IG GROUP HOLDINGS PLC

Interim Results for the six months ended 30 November 2013 (Unaudited)

IG Group Holdings plc ("IG" or "the Group") today announces interim results for the six month period ended 30 November 2013.

Operating Summary

- Strong results relative to subdued prior year
- Net trading revenue[1] up 8% at £182.7 million
- Profit before tax up 17% to £95.1 million, driven by higher revenue and prior year one-off operating costs
- Diluted EPS up 22% at 19.63p, assisted by lower tax rate
- £79.1 million of own funds generated from operations
- Interim dividend of 5.75p per share, flat on prior year
- Good progress on strategic initiatives

Tim Howkins, Chief Executive, commented:

"The performance in the first half was satisfactory, with revenue, profit and cash generation all well ahead of what was a particularly subdued prior half year. Importantly, we continue to make good progress in executing on our strategy aimed at attracting and retaining active traders, broadening our offering and product set and developing the business globally. I believe the investment over the next few years in a number of exciting and key long-term initiatives will help us to deliver good levels of growth into the future."

Financial Summary

	Six months ended 30 November 2013 £000	Six months ended 30 November 2012 £000
Net trading revenue[1]	182,725	168,960
Profit before tax	95,115	81,122
Profit before tax margin[2]	52.1%	48.0%
Profit after tax	71,687	58,611
Own funds generated from operations[3]	79,127	58,601
Diluted earnings per share	19.63p	16.04p
Interim dividend per share	5.75p	5.75p

[1] Trading revenue excluding interest on segregated client funds and is presented net of introducing partner commissions
[2] Calculated as profit before taxation divided by net trading revenue
[3] Own funds generated from operations is detailed in note 12 to the interim financial statements

All references to 'revenue' in this statement are made with regards to net trading revenue. All current financial results listed are for the six month period ended 30 November 2013. All references to 'the prior period', 'the prior year', 'prior half year' and 'last year' mean the six month period ended 30 November 2012 unless otherwise specified.

Further information

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Analyst presentation

There will be an investor and analyst presentation on the results at 9:30am on Tuesday 14 January 2014 at IG Group, Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA. The presentation will also be accessible live via webcast at www.iggroup.com and via a conference call on the following number:

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:

+ 44 121 260 4861 with the passcode 9440971 #

A webcast of the presentation will also be archived at: www.iggroup.com

Forward-looking statements

This preliminary statement, prepared by IG Group Holdings plc (the "Company"), may contain forward-looking statements about the Company. Forward-looking statements involve uncertainties because they relate to events, and depend on circumstances, that will, or may, occur in the future. If the assumptions on which the Company bases its forward-looking statements change, actual results may differ from those expressed in such statements. Forward-looking statements speak only as of the date they are made and the Company undertakes no obligation to update these forward-looking statements.

Nothing in this statement should be construed as a profit forecast.

All market share data has been provided by Investment Trends Limited

- Investment Trends August 2013 Australia CFD Report
- Investment Trends November 2013 Singapore CFD/FX Report
- Investment Trends December 2013 UK Leveraged Trading Report

Chief Executive's statement

For the six months ended 30 November 2013

Revenue for the first half was 8% above the same period in the prior year. Although broad market conditions in the two periods were similar, with relatively low levels of volatility across financial markets for much of the time, client activity in the prior year had been particularly subdued. The client base was particularly active this year early in the period in response to some large market movements. We also saw increasingly positive external economic indicators through the period in parts of the business.

Profit before tax was up by 17%, due to the higher revenue and the impact in the prior year number of some one-off operating costs. Profit after tax was up by 22% on the higher profitability and a lower tax rate of 24.6% in the period.

Geographic results

The table below sets out our regional performance

Geographical Revenue	H1 revenue			H1 KPIs	
	13/14 £m	12/13 £m	% Change	Active clients	Revenue per client
UK	93.4	86.9	7%	(9%)	18%
Australia	27.0	28.2	(4%)	(3%)	(2%)
Europe	40.2	32.1	25%	5%	20%
Rest of World	22.1	21.8	1%	(3%)	4%
Total	**182.7**	**169.0**	**8%**	**(5%)**	**13%**

Geographical Revenue	Q2 revenue			Q2 KPIs	
	13/14 £m	12/13 £m	% Change	Active clients	Revenue per client
UK	45.9	45.8	-	(8%)	8%
Australia	13.2	14.1	(6%)	(5%)	(2%)
Europe	20.1	16.6	21%	5%	15%
Rest of World	9.9	11.0	(10%)	(6%)	(3%)
Total	**89.1**	**87.5**	**2%**	**(5%)**	**7%**

In the UK, revenue for the period was ahead of the prior year by 7%, with all of the upside coming in the first quarter. Significantly higher average revenue per client, up 18%, was partially offset by the lower number of active clients – this effect is predominantly due to our continued strategy of focusing on attracting more active, and therefore potentially more valuable, clients. Revenue in Australia was down by 4% in the period, with a small drop in both the number of active clients and in average revenue per client; the results here were negatively impacted by the weakness in the Australian dollar. Europe grew strongly in the period, with a 5% rise in the number of active clients supplemented by a 20% increase in average revenue per client. Revenue in the Rest of World was up by 1%, with strong performance in the first quarter offset by weakness in Japan, particularly in the second quarter, as forex volumes fell heavily across the industry.

Chief Executive's statement

For the six months ended 30 November 2013

Client focus

Following several years of rapid growth in absolute client numbers due to the normalisation of the internet as the trading method of choice and the popularity of our platform, we have been pursuing a strategy of devoting less of our resources to very low activity, and therefore in most cases, very low value, clients. This allows us to focus our efforts, especially in the areas of marketing, technology development and customer service, on more active clients who will ultimately produce the vast majority of the Group's revenue. Our analysis has shown a high correlation between the early behaviour of a client and their ultimate value to the business. For example clients who initially either deposit a small sum in their account or trade with us in very small deal sizes are extremely unlikely to ever display the trading behaviour, in terms of regularity or size, to become valuable.

In May 2013 we raised the minimum client deposit by debit or credit card to £100, including the initial deposit to a new account; this reduced the level of new account opening by discouraging a number of potential new clients that our analysis suggested would have been ultimately of very low value. We also changed our introductory trading programme to increase the minimum initial transaction sizes to nearer our normal minima. On some of the markets we offer, we introduced an element of differential pricing, such that clients who wish to execute very small trades with us pay slightly wider spreads.

