18 January 2011

IG GROUP HOLDINGS PLC

Interim Results for the six months ended 30 November 2010

IG Group Holdings plc ("IG" or "the Group") today announces interim results for the six month period ended 30 November 2010.

Operating Highlights

- Net trading revenue[1] up 9% at £156.7 million
- EBITDA[2] up 7% at £86.5 million
- Strong EBITDA margin of 55.2%
- Adjusted EPS[3] up 5% at 16.10p
- Interim dividend of 5.25p per share (up 5%)
- Well capitalised debt-free balance sheet
- Strong growth in active client numbers

Tim Howkins, Chief Executive, commented:

"IG has delivered solid results with growth in both revenue and profits. Our strong competitive position means that we are well placed to deliver further profitable growth and I remain confident about the outlook for the business."

Financial highlights

	Unaudited Six months ended 30 November 2010 £000	*Unaudited Six months ended 30 November 2009 £000*	*Growth %*
Net trading revenue[1]	156,700	143,758	+9%
EBITDA[2]	86,521	81,047	+7%
Profit before taxation (adjusted)[3]	81,618	78,010	+5%
Profit before taxation (adjusted)[3] margin[4]	52.1%	54.3%	
(Loss)/profit before taxation (statutory)	(69,086)	69,022	
Diluted earnings per share (adjusted)[3]	16.10p	15.28p	+5%
Diluted (loss)/earnings per share (statutory)	(22.31)p	13.84p	
Interim dividend per share	5.25p	5.00p	+5%

[1] Excludes interest on segregated client funds and is presented net of introducing broker commissions.
[2] EBITDA represents operating profit before 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 of FXOnline .
[4] Calculated as adjusted profit before taxation divided by net trading revenue.

Further information

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Analyst presentation

There will be an analyst presentation on the results at 9:30am on Tuesday 18 January 2011 at IG Group, Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA. The presentation will also be accessible via a conference call on the following number:

+ 44 (0) 20 3059 5845 with the password "results"

A replay of the conference call is available for a period of seven days on the following dial-in:

+ 44 (0) 121 260 4861 with the passcode 8799623#

A webcast of the presentation will also be available at: www.iggroup.com

Forward-looking statements

This interim statement prepared by IG Group Holdings plc contains forward-looking statements about the IG Group. By their very nature, forward-looking statements involve uncertainties because they relate to events, and depend on circumstances, that will or may occur in the future. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. The forward-looking statements contained herein reflect knowledge and information available at the date of this statement and the Group undertakes no obligation to update these forward-looking statements.

Nothing in this statement should be construed as a profit forecast.

Chief Executive's statement

Our net trading revenue in the six months to 30 November 2010 was £156.7m, an increase of 9%. Trading in the first half was characterised by strong growth in active client numbers, offset by the impact of low and falling volatility on client activity levels.

After a strong start in June and the first half of July, there was a protracted period of low and falling volatility and subdued levels of underlying market volumes, which lasted until the beginning of November. Client activity levels were reduced during this period, but recovered strongly in November when there was a small increase in volatility.

Adjusted profit before tax was £81.6m, an increase of 5%. This reflects continued investment in our business to drive long term profitable growth, discussed further below. Diluted adjusted EPS increased by a similar percentage to 16.1p.

In our longest established businesses in the UK and Australia we grew our active client numbers by 14% and 13% respectively. However lower client activity levels due to low volatility resulted in a reduction in revenue per client. Revenue from the UK financial and Australian businesses was £82.9m and £22.9m respectively, representing growth of 4% and 3%. Independent market research indicates that we have extended our market lead in both countries over the last year.

In Europe we achieved revenue growth of 23% to £26.7m. Active client numbers grew by 41% overall, with strong growth in each of our European offices. Germany and France achieved the strongest growth in revenue, while in Italy and Iberia revenue growth was weaker, against a challenging economic backdrop. Our office in Sweden, which had been open for fifteen months by the period end, reached profitability during the period and continues to achieve good levels of growth in both revenue and active client numbers.

Our Singapore office delivered revenue of £7.7m, growing by 53%.

In the US we saw a small decline in revenue to £0.8m, from £1m in the prior year. We have seen steady growth in volumes on Nadex, while our OTC forex business saw a decline in revenue due to the introduction of various regulatory changes in October. We consider these changes to be beneficial to the long term prospects of Nadex. As previously announced, PFGBEST, a substantial US retail futures, options and forex broker has become a member of Nadex and is expected to begin offering its clients access to Nadex within the next three months. We view this as an important milestone in the development of our US business.

The Group's Japanese business achieved revenue of £11.1m (2010: £10.9m).

Our Japanese business operates in an increasingly difficult regulatory environment, with progressive leverage limits being introduced on trading in forex, equity indices, equities and other asset classes. As expected the introduction of a restriction on leverage to 50 times on forex from 1 August 2010 had an adverse impact on volumes across the Japanese forex industry. This resulted in a sharp fall in our Japanese revenue, although the effect was, at least temporarily, mitigated as some clients increased their activity in equity indices. This benefit was short-lived as, with effect from 1 January 2011, equity indices have been restricted to 10 times leverage, whereas we had previously been offering them with 100 times or more leverage. As a consequence, we have already seen a substantial reduction in our volumes on equity index trading. Leverage restrictions on other asset classes, including individual equities were introduced at the same time, but their impact is less material as the amount of revenue from these asset classes has historically been less significant. Overall we anticipate that the run-rate of revenue in Japan will now be roughly half what it was prior to the introduction of the first leverage restriction in August. There is one further scheduled leverage restriction to come into effect on 1 August 2011, when forex will be reduced to a maximum of 25 times leverage. We anticipate a further fall in revenue at that time.

In the light of the significant adverse impact of these regulatory changes we have performed an impairment review of the carrying value of the goodwill and customer relationships associated with our Japanese business. As required by accounting standards we have based this impairment review on a forecast which assumed the continuation of the Japanese business's cost-base as it stood at the period end, but with an assumption of reduced revenue. These assumptions result in the impairment of £123m in respect of goodwill and £20.1m in respect of the customer relationships. These exceptional charges have no impact on the Group's cash flow, regulatory capital position or distributable reserves but as a result of the impairment of the Japanese business the Group incurred a statutory loss before tax for the period of £69.1m.

