IG GROUP HOLDINGS PLC

Interim Results for the six months ended 30 November 2016
24 January 2017

IG Group Holdings plc ("IG", "the Group", "the Company"), a global leader in online trading, today announces results for the six months ended 30 November 2016.

Financial Summary

- Net trading revenue[1] up 14% at £244.9 million
- Operating expenses up 23%, with significant investment in effective marketing
- Profit before tax up 6.7% to £105.2 million
- Diluted EPS up 7.8% at 22.55 pence
- £93.9 million of own funds[2] generated from operations, up 7.7%
- Interim dividend of 9.42 pence per share, in line with dividend policy

Operating and Strategic Summary

- New client numbers, defined as first trades, ahead of prior year by 59%
- Purchased the assets of Daily FX, a global retail FX research and education portal, for $40 million (£32.7 million)
- Continued progress in strategic evolution towards sophisticated trading and investments
  - Stockbroking offer rolled out to Australia and France
  - Licence received in January 2017 to offer a discretionary managed Investment service in the UK
  - Limited Risk account, with no-negative guarantee, rolled out across the world
  - Sprints binary product no longer offered to new clients with immediate effect
- Uncertainty created by a number of regulatory developments after the end of the period
  - IG supports regulators' objectives to improve consumer outcomes
  - The Company is engaging fully with the FCA Consultation in the UK

Peter Hetherington, Chief Executive, commented:

"This has been another good six months for the business, with record revenue, a new high in active client numbers and ongoing success in attracting and developing the next generation of traders. I am extremely proud of what we have achieved. The business once again proved the resilience of its operating model and its people, as it dealt exceptionally well with the short term volatility in the financial markets caused by two significant political events.

"IG is evolving and refining its offering to clients. Strategically, for some time, we have been shifting our emphasis to active financial trading and investing, deepening and broadening the relationship with our clients. In January, we received our licence from the FCA to offer an investments service to clients in the UK, in partnership with BlackRock, and intend to launch our smart portfolio ETF product in the UK in the near future. Also, as part of this evolution, we now offer clients our Limited Risk account, with an absolute guarantee that they can lose no more than their deposit - around half of the accounts in the UK are being opened on this basis. We have also taken the decision to no longer offer our Sprints binary product to new clients globally.

"We welcome the intentions of the FCA and other European regulators to improve consumer outcomes across the industry, and we believe that IG's Limited Risk account will play an important role in this. In delivering a sustainable business for over 40 years, IG has always sought, and will always seek, to operate to the highest regulatory standards. As the largest provider in the industry, IG is engaging with the consultation processes."

All current financial results listed are for the six months ended 30 November 2016. All general references to 'the prior period', 'the prior year', and 'last year' mean the six months ended 30 November 2015, unless otherwise specified.

[1] *Net trading revenue is trading revenue excluding interest on segregated client funds, net of introducing partner commissions. All references to 'revenue' in the Group Performance and Operating and Financial reviews are made with regards to net trading revenue.*
[2] *Further detail on own funds generated from operations is available in other information C*

Financial summary

For the six months ended 30 November 2016	H1 FY17	H1 FY16	Up/(Down) %
Net trading revenue (£m)	244.9	214.8	14%
Profit before taxation (£m)	105.2	98.6	7%
Profit after taxation (£m)	83.3	76.7	9%
Diluted earnings per share (pence)	22.55	20.91	8%
Interim dividend per share (pence)	9.42	8.45	11%
Own funds generated from operations (£m)	93.9	87.2	8%

Further information

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Analyst presentation

There will be an analyst and investor presentation on the results at 9:30am (UK Time) on Tuesday 24 January 2017 at IG Group, Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA.
The presentation will also be accessible live via audio webcast at www.iggroup.com and via a conference call on the following number:
All locations: +44 20 3059 8125
The audio webcast of the presentation and a transcript will be archived at: www.iggroup.com/investors

Disclaimer - forward-looking statements

This interim statement, prepared by IG Group Holdings plc (the “Company”), may contain forward-looking statements about IG Group Holdings plc and its subsidiaries (the “Group”). 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 Group 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.

Some numbers and period on period percentages in this statement have been rounded or adjusted in order to ensure consistency with the financial statements.

All market share data has been provided by Investment Trends Limited

- Investment Trends UK Leveraged Trading Report October 2016
- Investment Trends Singapore CFD and FX Report November 2016

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

Established in 1974 as the world’s first financial spread betting firm, IG’s aim is to become the default choice for active traders globally. It is an award-winning multi-platform trading company, the world’s No.1 provider of CFDs* and a global leader in forex. IG provides its clients with the option of a no-negative guarantee on trading accounts, and it now offers an execution-only stockbroking service in the UK, Ireland, Germany, France, Australia, Austria and the Netherlands.

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

*Based on revenue excluding FX (from published financial statements, October 2016)

Group Performance Review

The Company delivered record revenue in the six month period, up 14% on the same period in the prior year to £244.9 million (2016: £214.8 million). Profit before tax was ahead by 7% at £105.2 million (2016: £98.6 million). Operating expenses rose by 23%, with more than half of the absolute rise due to an increased marketing investment, where the payback remains compelling. Excluding the increase here, operating expenses were up by 13%. Profit after tax was £83.3 million, 9% ahead of the prior year (2016: £76.7 million), as the Group's effective tax rate fell to 20.8% (2016: 22.2%).

Revenue in the first quarter was ahead of the prior year by 5% at £111.4 million (2016: £106.0 million). This performance included the dampening impact of management actions around the extreme volatility triggered by the UK's EU referendum in June, and the effect of subdued financial markets in July and August. The second quarter was positively impacted by the market volatility surrounding the US Presidential election in November. Revenue in the second quarter reached a record level of £133.4 million, 23% ahead of the prior year period.

Further detail of the regional performance is provided in the Operating and Financial Review.

Business Development

IG continued to strengthen its position in its core market and to expand its presence in complementary unleveraged products.

In the core leveraged trading environment, IG's focus on driving inefficiencies out of the key processes continued to pay off during the first half, particularly in client acquisition. A significantly increased marketing investment drove the Group's total number of client first trades ahead of the first half of the prior financial year by 59%, and almost 30% up on the second half of last year. Importantly, the Company continued to invest in effective marketing, holding the acquisition cost per client flat, and keeping the average client payback period at around four months.

IG commenced the full roll out of its new web trading platform. After thorough testing with current clients the Company began to roll out the new platform in phases towards the end of the year. In January 2017 all UK spreadbetting clients were able to choose the new platform, with all new spreadbetting clients only accessing the new platform. Early client feedback is very encouraging and the rollout will continue through 2017, and will include the CFD client base. This is an exciting development, and another example of the innovation IG's clients have come to expect.

At the end of October 2016, IG purchased the assets of DailyFX for a total of $40 million (£32.7 million). DailyFX is a leading global news, information, education and discussion portal for retail traders, particularly in FX. This is a further commitment by the Company to both acquiring new clients and providing a valuable resource to engage and develop its current client base. The integration is on track. The websites receive over 1 million unique visitors per month, and the systems, processes and people are being put in place for IG to fully benefit from the opportunities this resource offers.