We also continue to link the service level our clients receive to their value. Whilst lower value clients continue to receive all the benefits of our award winning platform, the most valuable clients receive an increasingly customised personal service from a dedicated client manager. In developing and enhancing our trading platforms, our focus is to produce the trading experience, including a broad range of tools, to satisfy the needs of the most active and demanding traders - those most valuable to IG - while still making our platforms accessible to those who are new to trading.

It is clear that this strategy is having an impact on the value mix of our clients. The steps we have taken have reduced the number of very low activity clients, with both a significant drop in recruitment levels and increased attrition within this very low value category. As a consequence of this, the overall number of clients trading has fallen. However, this reduction has been concentrated at the very low value end of our client base, while the number of higher value clients has remained steady or increased. We also experienced a material increase in the average revenue per client in the period, both due to the effect of the reduction in low value clients and our concentration on better servicing our more active, higher value clients.

We have previously quoted market share data for a number of countries as produced by Investment Trends, expressed as the share of primary accounts. This simple measure of market share does not take into account the actual value of the individual clients. As we shift our focus away from the very smallest, least active clients, this measure of market share becomes less meaningful. Where we have a significant share of a geographic market it is very likely that our value-focused strategy, with its de-emphasising of the least active traders, can also have a noticeable impact on the statistics for the market as a whole. For example, in December the latest Investment Trends survey for the UK showed a fall in the size of the retail spread betting and CFD markets, from 104,000 in the prior year to 93,000, driven primarily by a significant drop-off in the number of new entrants. In Australia, the overall size of the CFD market shrank by 7% to 41,000 and in Singapore the market size also fell markedly, to 17,000 from 22,000 in the prior year.

Regulatory developments

IG has always operated in a highly regulated industry and therefore we place great importance on monitoring and constructively influencing the regulatory regimes within which we operate. In Europe for the last few years there have been discussions around the introduction of a financial transactions tax (FTT). These discussions now directly involve 11 EU member states through a process of enhanced co-operation and continue to progress slowly and somewhat opaquely. A simple tax, with a narrow scope and an exchange-based collection mechanism, similar to the French unilateral FTT or UK stamp duty, is clearly an easier proposition on which to reach agreement than a complex, broader scope tax similar to that introduced in Italy. The impact to date on our business of both of these unilateral FTTs has been minimal.

In the UK, we continue to view as remote the prospect of changes to the exemption from capital gains tax of all forms of betting, including spread betting. We believe that the UK Treasury fully understands the benefits of the collection of betting duty from the firms which provide the products, rather than seeking to individually tax those of our clients whose profits exceed the annual capital gains tax threshold, while opening up the prospect of offsettable losses for those who do not profit.

Chief Executive's statement
For the six months ended 30 November 2013

Regulatory developments (continued)

In Japan, the new regulatory regime for binary options came into force in December. Although it is too early to analyse the precise impact of the changes, on the surface they appear to be potentially negative for the overall binary options industry in Japan but positive for IG's position within it. The regulations introduced an assessment of client product knowledge for new clients wishing to trade binaries, which will inevitably make it more difficult to bring new clients to the industry. On a more positive note they provided greater clarity as to which products are permitted, banning a great number of contracts offered by competitors and enabling us to expand the range of binary contracts which we offer. It is too early to say exactly how the competitive landscape will evolve, as firms modify their product offering, but I am hopeful that the clarity which this regulatory change brings may prove to be of lasting benefit to us.

In Singapore our expectation remains that the regulator will introduce stricter limits on leverage for forex, although there is no clarity on when this will be. The proposed changes should have only limited impact on us as Singapore leverage restrictions will take proper account of the positive impact of stops in reducing client risk and are not expected to apply to "accredited investors", meaning individuals with higher levels of income or assets. The majority of our revenue in Singapore comes from clients who are likely to qualify as accredited investors.

Geographic expansion

Geographic expansion remains a key element of our medium to long term growth. As we have already established offices in most significant markets where the regulatory environment allows, the rate of geographic expansion will be slower than it has been over the last decade. However, there are currently further opportunities to consider, and over time other countries are likely to become more attractive places for us to do business. When considering further jurisdictions, among other criteria, we look for a supportive (or potentially supportive) regulatory regime, an appropriate wealth demographic, a taxation structure which enables us to make appropriate returns and evidence of an appetite for retail leveraged trading.

In July 2013 we disclosed that we were having some early stage discussions with regulators. We have now progressed to a more advanced stage in our plans to open an office in Switzerland. The regulatory regime there requires us to establish and fully staff our office before the regulator takes a final decision as to whether or not to grant a licence. This inevitably leads to some upfront cost without the absolute guarantee of revenue. We are now in the final stages of this preparatory work and, although there can unfortunately be no certainty, a successful licence application would see us start to trade around the beginning of our next financial year.

Furthermore, we are in reasonably detailed discussions with the regulator in another jurisdiction and are hopeful that within the next few months we will have clarity on any constraints which would apply if we decide to open an office to offer our products to retail clients within that jurisdiction. For commercial reasons, until we have that clarity we do not intend to name the country concerned. However, this location is outside the European Economic Area and would, like Switzerland, entail a specific regulatory capital requirement.

Nadex

Our US business continued to make good progress through the period. Although it remains immaterial to the Group as a whole and is still some way from reaching profitability, its trajectory is encouraging. In November we had just over 1,600 members trading on the exchange, compared to around 1,000 a year earlier. We have some important initiatives in the pipeline. Early in 2013 we purchased software assets from the Trustee in Bankruptcy of PFG Best. We have developed this into Nadex Connect, an "out of the box" software solution, which removes the need for a lot of customised integration work for any futures broker (FCM) who wishes to offer Nadex products to their clients; discussions are ongoing to link the first FCM to the exchange in the coming months. Another initiative is to bring at least one more market maker to the exchange. If successful, this should have the effect of deepening liquidity and narrowing spreads, particularly attractive to more active traders, and ultimately driving increased volumes. We are also upgrading and extending the range of our Nadex mobile apps to make the exchange increasingly accessible.

Nadex remains a long term project and I believe some of the initiatives that we aim to deliver in the second half of the year will be key milestones in the long term development of this market.