Since the period end we have begun work on a plan to significantly reduce our Japanese cost base. These cost reductions should ensure continuing profitability of this business, albeit at much lower margins than the rest of the Group. The future for the forex and CFD industry in Japan is uncertain and it is possible that the competitive landscape will shift significantly.

Our South African business, which we acquired during the period, has performed in line with expectations, achieving revenue of £0.9m in the three months since acquisition.

Our Sports business, extrabet.com, achieved revenue of £3.7m, an increase of 25%, benefiting from the football World Cup.

Business developments

Mobile technology is evolving rapidly and our clients increasingly want to use handheld devices not only for dealing, but also for all aspects of managing their account with us. In July we released our first iPhone App for our UK spread betting business and have released several subsequent upgrades as we have incorporated extra features. Early take up has been encouraging with around 28,000 people having downloaded the App. The proportion of our spread betting client logons using the App has been steadily increasing since launch and is now approximately 20%.

In December we released a CFD version of the application for our UK CFD business and over the coming months we will release versions for our other CFD businesses worldwide as well as continuing to enhance the features offered. We have also recently released a new Blackberry application for our UK spread betting clients, which we will roll out across our CFD businesses worldwide in the coming months, and we are working on improving our current solution for Android and Windows Phone 7 devices. Our ability to respond to the proliferation of mobile operating systems is just one example of the competitive benefits of being the largest player in our industry, with the scale to invest in multiple technologies.

The Markets in Financial Instruments Directive means that we can now operate local branches in all EU member states under a single harmonised regulatory regime. We have a well tested model of rolling out our businesses in EU member states and our next European office will be in the Netherlands, opening in the final quarter of this financial year. We continue to explore opportunities to expand in other countries, both within Europe and further afield.

Dividend

An interim dividend of 5.25p per share, amounting to £19.0m, will be paid in March. This represents an increase of 5% from the 5.0p per share interim dividend distributed last year, in line with the increase in profits achieved in the first half.

Board

I am delighted that Chris Hill will be joining the Board as Chief Financial Officer with effect from 26 April 2011. Chris's experience, which includes being CFO of rapidly growing and international businesses, means that he is well placed to help us with the continued expansion of the business.

Current trading and outlook

We continue to achieve strong growth in our active client base, which we believe is the best indicator of the longer term growth trajectory of the business.

Client activity is driven by both the absolute level and the rate of change of volatility. Recent volatility has been mixed with rising volatility in November, low volatility in December and an upturn in January. This has resulted in client activity in the first few weeks of our second half being mixed, with a quieter than expected December followed by somewhat higher activity levels in January. If activity levels remain similar to those seen recently we expect profits to be slightly below current market expectations.

Over the last year we have extended our market lead in both the UK and Australia and we maintain market leading positions in many of the other countries in which we operate. We continue to remain focussed on providing our customers with industry-leading dealing platforms and superior customer service. We therefore continue to invest in further developing our technology and brand. It is this approach that allows us to maintain or extend our market lead and we believe it will help deliver industry-leading growth rates over the long term.

We remain well placed to deliver further profitable growth and I remain confident about the outlook for the business.

Tim Howkins
Chief Executive
18 January 2011

Notes

Comparatives, where made, are to the corresponding period in the prior year, unless otherwise stated.

Adjusted profit before tax and adjusted earnings per share exclude amortisation and impairment of intangible assets arising on consolidation of FXOnline.

Interim consolidated income statement

for the six months ended 30 November 2010 (unaudited)

		Unaudited Six months ended 30 November 2010			*Unaudited Six months ended 30 November 2009 (restated)*			*Audited Year ended 31 May 2010 (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		173,057	-	173,057	167,614	-	167,614	344,427	-	344,427
Interest income on segregated client funds		4,045	-	4,045	1,862	-	1,862	5,791	-	5,791
Revenue		177,102	-	177,102	169,476	-	169,476	350,218	-	350,218
Interest expense on segregated client funds		(123)	-	(123)	(287)	-	(287)	(321)	-	(321)
Introducing broker commissions		(16,357)	-	(16,357)	(23,856)		(23,856)	(45,876)	-	(45,876)
Betting duty		(1,326)	-	(1,326)	(1,895)	-	(1,895)	(4,298)	-	(4,298)
Net operating income	3	159,296	-	159,296	143,438	-	143,438	299,723	-	299,723
Analysed as:										
Net trading revenue	3	*156,700*	-	*156,700*	*143,758*	-	*143,758*	*298,551*	-	*298,551*
Other net operating income		*2,596*	-	*2,596*	*(320)*	-	*(320)*	*1,172*	-	*1,172*
Recovery / (impairment) of trade receivables	10	1,410	-	1,410	(63)	-	(63)	1,064	-	1,064
Impairment of intangible assets	4	-	(143,108)	(143,108)	-	-	-	-	-	-
Other administrative expenses		(78,838)	(7,596)	(86,434)	(65,732)	(8,988)	(74,720)	(143,500)	(17,298)	(160,798)
Operating profit/(loss)		81,868	(150,704)	(68,836)	77,643	(8,988)	68,655	157,287	(17,298)	139,989
Finance revenue		1,005	-	1,005	1,643	-	1,643	2,664	-	2,664
Finance costs		(1,255)	-	(1,255)	(1,276)	-	(1,276)	(2,312)	-	(2,312)
Profit / (loss) before taxation		81,618	(150,704)	(69,086)	78,010	(8,988)	69,022	157,639	(17,298)	140,341
Tax expense		(22,908)	11,652	(11,256)	(22,700)	3,775	(18,925)	(46,120)	7,265	(38,855)
Profit/ (loss) for the period		58,710	(139,052)	(80,342)	55,310	(5,213)	50,097	111,519	(10,033)	101,486
Profit/ (loss) for the period attributable to:										
Equity holders of the parent		58,647	(139,052)	(80,405)	55,184	(5,213)	49,971	111,314	(10,033)	101,281
Minority Interests		63	-	63	126	-	126	205	-	205
		58,710	(139,052)	(80,342)	55,310	(5,213)	50,097	111,519	(10,033)	101,486
(Loss) / earnings per share (pence)										
- basic	5			(22.31)p			13.93p			28.19p
- diluted	5			(22.31)p			13.84p			28.00p
Dividends per share (pence)										
- interim proposed	6			5.25p			5.00p			-
- interim paid	6			-			-			5.00p
- final proposed	6			-			-			13.50p

The proposed interim dividend of 5.25p per share was declared after the period end and is not included in the results. The total dividend will amount to £18,996,000. 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 trading revenue is reported gross of introducing broker commission with an equal expense disclosed in arriving at net operating income. Refer to note 2 for more information.

