



20 January 2009

IG GROUP HOLDINGS PLC
Interim Results for the six months ended 30 November 2008

IG Group Holdings plc (“IG” or “the Group”) today announces interim results for the six month period ended 30 November 2008.

Highlights

- Turnover up 47% at £126.5 million
- EBITDA¹ up 24% at £60.3 million
- Strong EBITDA margin of 47.7%
- Adjusted EPS² up 17% at 11.73p
- Interim dividend of 4.0p per share (up 33%)
- Record levels of account opening and client activity
- Acquisition of FXOnline Japan in October 2008
- Current trading strong

Tim Howkins, Chief Executive, commented:

“Against a backdrop of challenging capital market and economic conditions, IG has again delivered strong growth in both revenue and profits, enabling us to increase the half-year dividend by 33%. We continue to experience strong levels of client recruitment, both in the UK and abroad where we have recently expanded further with the acquisition of FXOnline in Japan. Current trading is strong across the Group and IG is well positioned to deliver further growth.”

Financial Highlights

	<i>Unaudited six months ended 30 November 2008 £000</i>	<i>Unaudited six months ended 30 November 2007 £000</i>	<i>Growth %</i>
Revenue	126,460	85,778	+47%
EBITDA ¹	60,259	48,419	+24%
Profit before taxation (adjusted) ²	58,229	48,197	+21%
Profit before taxation (statutory)	54,599	48,197	+13%
Diluted earnings per share (adjusted) ²	11.73p	9.99p	+17%
Diluted earnings per share (statutory)	11.11p	9.99p	+11%
Interim dividend per share	4.00p	3.00p	+33%

¹ EBITDA represents earnings before exceptional administrative costs, depreciation, amortisation charge, impairment of intangibles arising on consolidation, amounts written off property, plant and equipment and intangibles, 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.

² Excludes amortisation and impairment of intangibles arising on consolidation.

Chief Executive's statement

For the six months ended 30 November 2008

Our revenue in the six months to 30 November 2008 was £126.5m, an increase of 47% over the same period last year. Organic revenue growth, excluding the impact of acquiring FXOnline Japan KK ("FXOnline"), was 41%. Adjusted profit before tax was £58.2m, up 21%.

This growth was achieved against a backdrop of steadily worsening capital market and economic conditions worldwide and reflects the resilient nature of both our business model and our client base. Different aspects of our business are better suited to differing market conditions. During the equity bull market our revenue from clients trading in individual shares grew very strongly. Since global equities began to decline in 2007 our shares business has been weaker, but these market conditions lend themselves very well to short term trading on indices and currencies. Revenue from both these areas has grown very strongly, more than making up for the weakness in shares and, together with the impressive performance of our newer international operations, has enabled us to achieve continued strong organic growth.

Over the last three years we have made considerable progress in our strategy of continuing to develop our UK business while also expanding geographically. The acquisition of FXOnline in the period was an important step in the development of the business and significantly strengthens our presence in the Asia Pacific region.

Financial Business

As previously reported, we incurred significant debts in the extraordinary market conditions of October. We have taken a prudent approach to providing for these debts and consequently our doubtful debt charge for the six months was £14.7m, the majority of which arose in October. We are at a relatively early stage in pursuing these debts; historically we have ultimately achieved good levels of recovery of amounts initially provided and I expect this pattern to be repeated. As a result of this recent experience, we have changed our approach to managing credit risk, moving to a position where the vast majority of clients on margin call are closed out before they can get into deficit. Since we began the progressive implementation of this process fewer debts have arisen than in the past.

We completed the acquisition of FXOnline at the beginning of October. In its first two months under our ownership it generated over £10m of revenue and opened approximately 4,700 accounts. These achievements were partly due to the extremely high volatility of the Yen in October. We are well advanced in our plans for the Japanese launch of our PureDeal trading platform and CFDs, both of which are scheduled for next month.

Since April 2006 we have established offices in six countries worldwide: Singapore, Germany, Spain, France, Italy and the US. These offices are all delivering very strong growth. Together they accounted for revenue of £18.3m in the period, compared to £2.7m in the corresponding period last year, an increase of almost 600%.