MetaTrader

During the period we introduced MetaTrader 4, a popular third party trading platform with a large and loyal global user base. We have seen a slow but steady increase in the number of clients using the platform to trade, but it will take some time before we overcome perceptions that we are a firm which does not offer MetaTrader. Ultimately, we believe that the ability to continue to use a familiar platform, while trading with such a high quality counterparty as IG, will prove attractive. Although MetaTrader remains extremely popular for forex trading, clients are increasingly expecting to also be able to trade some of the main indices and commodities; over the next six months we will expand our offering to include these and also enable spread betting alongside CFD trading on this platform.

Broadening our offering

We aim to significantly broaden our reach and position ourselves over time as the default way to trade the financial markets for active retail traders. Our current products are ideal for the active short-term trader with the risk appetite for high levels of leverage, but this is only a subset of the active trader market. Within the UK, a large number of active traders use more traditional cash equities for trading.

We are on track to launch a cash equity service in the UK in the second half of calendar year 2014. We have built the necessary new infrastructure, including custody arrangements, settlement and client accounting and have just started to test this in our high-end direct market access platform, L2. Meanwhile we are carrying out the development necessary to incorporate this new product within our existing web and mobile trading platforms.

Our offering has been designed around much of our existing infrastructure for pricing and execution. This infrastructure was built for the most demanding short term traders who trade equities by means of a CFD or a spread bet and is, we believe, far superior to that offered by existing UK online execution-only stockbrokers. We provide live, streaming prices which comprise the best bid and offer available across a number of execution venues and our smart order routing technology ensures that our clients' orders are virtually instantly executed at the best price available.

Our past research concluded that the majority of our existing clients have a longer term cash equity portfolio with an online stockbroker and a significant proportion of those would consider using an IG stockbroking service because they value the quality of our platforms, pricing and execution in their leveraged trading. They are also interested in the possibility of using their long term portfolio as collateral for their shorter term trading with our existing products. We hope that this service will therefore also boost activity levels within our existing products and provide an important point of differentiation which we believe our competitors are ill-equipped to replicate.

This is an important strategic initiative. Over the long term I believe we will benefit from the development of a new diversified revenue stream and, importantly, this will raise awareness of IG and its other products and therefore also help to extend the reach of our existing products.

Over time we will replicate this approach in some of the other markets in which we operate, but this is unlikely to be a product which we will roll -out to all of our offices worldwide.

IG.com

During the period we substantially completed the first stage of our migration to the IG.com domain. This produced a short-term dip in our search engine rankings as we moved from local sites, which had many years of history and were recognised by search engines as being authoritative sources of information on our products, to a site which in the context of our industry was new and unknown. We are making rapid progress in building this "domain authority" for IG.com and regaining high rankings for many of the key search terms which introduce our products to potential clients.

The move to IG.com was an important step in the re-branding and re-positioning of the business. It means that all of our global web traffic is consolidated onto a single domain. In the transition we chose to make our market insight pages available to the public, where they were previously only visible to clients. On IG.com we have over 7,500 pages of content, providing a valuable information source on the financial markets for clients and potential clients. Over time, as this resource is indexed by the major search engines and IG.com is increasingly recognised as an authoritative source of financial information, we expect to see an increasing flow of non-clients to this web site. As we begin to broaden our product set to appeal to a wider range of active traders we hope that this will significantly raise awareness of IG and its products and become a valuable recruitment channel for us.

Mobile

Almost a third of all client-initiated transactions are now executed using mobile devices and in some countries this exceeds 50%. The devices which consumers use and the ways in which they use them are rapidly evolving. Sales of mobile phones and tablets now greatly exceed the sale of desktop or laptop PCs, and there is a blurring of the line between mobile and laptop with many laptops now having a touch screen and even a detachable keyboard.

IG provides native apps, designed to utilise the full functionality of the specific device, across the iOS, Android and Windows operating systems. This has required significant development expenditure over a number of years and this level of expenditure is beyond the majority of our immediate competitors and provides a competitive advantage. When we first started to develop our apps some years ago, our assumption was that they would remain secondary for some time to come and that existing web-trading clients would simply use them to trade and review positions when not at their computer. In reaction to evolving client demand we have been building into these apps many of the features and tools which our clients use to trade and to manage their accounts with us.

Over the next year we will further develop our apps to the point that they can effectively act standalone. We are increasingly recruiting clients who see their mobile device as their primary interface; they research IG and its products and services and then use their mobile device to open an account and trade. We have considerable further work to do to bring these early stages of the client journey on a mobile device up to an appropriate level. This work includes adding content and functionality to our apps and improving the delivery of IG.com on small screen mobile and this will be a key focus over the next few years.

Dividend

The Board has declared an Interim dividend of 5.75 pence per ordinary share, which will be paid at the end of February. The Board has adopted a progressive dividend policy that reflects the long term earnings and cash flow potential of the Group. Our dividend payout target is in the region of 60% of profit after tax.

Outlook

Against a backdrop of relatively quiet markets throughout the first six months the business performed satisfactorily and, although only a month in, the second half of the year has started well. However, from this point prior year comparatives are progressively more demanding, with IG having delivered record profitability in the second half, with record revenue in the final quarter of last year. Operating costs in the second half of this year will be higher than the first, reflecting the phasing of marketing spend and other variable costs, ongoing investment and additional costs for our new Swiss office, which is not expected to start generating revenue until around the year end.

As I have set out above, we are investing in a number of exciting long-term initiatives as we aim to become the default way for active retail traders to access the financial markets. I believe these will help us to deliver good levels of growth into the future.

