income and share data used in the earnings per share computations:

	Unaudited Six months ended 30 November 2011	*Unaudited Six months ended 30 November 2010*	*Audited Year ended 31 May 2011*
	£000	*£000*	*£000*
Continuing earnings attributable to equity shareholders of the parent	75,567	(81,465)	(20,451)
Add back: Amortisation and impairment of intangibles assets[1] net of tax and non-controlling interests	-	139,051	139,051
Adjusted earnings from continuing operations	75,567	57,586	118,600
Discontinued earnings attributable to equity shareholders of the parent	(354)	1,060	(5,002)
Add back: Impairment of Sport goodwill	-	-	5,250
Adjusted earnings from discontinued operations	(354)	1,060	248
	Number	Number	Number
Weighted average number of shares			
Basic and adjusted	361,489,955	360,351,276	360,860,327
Dilutive effect of share-based payments	3,789,961	3,823,776	3,205,368
Diluted	365,279,916	364,175,052	364,065,695

[1] Amortisation and impairment of intangible assets associated with the Group's Japanese business.

7(b) Calculation of earnings per share (continued)

Earnings per share	*Unaudited Six months ended 30 November 2011*	*Unaudited Six months ended 30 November 2010*	*Audited Year ended 31 May 2011*
Basic earnings / (loss) per share from continuing operations	20.90p	(22.61p)	(5.66p)
Basic earnings / (loss) per share from discontinued operations	(0.09p)	0.30p	(1.39p)
Basic earnings / (loss) per share	20.81p	(22.31p)	(7.05p)
Basic adjusted earnings per share from continuing operations	N/a[1]	15.97p	32.86p
Basic adjusted earnings per share from discontinued operations	N/a	0.30p	0.07p
Basic adjusted earnings per share	N/a	16.27p	32.93p

Diluted earnings per share	*Unaudited Six months ended 30 November 2011*	*Unaudited Six months ended 30 November 2010*	*Audited Year ended 31 May 2011*
Diluted earnings / (loss) per share from continuing operations[2]	20.68p	(22.61p)	(5.66p)
Diluted earnings / (loss) per share from discontinued operations[2]	(0.09p)	0.30p	(1.39p)
Diluted earnings/ (loss) per share	20.59p	(22.31p)	(7.05p)
Diluted adjusted earnings per share from continuing operations	N/a[1]	15.80p	32.57p
Diluted adjusted earnings per share from discontinued operations	N/a	0.30p	0.07p
Diluted adjusted earnings per share	N/a	16.10p	32.64p

[1] In the period to 30 November 2011 there has been no amortisation or impairment of intangible assets associated with the Group's Japanese or Sport business and therefore the adjusted and unadjusted earnings per share measures are equivalent.

[2] The basic and diluted losses per share are equivalent in the prior periods where the effect of potential ordinary shares is anti-dilutive.

8. Dividends paid and proposed

	Unaudited Six months ended 30 November 2011	*Unaudited Six months ended 30 November 2010*	*Audited Year ended 31 May 2011*
	£000	*£000*	*£000*
Amounts recognised as distributions to equity holders in the period:			
Interim dividend of 5.25p for 2011 (2010: 5.00p)	-	-	18,969
Final dividend of 14.75p for 2011 (2010: 13.50p)	53,051	48,758	48,758
	53,051	48,758	67,727
Proposed but not recognised as distributions to equity holders in the period:			
Interim dividend of 5.75p for 2012 (2011: 5.25p)	20,856	18,969	-
Final dividend of 14.75p for 2011	-	-	53,051
	20,856	18,969	53,051

The proposed interim dividend for 2012 of 5.75p per share amounting to £20,856,000 was approved by the board on 17 January 2012 and has not been included as a liability at 30 November 2011. This dividend will be paid on 28 February 2012 to those members on the register at the close of business on 27 January 2012.

9. Intangible assets

	Goodwill	*Client lists and customer relationships*	*Development costs*	*Software and licences*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Net book value – 30 November 2010	113,641	1,377	1,754	3,058	119,830
Net book value - 31 May 2011	107,428	1,534	2,439	5,801	117,202
Net book value – 30 November 2011	107,421	824	3,173	4,700	116,118

In accordance with the interim financial period accounting standard a formal impairment review is required only where an indication of an 'impairment trigger' exists. The Directors consider that such an 'impairment trigger' has not occurred in the period ended 30 November 2011.

Notes to the interim condensed consolidated financial statements
At 30 November 2011 (unaudited)

10. Trade receivables

	Unaudited	*Unaudited*	*Audited*
	30 November 2011	*30 November 2010*	*31 May 2011*
	£000	*£000*	*£000*
Amounts due from clients – gross exposure	21,118	22,041	20,694
Allowance for impairment	(18,774)	(19,439)	(18,382)
Amounts due from clients – net exposure	2,344	2,602	2,312
Other amounts due from clients[1]	-	3,718	-
Amounts due from brokers	201,901	212,528	267,792
Total trade receivables	204,245	218,848	270,104

[1]The comparative amount has been restated to disclose 'other amounts due from clients'.