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

Interim consolidated statement of comprehensive income

for the six months ended 30 November 2010 (unaudited)

	Unaudited Six months ended 30 November 2010		*Unaudited Six months ended 30 November 2009*		*Audited Year ended 31 May 2010*	
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
(Loss) / profit for the period	(80,342)			50,097		101,486
Other comprehensive income:						
Foreign currency translation (losses) / gains on overseas subsidiaries	(31)		12,997		27,434	
Other comprehensive income for the period		(31)		12,997		27,434
Total comprehensive income for the period		(80,373)		63,094		128,920
Total comprehensive income attributable to:						
Equity holders of the parent		(80,439)		62,743		128,290
Minority Interests		66		351		630
		(80,373)		63,094		128,920

Interim consolidated statement of financial position
at 30 November 2010 (unaudited)

	Notes	*Unaudited* *30 November* *2010* *£000*	*Unaudited* *30 November* *2009* *£000*	*Audited* *31 May* *2010* *£000*
Assets				
Non-current assets				
Property, plant and equipment	7	17,878	9,974	9,632
Intangible assets arising on consolidation	9	115,018	259,511	261,452
Intangible assets arising from software and licences		4,812	3,385	3,876
Deferred tax assets		11,794	9,619	14,264
		149,502	282,489	289,224
Current assets				
Trade receivables	10	223,883	221,751	206,243
Prepayments and other receivables		6,749	3,788	7,084
Cash and cash equivalents	11	765,363	566,451	678,564
		995,995	791,990	891,891
TOTAL ASSETS		1,145,497	1,074,479	1,181,115
Liabilities				
Current liabilities				
Trade payables	12	721,786	577,766	608,140
Other payables		41,608	32,200	44,825
Provisions	13	1,432	-	1,377
Income tax payable		38,031	28,191	38,863
		802,857	638,157	693,205
Non-current liabilities				
Deferred tax liabilities		-	14,184	11,463
Provisions	13	1,147	-	1,779
Redeemable preference shares		40	40	40
		1,187	14,224	13,282
Total liabilities		804,044	652,381	706,487
Capital and reserves				
Equity share capital	14	18	18	18
Share premium		206,246	206,246	206,246
Other reserves		78,835	60,770	79,742
Retained earnings		56,248	152,164	185,443
Shareholders' equity		341,347	419,198	471,449
Minority interests		106	2,900	3,179
Total equity		341,453	422,098	474,628
TOTAL EQUITY AND LIABILITIES		1,145,497	1,074,479	1,181,115

Interim consolidated statement of changes in shareholders' equity
for the six months ended 30 November 2010 (unaudited)

	Equity share capital £000 Note 14	*Share premium £000*	*Other reserves £000*	*Retained earnings £000*	*Shareholders' equity £000*	*Minority interests £000*	*Total equity £000*
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	-	-	12,772	-	12,772	225	12,997
Total comprehensive income for the period	-	-	12,772	49,971	62,743	351	63,094
Equity-settled employee share-based payments	-	-	1,577	-	1,577	-	1,577
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	1,298	-	1,298	-	1,298
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
Profit for the period	-	-	-	51,310	51,310	79	51,389
Other comprehensive income for the period	-	-	14,237	-	14,237	200	14,437
Total comprehensive income for the period	-	-	14,237	51,310	65,547	279	65,826
Equity-settled employee share-based payments	-	-	3,205	-	3,205	-	3,205
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	1,563	-	1,563	-	1,563
Purchase of own shares	-	-	(17)	-	(17)	-	(17)
Exercise of US share incentive plans	-	-	(16)	-	(16)	-	(16)
Equity dividends paid	-	-	-	(18,031)	(18,031)	-	(18,031)
Movement in shareholders' equity	-	-	18,972	33,279	52,251	279	52,530
At 31 May 2010	18	206,246	79,742	185,443	471,449	3,179	474,628
(Loss) / profit for the period	-	-	-	(80,405)	(80,405)	63	(80,342)
Other comprehensive income for the period	-	-	(34)	-	(34)	3	(31)
Total comprehensive income for the period	-	-	(34)	(80,405)	(80,439)	66	(80,373)
Equity-settled employee share-based payments	-	-	2,098	-	2,098	-	2,098
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	(365)	-	(365)	-	(365)
Acquisition of minority interest in FXOnline (note 8b)	-	-	(2,302)	-	(2,302)	(3,139)	(5,441)
Purchase of own shares	-	-	(292)	-	(292)	-	(292)
Exercise of US share incentive plans	-	-	(12)	-	(12)	-	(12)
Equity dividends paid	-	-	-	(48,790)	(48,790)	-	(48,790)
Movement in shareholders' equity	-	-	(907)	(129,195)	(130,102)	(3,073)	(133,175)
At 30 November 2010	18	206,246	78,835	56,248	341,347	106	341,453

Interim consolidated cash flow statement

for the six months ended 30 November 2010 (unaudited)