Tim Howkins

Chief Executive Officer
14 January 2014

Interim consolidated income statement
for the six months ended 30 November 2013 (unaudited)

	Note	***Unaudited*** ***Six months ended 30 November 2013***	*Unaudited* *Six months ended 30 November 2012*	*Audited* *Year ended 31 May 2013*
		£000	*£000*	*£000*
Trading revenue		**200,825**	185,675	397,946
Interest income on segregated client funds		**2,980**	4,803	8,477
Revenue		**203,805**	190,478	406,423
Interest expense on segregated client funds		**(140)**	(145)	(289)
Introducing partner commissions		**(18,100)**	(16,715)	(36,089)
Betting duty and financial transaction taxes		**(1,327)**	(1,286)	(5,204)
Other operating income	4	**1,102**	747	3,067
Net operating income	3	**185,340**	173,079	367,908
Analysed as:				
Net trading revenue	3	***182,725***	168,960	361,857
Other net operating income		***2,615***	4,119	6,051
Administrative expenses		**(90,035)**	(92,310)	(175,980)
Operating profit	5	**95,305**	80,769	191,928
Finance income		**696**	1,264	2,036
Finance costs		**(886)**	(911)	(1,756)
Profit before taxation		**95,115**	81,122	192,208
Tax expense		**(23,428)**	(22,511)	(50,460)
Profit for the period		**71,687**	58,611	141,748
Profit for the period attributable to:				
Owners of the parent		**71,687**	58,556	141,692
Non-controlling interests		**-**	55	56
		71,687	58,611	141,748
Earnings per share (pence)				
- basic	6	**19.67p**	16.14p	39.02p
- diluted	6	**19.63p**	16.04p	38.80p

Interim consolidated statement of comprehensive income
for the six months ended 30 November 2013 (unaudited)

	Unaudited Six months ended 30 November 2013		*Unaudited Six months ended 30 November 2012*		*Audited Year ended 31 May 2013*	
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Profit for the period		71,687		58,611		141,748
Other comprehensive expense:						
Items that may be subsequently reclassified to profit or loss:						
Change in value of available-for-sale financial assets	40		-		(38)	
Foreign currency translation losses on overseas subsidiaries	(4,739)		(1,726)		(4,578)	
Other comprehensive expense for the period, net of tax		(4,699)		(1,726)		(4,616)
Total comprehensive income for the period		66,988		56,885		137,132
Total comprehensive income attributable to:						
Owners of the parent		66,988		56,838		137, 079
Non-controlling interests		-		47		53
		66,988		56,885		137, 132

All items of other comprehensive income or expense may be subsequently reclassified to profit or loss.

Interim consolidated statement of financial position

at 30 November 2013 (unaudited)

	Note	*Unaudited 30 November 2013 £000*	*Unaudited 30 November 2012 £000*	*Audited 31 May 2013 £000*
Assets				
Non-current assets				
Property, plant and equipment		12,889	15,089	14,469
Intangible assets	8	119,468	115,744	120,479
Deferred tax assets		5,758	9,296	9,470
		138,115	140,129	144,418
Current assets				
Trade receivables		324,717	273,312	300,636
Prepayments and other receivables		12,333	11,816	10,278
Cash and cash equivalents	9	75,476	108,425	98,345
Financial investments	12	82,750	-	50,468
		495,276	393,553	459,727
TOTAL ASSETS		633,391	533,682	604,145
Liabilities				
Current liabilities				
Trade payables		29,694	23,255	19,047
Other payables		45,536	44,714	53,781
Borrowings	11	25,000	-	-
Income tax payable		18,809	20,216	24,289
		119,039	88,185	97,117
Non-current liabilities				
Redeemable preference shares		40	40	40
		40	40	40
Total liabilities		119,079	88,225	97,157
Equity attributable to owners of the parent				
Share capital	13	18	18	18
Share premium		206,758	206,758	206,758
Other reserves		84,461	85,556	84,990
Retained earnings		223,075	152,932	215,222
Shareholders' equity		514,312	445,264	506,988
Non-controlling interests		-	193	-
Total equity		514,312	445,457	506,988
TOTAL EQUITY AND LIABILITIES		633,391	533,682	604,145

Tim Howkins, Director

Christopher Hill, Director

Interim consolidated statement of changes in shareholders' equity
for the six months ended 30 November 2013 (unaudited)

	Equity share capital £000 Note 13	*Share premium £000*	*Other reserves £000*	*Retained earnings £000*	*Shareholders' equity £000*	*Non-controlling interests £000*	*Total equity £000*
At 1 June 2012	18	206,291	85,543	155,145	446,997	146	447,143
Profit for the period	-	-	-	58,556	58,556	55	58,611
Other comprehensive expense for the period	-	-	(1,718)	-	(1,718)	(8)	(1,726)
Total comprehensive (expense) / income for the period	-	-	(1,718)	58,556	56,838	47	56,885
Equity-settled employee share-based payments	-	-	2,295	-	2,295	-	2,295
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	(118)	-	(118)	-	(118)
Issuance of own shares	-	467	-	-	467	-	467
Purchase of own shares	-	-	(441)	-	(441)		(441)
Exercise of US share incentive plans	-	-	(5)	-	(5)	-	(5)
Equity dividends paid	-	-	-	(60,769)	(60,769)	-	(60,769)
Movement in shareholders' equity	-	467	13	(2,213)	(1,733)	47	(1,686)
At 30 November 2012	18	206,758	85,556	152,932	445,264	193	445,457
Profit for the period	-	-	-	83,136	83,136	1	83,137
Other comprehensive (expense) / income for the period	-	-	(2,895)	-	(2,895)	5	(2,890)
Total comprehensive (expense) / income for the period	-	-	(2,895)	83,136	80,241	6	80,247
Equity-settled employee share-based payments	-	-	2,014	-	2,014	-	2,014
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	131	-	131	-	131
Exercise of US share incentive plans	-	-	(15)	-	(15)	-	(15)
Equity dividends paid	-	-	-	(20,846)	(20,846)	-	(20,846)
Acquisition of non-controlling interests	-	-	199	-	199	(199)	-
Movement in shareholders' equity	-	-	(566)	62,290	61,724	(193)	61,531
At 31 May 2013	18	206,758	84,990	215,222	506,988	-	506,988
Profit for the period	-	-	-	71,687	71,687	-	71,687
Other comprehensive expense for the period	-	-	(4,699)	-	(4,699)	-	(4,699)
Total comprehensive (expense) / income for the period	-	-	(4,699)	71,687	66,988	-	66,988
Equity-settled employee share-based payments	-	-	3,585	-	3,585	-	3,585
Excess of tax deduction benefit on share-based payments recognised directly in shareholders' equity	-	-	267	-	267	-	267
Issuance of own shares	-	-	348	-	348	-	348
Purchase of own shares	-	-	(30)	-	(30)	-	(30)
Equity dividends paid	-	-	-	(63,834)	(63,834)	-	(63,834)
Movement in shareholders' equity	-	-	(529)	7,853	7,324	-	7,324
At 30 November 2013	18	206,758	84,461	223,075	514,312	-	514,312

