IG GROUP HOLDINGS PLC

Interim Results for the six months ended 30 November 2014
20 January 2015

IG Group Holdings plc ("IG" or "the Group") today announces results for the six months ended 30 November 2014.

Operating and Financial Summary

- Strong first half results following a very subdued first quarter
- Net trading revenue[(1)] up 8% at £197.4 million
- Profit before tax up[(2)] 2.8% to £101.4 million
- Diluted EPS up 5.4% at 21.44p
- £87.4 million of own funds generated from operations, up 10.5%
- Interim dividend of 8.45p per share, 30% of 2014 full year dividend
- Execution only stockbroking service launched in the UK; planning international roll-out
- Swiss office commenced operating in October; Dubai licence application progressing well
- Launched IG Major Markets mobile App, aimed at improving client acquisition

Tim Howkins, Chief Executive, commented:

"IG delivered another very strong set of results, with record revenue in the half year after a subdued first quarter. We also made good progress with our ongoing investment in strategic initiatives designed to drive future growth, including the launch of stockbroking in the UK and the opening of a new office in Switzerland.

In November we celebrated IG's 40th anniversary. It was a great pleasure to be joined in those celebrations by a number of clients who have been active with us for a large portion of those 40 years. In what has recently become a very challenging time for the industry, IG's strong financial position and commitment to service should provide both existing and new clients with reassurance that we remain the number one trading partner.

I believe that the initiatives we are embarked upon provide clear evidence that, after 40 years, our ambition to drive forward and develop the business is as strong as it has ever been."

(1) Net trading revenue is trading revenue excluding interest on segregated client funds and is presented net of introducing partner commissions. All references to 'revenue' in this statement are made with regards to net trading revenue.
(2) A change in accounting treatment means there is no FSCS levy charge in the first half of the 2015 year, with the full annual charge now being incurred in the second half. The prior year period has been restated.

All current financial results listed are for the six months ended 30 November 2014. All general references to 'the prior period', 'the prior year', and 'last year' mean the six months ended 30 November 2013, unless otherwise specified.

Financial summary

For the six months ended 30 November 2014	14/15	13/14	Growth %
Net trading revenue (£m)	197.4	182.7	8%
Profit before taxation (£m)	101.4	98.6	2.8%
Profit after taxation (£m)	78.6	74.3	5.8%
Diluted earnings per share (pence)	21.44	20.35	5.4%
Interim dividend per share (pence)	8.45	5.75	47%
Own funds generated from operations[1] (£m)	87.4	79.1	10.5%

[1] Further detail on own funds generated from operations is available in Note 15.

Further information

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Analyst presentation

There will be an analyst presentation on the results at 9:30am on Tuesday 20 January 2015 at IG Group, Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA. The presentation will also be accessible live via audio webcast at www.iggroup.com and via a conference call on the following number:

All locations: +44 20 3059 8125

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

All locations: + 44 121 260 4861 with the passcode 6336990#

The audio webcast of the presentation and a transcript will also be archived at: www.iggroup.com/investors

Forward-looking statements

All market share data has been provided by Investment Trends Limited

- Investment Trends UK Leveraged Trading Report October 2014
- Investment Trends Australia CFD Report September 2014
- Investment Trends Singapore CFD and FX Report November 2014

IG is a global leader in online trading, providing fast and flexible access to over 10,000 financial markets – including shares, indices, forex, commodities and binaries.

Established in 1974 as the world's first financial spread betting firm, IG's aim is to become the default choice for active traders globally. It is already an award-winning multi-platform trading company, the world's No.1 provider of CFDs* and a global leader in forex, and it launched an execution-only stockbroking service in the UK and Ireland in September 2014.

It is a member of the FTSE 250, with offices across Europe, Africa, Asia-Pacific and the US, where it offers limited risk derivatives contracts via the Nadex brand.

*Based on revenue excluding FX, published financial statements, July 2014.

Chief Executive's Review

IG delivered revenue in the first six months of £197.4 million, 8% ahead of the same period in the prior year. A subdued first quarter this year was followed by a significantly more active second quarter, as reasonably volatile financial markets presented clients with considerably more trading opportunities. During the period, we set a number of revenue records, with the highest half yearly revenue, the highest quarterly revenue in the second quarter and the highest monthly revenue in October.

Encouragingly, revenue in the more mature markets was well ahead of the same period last year, with the UK up by 14.3% and Australia up by 6.6%, as our large installed client base in these regions responded strongly to the increased volatility. In the Rest of World, revenue in the six months was down by around 3%, although it did recover significantly in the second quarter, as client forex trading activity picked up significantly.

Overall the performance in Europe was weaker than anticipated. Although first half client numbers grew by 9%, revenue was only fractionally up. A very weak first quarter was followed by a better second quarter when we achieved 10% growth in both revenue and client numbers against the prior year. Growth rates varied from country to country depending on asset-class mix and economic backdrop, with our German and French offices feeling the impact of some deterioration in their economies. We also believe that growth of our European business is being held back by weak client conversion rates, particularly on mobile devices; I discuss in more detail below how we are addressing this. Additional detail on country performance is given in the Operating Review.

On 15 January this year, the Swiss National Bank announced that it had ceased intervention in the exchange rate between the Swiss franc and the Euro, with immediate effect. This caused a sudden extreme appreciation in the value of the franc, accompanied by a lack of market liquidity which lasted several minutes. This resulted in a negative financial impact for IG which will not exceed £30 million, from a combination of market (£12 million) and client credit (£18 million) exposure. While this was due to an unprecedented and unforeseeable degree of movement in a major global currency and only a few hundred clients were affected, we will seek to learn lessons from this incident which we can incorporate into our risk management approach going forward.

Mobile and web developments

The use of mobile apps has continued to grow, with an increasing proportion of our clients considering this to be their primary method of interacting with IG and the financial markets. Our existing mobile apps, which we continue to develop actively, are extremely feature-rich and provide powerful trading and research tools for the experienced client. However, they were not designed to attract new clients or to appeal to those who simply want to find out more about IG and its products; therefore, for some of this audience the apps can be daunting, if not off-putting. As a result, our rate of conversion of app downloads into trading clients is currently poor, and this is an increasing challenge as the proportion of prospective clients coming via mobile grows; this has undoubtedly contributed to the recent weakness in Europe and elsewhere. However, improving the rate of conversion on mobile devices also provides us with a significant opportunity.

Towards the end of our last financial year we established an operation in Eastern Europe where we are developing a new suite of mobile apps, better suited to prospective and new clients. We are currently building the necessary marketing skills and infrastructure to drive app downloads and conversion. The first of these new apps, IG Major Markets for the iPad, was released in the UK in early December. Over the next six months we will be releasing similar apps for the iPhone and android phones and tablets and rolling them out internationally. We will be iteratively developing the features of each of these apps as we learn from user behaviour and feedback and as we develop and refine the tools needed to drive increased engagement and conversion. Over time we expect these apps to have a progressively positive impact on account opening across all our geographic regions.

We have been successful in our application for seven generic top level domains (gTLDs) relevant to our business; .forex, .markets, .broker, .trading, .CFD, .spreadbetting and .Nadex. This positions us well to take advantage of possible broader changes to web usage and search engine ranking which might result from the large number of new gTLDs. As the first stage of a project which is likely to last a number of years, we are now working through the process necessary to launch our gTLDs. We anticipate launching a number of websites with these domain suffixes, in support of our broader strategy to position IG as the default choice for active traders globally. We also expect to commence external sales of domain name licences over the next year, utilising the proceeds of these sales to finance the development of the IG sites, as we seek to make some of these gTLDs synonymous with the products they represent.

The Group continues to see opportunities to grow the size of the client base through geographic development, both within and outside of the current footprint and through product development and diversification. Over the period we continued to make good progress on both fronts, most notably with the launch of Stockbroking in the UK and the opening of our office in Switzerland.

Geographic development

We received our banking licence from the Swiss regulator in September and launched the office in Geneva in early October. It is too early to provide a detailed update on progress, but to date it is developing in line with our expectations and in line with what we have seen in the past, where a new office is concerned.
We are making very encouraging progress with the Dubai Financial Services Authority on our licence application there. We are now completing the recruitment of staff and fitting out our office in Dubai, and we continue to anticipate launching there towards the end of this financial year. Localising the offer for Dubai has presented some new challenges for IG, but the team has responded exceptionally well to these challenges.

We continue to have dialogue with regulators and potential partners in other countries as we explore ways to further extend our geographic reach. We are in discussion with a number of such parties in China. These discussions are varied in nature and at an early stage; so it would be premature to predict whether any of them will come to fruition, or to estimate the scale of opportunity that they represent. While China is clearly an interesting market for us and a real breakthrough here could be significant for IG, we do not underestimate the current complexities of the regulatory environment with regard to our product set, and we anticipate that matters will develop slowly.

