22 January 2007

IG GROUP HOLDINGS PLC

Interim Results for the six months ended 30 November 2006

IG Group Holdings plc ("IG" or "the Group") today announces interim results for the six month period ended 30 November 2006.

Highlights

- Turnover up 44% at £55.7 million
- EBITDA[1] up 42% at £30.4 million
- Strong EBITDA margin of 54.5%
- Earnings per share up 43% at 6.20p
- Interim dividend of 2.0p per share
- Period of significant investment - initiatives in place to drive growth
- Launch of new client education program, TradeSense

Tim Howkins, Chief Executive

"IG continues to deliver strong growth in both revenue and profits. In this period, we have made significant investment in people and infrastructure across the Group in preparation for the next phase of our development."

Financial highlights

	Unaudited six months ended 30 November 2006 £000	*Unaudited six months ended 30 November 2005 £000*	*Growth %*
Revenue	55,673	38,598	+44%
EBITDA[1]	30,350	21,446	+42%
Profit before taxation	29,588	20,432	+45%
Profit after taxation	20,416	14,175	+44%
Basic earnings per share	6.25p	4.33p	+44%
Diluted earnings per share	6.20p	4.33p	+43%
Interim dividend per share	2.0p	1.50p	+33%

[1] *EBITDA represents earnings before exceptional administrative costs, depreciation, amortisation charges, taxation, interest payable on debt and interest receivable on corporate cash balances and includes interest receivable on clients' money net of interest payable to clients.*

Chief Executive's statement
For the six months ended 30 November 2006

The six months to 30 November 2006 was another period of strong growth for IG. Revenue of £55.7m was 44% higher than the corresponding period last year. Profit before tax increased by 45% to £29.6m.

Profit growth over the period has been impacted by the significant investment we have made for future growth. Most of our cost base does not vary directly with revenue or client numbers, and, as previously indicated, is best thought of as largely fixed. However it is subject to periodic step changes and we have recently been through such a step change, concentrated in two main areas: IT and marketing.

IT is at the heart of almost everything we do and our IT platforms are an important element of our service offering to clients. More than 94% of our client transactions are now executed electronically and there is a trend towards clients trading more frequently, although with individual transaction sizes becoming smaller. System load therefore grows even more rapidly than revenues. We have completed equipping two new data centres, which are designed to handle the growth in transaction volumes we aim to achieve over the next few years.

At the same time we have increased the number of staff in our IT department. This gives us the resources necessary both to maintain our existing systems as they continue to experience very high growth in load and to develop and enhance our systems so as to continue to provide our clients with the best possible user experience.

We have also increased our marketing expenditure. This partially reflects the increase in the number of countries in which we are marketing from two to five. It also reflects some increase in the amount we are spending in our two longest established countries: the UK and Australia.

As a result of this increased expenditure, we believe we have enhanced IG's ability to deliver further strong, profitable growth.

Financial business

Overall our financial businesses achieved revenue growth of 48%, up to £46.6m.

Our UK financial spread betting business continues to deliver good growth. Revenue for this business was £30.6m, compared to £21.8m in the corresponding period last year, an increase of 40%. In the six months to 30 November 2006, we opened 5,077 new UK financial spread betting accounts compared to 3,972 in the corresponding period last year.

We have just launched a new client education program, TradeSense, for our UK financial spread betting business. Full details can be found on our website: igindex.co.uk. A key component of TradeSense is a six week program available to all new clients during which we will regularly send them training materials. Clients will also be able to place bets that are far smaller than our usual minimum deal sizes, enabling newcomers to build up their stakes gradually as they become more proficient and self-assured. The TradeSense area of our website will provide a repository of training materials, supported by a program of seminars, which we hope will be of benefit to many of our clients, both new and existing. We hope that TradeSense will both increase our rate of client recruitment and also improve our retention rate by equipping our clients with the knowledge to help them trade more successfully. Our approach to hedging means that we welcome successful clients, and we hope that the launch of TradeSense will further extend our market lead within the UK spread betting market.

