



Results presentation
Year ending 31 May 2006

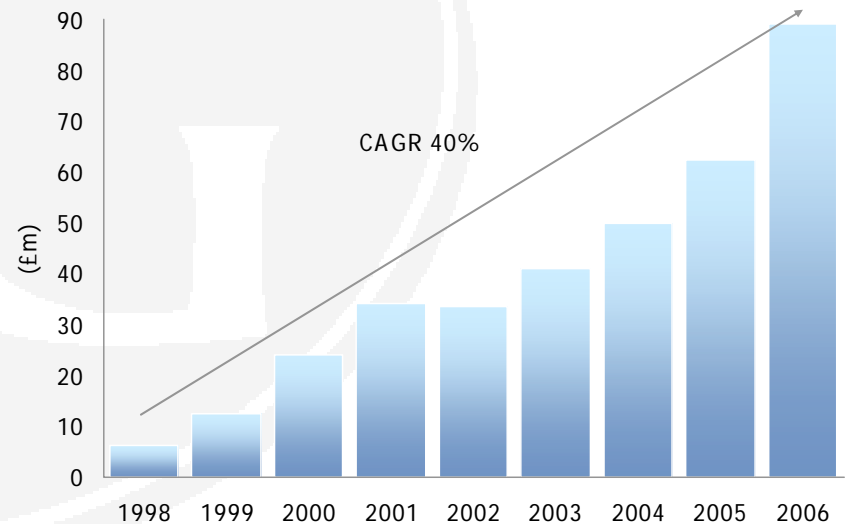
Introduction

Continuing the Group's track record of growth

Highlights

- IG Turnover up 44%
- IG Normalised earnings per share up 61%
- IG All parts of business delivering growth
- IG Proposed final dividend of 4p per share
- IG Current trading strong
- IG Well positioned to continue momentum

Turnover




Profit and loss

Year ending
31 May

	2005	2006	
	£'m	£'m	
Turnover	62.2	89.4	+44%
Betting duty	<u>(2.6)</u>	<u>(1.6)</u>	
	59.6	87.8	+47%
Interest on client money	3.7	5.0	+35%
Operating costs	<u>(28.4)</u>	<u>(40.2)</u>	+42%
EBITDA	34.9	52.6	+51%
<i>Margin (%)</i>	56.1%	58.8%	
Depreciation and amortisation	<u>(4.0)</u>	<u>(3.5)</u>	-13%
EBIT	30.9	49.1	+59%
<i>Margin (%)</i>	49.7%	54.9%	
Exceptional items	(0.9)	-	
Interest received	1.1	2.0	
Interest paid	<u>(14.5)</u>	-	
Profit before tax	<u>16.6</u>	<u>51.1</u>	+208%
Normalised earnings per share	6.75p	10.88p	+61.2%

 Strong revenue growth continues

 Operational gearing benefits earnings growth

 Interest costs reduced following capital restructuring post MBO




Revenue by business line

	2005			2006			Growth
	H1	H2	Total	H1	H2	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	
<u>Financial</u>							
UK	21,178	25,437	46,615	27,889	38,315	66,204	+42%
Australia & Singapore	1,841	1,935	3,776	3,630	5,295	8,925	+136%
Binaries	2,541	2,409	4,950	2,701	2,495	5,196	+5%
<u>Sports</u>							
Fixed odds	458	259	717	531	902	1,433	+100%
Spread betting	3,389	2,730	6,119	3,847	3,786	7,633	+25%
	<u>29,407</u>	<u>32,770</u>	<u>62,177</u>	<u>38,598</u>	<u>50,793</u>	<u>89,391</u>	+44%

-  Highest growth rate for several years for UK financial business
-  Continued impressive performance in Australia and Singapore
-  Highest growth rate for five years for Sports
-  Binaries viewed as adjunct to financial product range, requiring minimal incremental overhead