Product development

During September we reached a key milestone on our journey to become the default choice for active traders, as we successfully launched our stockbroking business in the UK, with a broad range of UK, Irish, US and European shares, ETFs and ETCs and a tax-efficient ISA wrapper. Stockbroking will form an important part of our comprehensive share-trading offering, and is aimed both at opening up a new revenue stream for the group and increasing the size of the target market for our current business. At the end of November we enhanced the offering by giving clients the ability to use their share portfolio as collateral to support their shorter-term trading with CFDs or spread betting. We anticipated that initial take up would be slow and steady; however we have been encouraged by the number of early sign-ups and pleased with the proportion of these that has come from new clients. After three and a half months, we had around 1,700 clients who had opened and funded a stockbroking account, with over 60% of the applications having come from new clients.

As we develop our stockbroking offering we will pay particular attention to providing features and a pricing structure which will help to cross-sell our other products to stockbroking-only clients. Although it is very early in the life of our stockbroking offering, we have seen evidence already that a proportion of clients who start as stockbroking clients do then move on to also trade with our other products. For those new clients who began with stockbroking in September, around 28% had gone on to trade with a leveraged product by the end of December.

As we go through 2015, we will commence a selective international roll-out of stockbroking and we would expect to launch it in at least two countries over the course of the calendar year.

40th Anniversary

In November we celebrated IG's 40th anniversary. It was a great pleasure to be joined in those celebrations by a number of clients who have been active with us for a large portion of those 40 years. Over this time, I believe we have clearly demonstrated the robustness of our business model and our ability to grow and evolve our business as markets and technologies change and against a wide range of market and economic backdrops. I believe that the initiatives described above provide further clear evidence that, after 40 years, our ambition to drive forward and develop the business is as strong as it has ever been.

Dividend

As we announced in July 2014, the Board decided to increase the ordinary dividend pay-out ratio to 70%, reiterated its progressive dividend policy and established a formulaic approach to the interim dividend each year, such that it is calculated as 30% of the full year ordinary dividend for the prior year. Accordingly, we have declared an Interim dividend of 8.45p. This is up 47%, for two reasons. Firstly, the increase in the pay-out ratio last year was recognised entirely in the final dividend, meaning that last year's interim dividend was calculated on the basis of the previous lower pay-out ratio. Secondly, we have increased to 30% the proportion of the total annual dividend which is declared at the interim point in the year, where historically this was approximately 25%.

Current trading and outlook

As is often the case, the record month in October was followed by a subdued patch in November. The second half then began with an unseasonably strong December. Client activity levels rose again as a number of news stories drove sharp movements in financial markets and presented a range of trading opportunities. These heightened activity levels continued into January. At the revenue level, this upside was then negated by the impact on the Group of the sudden movement in the Swiss franc in the middle of January. At this stage, IG remains on track to meet revenue expectations for the year, although profit and earnings will be negatively impacted by client debts associated with the Swiss franc movement. If full year diluted earnings per share were to be lower than last year purely because of this highly unusual event, the Board's current intention would be to maintain the full year ordinary dividend at last year's level. Obviously the Board's final decision would take into account all relevant factors at the time.

Tim Howkins

Chief Executive

20 January 2015

Geographical Revenue	H1 revenue			KPI	
	FY15 £m	FY14 £m	% Change	Active client growth	Revenue per client growth
UK (Incl Ireland)	106.8	93.4	14.3%	(0.8%)	15.2%
Australia	28.7	27.0	6.6%	(2.0%)	8.7%
Europe	40.5	40.2	0.5%	9.1%	(7.9%)
Rest of World	21.4	22.1	(2.8%)	8.8%	(10.7%)
Total	**197.4**	**182.7**	8.0%	2.7%	5.2%

Geographical Revenue	Q1 revenue			KPI	
	FY15 £m	FY14 £m	% Change	Active client growth	Revenue per client growth
UK (inc Ireland)	45.9	47.5	(3.4%)	(8.0%)	5.1%
Australia	12.3	13.8	(10.4%)	(8.6%)	(2.0%)
Europe	18.4	20.2	(9.2%)	8.6%	(16.4%)
Rest of World	9.0	12.1	(25.4%)	1.2%	(26.3%)
Total	**85.6**	**93.6**	**(8.5%)**	**(3.1%)**	**(5.6%)**

Geographical Revenue	Q2 revenue			KPI	
	FY15 £m	FY14 £m	% Change	Active client growth	Revenue per client growth
UK (inc Ireland)	60.9	45.9	32.6%	4.6%	26.7%
Australia	16.4	13.2	24.2%	4.3%	19.1%
Europe	22.1	20.1	10.3%	10.0%	0.3%
Rest of World	12.4	9.9	24.9%	13.7%	9.8%
Total	**111.8**	**89.1**	25.5%	7.3%	17.0%

The financial tables above and herein may contain numbers which have been subject to rounding adjustments, and which therefore differ from the equivalent numbers contained in the Financial Statements. All percentage movements in numbers have been calculated from the underlying data, before rounding occurred.

Operating Review

IG delivered record revenue in the period of £197.4 million, 8% up on the first half of the prior year (2014: £182.7 million). Profit before Tax was £101. 4 million, 2.8% ahead of the prior year (2014: £98.6 million) and Profit after tax was up by 5.8% at £78.6 million (2014: £74.3 million), with the prior year having been restated for an industry-wide change in the accounting treatment of the FSCS levy. The Group effective tax rate reduced to 22.5% from 24.6% in the prior year, as the fall in the UK corporation tax rate continued to feed through. Group effective tax rate is now expected to be below 22% by 2016. Diluted earnings per share was 21.44 pence, 5.4% ahead of the prior year.

Overall, client numbers for the first half were ahead of the prior period by 2.7%, while revenue per client was up by 5.2%. Revenue in the second quarter of the year was 31% ahead of the very subdued first quarter and 26% ahead of the same period in the prior year. Client activity increased sharply in the second quarter as financial markets became more volatile and significant newsflow increased, producing more trading opportunities for clients. The majority of the revenue uplift in the second quarter came in equity indices and forex trading, which between them accounted for around 80% of the revenue increase over the first quarter.

UK

The UK segment comprised the offices in London and Dublin. Revenue in the UK was 14% ahead of the prior year at £106.8 million (2014: £93.4 million). As with Group revenue, the second quarter revenue in the UK was much stronger than the first, at £60.9 million against £45.9 million, as the large installed client base reacted rapidly and sharply to increased market volatility. Active client numbers were broadly flat on the prior year; however, once again the second quarter was strong, with client numbers 17% ahead of the first quarter and 4.6% ahead of the same quarter in the prior year. Revenue per client for the six months was up by 15%. The UK segment accounted for 54.1% of Group revenue in the period, against 51.1% in the prior year

An annual study of the UK's retail leveraged-trading industry, released towards the end of 2014, showed that IG's market share of spread bettors had fallen slightly from 41% to 40% and our share of CFD traders had fallen from 34% to 26%; IG remained the clear market leader in both categories. The study also showed a decline in the overall size of the market for these trading instruments, from 93,000 to 89,000 retail traders, although over the same period, IG's total revenue in both spread betting and CFDs in the UK increased. Drawing precise quantitative conclusions from market share results in the UK and elsewhere is increasingly difficult, given the measurement is based purely on the number of primary accounts and makes no allowance for individual client value. IG focuses on active retail traders, who generate a more significant proportion of the total industry revenue. IG continues to believe that this focus on clients who are active and profitable is the right way to align Group resources and will drive future growth.

The launch of the stockbroking offering in the UK took place in September 2014. The proposition was then strengthened in November with the launch of the collateral service, which allows clients to use their equity portfolio as margin for their leveraged trading. It is still early in the evolution of this service but initial take-up from existing and new clients is encouraging.

Australia

The Australia segment comprised the Melbourne office and revenue from New Zealand and other countries in the Asia Pacific region where IG has no physical presence. In Australia, revenue for the period was up by 6.6% to £28.7 million (2014: £27.0 million). As with the broader Group the weak first quarter was followed by a much stronger second quarter; second quarter revenue of £16.4 million was 24% ahead of the first quarter at £13.2 million. Active client numbers were down by 2% in the period, recovering to a great degree from 9% down after the first quarter. Average revenue per client was ahead of the prior period by 8.7%. The Australia segment accounted for 14.5% of Group revenue in the period, against 14.8% in the prior year.

During the year, an annual market research study concluded that IG's market share of the retail CFD industry had fallen by five percentage points to 33%, although it remains the clear industry leader. As for the UK this simple measure is based on number of primary accounts. Internal analysis suggests that any loss of share was concentrated towards the lower end of client activity and value. Encouragingly, in the same time period, the market size increased from 41,000 participants to 42,000.

Europe

The Europe segment comprised the German, French, Italian, Spanish, Dutch, Swedish, Norwegian, Luxembourg and Swiss offices. Overall, performance in Europe in the period was disappointing. Revenue was broadly flat at £40.5 million (2014: £40.2 million), with the second quarter of £22.1 million, up 20%, offsetting a very weak first quarter. Client numbers continued to increase, up 9.1%, with growth in all countries except Spain, which was marginally behind. However, average revenue per client was lower in all countries except The Netherlands. Although the smaller and less mature client base in Europe appeared to respond less markedly to the increased volatility in the second quarter, encouragingly revenue was well ahead of the first quarter in all countries. The European segment accounted for 20.5% of Group revenue in the period, against 22% in the prior year.