	Notes	*Unaudited Six months ended 30 November 2010 £000*	*Unaudited Six months ended 30 November 2009 £000*	*Audited year ended 31 May 2010 £000*
Operating activities				
Operating (loss) / profit		(68,836)	68,655	139,989
Adjustments to reconcile operating (loss) / profit to net cash flow from operating activities:				
Net interest income on segregated client funds		(3,922)	(1,575)	(5,470)
Depreciation of property, plant and equipment	7	3,387	2,481	6,175
Amortisation of intangible assets on consolidation	9	7,854	8,988	17,298
Impairment of intangible assets on consolidation	4, 9	143,108	-	-
Amortisation of intangible assets from software and licences		984	923	2,430
Non-cash foreign exchange gains in operating profit		(1,263)	(292)	(11,382)
Share-based payments		2,098	1,577	4,782
Property, plant and equipment written off		24	-	49
(Recovery) / impairment of trade receivables	10	(1,410)	63	(1,064)
(Increase) in trade and other receivables		(16,170)	(34,682)	(19,162)
Increase in trade and other payables		104,123	53,762	92,153
(Decrease) / increase in provisions	13	(577)	-	3,156
Cash generated from operations		169,400	99,900	228,954
Income taxes paid		(21,776)	(32,724)	(47,719)
Interest received on segregated client funds		3,762	1,785	5,745
Interest paid on segregated client funds		(151)	(212)	(332)
Net cash flow from operating activities		151,235	68,749	186,648
Investing activities				
Interest received		1,086	1,754	2,557
Purchase of property, plant and equipment		(12,610)	(636)	(2,669)
Payments to acquire intangible fixed assets		(1,988)	(499)	(2,369)
Purchase of a client list and business	8a	(1,600)	-	-
Net cash flow from investing activities		(15,112)	619	(2,481)
Financing activities				
Interest paid		(860)	(1,276)	(1,317)
Equity dividends paid to equity holders of the parent	6	(48,790)	(39,626)	(57,657)
Purchase of own shares		(292)	(158)	(175)
Payment of redeemable preference share dividends		-	-	(3)
Net cash flow from financing activities		(49,942)	(41,060)	(59,152)
Net increase in cash and cash equivalents		86,181	28,308	125,015
Cash and cash equivalents at the beginning of the period		678,564	520,421	520,421
Exchange gains on cash and cash equivalents		618	17,722	33,128
Cash and cash equivalents at the end of the period	11	765,363	566,451	678,564

Notes to the interim condensed consolidated financial statements
At 30 November 2010 (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 2010 were authorised for issue by the board of directors on 18 January 2011. 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 2010, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim information is unaudited but has been reviewed by the company's auditors, PricewaterhouseCoopers LLP, and their report appears at the end of the interim financial statements. The financial statements for the year ended 31 May 2010 have been reported on by the company's then 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 2010 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 2010 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 judgments 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 2010. In the Directors' opinion, the accounting estimates or judgements that have the most significant impact on the financial statements remain the impairment of trade receivables (see note 10), the impairment of goodwill (refer to note 9 for details of the goodwill impairment review performed for the Japanese business as at 30 November 2010) and the calculation of the Group's taxation charge. The calculation of the Group's total tax charge involves a degree of estimation and judgement with respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. The Group holds tax provisions in respect of the potential tax liability that may arise on these unresolved items, however, the amount ultimately paid may be materially lower than the amount accrued and could therefore improve the overall profitability and cash flows of the Group in future periods.

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 of FXOnline ("certain items"). This is the profit measure used to calculate adjusted EPS (see note 5) 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 of FXOnline 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 arising 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, methods of computation and presentation 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 2010, other than as set out below:

- The Group has made presentational changes in order to disclose introducing broker commissions as a component of net operating income as these commissions are directly linked to trading revenue. This change has been made in order to present trading revenue 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 trading revenue in the six months ended 30 November 2009 of £23,856,000 and for the year ended 31 May 2010 of £45,876,000. An equivalent commission expense has been recognised in each of these periods. There is no change to any of net trading revenue, net operating income or profit before taxation for either of these periods.

2. Basis of preparation and accounting policies (continued)

Significant accounting policies (continued)

The acquisition of the client list and business of Ideal CFD Financial Services Pty Limited (Ideal) by the Group (see note 8a) has resulted in the adoption of the following policy in accordance with IAS 27 (revised) and IFRS3 (revised):

- Where the Group and a non-controlling shareholder enter into a forward contract (symmetrical put and call options) under which the Group is required to purchase the non-controlling interest for its fair value (formulae based valuation), at the forward date, the Group continues to recognise the non-controlling interest at the proportionate share of the acquiree's identifiable net assets, until expiry of the arrangement. The forward liability is also recognised for management's best estimate of the present value of the redemption amount with a corresponding entry in equity. The accretion of the discount on the liability is recognised as a finance charge in the consolidated income statement. The liability is re-measured to the final redemption amount with any periodic changes to the estimated liability recognised in the consolidated income statement. On expiry of the forward the liability is eliminated as paid and any difference in the value of the non-controlling interest to the exercise price deducted from equity.

New accounting standards

The Group has adopted the following new or amended standards as of 1 June 2010:

- IAS 27 (revised) "Consolidated and separate financial statements". The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. The application of the amendments to IAS 27 (revised) has not had a material impact on the accounting or disclosure of the acquisition completed in the period.
- IFRS 3 (revised) "Business combinations". The revised standard requires that all acquisition costs be expensed and that all payments to purchase a business are to be recorded at fair value at the acquisition date. Any contingent payments are classified as debt and re-measured through the income statement. Non-controlling interests are measured either at fair value or at the non-controlling interest proportionate share of the acquiree's net assets. The Group has elected to apply the proportionate share of the acquiree's net assets methodology. The application of the amendments to IFRS3 (revised) has not had a material impact on the accounting or disclosure of the acquisition completed in the period.

The following new standards and interpretations are also effective for accounting periods beginning 1 June 2010 but have not had a material impact on the presentation of, nor the results or financial position of the Group:

- IAS 38 (amendment) "Intangible assets". The amendment clarifies guidance in measuring fair value of an intangible asset acquired in a business combination and permits grouping of intangible assets as a single asset if each asset has similar useful economic lives.
- IFRS 5 (amendment) "Measurement of non-current assets (or disposal groups) classified as held for sale". The amendment provides clarification to the existing standard disclosure requirements.
- IAS 1 (amendment) "Presentation of financial statements". The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.
- IFRS 2 (amendments) "Group cash-settled share-based payment transactions". The amendments include IFRIC 8 and 11 and expand the guidance in IFRIC 11 to address the classification of group arrangements not previously covered.