Cost base

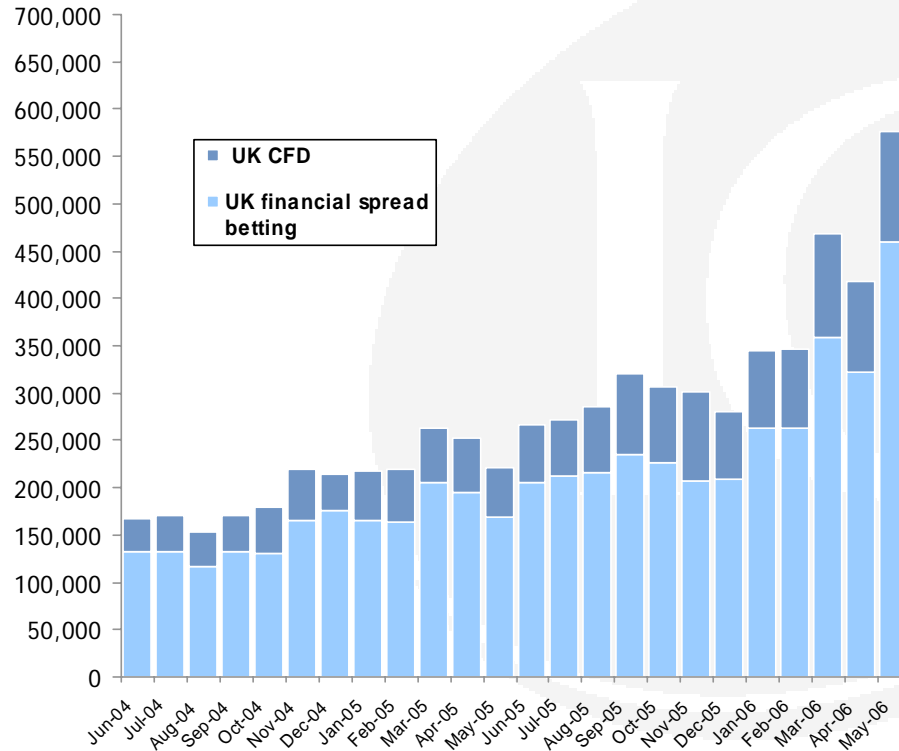
	Year ending	Year ending		
	31 May	31 May 2006		
	2005	H1	H2	2006
	£'000	£'000	£'000	£'000
Salaries	12,770	7,507	7,819	15,326
Bonuses	5,255	3,121	5,574	8,695
LTIP and SIP	0	627	1,069	1,696
Advertising and marketing	3,014	1,284	2,037	3,321
Rent rates and service	1,014	616	545	1,161
Market data	1,225	844	1,045	1,889
Bad and doubtful debts	320	557	844	1,401
IT maintenance and support	1,049	565	628	1,193
Other overheads	3,735	2,840	2,692	5,532
Total operating costs	28,382	17,961	22,253	40,214
Depreciation and amortisation	4,090	1,771	1,752	3,523
	32,472	19,732	24,005	43,737

 Increase in bonuses and LTIP charge reflect strong second half growth
 Increase in advertising mainly related to extrabet launch
 Bad debts from silver and Langbar

UK - financial

Strong growth continues

Number of transactions¹



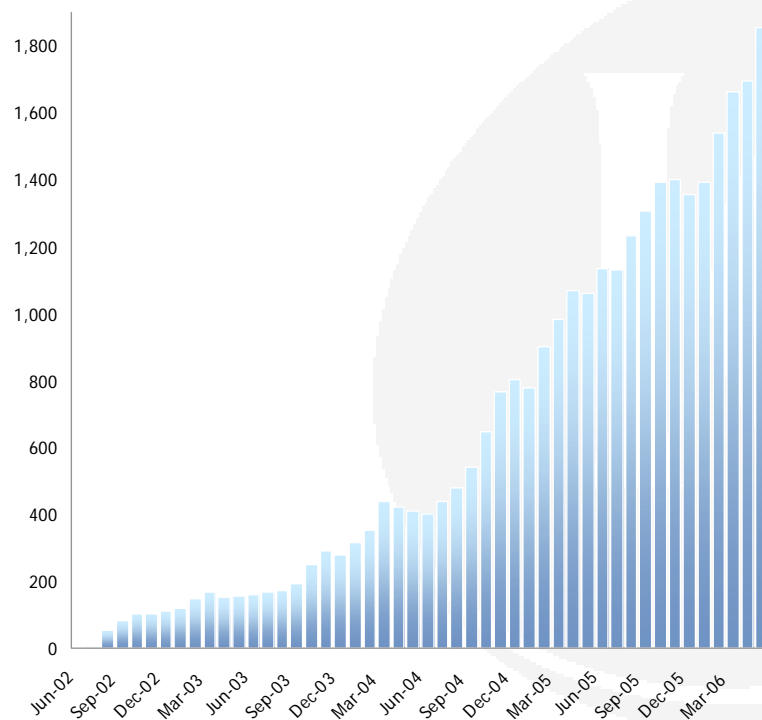
-  Strong account opening continues
-  Client recognition of IG as UK leader
-  Increasing levels of introduced CFD business
-  Strong growth in both spread betting and CFDs