Rest of World

The Rest of World segment comprised the offices in Singapore, Japan and South Africa and our retail exchange, Nadex, in the USA. Revenue for the period in the Rest of World region was 2.8% behind the prior year, at £21.4 million (2014: £22.1 million). This region showed the greatest percentage uplift between the first and second quarters, up by 38%, as client trading in forex increased significantly. Singapore and Japan are particularly heavily weighted towards forex trading. The Rest of World segment accounted for 10.9% of Group revenue in the period, against 12.1% in the prior year.

Singapore revenue for the first half was behind by 9.6% at £11.0 million (2014: £12.2 million), with client numbers down by 3.2% and average revenue per client down by 6.6%. Revenue in the second quarter was 34% ahead of the first quarter and 14% ahead of the prior year. During the year, an annual market research study concluded that IG's market share of the retail CFD industry had fallen by one percentage point to 17%, with the overall market size remaining stable at 17,000, following two years of shrinkage.

In Japan, revenue was down by 11% at £5.5 million (2014: £6.2 million). As with Singapore, revenue in the second quarter was well ahead of the first quarter and ahead of the same period in the prior year, as activity in the forex market picked up. South Africa had another particularly strong six months, with revenue ahead by 29% to £3.0 million, and both client numbers and average revenue per client well ahead of last year. In the USA, revenue was ahead of the same period in the prior year by 41%, at £1.9 million. The number of active members trading on the exchange continued to rise, reaching just over 2,400 members trading in the final month of the period.

Interim consolidated income statement
for the six months ended 30 November 2014 (unaudited)

	Note	*Unaudited Six months ended 30 November 2014*	*Unaudited Six months ended 30 November 2013 (restated)*	*Year ended 31 May 2014 (restated)*
		£m	*£m*	*£m*
Trading revenue		213.9	200.8	407.9
Interest income on segregated client funds		2.6	3.0	5.8
Revenue		216.5	203.8	413.7
Interest expense on segregated client funds		(0.2)	(0.2)	(0.3)
Introducing partner commissions		(16.5)	(18.1)	(37.5)
Betting duty and financial transaction taxes		(4.5)	(1.3)	(3.8)
Other operating income	4	0.3	1.1	2.1
Net operating income		195.6	185.3	374.2
Analysed as:				
Net trading revenue	3	197.4	182.7	370.4
Other net operating (cost)/income		(1.8)	2.6	3.8
Administrative expenses		(94.3)	(86.5)	(178.8)
Operating profit	5	101.3	98.8	195.4
Finance income		0.9	0.7	1.5
Finance costs		(0.8)	(0.9)	(2.0)
Profit before taxation		101.4	98.6	194.9
Tax expense[(1)]		(22.8)	(24.3)	(47.7)
Profit for the period		78.6	74.3	147.2
Profit for the period attributable to owners of the parent		78.6	74.3	147.2
		78.6	74.3	147.2
Earnings per ordinary share (restated)				
- basic	6	21.53p	20.39p	40.35p
- diluted	6	21.44p	20.35p	40.22p

[(1)] Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 May 2015 is 22.5%.

The interpretation IFRIC 21 'Levies' was effective during the year, and provides guidance on accounting for liabilities in respect of government imposed levies. This has resulted in a change in the timing of recognition of the UK Financial Services Compensation Scheme levy, and prior period comparatives have been restated to reflect the change. Further information is provided in note 19.

Interim consolidated statement of comprehensive income
for the six months ended 30 November 2014 (unaudited)

	Unaudited Six months ended 30 November 2014		*Unaudited Six months ended 30 November 2013 (restated)*		*Year ended 31 May 2014 (restated)*	
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Profit for the period		78.6		74.3		147.2
Other comprehensive income/(expense):						
Items that may be subsequently reclassified to profit or loss:						
Change in value of available-for-sale financial assets	0.4		-		0.1	
Foreign currency translation gains/(losses) on overseas subsidiaries	1.1		(4.7)		(6.5)	
Other comprehensive income/(expense) for the period, net of tax		1.5		(4.7)		(6.4)
Total comprehensive income for the period		80.1		69.6		140.8
Total comprehensive income attributable to owners of the parent		80.1		69.6		140.8
		80.1		69.6		140.8

Interim consolidated statement of financial position
at 30 November 2014 (unaudited)

	Note	*Unaudited 30 November 2014* £m	*Unaudited 30 November 2013 (restated)* £m	*31 May 2014 (restated)* £m
Assets				
Non-current assets				
Property, plant and equipment		13.8	12.9	13.0
Intangible assets	8	124.1	119.5	122.7
Financial investments	12	58.6	-	32.2
Deferred tax assets		7.0	6.3	7.1
		203.5	138.7	175.0
Current assets				
Trade receivables	9	226.6	324.7	327.5
Prepayments and other receivables		9.6	10.8	12.2
Cash and cash equivalents	10	149.6	75.5	101.5
Financial investments	12	50.4	82.7	50.3
		436.2	493.7	491.5
TOTAL ASSETS		639.7	632.4	666.5
Liabilities				
Current liabilities				
Trade payables		11.0	29.6	21.9
Other payables		43.2	45.9	58.4
Borrowings	14	-	25.0	-
Income tax payable		18.6	18.8	20.3
		72.8	119.3	100.6
Non-current liabilities				
Redeemable preference shares		-	-	-
Total liabilities		72.8	119.3	100.6
Equity attributable to owners of the parent				
Share capital	16	-	-	-
Share premium		206.8	206.8	206.8
Other reserves		89.7	84.5	85.4
Retained earnings		270.4	221.8	273.7
Shareholders' equity		566.9	513.1	565.9
Total equity		566.9	513.1	565.9
TOTAL EQUITY AND LIABILITIES		639.7	632.4	666.5

Tim Howkins, Director

Christopher Hill, Director

Interim consolidated statement of changes in shareholders' equity
for the six months ended 30 November 2014 (unaudited)

	Share capital £m Note 16	Share premium account £m	Other reserves £m	Retained earnings £m	Shareholders' equity £m	Non-controlling interests £m	Total equity £m
At 1 June 2013 (restated)	-	206.8	85.0	211.3	503.1	-	503.1
Profit for the period	-	-	-	74.3	74.3	-	74.3
Other comprehensive expense for the period	-	-	(4.7)	-	(4.7)	-	(4.7)
Total comprehensive (expense) / income for the period	-	-	(4.7)	74.3	69.6	-	69.6
Equity-settled employee share-based payments	-	-	3.9	-	3.9	-	3.9
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	0.3	-	0.3	-	0.3
Equity dividends paid	-	-	-	(63.8)	(63.8)	-	(63.8)
Movement in shareholders' equity	-	-	(0.5)	10.5	10.0	-	10.0
At 30 November 2013 (restated)	-	206.8	84.5	221.8	513.1	-	513.1
Profit for the period	-	-	-	72.8	72.8	-	72.8
Other comprehensive (expense) / income for the period	-	-	(1.8)	0.1	(1.7)	-	(1.7)
Total comprehensive (expense) / income for the period	-	-	(1.8)	72.9	71.1	-	71.1
Equity-settled employee share-based payments	-	-	2.7	-	2.7	-	2.7
Equity dividends paid	-	-	-	(21.0)	(21.0)	-	(21.0)
Movement in shareholders' equity	-	-	0.9	51.9	52.8	-	52.8
At 31 May 2014 (restated)	-	206.8	85.4	273.7	565.9	-	565.9
Profit for the period	-	-	-	78.6	78.6	-	78.6
Other comprehensive income for the period	-	-	1.5	-	1.5	-	1.5
Total comprehensive income for the period	-	-	1.5	78.6	80.1	-	80.1
Equity-settled employee share-based payments	-	-	3.1	-	3.1	-	3.1
Purchase of own shares	-	-	(0.3)	-	(0.3)	-	(0.3)
Equity dividends paid	-	-	-	(81.9)	(81.9)	-	(81.9)
Movement in shareholders' equity	-	-	4.3	(3.3)	1.0	-	1.0
At 30 November 2014	-	206.8	89.7	270.4	566.9	-	566.9

Interim consolidated cash flow statement

for the six months ended 30 November 2014 (unaudited)

	Note	*Unaudited* *Six months ended 30 November 2014*	*Unaudited* *Six months 30 November 2013 (restated)*	*Year ended 31 May 2014 (restated)*
		£m	*£m*	*£m*
Cash generated from operations	13	182.3	76.7	176.5
Income taxes paid		(23.5)	(24.6)	(47.8)
Interest received on segregated client funds		3.1	3.1	6.0
Interest paid on segregated client funds		(0.2)	(0.1)	(0.3)
Net cash flow from operating activities		161.7	55.1	134.4
Investing activities				
Interest received		1.0	0.6	1.4
Purchase of property, plant and equipment		(3.3)	(1.0)	(3.4)
Payments to acquire intangible fixed assets		(3.4)	(1.8)	(8.1)
Proceeds from maturity of financial investments	12	24.9	25.8	59.4
Purchase of financial investments	12	(51.0)	(58.0)	(91.3)
Net cash flow used in investing activities		(31.8)	(34.4)	(42.0)
Financing activities				
Interest paid		(0.9)	(0.9)	(2.0)
Equity dividends paid to owners of the parent	7	(81.9)	(63.8)	(84.8)
Proceeds from draw down of committed banking facility	14	-	50.0	80.0
Repayment of committed banking facility	14	-	(25.0)	(80.0)
Purchase of own shares		(0.3)	-	-
Net cash flow used in financing activities		(83.1)	(39.7)	(86.8)
Net increase /(decrease) in cash and cash equivalents		46.8	(19.0)	5.6
Cash and cash equivalents at the beginning of the period		101.5	98.3	98.3
Exchange gains/(losses) on cash and cash equivalents		1.3	(3.8)	(2.4)
Cash and cash equivalents at the end of the period	10	149.6	75.5	101.5

For the purposes of the cash flow statement cash and cash equivalents is stated gross of the drawdown of the committed banking facility (30 November 2014: £nil; 30 November 2013: £25.0 million and 31 May 2014: £nil). Please refer to note 14.

