9 December 2009

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 2009.

The Group expects to report revenue of around £143m (2009: £126.5m) and adjusted profit before tax[1] of around £77m (2009: £58.2m). Revenue growth was 13% both including and excluding FX Online Japan KK ("FXO"), which the Group acquired during October 2008. For the second quarter organic revenue growth was 12%, against challenging comparatives which included the period of extreme financial market volatility in October 2008.

The charge for doubtful debts in the period is expected to be less than 0.5% of revenue compared to 12% in the first half of the prior year.

The market events of October 2008 disproportionately impacted the Group's UK financial business due to the UK client base having a greater concentration of exposure to banking and financial stocks than clients in other geographies. Notwithstanding this negative impact, the UK financial business achieved revenue of £80m, which was similar to that for the corresponding period in the prior year.

The Group's Australian business achieved revenue of £22m for the first half (2009: £13.4m) and £12m for the second quarter (2009: £6.9m), representing growth of 64% and 74% respectively.

The Group's offices in mainland Europe achieved revenue of £22m for the first half (2009: £13.3m) and £13m for the second quarter (2009: £8.4m), representing growth of 65% and 55%, respectively. All the mainland European offices delivered strong growth across both quarters.

The Group's Singapore office achieved revenue of £5m (2009: £4.1m), an increase of 22%.

Revenue from the Group's U.S. operations was up 2% at £1m. The Group is still awaiting a change of regulatory designation for Nadex, the Group's CFTC regulated exchange, so as to allow it to accept clients via intermediaries. Until this change of designation is granted, the Group is incurring minimal marketing expenditure in the U.S.

Revenue from Japan was £11m for the first half and £5m in the second quarter. This business was only owned for two months of the comparative period during which it generated £10m of revenue, benefitting from the extreme volatility of the yen during October 2008. In early October 2009 FXO moved to a new low fixed spread model.

The early signs are encouraging, with the number of clients dealing and average number of transactions per client showing an upward trend. FXO has also recently created a new website, which better reflects the focus of the business on more experienced higher-value clients and has a better balance between forex and the newer CFD and binary option products. CFDs and binaries remain an attractive longer-term opportunity and the Group continues to develop its marketing and distribution strategies for these new products.

Excluding FXO, the Group opened 32,000 accounts in the first half. This was unchanged from the first half of the previous year, during which account opening had a significant short-term boost in September and October due to the extraordinary events in financial markets.

While the Group continues to manage costs aggressively, some additional investment is planned to enhance the Group's market leading positions and capitalise on organic growth opportunities. The Group's operating costs will be higher in the second half of the financial year due mainly to growth in headcount, reflecting higher than expected activity levels, and increased marketing expenditure, due in part to usual seasonal phasing. In addition, the Group is taking advantage of current low levels of market rent to secure new premises for its headquarters as its two existing London offices are approaching the end of their leases. It is anticipated that if the Group is successful in concluding a lease for its new premises there will be approximately £4m of exceptional non-cash cost in the second half. This represents a period of overlap between old and new leases when a double rent charge is taken, together with a provision for onerous contracts, representing costs relating to the old leases after the premises are vacated. The cash cost of the Group's existing leases is more than offset by the rent-free period on the new lease, the terms of which are sufficiently attractive over the long term to merit the short-term impact on profitability.

The Group has achieved growth in the first half against a challenging economic backdrop and strong comparatives from the first half of the prior year. Activity and account opening levels remain strong and the Group continues to invest in its businesses, infrastructure and product offering. The Group's attractive market positions, leading technology, product and geographic diversity leave it well positioned for further growth.

The results for the six months to 30 November 2009 will be announced on Tuesday 19 January 2010. There will be a presentation for analysts at 9.30am (UK time) at the offices of Financial Dynamics at Holborn Gate, 26 Southampton Buildings, London WC2A 1PB. Analysts wishing to attend the presentation should contact Kat Bloom at kat.bloom@fd.com or on +44 (0) 20 7269 7223.

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 0820 and using passcode 7843717. 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 7843717#.

1 *Adjusted profit before tax excludes amortisation of intangibles on consolidation of FXOnline Japan KK.*
2 *Geographic analysis in this statement is by office rather than by location of client.*

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