Seasonality of operations

The retail nature of the Group's operations is such that in each of the last five financial years revenues have been higher in the second half.

3. Segment information

The Group has determined its operating segments based on the management information received on a regular basis by the Chief Operating Decision Maker (the 'CODM'). The Group considers the executive members of the IG Group Holdings plc board to be the CODM. The Group has offices in the UK, Australia, France, Germany, Italy, Luxembourg, Portugal, Spain, Sweden, Japan, South Africa, 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.

Under IFRS 8 the segment information is presented as follows:

- revenues are reported by the location of the office;
- the 'Rest of World' segment comprises the Group's South Africa, 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.

Segment net trading revenue has been disclosed net of introducing broker commissions as this is consistent with the management information received by the CODM.

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 sport 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 support functions. As the Group manages risk and hedges on a group-wide portfolio basis, the following segmental revenue analysis involves the use of an attribution methodology. Interest income and expense on segregated client funds is managed and reported to the CODM centrally and thus has been reported in the Central segment. In the following analysis, the Central segment costs have been further allocated to the other reportable segments based on net segment trading revenue, in order to provide segment EBITDA.

Notes to the interim condensed consolidated financial statements

At 30 November 2010 (unaudited)

3. Segment information (continued)

Six months ended 30 November 2010	*UK*	*Australia*	*Europe*	*Japan*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	86,588	22,873	26,710	11,125	9,404	-	156,700
Interest income on segregated client funds	-	-	-	-	-	4,045	4,045
Revenue from external customers	86,588	22,873	26,710	11,125	9,404	4,045	160,745
Interest expense on segregated client funds	-	-	-	-	-	(123)	(123)
Betting duty	(1,326)	-	-	-	-	-	(1,326)
Net operating income	85,262	22,873	26,710	11,125	9,404	3,922	159,296
Segment contribution[(1)]	72,316	17,749	15,742	3,995	5,005	(28,286)	86,521
Allocation of central costs	(15,629)	(4,129)	(4,822)	(2,008)	(1,698)	28,286	-
Segment EBITDA[(2)]	56,687	13,620	10,920	1,987	3,307	-	86,521
Depreciation and amortisation	(2,198)	(572)	(589)	(8,122)	(744)		(12,225)
Impairment of intangible assets	-	-	-	(143,108)	-	-	(143,108)
Amounts written off plant, property and equipment							(24)
Operating loss							(68,836)
Net finance costs							(250)
Loss before taxation							(69,086)

Six months ended 30 November 2009	*UK*	*Australia*	*Europe*	*Japan*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net 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[(2)]	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

Notes to the interim condensed consolidated financial statements
At 30 November 2010 (unaudited)

3. Segment information (continued)

Year ended 31 May 2010	*UK*	*Australia*	*Europe*	*Japan*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	168,477	45,660	47,431	23,946	13,037	-	298,551
Interest income on segregated client funds	-	-	-	-	-	5,791	5,791
Revenue from external customers	168,477	45,660	47,431	23,946	13,037	5,791	304,342
Interest expense on segregated client funds	-	-	-	-	-	(321)	(321)
Betting duty	(4,298)	-	-	-	-	-	(4,298)
Net operating income	164,179	45,660	47,431	23,946	13,037	5,470	299,723
Segment contribution[(1)]	135,543	35,226	29,803	10,662	5,761	(51,054)	165,941
Allocation of central costs	(28,810)	(7,808)	(8,111)	(4,095)	(2,230)	51,054	-
Segment EBITDA[(2)]	106,733	27,418	21,692	6,567	3,531	-	165,941
Depreciation and amortisation	(3,520)	(982)	(855)	(19,237)	(1,309)	-	(25,903)
Amounts written off plant, property and equipment							(49)
Operating profit							139,989
Net finance revenue							352
Profit before taxation							140,341

[(1)] Segment contribution includes exceptional items of £1,023,000, disclosed in note 4, which relate to the UK (£620,000) and Central (£403,000) segments (31 May 2010: £4,874,000 which related to the UK (£2,958,000) and Central (£1,916,000) segments).
[(2)] EBITDA represents operating profit before depreciation, amortisation of intangible assets, amortisation and impairment of intangibles arising on consolidation and amounts written off property, plant and equipment and intangible assets.

Net trading revenue represents the trading income from financial instruments carried at fair value through profit and loss and has been disclosed net of introducing broker commissions as this is consistent with the management information received by the CODM. Revenue from external customers includes interest income on segregated client funds and is analysed as follows:

	Unaudited Six months ended 30 November 2010	*Unaudited Six months ended 30 November 2009*	*Audited Year ended 31 May 2010*
	£000	*£000*	*£000*
Net trading revenue			
Financial			
Spread betting	52,267	52,502	104,605
Contracts for Difference	93,608	83,108	177,414
Binaries	7,122	5,181	10,600
Total Financial	152,997	140,791	292,619
Sports	3,703	2,967	5,932
Total net trading revenue	156,700	143,758	298,551
Interest income on segregated client funds	4,045	1,862	5,791
Revenue from external customers	160,745	145,620	304,342

4. Exceptional items

In the six months ended 30 November 2010 exceptional items were incurred in relation to the impairment of the goodwill and the customer relationships associated with the Group's acquisition of FXOnline. For details of the goodwill impairment review performed please refer to note 9. The impairment charges discussed above and the associated reduction in the deferred tax liability have been disclosed in the Group Income Statement in the column 'certain items' consistent with the Group's established accounting policy and presentation.

In the six months ended 30 November 2010 and the year to 31 May 2010, exceptional items were incurred in relation to the relocation of the Group's London headquarters. No exceptional items were reported in the six months ended 30 November 2009.