Our more established businesses grew revenue at somewhat diverse rates. UK spread betting, which contributed 46% of group revenue in the period, was the strongest at 34% growth, reflecting the very significant market leadership we enjoy and the continuing benefit of high levels of client recruitment. Our much smaller UK CFD business grew at 7%, reflecting the fact that this is a business that has historically comprised mainly clients dealing in individual shares and the decline of trading in that asset class has slowed overall growth. Our Australian business grew at 21%. This is a business which built its client base through the equity bull market and the slow down in growth when compared to the UK perhaps reflects a client base which is less accustomed to changing market conditions. Independent research indicates that we have gained market share in Australia over the last year.

As a result of our strategy of international diversification, clients from outside the UK contributed 39% of our financial revenues in the period as a whole (H1 2008: 27%) and 50% by the end of the period.

Account opening, which we consider to be the key lead indicator for our business has been strong across all of our financial businesses. In the six months to 30 November 2008 we opened over 36,000 financial accounts, compared to just over 19,000 in the corresponding period last year.

Sport Business

The high growth that our financial business continues to achieve means that Sport accounted for only 3% of revenue. We plan a re-launch of our Sports websites in the second half of this financial year.

Future developments

Our main focus in the second half will be on continuing to grow our existing businesses worldwide. However, we continue to evaluate a number of new markets.

We also continue to develop new products and new platforms and we plan to launch a number of initiatives over the coming weeks. The first of these will be the launch of a new Direct Market Access platform, PureDMA, based on our award-winning PureDeal platform. We will launch this in Australia, where demand for DMA is most prevalent, next week, with a roll out in other countries to follow.

We are having an increasing number of discussions with online stockbrokers about white label arrangements, where we offer our platform on their websites giving us immediate access to a large pool of potential clients. We have reached agreement with white label partners in both Europe and Asia Pacific and there are a number of other potential deals which appear close to agreement. I do not expect these new arrangements to generate material revenue in the current financial year, but they are likely to become increasingly important to us in future years.

Dividend

An interim dividend of 4p per share amounting to £14.8 million will be paid in March. This represents an increase of 33% from the 3p interim dividend distributed in the six months to 30 November 2007.

Current trading and outlook

In the second half of the financial year lower interest rates will impact the return on our cash balances. Conversely, if sterling stays at its current depressed levels, we expect to see a benefit from the translation of our overseas income.

The Group remains well-capitalised, profitable and cash flow generative. Trading since the period end has continued to be strong. While it remains impossible to predict future trends in volatility or customer reaction to changing market conditions, I remain confident about the outlook for the business.

Tim Howkins

Chief Executive
19 January 2009

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Analyst Presentation

There will be an analyst presentation on the results at 09:30am on Tuesday 20 January 2009 at Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB. Those analysts wishing to attend are asked to contact Financial Dynamics. The presentation will also be accessible via a conference call for those unable to attend in person. The international dial-in is +44 (0) 1452 556 620, with the passcode 77197684.

This announcement, presentation materials and a web cast of the presentation will be available at www.iggroup.com.

Interim consolidated income statement for the six months ended 30 November 2008

	<i>Unaudited six months ended 30 November 2008 Before amortisation and impairment of intangibles arising on consolidation</i>	<i>Unaudited six months ended 30 November 2008 Amortisation and impairment of intangibles arising on consolidation</i>	<i>Unaudited six months ended 30 November 2008 Total</i>	<i>Unaudited six months ended 30 November 2007 Note a</i>	<i>Audited Year ended 31 May 2008 Note a</i>
<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue	126,460	-	126,460	85,778	184,008
Cost of sales	(6,211)	-	(6,211)	(4,882)	(10,842)
Gross profit	120,249	-	120,249	80,896	173,166
Impairment of trade receivables	(14,681)	-	(14,681)	(1,148)	(4,057)
Other administrative expenses	(53,980)	(3,630)	(57,610)	(38,823)	(85,759)
Operating profit	51,588	(3,630)	47,958	40,925	83,350
Finance revenue	12,251	-	12,251	16,361	30,609
Finance costs	(5,610)	-	(5,610)	(9,089)	(16,969)
Profit before taxation	58,229	(3,630)	54,599	48,197	96,990
Tax expense	(18,077)	1,525	(16,552)	(15,054)	(29,702)
Profit for the period	40,152	(2,105)	38,047	33,143	67,288
Profit for the period attributable to:					
Equity holders of the parent	39,759	(2,105)	37,654	33,143	67,288
Minority Interests	393	-	393	-	-
	40,152	(2,105)	38,047	33,143	67,288
Earnings per share (pence)					
- basic	4		11.16p	10.16p	20.62p
- diluted	4		11.11p	9.99p	20.28p
Dividends per share (pence)					
- interim proposed	5		4.00p	3.00p	-
- interim paid	5		-	-	3.00p
- final paid	5		-	-	9.00p

