15 January 2013

IG GROUP HOLDINGS PLC

Interim Results for the six months ended 30 November 2012

IG Group Holdings plc ("IG" or "the Group") today announces interim results for the six month period ended 30 November 2012.

Operating Summary

- Satisfactory results against an extremely strong prior year comparator
- Net trading revenue[1] down 14% at £169.0 million
- Profit before tax[1,3] down 21% to £81.1 million
- Diluted EPS[1,3] down 22% at 16.04p
- £59.3 million of own funds generated from operations
- Interim dividend of 5.75p per share, flat on prior year
- Continued market share growth in three biggest markets

Tim Howkins, Chief Executive, commented:

"Market conditions so far this year have been challenging for the industry. Against the backdrop of low market volatility and fragile consumer sentiment we have delivered a satisfactory set of results. We continue to maintain an appropriate level of investment in IT and marketing, mindful of the need to balance short term profitability against investment for the long term. This, along with our strong financial position, supports the increasing market lead we have in a number of the countries in which we operate and we believe will help deliver industry-leading growth rates over the longer term."

Financial Summary

	Unaudited Six months ended 30 November 2012 £000	Unaudited Six months ended 30 November 2011 £000
Net trading revenue[1, 2]	168,960	195,463
Profit before taxation[1]	81,122	103,174
Profit before taxation[1] margin[4]	48.0%	52.8%
EBITDA[3]	86,499	108,513
EBITDA margin[4]	51.2%	55.5%
Diluted earnings per share from continuing operations	16.04p	20.68p
Interim dividend per share	5.75p	5.75p

[1] Amounts presented are in relation to the continuing operations of the Group and exclude the Sport business that was discontinued in the period ended 30 November 2011
[2] Trading revenue excluding interest on segregated client funds and is presented net of introducing broker commissions
[3] EBITDA represents operating profit before depreciation, amortisation and impairment of intangible assets and amounts written off property, plant and equipment and intangible assets
[4]Calculated as profit before taxation or EBITDA respectively 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 15 January 2013 at IG Group, Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA. The presentation will also be accessible live via webcast at www.iggroup.com and via a conference call on the following number:

UK: 0800 368 0649
All other locations: +44 20 3059 8125

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

+ 44 121 260 4861 with the passcode 8248373 #

A webcast of the presentation will also be archived 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

For the six months ended 30 November 2012

Our net trading revenue[1] for the six months to 30 November 2012 was £169.0m, a decrease of 14% on the same period in the prior year. With operating costs flat year-on-year, profit before tax was down by 21% at £81.1m. The prior year was marked by extreme volatility in global financial markets, producing particularly strong comparators, which was in stark contrast to the very subdued markets throughout the current period.

Market conditions so far this year have been challenging for the industry. Although markets rose in 2012, with the FTSE100 up 10% in the six months to the end of November, this was against a backdrop of the longest sustained period of low volatility for over five years and trading volumes in underlying markets at multi-year lows. There is also continuing global economic uncertainty, fragile consumer sentiment and the ongoing market intervention by the Bank of England, the Federal Reserve and the European Central Bank which is dampening market reaction to newsflow. All of these factors impact on the behaviour of our existing and potential clients and in the period we saw reductions in the overall number of clients actively trading, the revenue we generated per client and the number of new clients signing up. However, there is nothing to suggest that the weakness in the first half is structural. On the few days in the period when we saw larger market movements our clients responded accordingly and our revenue on those days was, as would be expected, much higher. Further, we continued to gain market share in some of our key markets.

Geographic results

The table below shows a geographical split of the revenue achieved by the Group and the changes in active clients and revenue per client.

Geographical Revenue	H1 revenue			KPI	
	12/13 £m	11/12 £m	% Change	Active clients[4]	Revenue per client[4]
UK	86.9	102.1	(15%)	(14%)	(1%)
Australia	28.2	32.7	(14%)	(12%)	(2%)
Europe	32.1	37.8	(15%)	9%	(22%)
Rest of World	14.2	14.5	(2%)	20%	(18%)
Total excluding Japan	161.4	187.1	(14%)	(7%)	(7%)
Japan	7.6	8.4	(9%)	(29%)	28%
Total[3]	**169.0**	**195.5**	(14%)	(9%)	(5%)

Our longer established UK and Australian businesses both performed similarly with the number of active clients falling by 14% and 12% respectively - reflecting the fact that within these large client bases fewer clients found markets sufficiently interesting to trade than was the case a year ago. However, in both businesses we saw only a very slight decline in revenue per client as the core of more experienced traders found opportunities even in the quiet markets.

Our European businesses delivered varying levels of client growth. The strongest growth came from our newest offices in Sweden and the Netherlands, albeit off low bases. Of the longer established offices Spain and Germany both delivered good growth in active client numbers while Italy and France were weaker. All of these businesses saw sharp falls in revenue per client. This reflects primarily the different mix of assets traded to that in the UK and Australia, with client activity on equity indices being most impacted by the decline in market volatility.

Within Rest of World we saw the strongest growth in client numbers from our US and South African businesses, while Singapore delivered active client growth of 6%. In line with the other less mature markets, all three businesses experienced a fall in revenue per client.

There have been a number of developments affecting our US business, Nadex. In July, PFG Best, the only broker connected to Nadex, went into bankruptcy. Although PFG Best was not a significant contributor to Nadex's revenue this was a disappointing set-back. However, our other route to market, direct to retail, has made good progress and over the last nine months the number of members trading on the exchange has grown from around 600 to over 1,000 per month, though revenue per customer has fallen. Encouragingly, in early December the CFTC took enforcement action against two unregulated providers offering over the counter binary options illegally in the US from offshore; we hope they will extend this action against other illegal operators. Although Nadex remains a long term project, given the encouraging growth in active members trading on the exchange I am increasingly confident that we can take this business to profitability within a reasonable timeframe. It remains to be seen what the scale of opportunity will prove to be for this business over the longer term.

As previously reported, our Japanese business was impacted by the reductions in leverage limits, the last of which was introduced by the regulator in August 2011. Although the regulatory situation here remains challenging, we continue to concentrate our efforts on recruiting higher value clients which helps explain the strong increase in revenue per client and fall in active client numbers during the period.