IG has constantly evolved and adapted to changing circumstances. Twenty years ago, most of the transactions that the company accepted were on sports spreadbets, and only ten years ago IG offered a fixed odds betting service. IG is continuing its product transition to encompass a broader range of trading products and an element of investments. In 2014, as part of its evolution, the Company launched a stockbroking service in the UK. IG made good progress with this product in the period. Stockbroking was launched as Share trading in Australia in July 2016, and the progress to date is encouraging. Towards the end of the period, stockbroking was launched in France, where IG is already the clear leader in its core leveraged space. During the last six months, around 14,000 clients used the stockbroking service, with over 8,400 using it for the first time

IG has also been developing a discretionary managed investments service. In January 2017, IG received its licence to launch this service in the UK. Initially, IG will offer a range of passive ETF-based investment portfolios in partnership with BlackRock. This will allow clients to access a broader range of products, supported by IG's award winning technology platform, and will enable IG to develop a deeper and longer relationship with its clients through multiple financial products.

At the other end of the product set, IG has decided to stop offering its Sprints product to new clients with immediate effect. Sprints are a short term up/down binary option, which is categorised as a complex financial product under MiFID, but regulated in the UK as a gaming product. As the Company continues to shift its strategic balance towards sophisticated trading and investing, Sprints no longer fits with the future direction of the business. However, IG recognises the fact that this is a limited risk product and is popular with current clients so will continue to make it available to them on the platform. The Sprints product generates around £15 million of annualised revenue.

Regulation

IG has differentiated itself within the industry through its adherence to the highest regulatory standards and its focus on fair outcomes for clients. Strong regulation in this industry is extremely important, supported by a consistent approach to the application of the rules and robust oversight. Although the regulatory environment in many markets is stable, a lack of consistency in the marketing and selling of the leveraged product has led to some regulators raising significant concerns. Therefore a degree of regulatory change is required and, if well structured, should be positive for client outcomes over the longer term.

In Australia, in November, the Government announced its intention to proceed with reforms to prevent client money being used by firms to post margin with hedging brokers. IG does not use client money in this way and it welcomes this development, and believes it will greatly enhance client protections. The Australian Government is also currently consulting on providing ASIC, the Australian regulator, with additional powers of product intervention for all financial products made available to retail clients. This will give ASIC similar powers to those already held by most financial regulators across the world.

The International Organisation of Securities Commissions (IOSCO) recently produced a fact finding report on current and proposed regulations relating to retail OTC derivative products. Although this report made no specific recommendations, it is likely to inform further regulatory change in certain jurisdictions. The Dubai regulator, the DFSA, is in discussions with IG and other stakeholders about the outcome of the review it announced in April 2015 into the offering of highly-leveraged products. Given the current regulatory environment more broadly, IG expect the results of this review to be announced in the near term and to have some impact on its business in the country.

In Europe, the regulatory situation is in a period of transition on the approach to the implementation of MiFID II in January 2018, with changes driven mainly by a rising level of client complaints about poor providers. In August the Belgian regulator, the FSMA, banned the sale and distribution of CFDs within Belgium. In September, the Dutch regulator, the AFM, announced its intention to ban advertising of binary options. At the end of November, the Cyprus regulator, the CySEC, announced a number of measures aimed at curtailing poor behaviours and improving consumer outcomes, including banning bonus offers, demanding same day return of funds to clients, appropriate leverage and mandating a no-negative account. After the end of the period, in December, the German regulator, BaFin, announced its intention to limit the marketing, sale and distribution of CFDs in Germany, where the account offered to the client does not provide a no-negative guarantee. IG already offers its Limited Risk account in Germany, which is consistent with the requirements of BaFin. In January 2017, the AMF in France finalised its approach to the advertising of CFDs. This outcome was more favourable than anticipated last year. The key advertising restrictions do not affect the main account IG now provides in France, the Limited Risk Account, and do not impact the current client base.

Overall, IG is pleased that European regulators are recognising the value of the protection provided by Limited Risk accounts. IG also believes that the Cyprus measures could play an important role in significantly enhancing consumer protection across Europe, due to the number of firms regulated in this jurisdiction. A raising of standards across the board should be positive for IG's competitive position in these countries.

FCA Consultation Process

In early December, the FCA in the UK announced a proposed set of measures, open to a consultation process, which would govern the marketing and distribution of CFDs (including financial Spreadbetting) in the UK. The consultation process is due to complete in early March 2017. IG has always sought to operate to the highest regulatory standards, and agrees that consistency in the application of, and the adherence to, these standards across the industry is critical. IG supports the FCA's intention to improve consumer outcomes, and the Company is very well placed to work with the FCA to assist it to achieve its goals.

The main changes the FCA proposes are:

- A ban on bonus offers
- Enhanced risk warnings within advertising
- A split of retail investors into Experienced and Inexperienced
- Leverage constraints, with a differentiation between Experienced and Inexperienced

IG will share its views and analysis with the FCA through the consultation process. In engaging in this process, IG's primary motivation is that the final rules improve outcomes for UK clients. For this to be achieved, the rules must be applied consistently across the broader industry. Not to do so would create the risk of a regulatory arbitrage situation developing, where UK clients are effectively encouraged to choose non-compliant providers who sell into the UK from other parts of the EU, or entirely illegally from elsewhere. The nature of internet-based marketing makes this extremely difficult to prevent. If this is the case, UK consumers are likely to end up with considerably worse outcomes. As part of improving client outcomes, IG also only offers a Limited Risk account to less experienced clients and believes this should become the industry standard. This account provides a guaranteed level of protection for these clients, while allowing them the freedom to trade as they choose.

There are a number of unknowns at this stage, particularly around the scope of the final proposals, the implementation timeline and any provisions for current clients. This makes it difficult to say exactly what the ultimate impact will be for the Company. However, IG has been successful over many years at overcoming a variety of challenges and has a strong track record of regulatory compliance and fair client outcomes. IG also has a great track record of innovation, and has technology and skills it could deploy to lessen the impact of any movement against over-the-counter trading.

In the Company's experience, when tighter regulation has been applied appropriately, client outcomes have improved, the industry has become more sustainable, and more compliant providers have benefitted over the longer term.

Board

In July 2016, Paul Mainwaring joined IG as CFO. Paul was previously CFO of Tullett Prebon plc. In September, Sam Tymms was appointed as Chairman of the Board Risk Committee, replacing Stephen Hill who remains a member of the Committee.

Dividend

The Board has declared an interim dividend of 9.42 pence per share, calculated as 30% of the full year ordinary dividend for the prior year.

Outlook

Following a good first half, and with still a significant portion of the year to go, the Company continues to perform in line with expectations. Although there is considerable regulatory change on the horizon, it is not expected that any of this will have a material impact in the current financial year. There is much to do in the second half in progressing the strategic development of the business, as IG continues to differentiate itself, including supporting the launch of its Investments service in the UK. The Company will continue to engage fully with the FCA and other regulators, in order to achieve the best possible outcomes for current and future clients of this industry, and the greatest long term value for shareholders of IG.

