19 January 2010

IG GROUP HOLDINGS PLC

Interim Results for the six months ended 30 November 2009

IG Group Holdings plc ("IG" or "the Group") today announces interim results for the six month period ended 30 November 2009.

Highlights

- Trading revenue[1] up 14% at £143.8 million
- EBITDA[2] up 34% at £81.0 million
- Strong EBITDA margin of 56.3%
- Adjusted EPS[3] up 30% at 15.28p
- Interim dividend of 5.0p per share (up 25%)
- Strong cash generation and well capitalised debt-free balance sheet
- Activity levels and account opening remain strong

Tim Howkins, Chief Executive, commented:

"IG has again delivered record results with strong growth in both revenue and profits. We continue to experience strong levels of activity and account opening, both in the UK and overseas, where our expansion continues. All our markets have great potential and IG is well positioned to deliver further growth."

Financial highlights

	Unaudited six months ended 30 November 2009 £000	*Unaudited six months ended 30 November 2008 £000*	*Growth %*
Trading revenue[1]	143,758	126,460	+14%
EBITDA[2]	81,047	60,259	+34%
Profit before taxation (adjusted)[3]	78,010	58,229	+34%
Profit before taxation (statutory)	69,022	54,599	+26%
Diluted earnings per share (adjusted)[3]	15.28p	11.73p	+30%
Diluted earnings per share (statutory)	13.84p	11.11p	+25%
Interim dividend per share	5.00p	4.00p	+25%

[1] *Excludes interest on segregated client funds.*

[2] *EBITDA represents operating profit before exceptional administrative costs, depreciation, amortisation of intangible assets, amortisation and impairment of intangibles arising on consolidation and amounts written off property, plant and equipment and intangible assets.*

[3] *Excludes amortisation and impairment of intangibles arising on consolidation.*

Chief Executive's statement
For the six months ended 30 November 2009

Our trading revenue in the six months to 30 November 2009 was £143.8m, an increase of 14% over the same period last year (10% on a constant currency basis). Adjusted profit before tax was £78.0m, up 34%.

We are pleased with this revenue growth, given that the comparative period in 2008 itself showed strong growth of 47% over its prior year comparative period in 2007. This was due to equity and forex markets being extremely volatile in September and October 2008, which resulted in a significant boost in client activity and revenue for those months. Volatility was much lower during this first half, although the impact of this was partially offset by a strong rally in equity markets which resulted in a boost in the proportion of our revenue coming from clients trading individual stocks.

The severe market falls of October 2008 disproportionately impacted the Group's UK financial business due to the UK client base having a greater concentration of exposure to banking and financial stocks than clients in other geographies. Notwithstanding this impact on the client base and the additional revenue in the comparative period due to the extraordinary volatility, our UK financial business revenue of £79.9m almost equalled the £80.4m achieved in the same period in the prior year. Moreover, revenue in the comparative period was accompanied by a doubtful debts charge of £14.7m, whereas in the current period the doubtful debts charge was negligible. After October 2008 we saw a drop in average revenue per client as some of our larger clients reduced their activity levels. The monthly number of London office financial clients dealing has steadily increased through 2009 and was 29% higher in November 2009 than in November 2008. This growth was driven by continued strong client recruitment, which has averaged over 3,000 new spread betting and CFD accounts per month during the period.

Our Australian office achieved revenue growth of 65%, up from £13.4m to £22.2m. In part this strong growth is attributable to an increase in the overall size of the market as clients who had stopped trading during the bear market returned to CFD trading as markets rallied; in part it reflects our increasing market lead. In October 2009 we began marketing into New Zealand from our Australian office. Initial take-up has been encouraging.

Our European offices achieved revenue of £21.7m, up 64% from £13.3m. All of the offices produced good levels of growth, but France and Italy achieved the highest growth rates at 78% and 86%, respectively. The European businesses were only started two to three years ago and their markets are still at an early stage of development, but they already represent 15% of Group trading revenue and continue to grow strongly. During the period we opened an office in Sweden and we now have six offices in mainland Europe.

Our Japanese office delivered revenue of £10.9m in this half. In the comparative period we owned this business for only two months during which it generated revenue of £10.2m, benefitting from the volatility of forex markets in October 2008. As 2009 progressed the highly fragmented competitive landscape for retail forex in Japan became increasingly challenging as certain competitors reduced their spreads and marketed aggressively to recruit newcomers to forex. In response we have re-positioned our business to place greater emphasis on the recruitment of clients who already have experience of trading forex, as well as promoting CFDs and binary options where competition is more limited. In early October 2009 we also introduced a new low fixed spread forex model – early indications are that this has stabilised our revenue and our market share is currently growing, albeit from a low base. The market still faces regulatory challenges with the progressive introduction of leverage limits on forex and CFDs over the next two years, but there remains a significant market opportunity for the Group in Japan.

The Group's Singapore office achieved revenue of £5.0m (H1 2009: £4.1m), an increase of 23%.