Interim consolidated cash flow statement

for the six months ended 30 November 2013 (unaudited)

	Note	*Unaudited Six months ended 30 November 2013 £000*	*Unaudited Six months 30 November 2012 £000*	*Audited Year ended 31 May 2013 £000*
Cash generated from / (used in) operations	10	76,694	(27,511)	66,402
Income taxes paid		(24,602)	(29,648)	(53,247)
Interest received on segregated client funds		3,142	5,015	9,013
Interest paid on segregated client funds		(140)	(145)	(289)
Net cash flow from / (used in) operating activities		55,094	(52,289)	21,879
Investing activities				
Interest received		652	1,403	2,155
Purchase of property, plant and equipment		(1,003)	(2,514)	(4,813)
Payments to acquire intangible fixed assets		(1,828)	(3,512)	(11,949)
Purchase of a non-controlling interest		-	-	(1,319)
Proceeds from maturity of financial investments		25,793	-	-
Purchase of financial investments		(57,990)	-	(50,486)
Net cash flow used in investing activities		(34,376)	(4,623)	(66,412)
Financing activities				
Interest paid		(886)	(754)	(3,175)
Equity dividends paid to equity holders of the parent	7	(63,834)	(60,769)	(81,615)
Proceeds from draw down of committed banking facility	11	50,000	-	-
Repayment of committed banking facility	11	(25,000)	-	-
Purchase of own shares		(30)	(441)	(461)
Proceeds from the issuance of shares		-	467	467
Payment of redeemable preference share dividends		(3)	-	(3)
Net cash flow used in financing activities		(39,753)	(61,497)	(84,787)
Net decrease in cash and cash equivalents		(19,035)	(118,409)	(129,320)
Cash and cash equivalents at the beginning of the period		98,345	228,156	228,156
Exchange losses on cash and cash equivalents		(3,834)	(1,322)	(491)
Cash and cash equivalents at the end of the period	9	75,476	108,425	98,345

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 2013: £25.0 million; 30 November 2012 and 31 May 2013: £nil). Please refer to note 9.

Notes to the interim condensed consolidated financial statements

At 30 November 2013 (unaudited)

1. General information

The interim condensed consolidated financial statements of IG Group Holdings plc and its subsidiaries for the six months ended 30 November 2013 were authorised for issue by the Board of Directors on 14 January 2014. 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 2013, 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 2013 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 2013 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 nearest thousand pounds (£000) except where otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report for the year ended 31 May 2013 which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The preparation of the interim consolidated financial statements requires the Group to make estimates and judgements that affect the amounts reported for 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 2013.

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 impairment of goodwill, the impairment of trade receivables – amounts due from clients, the useful economic life applied to the intangible fixed assets and the calculation of the Group's current corporation tax charge and recognition of deferred tax assets.

> The judgments in relation to impairment of trade receivables – amounts due from clients are dependent on historic levels of repayment and based upon individual debtor circumstances.
>
> The assessment of the useful economic life of the Groups technology based intangible assets is judgemental and can change as a result of unforeseen technological developments.
>
> 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.

The measurement of the Group's net trading revenue is predominately 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 2013 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 2014. The Group has therefore included the disclosures required by IAS 34 para 16A(j), see note 15.
- 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 2014 and have therefore been adopted.

New accounting standards

The following new standards and interpretations are effective for accounting periods beginning 1 June 2013 but have not had a material impact on the presentation of, nor the results or financial position of the Group:

- Amendments to IFRS 7 on Financial instruments asset and liability offsetting (effective 1 January 2013)
- Annual improvements 2011 (effective 1 January 2013)

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);
- Net trading revenue is reported by the location of the office and aggregated into the disclosable segments of UK, Australia and Europe with 'Rest of World' comprising the Group's remaining operations in each of Japan, South Africa, Singapore and the United States;
- The 'Europe' segment comprises the Group's operations in each of France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain and Sweden; and,
- Segment contribution, being segment trading revenue less directly incurred costs, as the measure of segment profit and loss reported to the CODM.

The UK segment derives its revenue from financial spread bets, fixed odd bets on financial markets, Contracts for Difference (CFDs), margined forex and binary options. The Australian and European segments derive their revenue from CFDs, margined forex and binary options. The businesses reported within the 'Rest of World' derive revenue from the operation of a regulated futures and options exchange as well as CFDs, margined forex and binary options.

The Group employs a centralised operating model whereby market risk is managed principally in the UK, switching to Australia outside of UK hours. The costs associated with these operations are included in the Central segment, together with central costs of senior management, middle office, IT development, marketing and other support functions. As the Group manages risk and hedges on a group-wide portfolio basis, the following segmental revenue analysis involves the use of an attribution methodology. Interest income and expense on segregated client funds is managed and reported to the CODM centrally and thus has been reported in the Central segment. In the following analysis, the Central segment costs have been further allocated to the other reportable segments based on segment net trading revenue, in order to provide segment operating profit.

Japan's trading revenue and operating profit after allocations have both fallen below the 10% of Group threshold required by IFRS 8 for disclosure as a reportable segment and accordingly have been included within the Rest of World segment.

Notes to the interim condensed consolidated financial statements
At 30 November 2013 (unaudited)

3. Segment information (continued)

Six months ended 30 November 2013 (Unaudited)	*UK*	*Australia*	*Europe*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	93,423	26,968	40,268	22,066	-	182,725
Interest income on segregated client funds	-	-	-	-	2,980	2,980
Revenue from external customers	93,423	26,968	40,268	22,066	2,980	185,705
Interest expense on segregated client funds	-	-	-	-	(140)	(140)
Other operating income	-	-	-	-	1,102	1,102
Betting duty and financial transaction taxes	(1,239)	(9)	(79)	-	-	(1,327)
Net operating income	92,184	26,959	40,189	22,066	3,942	185,340
Segment contribution	77,659	22,981	27,233	13,029	(40,455)	100,447
Allocation of central costs	(20,116)	(6,356)	(8,929)	(5,054)	40,455	-
Depreciation and amortisation	(2,641)	(725)	(1,066)	(710)	-	(5,142)
Operating profit	54,902	15,900	17,238	7,265	-	95,305
Net finance cost						(190)
Profit before taxation						95,115