24 January 2017

Geographical location	Revenue		%	Active clients %	Revenue per client
	FY17 H1	FY16 H1	Change		
UK (inc Ireland)	120.0	110.3	9%	30%	(16%)
Europe	53.3	45.6	17%	18%	(0.6%)
Total Australia	35.1	30.4	16%	9%	7%
ROW (inc Japan)	36.5	28.5	28%	19%	8%
	244.9	**214.8**	**14%**	**22%**	**(6%)**

Geographical location	Revenue		%	Active clients %	Revenue per client
	FY17 Q1	FY16 Q1	Change		
UK (inc Ireland)	55.4	56.4	(1.8%)	24%	(21%)
Europe	23.4	20.8	13%	18%	(4.5%)
Total Australia	16.2	14.9	9%	1.5%	7%
ROW (inc Japan)	16.4	13.9	18%	15%	2.0%
	111.4	**106.0**	**5%**	**18%**	**(11%)**

Geographical location	Revenue		%	Active clients %	Revenue per client
	FY17 Q2	FY16 Q2	Change		
UK (inc Ireland)	64.5	54.0	19%	33%	(10%)
Europe	29.9	24.8	20%	21%	(0.6%)
Total Australia	18.9	15.5	22%	14%	7%
ROW (inc Japan)	20.1	14.6	38%	19%	16%
	133.4	**108.9**	**23%**	**25%**	**(1.5%)**

Operating and Financial Review

IG delivered record revenue in the first half of £244.9 million, up 14% on the first half of the prior year (2016: £214.8 million). The Company continued to invest in its strategic initiatives to drive future growth, with particular emphasis on increased effective marketing spend. Profit before tax was ahead of the prior year by 7% at £105.2 million (2016: £98.6 million). Diluted earnings per share grew by 8% to 22.55 pence.

The six months were marked by distinct periods of volatility in the financial markets, around the UK's EU referendum in June and the US Presidential election in November, and a noticeably subdued period in July and August. The six month period split into two very distinct quarters. The first quarter delivered reasonable revenue of £111.4 million, 5% ahead of the same period in the prior year, while revenue in the second quarter was £133.4 million, a record level, 23% ahead of the prior year period.

Client numbers for the first half for the Group were ahead of the prior year by 22%, with new client acquisition, measured by first trades, ahead by 59%. Revenue per client in the six month period was down on the prior year by 6%, this was down by 11% in the first quarter and 1.5% in the second. This measure was materially impacted by the growth in lower-revenue clients in the US and in unleveraged clients, through the ongoing progress of the stockbroking business in the UK and Australia.

UK

The UK segment comprised our offices in London and Dublin. Revenue in the UK grew by 9% to £120.0 million against the prior period (2016: £110.3 million). Revenue per client was down by 21% in the first quarter, partially due to the mathematical impact of the growth in stockbroking clients and the very strong new client recruitment. Record second quarter revenue of £64.5 million, boosted by significant trading opportunities around the US Presidential election in November, was 16% ahead of the first quarter, at £55.4 million. The number of active clients was 30% ahead of the prior year period, although this was partially offset by a decrease in revenue per client of 16%. The number of client first trades was more than double the prior year period. The UK constituted 49% of Group revenue in the period, down from 51% in the same period last year.

An annual study of the UK's retail leveraged trading industry was released in October 2016. The survey concluded that, although the retail leveraged trading market remains niche, the number of traders grew to 124,000 (2015: 109,000). The survey showed that IG's primary market share of spread bettors had risen from 44% to 46%, and its primary share of CFD traders had fallen from 29% to 26%. The measurement of primary market share is based on the number of primary accounts, excluding partner agreements, and makes no allowance for client value, thereby making conclusions about share of total market revenue difficult to draw.

The stockbroking business in the UK continued to grow well, with over 12,100 clients using the stockbroking service in the period, against just under 3,800 in the same period last year.

Europe

The Europe segment comprised the German, French, Italian, Spanish, Swedish, Luxembourg and Swiss offices and accounted for 22% of Group revenue, 1% higher than prior year. Revenue in the region rose by 17% from £45.6 million to £53.3 million, with all offices ahead of the prior year. Client numbers increased across the region by 18%, with all offices ahead once again, while revenue per client fell marginally on the prior year period.

As with the UK, there was a marked difference between the two quarters in the period, with revenue, active clients and revenue per client in the second quarter all well ahead of the first.

The Swiss office continues to grow well and remains ahead of plan at this stage of its development. At the end of the period IG launched its stockbroking offering in France.

Australia

The Australia segment comprised the Melbourne office and the revenue from New Zealand and other countries in the Asia Pacific region where IG has no physical presence. Revenue grew 16% to £35.1 million (2016: £30.4 million). Against the prior year, client numbers were up 9% and revenue per client up was up 7%. Revenue in the second quarter of this financial year was 16% ahead of the first quarter. The Australia segment contributed 14% of Group revenue in the period, in line with the same period of the prior year.

Stockbroking was launched in Australia at the beginning of the period, marketed as Share trading, and early client growth is encouraging and in line with plan.

Rest of World

The Rest of World segment comprised the offices in Singapore, Japan, South Africa and Dubai and the retail binary options exchange, Nadex, in the US. The Rest of World segment accounted for 15% of Group revenue against 13% in the prior year. Revenue for the Rest of World was up 28% on prior year at £36.5 million (2016: £28.5 million). Revenue was ahead year-on-year in all offices in the region, with the exception of Singapore which was flat for the period. Revenue in the second quarter was ahead of the first quarter in all offices, with particular strength in Japan and Singapore. An annual study of the CFD industry in Singapore was released in November 2016. The survey showed that IG's primary market share had risen from 16% to 18%. The Dubai office continues to perform well at this early stage of its development. However, as mentioned in the Group Performance Review, the future shape of regulation here is now uncertain. In the US, Nadex continues to grow strongly. For the US business, revenue was ahead by 31% at £6.3 million (2015: £4.8 million), and active member numbers were ahead by 44%.

Operating Expenses

	Unaudited Six months ended 30 November 2016 £m	Unaudited Six months ended 30 November 2015 £m	Movement £m	% Change
Remuneration	58.1	55.2	2.9	5%
Marketing	35.2	21.4	13.8	65%
Other costs	44.6	35.3	9.3	26%
Total operating expenses	137.9	111.9	26.0	23%

Total operating expenses increased by £26.0 million (23%) to £137.9 million. Over half of the absolute increase reflects the higher investment in marketing which has been successful in driving client recruitment.

Remuneration costs increased by £2.9 million (5%), to £58.1 million, reflecting growth in headcount in client facing activities, operations and control functions, and the introduction of flexible benefits and salary increases following industry benchmarking at the end of FY16.

