LEI No: 2138003A5Q1M7ANOUD76

IG GROUP HOLDINGS PLC

Interim Results for the six months ended 30 November 2017
23 January 2018

IG Group Holdings plc ("IG", "the Group", "the Company"), a global leader in online trading, today announces results for the six months ended 30 November 2017.

Financial Summary

- Net trading revenue £268.4 million (H1 FY17: £244.9m) – up 10%
- Operating expenses excluding variable remuneration £117.6 million – down 7%
- Profit before tax £136.2 million (H1 FY17: £105.2m) – up 29%
- PBT margin 50.7% – up 7.7% points
- Diluted EPS 29.3 pence (H1 FY17: 22.6 pence) – up 30%
- £139.0 million of own funds generated from operations – up 38%
- Interim dividend of 9.69 pence per share

All current financial results listed are for the six months ended 30 November 2017 (H1 FY18). All general references to H1 FY17 'the prior period', 'the prior year', and 'last year' mean the six months ended 30 November 2016, unless otherwise specified, and all changes are calculated by reference to that period. A table setting out the calculation of own funds generated from operations is included as Note C in Other Information at the end of the interim financial statements

Operating and Strategic Summary

- Record revenue and profit before tax
- Action taken to position the business so that it will continue to deliver for all of its stakeholders under a more restrictive regulatory environment
- Continued focus on good client outcomes - implementation of sharpened appropriateness testing and increased wealth hurdles for all new clients
- Significant increase in Limited Risk accounts which prevent retail clients from losing more than their initial deposit
- Online process that allows clients to request to be categorised as an elective professional launched in mid-November 2017. Since then, the proportion of IG's UK and EU revenue generated by professional clients has increased from 5% to over 25% and is on track to be well over 50%
- Number of institutional partners reduced, to seek to ensure that all clients who engage with IG through a partner will be offered the same, quality outcomes as those who maintain a direct relationship
- Progress on the development of a multi-lateral trading facility (MTF) for the European market
- Application filed to establish a subsidiary in the USA to address the potential in the US OTC FX market
- Application filed to establish a subsidiary in Germany as a response to the UK's decision to leave the EU

Peter Hetherington, Chief Executive, commented:

"The Company delivered record revenue and record profit before tax during the first half of FY18, and continued to make good strategic and operational progress. The Group is taking action to mitigate the potential financial impact of regulatory change, and to position the business so that it will continue to deliver for all of its stakeholders under a more restrictive regulatory environment.

IG exists to empower informed, decisive, adventurous people to access opportunities in financial markets. The company has delivered a sustainable business by placing good client outcomes at the heart of everything it does. Good conduct, from the way products are designed, to how they are marketed, to whom firms allow to use them, is essential in protecting clients.

IG supports the objective of regulators to improve retail client outcomes in the industry. The Company's long held view is that the most effective measure to improve client outcomes is to ensure that the product is only marketed to the right people in the right way. The current ESMA proposals might not achieve this. The disproportionate focus on leverage has caused consternation amongst our large number of retail clients, many of whom have traded for years and wish to continue using our product as they do today.

The business is developing new products and services, and is establishing operations in new geographies, in order to broaden its client base, extend its competitive advantage, and to allow it to continue to market OTC leveraged derivatives to potential new clients for whom it is appropriate.

Demand for the products and service offered by IG is strong, and growing. As the industry leader, the Company is well placed to respond to regulatory change. The Company will continue to engage fully with regulators, to seek to achieve the best possible outcomes for current and future clients of this industry, and the greatest long term value for shareholders."

For further information, please contact:

IG Group		FTI Consulting	
Liz Scorer	020 7573 0727	Neil Doyle / Ed Berry	020 3727 1141 / 1046
investors@iggroup.com			

There will be a presentation today for analysts and investors at 9.30am (UK time) at IG Group, Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA. The presentation will also be accessible via audio webcast at www.iggroup.com and via a conference call on 020 3936 2999.

The audio webcast of the presentation and a transcript will be archived at: www.iggroup.com/investors

The Company plans to host a Capital Markets Day on Wednesday 23 May. Further information about this event will be provided as part of the Company's Q3 market update.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under Article 17 of the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

Disclaimer - forward-looking statements

This interim statement, prepared by IG Group Holdings plc (the "Company"), may contain forward-looking statements about IG Group Holdings plc and its subsidiaries (the "Group"). 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. Forward-looking statements speak only as of the date they are made and the Company undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

Some numbers and period on period percentages in this statement have been rounded or adjusted in order to ensure consistency with the financial statements.

About IG

IG empowers informed, decisive, adventurous people to access opportunities in over 15,000 financial markets. With a strong focus on innovation and technology, the company puts client needs at the heart of everything it does.

IG's vision is to be a global leader in retail trading and investments. Established in 1974 as the world's first financial derivatives trading firm for retail clients, it continued leading the way by launching the world's first online and iPhone trading services.

IG is now an award-winning, multi-platform trading company, the world's No.1 provider of CFDs* and a global leader in forex. It provides leveraged services with the option of limited-risk guarantees, and offers an execution-only share dealing service in the UK, Australia, Germany, France, Ireland, Austria and the Netherlands. IG has recently launched a range of affordable, fully managed investment portfolios, to provide a comprehensive offering to investors and active traders.

It is a member of the FTSE 250, with offices across Europe, including a Swiss bank, Africa, Asia-Pacific, the Middle East and the US, where it offers on-exchange limited risk derivatives via the Nadex brand.

*Based on revenue excluding FX (from published financial statements, October 2016)

Overview

The Company delivered record revenue and record profit before tax during the first half of FY18, and continued to make good strategic and operational progress. The Group is taking action to mitigate the potential financial impact of regulatory change, and to position the business so that it will continue to deliver for all of its stakeholders under a more restrictive regulatory environment.

Net trading revenue in the first half of the year was £268.4 million, 10% higher than in the same period in the prior year. Operating costs excluding variable remuneration were £117.6 million, 7% lower than in the prior year. Profit before tax in the first half of the year was £136.2 million, 29% higher than in the prior year, with the PBT margin increasing to 50.7%.

The Board has declared an interim dividend of 9.69 pence per share, calculated as 30% of the full year ordinary dividend per share for the prior year in line with the Group's dividend policy.

Leading the way

IG exists to empower informed, decisive, adventurous people to access opportunities in financial markets. IG started this industry over 40 years ago by providing clients with the opportunity to gain exposure to the price of gold and now offers clients over 15,000 financial markets. The Company has delivered a sustainable business by placing good client outcomes at the heart of everything it does. Good conduct, from the way products are designed, to how they are marketed, to whom firms allow to use them, is essential in protecting clients.

IG differentiates itself within the industry through its good conduct. The Company adheres to the highest regulatory standards, and through its focus on ensuring that its marketing and advertising targets an appropriate audience, IG seeks to only accept clients who understand our product and the risks involved.

Leveraged derivative instruments are not appropriate for everyone. The Company's long held view is that robust supervision around who the product is marketed to, and which applicants are accepted as clients, remains the most significant measure to drive improved client outcomes.

Regulatory developments

ESMA and the FCA issued statements on 15 December 2017 updating their work in relation to the provision of contracts for difference (including rolling spot forex), and binary options to retail clients. ESMA published a "Call for evidence" paper on 18 January 2018, providing further information and inviting responses from all stakeholders to specific questions in the paper, to be received by 5 February 2018.