Six months ended 30 November 2012 (Unaudited)	*UK*	*Australia*	*Europe*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	86,913	28,172	32,055	21,820	-	168,960
Interest income on segregated client funds	-	-	-	-	4,803	4,803
Revenue from external customers	86,913	28,172	32,055	21,820	4,803	173,763
Interest expense on segregated client funds	-	-	-	-	(145)	(145)
Other operating income	-	-	-	-	747	747
Betting duty	(1,286)	-	-	-	-	(1,286)
Net operating income	85,627	28,172	32,055	21,820	5,405	173,079
Segment contribution	70,912	25,143	19,559	14,205	(43,320)	86,499
Allocation of central costs	(21,062)	(7,307)	(8,911)	(6,040)	43,320	-
Depreciation and amortisation	(2,884)	(811)	(1,045)	(990)	-	(5,730)
Operating profit	46,966	17,025	9,603	7,175	-	80,769
Net finance revenue						353
Profit before taxation						81,122

Notes to the interim condensed consolidated financial statements

At 30 November 2013 (unaudited)

3. Segment information (continued)

Year ended 31 May 2013 (Audited)	*UK*	*Australia*	*Europe*	*Rest of World*	*Central*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Segment net trading revenue	186,450	56,251	71,047	48,109	-	361,857
Interest income on segregated client funds	-	-	-	-	8,477	8,477
Revenue from external customers	186,450	56,251	71,047	48,109	8,477	370,334
Interest expense on segregated client funds	-	-	-	-	(289)	(289)
Other operating income	-	-	-	-	3,067	3,067
Betting duty	(5,204)	-	-		-	(5,204)
Net operating income	181,246	56,251	71,047	48,109	11,255	367,908
Segment contribution	151,337	49,297	43,870	31,288	(71,698)	204,094
Allocation of central costs	(35,251)	(11,165)	(15,074)	(10,208)	71,698	-
Depreciation and amortisation	(5,888)	(1,544)	(2,170)	(2,564)	-	(12,166)
Operating profit	110,198	36,588	26,626	18,516	-	191,928
Net finance income						280
Profit before taxation						192,208

Net trading revenue represents the trading income from financial instruments carried at fair value through profit and loss and has been disclosed net of introducing 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 2013	*Unaudited Six months ended 30 November 2012*	*Audited Year ended 31 May 2013*
	£000	*£000*	*£000*
Net trading revenue			
Financial			
Contracts for Difference	108,485	97,807	210,992
Spread Betting	63,528	61,544	129,881
Binaries	10,712	9,609	20,984
Total net trading revenue	182,725	168,960	361,857
Interest income on segregated client funds	2,980	4,803	8,477
Revenue from external customers	185,705	173,763	370,334

Notes to the interim condensed consolidated financial statements

At 30 November 2013 (unaudited)

4. Other operating income

	Unaudited Six months ended 30 November 2013	*Unaudited* Six months ended 30 November 2012	*Audited* Year ended 31 May 2013
	£000	*£000*	*£000*
Revenue share arrangement[(1)]	688	747	1,333
Inactivity fees[(2)]	414	-	484
Settlement income[(3)]	-	-	1,250
Other operating income	1,102	747	3,067

[(1)] On 8 June 2011, the Group reached an agreement to sell the majority of the client list relating to the Group's Sport business to Spreadex Limited under a revenue share agreement where the Group would receive semi-annual payments for the subsequent three years, calculated by reference to the revenue that the acquirer generates from clients on the list.

[(2)]In the year ended 31 May 2013, the Group commenced charging inactivity fees for those accounts on which clients had not traded for two years.

[(3)]In the year ended 31 May 2013, the Group received one-off income in relation to settlement of an insurance claim made regarding the fit out of the London head office.

5. Operating profit

	Unaudited Six months ended 30 November 2013	*Unaudited* Six months ended 30 November 2012	*Audited* Year ended 31 May 2013
	£000	*£000*	*£000*
This is stated inclusive of exceptional items and after charging / (crediting):			
Remuneration:			
Fixed			
- Wages and salaries	31,171	31,693	63,306
Variable			
- Redundancy programme costs	-	1,252	1,252
- Performance-related bonuses	9,525	7,959	17,304
- Equity-settled share-based-payment schemes	3,814	2,319	4,414
Depreciation of property, plant and equipment	2,409	2,941	6,050
Amortisation of intangible assets	2,733	2,789	6,116
Advertising and marketing	15,369	17,457	32,558
Operating lease rentals for land and buildings	2,077	2,052	4,375
Foreign exchange losses / (gains)[(1)]	7,563	(2,365)	(2,621)
Legal and professional costs[(2)]	2,104	4,385	4,772
Net charge / (recovery) of impaired trade receivables	1,249	(82)	(348)

[(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.

[(2)] Legal and professional fees include costs of £nil million (Six months ended 30 November 2012: £2.3 million) incurred in defence of claims made in relation to the insolvency of Echelon Wealth Management Limited. In the year ended 31 May 2013, following the closure of this claim against the Group, the claimants paid a £2.8 million contribution to the Group's legal costs incurred in the year of £3.4 million. This contribution was recorded within legal and professional fees.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding shares purchased by the Company and held as own shares in Employee Benefit Trusts. Diluted earnings per share is calculated using the same profit figure as that used in basic earnings per share and by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares arising from share schemes.