Revenue from the Group's U.S. operations was flat at £1.0m. The Group is still awaiting a change of regulatory designation for Nadex, the Group's CFTC regulated exchange, so as to allow it to accept clients via intermediaries. Until this change of designation is granted, the Group is incurring minimal marketing expenditure in the U.S.

Alongside our direct business we continue to develop our partner franchises, where third parties such as brokers introduce clients to us. During the period, partners accounted for 16% of financial trading revenue, compared to 14% in the corresponding period of the prior year. This growth was driven, in part, by an increasing number of white labels deals, where a third party makes available our dealing platform to their own clients. A number of leading firms have recently selected us as their partner, including firms in the UK, continental Europe and the Asia Pacific region, and we expect these relationships to continue to deliver profitable growth in the coming years.

Our Sports business, which now represents only 2% of Group trading revenue, had a disappointing first half with revenue of £3.0m (H1 2009: £4.2m).

The Group achieved an overall EBITDA margin of 56%, an improvement on the 48% achieved in the comparative period, largely reflecting the substantial reduction in the charge for doubtful debts discussed above. In our more established markets in the UK and Australia we achieved an EBITDA margin of around 63%. Our offices in newer markets tend to reach operating profitability very quickly but achieve a lower margin than our more established businesses as we invest to develop these newer markets for long-term profitable growth. We would expect the margin in these newer markets to improve over time as they develop, but our strategy of continuing to discover new international expansion opportunities and sustained investment in our business is likely to continue to limit overall Group margin expansion.

As previously indicated we plan some additional investment during the second half of the financial year to enhance the Group's market leading positions and capitalise on organic growth opportunities. This investment will be seen principally in headcount and marketing. It follows the cautious approach we adopted entering the year and is also in response to higher than expected activity levels. As previously reported, we will incur an exceptional non cash cost in the second half of approximately £4m as a result of the relocation of our London operations later in this calendar year.

Business Developments

Over the last three years one of our white label partners, Ideal CFD Financial Services (Pty) Limited ("Ideal"), has developed a successful and rapidly growing CFD business in South Africa. During the six months ended 30 November 2009 Ideal earned approximately £0.7m as its share of the revenue earned from its clients. We have reached agreement for our newly established subsidiary, IG Markets South Africa Limited ("IG South Africa"), to acquire the client list and business of Ideal for a cash consideration of £2.0m and to employ the directors and staff of Ideal. This agreement is conditional on IG South Africa obtaining authorisation as a financial services provider from the South African Financial Services Board. It is anticipated that this authorisation should be obtained within the next few weeks, at which point the acquisition will complete. 85% of the share capital of IG South Africa will be owned by IG and 15% by a shareholder of Ideal both through the subscription of seed capital to the entity. The Group has a call option and the minority shareholder has a put option over its 15% shareholding in IG South Africa. These options are exercisable in cash in January 2013 at a price determined by valuing IG South Africa on a multiple of eight times average pro forma annual post-tax profits over the period from completion to 30 November 2012, subject to a cap.

Earlier this month we established a representative office in Beijing. This office will liaise with financial institutions and authorities in China, and provide education on financial trading; it will not open accounts and China is not expected to generate material revenue in the short or medium term, given the regulatory backdrop.

However, this represents a low cost first step in what we hope could prove to be an important strategic market for us in the long term.

We have been marketing in Portugal for just over a year from our Madrid office and are generating good levels of revenue. We plan to open an office in Lisbon during the second half to support the growth of this business.

Dividend

An interim dividend of 5p per share, amounting to £18.0m, will be paid in March. This represents an increase of 25% from the 4p interim dividend distributed last year.

Current trading and outlook

Activity levels and account opening remain strong and we continue to invest in our businesses, infrastructure and product offering. Our market and technology leadership, together with product and geographic diversity, leave us well positioned for further growth. The Group is highly cash generative with a well-capitalised debt free balance sheet and I remain confident about the outlook for the business.

Tim Howkins
Chief Executive
19 January 2010

Enquiries:

For further information please contact:

IG Group 020 7896 0011
Tim Howkins
Steve Clutton

Financial Dynamics 020 7269 7114
Robert Bailhache
Nick Henderson

www.iggroup.com

Analyst Presentation

There will be an analyst presentation to discuss the interim results at 9.30am today at Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB.

The presentation will be accessible via a conference call for those unable to attend in person. The dial-in for the conference call is + 44 (0) 20 3037 9221, with the reference ‘Interim Results’.