The clients of our Australian business were less active than usual in July and August, as some reduced their trading levels following the volatile market conditions of May and June. This was shown to be only a temporary lull and volumes picked up strongly in September. Revenue growth was therefore much stronger in the second quarter than it was in the first. In late August the Australian Stock Report began to introduce their clients to us. This relationship has since produced a significant number of clients. During the period we have increased the level of our marketing expenditure and have reduced our headline commission rate to more competitive levels. All of these initiatives have helped to increase the rate of client recruitment in Australia, which is now running at over twice the rate of a year ago.

We have recently started three new operations targeting specific countries. Our Singapore office opened in April, followed by our Italian desk (based in our London office) in September and then our German office in October. These businesses, while at slightly different points in their development, are in their infancy. All three are producing encouraging results, but they are all currently small. Together they accounted for 11% of the new financial accounts that we opened in November and in that month they collectively delivered £175,000 of revenue.

Our London based CFD operation handles clients from all round the world, except for those countries serviced by one of our local offices. This business delivered excellent growth, with revenue for the period 80% higher than for the corresponding period a year earlier. A significant driver of this growth is revenue from introduced clients, which has more than doubled over the same period.

The revenue which we generate from clients betting or trading on foreign exchange ("FX") has increased from less than 10% of our total revenue four years ago, to over 20% of revenue now. Most of this growth has come from our UK spread betting business. We have just launched igforex.com, a foreign exchange trading site for retail clients utilising a new, FX specific, front-end to our dealing software. We hope that this will enable us to expand our FX client base beyond the UK spread betting community.

Our financial business is becoming increasingly diverse. The UK spread betting business deals almost exclusively with directly recruited retail clients from the UK. Our other financial businesses deal with a worldwide client base of market professionals and retail clients, sourced both directly and via an ever increasing network of introducers. We reached an important milestone in September when, for the first time ever, as a result of the significant growth in our other financials businesses, the number of accounts opened by our UK financial spread betting business was overtaken by the number opened by our other financial businesses.

Financial binaries

Revenue from financial binaries was up 15% to £3.1m. The majority of business on binaries comes from financial spread betting clients who view the binary as a useful addition to the extensive suite of financial products we make available to them.

Sport

Our Sport business achieved revenue growth of 37%, with revenue of £6m in the period. About half of the growth represents the benefit of the football World Cup, which for our sports spread betting business is the most significant event in the four year sporting calendar.

The other main component of the growth was our business of market making into betting exchanges. Revenue for the six months to 30 November 2006 was £650,000. It had been negligible in previous periods. Around 70% of this revenue was generated in the last quarter and this run-rate demonstrates the potential of this business.

Dividend

An interim dividend of 2p per share (2005: 1.5p), amounting to £6.6m will be paid in February.

Current trading and outlook

We have continued to see good levels of client activity since the period end. All parts of the business are performing well and we remain confident about the group's prospects for the current year.

We continue to evaluate opportunities to broaden our client base and expand the group's international reach.

Tim Howkins
Chief Executive
22 January 2007

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Consolidated income statement
for the six months ended 30 November 2006

	Notes	*Unaudited six months ended 30 November 2006 £000*	*Unaudited six months ended 30 November 2005 £000*	*Audited year ended 31 May 2006 £000*
Revenue		55,673	38,598	89,391
Cost of sales		(2,912)	(1,328)	(1,584)
Gross Profit		52,761	37,270	87,807
Administrative expenses		(27,603)	(19,732)	(43,737)
Operating profit		25,158	17,538	44,070
Finance revenue		8,703	3,898	10,681
Finance costs		(4,273)	(1,004)	(3,611)
Profit before taxation		29,588	20,432	51,140
Tax expense		(9,172)	(6,257)	(15,472)
Profit for the period		20,416	14,175	35,668
Attributable to:				
Equity holders of the parent		20,416	14,175	35,668
		20,416	14,175	35,668
Earnings per share				
- basic	4	6.25p	4.33p	10.92p
- diluted	4	6.20p	4.33p	10.88p
Dividends per share				
- interim proposed	5	2.00p	1.50p	-
- interim paid	5	-	-	1.50p
- final paid	5	-	-	4.00p

The interim proposed dividend of 2.0p per share was declared after the period end and is not included in the results. The total dividend payment will amount to £6,550,000.