Other amounts due from clients represent balances that will be transferred to the Groups own cash from segregated client funds on the immediately following working day in accordance the UK's Financial Services Authority (FSA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates.

Amounts due from brokers represent balances with brokers where the combination of cash held on account and the valuation of financial derivative open positions results in an amount due to the Group.

Clients are permitted to deal in circumstances where they may be capable of suffering losses in excess of the funds they have on their account. Amounts due from clients comprise deficits arising from such realised and unrealised losses net of an allowance for impairment.

Below is a reconciliation of changes in the allowance for impairment during the period:

	Unaudited	*Unaudited*	*Audited*
	30 November 2011	*30 November 2010*	*31 May 2011*
	£000	*£000*	*£000*
Opening balance	18,382	21,461	21,461
Impairment loss for the period			
- gross charge for the period	1,502	338	1,159
- recoveries	(848)	(1,748)	(3,321)
Write-offs	(176)	(539)	(1,172)
Foreign exchange	(86)	(73)	255
Closing balance	18,774	19,439	18,382

11. Cash and cash equivalents

	Unaudited	*Unaudited*	*Audited*
	30 November 2011	*30 November 2010*	*31 May 2011*
	£000	*£000*	*£000*
Gross cash and cash equivalents [(1)]	895,553	761,645	839,202
Segregated client funds[(2)]	(694,917)	(652,306)	(714,674)
Own cash and title transfer funds[(3)]	200,636	109,339	124,528
Analysed as:			
Cash at bank and in hand	200,636	104,959	124,528
Short-term deposits	-	4,380	-

[((1)] Gross cash and cash equivalents includes the Group's own cash as well as all client monies held including both segregated client and title transfer funds.

[(2)] Segregated client funds comprise retail client funds held in segregated client money accounts or money market facilities established under the UK's Financial Services Authority (FSA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates. Such monies are not included in the Group's Statement of Financial Position.

[(3)]Title transfer funds are held by the Group under a Title Transfer Collateral Arrangement (TTCA) by which a client agrees that full ownership of such monies is unconditionally transferred to the Group.

Notes to the interim condensed consolidated financial statements

At 30 November 2011 (unaudited)

12. Cash generated from operations

Operating activities	*Unaudited Six months ended 30 November 2011 £000*	*Unaudited Six months ended 30 November 2010 £000 (restated)*	*Audited Year ended 31 May 2011 £000*
Operating profit / (loss)	102,540	(68,836)	7,077
Adjustments to reconcile operating profit / (loss) to net cash generated from operations :			
Net interest income on segregated client funds	(5,061)	(3,922)	(8,948)
Amortisation of customer relationships and trade names	-	7,595	7,595
Impairment of customer relationships and goodwill	-	143,108	148,358
Depreciation of property, plant and equipment	3,119	3,387	7,086
Amortisation of intangible assets	2,382	1,243	3,780
Non-cash foreign exchange (gains) / losses	(2,337)	(1,263)	1,727
Share-based payments	3,238	2,098	4,225
Write off - property, plant and equipment	-	24	30
Recovery / (impairment) of trade receivables	2,153	(1,410)	754
Decrease / (increase) in trade and other receivables	67,235	(11,136)	(66,578)
(Decrease) / increase in trade and other payables	(13,010)	(7,312)	12,801
(Decrease) / increase in provisions	(721)	(577)	262
Other non-cash items	930	812	1,467
Cash generated from operations	160,468	63,811	119,636

The operating profit disclosed above is stated inclusive of discontinued operations. Cash flows from discontinued operations are disclosed in note 5 to the interim financial report.

Notes to the interim condensed consolidated financial statements

At 30 November 2011 (unaudited)

13. Liquidity

The Group manages liquidity risk on a Group-wide basis as disclosed in note 33(d) of the 31 May 2011 Annual Report. There has not been a significant change in the Group's exposure to, or management of, liquidity risk in the period ended 30 November 2011. At the period-end, the Group had committed unsecured bank facilities which mitigate Group-wide liquidity risk and which amounted to £180.0 million (31 May 2011: £180.0 million, 30 November 2010: £160.0 million). Other than for a test of the draw down procedure these facilities were not drawn upon during the current nor preceding period. Additionally the Group's Japanese business, IG Markets Securities, has a Yen 300 million (£2.5 million) liquidity facility as at 30 November 2011.

The key measure used by the Group for managing liquidity risk is the level of available liquidity. For this purpose maximum available liquidity is calculated as set out in the following table after deducting broker margin requirements and is stated inclusive of the full amount of the undrawn committed facilities (excluding Japan).