Other costs increased by £9.3 million (26%) due to an increase in spend on IT maintenance and services, market data, and communications, with higher investment in information security and increased client activity. Depreciation and amortisation increased due to the investment being made in office modernisation. Irrecoverable VAT increased, driven primarily by the increased marketing spend.

The second half will contain additional costs of £5 million to reflect a full six months of Daily FX, including the amortisation of the asset, and around £6 million for the FSCS levy, which is charged in full in the second half of each year. Apart from these additions, operating expenses in the second half are expected to be around the same as in the first half.

Taxation

The estimated effective rate of tax applied to the half year profit is the forecast full year effective rate of 20.8% for FY2017, slightly down on the FY2016 full year effective rate of 21.0% (H1 FY16: 22.2%).

Earnings per ordinary share

Basic earnings per ordinary share for H1 FY2017 of 22.72 pence is calculated as the £83.3 million of profit for the period divided by the 366.6 million shares in issue. Diluted earnings per ordinary share for H1 FY2017 of 22.55 pence reflects the same profit divided by 369.5 million shares, which includes the assumed conversion of all ordinary shares arising from share schemes.

Balance Sheet

Intangible assets

On 31 October 2016 the Group completed the purchase of Daily FX, a leading global news and research portal, from FXCM Inc. for a total consideration of $40.0 million (£32.7 million), with $4.0 million (£3.3 million) of this amount deferred for six months.

Amounts due from brokers

The amounts due from brokers reflects the combination of cash held on account and the valuation of financial derivative open positions. At 30 November 2016 the actual broker margin requirement was £277.6 million (31 May 2016: £227.6 million and 30 November 2015: £210.2 million). The broker margin requirement peaked at £320.2 million during the period, and was at or over £300 million on 6 days. The average broker margin requirement in the first half was £264 million, compared with £213 million for the full year FY2016.

Liquidity and Capital

Revolving credit facility (RCF)

The Group has access to a committed RCF of £160 million with a syndicate of four banks. During this half year, the facility was drawn down ahead of three political events that were expected to result in elevated broker margin requirements – the EU referendum on 23 June, the US Presidential elections on 8 November and the Italian referendum of 4 December. These precautionary drawdowns were repaid after the event. At the end of the period, which was shortly before the Italian referendum £50 million was drawn. This amount has also been repaid.

Consolidated interim income statement
for the six months ended 30 November 2016 (unaudited)

	Note	Unaudited Six months ended 30 November 2016 £m	Unaudited Six months ended 30 November 2015 £m
Trading revenue		263.0	230.6
Interest income on segregated client funds		2.1	1.9
		265.1	232.5
Interest expense on segregated client funds		(0.3)	(0.2)
Introducing partner commissions		(18.1)	(15.8)
Betting duty and financial transaction taxes		(3.7)	(6.4)
Other operating income		0.5	0.3
Net operating income		243.5	210.4
Analysed as:			
Net trading revenue		244.9	214.8
Other net operating cost		(1.4)	(4.4)
Net operating income		243.5	210.4
Operating expenses	4	(137.9)	(111.9)
Operating profit		105.6	98.5
Finance income		0.9	1.0
Finance costs		(1.3)	(0.9)
Profit before taxation		105.2	98.6
Taxation	5	(21.9)	(21.9)
Profit for the period		83.3	76.7
Profit for the period attributable to owners of the parent		83.3	76.7
		83.3	76.7
Earnings per ordinary share			
- basic	6	22.72p	20.97p
- diluted	6	22.55p	20.91p

Notes 1 to 16 are an integral part of these condensed consolidated interim financial statements.

Consolidated interim statement of comprehensive income

for the six months ended 30 November 2016 (unaudited)

	Unaudited Six months ended 30 November 2016		Unaudited Six months ended 30 November 2015	
	£m	£m	£m	£m
Profit for the period		83.3		76.7
Other comprehensive income/(expense):				
Items that may be subsequently reclassified to profit or loss:				
Change in value of available-for-sale financial assets	(0.1)		(0.1)	
Foreign currency translation income/(expense)	15.1		(2.4)	
Other comprehensive income/(expense) for the period, net of tax		15.0		(2.5)
Total comprehensive income for the period		98.3		74.2
Total comprehensive income attributable to owners of the parent		98.3		74.2

All items of comprehensive income and expense may be subsequently recycled to the income statement.

The items of comprehensive income noted above are stated net of related tax effects (30 November 2016 and 30 November 2015: £nil).

Notes 1 to 16 are an integral part of these condensed consolidated financial statements.

Consolidated interim statement of financial position
at 30 November 2016 (unaudited)

	Note	Unaudited 30 November 2016 £m	31 May 2016 £m	Unaudited 30 November 2015 £m
Assets				
Non-current assets				
Property, plant and equipment		13.4	13.0	12.7
Intangible assets	11	158.2	125.1	123.9
Financial investments	12	57.1	25.0	103.7
Deferred income tax assets		7.4	7.2	7.0
		236.1	170.3	247.3
Current assets				
Trade receivables	8	320.8	278.5	239.7
Prepayments and other receivables		15.4	12.4	12.1
Cash and cash equivalents	9	201.8	218.8	162.4
Financial investments	12	78.5	111.0	33.1
		616.5	620.7	447.3
TOTAL ASSETS		852.6	791.0	694.6
Liabilities				
Current liabilities				
Trade payables		51.5	43.4	33.8
Other payables		58.2	70.8	49.2
Borrowings	10	50.0	-	-
Income tax payable		12.2	13.8	15.5
		171.9	128.0	98.5
Non-current liabilities				
Redeemable preference shares		-	-	-
Total liabilities		171.9	128.0	98.5
Equity				
Share capital		-	-	-
Share premium		206.8	206.8	206.8
Other reserves		120.7	102.2	91.9
Retained earnings		353.2	354.0	297.4
Total equity		680.7	663.0	596.1
TOTAL EQUITY AND LIABILITIES		852.6	791.0	694.6

Notes 1 to 16 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements on pages 10 to 25 were approved by the Board of Directors on 24 January 2017 and signed on its behalf by:

P R Mainwaring, Director

Consolidated interim statement of changes in equity
for the six months ended 30 November 2016 (unaudited)

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 31 May 2015	-	206.8	91.8	292.8	591.4
Profit for the period	-	-	-	76.7	76.7
Other comprehensive expense for the period	-	-	(2.5)	-	(2.5)
Total comprehensive income / (expense)	-	-	(2.5)	76.7	74.2
Equity-settled employee share-based payments	-	-	3.6	-	3.6
Purchase of own shares	-	-	(1.0)	-	(1.0)
Equity dividends paid	-	-	-	(72.1)	(72.1)
Movement in equity	-	-	0.1	4.6	4.7
At 30 November 2015	-	206.8	91.9	297.4	596.1
At 31 May 2016	-	206.8	102.2	354.0	663.0
Profit for the period	-	-	-	83.3	83.3
Other comprehensive income for the period	-	-	15.0	-	15.0
Total comprehensive income / (expense)	-	-	15.0	83.3	98.3
Equity-settled employee share-based payments	-	-	4.5	-	4.5
Purchase of own shares	-	-	(1.0)	-	(1.0)
Equity dividends paid	-	-	-	(84.1)	(84.1)
Movement in equity	-	-	18.5	(0.8)	17.7
At 30 November 2016	-	206.8	120.7	353.2	680.7

Notes 1 to 16 are an integral part of these condensed consolidated interim financial statements.