The ESMA statements set out that it is considering the possible use of its product intervention powers under Article 40 of MiFIR to address investor protection risks. ESMA is considering measures to prohibit the marketing, distribution or sale to retail clients of binary options, and to restrict the marketing, distribution or sale to retail clients of CFDs. Specifically, the restrictions on CFDs currently under review by ESMA are:

- Leverage limits on the opening of a position between 30:1 and 5:1; the limit will vary according to the volatility of the underlying asset with major currency pairs at 30:1, non-major currency pairs, major indices and gold at 20:1, other commodities and minor equity indices at 10:1 and individual equities and any underlying asset not mentioned above at 5:1;

- A margin close-out rule on a position-by-position basis (that will ensure clients' positions are automatically closed when they fall below 50% of initial margin);

- Negative balance protection by account to provide a guaranteed limit on client losses;

- A restriction on benefits incentivising trading (commonly known as bonus offers);

- A standardised risk warning.

- ESMA is also currently considering how CFDs on cryptocurrencies fit within the MiFID regulatory framework as financial instruments, whether CFDs on cryptocurrencies should be addressed in the measures, and whether 5:1 initial leverage would provide sufficient protection to clients.

Any product intervention measure adopted by ESMA under Article 40 of MiFIR can have an initial duration of up to three months and is renewable.

IG supports the objective of regulators to improve retail client outcomes in the industry, and ESMA's efforts to achieve harmonisation of regulation across the EU. As noted in our statement on 18 December 2017 and confirmed by the ESMA paper of 18 January 2018, all the measures that ESMA and the FCA are considering relate to retail clients.

IG believes that enforcing consistent close-out procedures, putting a guaranteed limit on client losses, restricting trading incentives such as bonus offers, and issuing standardised risk warnings would all improve client outcomes if implemented appropriately, and enforced effectively.

IG stopped offering its Sprint binary product to new retail clients in January 2017.

IG believes that the leverage restrictions under review are disproportionate and go beyond what is needed to protect consumers from poor outcomes associated with excessive leverage. The danger of disproportionate leverage restrictions on regulated firms is the risk that they will push retail clients to trade CFDs with unregulated firms based outside the EU potentially resulting in poor client outcomes.

Championing the Client

IG has sharpened its appropriateness testing and implemented increased wealth hurdles for all new clients. The Company is confident that these measures safeguard clients, including directing less experienced retail clients to the Limited Risk account, which prevents them from losing more than their initial deposit.

The Company has three categories of clients; retail, professional and institutional. Regulators are focussed on protecting retail clients. Clients with a high level of understanding, significant trading experience, large investment portfolios, or relevant experience working in financial services, may be categorised as professional and these clients do not require the same level of protection as retail clients.

Whilst IG has historically categorised the vast majority of its clients as retail as a matter of course, IG's client base is different from most in the industry due to the Company's long term focus on high value and sophisticated clients. The Company believes that clients who generate the majority of its revenue in the UK and EU could meet the MiFID defined requirements to be categorised as professional, but prior to the potential implementation of regulatory restrictions on retail clients there has been no reason for them to do so.

In mid-November 2017, IG launched an online process that allows clients to request to be categorised as an elective professional. These requests are assessed internally, and clients who meet the requirements are now categorised as professional. To date, more than half of all requests by number have been rejected. Clients who have been categorised as professional generated over 25% of the Company's UK and EU revenue in the three months to January. The Company believes that clients who generate well over half of its current UK and EU revenue are both eligible and will elect to be categorised as professional if the products they can trade and the leverage they can utilise diverges from that available to retail clients.

IG values its relationships with its clients. Over the past 12 months, the Company has conducted a full review of its institutional partners and will only work with partners who share IG's values and ethics, have transparent and appropriate fee structures and are of sufficient size. The number of institutional partners has been reduced, to seek to ensure that all clients who engage with the business through a partner will be offered the same, quality outcomes as those who maintain a direct relationship.

On 10 January 2018 the FCA released their findings on a review of the provision and distribution of CFD products to clients on an advisory or discretionary basis. As stated in the Company's announcement of the same date, IG does not offer advisory or discretionary services for CFD products and has terminated its very small number of relationships with distributors who offer our CFD product on this basis to retail clients within the UK and EU. IG believes that it complies with the applicable rules and FCA guidance and that this review has no new financial implications for IG's business.

IG has a very clear target market and is committed to offering the widest possible range of trading opportunities to clients who fit within this target market. To this end, the Company launched its first market on a cryptocurrency more than three years ago. IG operates its cryptocurrency products on a responsible basis, only allowing appropriate clients to open accounts. IG offers initial leverage of 3:1 on new cryptocurrency positions; this reduces to 1:1 as a client increases the size of their exposure. IG follows the same risk methodology towards cryptocurrencies as it does its other products by hedging its net exposure in the physical and futures markets and limiting the percentage of its financial resources allocated to hedging.

Business Development

As announced in July, the company is developing a multi-lateral trading facility (MTF) for the European market where IG believes there is a significant opportunity in offering its products on exchange. The on exchange market in Europe is considerably larger than the OTC market, providing the Company with an opportunity to appeal to a wider client base, strengthen its brand presence and potentially, over time, expand the adjacent OTC market. IG plans to offer only Limited Risk products on its MTF, so that every trade has a guaranteed stop position, making the offering suitable for less experienced clients.

IG serves its clients through a strong online presence supported by local offices where the size of market, or local regulatory requirements, demand it. The company continually reviews new geographic opportunities and has identified potential in the US OTC FX market, where it believes the market is currently underserved. IG filed its licence application at the end of November to establish a new subsidiary based in Chicago, and has commenced hiring for key roles. The Company is targeting launch in the middle of calendar 2018.

IG has applied to BaFIN, the German regulator, to establish a subsidiary in Dusseldorf as a response to the UK's decision to leave the EU. This office will combine the existing German sales office with key management and control positions and will serve as a regional hub for the Group's well-established EU business. The establishment of this subsidiary will not have any impact on the Company's UK operations.

Summary

The Group is taking action to mitigate the potential financial impact of regulatory change, and to position the business so that it will continue to deliver for all of its stakeholders under a more restrictive regulatory environment. Clients who are eligible are now able to elect to be categorised as professional, so that they can continue to trade as they do today. The business is developing new products and services, and is establishing operations in new geographies, in order to broaden its client base, extend its competitive advantage, and to allow it to continue to market OTC leveraged derivatives to potential new clients for whom it is appropriate.

In IG's experience, when proportionate regulation has been applied consistently and appropriately, client outcomes have improved, and compliant providers have benefitted over the longer term.

As demonstrated by our record financial performance, demand for the products and services offered by IG is strong, and growing. IG will continue to lead the way in the industry, and the Company is better placed than most, if not all, providers in the industry to respond to regulatory change. The Company will continue to engage fully with regulators, to seek to achieve the best possible outcomes for current and future clients of this industry, and the greatest long-term value for shareholders.