¹ Includes closes, stops and rolls

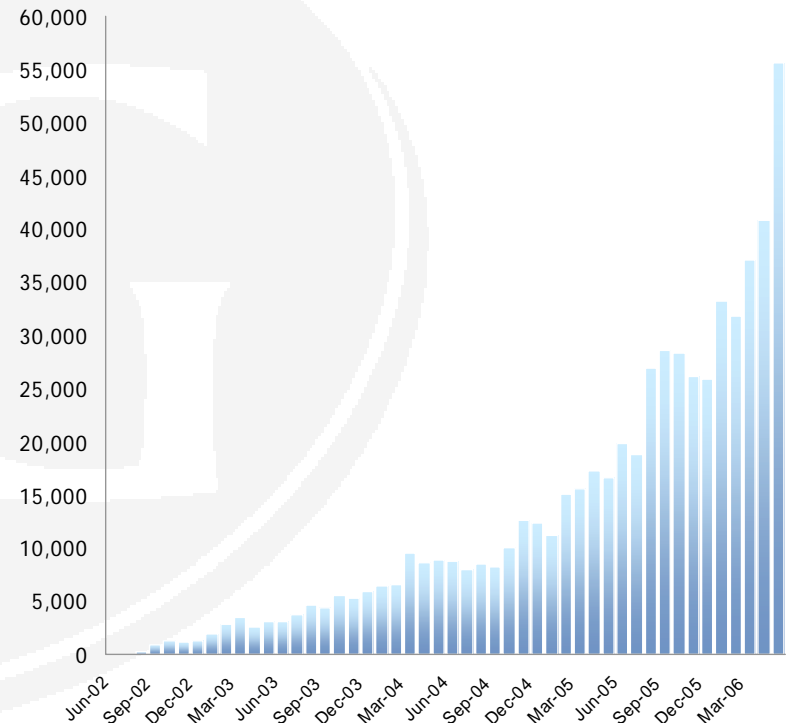
Australia - Financial

Continued strong growth momentum from Australian business

Number of clients dealing - Australia (monthly)



Number of transactions¹

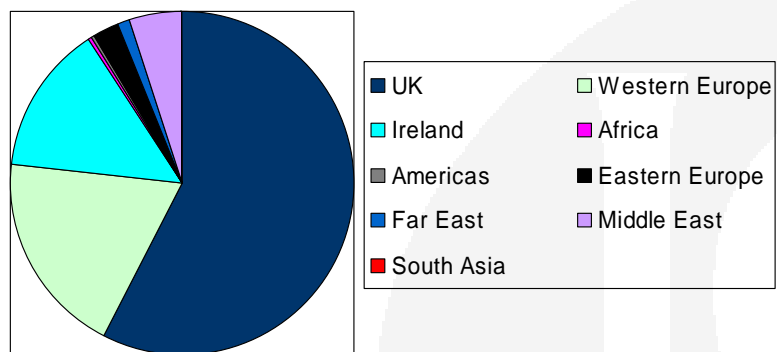


1 Includes closes, stops and rolls

CFDs – a diverse international business

Non-UK revenues growing strongly, particularly Ireland

UK CFD revenue by location of client



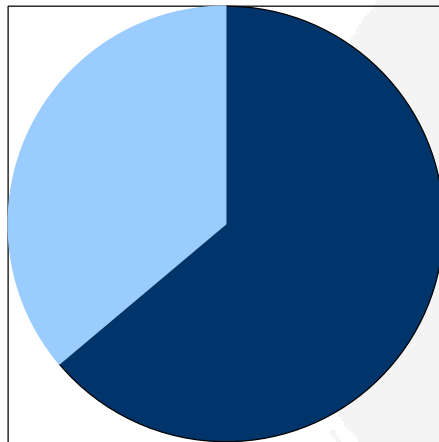
- IG Revenues generated outside UK, serviced from London
- IG IG's London-based CFD business has clients in more than 70 countries
- IG Non-UK revenues of £6.7m in FY 06
- IG Non-UK revenues growing rapidly
- IG Growth from Ireland accelerating

	H1 £'m	H2 £'m	FY 06 £'m	half on half growth
UK	3.4	5.0	8.4	47%
Ireland	0.7	1.3	2.0	86%
Western Europe	1.2	1.6	2.8	37%
Rest of world	0.7	1.1	1.8	70%
	<u>6.0</u>	<u>9.0</u>	<u>15.0</u>	<u>52%</u>

