



13 December 2011

IG GROUP HOLDINGS PLC  
**Pre-close Trading Update**

IG Group Holdings plc (“IG” or the “Group”) issues the following trading update relating to the six months ended 30 November 2011. Unless otherwise stated trends and figures highlighted below relate to this period and the corresponding period last year.

The Group expects to report revenue of £195.6m, an increase of 25% from £156.7m reported in the comparative period. Excluding the Group’s Sports business, which was closed during the period, the Group achieved like-for-like revenue growth of 28%. This strong growth in the Group’s financial business was driven by a 15% increase in active clients and an 11% increase in revenue per client.

Equity market volatility spiked up sharply in early August before settling back somewhat, while remaining higher than in the previous year. Trading conditions during Q2 were less exceptional than those in August, which was a record revenue month for the Group. Revenue in the second quarter for the Group’s financial business was up 26%, driven by a 13% increase in active clients and an 11% increase in revenue per client.

The Group’s underlying performance was again driven by continued growth in the UK as well as strong growth in revenue and active client numbers in its international markets of Europe, Australia and Rest of the World.

PBT margin for the period was ahead of the previous financial year, reflecting that costs, other than performance related bonuses, are largely fixed in the short term. Management considers that investment in IT and marketing capability has played a significant part in the growth of both active clients and revenue per client in the current period and that continued investment will further drive long term growth. The Group is therefore currently recruiting in both IT and marketing and the impact of this investment will result in a full year margin closer to that achieved in the prior year.

*Geographic analysis of results*

A geographic analysis of trading revenue is set out below:

Geographical Revenue	H1 revenue			Q2 revenue		
	FY12	FY11	%	FY12	FY11	%
	£m	£m	Change	£m	£m	Change
UK	102.1	82.9	23%	50.4	40.6	24%
Australia	32.7	22.9	43%	15.8	11.6	36%
Europe	37.8	26.7	41%	18.6	14.0	33%
Rest of World	14.5	9.4	54%	7.2	5.3	35%
Total Financial excluding Japan	187.1	141.9	32%	92.0	71.5	29%
Japan	8.4	11.1	(25%)	4.0	4.7	(15%)
<b>Total Financial</b>	<b>195.5</b>	<b>153.0</b>	<b>28%</b>	<b>96.0</b>	<b>76.2</b>	<b>26%</b>
Sport (discontinued)	0.1	3.7		0.0	1.4	
<b>Total Group</b>	<b>195.6</b>	<b>156.7</b>	<b>25%</b>	<b>96.0</b>	<b>77.6</b>	<b>24%</b>

The Group's UK financial business achieved revenue of £102.1m compared to £82.9m in the first half of the prior financial year, an increase of 23%, driven by a 12% increase in active clients and a 10% increase in revenue per client.

The Group's Australian business achieved revenue of £32.7m compared to £22.9m in the prior year, an increase of 43%, driven by a 20% increase in active clients and a 20% increase in revenue per client.

The Group's European offices achieved revenue of £37.8m compared to £26.7m in the prior year, an increase of 41%, driven by 38% growth in active clients and a 2% increase in revenue per client. Growth rates for the established offices were Germany: 46%, Italy: 40%, Iberia: 36%, and France: 31%. The Group's most recently established European offices in Sweden and the Netherlands are at very early stages, but contributed £1.8m of revenue compared to £0.7m in the corresponding period of the prior year.

As expected, revenue in Japan fell, reflecting the impact of a number of leverage restrictions, the last of which came into force on 1 August 2011. Revenue of £8.4m represented a fall of 25% compared to the first half of the prior year. Active clients reduced by 8%, while revenue per client fell by 19%.

Rest of the World, which comprises Singapore, the US and South Africa, achieved growth of 54% to £14.5m, compared to £9.4m in the prior year. The Singapore office accounts for slightly over 80% of Rest of the World revenue in the current year and achieved revenue growth of 53% driven by a 9% increase in active clients and a 40% increase in revenue per client.

The Group's US regulated exchange continues to achieve steady recruitment of direct retail clients. PFGBEST, the first independent broker to connect to Nadex, continues to build out its client offering prior to commencing active marketing in 2012.

### *Competitive landscape*

On 31 October 2011 MF Global Holdings Limited filed for Chapter 11 bankruptcy protection in the US and subsequently several of its operating subsidiaries ceased trading and appointed administrators or the local equivalent. IG has a maximum potential exposure to MF Global of £0.3m. More significantly, MF Global was a competitor of IG in Australia, Singapore and, to a lesser extent, in the UK. The most recently available market research suggested that MF Global, together with its white label partners, had 16% share in the Australian retail CFD market and 8% in the Singapore retail CFD market. Its market share in the UK was less than 3% for both spread betting and CFDs. IG has benefited from account opening and account re-activation by former MF Global clients and expects this benefit to continue as MF Global repays funds to its clients.

The failure of MF Global has increased focus on the importance of proper client money protection by both clients and law makers. During November the Australian Treasury published a consultation paper on client money protection and the Group anticipates that this will result in the introduction of full client money protection in Australia in due course. The Group already gives all of its non-corporate clients full client money protection, even where

regulation permits otherwise. Management considers that the financial strength of the Group will provide a competitive advantage in this climate.

### *Outlook*

The Group continues to explore opportunities for geographic expansion and extension of its platforms and product range and invest heavily in technology in order to support these initiatives. This investment in technology and the strong financial position of the Group are seen as key competitive strengths which, together with IG's growing international presence, will continue to drive long term profitable growth. The Board remains confident in the prospects for the Group.

The results for the six months to 30 November 2011 will be announced on Tuesday 17 January 2012. There will be a presentation for analysts at 9.30am (UK time) at IG's offices: Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA. Analysts wishing to attend the presentation should contact FTI Consulting.

Today there will be a conference call for analysts and investors at 8.30am (UK time). The call can be accessed by dialing +44 (0)20 7784 1036 and using the passcode 1959463. A replay of the conference call will be available for a period of 14 days after the event by dialling +44 (0)20 7111 1244 / +1 347 366 9565 and using passcode 1959463#.

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*(1)References in this statement to "revenue" refer to net trading revenue, which is trading revenue excluding interest on segregated client funds and is net of introducing broker commissions.*

*(2) References in this statement to active clients are to the number of clients trading during the period referred to and references to average revenue per client are to revenue for the period referred to divided by the number of active clients in that period.*

*(3) The comparative margin was calculated as Adjusted profit before taxation (Adjusted PBT). Adjusted PBT excluded both the amortisation and impairment of goodwill and customer relationships associated with the Group's Japanese business, IG Markets Securities (formerly FXOnline) and the goodwill associated with the Sports business. Adjusted PBT margin and PBT margin have been calculated with reference to net trading revenue.*