Consolidated interim cash flow statement
for the six months ended 30 November 2016 (unaudited)

	Note	Unaudited Six months ended 30 November 2016 £m	Unaudited Six months ended 30 November 2015 £m
Operating activities			
Cash generated from operations	13	65.5	110.2
Income taxes paid		(23.0)	(19.1)
Interest received on segregated client funds		2.1	1.9
Interest paid on segregated client funds		(0.3)	(0.2)
Net cash flow generated from operating activities		44.3	92.8
Investing activities			
Interest received		1.5	0.5
Purchase of property, plant and equipment		(4.1)	(1.9)
Payments to acquire and develop intangible assets	11	(32.7)	(2.5)
Proceeds from maturity of financial investments		31.9	25.5
Purchase of financial investments		(32.1)	(24.5)
Net cash flow used in investing activities		(35.5)	(2.9)
Financing activities			
Interest paid		(1.3)	(0.9)
Equity dividends paid to owners of the parent	7	(84.1)	(72.1)
Net drawdown on revolving credit facility		50.0	-
Purchase of own shares held in Employee Benefit Trusts		(1.0)	(1.0)
Net cash flow used in financing activities		(36.4)	(74.0)
Net (decrease)/increase in cash and cash equivalents		(27.6)	15.9
Cash and cash equivalents at the beginning of the period		218.8	148.8
Impact of movement in foreign exchange rates		10.6	(2.3)
Cash and cash equivalents at the end of the period	9	201.8	162.4

Notes 1 to 16 are integral part of these condensed consolidated interim financial statements.

Notes to the consolidated interim condensed financial statements
for the six months ended 30 November 2016 (unaudited)

1. General information

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

The consolidated interim condensed financial statements of IG Group Holdings plc and its subsidiaries for the six months ended 30 November 2016 were authorised for issue by the Board of Directors on 24 January 2017. 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 2016, 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 these condensed interim financial statements. The financial statements for the year ended 31 May 2016 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.

Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain consistent with those detailed in the 2016 Group annual report. There have been no significant changes the Group's risk management framework in the six month period ended 30 November 2016 and up the date of approval of these financial statements.

The principal risks faced by the Group are: regulatory risk, operational and information technology risk, market risk, credit risk, competitor risk, liquidity risk, conduct risk, reputational risk and people risk. Details of these risks including how they are managed is on pages 46 to 53 in the Group's 2016 Annual Report, which is available on: www.iggroup.com/ar2016

Further to the commentary in the 2016 Annual Report on regulatory change risks on pages 52 and 53, a number of regulators in jurisdictions in which the Group operates, including the FCA in the UK and BaFin in Germany, have announced proposals which, if implemented, would impact the distribution and marketing of CFDs and similar products. The proposals are open to consultation, and there are a number of unknowns at this stage, particularly around the scope of the final proposals, the implementation timeline, and any provisions for current clients.

2. Basis of preparation and accounting policies

Basis of preparation

The consolidated condensed interim financial statements for the six months ended 30 November 2016 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.

The consolidated interim condensed 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 2016 which was prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Going concern basis of accounting

The Group meets its day-to-day working capital requirements through its available liquid assets and committed banking facilities. The Group's liquid assets comprise cash balances available to the Group for its own purposes and exclude all monies held in segregated client money accounts. An element of the Group's liquidity is not available for purposes of centrally performed market risk management as it is held in overseas businesses for purposes of local regulatory and working capital requirements or is currently held within segregated client money bank accounts to ensure the Group's segregation obligations are met.

In assessing whether it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements, the Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business in severe but reasonable scenarios, and the effectiveness of any mitigating actions. Further details of these principal risks and how they are mitigated is documented in the 2016 Group Annual Report on pages 46 to 54.

The Directors' assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over a period of at least 12 months from the date of approval of these condensed interim financial statements. The Board, following the review by the Audit Committee, has a reasonable expectation that the Group has adequate resources for that period, and confirm that they consider it appropriate to adopt the going concern basis in preparing these condensed interim financial statements.

2. Basis of preparation and accounting policies (continued)

Critical accounting estimates and judgements

The preparation of these consolidated interim financial statements requires the Group to make estimates and judgements that impact the reported amounts of assets and liabilities as at the interim reporting date and the amounts reported for revenues and expenses during the period. The nature of estimates means that actual outcomes could differ from those estimates. The significant judgements 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 2016.

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

(a) Consideration as whether the Group's purchase of Daily FX (a leading global news and research portal and its associated assets, refer to note 11) was a business combination or an asset acquisition. Determining whether the purchase is a business combination or an asset is a matter of judgement. The Group accounted for the purchase as an intangible asset as not all requirements for a business combination were met. In addition the assessment of Daily FX's useful economic life is judgemental. In line with the group's accounting policy for Domain names and generic top level domains, the intangible asset arising from the purchase of Daily FX will be amortised over ten years. See note (b) below for details.

(b) The assessment of the useful economic life of the Group's internally developed and acquired software, licenses, domain names and generic top-level domains based intangible assets is judgemental and can change due to obsolescence as a result of unforeseen market or technological developments, and other factors. The useful life for licenses represents management's view of the expected term over which the Group will receive benefits from the software, and does not exceed the licence term. For internally developed and acquired software and domain assets the life is based on historical experience with similar assets as well as anticipation of future events which may impact their useful economic life.

(c) 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. Amounts to be paid/received may ultimately be materially different than the amounts already accounted for and could therefore impact the overall profitability and cash flows of the Group in future periods.

(d) The measurement of the Group's net trading revenue predominantly reflects transactions that have settled in cash and accordingly involves little judgement. However, the calculation of the segmental net trading revenue involves the use of an allocation methodology determined by management, as the Group manages risk and hedges on a group-wide portfolio basis. This allocation methodology does not impact the overall Group net trading revenue disclosed.

Significant accounting policies

The accounting policies, methods of computation and presentation adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's Annual Report for the year ended 31 May 2016 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 2017. The Group has therefore included the disclosures required by IAS 34 para 16A(j), see note 16.

Future accounting developments

At 30 November 2016, the following standards have been issued by the IASB which are not effective for these financial statements:

- In July 2014, the IASB issued IFRS 9 'Financial Instruments', which will replace IAS39 'Financial Instruments: Recognition and Measurement'. The standard will become effective for annual periods beginning on or after 1 January 2018.
- In May 2014, the IASB issued IFRS15 'Revenue from Contracts with Customers', which will replace IAS18 'Revenue' and IAS11 'Construction Contracts' and other related interpretations on revenue recognition. The standard will become effective for annual periods beginning on or after 1 January 2018.
- In January 2016, the IASB issued IFRS16 'Leases' which will replace IAS17 'Leases' and other related interpretations on leases. The standard will become effective for annual period beginning on or after 1 January 2019.