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 2009 (unaudited)

		Unaudited Six months ended 30 November 2009			*Unaudited Six months ended 30 November 2008(restated)*			*Audited Year ended 31 May 2009(restated)*		
	Notes	*Before certain items[1] £000*	*Certain items[1] £000*	*Total £000*	*Before certain items [1] £000*	*Certain items[1] £000*	*Total £000*	*Before certain items[1] £000*	*Certain items[1] £000*	*Total £000*
Trading revenue	3	143,758	-	143,758	126,460	-	126,460	257,089	-	257,089
Interest income on segregated client funds		1,862	-	1,862	10,255	-	10,255	12,888	-	12,888
Revenue	3	145,620	-	145,620	136,715	-	136,715	269,977	-	269,977
Interest expense on segregated client funds		(287)	-	(287)	(4,614)	-	(4,614)	(5,288)	-	(5,288)
Betting duty		(1,895)	-	(1,895)	(6,211)	-	(6,211)	(7,223)	-	(7,223)
Net operating income		143,438	-	143,438	125,890	-	125,890	257,466	-	257,466
Impairment of trade receivables	6	(63)	-	(63)	(14,681)	-	(14,681)	(18,168)	-	(18,168)
Other administrative expenses		(65,732)	(8,988)	(74,720)	(53,980)	(3,630)	(57,610)	(114,635)	(14,613)	(129,248)
Operating profit		77,643	(8,988)	68,655	57,229	(3,630)	53,599	124,663	(14,613)	110,050
Finance revenue		1,643	-	1,643	1,996	-	1,996	2,887	-	2,887
Finance costs		(1,276)	-	(1,276)	(996)	-	(996)	(1,678)	-	(1,678)
Profit before taxation		78,010	(8,988)	69,022	58,229	(3,630)	54,599	125,872	(14,613)	111,259
Tax expense		(22,700)	3,775	(18,925)	(18,077)	1,525	(16,552)	(38,744)	6,137	(32,607)
Profit for the period		55,310	(5,213)	50,097	40,152	(2,105)	38,047	87,128	(8,476)	78,652
Profit for the period attributable to:										
Equity holders of the parent		55,184	(5,213)	49,971	39,759	(2,105)	37,654	86,462	(8,476)	77,986
Minority Interests		126	-	126	393	-	393	666	-	666
		55,310	(5,213)	50,097	40,152	(2,105)	38,047	87,128	(8,476)	78,652
Earnings per share (pence)										
- basic	4			13.93p			11.16p			22.42p
- diluted	4			13.84p			11.11p			22.31p
Dividends per share (pence)										
- interim proposed	5			5.00p			4.00p			-
- interim paid	5			-			-			4.00p
- final paid	5			-			-			11.00p

The proposed interim dividend of 5.0p per share was declared after the period end and is not included in the results. The total dividend will amount to £18,016,000. All of the group's revenue and profit for the period were derived from continuing operations. The comparative consolidated income statements have been restated such that interest on segregated client funds is included within operating profit rather than finance revenue or costs. Refer to Notes 2 and 3 for more information.

[1] Certain items comprise amortisation and impairment of intangibles arising on consolidation and related taxation.

Interim consolidated statement of comprehensive income

for the six months ended 30 November 2009 (unaudited)

	Unaudited Six months ended 30 November 2009		*Unaudited Six months ended 30 November 2008*		*Audited Year ended 31 May 2009*	
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Profit for the period		50,097		38,047		78,652
Other comprehensive income:						
Foreign currency translation on overseas subsidiaries	12,997		38,115		32,752	
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	1,298		(1,832)		(1,730)	
Other comprehensive income for the period		14,295		36,283		31,022
Total comprehensive income for the period		64,392		74,330		109,674
Total comprehensive income attributable to:						
Equity holders of the parent		64,041		73,473		108,693
Minority Interests		351		857		981
		64,392		74,330		109,674

Interim consolidated statement of financial position
at 30 November 2009 (unaudited)

	Notes	*Unaudited* *30 November* *2009* *£000*	*Unaudited* *30 November* *2008* *£000*	*Audited* *31 May* *2009* *£000*
Assets				
Non-current assets				
Property, plant and equipment		9,974	12,824	11,632
Intangible assets arising on consolidation		259,511	270,491	256,824
Intangible assets arising from software & licences		3,385	2,739	3,783
Deferred tax assets		9,619	6,840	7,562
		282,489	292,894	279,801
Current assets				
Trade receivables	6	221,751	158,823	183,085
Prepayments and other receivables		3,788	3,915	4,928
Cash and cash equivalents	7	566,451	408,370	520,421
		791,990	571,108	708,434
TOTAL ASSETS		1,074,479	864,002	988,235
Liabilities				
Current liabilities				
Trade payables	8	577,766	420,697	511,656
Short term bank overdraft	7	-	3,268	-
Other payables		32,200	23,893	27,326
Income tax payable		28,191	20,991	36,560
		638,157	468,849	575,542
Non-current liabilities				
Deferred tax liabilities		14,184	21,329	16,740
Redeemable preference shares		40	40	40
		14,224	21,369	16,780
Total liabilities		652,381	490,218	592,322
Capital and reserves				
Equity share capital	9	18	18	18
Share premium	9	206,246	206,246	206,246
Other reserves		60,770	49,228	45,281
Retained earnings		152,164	115,867	141,819
Shareholders' equity		419,198	371,359	393,364
Minority interests		2,900	2,425	2,549
Total equity		422,098	373,784	395,913
TOTAL EQUITY AND LIABILITIES		1,074,479	864,002	988,235