Chief Executive's statement
For the six months ended 30 November 2012

Competitive positioning
These quiet market conditions demonstrate the benefits of IG's scale and market leadership. Recent market research shows us gaining market share in the UK, Australia and Singapore. In both the UK and Australia we further extended our market leadership and in Singapore we became joint market leader in the forex market for the first time. We now have a 44% share of the UK spread betting market and a 37% market share of the Australian CFD market[(2)]. Although this simple measure of customer accounts is useful, our strategy remains to target higher value active and professional traders, whereas some of our competitors target lower value clients. We are therefore less focused on driving up our overall market share and more focused on driving up our share of the most active traders and therefore our share of the total available revenue.

There are some signs that competition on price in our main markets is becoming less intense. One of our larger global competitors had competed aggressively on price for a year or so, but has recently reverted to pricing levels similar to ours. Their failure to gain market share with this pricing strategy supports our belief that clients are generally more focused on quality of execution, service and technology than on price alone.

A number of our competitors have been either loss making or only marginally profitable for several years. In these subdued markets there is evidence that they are finding conditions increasingly difficult, with announcements of large-scale redundancies and withdrawals from entire markets and we are also witnessing them cutting back heavily on their marketing expenditure.

Managing our costs
Against this industry backdrop we have taken what we believe to be a cautious and measured approach to managing our cost base. We currently anticipate that our operating costs this year will slightly below last year. Some costs, most obviously bonuses, have flexed with financial performance. We have trimmed our planned marketing spend, but given the reductions in marketing by our competitors we have not harmed our share of voice. We have also made some reductions to our headcount, as part of a process to ensure that each team within the business is right-sized for current levels of client activity. In IT development given the level of turmoil at some of our competitors we believe we can afford to proceed at a slightly slower pace than originally planned.

The steps we have so far taken on costs are sufficient to ensure that on our prudent view of full year revenue we are able to maintain a strong profit margin, although slightly below recent levels. I believe we can achieve this without putting our longer term growth at risk, particularly when the challenges faced by others in the industry are taken into account.

Growing our revenue
There is a risk that the current market and economic conditions last for some time. If these conditions do persist then we might reasonably expect low levels of revenue growth from our more established businesses in the UK and Australia, but higher levels of growth from our newer businesses in Europe, South Africa, Singapore and the US. These higher growth markets currently comprise a little over a quarter of total revenue.

We are pursuing a number of initiatives designed to drive near-term incremental revenue growth, which are not dependent on a return to a better external environment. These initiatives include some upgrades to our product offering, enhancements to our client recruitment, retention and reactivation procedures and on-going improvements to the dealing platforms and other tools which we offer our clients.

International expansion
Along with the enhancements to our offering in our more mature countries, the development of our less mature markets and expansion into further new markets remain key drivers of our longer-term growth.

Subsequent to the period end we have opened a small representative office in Dublin, Ireland. This is the only market outside the UK where spread betting is offered. Following a number of changes in the competitive landscape in Ireland we believe that the market is currently poorly served and that there are opportunities to gain market share in the near term.

We expect to open an office in Norway during the second half. Again this is a market where we believe competitive changes mean that there are near-term opportunities.

Neither of these countries represent large opportunities, but they are low cost, low risk and represent little incremental load on the infrastructure of the business.

We continue to evaluate other markets and expect to open at least one further office during our next financial year.

Chief Executive's statement
For the six months ended 30 November 2012

Investment in Technology
Our continued investment in our technology offering has been central to our market leadership in the industry. During the period we completed the initial roll-out of our mobile applications in all the countries in which we operate and across all of the main mobile operating systems. We now have the broadest suite of mobile applications in the industry and we believe that our decision to develop these as native applications, allowing clients to use the full functionality of their device, will provide the most rewarding user experience. The business continues to see an increase in the proportion of both client trades and account openings coming through mobile.

We continue to develop our Insight research tool, which we first launched nearly a year ago. This platform is now available to almost all our clients worldwide and we have recently released versions across a number of our mobile apps. Client feedback has been extremely positive and we will continue to further enhance Insight in response to client demand.

Online marketing now accounts for around a third of our total advertising expenditure and we believe provides an extremely efficient route to deliver highly targeted messages to an increasingly technologically astute audience. As well as additional skilled employees we are investing in technology which helps us track and improve the efficiency of our spend here.

Developing our brand
During the period we re-launched our IG brand in all the countries in which we operate other than Japan, where we will re-launch the brand in the second half and the US, where we operate under the Nadex brand.

The re-launch ensures that we provide a consistent look and experience across all of our clients' interactions with us, including web sites, dealing platforms and advertising. This look and experience brings the external face of IG into line with the service and delivery excellence that we have built through our investment in technology and reflects our market position as a leading provider of online trading.

Initial reaction to the brand re-launch has been very favourable and the feedback has been positive in market research amongst our clients, our competitors' clients and those who are considering online trading. I believe this investment has been an important step in positioning us for further growth.

Regulation and taxation
The regulation and taxation of the financial services industry continues to evolve and we are devoting an increasing amount of senior management time to monitoring developments and interacting with regulators, law makers and others. While there are currently a number of developments which we are monitoring closely I do not currently anticipate that any of these will have a material impact on the group. I have summarised the main areas that we are monitoring below.

There are two separate processes going on with regard to a Financial Transaction Tax (FTT) in certain European countries. A number of countries are at differing stages of introducing unilateral FTTs for their own purposes. France has already introduced a tax which applies only to cash equities and does not currently apply to either our client transactions or our hedge transactions. Italy has just announced quite a complex FTT, the precise meaning and implications of which we are still analysing, but it would appear to give us a competitive advantage for CFDs on Italian equities while potentially increasing the cost to our clients of trading the Italian index, but not by an unmanageable amount. Crucially it has no impact on forex, non-Italian equities and equity indices or commodities. Eleven EU member states are currently at an early stage in an "enhanced cooperation" process to introduce a harmonised FTT across those countries. Our discussions with senior EU representatives of a number of those countries suggest that reaching agreement on anything other than a very narrow scope FTT is likely to be difficult and that even that level of agreement may take considerable time. Overall, therefore, while we continue to closely monitor FTT developments at both a country and EU level we view this subject as unlikely to have significant adverse impact on the group.

Following a consultation paper in May 2012 the Monetary Authority of Singapore (MAS) has not yet published final rules nor indicated a possible start date, for reductions in leverage limits on forex. These rules are not expected to apply to high net worth individuals (accredited investors) and are expected to take account of a client's ability to reduce their risk using stops. Both these factors would significantly mitigate any adverse impact that these rules, if and when eventually introduced, might otherwise have had. We are cooperating with a number of other CFD providers in Singapore and are together in discussions with MAS, seeking their approval of a client education module as part of the client knowledge assessment regime. If approved, we would expect this to improve our ability to open accounts in Singapore.