The proposed interim dividend of 4.0p per share was declared after the period end and is not included in the results. The total dividend will amount to £14,832,000.

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

Note a – amortisation and impairment of intangibles arising on consolidation charge was nil for 6 months ended 30 November 2007 and year ended 31 May 2008

Interim consolidated balance sheet
as at 30 November 2008

		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
		<i>30 November</i>	<i>30 November</i>	<i>31 May</i>
		<i>2008</i>	<i>2007</i>	<i>2008</i>
<i>Notes</i>		<i>£000</i>	<i>£000</i>	<i>£000</i>
Non-current assets				
Property, plant and equipment	6	12,824	8,054	9,824
Intangible assets arising on consolidation	12	270,491	106,269	110,024
Intangible assets arising from software & licences		2,739	1,171	2,032
Deferred tax assets		6,840	5,861	8,053
		<u>292,894</u>	<u>121,355</u>	<u>129,933</u>
Current assets				
Trade receivables	7	158,823	283,980	263,323
Prepayments and other receivables		3,915	3,939	5,690
Cash and cash equivalents	8	408,370	423,849	471,722
		<u>571,108</u>	<u>711,768</u>	<u>740,735</u>
Total assets		<u>864,002</u>	<u>833,123</u>	<u>870,668</u>
Current liabilities				
Trade payables	9	420,697	581,111	582,689
Short term bank overdraft	8	3,268	-	-
Other payables		23,893	17,907	26,715
Income tax payable		20,991	16,812	16,508
		<u>468,849</u>	<u>615,830</u>	<u>625,912</u>
Non-current liabilities				
Deferred tax liabilities	12	21,329	-	-
Redeemable preference shares		40	40	40
		<u>21,369</u>	<u>40</u>	<u>40</u>
Total liabilities		<u>490,218</u>	<u>615,870</u>	<u>625,952</u>
NET ASSETS		<u>373,784</u>	<u>217,253</u>	<u>244,716</u>
Capital and reserves				
Equity share capital	10	18	16	16
Share premium	10	206,246	125,235	125,235
Own shares held in Employee Benefit Trusts		(952)	(704)	(704)
Retained earnings		166,047	92,666	120,129
Equity attributable to equity holders of the parent		<u>371,359</u>	<u>217,213</u>	<u>244,676</u>
Minority interests		2,425	40	40
TOTAL EQUITY		<u>373,784</u>	<u>217,253</u>	<u>244,716</u>

**Interim consolidated statement of changes in shareholders' equity
for the six months ended 30 November 2008 (unaudited)**