The impact of these standards of the financial statements is being assessed by the Group.

Seasonality of operations

The Directors consider that, there is no predictable seasonality to the Group's operations.

3. Segment information

The Executive Directors are the Group's chief operating decision-maker (CODM). Management has determined the operating segments based on the information reviewed by the Executive Directors for the purposes of allocating resources and assessing performance.

The Executive Directors consider the business performance principally from a geographic perspective, namely the UK, Australia, Europe and 'Rest of World'.

- The 'UK' segment comprises the Group's operations in each of UK and Ireland.
- The 'Europe' segment comprises the Group's operations in each of France, Germany, Italy, Luxembourg, Spain, Sweden and Switzerland.
- The 'Rest of World' segment comprises the Group's operations in each of Japan, South Africa, Singapore, United Arab Emirates and the United States of America.

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

Segment net trading revenue has been disclosed after introducing partner commissions as this is consistent with the management information received by the Executive Directors.

Net trading revenue is reported by the location of the office that manages the underlying client relationship. The Executive Directors also review the segment contribution, being segment trading revenue less directly incurred costs, as the measure of segment profit and loss.

As the Group manages market risk and hedging on a group-wide portfolio basis, the segmental revenue analysis involves the use of an allocation methodology. The Central segment costs have been allocated to the other reportable segments based on a number of cost allocation assumptions and segment net trading revenue.

Notes to the consolidated interim condensed financial statements
for the six months ended 30 November 2016 (unaudited)

3. Segment information (continued)

Six months ended 30 November 2016 (unaudited)	UK	Australia	Europe	Rest of World	Central	Total
	£m	£m	£m	£m	£m	£m
Segment net trading revenue	120.0	35.1	53.3	36.5	-	244.9
Interest income on segregated client funds	-	-	-	-	2.1	2.1
	120.0	35.1	53.3	36.5	2.1	247.0
Interest expense on segregated client funds	-	-	-	-	(0.3)	(0.3)
Other operating income	-	-	-	-	0.5	0.5
Betting duty and financial transaction taxes	(3.6)	-	(0.1)	-	-	(3.7)
Net operating income	116.4	35.1	53.2	36.5	2.3	243.5
Segment contribution	89.1	28.9	30.9	20.7	(56.5)	113.1
Allocation of central income and costs	(27.8)	(8.5)	(12.8)	(7.4)	56.5	-
Depreciation and amortisation	(3.5)	(0.9)	(1.5)	(1.6)	-	(7.5)
Operating profit	57.8	19.5	16.6	11.7	-	105.6
Net finance cost						(0.4)
Profit before taxation						105.2

Six months ended 30 November 2015 (unaudited)	UK	Australia	Europe	Rest of World	Central	Total
	£m	£m	£m	£m	£m	£m
Segment net trading revenue	110.3	30.4	45.6	28.5	-	214.8
Interest income on segregated client funds	-	-	-	-	1.9	1.9
	110.3	30.4	45.6	28.5	1.9	216.7
Interest expense on segregated client funds	-	-	-	-	(0.2)	(0.2)
Other operating income	-	-	-	-	0.3	0.3
Betting duty and financial transaction taxes	(6.2)	-	(0.2)	-	-	(6.4)
Net operating income	104.1	30.4	45.4	28.5	2.0	210.4
Segment contribution	84.0	26.1	28.6	15.7	(50.9)	103.5
Allocation of central income and costs	(25.8)	(7.6)	(11.3)	(6.2)	50.9	-
Depreciation and amortisation	(2.5)	(0.6)	(1.1)	(0.8)	-	(5.0)
Operating profit	55.7	17.9	16.2	8.7	-	98.5
Net finance income						0.1
Profit before taxation						98.6

Notes to the consolidated interim condensed financial statements
for the six months ended 30 November 2016 (unaudited)

4. Operating expenses

	Unaudited Six months ended 30 November 2016 £m	Unaudited Six months ended 30 November 2015 £m
Employee remuneration costs	58.1	55.2
Advertising and marketing	35.2	21.4
Premises-related costs	6.3	5.9
IT, market data and communications	11.9	9.0
Legal and professional costs	3.6	2.7
Regulatory fees	0.2	0.1
Net charge for impaired trade receivables	1.7	1.8
Depreciation and amortisation	7.5	5.0
Other costs	13.4	10.8
	137.9	111.9

5. Taxation

Income tax expense is recognised based on management's estimate of the annual income tax rate expected for the full financial year. The estimated effective annual tax rate for the year ending 31 May 2017 is 20.8% (year ended 31 May 2016: 21.0%).

6. Earnings per ordinary share

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

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

	Unaudited Six months ended 30 November 2016 £m	Unaudited Six months ended 30 November 2015 £m
Profit for the period:		
Earnings attributable to equity shareholders of the parent	83.3	76.7

	Number	Number
Weighted average number of ordinary shares		
Basic	366,565,292	365,571,437
Dilutive effect of share-based payments	2,886,268	1,153,509
Diluted	369,451,560	366,724,946

	Unaudited Six months ended 30 November 2016	Unaudited Six months ended 30 November 2015
Basic earnings per ordinary share	22.72p	20.97p
Diluted earnings per ordinary share	22.55p	20.91p

7. Dividends paid and proposed

	Unaudited Six months ended 30 November 2016 £m	Year ended 31 May 2016 £m	Unaudited Six months ended 30 November 2015 £m
Amounts recognised as distributions to equity holders in the period:			
Interim dividend of 8.45p for FY2016 (FY2015: 8.45p)	-	30.9	-
Final dividend of 22.95p for FY2016 (FY2015: 19.70p)	84.1	72.2	72.1
	84.1	103.1	72.1

The proposed interim dividend for FY2017 of 9.42p per share amounting to £34.6 million was approved by the Board on 24 January 2017 and has not been included as a liability at 30 November 2016. This dividend will be paid on 3 March 2017 to those members on the register at the close of business on 3 February 2017.

8. Trade receivables

	Unaudited 30 November 2016 £m	31 May 2016 £m	Unaudited 30 November 2015 £m
Amounts due from brokers	285.6	245.5	200.7
Other amounts due to the Group	31.5	30.8	36.5
Amounts due from clients	3.7	2.2	2.5
	320.8	278.5	239.7

Amounts due from brokers represent balances with brokers where the combination of cash held on account and the valuation of financial derivative open positions results in an amount due to the Group. At 30 November 2016 the actual broker margin requirement was £277.6 million (31 May 2016: £227.6 million and 30 November 2015: £210.2 million).

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 regulators in other jurisdictions where the Group operates.
- amounts due from banking counterparties or held within segregated client funds in relation to monies transferred by clients to the Group that remain unsettled at the period-end. The Group is required to segregate these client funds at the point of client funding and not at cash settlement.
- prudent margin balances, which are intended to cover each day's unknown level of client funding receipts and avoid the intraday risk of under segregation.