Regulators in Japan are reviewing the regulation of financial binary options. During the first half these accounted for approximately a third of our Japanese revenue. Though we continue to monitor the situation carefully, at this stage it appears unlikely this will have a significant adverse impact on this business.

The Australian regulator continues to scrutinise the treatment of client money. IG has always adopted a higher level of client money protection than required by Australian law and continues to lobby for a strengthening of the client money rules. We are a founding member of 'The CFD Forum', an industry body which sets out standards of conduct for its members on a number of matters, including treatment of client money.

Chief Executive's statement
For the six months ended 30 November 2012

Litigation
As previously disclosed, in 2010 the Group received a claim in relation to the insolvency of Echelon Wealth Management Limited (Echelon), a former client of the Group. The claimants (three former clients of Echelon) allege that IG is liable for the losses they suffered from the insolvency of Echelon. The claimants allege their losses amount to €100 million, comprising €12 million actual losses plus, in two of their cases, subsequent loss of profits of approximately €90 million, based on an alleged rate of return of 146% per annum since the collapse of Echelon. The claim went to trial at the end of 2012. It is expected that judgement will be handed down during the first half of 2013. The Group has always viewed the claim as speculative and has not made provision in respect of the claim. This view did not change during the course of the trial.

Cashflow and liquidity
The Group continues to be highly cash generative and produced £59.3 million of own funds from operations during the period, after taxes of £29.6 million. There was a £32.2 million decrease in own funds after capital expenditure and the payment of the final dividend and working capital movements that relate to the prior financial year.

At the end of the period we had £380.0 million of cash resources, including £266.3 million of cash at brokers. The cash is placed at brokers to support our hedging activities and to facilitate near-term movements in the collateral requirements. This was up by £58.3 million from the prior year end, reflecting shifts in client positions. In addition we retain undrawn bank credit facilities of £180.0 million.

We perform regular stress testing of our liquidity needs in various scenarios and regulators are looking increasingly closely at liquidity arrangements. We believe that our current level of liquidity is adequate but not excessive.

Dividend
The Board has declared an interim dividend of 5.75p, amounting to £20.9 million which will be paid at the end of February. This is unchanged on last year. This reflects the Board's confidence in IG's continuing ability to generate strong cashflow.

Current trading and outlook
The period since the year end, aside from the Christmas and New Year holiday, has seen similar market conditions and levels of activity to those experienced during the first half. As we reported in December, if these activity levels persist revenue for the second half of the year is likely to be in line with the first half.

We continue to maintain an appropriate level of investment in IT and marketing, mindful of the need to balance short term profitability against investment for the long term. This investment and our strong financial position support the increasing market lead we have in a number of the countries in which we operate and we believe will help deliver industry-leading growth rates over the longer term.

Despite the current quiet market conditions and fragile economic outlook, I remain confident in our long term growth prospects.

Tim Howkins
Chief Executive Officer
15 January 2013

Footnotes:
(1) Net trading revenue is trading revenue excluding interest on segregated client funds and is presented net of introducing broker commissions. All references to 'revenue' in this statement are made with regards to net trading revenue.
(2) Share of primary accounts, by number, as stated by Investment Trends August 2012 Leverage Trading Report (published November 2012), Investment Trends May 2012 Australia CFD Report (published August 2012) and Investment Trends September 2012 Singapore CFD and FX Report (published November 2012).
(3) All references in this statement are with regards to the continuing operations of the group and exclude the Sport business discontinued as of June 2011.
(4) References in this statement to active clients are to the number of clients trading during the period referred to and references to average revenue per client are to revenue for the period referred to divided by the number of active clients in that period.
(5) All references to 'prior period', 'last year', 'prior year' refer to the six months ended 30 November 2011 unless otherwise stated.

Interim consolidated income statement

for the six months ended 30 November 2012 (unaudited)

	Note	***Unaudited*** ***Six months ended 30 November 2012*** ***Total £000***	*Unaudited* *Six months ended 30 November 2011* *Total £000*	*Audited* *Year ended 31 May 2012* *Total £000*
Trading revenue		**185,675**	212,631	400,262
Interest income on segregated client funds		**4,803**	5,167	10,509
Revenue		**190,478**	217,798	410,771
Interest expense on segregated client funds		**(145)**	(106)	(257)
Introducing broker commissions		**(16,715)**	(17,168)	(33,450)
Betting duty		**(1,286)**	(5,684)	(8,907)
Other operating income	4	**747**	443	1,013
Net operating income	3	**173,079**	195,283	369,170
Analysed as:				
Net trading revenue	3	***168,960***	*195,463*	*366,812*
Other net operating income / (expense)		***4,119***	*(180)*	*2,358*
Administrative expenses		**(92,310)**	(92,271)	(183,657)
Operating profit	5	**80,769**	103,012	185,513
Finance revenue		**1,264**	1,156	2,487
Finance costs		**(911)**	(994)	(2,283)
Profit before taxation		**81,122**	103,174	185,717
Taxation		**(22,511)**	(27,646)	(48,583)
Profit for the period from continuing operations		**58,611**	75,528	137,134
Loss for the period from discontinued operations	6	**-**	(354)	(374)
Profit for the period		**58,611**	75,174	136,760
Profit for the period attributable to:				
Equity holders of the parent		**58,556**	75,213	136,792
Non-controlling interests		**55**	(39)	(32)
		58,611	75,174	136,760
Earnings per share from continuing operations (pence)				
- basic	7	**16.14p**	20.90p	37.90p
- diluted	7	**16.04p**	20.68p	37.54p
Dividends per share (pence)				
- interim proposed	8	**5.75p**	5.75p	-
- interim paid	8	**-**	-	5.75p
- final proposed	8	**-**	-	16.75p

Interim consolidated statement of comprehensive income

for the six months ended 30 November 2012 (unaudited)

	Unaudited Six months ended 30 November 2012		*Unaudited Six months ended 30 November 2011*		*Audited Year ended 31 May 2012*	
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Profit for the period		58,611		75,174		136,760
Other comprehensive (expense) / income:						
Foreign currency translation (losses) / gains on overseas subsidiaries	(1,726)		943		751	
Other comprehensive (expense) / income for the period		(1,726)		943		751
Total comprehensive income for the period		56,885		76,117		137,511
Total comprehensive income attributable to:						
Equity holders of the parent		56,838		76,175		137,566
Non-controlling interests		47		(58)		(55)
		56,885		76,117		137,511