The interpretation IFRIC 21 ‘Levies’ was effective during the year, and provides guidance on accounting for liabilities in respect of government imposed levies. This has resulted in a change in the timing of recognition of the UK Financial Services Compensation Scheme levy, and prior period comparatives have been restated to reflect the change. The adoption of IFRIC 21 has not materially changed the previously reported cash flow statements. Please refer to note 19(d) for details of the specific cash flow statement lines impacted by IFRIC 21.

Notes to the interim condensed consolidated financial statements
At 30 November 2014 (unaudited)

1. General information

IG Group Holdings plc and its subsidiaries provide online trading services, access to various financial markets, including shares, indices, forex, commodities and binaries.

The interim condensed consolidated financial statements of IG Group Holdings plc and its subsidiaries for the six months ended 30 November 2014 were authorised for issue by the Board of Directors on 20 January 2015. 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 2014, 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 2014 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 2014 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct 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 million 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 2014 which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

In presenting the amounts used in these interim financial statements the level of rounding has been changed from thousands, which were used in the comparative periods, to millions. In accordance with the requirements of IAS 8, this level of rounding does not omit material information.

Critical accounting estimates and judgements

The preparation of these interim consolidated financial statements requires the Group to make estimates and judgements that impact the reported amounts of assets and liabilities as at the interim reporting date and the amounts reported for revenues and expenses during the period. The nature of estimates means that actual outcomes could differ from those estimates. 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 2014.

In the Directors' opinion, the accounting estimates or judgements that have the most significant impact on the measurement of items recorded in the financial statements remain the following:

(a) 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 that have arisen to date.

(b) The judgments in relation to the assessment of goodwill for impairment largely relate to the assumptions underlying the calculation of the value-in-use of the US cash generating unit (CGU). However, in accordance with the interim financial period accounting standard a formal impairment review is required only where an indication that an 'impairment trigger' exists. The Directors consider that such an 'impairment trigger' has not occurred in the six month period ended 30 November 2014. Please refer to note 8 for details.

The measurement of the Group's net trading revenue is predominantly based on quoted market prices and accordingly involves little judgement. However, the calculation of the segmental net trading revenue, as the Group manages risk and hedges on a group-wide portfolio basis, involves the use of an allocation methodology. This allocation methodology does not impact on the overall Group net trading revenue disclosed.

2. Basis of preparation and accounting policies *(continued)*

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 2014 except as described below:

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- The measurement and disclosure requirements of IFRS 13 'Fair value measurement' are applicable for the year ending 31 May 2015. The Group has therefore included the disclosures required by IAS 34 para 16A(j), see note 18.
- The amended presentation requirements relating to the statement of other comprehensive income in IAS 1 'Presentation of financial statements' are applicable for the year ending 31 May 2015 and have therefore been adopted.
- IFRIC 21 "Levies" has been retrospectively adopted, as set out in the following section.

New accounting standards and interpretations

Effective from 1 January 2014, the Group adopted the following interpretation and amendments to standards:

IFRIC 21 'Levies'

The adoption of IFRIC 21 impacts the accounting for the Financial Services Compensation Scheme (FSCS) levy for the year commencing 1 June 2014. FSCS levies are raised in respect of the financial year of the FSCS which runs from 1 April to the following 31 March. The levy is payable in its entirety if the Group is in operation under its Financial Conduct Authority (FCA) license on 1 April, being the obligating event, and is levied relating to revenues of the Group's prior year. IFRIC21 requires the levy to be recognised in full in the income statement on 1 April each year. The existence of relevant activity in the previous period is necessary, but not sufficient, to create a present obligation, neither does the future operation of the business after 1 April result in the charge being spread over the FSCS financial year, this being the previous accounting treatment adopted by the Group. Therefore, for each financial year presented the levy has been expensed to the income statement in full on 1 April with no charge in the first half of the year. Prior year comparatives have been restated under the IFRIC with an equity reserves adjustment recognised for the FSCS levy as at 1 April 2013. Full detail of the restatement is provided in note 19.

Additional recently adopted accounting pronouncements

In addition to IFRIC 21, the following amendments to standards have also been implemented but have not had a material effect on the Group's results:

- Amendment to IAS 32 "Financial Instruments: Presentation" on offsetting financial assets and financial liabilities (effective 1 January 2014)
- Amendments to IFRS 10 "Consolidated financial statements" (effective 1 January 2014)
- Amendments to IAS 36 "Impairment of assets" (effective 1 January 2014)
- Amendments to IAS 39 "Financial Instruments: Recognition and measurement" on novation of derivatives and hedge accounting (effective 1 January 2014)
- Amendment to IAS 19 "Employee Benefits" (effective 1 July 2014)
- Annual improvements 2012 (effective 1 July 2014)
- Annual improvements 2013 (effective 1 July 2014)
- Amendments to IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. (effective 1 January 2014)

2. Basis of preparation and accounting policies *(continued)*

Comparatives

Comparative figures have been adjusted, where necessary, to conform with changes in presentation or where additional analysis has been provided in the current period. Comparative periods have been restated to reflect the impact of the adoption of IFRIC 21 'Levies'. See note 19 for additional information.

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 is presented as follows:

- Segment net trading revenue has been disclosed net of introducing partner commissions as this is consistent with the management information received by the Chief Operating Decision Maker (CODM) who are the Executive Directors;
- Net trading revenue is reported by the location of the office that manages the underlying client relationship and aggregated into the disclosable segments of UK, Australia, Europe and 'Rest of World'. The 'Rest of World' segment comprises the Group's operations in each of Japan, South Africa, Singapore and the United States;
- The 'UK' segment comprises the Group's operations in each of UK and Ireland;
- The 'Europe' segment comprises the Group's operations in each of France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden and Switzerland; 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, Contracts for Difference (CFDs), binary options and execution only stockbroking. The Australian and European segments derive their revenue from CFDs 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 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 allocation 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 a number of cost allocation assumptions and segment net trading revenue.

The Group envisages that the reportable segments may change as overseas businesses move towards operational maturity, breaking through the quantitative thresholds of IFRS 8. The segments are therefore subject to annual review and the comparatives restated to reflect any reclassifications within the segmental reporting.

Notes to the interim condensed consolidated financial statements
At 30 November 2014 (unaudited)

3. Segment information (continued)

Six months ended 30 November 2014 (unaudited)	*UK*	*Australia*	*Europe*	*Rest of World*	*Central*	*Total*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Segment net trading revenue	106.8	28.7	40.5	21.4	-	197.4
Interest income on segregated client funds	-	-	-	-	2.6	2.6
Revenue from external customers	106.8	28.7	40.5	21.4	2.6	200.0
Interest expense on segregated client funds	-	-	-	-	(0.2)	(0.2)
Other operating income	-	-	-	-	0.3	0.3
Betting duty and financial transaction taxes	(4.3)	-	(0.2)	-	-	(4.5)
Net operating income	102.5	28.7	40.3	21.4	2.7	195.6
Segment contribution	88.9	25.5	24.4	11.5	(44.1)	106.2
Allocation of central costs	(22.3)	(6.6)	(10.2)	(5.0)	44.1	-
Depreciation and amortisation	(2.5)	(0.6)	(1.1)	(0.7)	-	(4.9)
Operating profit	64.1	18.3	13.1	5.8	-	101.3
Net finance revenue						0.1
Profit before taxation						101.4

Six months ended 30 November 2013 (unaudited) (restated)	*UK*	*Australia*	*Europe*	*Rest of World*	*Central*	*Total*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Segment net trading revenue	93.4	27.0	40.2	22.1	-	182.7
Interest income on segregated client funds	-	-	-	-	3.0	3.0
Revenue from external customers	93.4	27.0	40.2	22.1	3.0	185.7
Interest expense on segregated client funds	-	-	-	-	(0.2)	(0.2)
Other operating income	-	-	-	-	1.1	1.1
Betting duty and financial transaction taxes	(1.2)	-	(0.1)	-	-	(1.3)
Net operating income	92.2	27.0	40.1	22.1	3.9	185.3
Segment contribution	77.6	23.0	27.2	13.1	(37.0)	103.9
Allocation of central costs	(16.6)	(6.4)	(8.9)	(5.1)	37.0	-
Depreciation and amortisation	(2.6)	(0.7)	(1.1)	(0.7)	-	(5.1)
Operating profit	58.4	15.9	17.2	7.3	-	98.8
Net finance revenue						(0.2)
Profit before taxation						98.6