Introducers are a significant source of CFD revenues

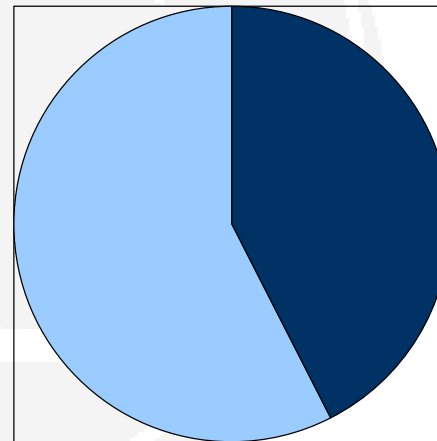
Introducers include stockbrokers and asset management companies worldwide

UK clients of London CFD business



■ direct
■ introduced

Overseas clients of London CFD business

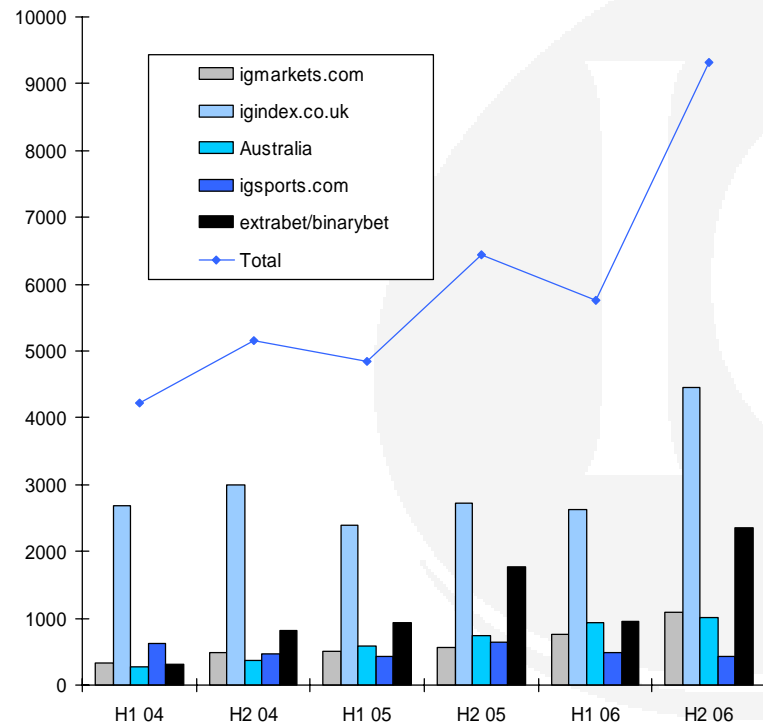


■ direct
■ introduced

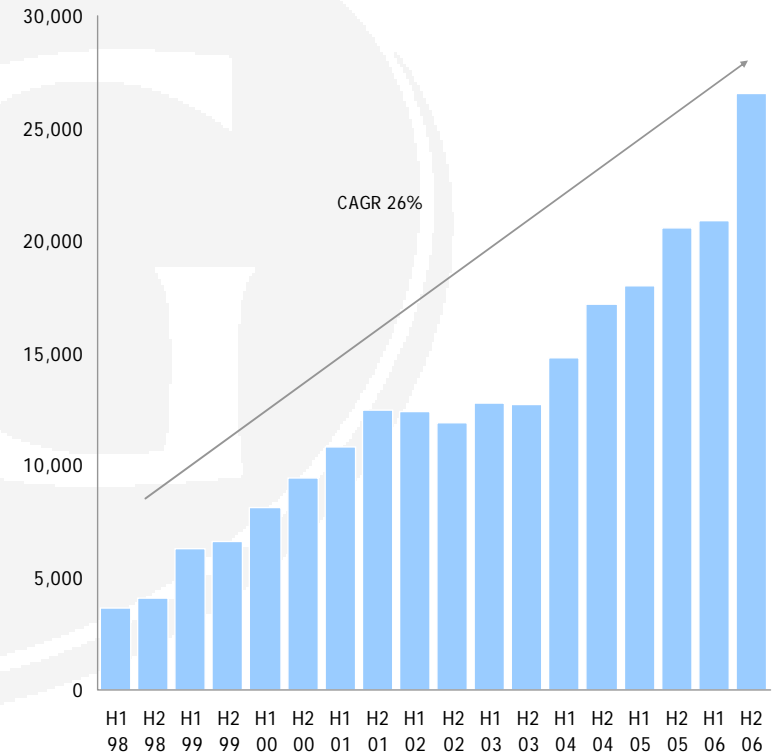
Client acquisition is the key growth driver