Interim consolidated statement of financial position

at 30 November 2012 (unaudited)

	Note	*Unaudited 30 November 2012 £000*	*Unaudited 30 November 2011 £000*	*Audited 31 May 2012 £000*
Assets				
Non-current assets				
Property, plant and equipment		15,089	16,782	15,555
Intangible assets	9	115,744	116,118	115,366
Deferred tax assets		9,296	12,652	11,915
		140,129	145,552	142,836
Current assets				
Trade receivables		273,312	204,245	222,342
Prepayments and other receivables		11,816	8,107	9,745
Cash and cash equivalents	10	108,425	200,636	228,156
		393,553	412,988	460,243
TOTAL ASSETS		533,682	558,540	603,079
Liabilities				
Current liabilities				
Trade payables		23,255	67,925	61,076
Other payables		44,714	49,219	64,815
Provisions		-	1,538	1,353
Tax payable		20,216	33,216	28,652
		88,185	151,898	155,896
Non-current liabilities				
Provisions		-	1,269	-
Redeemable preference shares		40	40	40
		40	1,309	40
Total liabilities		88,225	153,207	155,936
Capital and reserves				
Equity share capital	13	18	18	18
Share premium		206,758	206,291	206,291
Other reserves		85,556	84,456	85,543
Retained earnings		152,932	114,425	155,145
Shareholders' equity		445,264	405,190	446,997
Non-controlling interests		193	143	146
Total equity		445,457	405,333	447,143
TOTAL EQUITY AND LIABILITIES		533,682	558,540	603,079

Tim Howkins, Director

Christopher Hill, Director

Interim consolidated statement of changes in shareholders' equity

for the six months ended 30 November 2012 (unaudited)

	Equity share capital £000 Note 13	*Share premium £000*	*Other reserves £000*	*Retained earnings £000*	*Shareholders' equity £000*	*Non-controlling interests £000*	*Total equity £000*
At 1 June 2011	18	206,246	80,173	92,263	378,700	201	378,901
Profit / (loss) for the period	-	-	-	75,213	75,213	(39)	75,174
Other comprehensive income for the period	-	-	943	-	943	(19)	924
Total comprehensive income for the period	-	-	943	75,213	76,156	(58)	76,098
Equity-settled employee share-based payments	-	-	3,238	-	3,238	-	3,238
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	404	-	404	-	404
Issuance of own shares	-	45	-	-	45	-	45
Purchase of own shares	-	-	(298)	-	(298)	-	(298)
Exercise of US share incentive plans	-	-	(4)	-	(4)	-	(4)
Equity dividends paid	-	-	-	(53,051)	(53,051)	-	(53,051)
Movement in shareholders' equity	-	45	4,283	22,162	26,490	(58)	26,432
At 30 November 2011	18	206,291	84,456	114,425	405,190	143	405,333
Profit for the period	-	-	-	61,579	61,579	7	61,586
Other comprehensive expense for the period	-	-	(169)	-	(169)	(4)	(173)
Total comprehensive income for the period	-	-	(169)	61,579	61,410	3	61,413
Equity-settled employee share-based payments	-	-	1,767	-	1,767	-	1,767
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	(505)	-	(505)	-	(505)
Exercise of US share incentive plans	-	-	(6)	-	(6)	-	(6)
Equity dividends paid	-	-	-	(20,859)	(20,859)	-	(20,859)
Movement in shareholders' equity	-	-	1,087	40,720	41,807	3	41,810
At 31 May 2012	18	206,291	85,543	155,145	446,997	146	447,143
Profit for the period	-	-	-	58,556	58,556	55	58,611
Other comprehensive expense for the period	-	-	(1,718)	-	(1,718)	(8)	(1,726)
Total comprehensive income for the period	-	-	(1,718)	58,556	56,838	47	56,885
Equity-settled employee share-based payments	-	-	2,319	-	2,319	-	2,319
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	(118)	-	(118)	-	(118)
Issuance of own shares	-	467	-	-	467	-	467
Purchase of own shares	-		(441)	-	(441)		(441)
Exercise of US share incentive plans	-	-	(5)	-	(5)	-	(5)
Exercise of Australian share incentive plans	-	-	(24)	-	(24)		(24)
Equity dividends paid	-	-	-	(60,769)	(60,769)	-	(60,769)
Movement in shareholders' equity	-	467	13	(2,213)	(1,733)	47	(1,686)
At 30 November 2012	18	206,758	85,556	152,932	445,264	193	445,457

Interim consolidated cash flow statement

for the six months ended 30 November 2012 (unaudited)

	Note	*Unaudited Six months ended 30 November 2012 £000*	*Unaudited Six months ended 30 November 2011 £000*	*Audited year ended 31 May 2012 £000*
Cash (used in) / generated from operations	11	(27,511)	160,468	234,916
Income taxes paid		(29,648)	(32,252)	(57,554)
Interest received on segregated client funds		5,015	5,058	10,111
Interest paid on segregated client funds		(145)	(106)	(257)
Net cash flow from operating activities		(52,289)	133,168	187,216
Investing activities				
Interest received		1,403	1,105	2,004
Purchase of property, plant and equipment		(2,514)	(3,116)	(4,709)
Payments to acquire intangible fixed assets		(3,512)	(1,402)	(4,432)
Net cash flow from investing activities		(4,623)	(3,413)	(7,137)
Financing activities				
Interest paid		(754)	(749)	(2,013)
Equity dividends paid to equity holders of the parent	8	(60,769)	(53,051)	(73,910)
Purchase of own shares		(441)	(298)	(298)
Proceeds from the issue of shares		467	37	37
Payment of redeemable preference share dividends		-	-	(3)
Net cash flow from financing activities		(61,497)	(54,061)	(76,187)
Net (decrease) / increase in cash and cash equivalents		(118,409)	75,694	103,892
Cash and cash equivalents at the beginning of the period		228,156	124,528	124,528
Exchange (losses) / gains on cash and cash equivalents		(1,322)	414	(264)
Cash and cash equivalents at the end of the period	10	108,425	200,636	228,156

Notes to the interim condensed consolidated financial statements

At 30 November 2012 (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 2012 were authorised for issue by the Board of Directors on 15 January 2013. 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 2012, 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 2012 have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 November 2012 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 2012 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 2012. In the Directors' opinion, the accounting estimates or judgements that have the most significant impact on the financial statements remain the impairment of goodwill, the impairment of trade receivables and the calculation of the Group's current corporation tax charge and recognition of deferred tax assets. The calculation of the Group's current corporation 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 payable may be materially lower than the amount accrued and could therefore improve the overall profitability and cash flows of the Group in future periods. A deferred tax asset is only recognised to the extent it is considered to be probable that future operating profits will exceed the losses by jurisdiction that have arisen to date.