Interim consolidated statement of changes in shareholders' equity
for the six months ended 30 November 2009 (unaudited)

	Equity share capital £000	*Share premium £000*	*Other reserves £000*	*Retained earnings £000*	*Shareholders' equity £000*	*Minority interests £000*	*Total equity £000*
At 1 June 2008	16	125,235	11,576	107,849	244,676	40	244,716
Profit for the period	-	-	-	37,654	37,654	393	38,047
Other comprehensive income for the period	-	-	35,819	-	35,819	464	36,283
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
Equity-settled employee share-based payments	-	-	2,081	-	2,081	-	2,081
Purchase of own shares	-	-	(248)	-	(248)	-	(248)
Equity dividends paid	-	-	-	(29,636)	(29,636)	-	(29,636)
Movement in shareholders' equity	2	81,011	37,652	8,018	126,683	2,385	129,068
At 30 November 2008	18	206,246	49,228	115,867	371,359	2,425	373,784
Profit for the period	-	-	-	40,332	40,332	273	40,605
Other comprehensive income for the period	-	-	(5,112)	-	(5,112)	(149)	(5,261)
Equity-settled employee share-based payments	-	-	1,175	-	1,175	-	1,175
Purchase of own shares	-	-	(10)	-	(10)	-	(10)
Equity dividends paid	-	-	-	(14,380)	(14,380)	-	(14,380)
Movement in shareholders' equity	-	-	(3,947)	25,952	22,005	124	22,129
At 1 June 2009	18	206,246	45,281	141,819	393,364	2,549	395,913
Profit for the period	-	-	-	49,971	49,971	126	50,097
Other comprehensive income for the period	-	-	14,070	-	14,070	225	14,295
Equity-settled employee share-based payments	-	-	1,577	-	1,577	-	1,577
Purchase of own shares	-	-	(158)	-	(158)	-	(158)
Equity dividends paid	-	-	-	(39,626)	(39,626)	-	(39,626)
Movement in shareholders' equity	-	-	15,489	10,345	25,834	351	26,185
At 30 November 2009	18	206,246	60,770	152,164	419,198	2,900	422,098

Interim consolidated cash flow statement
for the six months ended 30 November 2009 (unaudited)

	Notes	*Unaudited six months ended 30 November 2009 £000*	*Unaudited six months ended 30 November 2008 £000 (restated)*	*Audited year ended 31 May 2009 £000 (restated)*
Operating activities				
Operating profit		68,655	53,599	110,050
Adjustments to reconcile operating profit to net cash flow from operating activities:				
Net interest income on segregated client funds		(1,575)	(5,641)	(7,600)
Depreciation of property, plant and equipment		2,481	2,632	5,402
Amortisation of intangible assets on consolidation		8,988	3,630	14,613
Amortisation of intangible assets		923	376	984
Share-based payments		1,577	2,081	3,256
Property, plant and equipment written off		-	22	37
Impairment of trade receivables		63	14,681	18,168
(Increase) / decrease in trade and other receivables		(34,682)	106,639	77,725
Increase / (decrease) in trade and other payables		53,470	(233,821)	(153,201)
Cash generated from / (used in) operations		99,900	(55,802)	69,434
Income taxes paid		(32,724)	(15,503)	(20,274)
Interest received on segregated client funds		1,785	8,630	12,670
Interest paid on segregated client funds		(212)	(4,086)	(5,007)
Net cash flow from operating activities		68,749	(66,761)	56,823
Investing activities				
Interest received		1,754	3,414	3,429
Purchase of property, plant and equipment		(636)	(4,657)	(5,897)
Payments to acquire intangible fixed assets		(499)	(654)	(2,142)
Purchase of subsidiary undertaking		-	(121,085)	(121,643)
Net cash acquired on purchase of subsidiary undertaking		-	68,202	68,202
Net cash flow from investing activities		619	(54,780)	(58,051)
Financing activities				
Interest paid		(1,276)	(1,967)	(1,138)
Equity dividends paid to equity holders of the parent		(39,626)	(29,636)	(44,016)
Proceeds from the issue of shares		-	81,013	81,013
Purchase of own shares		(158)	(248)	(258)
Payment of redeemable preference share dividends		-	-	(3)
Net cash flow from financing activities		(41,060)	49,162	35,598
Net increase / (decrease) in cash and cash equivalents		28,308	(72,379)	34,370
Cash and cash equivalents at the beginning of the period		520,421	471,722	471,722
Exchange gains on cash and cash equivalents		17,722	5,759	14,329
Cash and cash equivalents at the end of the period	7	566,451	405,102	520,421

The comparative consolidated cash flow statements have been restated such that interest on segregated client funds is included within net cash flow from operating activities. Refer to Notes 2 and 3 for more information.