Outlook

The business continues to perform strongly, and revenue in the second half to date is running around 25% higher than in the same period last year. It remains difficult however to predict the level of revenue in the short term. Operating costs in the second half are expected to be higher than in the first half, and as previously guided, operating costs excluding variable remuneration for the full year are expected to remain at a similar level to FY17.

IG believes that any financial impact from the implementation of the prohibition on binary options and the restrictions on CFDs being considered by ESMA is unlikely to be significant in the current financial year.

It remains difficult to predict what impact regulatory change may have on the business in subsequent financial years. The Company believes that had the measures currently being considered by ESMA been in place throughout the previous financial year the reduction in revenue in that year (taking into account the actions being taken by the business to mitigate the impact) would have been less than 10% including the impact from lower binary revenue. If such measures were implemented the Company would expect to flex marketing spend and resource allocation according to opportunity.

Operating and Financial Review

Reporting Segments	Revenue (£m)		% Change	Clients ('000s)		% Change	Revenue per Client % Change
	H1 FY18	H1 FY17		H1 FY18	H1 FY17		
UK	116.7	115.0	+1%	47.2	53.0	(11%)	+14%
EMEA	76.6	67.0	+14%	36.0	35.8	+1%	+14%
APAC	66.0	55.6	+19%	30.0	30.3	(1%)	+20%
OTC Leveraged	**259.3**	**237.6**	**+9%**	**113.3**	**119.1**	**(5%)**	**+15%**
US	7.3	6.3	+16%	14.8	13.0	+13%	+3%
Share Dealing & Investments	1.8	1.0	+85%	29.1	13.3	+119%	(15%)
Multi-Product Clients				(5.2)	(3.3)	+60%	
Group	**268.4**	**244.9**	**+10%**	**151.9**	**142.2**	**+7%**	**+3%**

Reporting Segments	Client First Trades		
	H1 FY17	H2 FY17	H1 FY18
UK	11,747	7,864	7,032
EMEA	7,997	7,757	5,744
APAC	5,279	5,083	5,251
OTC Leveraged	**25,023**	**20,704**	**18,027**
US	6,809	8,041	5,843
Share Dealing & Investments	8,733	9,455	11,719
Multi-Product Clients	(3,046)	(2,806)	(2,688)
Group	**37,519**	**35,394**	**32,901**

The financial tables above contain numbers which have been rounded whilst all year-on-year percentages are calculated off underlying unrounded numbers

Net trading revenue

IG delivered record revenue in the first half of £268.4 million, up 10% on the first half of the prior year (H1 FY17: £244.9 million). Record revenue of £135.2 million was generated in the first quarter, 21% ahead of the same period in the prior year (Q1 FY17: £111.4 million), with revenue in the second quarter of £133.2 million broadly flat compared with the same period in the prior year (Q2 FY17: £133.4 million).

OTC leveraged revenue

OTC leveraged revenue of £259.3 million was 9% higher than in the same period last year. The number of active clients was 5% lower at 113,300 with revenue per client 15% higher. Revenue per client was relatively consistent throughout the period, with revenue per client in Q1 at £1,384 (Q1 FY17: £1,105) and in Q2 at £1,369 (Q2 FY17: £1,321). Revenue per client in the first quarter of the prior year was dampened by the impact of management actions to protect clients from the extreme volatility triggered by the UK's EU referendum in June, and by the particularly strong new client inflow in that period.

The number of active clients in the prior period was boosted by the particularly strong new client inflow as a result of the trading opportunities created by the EU referendum in June 2016, and the US Presidential election in November 2016. The lower number of active clients in the first half of this year compared with the prior year reflects the relatively high level of attrition of the clients recruited in the first half of FY17, and the lower level of new client recruitment this year.

The number of new OTC leveraged clients who traded for the first time in H1 FY18 was 18,027. This is lower than in previous periods reflecting the introduction of a new appropriateness test for prospective clients together with increased wealth hurdles, and a lower level of advertising and marketing.

Revenue in the UK of £116.7 million was 1% higher than in the prior period, with the lower level of active clients offset by increased revenue per client of £2,470 (H1 FY17: £2,171).

Revenue in EMEA, which comprises our offices in France, Germany, Ireland, Italy, Spain, Sweden Switzerland, Dubai and South Africa, increased by 14% to £76.6 million. The number of active clients in the region was up 1%, with revenue per client up by 14% to £2,128 (H1 FY17: £1,871). The rate of revenue growth in the non-EU offices has continued to exceed that in the more mature EU based offices. During the period, management took the decision to close the Ireland office with its client base now being managed directly from London.

Revenue in APAC, which comprises our offices in Australia, Japan and Singapore, increased by 19% to £66.0 million. The number of active clients was down by 1% with revenue per client up by 20% to £2,200 (H1 FY17: £1,834).

Around 5% of the OTC leveraged revenue in the period came from clients trading cryptocurrencies, compared with less than 0.5% in the prior period.

USA

Revenue from the exchange traded derivatives business in the USA was up 16% to £7.3 million. Client numbers increased by 13% with revenue per client rising by 3% to £492 (H1 FY17: £480).

Share Dealing and Investments

Revenue from the share dealing and investments products increased by 85% to £1.8 million. Both products help to retain existing OTC leveraged clients, and the share dealing product provides an acquisition channel to attract new clients, for whom it is appropriate, to OTC leveraged trading. Multi product clients (who trade both OTC leveraged products and have a share dealing or investments account) increased by 60% from the same period in the prior year to 5,244. This is an important metric for the Group as it shows engagement of our current client base in our whole product set, with multi product clients having a higher value and longer average tenure than single product clients.

Operating Expenses

Operating expenses excluding variable remuneration decreased by 7% to £117.6 million (H1 FY17: £126.0 million). Total operating expenses including variable remuneration reduced by 4% to £132.5 million (H1 FY17: £137.9 million).

	H1 FY18	H1 FY17
	£m	£m
Employee remuneration costs – fixed	46.3	46.2
Advertising and marketing	27.7	35.2
Depreciation and amortisation	8.8	7.5
Irrecoverable VAT and other sales taxes	6.2	7.8
Other costs	28.6	29.3
Operating expenses excluding variable remuneration	**117.6**	**126.0**
Employee remuneration costs – variable	14.9	11.9
Operating expenses	**132.5**	**137.9**

Operating expenses in the second half will include the charge for the FSCS levy which is charged in full in the second half each year (H2 FY17: £3.8 million). Marketing and advertising spend is also expected to be higher than in the first half, as it is anticipated that the recent run rate will be maintained. Additionally, remuneration and other costs are expected to be higher than in the first half as a result of the investments in strategic initiatives including the MTF, the US OTC business and the EU subsidiary. Overall, expenses excluding variable remuneration for the full year are expected to be at a similar level to the prior year.

Employee remuneration costs

Fixed employee remuneration costs of £46.3m were unchanged compared with the prior year (H1 FY17: £46.2 million). Average headcount has increased reflecting investment in client-service roles and the full six months cost of the headcount associated with Daily FX. The impact of the increase in headcount has been offset by a lower average cost per head as roles have moved out of London; to the Group's resource hubs in Poland, India and South Africa.

Variable employee remuneration costs increased by 25% to £14.9 million (H1 FY17: £11.9 million) reflecting a higher discretionary bonus accrual in the six months compared to the prior period as the Group has outperformed its internal targets.