Account opening for UK financial spread betting accelerated dramatically in the second half

Clients betting or trading for the first time



Number of clients dealing¹



¹ Number of clients dealing at least once in the period

Revenue per client

	H1 05	H2 05	H1 06	H2 06
	£'000	£'000	£'000	£'000
Turnover ¹				
UK CFD (inc. FX)	4,267	5,117	6,091	8,938
UK fin. spread betting	16,911	20,320	21,798	29,378
Australia & Singapore	1,841	1,935	3,630	5,295
Total financial	23,019	27,372	31,519	43,611
Financial binaries	2,541	2,409	2,704	2,492
Sport spread betting	3,389	2,730	3,826	3,807
Sport fixed odds	458	259	531	901
	29,407	32,770	38,580	50,811

	H1 05	H2 05	H1 06	H2 06
Number of clients ²				
UK CFD (inc. FX)	1,522	2,199	2,158	2,551
UK fin. spread betting	10,236	11,498	11,222	14,112
Australia	1,138	1,665	2,110	2,789
Total Financial	12,896	15,362	15,490	19,452
Financial binaries	2,321	2,479	2,572	2,889
Sport spread betting	5,333	5,776	4,938	5,146
Sport fixed odds	1,730	2,833	1,951	3,154
	22,280	26,450	24,951	30,641
	(4,265)	(5,854)	(4,048)	(4,935)
Unique accounts	18,015	20,596	20,903	25,706

	H1 05	H2 05	H1 06	H2 06
	£	£	£	£
Income per client				
UK CFD (inc. FX)	2,804	2,327	2,822	3,509
UK fin. spread betting	1,652	1,767	1,942	2,082
Australia	1,618	1,162	1,720	1,894
All financial	1,785	1,782	2,035	2,242
Financial binaries	1,095	972	1,051	863
Sport spread betting	635	473	775	740
Sport fixed odds	265	91	272	286
Overall	1,632	1,591	1,846	1,977

	Revenue per client	Potential market size
CFDs and FX	Higher	Lower
Financial spread betting	Medium	Medium
Binaries / Sport	Lower	Higher