Notes to the interim condensed consolidated financial statements
At 30 November 2009 (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 2009 were authorised for issue by the board of directors on 19 January 2010. 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 2009, 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, Ernst & Young LLP, and their report appears at the end of the interim financial statements. The financial statements for the year ended 31 May 2009 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 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 November 2009 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and with IAS 34 "Interim Financial Reporting" as adopted by the European Union (EU). The interim condensed consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report for the year ended 31 May 2009 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 2009.

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 ("certain items"). This is the profit measure used to calculate adjusted EPS (see note 4) and is considered to be the most appropriate measure 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.

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

Going concern

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

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Report for the year ended 31 May 2009, other than as set out below:

- The Group has made presentational changes in order to disclose interest income and expense on segregated client funds within operating profit as opposed to finance revenue or finance costs. This change has been made in order to present operating profit on a basis more consistent with the nature of groups operations and to increase comparability with the Group's peers. This has resulted in an increase in reported operating profit and revenue in the six months ended 30 November 2008 of £5,641,000 and £10,255,000 respectively and for the year ended 31 May 2009 of £7,600,000 and £12,888,000 respectively. There is no change to profit before taxation for either of these periods.

2. Basis of preparation and accounting policies (continued)

Significant accounting policies (continued)

- The Group has adopted IFRS 8 'Operating Segments' which replaces IAS 14 'Segment Reporting' and requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of IFRS 8 has had no impact on the results or the financial position of the Group. A revised segmental note along with restated comparative information is disclosed in Note 3.

- IAS 1 (revised), 'Presentation of Financial Statements' has been adopted by the Group, which prohibits the presentation of non-owner items of income and expense in the consolidated statement of changes in equity and has also had no impact on the results or the financial position of the Group.

The following new standards and interpretations are also effective for accounting periods beginning 1 June 2009 but have not had a material impact on the presentation of, nor the results or financial position of the Group:

- IFRS 2 (Amendment) "Share-based payment" applies to accounting periods beginning after 1 January 2009. This amendment clarifies that vesting conditions are service and performance conditions only. It also specifies that all cancellations should receive the same accounting treatment whether cancelled by the entity or by other parties.
- IAS 32 (Amendment) "Financial Instruments: Presentation" and IAS 1(Amendment) "Presentation of Financial Statements – Puttable Instruments and Instruments with obligations arising on Liquidation" applies to accounting periods beginning after 1 January 2009.
- IAS 36 (Amendment) "Impairment of assets" applies to accounting periods beginning after 1 January 2009. The amendment requires that where fair value less costs to sell is calculated based on discounted cash flows disclosures equivalent to those for a value in use calculation should be made.
- IAS 38 (Amendment) "Intangible Assets" applies to accounting periods beginning after 1 January 2009. The amendment allows the recognition of a prepayment only in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.
- IAS 19 (Amendment) "Employee benefits" applies to accounting periods beginning after 1 January 2009. The amendment clarifies certain accounting and valuation of defined benefit plans and alters the distinction of short term and long term employee benefits.
- IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" applies to accounting periods beginning after 1 January 2009. The amendment clarifies certain definitions and aligns the example of a segment (for inter-segment hedging) with IFRS 8.
- IAS 23 (Amendments) "Borrowing Costs" applies to accounting periods beginning after 1 January 2009. The amendments to the standard require an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.
- IAS 16 (Amendment) "Property plant and equipment" and consequential amendment to IAS 7 "Statement of cash flows" applies to accounting periods beginning after 1 January 2009. The amendment relates to entities whose ordinary activities are renting and subsequently selling assets.
- IAS 28 (Amendment) "Investments in Associates" applies to accounting periods beginning after 1 January 2009. The amendment requires that the investment in an associate is treated as a single asset for the purposes of impairment testing.
- IAS 29 (Amendment) "Financial reporting in hyperinflationary economies" applies to accounting periods beginning after 1 January 2009.
- IAS 31 (Amendment) "Interests in joint ventures" applies to accounting periods beginning after 1 January 2009.
- IAS 38 (Amendment) "Intangible Assets" applies to accounting periods beginning after 1 January 2009. The amendment deletes wording that states that there is 'rarely, if ever' support for use of a method of amortisation that results in a lower rate than the straight line method.
- IAS 40 (Amendment) "Investment Property" applies to accounting periods beginning after 1 January 2009. The amendment brings property that is under construction or development for future use as an investment property within the scope of IAS 40.
- IAS 41 (Amendment) "Agriculture" applies to accounting periods beginning after 1 January 2009. The amendment relates to the valuation methodologies for biological assets.
- IAS 20 (Amendment) "Accounting for government grants and disclosure of government assistance" applies to accounting periods beginning after 1 January 2009. The amendment relates to accounting for the benefit of a below market rate government loan.
- IFRIC 15 "Agreements for the Construction of Real Estate" applies to accounting periods beginning after 1 January 2009.
- IFRIC 17 "Distributions of Non-cash Assets to Owners" applies to accounting periods beginning after 1 January 2009.