3. Segment information (continued)

Year ended 31 May 2014 (restated)	*UK*	*Australia*	*Europe*	*Rest of World*	*Central*	*Total*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Segment net trading revenue	192.7	52.2	82.1	43.4	-	370.4
Interest income on segregated client funds	-	-	-	-	5.8	5.8
Revenue from external customers	192.7	52.1	82.1	43.5	5.8	376.2
Interest expense on segregated client funds	-	-	-	-	(0.3)	(0.3)
Other operating income	-	-	-	-	2.1	2.1
Betting duty and financial transaction taxes	(3.5)	-	(0.3)	-	-	(3.8)
Net operating income	189.2	52.1	81.8	43.5	7.6	374.2
Segment contribution	160.5	43.7	51.6	25.2	(75.9)	205.1
Allocation of central costs	(37.9)	(11.1)	(17.6)	(9.3)	75.9	-
Depreciation and amortisation	(4.9)	(1.3)	(2.1)	(1.4)	-	(9.7)
Operating profit	117.7	31.3	31.9	14.5	-	195.4
Net finance income						(0.5)
Profit before taxation						194.9

Net trading revenue represents the trading revenue from financial instruments carried at fair value through profit and loss and has been disclosed net of introducing partner 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 2014	*Unaudited Six months ended 30 November 2013*	*Year ended 31 May 2014*
	£m	*£m*	*£m*
Net trading revenue			
Contracts for Difference	104.7	108.5	210.8
Spread Betting	75.2	63.5	132.8
Binaries	17.5	10.7	26.8
Stockbroking commission[1]	-	-	-
Total net trading revenue	197.4	182.7	370.4
Interest income on segregated client funds	2.6	3.0	5.8
Revenue from external customers	200.0	185.7	376.2

[1] The Group commenced the offering of an execution only stockbroking service in the UK and Ireland on 12 September 2014 with the first month of trading being offered as commission free.

4. Other operating income

	Unaudited Six months ended 30 November 2014	*Unaudited Six months ended 30 November 2013*	*Year ended 31 May 2014*
	£m	*£m*	*£m*
Revenue share arrangement[1]	-	0.7	1.4
Administrative charges to clients	0.3	0.4	0.7
Other operating income	0.3	1.1	2.1

[1] The Group received income under a revenue-share agreement with Spreadex Limited in relation to the client list of the former Sport business, calculated by reference to the revenue that Spreadex Limited generated from clients on the list. The arrangement ended on 23 June 2014.

5. Operating profit

	Unaudited Six months ended 30 November 2014	*Unaudited Six months ended 30 November 2013*	*Year ended 31 May 2014*
	£m	*£m*	*£m*
This is stated after charging/(crediting) the following:			
Remuneration:			
Fixed			
- Wages and salaries	35.4	31.2	65.0
Variable			
- Performance-related bonuses	8.7	9.5	17.2
- Equity-settled share-based-payment schemes	3.4	3.8	7.1
Depreciation of property, plant and equipment	2.5	2.4	4.7
Amortisation of intangible assets	2.4	2.7	5.0
Advertising and marketing	17.5	15.4	31.7
Operating lease rentals for land and buildings	2.5	2.1	4.4
Foreign exchange losses / (gains)[1]	0.1	(0.2)	(0.4)
Legal and professional costs	2.4	2.1	4.3
Net charge of impaired trade receivables	0.4	1.2	1.6

[1] All of the above, except foreign exchange differences are included in administrative expenses within the income statement. Foreign exchange gains and losses are, along with the associated hedging losses and gains, included in revenue.

6. Earnings per ordinary share (restated)

Basic earnings per ordinary 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 and held as own shares in Employee Benefit Trusts. Diluted earnings per ordinary share is calculated using the same profit figure as that used in basic earnings per ordinary share and by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares arising from share schemes.

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

	Unaudited Six months ended 30 November 2014 £m	*Unaudited Six months ended 30 November 2013 £m*	*Year ended 31 May 2014 £m*
Profit for the period (as previously reported)			
Earnings attributable to equity shareholders of the parent (as previously reported)	N/A	71.7	147.0

	Unaudited Six months ended 30 November 2014 £m	*Unaudited Six months ended 30 November 2013 £m*	*Year ended 31 May 2014 £m*
Profit for the period (restated):			
Earnings attributable to equity shareholders of the parent	78.6	74.3	147.2

	Number	Number	Number
Weighted average number of ordinary shares			
Basic	365,163,764	364,455,249	364,710,756
Dilutive effect of share-based payments	1,429,088	735,073	1,213,527
Diluted	366,592,852	365,190,322	365,924,283

	Unaudited Six months ended 30 November 2014	*Unaudited Six months ended 30 November 2013*	*Year ended 31 May 2014*
Basic earnings per ordinary share (as previously reported)	N/A	19.67p	40.32p
Diluted earnings per ordinary share (as previously reported)	N/A	19.63p	40.18p
Basic earnings per ordinary share (restated)	21.53p	20.39p	40.35p
Diluted earnings per ordinary share (restated)	21.44p	20.35p	40.22p

The interpretation IFRIC 21 ‘Levies’ was effective during the year, and provides guidance on accounting for liabilities in respect of government imposed levies. This has resulted in a change in the timing of recognition of the UK FSCS levy, and prior period comparatives have been restated to reflect the change. Further information is provided in note 19.

7. Dividends paid and proposed

	Unaudited Six months ended 30 November 2014	*Unaudited Six months ended 30 November 2013*	*Year ended 31 May 2014*
	£m	*£m*	*£m*
Amounts recognised as distributions to equity holders in the period:			
Interim dividend of 5.75p for 2014 (2013: 5.75p)	-	-	21.0
Final dividend of 22.40p for 2014 (2013: 17.50p)	81.9	63.8	63.8
	81.9	63.8	84.8
Proposed but not recognised as distributions to equity holders in the period:			
Interim dividend of 8.45p for 2015 (2014: 5.75p)	30.9	21.0	-
Final dividend of 22.40p for 2014 (2013: 17.50p)	-	-	81.9
	30.9	21.0	81.9

As communicated in the Annual Report and Accounts for the year ended 31 May 2014, the Board has increased the ordinary dividend payout ratio to approximately 70% of Group earnings, whilst retaining a progressive dividend policy. Simultaneously the Board adopted a new policy of paying the interim dividend each year, calculated at approximately 30% of the prior year's full-year dividend.

The Board will continue to monitor the capital structure of the business closely to allow sufficient headroom for the planned investment in growth initiatives, whilst retaining the ability to respond to any changes in the regulatory or financial environment.

The proposed interim dividend for 2015 of 8.45p per share amounting to £30.9 million was approved by the Board on 20 January 2015 and has not been included as a liability at 30 November 2014. This dividend will be paid on 27 February 2015 to those members on the register at the close of business on 30 January 2015.

8. Intangible assets

	Goodwill	*Trade & domain names*	*Development costs*	*Software and licences*	*Total*
	£m	*£m*	*£m*	*£m*	*£m*
Net book value – 30 November 2013	107.2	3.8	5.7	2.8	119.5
Net book value – 31 May 2014	106.7	5.3	8.4	2.3	122.7
Net book value – 30 November 2014	107.0	6.5	8.9	1.7	124.1

In accordance with the interim financial period accounting standard a formal impairment review is required only where an indication that an 'impairment trigger' exists. The Directors consider that such an 'impairment trigger' has not occurred in the six month period ended 30 November 2014.

Trade and domain names include additions in the period of £1.5 million in relation to the purchase of an industry specific generic top-level domain (gTLD).

Development costs include additions in the period of £1.5 million, in relation to internally generated intangible assets to further enhance the Group's own proprietary software.

9. Trade receivables

	Unaudited 30 November 2014	*Unaudited 30 November 2013*	*31 May 2014*
	£m	*£m*	*£m*
Amounts due from brokers[1]	196.5	305.1	303.9
Other amounts due to the Group[2]	27.7	17.9	21.3
Amounts due from clients[3]	2.4	1.7	2.3
	226.6	324.7	327.5

[1] 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. At 30 November 2014 the actual broker margin requirement was £188.3 million (31 May 2014: £285.1million) with the balance being excess cash margin held at brokers.

[2] Other amounts due to the Group include balances that will be transferred to the Group's own cash from segregated client funds on the following working day in accordance with the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates. This also includes amounts due from banking counterparties or held within segregated client funds in relation to monies transferred by clients to the Group that remain unsettled at the period-end. The Group is required to segregate these client funds at the point of client funding and not at cash settlement.

[3] Amounts due from clients arise when a client's total funds deposited with the Group are insufficient to cover any trading losses incurred and are stated net of an allowance for impairment.