All of the group's revenue and profit for the period were derived from continuing operations.

Consolidated balance sheet

as at 30 November 2006

	Notes	*Unaudited 30 November 2006 £000*	*Unaudited 30 November 2005 £000*	*Audited 31 May 2006 £000*
Non current assets				
Property, plant and equipment	6	9,602	3,508	4,091
Intangible assets		107,517	107,402	107,127
Deferred tax assets		2,927	1,765	2,511
		120,046	112,675	113,729
Current assets				
Trade receivables	7	192,242	71,250	127,111
Prepayments and other receivables		3,675	2,727	2,720
Cash and cash equivalents	8	350,052	168,763	247,277
		545,969	242,740	377,108
Total assets		666,015	355,415	490,837
Current liabilities				
Trade payables	9	461,592	184,193	285,635
Other payables		12,215	7,480	14,607
Income tax payable		13,999	10,055	20,015
Loan notes		-	128	92
		487,806	201,856	320,349
Non-current liabilities				
Other payables		-	500	-
Redeemable preference shares		40	40	40
		40	540	40
Total Liabilities		487,846	202,396	320,389
NET ASSETS		178,169	153,019	170,448
Capital and reserves				
Equity share capital		16	16	16
Share premium		125,235	125,235	125,235
Treasury shares		(503)	-	-
Retained earnings		53,381	27,728	45,157
Shareholders' equity		178,129	152,979	170,408
Minority interests		40	40	40
TOTAL EQUITY		178,169	153,019	170,448

Consolidated statement of changes in equity
for the six months ended 30 November 2006 (unaudited)

	Share capital £000	*Share premium account £000*	*Treasury shares £000*	*Retained earnings £000*	*Shareholder's equity £000*	*Minority interests £000*	*Total Equity £000*
Balance at 1 June 2005	16	125,197	-	12,926	138,139	40	138,179
Profit for the period	-	-	-	14,175	14,175	-	14,175
Employee share-based payments	-	-	-	627	627	-	627
Adjustment to costs of share issue	-	38	-	-	38	-	38
Balance at 30 November 2005	16	125,235	-	27,728	152,979	40	153,019
Profit for the period	-	-	-	21,273	21,273	-	21,273
Employee share-based payments	-	-	-	1,069	1,069	-	1,069
Equity dividends paid	-	-	-	(4,913)	(4,913)	-	(4,913)
Balance at 1 June 2006	16	125,235	-	45,157	170,408	40	170,448
Profit for the period	-	-	-	20,416	20,416	-	20,416
Employee share-based payments	-	-	-	908	908	-	908
Purchase of treasury shares	-	-	(503)	-	(503)	-	(503)
Equity dividends paid	-	-	-	(13,100)	(13,100)	-	(13,100)
Balance at 30 November 2006	16	125,235	(503)	53,381	178,129	40	178,169