The Director's judgement with regards to litigation is disclosed in note 15.

Going concern

The Directors have prepared the condensed consolidated interim financial statements on a going concern basis which requires that 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 2012.

2. Basis of preparation and accounting policies (continued)

New accounting standards

The following new standards and interpretations are effective for accounting periods beginning 1 June 2012 but have not had a material impact on the presentation of, nor the results or financial position of the Group:

- Amendment to IAS 12 “Income taxes” on deferred tax assets or liabilities in investment property (effective 1 January 2012)

Seasonality of operations

The Directors consider that, given the growth in overseas business, the development of mobile platforms and the impact of market volatility, there is no predictable seasonality to the Group’s operations.

3. Segment information

The segment information has been presented such that the Group's Sport business is disclosed as a discontinued operation and is therefore not included in the segmental disclosure. The Sport business was previously disclosed within the UK segment and derived its revenue from spread bets and fixed odds bets on sporting and other events and the operation of an online casino. The segment information is presented as follows:

- Segment net trading revenue has been disclosed net of introducing broker commissions as this is consistent with the management information received by the Chief Operating Decision Maker (CODM);
- Net trading revenue is reported by the location of the office and aggregated into the disclosable segments of UK, Australia, Europe and Japan with 'Rest of World' comprising the Group's remaining operations in each of South Africa, Singapore and the United States;
- The 'Europe' segment comprises the Group's operations in each of France, Germany, Italy, Luxembourg, the Netherlands, Spain and Sweden; and,
- Segment contribution, being segment trading revenue less directly incurred costs, as the measure of segment profit and loss reported to 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 Australian, Japanese and European segments derive their revenue from CFDs, margined forex and binary options. The businesses reported within the 'Rest of World' derive revenue from the operation of a regulated futures and options exchange as well as CFDs, margined forex and binary options.

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, middle office, IT development, 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 segment net trading revenue, in order to provide segment EBITDA.

Notes to the interim condensed consolidated financial statements

At 30 November 2012 (unaudited)

3. Segment information (continued)

Six months ended 30 November 2012	*UK*	*Australia*	*Europe*	*Japan*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	86,913	28,172	32,055	7,577	14,243	-	168,960
Interest income on segregated client funds	-	-	-	-	-	4,803	4,803
Revenue from external customers	86,913	28,172	32,055	7,577	14,243	4,803	173,763
Interest expense on segregated client funds	-	-	-	-	-	(145)	(145)
Betting duty	(1,286)	-	-	-	-	-	(1,286)
Other operating income	-	-	-	-	-	747	747
Net operating income	85,627	28,172	32,055	7,577	14,243	5,405	173,079
Segment contribution	70,912	25,143	19,559	5,502	8,703	(43,320)	86,499
Allocation of central costs	(21,062)	(7,307)	(8,911)	(2,052)	(3,988)	43,320	-
Segment EBITDA[(1)]	49,850	17,836	10,648	3,450	4,715	-	86,499
Depreciation and amortisation	(2,884)	(811)	(1,045)	(262)	(728)		(5,730)
Operating profit from continuing operations							80,769
Net finance revenue							353
Profit before taxation from continuing operations							**81,122**

Six months ended 30 November 2011	*UK*	*Australia*	*Europe*	*Japan*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	102,121	32,737	37,762	8,357	14,486	-	195,463
Interest income on segregated client funds	-	-	-	-	-	5,167	5,167
Revenue from external customers	102,121	32,737	37,762	8,357	14,486	5,167	200,630
Interest expense on segregated client funds	-	-	-	-	-	(106)	(106)
Betting duty	(5,684)	-	-	-	-	-	(5,684)
Other operating income	-	-	-	-	-	443	443
Net operating income	96,437	32,737	37,762	8,357	14,486	5,504	195,283
Segment contribution	80,593	27,781	23,192	4,770	9,454	(37,277)	108,513
Allocation of central costs	(19,050)	(6,392)	(7,336)	(1,658)	(2,841)	37,277	-
Segment EBITDA[(1)]	61,543	21,389	15,856	3,112	6,613	-	108,513
Depreciation and amortisation	(2,476)	(777)	(937)	(343)	(968)	-	(5,501)
Operating profit from continuing operations							103,012
Net finance revenue							162
Profit before taxation from continuing operations							103,174

Notes to the interim condensed consolidated financial statements
At 30 November 2012 (unaudited)

3. Segment information (continued)

Year ended 31 May 2012	*UK*	*Australia*	*Europe*	*Japan*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	191,781	57,962	72,217	16,457	28,395	-	366,812
Interest income on segregated client funds	-	-	-	-	-	10,509	10,509
Revenue from external customers	191,781	57,962	72,217	16,457	28,395	10,509	377,321
Interest expense on segregated client funds	-	-	-	-	-	(257)	(257)
Other income	-	-	-	-	-	1,013	1,013
Betting duty	(8,907)	-	-	-	-	-	(8,907)
Net operating income	182,874	57,962	72,217	16,457	28,395	11,265	369,170
Segment contribution	151,529	49,833	43,447	10,377	17,909	(76,822)	196,273
Allocation of central costs	(39,378)	(12,336)	(15,422)	(3,598)	(6,088)	76,822	-
Segment EBITDA[(1)]	112,151	37,497	28,025	6,779	11,821	-	196,273
Depreciation and amortisation	(4,998)	(1,424)	(1,893)	(623)	(1,822)	-	(10,760)
Operating profit from continuing operations							185,513
Net finance income							204
Profit before taxation from continuing operations							185,717

[(1)] EBITDA represents operating profit before depreciation, amortisation and impairment of intangible assets and amounts written off property, plant and equipment and intangible assets.