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

9. Cash and cash equivalents

Cash and cash equivalents includes title transfer funds held by the Group under a Title Transfer Collateral Arrangement (TTCA) by which a client agrees that full ownership of such monies is unconditionally transferred to the Group of £28.6 million (31 May 2016: £25.4 million and 30 November 2015: £22.6 million), and client monies deposited with the Group's Swiss banking subsidiary, IG Bank SA of £19.7 million (31 May 2016: £13.5 million and 30 November 2015: £8.2 million).

10. Borrowings

	Unaudited 30 November 2016 £m	31 May 2016 £m	Unaudited 30 November 2015 £m
Current			
Draw down on revolving credit facility	50.0	-	-
	50.0	-	-

11. Intangible assets

	Goodwill £m	Trade and domain names £m	Development costs £m	Software and licences £m	Total £m
Net book value – 30 November 2015	107.0	5.8	9.1	2.0	123.9
Net book value – 31 May 2016	107.1	3.5	11.4	3.1	125.1
Net book value – 30 November 2016	108.2	35.3	11.7	3.0	158.2

On 31 October 2016 the Group completed the purchase of Daily FX, a leading global news and research portal, from FXCM Inc. for a total consideration of $40.0 million (£32.7 million), with $4.0 million (£3.3 million) of this amount deferred for six months.

Daily FX, through a series of global websites, delivers market-leading education, research, analysis and news, focused predominantly on the FX markets. The Group believes this transaction will significantly enhance its ability to acquire new clients and to engage with and improve the retention rates of its current clients.

In line with the Group's accounting policy for domain names and generic top level domains, the intangible asset arising from the purchase of Daily FX will be amortised over ten years.

12. Financial investments

Financial investments are UK Government securities held for the following purposes:

	Unaudited 30 November 2016 £m	31 May 2016 £m	Unaudited 30 November 2015 £m
Liquid asset buffer	82.6	82.6	82.9
Collateral at brokers	53.0	53.4	53.9
	135.6	136.0	136.8
Split as:			
- Non-current portion	57.1	25.0	103.7
- Current portion	78.5	111.0	33.1
	135.6	136.0	136.8

The effective interest rates of securities held in the period ranged from 0.5% to 1.0%.

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

Notes to the consolidated interim condensed financial statements
for the six months ended 30 November 2016 (unaudited)

13. Cash generated from operations

Operating activities	Unaudited Six months ended 30 November 2016 £m	Unaudited Six months ended 30 November 2015 £m
Profit before tax	105.2	98.6
Adjustments to reconcile profit before tax to cash generated from operating activities:		
Net interest income on segregated client funds	(1.8)	(1.7)
Net finance expense/(income)	0.4	(0.1)
Depreciation of property, plant and equipment	4.1	2.5
Amortisation of intangible assets	3.4	2.5
Non-cash foreign exchange losses	-	0.6
Share-based payments	4.5	3.6
Increase in trade and other receivables	(45.7)	(0.5)
(Decrease)/increase in trade and other payables	(4.6)	4.7
Cash generated from operations	65.5	110.2

14. Related party transactions

The basis of remuneration of key management personnel remains consistent with that disclosed in the 2016 Annual Report.

15. Contingent liabilities and provisions

There are currently no contingent liabilities expected to have a material adverse financial impact on the Group's consolidated and condensed results or net assets. The Group had no material provisions at 30 November 2016 (31 May 2016 and 30 November 2015: £nil).

16. 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 and interest rate risk), credit risk and liquidity risk.

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 2016. There has not been a significant change in the Group's financial risk management processes or policies since the year end.

Financial instrument valuation hierarchy
Trade receivables represent balances with brokers where the combination of cash held on account and the valuation of financial derivative open positions (disclosed as held for trading) results in an amount due from/to the Group. These financial derivative positions are held to hedge client market exposures and hence are considered to be held for trading and are accordingly accounted for at fair value through profit and loss (FVTPL). These transactions are conducted under terms that are usual and customary to standard margin trading activities and are reported net in the Group Statement of Financial Position as the Group has both the legal right and intention to settle on a net basis. The valuation of these open financial derivatives are shown in the table below.

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

	Level 1	Level 2	Level 3	Total fair value
As at 30 November 2016 (unaudited)	£m	£m	£m	£m
Financial assets				
Trade receivables – open financial derivative positions	0.1	5.7	-	5.8
Financial investments	135.6	-	-	135.6
As at 31 May 2016 (audited)				
Financial assets:				
Trade receivables – open financial derivative positions	(13.5)	(1.0)	-	(14.5)
Financial investments	136.0	-	-	136.0
As at 30 November 2015 (unaudited)				
Financial assets:				
Trade receivables – open financial derivative positions	(0.1)	(8.7)	-	(8.8)
Financial investments	136.8	-	-	136.8

Level 1 assets are valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes the Group's open exchange-traded hedging positions. The quoted market price used for financial assets held by the Group is the period end bid price.

Level 2 assets are 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 to the product offered by the Group to its clients or used by the Group to hedge its market risk does not exist. This category includes the Group's open non-exchange-traded hedging positions, this comprise shares, foreign currency and foreign currency options. The fair values used in the valuation of these products are sometimes brokered values and may occur after the close of a market but before the measurement date. The effects of discounting are generally insignificant for these Level 2 financial instruments.

Level 3 assets are valued using techniques that incorporate information other than observable market data that is significant to the overall valuation. There were no outstanding Level 3 financial assets or liabilities at the start and end of the period (six months ended 30 November 2015: none).

There have been no changes in the valuation techniques for any of the Group's financial instruments held at fair value in the period (six months ended 30 November 2015: none). During the period ended 30 November 2016, there were no transfers (year ended 31 May 2016: none) between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Group's valuation processes
The Group's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values (where applicable).

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 (excluding the Group's open financial derivative hedging positions above);
- cash and cash equivalent; and
- trade and other payables.