	Unaudited Six months ended 30 November 2010	*Unaudited Six months ended 30 November 2009*	*Audited Year ended 31 May 2010*
	£000	*£000*	*£000*
Exceptional items included in operating loss / profit			
Impairment of goodwill in relation to the Japanese business[1]	122,960	-	-
Impairment of Japanese customer relationships[1]	20,148	-	-
Relocation of the Group's London headquarters [2]	1,023	-	4,874
Total exceptional items	144,131	-	4,874
Deferred tax credit on exceptional items[1]	(8,462)	-	-
Tax credit on exceptional items	(286)	-	(1,365)
Total exceptional items after tax	135,383	-	3,509

[1]The goodwill and customer relationships associated with the Japanese business are considered to be impaired following regulatory change in the Japanese market. The impairment charge disclosed as exceptional is exclusive of the amortisation charged for the period. The deferred tax credit on the exceptional items solely relates to the customer relationships. For further detail of the impairment review performed refer to note 9.

[2]Includes costs arising in relation to an onerous lease charge for the excess office space resulting from the overlap of the lease period for the new London headquarters with that of the Group's existing London premises, double premises costs and accelerated depreciation of leasehold improvements and other assets that are obsolete post the Group's London headquarters move.

Notes to the interim condensed consolidated financial statements
At 30 November 2010 (unaudited)

5. 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 2010	*Unaudited Six months ended 30 November 2009*	*Audited Year ended 31 May 2010*
	£000	*£000*	*£000*
Earnings attributable to equity shareholders of the parent	(80,405)	49,971	101,281
Add back: Amortisation and impairment of intangibles arising on consolidation net of tax and minority interests (for FXOnline)	139,052	5,213	10,033
Adjusted earnings	58,647	55,184	111,314
	Number	Number	Number
Weighted average number of shares			
Basic and adjusted	360,351,276	358,721,450	359,256,823
Dilutive effect of share-based payments	3,823,776	2,386,188	2,489,555
Diluted	364,175,052	361,107,638	361,746,378
(Loss) / earnings per share			
Basic	(22.31)p	13.93p	28.19p
Diluted	(22.31)p	13.84p	28.00p
Basic adjusted	16.27p	15.38p	30.98p
Diluted adjusted	16.10p	15.28p	30.77p

The basic and diluted loss per share are equivalent for the six months ended 30 November 2010 as the effect of potential ordinary shares is anti-dilutive.

Notes to the interim condensed consolidated financial statements

At 30 November 2010 (unaudited)

6. Dividends paid and proposed

	Unaudited Six months ended 30 November 2010 £000	*Unaudited Six months ended 30 November 2009 £000*	*Audited year ended 31 May 2010 £000*
Amounts recognised as distributions to equity holders in the period:			
Interim dividend of 5.00p for 2010	-	-	18,031
Final dividend of 13.50p for 2010 (2009: 11.00p)	48,790	39,626	39,626
	48,790	39,626	57,657
Proposed but not recognised as distributions to equity holders in the period:			
Interim dividend of 5.25p for 2011 (2010: 5.00p)	18,996	18,031	-
Final dividend of 13.50p for 2010	-	-	48,750
	18,996	18,031	48,750

The proposed interim dividend for 2011 of 5.25p per share amounting to £18,996,000 was approved by the board on 18 January 2011 and has not been included as a liability at 30 November 2010. This dividend will be paid on 1 March 2011 to those members on the register at the close of business on 28 January 2011.

7. Property plant and equipment

	Leasehold improvements £000	*Office equipment, fixtures & fittings £000*	*Computer and other equipment £000*	*Assets in the course of construction £000*	*Total £000*
Net book value:					
At 1 June 2010	3,646	829	3,534	1,623	9,632
Foreign currency adjustment	13	3	(107)	-	(91)
Additions	98	41	3,958	7,651	11,748
Transfers between categories	8,776	489	9	(9,274)	-
Written off	-	-	(24)	-	(24)
Depreciation	(1,261)	(209)	(1,917)	-	(3,387)
Net book value – 30 November 2010	11,272	1,153	5,453	-	17,878

Assets in the course of construction (AICC) represent the costs associated with the fit out of the Group's new London Headquarters. AICC was transferred to the appropriate asset class and depreciation commenced once the fit out was completed and the office available for use. The fit out assets will be depreciated over their useful economic life or the lease term whichever is shorter.

Notes to the interim condensed consolidated financial statements

At 30 November 2010 (unaudited)

8. Acquisitions

a) Acquisition of the client list and business of Ideal CFD Financial Services Pty Limited

On 1 September 2010, subsequent to the Group obtaining regulatory approval in South Africa, the Group completed the acquisition of the client list and business of Ideal CFD Financial Services Pty Limited (Ideal), a South African based introducing broker of the Group for £4.2 million, comprising £1.6 million paid in cash and £2.6 million payable on exercise of the symmetrical put and call options discussed below. Revenue for the three months since completion to 30 November 2010 was £0.9 million.

At the time of producing the interim financial statements the Group had not completed the fair value exercise and accordingly the book and provisional fair values of the assets of the acquired business are given below:

Net assets acquired	*Book value*	*Provisional fair value*
	£000	*£000*
Client list	-	1,600
Cash and cash equivalents	4,177	4,177
Amounts due to clients	(4,177)	(4,177)
Total assets acquired	-	1,600
Fair value of consideration	-	4,165
Goodwill arising on acquisition	-	2,565

The fair value adjustment relates solely to the recognition of a separately identifiable intangible asset arising on acquisition that meets the identification and measurement requirements of IAS 38. This comprises the provisional fair value of the client list of Ideal which is being amortised using the sum of digits method over three years. The directors consider no other separately identifiable intangible assets to have arisen on the acquisition. A deferred taxation liability has not been recognised in relation to the recognition of the client list as there is no difference between the fair value of the acquired asset and its tax base. In the period from completion to 30 November 2010 £258,000 of amortisation has been charged in the Group income statement in relation to the acquired client list.