3. Segment information

The Group has adopted IFRS 8 ‘Operating Segments’, which replaced IAS 14 ‘Segment Reporting’, from 1 June 2009 and has restated the segment results from 31 May 2009 and 30 November 2008 accordingly. There is no effect on the overall results of the Group. IFRS 8 requires the Group’s segmental information to be disclosed consistent with the basis of internal reports regarding components of the Group that are regularly reviewed by the Chief Operating Decision Maker (the ‘CODM’) in order to assess the performance and to allocate resources to those ‘operating segments’. The Group considers the executive members of the IG Group Holdings plc board to be the CODM. The Group has determined its operating segments based on the management information received on a regular basis by the CODM. The Group has offices in the UK, Australia, France, Germany, Italy, Luxembourg, Spain, Sweden, Japan, Singapore and the United States. Operating segments that do not meet the quantitative thresholds required by IFRS 8 have been aggregated within the Europe and ‘Rest of World’ segments as appropriate.

The Group has also early adopted the ‘IFRS Improvements Standard’ issued in April 2009 that provides an amendment to IFRS 8 such that segment assets are not required to be disclosed.

In contrast the predecessor standard required the Group to identify the primary segments (business segment) and secondary segments (geographical) using a risk and rewards approach.

Under IFRS 8 the significant changes in the information presented are that:

- revenues are reported by the location of the office whereas previously they were reported by location of the client;
- the Australian and Japanese segments that were previously reported within an aggregated Asia Pacific segment are separately reported;
- the ‘Rest of World’ segment comprises the Group’s Singapore and US operations; and,
- segment contribution, being segment trading revenue less directly incurred costs, as the measure of segment profit and loss reported to the CODM has been disclosed.

The UK segment derives its revenue from financial spread bets, fixed odd bets on financial markets, Contracts for Difference (CFDs), margined forex and binary options. The UK segment also includes the sports business which derives its revenue from spread bets and fixed odds bets on sporting and other events and the operation of an online casino. The Australian, Japanese and European segments derive their revenue from CFDs, margined forex and binary options. The ‘Rest of World’ segment derives its revenue from the operation of a regulated futures and options exchange as well as CFDs, margined forex and binary options.

The Board envisages that the reportable segments may change as overseas businesses move towards operational maturity, breaking through the quantitative thresholds of IFRS 8. The segments will be reviewed annually and the comparatives restated to reflect any reclassifications within the segmental reporting.

The Group employs a centralised operating model whereby market risk is managed principally in the UK, switching to Australia outside of UK hours. The costs associated with these operations are included in the Central segment, together with central costs of senior management, finance, middle office, IT development, HR, marketing and other such support functions. In the following analysis the Central segment costs have been further allocated to the other reportable segments based on segment trading revenue in order to provide segment EBITDA.

3. Segment information (continued)

Six months ended 30 November 2009	*UK*	*Australia*	*Europe*	*Japan*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment trading revenue	82,862	22,204	21,733	10,937	6,022	-	143,758
Interest income on segregated client funds	-	-	-	-	-	1,862	1,862
Revenue from external customers	82,862	22,204	21,733	10,937	6,022	1,862	145,620
Interest expense on segregated client funds	-	-	-	-	-	(287)	(287)
Betting duty	(1,895)	-	-	-	-	-	(1,895)
Net operating income	80,967	22,204	21,733	10,937	6,022	1,575	143,438
Segment contribution	64,930	17,488	14,309	4,275	2,169	(22,124)	81,047
Allocation of central costs	(12,752)	(3,417)	(3,345)	(1,683)	(927)	22,124	-
Segment EBITDA[1]	52,178	14,071	10,964	2,592	1,242	-	81,047
Depreciation and amortisation	(2,194)	(293)	(212)	(9,302)	(391)	-	(12,392)
Amounts written off plant, property and equipment							-
Operating profit							68,655
Net finance revenue							367
Profit before taxation							69,022

Six months ended 30 November 2008	*UK*	*Australia*	*Europe*	*Japan*[2]	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment trading revenue	84,535	13,432	13,253	10,175	5,065	-	126,460
Interest income on segregated client funds	-	-	-	-	-	10,255	10,255
Revenue from external customers	84,535	13,432	13,253	10,175	5,065	10,255	136,715
Interest expense on segregated client funds	-	-	-	-	-	(4,614)	(4,614)
Betting duty	(6,211)	-	-	-	-	-	(6,211)
Net operating income	78,324	13,432	13,253	10,175	5,065	5,641	125,890
Segment contribution	52,541	9,542	7,139	6,513	1,079	(16,555)	60,259
Allocation of central costs	(11,067)	(1,758)	(1,735)	(1,332)	(663)	16,555	-
Segment EBITDA[1]	41,474	7,784	5,404	5,181	416	-	60,259
Depreciation and amortisation	(2,184)	(224)	(157)	(3,790)	(283)	-	(6,638)
Amounts written off plant, property and equipment							(22)
Operating profit							53,599
Net finance revenue							1,000
Profit before taxation							54,599