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge that the consolidated condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit and loss the Group, 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 2016 and their impact on the consolidated 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 2016 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 2016 Annual Report. A list of current directors is maintained on the IG Group Holdings plc website: www.iggroup.com

On behalf of the Board

P R Mainwaring
Director

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

Our conclusion

We have reviewed IG Group Holdings plc's consolidated interim condensed financial statements (the "interim financial statements") in the interim results of IG Group Holdings plc for the 6 month period ended 30 November 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated interim statement of financial position as at 30 November 2016;
- the consolidated interim income statement and consolidated interim statement of comprehensive income for the period ended 30 November 2016;
- the consolidated interim statement of cash flows for the period then ended;
- the consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

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

Responsibilities for the interim financial information and the review

Our responsibilities and those of the Directors

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

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

What a review of condensed consolidated financial statements involves

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.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
24 January 2017
London

(a)The maintenance and integrity of the IG Group website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b)Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Other information:

The following supplemental notes provide additional analysis to aid the readers of the unaudited interim financial statements, and are outside the scope of the interim review report:

A. Balance sheet

	Unaudited 30 November 2016 £m	31 May 2016 £m	Unaudited 30 November 2015 £m
Intangible assets arising on acquisition	108.2	107.1	107.0
Intangible assets	50.0	18.0	16.9
Property plant and equipment	13.4	13.0	12.7
Fixed assets	171.6	138.1	136.6
Liquid assets buffer	82.6	82.6	82.9
Amounts held at / due from brokers	338.6	298.9	254.6
Cash in IG bank accounts	201.8	218.8	162.4
Own funds in client money	28.3	26.4	33.5
Liquid assets	**651.3**	**626.7**	**533.4**
Short term bank borrowings	(50.0)	-	-
Client funds on balance sheet	(48.3)	(39.0)	(26.7)
Own funds	**553.0**	**587.7**	**506.7**
Working capital	(39.1)	(56.2)	(38.7)
Tax payable	(12.2)	(13.8)	(15.5)
Deferred tax assets	7.4	7.2	7.0
Preference shares	-	-	-
NET ASSETS/SHAREHOLDERS' FUNDS	**680.7**	**663.0**	**596.1**

B. Client funds and assets

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 regulators in other jurisdictions where the Group operates. Client funds and client assets are not included in the Group's Statement of Financial Position.

	Unaudited 30 November 2016 £m	31 May 2016 £m	Unaudited 30 November 2015 £m
Segregated client funds	1,132.3	917.3	847.3
Segregated client assets	308.0	177.8	100.9
Total segregated client funds and assets	1,440.3	1,095.1	948.2

In addition, the Group's Swiss banking subsidiary, IG Bank SA, is required to protect customer deposits under the FINMA Privileged Deposit Scheme. At 30 November 2016, IG Bank SA was required to hold £12.3 million (30 November 2015: £4.1 million and 31 May 2016: £7.0 million) in satisfaction of this requirement. This amount is included in cash in IG bank accounts on the Balance Sheet.

Other information (continued):

C. Own funds

	Unaudited 30 November 2016 £m	31 May 2016 £m	Unaudited 30 November 2015 £m
Own Funds Cash Flow:			
Profit before tax	105.2	207.9	98.6
Depreciation and amortisation	7.5	12.7	5.0
Net finance expense/(income)	0.4	(0.3)	(0.1)
Other non-cash items	3.8	20.1	2.8
Corporation tax	(23.0)	(42.5)	(19.1)
Own funds generated from operations	93.9	197.9	87.2
Movement in working capital	(15.9)	(0.6)	(7.3)
Capital expenditure:			
- Purchase of Daily FX	(29.8)	-	-
- Other capital expenditure	(7.1)	(13.7)	(4.4)
Other	(0.8)	(1.2)	(1.4)
Pre dividend increase in own funds	**40.3**	**182.4**	**74.1**
Dividends	(84.1)	(103.1)	(72.1)
Own funds cash flow	**(43.8)**	**79.3**	**2.0**
Own funds at start of the period	587.7	507.1	507.1
Impact of movement in foreign exchange rates	9.1	1.3	(2.4)
Closing own funds	**553.0**	**587.7**	**506.7**

D. Liquidity

	Unaudited 30 November 2016 £m	31 May 2016 £m	Unaudited 30 November 2015 £m
Liquid assets	**651.3**	**626.7**	**533.4**
Broker margin requirement	(277.6)	(227.6)	(210.2)
Non-UK liquid assets	(96.6)	(71.6)	(65.6)
Own funds in client money	(28.3)	(26.4)	(33.5)
Total available liquidity at the end of the period	**248.8**	**301.1**	**224.1**
Of which is:			
Held as liquid asset buffer	82.6	82.6	82.9
Final dividend due	-	84.1	-
Interim dividend due	34.6	-	30.9
RCF drawings	50.0	-	-
Additional sources of liquidity			
- Undrawn committed RCF	110.0	160.0	160.0

Other information (continued):

E. Regulatory capital

Group consolidated capital resources and requirements

		Unaudited 30 November 2016 £m	31 May 2016 £m	Unaudited 30 November 2015 £m
Shareholders' funds		680.7	663.0	596.1
Less foreseeable declared dividends		(34.6)	(84.0)	(30.9)
Less acquisition intangibles		(108.2)	(107.1)	(107.0)
Less intangible assets		(50.0)	(18.0)	(16.9)
Less deferred tax assets		(7.4)	(7.2)	(7.0)
Capital resources	A	480.5	446.7	434.3
Pillar 1 Risk Exposure Amounts (REA)				
Total Pillar 1 REA	B	1,647.6	1,568.4	1,378.9
Capital ratio	A/B=C	29.2%	28.5%	31.5%
Required capital ratio				
Pillar 1 minimum	D	8.0%	8.0%	8.0%
Individual Capital Guidance (ICG)	E	9.4%	5.0%	5.0%
ICG requirement	D + E = F	17.4%	13.0%	13.0%
plus combined buffer requirement	G	0.6%	0.6%	0.6%
Total requirement %	F+G =H	18.0%	13.6%	13.6%
Total requirement - £m	H x B = I	296.6	213.3	187.5
Capital headroom - £m	A - I	183.9	233.4	246.8

The Group is required to hold a minimum amount of regulatory capital in accordance with the Individual Capital Guidance ('ICG') periodically determined by the FCA based on their supervisory review and evaluation process ('SREP') of the Group, plus an amount equal to the higher of the internally calculated Capital Planning Buffer and the combination of the Conservation and Countercyclical buffers. The FCA determine the ICG following review of the Group's Internal Capital Adequacy Assessment Process through which the Group calculates the amount of capital that should be held against specific firm risks, in addition to the Pillar 1 requirements.

The FCA undertook a SREP of IG Group in the first half of calendar year 2016, and advised the Board of the level of capital the Group is required to hold in August 2016. The new ICG advised in August 2016 replaces the ICG advised to the Board in May 2013. The FCA plan to carry out their next SREP around August 2019.

The Group's actual capital ratio and its minimum capital requirements are expressed as a percentage, calculated as capital resources divided by the Pillar 1 Risk Exposure Amounts calculated in accordance with CRD IV rules.

The new ICG advised by the FCA in August 2016, requires the Group to hold capital in addition to the Pillar 1 minimum, equal to 9.4% of the Pillar 1 Risk Exposure Amounts. The previous ICG required the Group to hold capital in addition to the Pillar 1 minimum, equal to 5.0% of the Pillar 1 Risk Exposure Amounts. The increase in the ICG primarily reflects an increase in the level of market risk that will be faced by the Group as a result of the increasing take up of Limited Risk Accounts, and includes a scalar (at 5% of the minimum requirements) to reflect 'unsighted' risks the Group may face following the launch of IG Investments.

The required minimum capital ratio at 30 November 2016 was 18.0%.

The Group's actual capital ratio, using the balance sheet of the Group as at 30 November 2016 including the profit earned in H1, was 29.2%.