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

	Unaudited Six months ended 30 November 2013	*Unaudited Six months ended 30 November 2012*	*Audited Year ended 31 May 2013*
	£000	*£000*	*£000*
Profit for the period	71,687	58,611	141,748
Earnings attributable to non-controlling interests	-	(55)	(56)
Earnings attributable to equity shareholders of the parent	71,687	58,556	141,692

	Number	Number	Number
Weighted average number of shares			
Basic	364,455,249	362,699,605	363,172,810
Dilutive effect of share-based payments	735,073	2,307,503	2,016,025
Diluted	365,190,322	365,007,108	365,188,835

	Unaudited Six months ended 30 November 2013	*Unaudited Six months ended 30 November 2012*	*Audited Year ended 31 May 2013*
Basic earnings per share	19.67p	16.14p	39.02p
Diluted earnings per share	19.63p	16.04p	38.80p

Notes to the interim condensed consolidated financial statements
At 30 November 2013 (unaudited)

7. Dividends paid and proposed

	Unaudited Six months ended 30 November 2013 £000	*Unaudited Six months ended 30 November 2012 £000*	*Audited Year ended 31 May 2013 £000*
Amounts recognised as distributions to equity holders in the period:			
Interim dividend of 5.75p for 2013 (2012: 5.75p)	-	-	20,846
Final dividend of 17.50p for 2013 (2012: 16.75p)	63,834	60,769	60,769
	63,834	60,769	81,615
Proposed but not recognised as distributions to equity holders in the period:			
Interim dividend of 5.75p for 2014 (2013: 5.75p)	21,000	20,935	-
Final dividend of 17.50p for 2013	-	-	63,834
	21,000	20,935	63,834

The proposed interim dividend for 2014 of 5.75p per share amounting to £21.0 million was approved by the Board on 14 January 2014 and has not been included as a liability at 30 November 2013. This dividend will be paid on 25 February 2014 to those members on the register at the close of business on 24 January 2014.

8. Intangible assets

	Goodwill £000	*Client lists and customer relationships £000*	*Trade & domain names £000*	*Development costs £000*	*Software and licences £000*	*Total £000*
Net book value – 30 November 2012	107,152	143	-	4,114	4,335	115,744
Net book value – 31 May 2013	107,303	15	3,864	5,360	3,937	120,479
Net book value – 30 November 2013	107,194	-	3,798	5,705	2,771	119,468

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 period ended 30 November 2013.

Notes to the interim condensed consolidated financial statements

At 30 November 2013 (unaudited)

9. Cash and cash equivalents

	Unaudited	*Unaudited*	*Audited*
	30 November 2013	*30 November 2012*	*31 May 2013*
	£000	*£000*	*£000*
Gross cash and cash equivalents (1)	926,155	893,097	921,869
Less: segregated client funds(2)	(850,679)	(784,672)	(823,524)
Cash held, including title transfer funds (3)	75,476	108,425	98,345

(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 including both segregated client and title transfer funds.

(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)Title transfer funds are held by the Group under a Title Transfer Collateral Arrangement (TTCA) by which a client agrees that full ownership of such monies is unconditionally transferred to the Group.

10. Cash generated from operations

	Unaudited	*Unaudited*	*Audited*
	Six months ended	*Six months ended*	*Year ended*
	30 November 2013	*30 November 2012*	*31 May 2013*
	£000	*£000*	*£000*
Operating activities		*(restated)*	*(restated)*
Operating profit	95,305	80,769	191,928
Adjustments to reconcile operating profit to net cash generated from operating activities:			
Net interest income on segregated client funds	(2,840)	(4,658)	(8,188)
Depreciation of property, plant and equipment	2,409	2,941	6,050
Amortisation of intangible assets	2,733	2,789	6,116
Non-cash foreign exchange losses / (gains)	7,872	1,610	(2,399)
Equity-settled employee share-based payments	3,585	2,319	4,309
Increase in trade and other receivables	(34,930)	(60,296)	(78,372)
Increase / (decrease) in trade and other payables	2,248	(52,052)	(52,228)
Decrease increase in provisions	-	(1,349)	(202)
Other non-cash items	312	416	(612)
Cash generated from / (used in) operations	76,694	(27,511)	66,402

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

The comparative periods of 30 November 2012 and 31 May 2013 have been restated in order to include the recovery or impairment of trade receivables within the increase in trade and other receivables.

11. Borrowings

	Unaudited	*Unaudited*	*Audited*
	Six months ended	*Six months ended*	*Year ended*
	30 November 2013	*30 November 2012*	*31 May 2013*
	£000	*£000*	*£000*
Current			
Draw down of committed banking facility (note 12)	25,000	-	-
	25,000	-	-

At the period end £25.0 million of the committed banking facility had been drawn down as a precautionary measure in case of increased broker margin requirements. The facility was drawn down to £50.0 million for a period of 31 days in October and November 2013, and subsequently partially repaid to a level of £25.0 million for a further 16 days up until the period end. The remaining drawn facility was repaid on 19 December 2013.

Notes to the interim condensed consolidated financial statements

At 30 November 2013 (unaudited)

12. Liquidity

The Group manages liquidity risk on a Group-wide basis as disclosed in note 20 of the 31 May 2013 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 2013.

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 19 July 2013 the Group completed the renegotiation of the liquidity facility with a syndicate of three banks. In doing so the Group has increased the size of the overall facility to £200.0 million and established a longer term liquidity funding arrangement. 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. The drawings made under this facility in the period ended 30 November 2013 are disclosed in note 11.

Additionally the Group's Japanese business, IG Securities Limited has a Yen 300 million (£1.8 million) liquidity facility as at 30 November 2013 (31 May 2013 and 30 November 2012: Yen 300 million).

a) Liquid assets and own funds

'Liquid assets', stated net of borrowings, 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:

		Unaudited	*Unaudited*	*Audited*
		30 November 2013	*30 November 2012*	*31 May 2013*
	Note	*£000*	*£000*	*£000*
Cash held, including title transfer funds[(1)]	9	75,476	108,425	98,345
Amounts due from brokers[(2)]		305,077	266,283	283,940
Financial investments – liquid assets buffer[(3)]		82,750	-	50,468
Other amounts due to the Group[(4)]		11,645	5,335	15,003
Liquid assets		474,948	380,043	447,756
Less:				
Drawn down of committed banking facility		(25,000)	-	-
Title transfer funds		(23,465)	(25,295)	(18,465)
Own funds		426,483	354,748	429,291

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 12(d).

(1) Own cash and title transfer funds represent cash held on demand with financial institutions (please refer to note 9) 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) Financial investments represent 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'.

(4) 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. At 30 November 2013 and 31 May 2013 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 year-end. The Group is required to segregate these client funds at the point of client funding and not at cash settlement.