Advertising and marketing costs

Advertising and marketing costs decreased by 21% to £27.7 million (H1 FY17: £35.2 million). Expenditure at the start of this financial year was reduced to allow the business to assess the impact of the revised appropriateness tests and wealth hurdles on account applications and openings. Expenditure in the same period in the prior year was elevated, reflecting the client recruitment opportunity in that period due to the EU referendum.

Depreciation and amortisation

Depreciation and amortisation increased by £1.3 million to £8.8 million (H1 FY17: £7.5 million). The increase reflects a full six months' amortisation of the Daily FX website, which was acquired in October 2016.

Irrecoverable VAT and other sales taxes

The Group does not recover all of the input VAT and other sales taxes it incurs on its costs. The £6.2 million charge (H1 FY17: £7.8 million) reflects the amounts not recovered. The decrease in irrecoverable VAT and other sales taxes largely reflects the lower marketing and advertising costs in the period.

Taxation

The effective tax rate (ETR) applied to the interim profit before tax is 20.6%. This reflects the forecast full year effective rate for FY18 (FY17: 20.8%).

The Group will recognise an additional tax charge of around £1.3 million in the second half as a result of the recently enacted reduction in the US corporation tax rate reducing the value of the Group's deferred tax asset in relation to its US tax losses.

Diluted Earnings per Share

Diluted earnings per share of 29.3 pence for the six month period are 30% higher than the 22.6 pence for the same period last year. Diluted earnings per share is used as a primary measure of profitability and as a financial measure in relation to the Executive Director and senior management share plans.

Interim Dividend

Consistent with the Group's stated interim dividend policy, the Board has declared an interim dividend of 9.69 pence per share, calculated as 30% of the full year ordinary dividend per share for the prior year.

Cash generation, Investments and Dividends

The Group uses own funds generated from operations and net own funds generated before dividends, as its key measures of cash generation. The make-up of own funds is shown on the Balance Sheet in Note A, and the Own Funds flow is shown in Note C of the Other Information section in the Interim Financial Statements.

Own funds generated from operations of £139.0 million (H1 FY17: £101.0 million), compares with operating profit of £136.5 million (H1 FY17: £105.6 million), with a cash conversion rate, calculated as own funds generated from operations divided by operating profit, of 102% (H1 FY17: 96%).

Capital expenditure in the period of £8.5 million includes the final instalment for the purchase of Daily FX of £3.0 million.

Net own funds generated before dividends totalled £103.7 million (H1 FY17: £40.3m).

Dividend payments to shareholders during the period comprised the final dividend for the year to 31 May 2017 of £84.0 million.

The Group's own funds of £627.8 million at the period end are £13.5 million higher than at 31 May 2017. This reflects the £19.7 million of own funds generated after dividends, partly offset by £6.2 million of foreign exchange translation reflecting the reduction in GBP equivalent value of own funds in non-UK businesses.

Liquidity

The Group's total liquid assets at the end of the period were £790.6 million (31 May 2017: £731.4 million).

The Group's primary requirement for liquidity is the margin it is required to deposit with its hedging brokers. The average broker margin requirement (including the Group's holdings of cryptocurrencies) in the six month period was £358 million, £72 million higher than the average in FY17, with a peak broker margin requirement of £411 million during the period. At 30 November 2017, the actual broker margin requirement was £370.7 million (31 May 2017: £356.3 million).

The increase in the broker margin requirement reflects an increase in the notional value of the Group's hedging trades including an increase in the Group's holdings of cryptocurrencies to hedge clients' trading positions.

The Group has access to a committed revolving credit facility of £160 million to assist in liquidity risk management. The Group draws down on its RCF during periods when broker margin is at elevated levels and in advance of events that could result in an elevated broker margin requirement, in order to reduce liquidity risk. As at 30 November 2017 £50 million of the facility was drawn down (30 November 2016: £50 million).

Regulatory Capital Resources

The calculation of the Group's consolidated capital resources and capital ratio is shown in Note E of the Other Information section in the Interim Financial Statements. The Group's capital resources expressed as a percentage of the total requirement was 28.3% as at 30 November 2017, compared with the minimum requirement for the Group of 19.0%.

Principal risks and uncertainties

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 2017 Group annual report. There have been no significant changes in the Group's risk management framework in the six month period ended 30 November 2017 and up to the date of approval of these financial statements.

IG's Risk Taxonomy categorises the principal risks faced by the firm into five areas: the risks inherent in the regulatory environment, the risks inherent in the commercial environment, business model risk, operational risk and conduct risk.

Detail on all of the above risks and how they are managed is included on pages 37 to 43 in the 2017 Group Annual Report, which is available on: http://www.iggroup.com/files/AR_2017.pdf.

Consolidated interim income statement
for the six months ended 30 November 2017 (unaudited)

	Note	Unaudited Six months ended 30 November 2017 £m	Unaudited Six months ended 30 November 2016 £m
Trading revenue		280.1	263.0
Introducing partner commissions		(11.7)	(18.1)
Net trading revenue	3	268.4	244.9
Betting duty and financial transaction taxes		(2.7)	(3.7)
Interest income on segregated client funds		2.2	2.1
Interest expense on segregated client funds		(0.4)	(0.3)
Other operating income		1.5	0.5
Net operating income		269.0	243.5
Operating expenses	4	(132.5)	(137.9)
Operating profit		136.5	105.6
Finance income		1.3	0.9
Finance costs		(1.6)	(1.3)
Profit before taxation		136.2	105.2
Taxation	5	(28.1)	(21.9)
Profit for the period		108.1	83.3
Profit for the period attributable to owners of the parent		108.1	83.3
		108.1	83.3
Earnings per ordinary share			
- basic	6	29.5p	22.7p
- diluted	6	29.3p	22.6p

Notes 1 to 15 are an integral part of these condensed consolidated interim financial statements.

Consolidated interim statement of comprehensive income
for the six months ended 30 November 2017 (unaudited)

	Unaudited Six months ended 30 November 2017		Unaudited Six months ended 30 November 2016	
	£m	£m	£m	£m
Profit for the period		108.1		83.3
Other comprehensive (expense)/income:				
Items that may be subsequently reclassified to the income statement:				
Change in value of available-for-sale financial assets	(0.6)		(0.1)	
Change in foreign currency translation	(6.6)		15.1	
Other comprehensive (expense)/income for the period, net of tax		(7.2)		15.0
Total comprehensive income for the period		100.9		98.3
Total comprehensive income attributable to owners of the parent		100.9		98.3

The items of comprehensive income are stated net of related tax effects which are negligible.

Notes 1 to 15 are an integral part of these condensed consolidated financial statements.