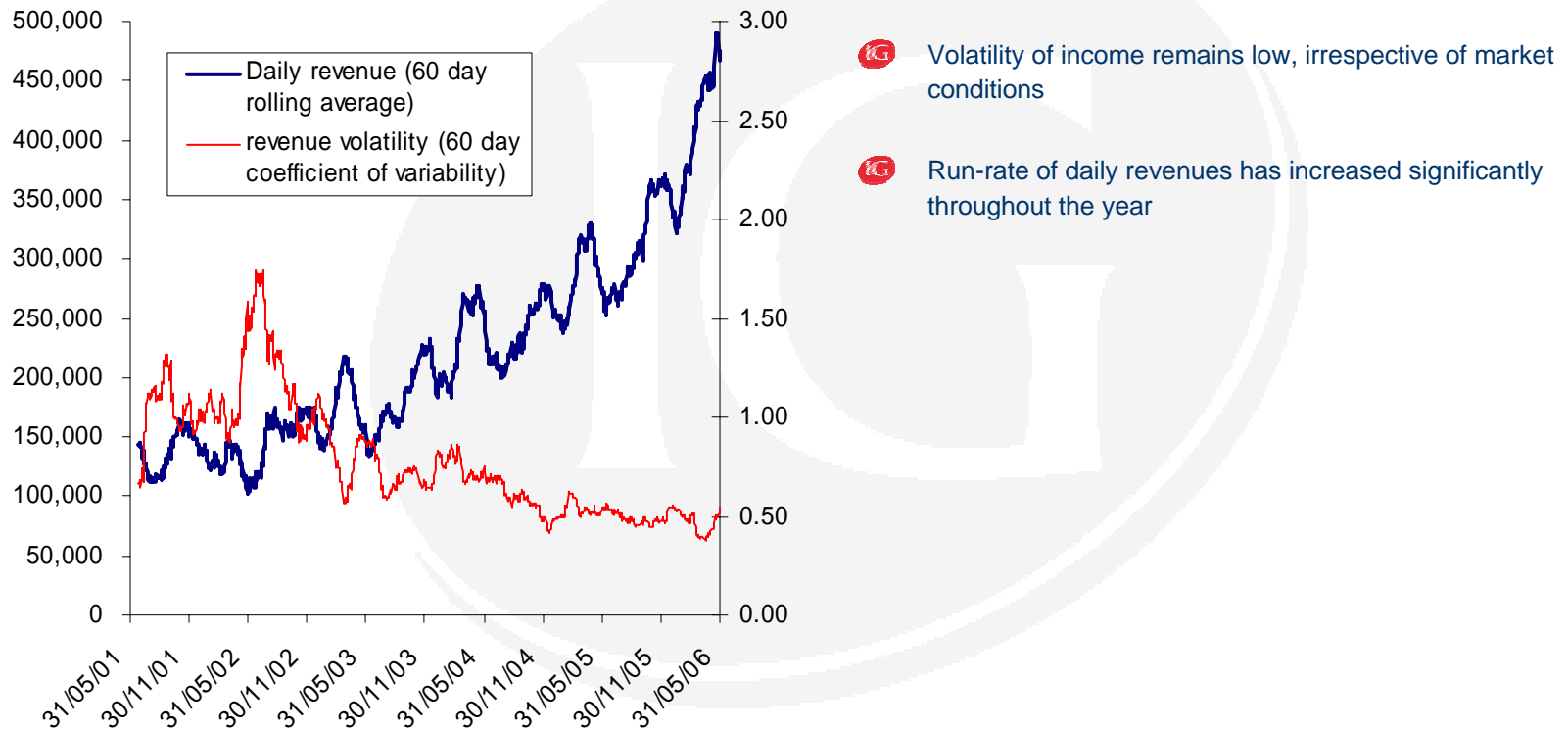
Ease of account opening

¹ Split of revenues between CFDs and financial spread betting is approximate as risk is managed on a unified basis

² Clients may deal on more than one product and hence may be counted several times

Risk management and quality of earnings

Income volatility remains low



Sports

Delivered best growth rate for five years in 2006

Sport spread betting

- IG Financial market based technology and breadth of product range give competitive advantage
- IG Business has demonstrated ability to deliver good growth

Extrabet

- IG Cost of client recruitment is high relative to revenue per transaction
- IG High levels of client recruitment
- IG Account life not yet clear

Market making on exchanges

- IG Currently market making in two exchanges
- IG A low cost source of sports business
 - No cost of client recruitment
 - Limited IT resource required
 - Utilises existing pricing infrastructure
- IG Technology of leading UK exchanges not ideally suited to market making
- IG Other exchanges exist with more suitable technology

Strategic priorities

Continued growth from existing operations, coupled with expansion of geography and routes to market

- 
- IG Extend UK market lead
 - Quality, robustness and scale of dealing software
 - Broadest product offering
 - High standards of customer service
 - Selective advertising in “mainstream” press
 - IG Continue rapid growth in Australia
 - Fully competitive commission and spread
 - Marketing office in Sydney
 - Increasing marketing spend
 - Local marketing manager
 - IG Continued international roll-out where regulatory environment and market conditions permit
 - IG Sport offering focused on routes to market which offer higher return on cost / effort
 - IG Building data centres and re-designing some parts of IT platform to provide capacity for significant further growth

International expansion

Different approaches suit different territories

Ireland

- IG Significant increase in personal wealth
- IG Money primarily being managed by private client stock brokers
- IG Introducing arrangements with majority of main brokers
- IG Little direct business

Asia

- IG Singapore gives base from which to approach introducers throughout Asia
 - Indonesia
 - Thailand
 - China
- IG Establishing representative office in Shanghai

Continental Europe

- IG Regulatory “passporting” means no need for local regulation, but subject to local conduct of business rules
- IG From November 2007 MiFID will remove application of local conduct of business rules
- IG Germany and Italy are first targets for direct marketing
- IG Other countries initially through introducers

Other territories

- IG A number of territories permit FX but not equity CFDs, including:
 - USA
 - Japan
- IG To obtain critical mass likely to want:
 - White-label partner; or
 - Recruitment/acquisition of existing sales team

Outlook

- IG Foundations remain in place to deliver future growth
- IG Continuing strong growth from core UK business
- IG Australia growth continues
- IG Singapore office provides springboard into Asia
- IG European roll-out commencing
- IG Business debt free and highly cash generative
- IG Confident about growth prospects



