



9 June 2011

IG GROUP HOLDINGS PLC
Trading Statement for the year ending 31 May 2011

IG Group Holdings plc (“IG” or the “Group”) issues the following trading update relating to the financial year ended 31 May 2011.

The Group expects to report trading revenue of approximately £320m (2010: £298.6m) and adjusted profit before tax¹ of approximately £163m (2010: £157.6m). These figures represent increases of 7% and 3% respectively.

Despite an extremely challenging comparative, the Group achieved year-over-year growth in the final quarter of the year. Excluding Japan, the remainder of the Group’s financial business grew revenue² at 6% in the final quarter and 9% for the year as a whole. Client activity levels in the final quarter of the year were mixed. In March high levels of volatility, particularly in the yen, the Nikkei, gold and oil resulted in both revenue per client and the number of active clients being elevated, producing record monthly revenue. Activity was subdued in April when dull markets were combined with Easter and an extended holiday period in the UK before recovering to more normal levels in May, aided by increased volatility in commodities and precious metals.

A geographic analysis of trading revenue is set out below:

Trading revenue by region ³	FY revenue			Q4 revenue		
	FY11	FY10	%	FY11	FY10	%
	£m	£m	Change	£m	£m	Change
UK	167	163	3%	44	45	-2%
Australia	48	46	4%	14	13	12%
Europe	58	47	21%	17	14	21%
Singapore	15	11	38%	4	3	10%
Rest of World	4	2	138%	2	1	201%
Total Financial excluding Japan	292	269	9%	81	76	6%
Japan	21	24	-14%	5	8	-38%
Total Financial	313	293	7%	86	84	2%
Sport	7	6	29%	2	2	19%
Total Group	320	299	7%	88	86	2%

The Group’s UK business achieved record monthly revenue in March but had an extremely quiet April due to the extended holiday period. As a consequence, revenue for the quarter was slightly down on the corresponding quarter the previous year despite 4% growth in active clients.⁴

The Group’s Australian business achieved 12% revenue growth in the last quarter, driven by an 11% growth in number of active clients and a 1% increase in revenue per client.

The Group's continental European businesses achieved 21% revenue growth in the last quarter, driven by 29% growth in active clients, offset by a 6% fall in revenue per client. Revenue per client increased in Germany, but fell in the majority of other countries, where revenue per client is typically considerably higher than the group average.

As previously announced, PFGBEST, a substantial US broker, has become a member of the Group's US exchange, Nadex. The IT work which PFGBEST has had to undertake before being able to offer Nadex products to their clients is nearing completion and it is expected that they will begin to offer Nadex products shortly. Alongside its strategy of distribution via brokers Nadex has continued to pursue a direct to retail model and has enjoyed a temporary spike in client recruitment, largely driven by one market commentator. During May 2011 approximately 800 direct retail members traded on the exchange, compared to around 100 in May 2010.

In the final quarter of the period the Group's Japanese business delivered revenue of £5m. While this was an improvement on each of the previous two quarters, it was 38% lower than in the corresponding quarter last year, reflecting the impact of leverage restrictions introduced during the year.

Sports business

The Group's sports business, extrabet, now represents less than 2.5% of Group revenue and, due to its substantial fixed cost base, a much lower percentage of profits. During the financial year, the directors decided that the Group should investigate selling or closing the business in order to allow management to focus exclusively on the continuing expansion and development of its financial business.

The Group has conducted a detailed process, but has been unable to secure a sale of the business in its entirety as a going concern on acceptable terms. Consequently, the Group has commenced a redundancy consultation process with the employees of extrabet and will incur certain one off costs which will be recognised in the year ending 31 May 2011. These comprise the write off of goodwill associated with the sports business of £5.25m (non-cash) and likely cash closure costs including potential redundancy and lease-related costs totalling approximately £2.5m. These cash costs have been recognised within adjusted profit before tax.

The Group has, however, reached agreement to sell the majority of the client list relating to extrabet's sport spread betting and fixed odds betting business to Spreadex Limited on terms where the Group will receive semi-annual payments for the next three years, calculated by reference to the revenue that the acquirer generates from clients on the list. This transaction is expected to conclude by the end of June. The Group is also seeking a buyer for its pricing engine software, used for market making into betting exchanges.

Changes in management responsibilities

The Group is making a number of changes to the responsibilities of executive management in order to continue the development of IG's market leading products and services and reflect the continuing evolution of the Group. Peter Hetherington, Chief Operating Officer, will take leadership of all of the Group's revenue generating business units. Andrew Mackay, who has been head of Asia Pacific for the last three years, will return to London as Director of Corporate Strategy and lead the Group's efforts to identify further opportunities for geographic and product expansion. Tamas Szabo, who has

been CEO of the Group's Australian business for the last four years will add Head of Asia Pacific to his existing responsibilities, reporting to Peter Hetherington.

Outlook

Client activity levels are driven by both the absolute level and rate of change of volatility across all asset classes. Despite relatively low and falling volatility during large parts of the year, the Group has continued to grow the active client base and has experienced another year of revenue and profit growth. Continued focus on building the number of high quality active clients and development of the Group's offering leaves IG well positioned for further growth.

Today, there will be a conference call for analysts and investors at 8.30am (UK time). The call can be accessed by dialling +44 (0)20 7138 0840 and using passcode 6645533. 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 and using passcode 6645533.

The results for the year ended 31 May 2011 will be announced on Tuesday 19 July 2011. There will be a presentation for analysts at 9.30am (UK time) at the Group's offices at Cannon Bridge House, Dowgate Hill, London EC4R 2YA. Analysts wishing to attend the presentation should contact Neil Doyle at neil.doyle@fd.com or on 020 7269 7237.

For further information, please contact:

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¹ Adjusted profit before tax excludes amortisation and impairment of intangible assets arising on consolidation.

² References in this statement to revenue are to trading revenue, being total revenue less interest income on client money.

³ Revenue figures in this table are rounded to the nearest £m but with percentages calculated on non-rounded figures

⁴ References in this statement to active clients are to the number of clients trading during the quarter and references to average revenue per client are to revenue for the quarter divided by the number of active clients