Consolidated interim statement of financial position
at 30 November 2017 (unaudited)

	Note	Unaudited 30 November 2017 £m	31 May 2017 £m	Unaudited 30 November 2016 £m
Assets				
Non-current assets				
Property, plant and equipment		15.8	17.4	13.4
Intangible assets	11	154.0	156.7	158.2
Financial investments	12	55.6	52.4	57.1
Deferred income tax assets		8.6	9.1	7.4
		234.0	235.6	236.1
Current assets				
Trade receivables	8	387.8	357.5	320.8
Prepayments and other receivables		11.1	12.2	15.4
Cash and cash equivalents	9	251.9	230.9	201.8
Financial investments	12	97.6	92.0	78.5
		748.4	692.6	616.5
TOTAL ASSETS		982.4	928.2	852.6
Liabilities				
Current liabilities				
Trade payables		112.8	117.3	51.5
Other payables		50.3	62.5	58.2
Borrowings	10	50.0	-	50.0
Income tax payable		18.5	13.1	12.2
		231.6	192.9	171.9
Non-current liabilities				
Redeemable preference shares		-	-	-
Total liabilities		231.6	192.9	171.9
Equity				
Share capital		-	-	-
Share premium		206.8	206.8	206.8
Other reserves		63.7	123.1	120.7
Retained earnings		480.3	405.4	353.2
Total equity		750.8	735.3	680.7
TOTAL EQUITY AND LIABILITIES		982.4	928.2	852.6

Notes 1 to 15 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on 23 January 2018 and signed on its behalf by:

P R Mainwaring, Chief Financial Officer

Consolidated interim statement of changes in equity
for the six months ended 30 November 2017 (unaudited)

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 31 May 2016	-	206.8	102.2	354.0	663.0
Profit for the period	-	-	-	83.3	83.3
Other comprehensive income for the period	-	-	15.0	-	15.0
Total comprehensive income	-	-	15.0	83.3	98.3
Equity-settled employee share-based payments	-	-	4.5	-	4.5
Employee Benefit Trust purchase of shares	-	-	(1.0)	-	(1.0)
Equity dividends paid	-	-	-	(84.1)	(84.1)
Movement in equity	-	-	18.5	(0.8)	17.7
At 30 November 2016	-	206.8	120.7	353.2	680.7
At 31 May 2017	-	206.8	123.1	405.4	735.3
Profit for the period	-	-	-	108.1	108.1
Other comprehensive expense for the period	-	-	(7.2)	-	(7.2)
Total comprehensive (expense)/income	-	-	(7.2)	108.1	100.9
Equity-settled employee share-based payments	-	-	3.2	-	3.2
Employee Benefit Trust purchase of shares	-	-	(4.6)	-	(4.6)
Equity dividends paid	-	-	-	(84.0)	(84.0)
Transfer of share based payment reserve	-	-	(50.8)	50.8	-
Movement in equity	-	-	(52.2)	(33.2)	(85.4)
At 30 November 2017	-	206.8	63.7	480.3	750.8

Notes 1 to 15 are an integral part of these condensed consolidated interim financial statements.

Consolidated interim cash flow statement
for the six months ended 30 November 2017 (unaudited)

	Note	Unaudited Six months ended 30 November 2017 £m	Unaudited Six months ended 30 November 2016 £m
Operating activities			
Operating profit		136.5	105.6
Adjustments to reconcile operating profit to cash generated from operations:			
Depreciation and amortisation		8.8	7.5
Share-based payments charge		3.2	4.5
Increase in trade and other receivables		(20.6)	(45.7)
Increase in trade and other payables		(21.8)	(4.6)
Cash generated from operations		106.1	67.3
Income taxes paid		(22.2)	(23.0)
Net cash flow generated from operating activities		83.9	44.3
Investing activities			
Interest received		2.7	1.5
Purchase of property, plant and equipment		(1.4)	(4.1)
Payments to acquire and develop intangible assets		(7.1)	(32.7)
Net cash flow from sale/purchase of financial investments		(10.7)	(0.2)
Net cash flow used in investing activities		(16.5)	(35.5)
Financing activities			
Interest paid		(1.6)	(1.3)
Equity dividends paid to owners of the parent	7	(84.0)	(84.1)
Net drawdown on revolving credit facility		50.0	50.0
Employee Benefit Trust purchase of shares		(4.6)	(1.0)
Net cash flow used in financing activities		(40.2)	(36.4)
Net increase/(decrease) in cash and cash equivalents		27.2	(27.6)
Cash and cash equivalents at the beginning of the period		230.9	218.8
Impact of movement in foreign exchange rates		(6.2)	10.6
Cash and cash equivalents at the end of the period	9	251.9	201.8

Notes 1 to 15 are integral part of these condensed consolidated interim financial statements.

Notes to the consolidated interim condensed financial statements
for the six months ended 30 November 2017 (unaudited)

1. General information

IG Group Holdings plc and its subsidiaries provide online trading services allowing clients access to various financial markets, including shares, indices, forex, commodities, binaries and cryptocurrencies.

The consolidated interim condensed financial statements of IG Group Holdings plc and its subsidiaries for the six months ended 30 November 2017 were authorised for issue by the Board of Directors on 23 January 2018. 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 2017, 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 these condensed interim financial statements. The financial statements for the year ended 31 May 2017 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 consolidated condensed interim financial statements for the six months ended 30 November 2017 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct 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.

The consolidated interim condensed 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 2017 which was prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Throughout this report FY18, FY17 and FY16 refers to financial years ended 31 May 2018, 31 May 2017 and 31 May 2016 respectively. H1 FY18, H1 FY17 and H1 FY16 refers to the six months ended 30 November 2017, 30 November 2016 and 30 November 2015 respectively.

Going concern basis of accounting

The Group meets its day-to-day working capital requirements through its available liquid assets and committed banking facilities. The Group's liquid assets comprise cash balances available to the Group for its own purposes and exclude all monies held in segregated client money accounts. An element of the Group's liquidity is not available for purposes of centrally performed market risk management as it is held in overseas businesses for purposes of local regulatory and working capital requirements or is currently held within segregated client money bank accounts to ensure the Group's segregation obligations are met.

In assessing whether it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements, the Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business in severe but reasonable scenarios, and the effectiveness of any mitigating actions. Further details of these principal risks and how they are mitigated is documented in the 2017 Group Annual Report on pages 37 to 43.

The Directors' assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over a period of at least 12 months from the date of approval of these condensed interim financial statements. The Board, following the review by the Audit Committee, has a reasonable expectation that the Group has adequate resources for that period, and confirm that they consider it appropriate to adopt the going concern basis in preparing these condensed interim financial statements.

Critical accounting estimates and judgements

The preparation of these consolidated interim financial statements requires the Group to make estimates and judgements that impact the reported amounts of assets and liabilities as at the interim reporting date and the amounts reported for revenues and expenses during the period. The nature of estimates means that actual outcomes could differ from those estimates. The significant judgements and estimates applied by the Group in this interim information have been applied on a consistent basis with the 2017 Group Annual Report.

In the Directors' opinion the accounting estimates or judgements that have the most significant impact on the measurement of items recorded in the interim financial statements are the following:

(a) The assessment of the useful economic life of the Group's internally developed and acquired software, licenses, domain name and generic top-level domain based intangible assets is judgmental and can change due to obsolescence as a result of unforeseen technological developments, and other factors. The useful life for licenses represents management's view of the expected term over which the Group will receive benefits from the software, and does not exceed the licence term. For internally developed and acquired software and domain assets the life is based on historical experience with similar products as well as anticipation of future events which may impact their useful economic life.

(b) The calculation of the Group's current corporation tax charge involves a degree of estimation and judgement with respect to certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. Amounts to be paid/received may ultimately be materially different than the amounts already accounted for and could therefore impact the overall profitability and cash flows of the Group in future periods.