3. Segment information (continued)

Year ended 31 May 2009	*UK*	*Australia*	*Europe*	*Japan*[2]	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment trading revenue	159,304	27,945	30,170	27,926	11,744	-	257,089
Interest income on segregated client funds	-	-	-	-	-	12,888	12,888
Revenue from external customers	159,304	27,945	30,170	27,926	11,744	12,888	269,977
Interest expense on segregated client funds	-	-	-	-	-	(5,288)	(5,288)
Betting duty	(7,223)	-	-	-	-	-	(7,223)
Net operating income	152,081	27,945	30,170	27,926	11,744	7,600	257,466
Segment contribution	108,583	20,246	16,232	14,941	3,985	(32,901)	131,086
Allocation of central costs	(20,387)	(3,576)	(3,861)	(3,574)	(1,503)	32,901	-
Segment EBITDA[1]	88,196	16,670	12,371	11,367	2,482	-	131,086
Depreciation and amortisation	(4,374)	(472)	(361)	(15,186)	(606)	-	(20,999)
Amounts written off plant, property and equipment							(37)
Operating profit							110,050
Net finance revenue							1,209
Profit before taxation							111,259

[1] EBITDA represents operating profit before exceptional administrative costs, depreciation, amortisation of intangible assets, amortisation and impairment of intangibles arising on consolidation and amounts written off property, plant and equipment and intangible assets.
[2] Results for the Japanese segment include the results of FXOnline Japan KK from the date of acquisition (2 October 2008).

A breakdown of revenue by product offering is as follows:

	Unaudited six months ended 30 November 2009	*Unaudited six months ended 30 November 2008*	*Audited Year ended 31 May 2009*
	£000	*£000*	*£000*
Trading revenue			
Financial			
Spread betting	52,502	58,138	109,396
Contracts for difference	83,108	58,542	128,984
Binaries	5,181	5,630	9,966
Total Financial	140,791	122,310	248,346
Sports	2,967	4,150	8,743
Total trading revenue	143,758	126,460	257,089
Interest income on segregated client funds	1,862	10,255	12,888
Revenue from external customers	145,620	136,715	269,977

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 net of tax and minority interests.

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

	Unaudited six months ended 30 November 2009 £000	*Unaudited six months ended 30 November 2008 £000*	*Audited Year ended 31 May 2009 £000*
Earnings attributable to equity shareholders of the parent	49,971	37,654	77,986
Add back: Amortisation and impairment of intangibles arising on consolidation net of tax and minority interests	5,213	2,105	8,476
Adjusted earnings	55,184	39,759	86,462
	Number	Number	Number
Weighted average number of shares			
Basic and Adjusted	358,721,450	337,412,837	347,904,665
Dilutive effect of share-based payments	2,386,188	1,536,381	1,627,469
Diluted	361,107,638	338,949,218	349,532,134
Earnings per share			
Basic	13.93p	11.16p	22.42p
Diluted	13.84p	11.11p	22.31p
Adjusted basic	15.38p	11.78p	24.85p
Adjusted diluted	15.28p	11.73p	24.74p

5. Dividends paid and proposed

	Unaudited six months ended 30 November 2009 £000	*Unaudited six months ended 30 November 2008 £000*	*Audited year ended 31 May 2009 £000*
Amounts recognised as distributions to equity holders in the period:			
Interim dividend of 4.00p for 2009	-	-	14,380
Final dividend of 11.00p for 2009 (2008: 9.00p)	39,626	29,636	29,636
	39,626	29,636	44,016
Proposed but not recognised as distributions to equity holders in the period:			
Interim dividend of 5.00p for 2010 (2009: 4.00p)	18,016	14,380	-
Final dividend of 11.00p for 2009	-	-	39,554
	18,016	14,380	39,554

The proposed interim dividend for 2010 of 5.0p per share amounting to £18,016,000 was approved by the board on 19 January 2010 and has not been included as a liability at 30 November 2009. This dividend will be paid on 2 March 2010 to those members on the register at the close of business on 29 January 2010.

6. Trade receivables

	Unaudited 30 November 2009 £000	*Unaudited 30 November 2008 £000*	*Audited 31 May 2009 £000*
Amounts due from clients – gross exposure	25,140	36,487	28,721
Allowance for impairment	(23,636)	(20,768)	(23,897)
Amounts due from clients – net exposure	1,504	15,719	4,824
Amounts due from brokers	220,247	143,104	178,261
Total trade receivables	221,751	158,823	183,085

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 introduced enhanced credit processes and procedures which have led to a significant reduction in the incidence of doubtful debts and a consequent decrease in the impairment charge to £63,000 for the period (2008: £14,681,000, year ended 31 May 2009: £18,168,000).