The Group has a call option and the vendor a put option over the 20% of IG Markets South Africa Limited (IGSA), a subsidiary of the Group that transferred to the vendor of Ideal on completion. These options are exercisable in January 2013, based on a multiple of eight time's average pro forma annual post-tax profits of IGSA over the period from completion to 30 November 2012, subject to a cap. The present value of the forecast redemption amount of the options of £2.6 million has been recorded as a liability in the Group statement of financial position as at 30 November 2010. Following completion of the fair value exercise, subsequent changes in the forecast redemption amount and the accretion of the discount on the liability will be recognised in the consolidated income statement.

b) Acquisition of the minority interest in FXOnline Japan KK

The Group exercised the call option over the remaining 12.5% of the issued share capital of FXOnline Japan KK in the period. The exercise price is consistent with the formula agreed at the time of the original acquisition and based on performance for the 12 month period ended 30 November 2010. Settlement of the exercise is expected to occur on 31 January 2011. The surplus of the exercise price over the minority interest has been recorded within other equity in the statement of financial position.

Notes to the interim condensed consolidated financial statements
At 30 November 2010 (unaudited)

9. Intangible assets arising on consolidation

	Goodwill	*Client lists and customer relationships*	*Trade name*	*Total*
Net book value:	*£000*	*£000*	*£000*	*£000*
At 1 June 2010	234,158	27,255	39	261,452
Foreign currency adjustment	1,888	485	-	2,373
Adjustment to deferred contingent consideration	(2,010)	-	-	(2,010)
Acquisition of a business (note 8a)	2,565	1,600	-	4,165
Amortisation provided in the period	-	(7,815)	(39)	(7,854)
Impairment	(122,960)	(20,148)	-	(143,108)
At 30 November 2010	113,641	1,377	-	115,018

An impairment review of the goodwill and customer relationships associated with the Japanese business (FXOnline Japan KK) was performed as at 30 November 2010 triggered by regulatory change in the Japanese market. Consistent with the review performed at 31 May 2010 the estimated recoverable amount of the Japanese business is based on value-in-use calculated as the total of the present value of projected five-year future cash flows and a terminal value.

Key assumptions used in the value-in-use calculation:
As anticipated at May 2010, the first of several regulatory restrictions on leverage for forex products, which came into force in August 2010, had an adverse impact on client activity levels and revenue. Further leverage restrictions for both forex and equity indices are also expected to have a significant impact on the future revenues of this business. Accordingly, client recruitment rates and average revenue per client assumptions, utilised in the value-in-use calculation for the Japanese business, have been lowered consistent with the leverage impact experienced in the period.

A pre-tax discount rate of 17.8% (May 10: 16.6%) was used to discount the cash flows. All other key assumptions utilised in the value-in-use calculation are as disclosed in the May 2010 Financial Statements.

As a result the net book values of the goodwill and customer relationships associated with the Group's Japanese business have been impaired by £123.0 million and £20.1 million respectively. The recoverable amount of the Group's Japanese business is equal to the net book value as at 30 November 2010.

The impairment charges discussed above and the associated reduction in the deferred tax liability of £8.5 million have been disclosed in the Group Income Statement in the column 'certain items' consistent with the Group's established accounting policy and presentation.

Notes to the interim condensed consolidated financial statements
At 30 November 2010 (unaudited)

9. Intangible assets arising on consolidation (continued)

An analysis of the net book value of the Japanese businesses intangible assets arising on consolidation is given in the following table.

Japanese business intangible assets arising on consolidation		*Customer*	*Trade*	
	Goodwill	*relationships*	*name*	*Total*
Net book value:	*£000*	*£000*	*£000*	*£000*
At acquisition – 2 October 2008	87,121	42,691	778	130,590
Foreign currency adjustment	37,849	15,941	245	54,035
Adjustment to deferred contingent consideration	(2,010)	-	-	(2,010)
Cumulative amortisation provided	-	(38,484)	(1,023)	(39,507)
Impairment	(122,960)	(20,148)	-	(143,108)
At 30 November 2010	-	-	-	-

As a result of the performance of the Japanese business the deferred contingent consideration has been released.

10. Trade receivables

	Unaudited 30 November 2010 £000	Unaudited 30 November 2009 £000	Audited 31 May 2010 £000
Amounts due from clients – gross exposure	22,041	25,140	23,990
Allowance for impairment	(19,439)	(23,636)	(21,461)
Amounts due from clients – net exposure	2,602	1,504	2,529
Amounts due from brokers	221,281	220,247	203,714
Total trade receivables	223,883	221,751	206,243

Amounts due from brokers represent balances with brokers where the combination of cash held on account and the valuation of financial derivative open positions results in an amount due to the Group.

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. Below is a reconciliation of changes in the allowance account during the period:

	Unaudited 30 November 2010 £000	Unaudited 30 November 2010 £000	Audited 31 May 2010 £000	Audited 31 May 2010 £000
Opening balance		21,461		23,897
Impairment loss for the period				
- gross charge for the period	338		2,441	
- recoveries	(1,748)		(3,505)	
Income statement credit for the period		(1,410)		(1,064)
Write-offs		(539)		(1,367)
Foreign exchange		(73)		(5)
Closing balance		19,439		21,461

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At 30 November 2010 (unaudited)

11. Cash and cash equivalents

	Unaudited 30 November 2010 £000	*Unaudited 30 November 2009 £000*	*Audited 31 May 2010 £000*
Cash at bank and in hand	100,189	59,193	123,674
Short-term deposits	4,380	3,956	4,423
Own cash and title transfer funds[1]	104,569	63,149	128,097
Segregated client funds[2]	660,794	503,302	550,467
Cash and cash equivalents	765,363	566,451	678,564

[1]Title transfer funds are held by the Group under a Title Transfer Collateral Arrangement (TTCA) by which a client agrees that full ownership of such monies is unconditionally transferred to the Group.

[2] Segregated client funds comprise retail client funds held in segregated client money accounts or money market facilities established under the UK's Financial Services Authority (FSA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates.

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.

12. Trade payables

	Unaudited 30 November 2010 £000	*Unaudited 30 November 2009 £000*	*Audited 31 May 2010 £000*
Amounts due to clients	721,786	577,766	608,140

Amounts due to clients represent balances where the combination of client cash held on account and the valuation of financial derivative open positions results in an amount payable by the Group.