	<i>Equity share capital £000</i>	<i>Share premium £000</i>	<i>Own shares held in Employee Benefit Trusts £000</i>	<i>Retained earnings £000</i>	<i>Shareholders' equity £000</i>	<i>Minority interests £000</i>	<i>Total Equity £000</i>
Balance at 1 June 2007	16	125,235	(503)	76,920	201,668	40	201,708
Profit for the period	-	-	-	33,143	33,143	-	33,143
Excess of tax deduction benefit on share-based payments recognised directly in equity	-	-	-	1,710	1,710	-	1,710
Total recognised income and expense for the period	-	-	-	34,853	34,853	-	34,853
Equity settled employee share-based payments	-	-	-	2,181	2,181	-	2,181
Purchase of own shares	-	-	(201)	-	(201)	-	(201)
Equity dividends paid	-	-	-	(21,288)	(21,288)	-	(21,288)
Balance at 30 November 2007	16	125,235	(704)	92,666	217,213	40	217,253
Profit for the period	-	-	-	34,145	34,145	-	34,145
Excess of tax deduction benefit on share-based payments recognised directly in equity	-	-	-	642	642	-	642
Total recognised income and expense for the period	-	-	-	34,787	34,787	-	34,787
Equity settled employee share-based payments	-	-	-	2,501	2,501	-	2,501
Equity dividends paid	-	-	-	(9,825)	(9,825)	-	(9,825)
Balance at 1 June 2008	16	125,235	(704)	120,129	244,676	40	244,716
Profit for the period	-	-	-	37,654	37,654	393	38,047
Excess of tax deduction benefit on share-based payments recognised directly in equity	-	-	-	(1,832)	(1,832)	-	(1,832)
Total recognised income and expense for the period	-	-	-	35,822	35,822	393	36,215
Shares issued	2	82,199	-	-	82,201	-	82,201
Share issue costs	-	(1,188)	-	-	(1,188)	-	(1,188)
Minority interest arising on acquisition	-	-	-	-	-	1,528	1,528
Foreign currency translation on overseas subsidiaries	-	-	-	37,651	37,651	464	38,115
Employee share-based payments	-	-	-	2,081	2,081	-	2,081
Purchase of treasury shares	-	-	(248)	-	(248)	-	(248)
Equity dividends paid	-	-	-	(29,636)	(29,636)	-	(29,636)
Balance at 30 November 2008	18	206,246	(952)	166,047	371,359	2,425	373,784

Interim consolidated cash flow statement for the six months ended 30 November 2008

	<i>Unaudited six months ended 30 November 2008 £000</i>	<i>Unaudited six months ended 30 November 2007 £000</i>	<i>Audited year ended 31 May 2008 £000</i>
Operating activities			
Operating profit	47,958	40,925	83,350
<i>Adjustments to reconcile operating profit to net cash flow from operating activities:</i>			
Depreciation of property, plant and equipment	2,655	1,936	4,016
Amortisation of intangible assets arising on consolidation	3,630	-	-
Amortisation of intangible assets arising from software and licences	376	420	782
Share-based payments	2,081	2,210	4,716
Property, plant and equipment written off	22	15	115
Intangible assets written off	-	-	9
Impairment of trade receivables	14,681	1,148	4,057
Decrease in trade and other receivables	106,616	67,464	83,151
Decrease in trade and other payables	(234,918)	(146,810)	(145,818)
Cash (used in)/generated from operations	(56,899)	(32,692)	34,378
Income taxes paid	(15,503)	(13,000)	(29,501)
Net cash flow from operating activities	(72,402)	(45,692)	4,877
Investing activities			
Interest received	13,669	16,409	31,020
Purchase of property, plant and equipment	(4,657)	(1,831)	(4,905)
Payments to acquire intangible fixed assets	(654)	(170)	(1,282)
Purchase of subsidiary undertakings	(121,085)	-	(3,375)
Net cash acquired on purchase of subsidiary undertakings	68,202	-	132
Net cash flow from investing activities	(44,525)	14,408	21,590
Financing activities			
Interest paid	(6,581)	(9,744)	(17,550)
Equity dividends paid to equity holders of the parent	(29,636)	(21,288)	(31,113)
Proceeds from share issues	81,013	-	-
Purchase of own shares held in Employee Benefit Trust	(248)	(201)	(201)
Payment of redeemable preference share dividends	-	-	(3)
Net cash flow from financing activities	44,548	(31,233)	(48,867)
Net decrease in cash and cash equivalents	(72,379)	(62,517)	(22,400)
Cash and cash equivalents at the beginning of the period	471,722	484,556	484,556
Effect of foreign currency differences on operating balances of cash and cash equivalents	5,759	1,810	9,566
Cash and cash equivalents at the end of the period	405,102	423,849	471,722

Notes to the interim condensed consolidated financial statements

At 30 November 2008 (unaudited)

1. General information

The interim condensed consolidated financial statements of IG Group Holdings plc and its subsidiaries for the six months ended 30 November 2008 were authorised for issue by the board of directors on 19 January 2009. 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 2008, does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The interim information is unaudited but 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 2008 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. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 November 2008 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and with IAS 34 "Interim Financial Reporting" as adopted by the European Union (EU).