Maximum available liquidity at each period-end was as follows:

		Unaudited	*Unaudited*	*Audited*
		30 November 2011	*30 November 2010*	*31 May 2011*
	Note	*£000*	*£000*	*£000*
Own cash and title transfer funds	11	200,636	109,339	124,528
Amounts due from brokers	10	201,901	212,528	267,792
Less other amounts (from) / to clients[1]	10 / 14	(5,563)	3,718	(11,639)
Available cash resources		396,974	325,585	380,681
Analysed as:				
Own funds		335,536	265,012	309,228
Title transfer funds		61,438	60,573	71,453
Available liquidity				
Available cash resources		396,974	325,585	380,681
Less broker margin requirement		(184,134)	(223,569)	(217,360)
Net available cash		212,840	102,016	163,321
Less title transfer funds		(61,438)	(60,573)	(71,453)
Net own cash available		151,402	41,443	91,868
Of which declared as dividend	8	(20,856)	(18,969)	(53,051)
Committed banking facilities[2]		180,000	160,000	180,000
Maximum available liquidity (including full committed facilities)		310,546	182,474	218,817

[1]The comparative amount has been restated to disclose 'other amounts due (from) / to clients' which represent balances that will be transferred from the Groups own cash into segregated client funds on the immediately following working day in accordance the UK's Financial Services Authority (FSA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates.

[2]Draw down of the committed banking facilities is capped at 80% of the actual broker margin requirement on the draw down date. For example the actual committed facilities available for draw down at 30 November 2011 based on the period end broker margin requirement of £184.1 million were £147.3 million. Available draw down of £147.3 million facility equates to total available liquidity as at 30 November 2011 of £277.9 million.

14. Trade payables

	Unaudited	*Unaudited*	*Audited*
	30 November 2011	*30 November 2010*	*31 May 2011*
	£000	*£000*	*£000*
Amounts due to title transfer clients	61,438	60,573	71,453
Other amounts due to clients	5,563	-	11,639
Other trade payables	924	153	398
Total trade payables	67,925	60,726	83,490

Other amounts due to clients represent balances that will be transferred from the Groups own cash into segregated client funds on the immediately following working day in accordance the UK's Financial Services Authority (FSA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates.

15. Provisions

	Unaudited	*Unaudited*	*Audited*
	30 November 2011	*30 November 2010*	*31 May 2011*
	£000	*£000*	*£000*
At the beginning of the period	3,418	3,156	3,156
Income statement charge	110	-	1,534
Utilisation	(721)	(577)	(1,272)
At the end of the period	2,807	2,579	3,418
Current	1,538	1,432	1,427
Non-current	1,269	1,147	1,991
Total	2,807	2,579	3,418

The provision held as at 30 November 2011 and 31 May 2011 represents the Group's obligations for onerous lease commitments arising from the move of the Group's London Headquarters. The actual cost of the onerous leases could differ from the estimates made. The provision will be utilised over the remaining term of the relevant lease.

16. Equity share capital

	Unaudited	*Unaudited*	*Audited*
	30 November 2011	*30 November 2010*	*31 May 2011*
	£000	*£000*	*£000*
Authorised:			
500,000,000 ordinary shares of 0.005p each	25	25	25
65,000 B shares of 0.001p each	-	-	-
	25	25	25

	Unaudited	*Unaudited*	*Audited*
	30 November 2011	*30 November 2010*	*31 May 2011*
	Number	*Number*	*Number*
Allotted, called up and fully paid :			
(i) ordinary shares			
At beginning of period	362,233,554	361,108,463	361,108,463
Issued during period	999,496	723,819	1,125,091
At end of period	363,233,050	361,832,282	362,233,554
(ii) B shares			
At beginning and end of period	65,000	65,000	65,000

In the six months ended 30 November 2011, 999,496 (30 November 2010; 723,819) ordinary shares with an aggregate nominal value of £50 (30 November 2010: £36) were issued following the exercise of Long-Term Incentive Plan awards for a consideration of £50.

17. Related party transactions

There were no related party transactions during the current period. During the six months to 30 November 2010, fees amounting to £10,583 (Year ended 31 May 2011: £10,583) were paid to CVC Capital Partners Limited relating to the services of Robert Lucas as a director of IG Group Holdings plc. Robert Lucas resigned as a director of IG Group Holdings plc on 7 October 2010.

18. Litigation

At 30 November 2011 the Group had received a claim, served against IG Markets Limited (IG Markets), a wholly owned subsidiary of the Group, issued in the High Court on 11 November 2010 in relation to the insolvency of Echelon Wealth Management Limited (Echelon) a former client of IG Markets. Three former clients of Echelon, which went into liquidation in October 2008, are seeking to recover damages from IG Markets in a sum in the region of €25 million. The Group, having obtained Counsel's opinion, considers the claim to be without foundation and accordingly no provision has been made in the Group statement of financial position as at 30 November 2010, 31 May 2011 or 30 November 2011 in relation to this matter.