(c) The measurement of the Group's net trading revenue predominantly reflects transactions that have settled in cash and accordingly involves little judgment. However, the calculation of the segmental net trading revenue involves the use of an allocation methodology determined by management, as the Group manages risk and hedges on a group-wide portfolio basis. This allocation methodology does not impact the overall Group net trading revenue disclosed.

Significant accounting policies

The accounting policies, methods of computation and presentation adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the 2017 Group Annual Report except as described below:

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

New accounting standards and interpretations – standards and amendments adopted during the year

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 June 2017 have had a material impact on the Group.

Seasonality of operations

The Directors consider that there is no predictable seasonality to the Group's operations.

3. Segment information

The Executive Directors are the Group's chief operating decision-maker (CODM). Management has determined the operating segments based on the information reviewed by the Executive Directors for the purposes of allocating resources and assessing performance.

During the second half of the year ended 31 May 2017, the management structure of the group evolved and the CODM now receive information from the business on a different basis to previous periods. Accordingly, the segmental reporting for the comparative period has been restated.

The Executive Directors continue to consider the business performance principally from a geographic perspective, namely the United Kingdom (UK), Europe, Middle East and Africa (EMEA), Asia Pacific (APAC) and the United States of America (US):

- The UK segment comprises the group's local trading activities in the United Kingdom.
- The EMEA segment comprises the group's local trading activities in Ireland, France, Germany, Italy, Luxembourg, Spain, Sweden, Switzerland, United Arab Emirates and South Africa.
- The APAC segment comprises the group's local trading activities in Australia, Singapore and Japan.
- The US segment comprises the group's local trading activities in the US.

The UK segment derives its net trading revenue from OTC leveraged derivatives, share dealing, and investments. The EMEA and APAC segments derive their net trading revenue from OTC leveraged derivatives and share dealing. The US segment derives its net trading revenue from exchange traded derivatives.

Segment net trading revenue is stated after deducting introducing partner commissions as this is consistent with the management information received by the Executive Directors.

Net trading revenue from OTC leveraged derivatives is reported by segment reflecting the location of the office that manages the underlying client relationship and represents an allocation of the net trading revenue that the Group generates from clients' trading activity.

The Executive Directors review segment contribution as the measure of segment profit or loss. Segment contribution is segment net trading revenue less direct costs, which are reported by segment reflecting the costs that are directly related to activities within that region or controlled by management in that region.

The Group manages market risk and a number of other activities on a group-wide portfolio basis and accordingly a large proportion of costs are incurred centrally. These central costs are not allocated to individual segments for decision making purposes for the CODM and accordingly these costs have not been allocated to segments.

Capital expenditure is predominantly managed centrally and depreciation and amortisation is not allocated to individual segments for decision making and accordingly has not been allocated to segments in these financial statements.

Notes to the consolidated interim condensed financial statements
for the six months ended 30 November 2017 (unaudited)

Six months ended 30 November 2017 (unaudited)	UK	EMEA	APAC	US	Central	Total
	£m	£m	£m	£m	£m	£m
Segment net trading revenue	118.1	76.7	66.3	7.3		268.4
Betting duty and financial transaction taxes	(2.5)	(0.2)				(2.7)
Interest income on segregated client funds					2.2	2.2
Interest expense on segregated client funds					(0.4)	(0.4)
Other operating income					1.5	1.5
Net operating income	115.6	76.5	66.3	7.3	3.3	269.0
Direct costs	(23.2)	(26.1)	(14.2)	(7.1)		(70.6)
Segment contribution	92.4	50.4	52.1	0.2	3.3	198.4
Central costs					(53.1)	(53.1)
Depreciation and amortisation					(8.8)	(8.8)
Operating profit						136.5
Net finance cost						(0.3)
Profit before taxation						136.2

Six months ended 30 November 2016 (restated) (unaudited)	UK	EMEA	APAC	US	Central	Total
	£m	£m	£m	£m	£m	£m
Segment net trading revenue	115.9	67.1	55.6	6.3		244.9
Betting duty and financial transaction taxes	(3.5)	(0.2)				(3.7)
Interest income on segregated client funds					2.1	2.1
Interest expense on segregated client funds					(0.3)	(0.3)
Other operating income					0.5	0.5
Net operating income	112.4	66.9	55.6	6.3	2.3	243.5
Direct costs	(26.8)	(27.8)	(13.1)	(6.2)		(73.9)
Segment contribution	85.6	39.1	42.5	0.1	2.3	169.6
Central costs					(56.5)	(56.5)
Depreciation and amortisation					(7.5)	(7.5)
Operating profit						105.6
Net finance cost						(0.4)
Profit before taxation						105.2

Notes to the consolidated interim condensed financial statements
for the six months ended 30 November 2017 (unaudited)

4. Operating expenses

	Unaudited Six months ended 30 November 2017 £m	Unaudited Six months ended 30 November 2016 £m
Employee remuneration including related social security costs are as follows:		
Wages and salaries and other pension costs in relation to defined contribution schemes	46.3	46.2
Equity-settled share-based payment awards	3.9	4.4
Performance related bonus	11.0	7.5
Employee related expenses	61.2	58.1
Advertising and marketing	27.7	35.2
Premises-related costs	6.6	6.3
Telephone and data	1.1	1.0
IT Maintenance and support	5.4	5.9
Market Data	4.5	5.0
Legal and professional costs	3.7	3.6
Regulatory fees	0.5	0.2
Net charge for impaired trade receivables	(0.3)	1.7
Irrecoverable VAT and other sales taxes	6.2	7.8
Payment card charges	2.3	0.7
Depreciation and amortisation	8.8	7.5
Other costs	4.8	4.9
	132.5	137.9

Included in premises-related costs is operating lease rentals for office space of £3.9 million (six months ended 30 November 2016: £3.1 million).

5. Taxation

Income tax expense is recognised based on management's estimate of the annual income tax rate expected for the full financial year. The estimated effective annual tax rate for the year ending 31 May 2018 is 20.6% (year ended 31 May 2017: 20.8%).

The above estimated effective annual tax rate for FY18 does not include £1.3 million that will be charged in the second half as a result of the recently enacted reduction in the US corporation tax rate, reducing the value of deferred tax assets in the US.

6. Earnings per ordinary share

Basic earnings per ordinary 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 and held as own shares in Employee Benefit Trusts. Diluted earnings per ordinary share is calculated using the same profit figure as that used in basic earnings per ordinary share and by adjusting the weighted average number of ordinary shares used in the basic earnings per share calculation to assume conversion of all dilutive ordinary shares arising from share schemes.

The following reflects the income and share data used in the earnings per share computations:

	Unaudited Six months ended 30 November 2017 £m	Unaudited Six months ended 30 November 2016 £m
Profit for the period:		
Earnings attributable to equity shareholders of the parent	108.1	83.3

	Number	Number
Weighted average number of ordinary shares		
Basic	366,554,430	366,565,292
Dilutive effect of share-based payments	2,177,243	2,886,268
Diluted	368,731,673	369,451,560

	Unaudited Six months ended 30 November 2017	Unaudited Six months ended 30 November 2016
Basic earnings per ordinary share	29.5p	22.7p
Diluted earnings per ordinary share	29.3p	22.6p

7. Dividends paid and proposed

	Unaudited Six months ended 30 November 2017 £m	Year ended 31 May 2017 £m	Unaudited Six months ended 30 November 2016 £m
Amounts recognised as distributions to equity holders during the period:			
Interim dividend of 9.42p for FY17 (FY16: 8.45p)	-	34.6	-
Final dividend of 22.88p for FY17 (FY16: 22.95p)	84.0	83.9	84.1
	84.0	118.5	84.1

The proposed interim dividend for FY18 of 9.69p per share amounting to £35.6 million was approved by the Board on 23 January 2018 and has not been included as a liability at 30 November 2017. This dividend will be paid on 2 March 2018 to those members on the register at the close of business on 2 February 2018.