The interim condensed consolidated financial statements 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 financial statements for the year ended 31 May 2008 which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The preparation of the interim information requires the Group to make various estimates and assumptions when determining the carrying value of certain assets and liabilities. The significant judgements and estimates applied by the Group in this interim information have been applied on a consistent basis with the Annual Report for the year ended 31 May 2008.

The Group has presented its consolidated income statement in a columnar format. This enables the Group to continue its practice of improving the understanding of its results by presenting profit for the year before amortisation and impairment of intangibles arising on consolidation. This is the profit measure used to calculate adjusted EPS (see note 4) and is considered to be the most appropriate as it better reflects the Group's underlying cash earnings. Profit before amortisation and impairment of intangibles arising on consolidation is reconciled to profit before tax on the face of the income statement.

Intangible assets arising on consolidation represent goodwill and other separately identifiable intangible assets on business combinations since 1 June 2004. The amortisation of separately identifiable intangible assets and any impairment of goodwill is included in the income statement within the column "amortisation and impairment of intangibles arising on consolidation".

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

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 May 2008, with the exception of the new accounting policy noted below.

A new accounting policy has been applied during the period in respect of the amortisation of intangible assets arising on consolidation. Separately identifiable intangible assets acquired by the Group are stated at fair value and are subsequently adjusted for amortisation and any impairment. Amortisation is charged to the income statement on a sum-of-the-digits basis over estimated useful lives as follows:

Trade name	-	2 years
Customer relationships	-	5 years

Notes to the interim condensed consolidated financial statements

At 30 November 2008 (unaudited)

3. Segment information

Primary reporting format - business segments

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 primary segment reporting format is by business segment as the Group's risks and rates of return are affected predominantly by differences in the products provided.

The Group operates in two principal areas of activity: financial and sport. The types of financial instrument included within each of the above categories are:

Financial

Contracts for difference (CFDs), spread bets and exchange traded futures on equities, equity indices, precious and base metals, soft commodities, exchange rates, interest rates and other financial markets. Exchange traded options and CFDs and spread bets on options on certain of these markets. Financial binaries, including exchange traded and OTC binary options and fixed odds bets on many of these markets. The operation of a regulated futures and options exchange.

Sports

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

	<i>Unaudited six months ended 30 November 2008 £000</i>	<i>Unaudited six months ended 30 November 2007 £000</i>	<i>Audited year ended 31 May 2008 £000</i>
Revenue			
Financial	122,310	79,447	172,475
Sports	4,150	6,331	11,533
	<u>126,460</u>	<u>85,778</u>	<u>184,008</u>
Segment result			
Financial before amortisation and impairment arising on consolidation	78,453	61,663	126,265
Amortisation and impairment of intangibles arising on consolidation	(3,630)	-	-
Financial	74,823	61,663	126,265
Sports	886	2,056	1,892
	<u>75,709</u>	<u>63,719</u>	<u>128,157</u>
Unallocated administrative expenses	(22,110)	(17,651)	(34,584)
Unallocated finance revenue	1,982	2,242	4,100
Unallocated finance costs	(982)	(113)	(683)
Profit before taxation	<u>54,599</u>	<u>48,197</u>	<u>96,990</u>
Tax expense	(16,552)	(15,054)	(29,702)
Profit for the period	<u>38,047</u>	<u>33,143</u>	<u>67,288</u>

Unallocated administrative expenses comprise overheads, including information technology costs, which are not specifically attributable to business segments.