7. Net cash and cash equivalents

	Unaudited 30 November 2009 £000	*Unaudited 30 November 2008 £000*	*Audited 31 May 2009 £000*
Cash at bank and in hand	59,193	95,323	95,560
Short-term deposits	3,956	3,871	3,847
Client money held	503,302	309,176	421,014
Cash and cash equivalents included in current assets	566,541	408,370	520,421
Short term bank overdraft	-	(3,268)	-
Net cash and cash equivalents	566,541	405,102	520,421

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.

8. Trade payables

	Unaudited 30 November 2009 £000	*Unaudited 30 November 2008 £000*	*Audited 31 May 2009 £000*
Amounts due to clients	577,766	420,697	511,656

9. Equity share capital

	Unaudited 30 November 2009 £000	*Unaudited 30 November 2008 £000*	*Audited 31 May 2009 £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

9. Equity share capital (continued)

	Unaudited 30 November 2009 Number	*Unaudited 30 November 2008 Number*	*Audited 31 May 2009 Number*
Allotted, called up and fully paid :			
(i) ordinary shares			
At beginning of period	359,584,336	327,500,959	327,500,959
Issued during period	731,554	32,055,944	32,083,377
At end of period	360,315,890	359,556,903	359,584,336
(ii) B shares			
At beginning and end of period	65,000	65,000	65,000

During the period to 30 November 2009, 731,554 (2008; 4,191,537) ordinary shares with an aggregate nominal value of £37 (2008: £210) were issued following the exercise of Long Term Incentive Plan awards for a consideration of £37. In addition in the period ended 30 November 2008, 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 per share in order to finance the acquisition of FXOnline. This share placing raised £82.2 million excluding issue costs of £1.2 million.

10. Related party transactions

During the 6 months to 30 November 2009, fees amounting to £15,000 (2008: £15,000; year ended 31 May 2009: £30,000) were paid to CVC Capital Partners Limited relating to the services of Robert Lucas as a director of IG Group Holdings plc.

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 2009 (2008: 8.4%; 31 May 2009: 8.4%).

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

11. Post balance sheet events

On 18 December 2009, the Group signed an agreement to lease a new London office, taking advantage of current low levels of market rent to secure new premises for its headquarters as the existing London offices are approaching the end of their leases. Accordingly, the Group will have excess available office space which is expected to result in approximately £4m of exceptional non-cash costs in the period to 31 May 2010. The exceptional cost results from the period of overlap between the old and new offices and represents a ‘double rent’ charge taken as an upfront onerous lease provision for the remaining life of the old lease. The cash cost of the Group’s existing leases is more than offset by the rent free period on the new lease.

On 18 January 2010, IG South Africa Limited (“IGSA”), a 85% owned subsidiary of the Group, reached agreement to acquire the client list and business of iDeal CFD Financial Services Pty Limited, a South African based introductory broker of the Group for £2.0m, payable in cash. The acquisition is conditional upon IGSA obtaining authorisation as a financial services provider from the South African Financial Services Board. The Group has a call option, and the vendor a put option over the remaining 15% of IGSA, exercisable in January 2013, based on a multiple of eight times average pro forma annual post-tax profits of IGSA over the period from completion to 30 November 2012, subject to a cap.

Statement of Directors' Responsibilities

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

- an indication of important events that have occurred during the six months ended 30 November 2009 and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the six months ended 30 November 2009 and any material changes in the related party transactions described in the last Annual Report.

The directors of IG Group Holdings plc are listed in the IG Group Holdings plc Annual Report for the year ended 31 May 2009. There have been no changes in directors since the year end.

By order of the Board

Tim Howkins	Steve Clutton
Director	Director

Principal risks and uncertainties

The Group's operations give rise to exposure to financial risks. The Board is responsible for reviewing the Group's systems of internal control and risk management and approving any changes to the risk management policy which materially increases the risk profile of the Group. Limits as to the acceptable level of risk are established and regularly reviewed by the Board. There have been no significant changes to the Group's exposure to financial risks, nor the Group's risk management policy in the six month period ended 30 November 2009.

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain consistent with those detailed in Note 30 of the Group's Annual Report and Financial Statements 2009 and are summarised as follows:

- Market risk: Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. The Group does not take proprietary positions based on an expectation of market movements. However, not all client transactions are hedged and as a result the Group may have a net position, within pre-determined limits in any of the markets on which it offers products.

- Credit risk: Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has credit exposure to the banks with which it deposits funds and the market counterparties with which it hedges. The principal credit risk in respect of clients arises from a client's trading position going into deficit through incurring a loss in excess of the required margin deposit.

- Liquidity risk: Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities. The Group's liquidity risk is mitigated by its committed bank facilities which amounted to £120m as at 30 November 2009.

- Operational risk: Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than market, credit and liquidity risk outlined above. These include the Group's dependency on technology and advanced information systems in order to provide its clients with reliable, real-time access to its systems, and the Group's regulatory risk, with a number of the Group's businesses being regulated in various jurisdictions.

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 2009 which comprises the interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of financial position, interim consolidated statement of changes in shareholders' equity, interim consolidated cash flow statement and the related notes 1 to 11. 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 2009 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 2010