Notes to the interim condensed consolidated financial statements
At 30 November 2012 (unaudited)

3. Segment information (continued)

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 2012	*Unaudited Six months ended 30 November 2011*	*Audited Year ended 31 May 2012*
	£000	*£000*	*£000*
Net trading revenue			
Financial			
Spread Betting	61,544	71,026	133,768
Contracts for Difference	97,807	116,051	214,967
Binaries	9,609	8,386	18,077
Total net trading revenue from continuing operations	168,960	195,463	366,812
Interest income on segregated client funds	4,803	5,167	10,509
Revenue from external customers	173,763	200,630	377,321

4. Other operating income

	Unaudited Six months ended 30 November 2012	*Unaudited Six months ended 30 November 2011*	*Audited Year ended 31 May 2012*
	£000	*£000*	*£000*
Total other operating income	747	443	1,013

On 8 June 2011 the Group reached agreement to sell the majority of the client list relating to Group's sport spread betting and fixed odds betting business to Spreadex Limited under a revenue share arrangement where the Group would receive semi-annual payments for the subsequent three years, calculated by reference to the revenue that the acquirer generates from clients on the list.

5. Operating profit

	Unaudited Six months ended 30 November 2012	*Unaudited Six months ended 30 November 2011*	*Audited Year ended 31 May 2012*
	£000	*£000*	*£000*
This is stated inclusive of exceptional items and after charging / (crediting):			
Exceptional items[1]	-	-	(1,091)
Remuneration:			
Fixed			
- Wages and salaries	31,693	29,319	59,719
Variable			
- Redundancy programme costs	1,252	-	-
- Performance-related bonuses	7,959	15,765	27,945
- Equity-settled share-based-payment schemes	2,319	3,238	5,005
Depreciation of property, plant and equipment	2,941	3,119	5,934
Amortisation of intangible assets	2,789	2,382	4,826
Advertising and marketing	17,457	15,321	31,068
Legal and professional costs[2]	4,385	2,618	5,802
Net (charge) / recovery of impaired trade receivables	(82)	1,286	1,337

[1] In the year ended 31 May 2012 exceptional items were incurred in relation to the early surrender and the settlement of all outstanding dilapidation obligations with regards to the lease of the Group's previous London headquarters. This resulted in a release of amounts previously provided or accrued in relation to onerous lease and dilapidation obligations.

[2] Legal and professional fees include £2,332,000 (Year ended 31 May 2012: £1,103,000, 6 months ended 30 November 2011: £271,000) of costs in relation to the ongoing litigation in relation to the insolvency of Echelon Wealth Management Limited. Refer to note 15 for further details.

Notes to the interim condensed consolidated financial statements
At 30 November 2012 (unaudited)

6. Discontinued operations

During the year ended 31 May 2011, the Directors decided that the Group should investigate selling or closing the Sport business, extrabet, in order to allow management to focus exclusively on the continuing expansion and development of the Financial business. The Group was unable to secure a sale of the Sport business in its entirety as a going concern on acceptable terms and on 8 June 2011 the Group reached agreement to sell the majority of the client list relating to extrabet's sport spread betting and fixed odds betting business to Spreadex Limited. On 12 July 2011 the Group completed a redundancy consultation process with the employees of extrabet. As a result of this all extrabet employees unable to find a role within the Group were made redundant as of 19 July 2011 and the business was closed. There are no discontinued operations for the six months ended 30 November 2012.

Loss for period from discontinued operations:	*Unaudited Six months ended 30 November 2012 £000*	*Unaudited Six months ended 30 November 2011 £000*	*Audited Year ended 31 May 2012 £000*
Net trading revenue	-	159	159
Other net operating expense	-	(17)	(47)
Exceptional closure credit	-	-	261
Administrative expenses	-	(616)	(761)
Net interest payable	-	-	-
Loss before tax of discontinued operations	-	(474)	(388)
Tax credit	-	120	14
Loss after tax of discontinued operations	-	(354)	(374)
Loss for period from discontinued operations	-	(354)	(374)

There are no items of cumulative income or expense recognised in other comprehensive income relating to the discontinued operations.

Cash flows from discontinued operations:	*Unaudited Six months ended 30 November 2012 £000*	*Unaudited Six months ended 30 November 2011 £000*	*Audited Year ended 31 May 2012 £000*
Operating cash flows	-	(1,093)	(467)
Investing cash flows	-	-	-
Financing cash flows	-	-	-
Total cash flows from discontinued operations	-	(1,093)	(467)

Notes to the interim condensed consolidated financial statements
At 30 November 2012 (unaudited)

7. Earnings per share

7(a) Diluted earnings per share

	Unaudited Six months ended 30 November 2012	*Unaudited Six months ended 30 November 2011*	*Audited Year ended 31 May 2012*
Diluted earnings per share			
Diluted earnings per share from continuing operations	16.04p	20.68p	37.54p
Diluted earnings per share from discontinued operations	-	(0.09p)	(0.10)p
Diluted earnings per share	16.04p	20.59p	37.44p

7(b) Calculation of earnings per share

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 were 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 2012 £000	*Unaudited Six months ended 30 November 2011 £000*	*Audited Year ended 31 May 2012 £000*
Profit for the period from continuing operations	58,611	75,528	137,134
Continuing earnings attributable to non-controlling interests	(55)	39	32
Continuing earnings attributable to equity shareholders of the parent	58,556	75,567	137,166
Discontinued earnings attributable to equity shareholders of the parent	-	(354)	(374)
	Number	Number	Number
Weighted average number of shares			
Basic	362,699,605	361,489,955	361,915,111
Dilutive effect of share-based payments	2,307,503	3,789,961	3,404,455
Diluted	365,007,108	365,279,916	365,319,566

Notes to the interim condensed consolidated financial statements
At 30 November 2012 (unaudited)

7(b) Calculation of earnings per share (continued)

	Unaudited Six months ended 30 November 2012	*Unaudited Six months ended 30 November 2011*	*Audited Year ended 31 May 2012*
Earnings per share			
Basic earnings per share from continuing operations	16.14p	20.90p	37.90p
Basic (loss) per share from discontinued operations	-	(0.09p)	(0.10p)
Basic earnings per share	16.14p	20.81p	37.80p

	Unaudited Six months ended 30 November 2012	*Unaudited Six months ended 30 November 2011*	*Audited Year ended 31 May 2012*
Diluted earnings per share			
Diluted earnings per share from continuing operations	16.04p	20.68p	37.54p
Diluted (loss) per share from discontinued operations	-	(0.09p)	(0.10p)
Diluted earnings per share	16.04p	20.59p	37.44p

8. Dividends paid and proposed

	Unaudited Six months ended 30 November 2012 £000	*Unaudited Six months ended 30 November 2011 £000*	*Audited Year ended 31 May 2012 £000*
Amounts recognised as distributions to equity holders in the period:			
Interim dividend of 5.75p for 2012 (2011: 5.25p)	-	-	20,859
Final dividend of 16.75p for 2012 (2011: 14.75p)	60,769	53,051	53,051
	60,769	53,051	73,910
Proposed but not recognised as distributions to equity holders in the period:			
Interim dividend of 5.75p for 2013 (2012: 5.75p)	20,935	20,856	-
Final dividend of 16.75p for 2012	-	-	60,769
	20,935	20,856	60,769

The proposed interim dividend for 2013 of 5.75p per share amounting to £20,935,000 was approved by the Board on 15 January 2013 and has not been included as a liability at 30 November 2012. This dividend will be paid on 26 February 2013 to those members on the register at the close of business on 23 January 2013.