10. Cash and cash equivalents

	Unaudited 30 November 2014	*Unaudited 30 November 2013*	*31 May 2014*
	£m	*£m*	*£m*
Gross cash and cash equivalents[1]	953.4	926.2	959.9
Less: segregated client funds[2]	(803.8)	(850.7)	(858.4)
Cash and cash equivalents[3]	149.6	75.5	101.5

[1] Gross cash and cash equivalents includes each of the Group's own cash, proceeds from the drawdown of the committed banking facility, as well as all client monies held.

[2] Segregated client funds comprise individual client funds held in segregated client money accounts or money market facilities established under the UK's Financial Conduct Authority (FCA) '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]Cash and cash equivalents includes both title transfer funds 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, and client monies deposited with the Group's Swiss banking subsidiary, IG Bank SA.

Notes to the interim condensed consolidated financial statements
At 30 November 2014 (unaudited)

11. Client funds and assets

	Unaudited 30 November 2014 £m	*Unaudited 30 November 2013 £m*	*31 May 2014 £m*
Segregated client funds(1)	803.8	850.7	858.4
Segregated client assets(2)	14.2	-	-
Total segregated client funds and assets	818.0	850.7	858.4

(1) Segregated client funds comprise individual client funds held in segregated client money accounts or money market facilities established under the UK's Financial Conduct Authority (FCA) '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.

(2) The Group commenced the offering of an execution only stockbroking service in the UK and Ireland on 12 September 2014. As a result the Group is required to segregate the clients' equity positions under the Financial Conduct Authority's 'CASS' rules.

The Group's Swiss banking subsidiary, IG Bank SA, is also required to protect customer deposits under the FINMA Privileged Deposit Scheme. At 30 November 2014 IG Bank SA was required to hold £0.3 million in satisfaction of this requirement.

Notes to the interim condensed consolidated financial statements
At 30 November 2014 (unaudited)

12. Financial investments

	Unaudited Six months ended 30 November 2014	*Unaudited Six months ended 30 November 2013 (restated)*	*Year ended 31 May 2014 (restated)*
UK Government securities:	*£m*	*£m*	*£m*
Balance at the beginning of the period/ year	82.5	50.5	50.5
Purchase of securities	51.0	58.0	91.3
Maturity of securities and coupon receipts	(24.9)	(25.8)	(59.4)
Net gains transferred to equity	0.4	-	0.1
Balance at the end of the period/year(1)	109.0	82.7	82.5
Less non-current portion	(58.6)	-	(32.2)
Current portion	50.4	82.7	50.3

(1) The balance is made up as follows:

	Unaudited Six months ended 30 November 2014	*Unaudited Six months ended 30 November 2013*	*Year ended 31 May 2014*
	£m	*£m*	*£m*
Liquid asset buffer(2)	83.3	82.7	82.5
Collateral at broker(3)	25.7	-	-

(2) The UK Government securities are held by the Group in satisfaction of the FCA requirements to hold a “liquid asset buffer” against potential liquidity stress under BIPRU 12.

(3) During the six months to 30 November 2014 the Group purchased £25.7m of UK Government Gilt which is held at brokers as collateral to hedge client market exposures in accordance with the Group’s market risk management policy.

The effective interest rates of securities held at the period range from 0.41% to 1.01%

Financial investments are shown as current assets when they have a maturity less than one year and are held as ‘available-for-sale’. The fair value of securities held is based on closing market prices at the period-end as published by the UK Debt Management Office.

13. Cash generated from operations

Operating activities	*Unaudited Six months ended 30 November 2014 £m*	*Unaudited Six months ended 30 November 2013 (restated) £m*	*Year ended 31 May 2014 (restated) £m*
Operating profit	101.3	98.8	195.4
Adjustments to reconcile operating profit to net cash generated from operating activities:			
Net interest income on segregated client funds	(2.4)	(2.8)	(5.5)
Depreciation of property, plant and equipment	2.5	2.4	4.7
Amortisation of intangible assets	2.4	2.7	5.0
Non-cash foreign exchange losses	-	1.9	8.6
Equity-settled employee share-based payments	3.1	3.6	6.6
Decrease / (increase) in trade and other receivables	104.9	(29.0)	(40.9)
(Decrease) / increase in trade and other payables	(29.5)	(1.1)	2.6
Other non-cash items	-	0.2	-
Cash generated from operations	182.3	76.7	176.5

For further explanation of the Group's liquidity and generation of 'own funds' in the period please refer to note 15.

14. Borrowings

	Unaudited Six months ended 30 November 2014 £m	*Unaudited Six months ended 30 November 2013 £m*	*Year ended 31 May 2014 £m*
Current			
Draw down of committed banking facility	-	25.0	-
	-	25.0	-

15. Liquidity

The Group manages liquidity risk on a Group-wide basis as disclosed in note 18 of the 31 May 2014 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 2014.

In order to mitigate liquidity risks, the Group regularly stress tests its three-year liquidity forecast to validate the appropriate level of committed unsecured bank facilities held. On 15 July 2014 the Group completed the renewal negotiations of the liquidity facility with a syndicate of three banks. In doing so, the Group has maintained the size of the overall facility at £200.0 million. Of the total committed banking facility, £120.0 million is available for a period of one year and £80.0 million is available for three years respectively from the facility signing date. There we no drawings in the six months period ended 30 November 2014.

Additionally the Group's Japanese business, IG Securities Limited, has a ¥300.0 million liquidity facility as at 30 November 2014 (31 May 2014 and 30 November 2013: ¥300.0 million).

15. Liquidity *(continued)*

a) Liquid assets and own funds

'Liquid assets' and 'own funds' are the key measures the Group uses to monitor the overall level of liquidity available to the Group. The derivation of both liquid assets and own funds are shown in the following table:

	Note	*Unaudited 30 November 2014* £m	*Unaudited 30 November 2013* £m	*31 May 2014* £m
Cash and cash equivalents[1]	10	149.6	75.5	101.5
Amounts due from brokers[2]	9	196.5	305.1	303.9
Financial investments - held at brokers[3]	12	25.7	-	-
Financial investments - liquid assets buffer[4]	12	83.3	82.7	82.5
Other amounts due to the Group[5]		27.7	11.6	20.4
Liquid assets		482.8	474.9	508.3
Less:				
Drawn down of committed banking facility		-	(25.0)	-
Client funds held on balance sheet[6]		(11.9)	(23.4)	(21.0)
Own funds		470.9	426.5	487.3

The following notes have been provided in order to further explain the derivation of liquid assets and own funds. The generation of own funds from operations is disclosed in note 15(d).

(1) Cash and cash equivalents represent cash held on demand with financial institutions (please refer to note 10) and is as at 30 November 2013 stated gross of amounts drawn under the Groups committed banking facility.

(2) 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. These positions are held to hedge client market exposures in accordance with the Group's market risk management policy.

(3) During the six months to 30 November 2014 the Group purchased £25.7m of UK Government Gilt which is held at brokers as collateral to hedge client market exposures in accordance with the Group's market risk management policy.

(4) UK Government Treasury Bills and Gilts held in accordance with the BIPRU 12 liquidity standards and the Group's regulatory oversight by the FCA. This is the Group's 'liquid assets buffer'.

(5) Other amounts due to the Group include balances that will be transferred to the Group's own cash from segregated client funds on the following working day in accordance with the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates. This also includes amounts due from banking counterparties or held within segregated client funds in relation to monies transferred by clients to the Group that remain unsettled at the reporting date. The Group is required to segregate these client funds at the point of client funding and not at cash settlement.

(6) Client funds held on balance sheet include both Title Transfer funds and client monies deposited with the Group's Swiss banking subsidiary. These are recognised on the Group's statement of financial position with an associated payable to clients.

15 Liquidity *(continued)*

b) The Group's liquidity requirements

The Group requires liquidity for each of: the full segregation of client monies; the funding of regulatory and working capital in overseas businesses; the funding of margin requirements at brokers to hedge the underlying client positions under both normal and stressed conditions; the funding of a liquid asset buffer; and amounts associated with general working capital.

The available liquid assets measure excludes cash amounts tied up in both the requirement to segregate client funds and in regulatory and working capital of overseas businesses, as they are not considered to be available for the purposes of central market and liquidity risk management.

These requirements are analysed in the following table:

	Unaudited 30 November 2014	*Unaudited 30 November 2013*	*31 May 2014*
	£m	*£m*	*£m*
Liquid assets	482.8	474.9	508.3
Less amounts required to ensure appropriate client money segregation	(27.7)	(11.6)	(20.4)
Less amounts required for regulatory and working capital of overseas businesses[1]	(42.8)	(29.6)	(28.8)
Available liquid assets	412.3	433.7	459.1
Less broker margin requirement[2]	(188.3)	(273.4)	(285.1)
Net available liquidity	224.0	160.3	174.0
Of which is:			
Held as a liquid assets buffer[3]	83.3	82.7	82.5
Draw down of committed banking facility	-	25.0	-

The following notes have been provided in order to further explain the derivation of available liquid assets and net available liquidity**:**

[1] In the period ended 30 November 2014 the Group made a regulatory capital injection into its Swiss banking subsidiary. The Group's regulated subsidiaries in Australia, Switzerland, Singapore, Japan, South Africa and the USA all have minimum cash holding requirements associated with their respective regulatory capital requirements. Additionally the Group's regulated business or subsidiaries in Australia, Singapore, Japan, South Africa and the USA are required to segregate individual client funds in segregated client money bank accounts. This daily segregation requirement occurs prior to the release of funds from the UK (note: market risk management is performed centrally for the Group in the UK) in relation to the associated hedging positions held at external brokers. Accordingly cash balances are held in each of the overseas businesses in order to ensure client money segregation obligations are met. These regulatory or working capital cash balances are not available to the Group for the purposes of market risk management.