Consolidated cash flow statement

for the six months ended 30 November 2006

	Unaudited six months ended 30 November 2006 £000	*Unaudited six months ended 30 November 2005 £000*	*Audited year ended 31 May 2006 £000*
Operating activities			
Group operating profit	25,158	17,538	44,070
Adjustments to reconcile group operating profit to net cash inflows from operating activities:			
Depreciation of property, plant and equipment	1,589	1,080	2,205
Amortisation of intangible assets	417	691	1,318
Share-based payments	908	627	1,696
Loss on disposal of property, plant and equipment	98	2	2
(Increase)/decrease in trade and other receivables	(66,936)	(27,857)	(83,627)
Increase/(decrease) in trade and other payables	174,830	54,688	163,264
Cash generated from operations	136,064	46,769	128,928
Income taxes paid	(15,604)	(107)	(108)
Net cash flow from operating activities	120,460	46,662	128,820
Investing activities			
Interest received	8,288	3,898	10,597
Purchase of property, plant and equipment	(7,196)	(971)	(2,682)
Payments to acquire intangible fixed assets	(574)	(335)	(475)
Purchase of subsidiary undertakings	(235)	-	-
Purchase of residual interest in subsidiary undertaking	-	-	(934)
Net cash flow from/(used in) investing activities	283	2,592	6,506
Financing activities			
Interest paid	(4,273)	(1,002)	(3,611)
Dividends paid to equity holders of the parent	(13,100)	-	(4,913)
Purchase of treasury shares	(503)	-	-
Repayment of financial liabilities	(92)	(39)	(75)
Net cash flow from/(used in) financing activities	(17,968)	(1,041)	(8,599)
Net increase/(decrease) in cash and cash equivalents	102,775	48,213	126,727
Cash and cash equivalents at the beginning of the period	247,277	120,550	120,550
Cash and cash equivalents at the end of the period	350,052	168,763	247,277

Notes to the interim financial report
At 30 November 2006 (unaudited)

1. General information

The interim financial information for the six months ended 30 November 2006 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the provisions of the Companies Act 1985.

The interim information, together with the comparative information contained in this report for the year ended 31 May 2006, does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. However, the information has been reviewed by the company's auditors, Ernst & Young LLP, and their report appears at the end of the interim financial report. The financial statements for the year ended 31 May 2006 have been reported on by the company's auditors, Ernst & Young LLP, 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 237(2) or (3) of the Companies Act 1985.

2. Accounting policies

Basis of preparation

This interim financial report has been prepared in accordance with IFRS accounting policies consistent with those that the management expect to apply in its financial statements for the year ended 31 May 2007, subject to changes in interpretation, new standards and guidance. This interim financial report has been prepared in accordance with IAS34 and the disclosure requirements of the Listing Rules.

The interim financial report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements for the year ended 31 May 2006.

The interim financial report is presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

Significant accounting policies

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the group's financial statements for the year ended 31 May 2006.

3. Segment information

The operating businesses are organised and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Primary reporting format - business segments

The group operates in three principal areas of activity: financial, financial binaries and sports. The types of financial instrument included within each of the above categories are:

Financial
Spread bets on equities, equity indices, precious and base metals, soft commodities, exchange rates, interest rates and other financial markets; spread bets on options on certain of these products; exchange traded futures and options. Spot and forward contracts for foreign exchange and contracts for differences (CFDs) on shares, indices and other financial markets.

Financial binaries
Fixed odds betting on equities, equity indices, precious and base metals, soft commodities, exchange rates, interest rates and other financial markets.

Sports
Spread bets and fixed odds bets on sporting and other events.

3. Segment information (continued)

Primary reporting format - business segments (continued)

	Unaudited six months ended 30 November 2006 £000	*Unaudited six months ended 30 November 2005 £000*	*Audited year ended 31 May 2006 £000*
Revenue			
Financial	46,595	31,519	75,129
Financial binaries	3,098	2,701	5,196
Sports	5,980	4,378	9,066
	55,673	38,598	89,391
Profit			
Financial	33,737	25,743	63,644
Financial binaries	2,223	1,993	3,593
Sports	1,949	1,131	2,517
	37,909	28,867	69,754
Unallocated administrative expenses	(9,663)	(9,189)	(20,650)
Unallocated finance revenue	1,385	819	2,105
Unallocated finance costs	(43)	(65)	(69)
Profit before taxation	29,588	20,432	51,140

Secondary reporting format - geographical segments

The group has offices in the United Kingdom, Australia, Singapore and Germany. Clients of the Australian office deal with two of the UK operating subsidiaries, but under customer agreements which are specific to the Australian office. Clients of the Singapore office are serviced by staff in Australia and Singapore. Clients of the German office are serviced by staff in the UK and Germany. The results of the Singapore and German offices are not material and are reported within the results of the Australian and UK offices respectively. Clients of the London office may be situated anywhere else in the world. Accordingly, the group provides a geographical analysis based on the division of clients between the UK and Australian offices.