9. Intangible assets

	Goodwill £000	*Client lists and customer relationships £000*	*Development costs £000*	*Software and licences £000*	*Total £000*
Net book value – 30 November 2011	107,421	824	3,173	4,700	116,118
Net book value – 31 May 2012	107,465	412	3,551	3,938	115,366
Net book value – 30 November 2012	107,152	143	4,114	4,335	115,744

In accordance with the interim financial period accounting standard a formal impairment review is required only where an indication of an ‘impairment trigger’ exists. The Directors consider that such an ‘impairment trigger’ has not occurred in the period ended 30 November 2012.

10. Cash and cash equivalents

	Unaudited	*Unaudited*	*Audited*
	30 November 2012	*30 November 2011*	*31 May 2012*
	£000	*£000*	*£000*
Gross cash and cash equivalents [(1)]	893,097	895,553	960,894
Segregated client funds[(2)]	(784,672)	(694,917)	(732,738)
Own cash and title transfer funds[(3)]	108,425	200,636	228,156

[(1)] Gross cash and cash equivalents includes the Group's own cash as well as all client monies held including both segregated client and title transfer funds.

[(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. Such monies are not included in the Group's Statement of Financial Position.

[(3)]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.

Notes to the interim condensed consolidated financial statements
At 30 November 2012 (unaudited)

11. Cash generated from operations

	Unaudited Six months ended 30 November 2012	*Unaudited Six months ended 30 November 2011*	*Audited Year ended 31 May 2012*
Operating activities	*£000*	*£000*	*£000*
Operating profit	80,769	102,540	185,126
Adjustments to reconcile operating profit to net cash generated from operations :			
Net interest income on segregated client funds	(4,658)	(5,061)	(10,252)
Depreciation of property, plant and equipment	2,941	3,119	5,934
Amortisation of intangible assets	2,789	2,382	4,826
Non-cash foreign exchange losses / (gains)	1,610	(2,337)	(2,190)
Equity-settled employee share-based payments	2,319	3,238	5,005
Recovery of trade receivables	697	2,153	2,563
(Increase) / decrease in trade and other receivables	(60,993)	67,235	42,274
(Decrease) / increase in trade and other payables	(52,052)	(13,010)	2,572
Decrease in provisions	(1,349)	(721)	(714)
Other non-cash items	416	930	(228)
Cash (used in) / generated from operations	(27,511)	160,468	234,916

The operating profit disclosed above is stated inclusive of discontinued operations. Cash flows from discontinued operations are disclosed in note 6 to the interim financial report.

For further explanation of the Group's liquidity and generation of 'own funds' in the period please refer to note 12.

Notes to the interim condensed consolidated financial statements

At 30 November 2012 (unaudited)

12. Liquidity

The Group manages liquidity risk on a Group-wide basis as disclosed in note 36 (iv) of the 31 May 2012 Annual Report. There has not been a significant change in the Group's exposure to, or management of, liquidity risk in the period ended 30 November 2012. At the period end, the Group had committed unsecured bank facilities which mitigate Group-wide liquidity risk and which amounted to £180.0 million (31 May 2012: £180.0 million, 30 November 2011: £180.0 million). Other than for a test of the draw down procedure these facilities were not drawn upon during the current nor preceding period. Additionally the Group's Japanese business, IG Markets Securities, has a Yen 300 million (£2.5 million) liquidity facility as at 30 November 2012.

The key measure used by the Group for managing liquidity risk is the level of available liquidity. For this purpose maximum available liquidity is calculated as set out in the following table after deducting broker margin requirements and is stated inclusive of the full amount of the undrawn committed facilities (excluding Japan).

Maximum available liquidity at each period end was as follows:

		Unaudited	*Unaudited*	*Audited*
		30 November 2012	*30 November 2011*	*31 May 2012*
	Note	*£000*	*£000*	*£000*
Own cash and title transfer funds	10	108,425	200,636	228,156
Amounts due from brokers		266,283	201,901	206,997
Add back / (less) other amounts from / (to) clients[1]		5,335	(5,563)	12,920
Cash resources		380,043	396,974	448,073
Analysed as:				
Own funds[2]		354,748	335,536	388,221
Title transfer funds		25,295	61,438	59,852
Available liquidity				
Cash resources		380,043	396,974	448,073
Less broker margin requirement[3]		(242,966)	(184,134)	(195,954)
Net available cash		137,077	212,840	252,119
Less title transfer funds		(25,295)	(61,438)	(59,852)
Net own cash available		111,782	151,402	192,267
Of which declared as dividend	8	(20,935)	(20,856)	(60,769)
Committed banking facilities[4]		180,000	180,000	180,000
Maximum available liquidity (including full committed facilities)		270,847	310,546	311,498

[1] Represents balances that will be transferred from the Group's own cash into segregated client funds on the immediately following working day in accordance with the UK's Financial Services Authority (FSA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates.

[2] The Group's 'own funds' comprise cash balances available to the Group for its own purposes and exclude all monies held on behalf of clients. Own funds are used in normal business operations as well as for the funding of broker margin requirements.

[3] Amounts required by the Group's brokers in relation to the management of market risk. These amounts vary according to both the notional value of the Group's hedging position, by asset class, and the relevant broker margin rate.

[4] Draw down of the committed banking facilities is capped at 80% of the actual broker margin requirement on the draw down date. Therefore the maximum draw down of the facility is permitted at 30 November 2012 (30 November 2011: £147.3 million, 30 May 2012: £156.8 million).