[2] Positions are held with external brokers in order to hedge client market risk exposures in accordance with the Group's market risk management policies.

[3]The liquid assets buffer is not available to the Group in the ordinary course of business, however utilisation is allowed in times of liquidity stress and therefore it is considered as available for the purposes of overall liquidity planning.

Notes to the interim condensed consolidated financial statements

At 30 November 2014 (unaudited)

15. Liquidity *(continued)*

c) Liquidity management and liquidity risk

A number of measures are used by the Group for managing liquidity risk, one of which is the level of total available liquidity. For this purpose total liquid resources are calculated as set out in the following table inclusive of undrawn committed facility.

	Unaudited 30 November 2014	*Unaudited 30 November 2013*	*31 May 2014*
	£m	*£m*	*£m*
Liquid assets	482.8	474.9	508.3
Undrawn committed banking facility(1)	200.0	175.0	200.0
Total available liquidity (including facility)(2)	682.8	649.9	708.3

(1) Draw down of the committed banking facility is capped at 80% of the actual broker margin requirement on the draw down date. The maximum available draw down was £150.6 million at 30 November 2014 (30 November 2013: £175 million and 31 May 2014: £200.0 million) based on the broker margin requirements on those dates, of which £nil was drawn down as at 30 November 2014 (30 November 2013: £25.0 million and 31 May 2014: £nil).

(2) Stated inclusive of the liquid assets buffer of £83.3 million (30 November 2013: £82.7 and 31 May 2014: £82.5 million) that is held by the Group in satisfaction of the FCA requirements to hold a "liquid asset buffer" against potential liquidity stress under BIPRU 12. Utilisation of the liquid assets buffer is allowed in times of liquidity stress and therefore it is considered as available for the purposes of overall liquidity planning.

The Group's total available liquidity enables the funding of large broker margin requirements when required – the level of available liquid assets that can be utilised for market risk management at 30 November 2014 should be considered in light of the intra-period high broker margin requirement of £293.7 million (£290.3 million during year ended 31 May 2014), the requirement to hold a liquid assets buffer, the continued growth of the business (both for client trading and geographic expansion), the Group's commitment to segregation of individual clients money as well as the Group's stated dividend policy.

15 Liquidity *(continued)*

d) Own funds generated from operations

The following 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 and the liquid asset buffer have been included within 'own funds' in order to provide a clear presentation of the Group's available cash resources. The derivation of own funds is explained in note 15(a), and is stated net of amounts drawn on the Group's committed banking facility.

	Unaudited 30 November 2014	*Unaudited 30 November 2013 (restated)*	*31 May 2014 (restated)*
	£m	*£m*	*£m*
Operating activities			
Profit before tax	101.4	98.6	194.9
Depreciation and amortisation	4.9	5.1	9.7
Other non-cash adjustments	4.6	-	3.8
Income taxes paid	(23.5)	(24.6)	(47.8)
Own funds generated from operations	87.4	79.1	160.6
Movement in working capital	(16.8)	(11.3)	(3.3)
(Outflow)/ inflow from investing and financing activities:			
- Dividends paid	(81.9)	(63.8)	(84.8)
- Capital expenditure	(6.7)	(2.8)	(11.5)
- Other	0.3	(0.2)	(0.6)
(Decrease)/increase in own funds	(17.7)	1.0	60.4
Own funds at start of period	487.3	429.3	429.3
Exchange gains/(losses) on own funds	1.3	(3.8)	(2.4)
Own funds at end of period	470.9	426.5	487.3

16. Share capital

	Unaudited 30 November 2014	*Unaudited 30 November 2013*	*31 May 2014*
	Number	*Number*	*Number*
Allotted, called up and fully paid :			
(i) ordinary shares (0.005p nominal value)			
At beginning of period	365,754,631	364,894,924	364,894,924
Issued during period	403,145	841,444	859,707
At end of period	366,157,776	365,736,368	365,754,631
(ii) B shares (0.001p nominal value)			
At beginning and end of period	65,000	65,000	65,000

In the six months ended 30 November 2014, 403,145 ordinary shares (30 November 2013: 841,444) with an aggregate nominal value of £20 (30 November 2013: £42) were issued following the exercise of Share Plan awards for a consideration of £20 (30 November 2013: £42).

17. Related party transactions

The Group had no transactions with Directors other than those disclosed below.

The Directors and other members of management classified as 'persons discharging management responsibility' in accordance with the Financial Services and Markets Act are considered to be the key management personnel of the Group in accordance with IAS 24. The total compensation for key management personnel together with their connected parties was as follows:

	Unaudited Six months ended 30 November 2014	*Unaudited Six months ended 30 November 2013*	*Year ended 31 May 2014*
	£m	*£m*	*£m*
Short-term employee benefits	1.7	0.6	2.7
Post-employment benefits	0.2	0.1	0.3
Share-based payments	1.7	3.1	4.0
	3.6	3.8	7.0

18. Financial risk management and Financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, equity market risk, interest rate risk and price risk), credit risk and liquidity risk. Liquidity risk is discussed further in note 15 of these financial statements. The Group's activities also exposes the Group to operational risk which is discussed under the Principal risks and uncertainties, section below.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 May 2014. There has not been a significant change in the Group's financial risk management processes or policies since the year end.

Financial instrument valuation hierarchy

The hierarchy of the Group's financial instruments carried at fair value is as follows:

Group	*Level 1*[(1)]	*Level 2*[(2)]	*Level 3*[(3)]	*Total fair value*
As at 30 November 2014 (Unaudited)	*£m*	*£m*	*£m*	*£m*
Financial assets				
Trade receivables – due to brokers	(39.5)	(4.3)	-	(43.8)
Financial investments	109.0	-	-	109.0

[(1)] Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes the Group's open exchange-traded hedging positions.

[(2)] Valued using techniques where a price is derived based significantly on observable market data. For example, where an active market for an identical financial instrument used by the Group to hedge its market risk does not exist. This category includes the Group's open non-exchange-traded hedging positions.

[(3)] Valued using techniques that incorporate information other than observable market data that is significant to the overall valuation.

There have been no changes in the valuation techniques for any of the Group's financial instruments held at fair value in the period. During the period ended 30 November 2014, there were no transfers (year ended 31 May 2014: none) between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Group	*Level 1*[(1)]	*Level 2*[(2)]	*Level 3*[(3)]	*Total fair value*
As at 31 May 2014 (Audited)	*£m*	*£m*	*£m*	*£m*
Financial assets				
Trade receivables – due (to) / from brokers	(35.7)	12.3	-	(23.4)
Financial investments	82.5	-	-	82.5

Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowings

19. Impact of adopting new accounting standards and reclassification

Restatement of comparatives - IFRIC 21 'Levies'

As outlined in the Basis of preparation and accounting policies in note 2 of these financial statements, during the six months ended 30 November 2014, the Group adopted IFRIC 21 'Levies' and has accordingly restated the prior periods. The tax charge has also been restated to take account of this. The FSCS levy charge for the six months ended 30 November 2014 is £nil.