Notes to the interim condensed consolidated financial statements
At 30 November 2011 (unaudited)

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge that the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union and that the interim management report herein includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8, namely:-

- an indication of important events that have occurred during the six months ended 30 November 2011 and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the six months ended 30 November 2011 and any material changes in the related party transactions described in the last Annual Report.

The Directors of IG Group Holdings plc are listed in the IG Group Holdings plc Annual Report for the year ended 31 May 2011. There have been no changes in Directors since the year end.

On behalf of the Board

Tim Howkins	Christopher Hill
Director	Director

Principal risks and uncertainties

Effective management of our risks is critical to the achievement of our strategy. The Board is responsible for reviewing the Group's systems of internal control and risk management and approving any changes to the risk management policy which materially increases the risk profile of the Group. The Group Risk Appetite Statement is approved by the Board and describes risk tolerances for all our business risks and ensures there is a comprehensive risk-management framework in place to monitor current and identify future risks.

There have been no significant changes to the Group's exposure to risks, nor the Group's risk management policy in the six month period ended 30 November 2011.

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain consistent with those detailed in the Group's Annual Report 2011 and are summarised as follows:

- **Strategic risk:** Strategic risk can arise from inadequate Board and senior management processes as well as external factors that lead to a failure to identify or implement our strategy. The Board monitors the risks associated with our strategy and maintains an awareness of any external factors which may impact on its delivery.

- **Regulatory risk:** Regulatory risk is the risk of non-compliance with and future changes in regulatory rules potentially impacting our businesses in the markets in which they operate. We maintain ongoing relationships with the regulatory authorities that oversee the Group's activities from a legal and regulatory viewpoint, and invest significant resource in compliance systems and controls. This covers both existing regulations and the monitoring of emerging new regulations to ascertain their potential impact on the Group. We also regularly contribute to consultations on proposals that might affect our businesses.

  We monitor the regulatory capital requirements of our businesses on an ongoing basis in accordance with the requirements of the regulators in whose jurisdictions we operate.

- **Liquidity risk:** Liquidity risk is the risk that the Group may not be able to meet payment obligations as they fall due. The short-term maturity profile of our financial assets and liabilities means that there are no material liquidity maturity mismatches. Our available liquidity and 'net own cash available' figures are monitored on a daily basis and are reported in note 13 of this interim report.

Principal risks and uncertainties (continued)

- **Credit risk:** Credit risk is the risk that a counterparty fails to perform its obligations, resulting in financial loss. Adverse changes in the credit quality of individual clients or institutional counterparties could affect the recoverability of our assets and therefore our financial performance.
  We offer a number of risk management tools that enable clients to manage their exposure to credit risk, including Guaranteed and non-guaranteed stops and Limit orders. In addition, we manage our overall credit risk exposure through:

  - Real-time monitoring of client positions via our 'close-out monitor'
  - Tiered margining with risk-adjusted margin requirements based on the volatility of the underlying financial instrument and size of the client position
  - Using bank and broker counterparties that satisfy minimum credit rating requirements

- **Market risk:** Market risk is the risk that the fair value of financial assets and financial liabilities will change due to adverse movements in market prices, currency values or interest rates. Market risk is managed on a real-time basis with all client positions monitored against market risk limits set by the Risk Committee. The Group operates within these limits by hedging the market risk exposure as and when required. We do not take proprietary positions based on the expectation of market movements.

- **Operational risk:** Operational risk is the risk of financial loss arising from inadequate or failed internal processes, people and systems or from external events. Our risk management framework enables our staff to monitor operational risks relating to systems, processes, people and external events. Our system of internal controls aims to reduce, but not eliminate altogether, operational risk exposure.

  The availability and reliability of our client dealing platforms is key to delivering our strategy and we make significant investment in our IT infrastructure to ensure the platforms remain robust. This is supported by ongoing business continuity planning and regular testing of our disaster recovery facilities and procedures, as well as maintaining the ISO27001:2005 Information Security Management System standards in respect of IT and data security.

Independent review report to IG Group Holdings plc

Introduction
We have been engaged by the company to review the condensed consolidated financial statements in the interim financial report for the six months ended 30 November 2011, which comprises the interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of financial position, interim consolidated statement of changes in shareholders' equity, interim consolidated cash flow statement and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority 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 agreed by our prior consent in writing.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 November 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
17 January 2012
London

(1) The maintenance and integrity of the IG Group 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 financial statements since they were initially presented on the website.

(2) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.