13. Provisions

	Unaudited 30 November 2010 £000	*Unaudited 30 November 2009 £000*	*Audited 31 May 2010 £000*
At the beginning of the period	3,156	-	-
Income statement charge	-	-	3,156
Utilisation	(577)	-	-
At the end of the period	2,579	-	3,156
Current	1,432	-	1,377
Non-current	1,147	-	1,779
Total	2,579	-	3,156

The provision held as at 30 November 2010 and 31 May 2010 represents the Group's obligations for onerous lease commitments arising from the move of the Group's London Headquarters less amounts considered recoverable by management through potential sublet income. The actual cost of the onerous leases could differ from the estimates made. The provision will be utilised over the remaining term of the Group's existing London office leases.

Notes to the interim condensed consolidated financial statements

At 30 November 2010 (unaudited)

14. Equity share capital

	Unaudited 30 November 2010 £000	*Unaudited 30 November 2009 £000*	*Audited 31 May 2010 £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

	Unaudited 30 November 2010 Number	*Unaudited 30 November 2009 Number*	*Audited 31 May 2010 Number*
Allotted, called up and fully paid :			
(i) ordinary shares			
At beginning of period	361,108,463	359,584,336	359,584,336
Issued during period	723,819	731,554	1,524,127
At end of period	361,832,282	360,315,890	361,108,463
(ii) B shares			
At beginning and end of period	65,000	65,000	65,000

In the six months ended 30 November 2010, 723,819 (30 November 2009; 731,554) ordinary shares with an aggregate nominal value of £36 (30 November 2009: £37) were issued following the exercise of Long-Term Incentive Plan awards for a consideration of £36.

15. Related party transactions

During the six months to 30 November 2010, fees amounting to £13,083 (30 November 2009: £15,000; year ended 31 May 2010: £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 none of the ordinary share capital of the Company at 30 November 2010 (2009: 8.4%; 31 May 2010: 3.86%). Robert Lucas resigned as a director of IG Group Holdings plc on 7 October 2010.

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

16. Litigation

At 30 November 2010 the Group had received a claim, served against IG Markets Limited (IG Markets), a wholly owned subsidiary of the Group, issued in the High Court on 11 November 2010 in relation to the insolvency of Echelon Wealth Management Limited (Echelon) a former client of IG Markets. Three former clients of Echelon, which went into liquidation in October 2008, are seeking to recover damages from IG Markets in a sum in the region of €25 million. The Group, having obtained Counsel's opinion, considers the claim to be without foundation and accordingly no provision has been made in the Group statement of financial position as at 30 November 2010 in relation to this matter.

Notes to the interim condensed consolidated financial statements
At 30 November 2010 (unaudited)

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 2010 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 2010 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 2010. S Clutton and R Lucas resigned as directors of IG Group Holdings plc on 2 August 2010 and 7 October 2010 respectively. There have been no other changes in directors since the year end.

By order of the Board

Tim Howkins Director	Peter Hetherington Director

Principal risks and uncertainties

Effective management of our risks is critical to the achievement of our strategy. 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. The Group Risk Appetite Statement is approved by the Board and describes risk tolerances for all our business risks and ensures there is a comprehensive risk-management framework in place to monitor current and identify future risks.

There have been no significant changes to the Group's exposure to risks, nor the Group's risk management policy in the six month period ended 30 November 2010.

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain consistent with those detailed in the Group's Annual Report 2010 and are summarised as follows:

- Strategic risk: Strategic risk can arise from inadequate Board and senior management process and external factors that lead to a failure to identify or implement our strategy. This is mitigated by the process of determining the Group Risk Appetite and strategy and the ongoing monitoring and challenge of these by the Board.

- Regulatory risk: Regulatory risk is the risk of non-compliance with any future changes in regulatory rules potentially impacting the Group's business in the markets which it operates. Our ability to do business is dependent on us obtaining and maintaining the necessary regulatory authorisations and remaining in compliance with these. This risk is mitigated through making compliance a priority through all levels of the business and by investing significant resources in compliance systems and controls.

- Operational risk: Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or external events. The Group is dependent on technology and advanced information systems to provide its clients with reliable, real-time access to systems. Processes, systems and controls are analysed and monitored across the organisation via the operational risk registers and each risk is mitigated by a combination of the operation of control checks, the review of management information and the analysis of operational risk events.

- Key supplier risk: Key supplier risk is the risk of failure of one of our principal business partners to provide contractual services. This is mitigated through ongoing due diligence with key suppliers in addition to using multiple financial brokers, trading exchanges and market data information suppliers.

Principal risks and uncertainties (continued)

- 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's market risk is managed on a group-wide and real-time basis and exposure to market risk at any point in time depends primarily on short-term market conditions and the levels of client activity. 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's credit risk is managed on a group-wide basis. 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.

  The Group's management of client credit risk is supported by a significantly automated liquidation process, the 'close-out monitor' (COM), whereby accounts which have broken the liquidation threshold are automatically identified. This has resulted in significantly improved client liquidation times and reduced credit risk exposure for the Group.

  The majority of client positions are monitored on the Group's real-time COM system or are limited risk accounts with guaranteed 'stop-losses'. As at 30 November 2010, 97.3% (31 May 2010: 95.7%, 30 November 2009: 93.7%) of financial client accounts are subject to the automatic COM procedure or are 'limited risk' accounts.

- Liquidity risk: Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities. Liquidity risk is managed centrally and on a group-wide basis. The Group's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its broker margin requirements and other financial liabilities when due, under both normal circumstances and stressed conditions.

  The Group's liquidity risk is mitigated by its committed bank facilities which amounted to £160 million as at 30 November 2010 (2009: £120 million).

Independent review report to IG Group Holdings plc

Introduction

We have been engaged by the company to review the condensed consolidated financial information in the interim financial report for the six months ended 30 November 2010, which comprises the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of financial position, the interim consolidated statement of changes in shareholders' equity and the interim consolidated cash flow statement together with the related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated financial information.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim 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 consolidated financial information included in this interim 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 consolidated financial information in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 consolidated financial information in the interim financial report for the six months ended 30 November 2010 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.

PricewaterhouseCoopers LLP
Chartered Accountants
18 January 2011
London