Notes to the consolidated interim condensed financial statements
for the six months ended 30 November 2017 (unaudited)

8. Trade receivables

	Unaudited 30 November 2017 £m	31 May 2017 £m	Unaudited 30 November 2016 £m
Amounts due from brokers	324.4	313.0	285.6
Own funds in client money	61.1	43.4	31.5
Amounts due from clients	2.3	1.1	3.7
	387.8	357.5	320.8

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. In addition to the £324.4 million (31 May 2017: £313.0 million and 30 November 2016: £285.6 million) the Group had £71.9 million (31 May 2017: £63.2 million and 30 November 2016: £53.0 million) of UK Government Securities held as collateral at brokers.

Amounts due from brokers include £66.8 million (31 May 2017: £11.9 million and 30 November 2016: £6.2 million) relating to cash and cryptocurrencies held on exchanges and in third party vaults. Cryptocurrency assets are valued on a fair value basis using exchange prices.

Amounts due from brokers include open derivative financial assets positions of £16.4 million (at 31 May 2017: liabilities of £0.6m and 30 November 2016: assets of £0.1 million) classified as Level 1 under IFRS and open derivative financial liabilities positions of £3.0 million (at 31 May 2017: liabilities of £17.9m and 30 November 2016: assets of £5.7 million) classified as Level 2 under IFRS.

Own funds in client money represents the Group's own cash held in segregated client funds, in accordance with the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates including £18.1 million (31 May 2017: £12.7 million and 30 November 2016: £2.0 million) to be transferred to the Group on the following business day and £2.7 million (31 May 2017: £2.9 million and 30 November 2016: £nil) variation margin for title transfer clients.

Amounts due from clients arise when a client's total funds deposited with the Group are insufficient to cover any trading losses incurred or when a client utilises a trading credit limit, stated net of an allowance for impairment.

9. Cash and cash equivalents

	Unaudited 30 November 2017 £m	31 May 2017 £m	Unaudited 30 November 2016 £m
Cash and cash equivalents	251.9	230.9	201.8

Cash and cash equivalents includes:

- Title transfer funds of £69.1 million (31 May 2017: £60.0 million and 30 November 2016: £28.6 million) held by the Group under a title transfer collateral arrangement (TTCA) under which a client agrees that full ownership of such monies is unconditionally transferred to the Group.
- Client monies deposited with the Group's Swiss banking subsidiary, IG Bank SA, of £43.7 million (31 May 2017: £57.1 million and 30 November 2016: £19.7 million)

10. Borrowings

	Unaudited 30 November 2017 £m	31 May 2017 £m	Unaudited 30 November 2016 £m
Current			
Draw down on revolving credit facility	50.0	-	50.0
	50.0	-	50.0

11. Intangible assets

	Goodwill	Domain names	Internally Development software	Software and licences	Total
	£m	£m	£m	£m	£m
Net book value – 30 November 2017	107.8	28.7	14.6	2.9	154.0
Net book value – 31 May 2017	108.1	32.5	12.9	3.2	156.7
Net book value – 30 November 2016	108.2	35.3	11.7	3.0	158.2

Goodwill primarily relates to the purchase of IG Group plc by IG Group Holdings Limited.

Domain names include the cost of acquiring IG.com, a suite of complementary domains to support the Group's global brand and DailyFX.

In line with the Group's accounting policy for domain names and generic top-level domains, domain names are amortised over ten years.

Software and licenses relate to external purchases of commercially available software for internal consumption within the Group.

The expected useful lives of each class of intangible asset are set out in note 34, Accounting Policies, in the 2017 Group Annual Report.

12. Financial investments

Financial investments are UK Government securities held for the following purposes:

	Unaudited 30 November 2017	31 May 2017	Unaudited 30 November 2016
	£m	£m	£m
Liquid asset buffer	81.3	81.2	82.6
Collateral at brokers	71.9	63.2	53.0
	153.2	144.4	135.6
Split as:			
- Non-current portion	55.6	52.4	57.1
- Current portion	97.6	92.0	78.5
	153.2	144.4	135.6

Certain UK government securities are held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12.

During the period ended 30 November 2017 the Group purchased UK government gilts for £65.7 million (year ended 31 May 2017: £120.4 million and period ended 30 November 2016: £32.1 million) and disposed of gilts for £55.0 million (year ended 31 May 2017: £112.4 million and period ended 30 November 2016 £31.9 million).

The effective interest rates of securities held at period end, during the period range from 0.07% to 0.84% (year ended 31 May 2017: from 0.03% to 0.59% and period ended 30 November 2016: from 0.5% to 1.0%).

Financial investments are shown as current assets when they have a maturity of less than one year and are held as 'available-for-sale'. The fair value of securities held is based on closing market prices at period end as published by the UK Debt Management Office.

Financial investments are classified as Level 1 under IFRS (31 May 2017 and 30 November 2016: Level 1).

13. Related party transactions

The basis of remuneration of key management personnel remains consistent with that disclosed in the 2017 Annual Report. There were no other related party transactions which had a material impact on these consolidated interim condensed financial statements.

14. Contingent liabilities and provisions

There are currently no contingent liabilities expected to have a material adverse financial impact on the Group's consolidated and condensed results or net assets. The Group had no material provisions at 30 November 2017 (31 May 2017 and 30 November 2016: £nil).

15. Financial risk management

Financial risks arising from financial instruments are analysed into market, credit, concentration and liquidity risks. These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. Details of how these risks are managed are discussed in the financial risk management note on page 127 of the 2017 Group Annual Report.

There has not been a significant change in the Group's financial risk management processes or policies since the year end.

Details of the financial instruments valuation hierarchy is provided in notes 8 and 12. The definitions, details of the inputs and the valuation techniques in determining the fair values of the Group financial instruments are shown on page 125 of the 2017 Group Annual Report.

There have been no changes in the valuation techniques for any of the Group's financial instruments held at fair value in the period (year ended 31 May 2017 and period ended 30 November 2016: none). There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 for the period ended 30 November 2017 (year ended 31 May 2017 and period ended 30 November 2016: none).

Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- trade and other receivables (excluding the Group's open financial derivative positions);
- cash and cash equivalent; and
- trade and other payables.

Notes to the consolidated interim condensed financial statements
for the six months ended 30 November 2017 (unaudited)

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge that the consolidated condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit and loss the Group, 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 2017 and their impact on the consolidated 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 2017 and any material changes in the related party transactions described in the last Annual Report.