Notes to the interim condensed consolidated financial statements

At 30 November 2008 (unaudited)

3. Segment information (continued)

Secondary reporting format - geographical segments

Geographical segment information for revenue and profit is based upon client location. The UK segment includes all clients located in the UK; Europe includes all clients located in Ireland and continental Europe; Asia Pacific includes all clients located in Australasia, Asia and the Far East; all other clients are classified as Rest of World.

The Group has offices in the United Kingdom, Germany, France, Spain, Italy, Australia, Singapore, Japan and the United States of America.

	<i>Unaudited six months ended 30 November 2008 £000</i>	<i>Unaudited six months ended 30 November 2007 £000</i>	<i>Audited year ended 31 May 2008 £000</i>
Revenue			
United Kingdom	78,236	64,124	134,713
Europe	18,406	8,899	20,396
Asia Pacific	27,765	12,068	27,371
Rest of World	2,053	687	1,528
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	126,460	85,778	184,008

Notes to the interim condensed consolidated financial statements

At 30 November 2008 (unaudited)

4. Earnings per share

The income statement may only disclose basic and diluted EPS. The Group has also calculated an adjusted EPS measurement ratio as it believes that it is the most appropriate measurement since it better reflects the business's underlying cash earnings.

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

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

	<i>Unaudited six months ended 30 November 2008 £000</i>	<i>Unaudited six months ended 30 November 2007 £000</i>	<i>Audited Year ended 31 May 2008 £000</i>
Earnings attributable to equity shareholders of the parent	37,654	33,143	67,288
Amortisation and impairment of intangibles arising on consolidation net of tax and minority interests	2,105	-	-
Adjusted earnings	<u>39,759</u>	<u>33,143</u>	<u>67,288</u>
	Number	Number	Number
Weighted average number of shares			
Basic and Adjusted	337,412,837	326,252,385	326,243,567
Dilutive effect of share-based payments	1,536,381	5,501,599	5,515,661
Diluted	<u>338,949,218</u>	<u>331,753,984</u>	<u>331,759,228</u>
Earnings per share			
Basic	11.16p	10.16p	20.62p
Diluted	11.11p	9.99p	20.28p
Adjusted basic	11.78p	10.16p	20.62p
Adjusted diluted	<u>11.73p</u>	<u>9.99p</u>	<u>20.28p</u>

Notes to the interim condensed consolidated financial statements

At 30 November 2008 (unaudited)

5. Dividends paid and proposed

	<i>Unaudited</i> <i>six months</i> <i>ended</i> <i>30 November</i> <i>2008</i> <i>£000</i>	<i>Unaudited</i> <i>six months</i> <i>ended</i> <i>30 November</i> <i>2007</i> <i>£000</i>	<i>Audited</i> <i>year</i> <i>ended</i> <i>31 May</i> <i>2008</i> <i>£000</i>
Amounts recognised as distributions to equity holders in the period:			
Interim dividend of 3.00p for 2008	-	-	9,825
Final dividend of 9.00p for 2008 (2007: 6.50p)	29,636	21,288	21,288
	<u>29,636</u>	<u>21,288</u>	<u>31,113</u>
Proposed but not recognised as distributions to equity holders in the period:			
Interim dividend of 4.00p for 2009 (2008: 3.00p)	14,832	9,825	-
Final dividend of 9.00p for 2008	-	-	29,475
	<u>14,832</u>	<u>9,825</u>	<u>29,475</u>

The proposed interim dividend for 2009 of 4.00p per share amounting to £14,832,000 was approved by the board on 19 January 2009 and has not been included as a liability at 30 November 2008. This dividend will be paid on 6 March 2009 to those members on the register at the close of business on 30 January 2009.

6. Property, plant and equipment

During the six months ended 30 November 2008 the group acquired assets with a cost of £4,191,000 (excluding those acquired on acquisition). This comprised leasehold improvements of £1,539,000, computer and other equipment amounting to £1,561,000 and office equipment, fixtures and fittings amounting to £1,091,000.