	Unaudited six months ended 30 November 2006 £000	*Unaudited six months ended 30 November 2005 £000*	*Audited year ended 31 May 2006 £000*
Revenue			
United Kingdom	50,614	34,968	80,466
Australia	5,059	3,630	8,925
	55,673	38,598	89,391

4. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The weighted average number of shares excludes treasury shares held in employee benefit trusts.

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

	Unaudited six months ended 30 November 2006 £000	*Unaudited six months ended 30 November 2005 £000*	*Audited year ended 31 May 2006 £000*
Basic earnings attributable to equity shareholders:	20,416	14,175	35,668
Effect of dilution	-	-	-
Diluted earnings attributable to equity shareholders	20,416	14,175	35,668
Basic weighted average number of equity shares:	326,392,804	327,500,959	326,506,126
Employee share-based payments	2,995,258	-	1,373,861
Diluted weighted average number of equity shares	329,388,062	327,500,959	327,879,987
Basic earnings per share	6.25p	4.33p	10.92p
Diluted earnings per share	6.20p	4.33p	10.88p

5. Dividends paid and proposed

	Unaudited six months ended 30 November 2006 £000	*Unaudited six months ended 30 November 2005 £000*	*Audited year ended 31 May 2006 £000*
Amounts recognised as distributions to equity holders in the period:			
Interim dividend of 1.5p for 2006	-	-	4,913
Final dividend of 4.0p for 2006	13,100	-	-
	13,100	-	4,913
Proposed but not recognised as distributions to equity holders in the period:			
Interim dividend of 2.00p for 2007 (2006 - 1.50p)	6,550	4,913	-
Final dividend of 4.0p for 2006	-	-	13,100
	6,550	4,913	13,100

The proposed interim dividend for 2007 of 2.00p per share amounting to £6,550,000 was approved by the board on 19 January 2007 and has not been included as a liability at 30 November 2006. This dividend will be paid on 28 February 2007 to those members on the register at the close of business on 2 February 2007.

6. Property, plant and equipment

During the six months ended 30 November 2006 the group acquired assets with a cost of £7,198,080. This comprised leasehold improvements of £3,454,042 and computer and other equipment amounting to £3,744,038.

7. Trade receivables

	Unaudited 30 November 2006 £000	*Unaudited 30 November 2005 £000*	*Audited 31 May 2006 £000*
Amounts due from brokers	187,055	68,570	121,857
Amounts due from clients	5,187	2,680	5,254
	192,242	71,250	127,111

8. Cash and cash equivalents

	Unaudited 30 November 2006 £000	*Unaudited 30 November 2005 £000*	*Audited 31 May 2006 £000*
Cash at bank and in hand	94,464	24,487	47,447
Short-term deposits	842	631	605
Client money held	254,746	143,645	199,225
	350,052	168,763	247,277

The group's two FSA regulated subsidiaries, IG Index plc and IG Markets Limited, hold clients' money on trust in client accounts at approved banks in accordance with the rules of the FSA and other regulatory bodies. Clients' money held and the corresponding liability to clients are included in cash and cash equivalents and trade payables in the balance sheet.

9. Trade payables

	Unaudited 30 November 2006 £000	*Unaudited 30 November 2005 £000*	*Audited 31 May 2006 £000*
Amounts due to clients	461,592	184,193	285,635
	461,592	184,193	285,635

Independent review report to IG Group Holdings plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 November 2006 which comprises the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity, and the related notes 1 to 9. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 November 2006.

Ernst & Young LLP
London
22 January 2007