The Directors of IG Group Holdings plc are as listed in the IG Group Holdings plc 2017 Annual Report. A list of current directors is maintained on the IG Group Holdings plc website: www.iggroup.com

On behalf of the Board

P R Mainwaring
Chief Financial Officer

Independent review report to IG Group Holdings Plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed IG Group Holdings plc's consolidated interim condensed financial statements (the "interim financial statements") in the interim results of IG Group Holdings plc for the 6 month period ended 30 November 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

the consolidated interim statement of financial position as at 30 November 2017;
the consolidated interim income statement and consolidated interim statement of comprehensive income for the period ended 30 November 2017;
the consolidated interim statement of cash flows for the period then ended;
the consolidated interim statement of changes in equity for the period then ended; and
the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial information and the review

Our responsibilities and those of the Directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of condensed consolidated financial statements involves

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.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
23 January 2018
London

(a)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.

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

Other information:

The following supplemental notes provide additional analysis to aid the readers of the unaudited interim financial statements, and are outside the scope of the interim review report:

A. Balance sheet

	Unaudited 30 November 2017 £m	31 May 2017 £m	Unaudited 30 November 2016 £m
Intangible assets arising on acquisition	107.8	108.1	108.2
Intangible assets	46.2	48.6	50.0
Property plant and equipment	15.8	17.4	13.4
Fixed assets	169.8	174.1	171.6
Liquid assets buffer	81.3	81.2	82.6
Amounts held at/due from brokers	396.3	376.1	338.6
Cash in IG bank accounts	251.9	230.9	201.8
Own funds in client money	61.1	43.2	28.3
Liquid assets	**790.6**	**731.4**	**651.3**
Short term bank borrowings	(50.0)	-	(50.0)
Client funds on balance sheet – title transfer clients	(69.1)	(60.0)	(28.6)
Client funds on balance sheet – Swiss banking subsidiary	(43.7)	(57.1)	(19.7)
Own funds	**627.8**	**614.3**	**553.0**
Working capital	(36.9)	(49.1)	(39.1)
Tax payable	(18.5)	(13.1)	(12.2)
Deferred tax assets	8.6	9.1	7.4
Net assets/shareholders' funds	**750.8**	**735.3**	**680.7**

B. Client funds and assets

Segregated client funds comprise individual client funds held in segregated client money accounts or money market facilities established under the UK's Financial Conduct Authority (FCA) CASS rules and similar rules of regulators in other jurisdictions where the Group operates. Client funds and client assets are not included in the Group's Statement of Financial Position.

	Unaudited 30 November 2017 £m	31 May 2017 £m	Unaudited 30 November 2016 £m
Segregated client funds	1,270.4	1,215.3	1,132.3
Segregated client assets	726.8	499.8	308.0
Total segregated client funds and assets	1,997.2	1,715.1	1,440.3

In addition, the Group's Swiss banking subsidiary, IG Bank SA, is required to protect customer deposits under the FINMA Privileged Deposit Scheme. At 30 November 2017, IG Bank SA was required to hold £16.1 million (31 May 2017: £16.5 million and 30 November 2016: £12.3 million) in satisfaction of this requirement. This amount is included in cash in IG bank accounts on the Balance Sheet.

C. Own funds flow

	Unaudited 30 November 2017 £m	31 May 2017 £m	Unaudited 30 November 2016 £m
Own Funds Cash Flow:			
Operating profit	136.5	213.4	105.6
Depreciation and amortisation	8.8	16.4	7.5
Share based payments	3.2	7.7	4.5
Movement in working capital	(9.5)	(8.3)	(16.6)
Own funds generated from operations	**139.0**	**229.2**	**101.0**
Income tax paid	(22.2)	(45.3)	(23.0)
Net own funds generated from operating activities	**116.8**	**183.9**	**78.0**
Interest received	1.6	2.0	1.5
Interest paid	(1.6)	(1.4)	(1.3)
Purchase of Daily FX	(3.0)	(29.8)	(29.8)
Purchase of other capital expenditure	(5.5)	(17.1)	(7.1)
Employee Benefit Trust purchase of shares	(4.6)	(1.1)	(1.0)
Net own funds generated before dividends	**103.7**	**136.5**	**40.3**
Dividends	(84.0)	(118.7)	(84.1)
Increase in own funds	**19.7**	**17.8**	**(43.8)**
Own funds at start of the period	614.3	587.7	587.7
Impact of movement in foreign exchange rates	(6.2)	8.8	9.1
Own funds at end of the period	**627.8**	**614.3**	**553.0**

D. Liquidity

	Unaudited 30 November 2017 £m	31 May 2017 £m	Unaudited 30 November 2016 £m
Liquid assets	**790.6**	**731.4**	**651.3**
Broker margin requirement	(370.7)	(356.3)	(277.6)
Non-UK liquid assets	(149.5)	(134.6)	(96.6)
Own funds in client money	(61.1)	(43.2)	(28.3)
Total available liquidity at the end of the period	**209.3**	**197.3**	**248.8**
Of which is:			
Held as liquid asset buffer	81.3	81.2	82.6
Dividend due	35.6	83.9	34.6
RCF drawings	50.0	-	50.0
Additional sources of liquidity			
- Undrawn committed Revolving Credit Facility	110.0	160.0	110.0

E. Regulatory capital

Group consolidated capital resources and requirements

		Unaudited 30 November 2017 £m	31 May 2017 £m	Unaudited 30 November 2016 £m
Shareholders' funds		750.8	735.3	680.7
Less foreseeable declared dividends		(35.6)	(83.9)	(34.6)
Less acquisition intangibles		(107.8)	(108.1)	(108.2)
Less other intangible assets		(46.2)	(48.6)	(50.0)
Less deferred tax assets		(8.6)	(9.1)	(7.4)
Capital resources	A	552.6	485.6	480.5

Group consolidated capital requirement (unaudited)

Pillar 1 Risk Exposure Amounts (REA)				
Total Pillar 1 REA	B	1,951.8	1,817.3	1,647.6
Capital ratio	A/B=C	28.3%	26.7%	29.2%
Required capital ratio				
Pillar 1 minimum	D	8.0%	8.0%	8.0%
Individual Capital Guidance (ICG)	E	9.4%	9.4%	9.4%
ICG requirement	D + E = F	17.4%	17.4%	17.4%
plus combined buffer requirement	G	1.6%	1.3%	0.6%
Total requirement %	F+G =H	19.0%	18.7%	18.0%
Total requirement - £m	H x B = I	370.8	339.8	296.6
Capital headroom - £m	A - I	181.8	145.7	183.9

The Group is required under FCA rules to hold a minimum amount of capital in accordance with the Individual Capital Guidance ('ICG') periodically determined by the FCA. This requirement is based on the FCA's supervisory review and evaluation process ('SREP') of the Group.

The FCA determine the ICG following review of the Group's Internal Capital Adequacy Assessment Process ('ICAAP') through which the Group calculates the amount of capital that should be held against specific firm risks, in addition to the Pillar 1 requirements.

The most recent SREP resulted in an ICG of 9.4% with effect from August 2016, of Pillar 1 Risk Exposure Amounts.

Additionally, the Group must hold capital to meet the higher of the internally calculated Capital Planning Buffer and the combination of the Conservation and Countercyclical buffers.

As at 30 November 2017, the Group's minimum capital ratio was 19.0%, and its actual capital ratio was 28.3%.