7. Trade receivables

	<i>Unaudited</i> <i>30 November</i> <i>2008</i> <i>£000</i>	<i>Unaudited</i> <i>30 November</i> <i>2007</i> <i>£000</i>	<i>Audited</i> <i>31 May</i> <i>2008</i> <i>£000</i>
Amounts due from clients – gross exposure	36,487	16,346	16,665
Allowance for impairment	(20,768)	(3,566)	(5,864)
Amounts due from clients – net exposure	<u>15,719</u>	<u>12,780</u>	<u>10,801</u>
Amounts due from brokers	143,104	271,200	252,522
Total trade receivables	<u>158,823</u>	<u>283,980</u>	<u>263,323</u>

Clients are permitted to deal in circumstances where they may be capable of suffering losses in excess of the funds they have on their account. Trade receivables due from clients comprise deficits arising from such realised and unrealised losses net of an allowance for impairment. Extraordinary market volatility in October 2008 had an adverse impact on clients' trading performance resulting in a significant increase in the value of clients' accounts in deficit. Subsequently the Group conducted a detailed impairment review of trade receivables due from clients giving rise to an impairment charge for the period of £14,681,000 (2007: £1,148,000; year ended 31 May 2008: £4,057,000).

Notes to the interim condensed consolidated financial statements

At 30 November 2008 (unaudited)

8. Net cash and cash equivalents

	<i>Unaudited</i> 30 November 2008 £000	<i>Unaudited</i> 30 November 2007 £000	<i>Audited</i> 31 May 2008 £000
Cash at bank and in hand	95,323	103,271	99,411
Short-term deposits	3,871	5,570	3,348
Client money held	309,176	315,008	368,963
Cash and cash equivalents included in current assets	408,370	423,849	471,722
Short term bank overdraft	(3,268)	-	-
Net cash and cash equivalents	405,102	423,849	471,722

Cash and cash equivalents are deposited for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is not materially different from the book value.

Net interest receivable on client balances amounted to £5,641,000 (2007: £5,143,000; year ended 31 May 2008: £10,221,000).

Extraordinary movements in world markets during October 2008 resulted in a short term funding requirement to meet the Group's payment obligations to market counterparties and profit making clients before payment was received from losing clients. Consequently the Group utilised its committed bank facilities for a period of 18 days, which were drawn to a peak of £88 million.

9. Trade payables

	<i>Unaudited</i> 30 November 2008 £000	<i>Unaudited</i> 30 November 2007 £000	<i>Audited</i> 31 May 2008 £000
Amounts due to clients	420,697	581,111	582,689

10. Equity share capital

	<i>Unaudited</i> 30 November 2008 £000	<i>Unaudited</i> 30 November 2007 £000	<i>Audited</i> 31 May 2008 £000
Authorised:			
500,000,000 ordinary shares of 0.005p each	25	25	25
65,000 B shares of 0.001p each	-	-	-
	25	25	25

Notes to the interim condensed consolidated financial statements

At 30 November 2008 (unaudited)

10. Equity share capital (continued)

	<i>Unaudited</i> <i>30 November</i> <i>2008</i> <i>Number</i>	<i>Unaudited</i> <i>30 November</i> <i>2007</i> <i>Number</i>	<i>Audited</i> <i>31 May</i> <i>2008</i> <i>Number</i>
Allotted, called up and fully paid :			
(i) ordinary shares			
At beginning of period	327,500,959	327,500,959	327,500,959
Issued during period	32,055,944	-	-
At end of period	<u>359,556,903</u>	<u>327,500,959</u>	<u>327,500,959</u>
(ii) B shares			
At beginning and end of period	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>

During the period to 30 November 2008, 4,191,537 ordinary shares with an aggregate nominal value of £210 were issued following the exercise of Long Term Incentive Plan awards for a consideration of £210. In addition, 27,864,407 ordinary shares with an aggregate nominal value of £1,393 were issued in a share placing at a price of £2.95 in order to finance the acquisition of FXOnline (see note 12). This share placing raised £82.2 million excluding issue costs of £1.2 million.

11. Related party transactions

During the 6 months to 30 November 2008, fees amounting to £15,000 (2007: £15,000; year ended 31 May 2008: £30,000) were paid to CVC Capital Partners Limited relating to the services of Robert Lucas as a director of IG Group Holdings of £15,000 (2007: £15,000; year ended 31 May 2008: £30,000).