12. Liquidity (continued)

The following cash flow statement summarises the Group's cash generation during the period and excludes all cash flows in relation to monies held on behalf of clients. Additionally amounts due from brokers have been treated as cash and cash equivalents and have been included within 'own funds' in order to provide a clear presentation of the Group's available cash resources.

	Unaudited	*Unaudited*	*Audited*
	30 November 2012	*30 November 2011*	*31 May 2012*
	£000	*£000*	*£000*
Operating activities			
Profit before tax[1]	81,122	102,702	185,329
Depreciation and amortisation	5,730	5,501	10,760
Other cash and non cash adjustments	2,094	6,850	2,140
Income taxes paid	(29,648)	(32,252)	(57,554)
Own funds generated from operations	59,298	82,801	140,675
Other movement in working capital	(25,329)	567	21,906
Inflow / (outflow) from investing and financing activities:			
- Dividends paid	(60,769)	(53,051)	(73,910)
- Capital expenditure	(6,026)	(4,518)	(9,141)
- Other	675	95	(273)
(Decrease) / increase in own funds	(32,151)	25,894	79,257
Own funds at start of period	388,221	309,228	309,228
Exchange (losses) / gains on own funds	(1,322)	414	(264)
Own funds at end of period	354,748	335,536	388,221

[1]Profit before tax is stated inclusive of discontinued operations for the purposes of the cash flow statement.

13. Equity share capital

	Unaudited	*Unaudited*	*Audited*
	30 November 2012	*30 November 2011*	*31 May 2012*
	Number	*Number*	*Number*
Allotted, called up and fully paid :			
(i) ordinary shares			
At beginning of period	363,315,023	362,233,554	362,233,554
Issued during period	1,278,958	999,496	1,081,469
At end of period	364,593,981	363,233,050	363,315,023
(ii) B shares			
At beginning and end of period	65,000	65,000	65,000

In the six months ended 30 November 2012, 1,278,958 (30 November 2011; 999,496) ordinary shares with an aggregate nominal value of £64 (30 November 2011: £50) were issued following the exercise of Long-Term Incentive Plan awards for a consideration of £466,907 (2011: £45,000).

14. Related party transactions

There were no related party transactions during the current period or the comparative six months.

15. Litigation

On 11 November 2010 a claim was served against IG Markets Limited (IG Markets) - a wholly owned subsidiary of the Group - in relation to the insolvency of Echelon Wealth Management Limited (Echelon), a former client of IG Markets that went into liquidation in October 2008. The claim was made by three former clients of Echelon namely (i) Stokors SA ("Stokors"); (ii) Mr Lucien Selce ("Selce"); and (iii) Phoenicia Asset Management (Holding) SAL ("Phoenicia") who are seeking to recover damages from IG Markets. The damages sought are made up of two parts, firstly approximately €12 million which the three Claimants had on deposit with Echelon at the time of its liquidation, and secondly a claim for lost profits which Stokors and Phoenicia claim they would have made had they not lost these monies deposited by them with Echelon at the time it collapsed. Stokors and Phoenicia are seeking to recover approximately €90 million in lost profits, based on an alleged rate of return of 146% per annum, since the collapse of Echelon. The claim went to trial in November and December 2012. It is expected that judgement will be handed down during the first quarter of 2013.

The Group has always viewed the claim as speculative and has not made provision in respect of the claim. This view did not change during the course of the trial and the Group continues to consider it has good prospects of successfully defending the claim. Therefore no provision has been made in the Group statement of financial position as at 30 November 2012 in relation to this matter.

Notes to the interim condensed consolidated financial statements
At 30 November 2012 (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 2012 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 2012 and any material changes in the related party transactions described in the last Annual Report.

The Directors of IG Group Holdings plc are as listed in the IG Group Holdings plc Annual Report for the year ended 31 May 2012 with the exception of Andrew MacKay who resigned as a Director, and David Currie and Nat le Roux who resigned as Non-Executive Directors, on 31 July 2012 and on 18 October 2012 respectively.

On behalf of the Board

Tim Howkins Director	Christopher Hill 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 2012.

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 2012 and are summarised as follows:

- **Regulatory risk:** Regulatory risk is the risk of non-compliance with, and future changes to, regulatory rules potentially impacting our businesses in the markets in which they operate. We work closely with our regulators to ensure that we operate to the highest regulatory standards and can adapt quickly to regulatory change. We are committed to engaging proactively with regulators and industry bodies and will continue to support changes which promote protection for clients and greater clarify the risks they face. However we cannot provide certainty that future regulatory changes will not have an adverse impact on our business.

- **Liquidity risk:** Liquidity risk is the risk that the Group may not be able to meet payment obligations as they fall due. We manage liquidity risk by ensuring that we have sufficient liquidity to meet our broker margin requirements and other financial liabilities when due, under both normal and stressed conditions. Our available liquidity and 'net own cash available' figures are monitored on a daily basis and are reported in note 12 of this interim report.

Principal risks and uncertainties (continued)

- **Credit risk:** Credit risk is the risk that a counterparty fails to perform its obligations, resulting in financial loss. The principal sources of credit risk to our business are from financial institutions and individual clients.
  We offer a number of risk management tools that enable clients to manage their exposure to credit risk, including Guaranteed and non-guaranteed stops and Limit orders. In addition, we manage our overall credit risk exposure through:

  - Real-time monitoring of client positions via our 'close-out monitor'
  - Tiered margining with risk-adjusted margin requirements based on the volatility of the underlying financial instrument and size of the client position
  - Using bank and broker counterparties that satisfy minimum credit rating requirements

- **Market risk:** Market risk is the risk that the fair value of financial assets and financial liabilities will change due to adverse movements in market prices. Market risk is managed on a real-time basis with all client positions monitored against market risk limits set by the Risk Committee. The Group operates within these limits by hedging the market risk exposure as and when required. We do not take proprietary positions based on the expectation of market movements.

- **Operational risk:** Operational risk is the risk of financial loss due to inadequate or failed internal processes and systems. Our approach to managing risk is governed by the risk appetite statement and risk management framework. We have designed and implemented a system of internal controls to manage, rather than eliminate, operational risk.

Independent review report to IG Group Holdings plc

Introduction

We have been engaged by the company to review the condensed consolidated financial statements in the interim financial report for the six months ended 30 November 2012, 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 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 set of financial statements.

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 set of financial statements 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 set of financial statements 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 set of financial statements in the interim financial report for the six months ended 30 November 2012 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
15 January 2013
London

(1) The maintenance and integrity of the IG Group website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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