The following tables set out the impact of IFRIC 21 'Levies' on the comparative amounts for the year ended 31 May 2014 and the six months ended 30 November 2013.

a) Consolidated income statement (lines impacted by IFRIC 21)

	Unaudited Six months ended 30 November 2013 (reported)	*IFRIC21 Levies*	*Six months ended 30 November 2013 (restated)*	*Audited Year ended 31 May 2014 (reported)*	*IFRIC 21 Levies*	*Year ended 31 May 2014 (restated)*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Administrative expenses	(90.0)	3.5	(86.5)	(179.0)	0.2	(178.8)
Operating profit	95.3	3.5	98.8	195.2	0.2	195.4
Profit before taxation	95.1	3.5	98.6	194.7	0.2	194.9
Tax expense	(23.4)	(0.9)	(24.3)	(47.7)	-	(47.7)
Profit for the period	71.7	2.6	74.3	147.0	0.2	147.2

b) Consolidated statement of financial position (lines impacted by IFRIC 21)

	Unaudited Six months ended 30 November 2013 (reported)	*IFRIC 21 Levies*	*Six months ended 30 November 2013 (restated)*	*Audited Year ended 31 May 2014 (reported)*	*IFRIC 21 Levies*	*Year ended 31 May 2014 (restated)*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Assets						
Non-current assets						
Deferred tax assets	5.8	0.5	6.3	5.7	1.4	7.1
Current assets						
Prepayments	12.3	(1.5)	10.8	-	-	-
Current liabilities						
Other payables	45.6	0.3	45.9	53.3	5.1	58.4
Equity						
Retained earnings	223.1	(1.3)	221.8	277.4	(3.7)	273.7

19. Impact of adopting new accounting standards and reclassification (continued)

c) Consolidated statement of changes in shareholders' equity (lines impacted by IFRIC 21)

	Unaudited Six months ended 30 November 2013 (reported)	*IFRIC 21 Levies*	*Six months ended 30 November 2013 (restated)*	*Audited Year ended 31 May 2014 (reported)*	*IFRIC 21 Levies*	*Year ended 31May 2014 (restated)*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Retained earnings						
Balance at the beginning of the period/year	215.2	(3.9)	211.3	215.2	(3.9)	211.3
Profit for the period/year	71.7	2.6	74.3	147.0	0.2	147.2
Balance at the end of the period/year	223.1	(1.3)	221.8	277.4	(3.7)	273.7

d) Consolidated cash flow statement (lines impacted by IFRIC 21)

	Unaudited Six months ended 30 November 2013 (reported)	*IFRIC 21 Levies*	*Six months ended 30 November 2013 (restated)*	*Audited Year ended 31 May 2014 (reported)*	*IFRIC 21 Levies*	*Year ended 31 May 2014 (restated)*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Cash flow from operating activities						
Profit before tax	95.1	3.5	98.6	194.7	0.2	194.9
Other non-cash items	0.3	(3.5)	(3.2)	3.9	(0.2)	3.7
Cash generated from operations	76.7	-	76.7	176.5	-	176.5

20. Events occurring after the reporting period

On 15 January, the Swiss National Bank announced that it had ceased intervention in the exchange rate between the Swiss franc and Euro. This caused a sudden extreme movement in the franc, accompanied by a lack of market liquidity which lasted several minutes and resulted in a negative financial impact to the Group. The precise level of the impact on the Group's profit before taxation is partially dependent on the Group's ability to recover client debts, but in total it will not exceed £30 million, from a combination of market (£12 million) and client credit (£18 million) exposure. The market exposure occurred where client positions were closed in the Group's systems at a more beneficial level than the Group was able to close its entire corresponding hedge due to the market dislocation.

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 2014 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 2014 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 2014. A list of current directors is maintained on the IG Group Holdings plc website: www.iggroup.com

On behalf of the Board

Tim Howkins	Christopher Hill
Director	Director

Principal risks and uncertainties

Effective management of our business risks is critical to the successful delivery of our strategy. It is imperative for us to identify the nature and potential impact of these risks, and establish methodologies to measure their effect, so that we can design and operate an environment where risks are effectively controlled throughout the business. 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 2014.

The principal risks and uncertainties, which could impact the Group for the remainder of the current financial year, remain consistent with those detailed from page 42 of the Group's Annual Report 2014 and are summarised as follows:

1. Regulatory risk

We regard regulatory risk as one of our most significant risks. In short, we define regulatory risk as:

- Breach risk: the risk that we breach a regulation that applies to our business, leading to client or market detriment, sanctions fines, reputational damage and, in extreme situations, loss of licence
- Change risk: the risk that one of our regulators introduces new regulations that make our business less profitable or impossible
- Expansion risk: the risk that policy and regulation in jurisdictions where we do not currently operate remain onerous and closed to our business model, limiting our geographic expansion opportunities

We invest significant time and resources to manage and control our regulatory risk in parallel with the development of business strategy.

Breach risk
Our compliance, legal and risk teams provide a robust line of defence to ensure that our processes and controls are effective in ensuring we comply with our regulatory obligations. As our business becomes more complex, this risk also grows, and we remain committed to increasing our investment in breach risk controls.

Principal risks and uncertainties (continued)

Change risk

The regulatory environment continues to evolve, and there are currently a number of policy initiatives and proposals in development that may impact or have already impacted our sector. These are described in detail in the 2014 Annual Report.

We seek to mitigate change risk by engaging with our regulators and policymakers as much as possible, as part of policy consultations and more generally, and also by investing in public relations programmes and ensuring we have access to up-to-date information on regulatory change.

Expansion risk

Like change risk, we seek to mitigate expansion risk by engaging with regulators and policymakers in countries where we do not yet operate, but which are desirable targets for our future expansion. Of course, regulatory change can also represent an opportunity for our business, and we are in talks with certain regulators who are considering changing their regulations in order to allow retail derivatives trading. These discussions remain at an early stage.

In summary, 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 clarity of the risks they face. However, we cannot provide certainty that future regulatory changes will not have an adverse impact on our business.

2. Conduct risk

Conduct risk is the risk that the Group's conduct poses to the achievement of fair outcomes for consumers or to the sound, stable, resilient and transparent operation of the financial markets. Put another way, conduct risk is the risk that the manner in which we carry out our business causes poor outcomes for our clients or the markets.

The Board has developed a conduct risk strategy that applies across the organisation, and training is ongoing to embed this strategy into the current business practices.

3. 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 'total available liquidity' and 'net available liquidity' figures are monitored on a daily basis and are reported in note 15 of this interim report.

4. 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.

Financial institution credit risk

All financial institutions with which the Group has a relationship are subject to a credit review. Exposure limits are set and approved by the Executive Risk Committee.

We monitor a number of key metrics on a daily basis in respect of financial institution credit risk. These include balances held, change in short- and long-term credit rating and any change in credit default swap (CDS) price.

The Group is responsible, under various regulatory regimes, for the stewardship of client monies. These responsibilities include appointing and periodically reviewing institutions where we deposit client money. Our aim is that all financial institutions holding client money and assets should have a minimum Standard and Poor's short-term and long-term rating of A-2 and A- respectively. Where this is not possible, we set low exposure limits and seek to use the best available counterparty – preferably one that is considered locally systemic and therefore most likely to receive support. We also maintain multiple brokers for each asset class.

We monitor our exposure to financial institutions with whom the Group holds money through a daily review against financial limits and diversification criteria.

Principal risks and uncertainties (continued)

Client credit risk
Client credit risk principally arises when a client's total deposited funds are insufficient to cover any trading losses incurred. In particular, client credit risk can arise where there are significant, sudden movements in the market, due to high general market volatility or specific volatility relating to an instrument in which the client has an open position.

We mitigate, but do not eliminate, client credit risk in a number of ways, including the real time monitoring of client positions via our 'close-out monitor', the ability of clients to set a level in advance at which the deal will be closed (the 'stop' level or 'guaranteed stop' level) and the used of tiered margining.

The 'close out monitor' is an automated liquidation process whereby accounts which have broken the liquidation threshold are automatically identified. Where client losses are such that their total equity falls below the specified liquidation level positions will be liquidated, resulting in reduced credit risk exposure for the Group.

Both the 'close out monitor' and client initiated 'stops' result in the transfer of market risk to the Group. Market risk arises following the closure of the underlying client position as the Group (subject to the market risk limits, (discussed in the following section with regards to market risk), may hold a corresponding hedging position that will, assuming sufficient market liquidity, be unwound.

5. 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 under the 'Market Risk Policy' on a group-wide 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 utilises market position limits for "operational efficiency" and does not take proprietary positions based on an expectation of market movements. As a result not all net client exposures are hedged and the Group may have a residual net position in any of the financial markets in which it offers products up to the market risk limit.

The Group's Market Risk Policy incorporates a methodology for setting market position limits, consistent with the Group's risk appetite, for each financial market in which the Group's clients can trade, as well as certain markets which the Board consider to be correlated. These limits are determined with reference to the expected liquidity and volatility of the underlying financial product or asset class and represent the maximum long and short client exposure that the Group will hold without hedging the net client exposure.

The Group's real time market position monitoring system allows it to monitor its market exposure against these limits continuously. If exposures exceed these limits, the policy requires that hedging is undertaken to bring the exposure back within the defined limit.

6. Operational risk

Operational risk is the risk of financial loss due to inadequate or failed internal processes and systems. Our approach to managing operational 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.

The reliability of our client trading platforms (including a complete disaster recovery solution as part of our business continuity planning) is key to delivering our strategy, and we invest significantly in the technology infrastructure to ensure that these platforms are operationally stable, with system access being centrally controlled. Our investment supports the resilience and reliability of the platform, ensuring low levels of latency, maintaining and testing system capability under significant load and conducting penetration testing.

Independent review report to IG Group Holdings Plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the Interim unaudited condensed consolidated financial statements of IG Group Holdings Plc for the six months ended 30 November 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are 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 Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by IG Group Holdings Plc, comprise:

- the Interim consolidated income statement and Interim consolidated statement of comprehensive income for the period then ended;
- the Interim consolidated statement of financial position as at 30 November 2014;
- the Interim consolidated statement of changes in shareholders' equity for the period then ended;
- the Interim consolidated cash flow statement for the period then ended; and
- the explanatory notes to the Interim condensed consolidated financial statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the Interim have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim unaudited condensed consolidated financial statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
20 January 2015
London.