Funds managed or advised by CVC Capital Partners Limited or its affiliates held 8.4% of the ordinary share capital of the Company at 30 November 2008 (2007: 7.7%; 31 May 2008: 7.7%).

There were no further related party transactions during the period or the preceding period.

Notes to the interim condensed consolidated financial statements

At 30 November 2008 (unaudited)

12. Acquisition of FXOnline

On 2 October 2008, the Group acquired 87.5% of the issued share capital of FXOnline Japan KK ("FXOnline"), a leading privately owned Japanese online retail FX trading company, for a total consideration of ¥22.2 billion (£117.6 million). The Group also has a call option to acquire the remaining 12.5% of the issued share capital exercisable from January 2011 according to a pre-agreed formula that is linked to the future performance of FXOnline. The whole of the consideration was satisfied in cash, which was in part financed by a share placing of 27,864,407 shares at a placing price of £2.95 raising £82.2 million. The fair value of the assets acquired is given below.

The fair value adjustments include the recognition of intangible assets arising on consolidation of £42.3 million, comprising customer relationships amortised over five years and trade name amortised over two years. The directors consider that the fair value of £85.9 million for the goodwill is reasonable and relates to the fair value of the future growth potential of the business, and the assembled workforce and the goodwill forms part of the financials business. These assets are not separately identifiable.

FXOnline contributed £8.5million to revenue and £5.3 million to profit before tax before amortisation of intangibles arising on consolidation. If the combination had been completed on the first day of the financial period, the estimated revenue would have been £19.47 million with profit before tax before amortisation of intangibles arising on consolidation of £5.7 million.

	Book value £000	Provisional fair value £000
Net assets acquired		
Intangible assets arising on consolidation – trade name	-	778
Intangible assets arising on consolidation – customer relationships	-	41,490
Property, plant and equipment	1,489	1,489
Intangible assets – software and licences	429	429
Deferred tax assets	1,719	1,719
Trade receivables	14,251	14,251
Other receivables	485	485
Cash and cash equivalents	68,202	68,202
Trade payables	(65,341)	(65,341)
Other payables	(6,456)	(6,456)
Corporate tax liabilities	(2,555)	(2,555)
Deferred tax liabilities	-	(17,753)
	<hr/>	<hr/>
	12,223	36,738
Goodwill		85,875
Consideration		<hr/> <hr/>
		122,613
Represented by:		
Cash		117,612
Acquisition costs capitalised, settled in cash		3,473
Minority interests		1,528
		<hr/> <hr/>
		122,613

The deferred tax liability arises in respect of the separately identifiable intangible assets on acquisition.

Goodwill includes an amount of £17.8 million as a result of a deferred tax liability recognised in respect of separately identifiable intangible assets arising on the acquisition of FXOnline. A deferred tax liability is recognised in a business combination in respect of any identified intangible asset representing the difference between the fair value of the acquired asset and its tax base. Recognition of a deferred tax liability in respect of such a difference gives rise to a corresponding increase in goodwill accounted for in the consolidated balance sheet.

Notes to the interim condensed consolidated financial statements

At 30 November 2008 (unaudited)

12. Acquisition of FXOnline (continued)

The deferred tax liability of £17.8 million increased from the date of acquisition to the end of the period by £3.6 million due to foreign currency translation of £5.1 million offset by £1.5 million utilised.

A reconciliation of intangible assets arising on consolidation (including goodwill) is provided below:

	<i>Goodwill</i>	<i>Separately identifiable assets</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance at 1 June 2008	110,024	-	110,024
Acquisition of FXOnline	85,875	42,268	128,143
Amortisation and impairment	-	(3,630)	(3,630)
Foreign currency translation	23,807	12,147	35,954
Balance at 30 November 2008	<u>219,706</u>	<u>50,785</u>	<u>270,491</u>

Independent review report to IG Group Holdings plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2008 which comprises the interim consolidated income statement, interim consolidated balance sheet, interim consolidated statement of changes in shareholders' equity, interim consolidated cash flow statement and the related notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

Registered Auditor

London

19 January 2009