12 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	*Unaudited*	*Audited*
	30 November 2013	*30 November 2012*	*31 May 2013*
	£000	*£000*	*£000*
Liquid assets	474,948	380,043	447,756
Less amounts required to ensure appropriate client money segregation - other amounts due to the Group[1]	(11,645)	(5,335)	(15,003)
Less amounts required for regulatory and working capital of overseas businesses[2]	(29,566)	(25,295)	(32,542)
Available liquid assets	433,737	349,413	400,211
Less broker margin requirement[3]	(273,381)	(242,966)	(245,689)
Net available liquidity	160,356	106,447	154,522
Of which is:			
Held as a liquid assets buffer[4]	82,750	-	50,468
Draw down of committed banking facility[5]	25,000	-	-

At 30 November 2013, £82.8 million of the net available liquidity is held in a liquid assets buffer in accordance with BIPRU 12.

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

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

[2] The Group's regulated subsidiaries in 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 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.

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

[4] 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.

[5] The short term banking facility was drawn down for a two month period and repaid on 19th December 2013.

Notes to the interim condensed consolidated financial statements

At 30 November 2013 (unaudited)

12. 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 2013 £000	*Unaudited 30 November 2012 £000*	*Audited 31 May 2013 £000*
Liquid assets	**474,948**	**380,043**	**447,756**
Undrawn committed banking facility[1]	175,000	180,000	180,000
Total available liquidity (including facility)[2]	**649,948**	**560,043**	**627,756**

[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 £200.0 million at 30 November 2013 (30 November 2012: £180.0 million and 31 May 2013: £180.0 million) based on the broker margin requirements on those dates, of which £25.0 million was drawn down as at 30 November 2013 (30 November 2012: £nil and 31 May 2013: £nil).

[2]Stated inclusive of the liquid assets buffer of £82.8 million (30 November 2012: £nil and 31 May 2013: £50.5 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 2013 should be considered in light of the intra-period high broker margin requirement of £274.0 million (£297.5 million during year ended 31 May 2013), 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 final paid dividend for the year ending 31 May 2013 all of which draw upon the Group's liquidity.

Notes to the interim condensed consolidated financial statements

At 30 November 2013 (unaudited)

12 Liquidity (continued)

d) Own funds generated from operations

The following cash flow statement summarises the Group's cash generation during the period and excludes all cash flows in relation to monies held on behalf of clients. Additionally amounts due from brokers and the liquid asset buffer have been treated as cash and cash equivalents and have been included within 'own funds' in order to provide a clear presentation of the Grou p's available cash resources. The derivation of own funds is explained in note 12(a), and is stated net of amounts drawn on the Group's committed banking facility.

The comparative periods of 30 November 2012 and 31 May 2013 have been restated in order to include the recovery or impairment of trade receivables within working capital rather than other non-cash adjustments.

	Unaudited	*Unaudited*	*Audited*
	30 November 2013 *£000*	*30 November 2012* *£000* *(restated)*	*31 May 2013* *£000* *(restated)*
Operating activities			
Profit before tax	95,115	81,122	192,208
Depreciation and amortisation	5,142	5,730	12,166
Other non-cash adjustments	3,472	1,397	3,204
Income taxes paid	(24,602)	(29,648)	(53,247)
Own funds generated from operations	79,127	58,601	154,331
Movement in working capital	(11,253)	(24,632)	(12,038)
(Outflow)/ inflow from investing and financing activities:			
- Dividends paid	(63,834)	(60,769)	(81,615)
- Capital expenditure	(2,831)	(6,026)	(16,762)
- Other	(183)	675	(2,355)
Increase / (decrease) in own funds	1,026	(32,151)	41,561
Own funds at start of period	429,291	388,221	388,221
Exchange losses on own funds	(3,834)	(1,322)	(491)
Own funds at end of period	426,483	354,748	429,291

13. Share capital

	Unaudited *30 November 2013* *Number*	*Unaudited* *30 November 2012* *Number*	*Audited* *31 May 2013* *Number*
Allotted, called up and fully paid :			
(i) ordinary shares			
At beginning of period	364,894,924	363,315,023	363,315,023
Issued during period	841,444	1,278,958	1,579,901
At end of period	365,736,368	364,593,981	364,894,924
(ii) B shares			
At beginning and end of period	65,000	65,000	65,000

In the six months ended 30 November 2013, 841,444 (30 November 2012: 1,278,958) ordinary shares with an aggregate nominal value of £42 (30 November 2012: £64) were issued following the exercise of Share Plan awards for a consideration of £42 (30 November 2012: £466,907).

Notes to the interim condensed consolidated financial statements

At 30 November 2013 (unaudited)

14. Related party transactions

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

15. 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 12 of these financial statements.

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 2013. There has not been a significant change in the Group's financial risk management processes or policies since the year end.

The following disclosures are provided in accordance with the amendments to IAS 34.

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 2013 (Unaudited)	*£000*	*£000*	*£000*	*£000*
Financial assets				
Trade receivables – due from brokers	(708)	(6,254)	-	(6,962)
Financial investments	82,750	-	-	82,750

(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 2013, there were no transfers (year ended 31 May 2013: 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 2013 (Audited)	*£000*	*£000*	*£000*	*£000*
Financial assets				
Trade receivables – due from brokers	(826)	(1,071)	-	(1,897)
Financial investments	50,468	-	-	50,468

Notes to the interim condensed consolidated financial statements

At 30 November 2013 (unaudited)

15. Financial risk management and Financial instruments (continued)

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

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 2013 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 2013 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 2013, with the exception of Jim Newman who was appointed as a Non-executive Director on 1 October 2013.

On behalf of the Board

Tim Howkins Director	Christopher Hill Director

Principal risks and uncertainties

Effective management of our risks is critical to the achievement of our strategy. The Board is responsible for reviewing the Group's systems of internal control and risk management and approving any changes to the risk management policy which materially increases the risk profile of the Group. The Group Risk Appetite Statement is approved by the Board and describes risk tolerances for all our business risks and ensures there is a comprehensive risk-management framework in place to monitor current and identify future risks.

There have been no significant changes to the Group's exposure to risks, nor the Group's risk management policy in the six month period ended 30 November 2013.

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 32 of the Group's Annual Report 2013 and are summarised as follows:

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

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

Principal risks and uncertainties (continued)

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

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

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

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

Independent review report to IG Group Holdings plc

Introduction

We have been engaged by the company to review the condensed consolidated financial statements in the interim financial report for the six months ended 30 November 2013, which comprises the interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of financial position, interim consolidated statement of changes in shareholders' equity, interim consolidated cash flow statement and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information in the interim financial report for the six months ended 30 November 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
14 January 2014
London