IG GROUP

IG GROUP HOLDINGS PLC

ANNUAL REPORT 2015

COMPANY OVERVIEW

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STRATEGIC REPORT

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INVESTOR RESOURCES

This report is fully accessible online at:
iggroup.com/ar2015

OUR VISION, STRATEGY AND VALUES

'With strong values and innovative people, we aim to deliver a great trading experience for our customers and sustainable growth for our shareholders.'

Andy Green
Chairman

AT A GLANCE

'2015 was another year of solid underlying financial performance, with underlying revenue reaching £400 million[2] for the first time. We took an important strategic step with the launch of execution-only stockbroking, based upon our leading-edge technology, and also increased our global reach with offices in Switzerland and Dubai.'

Tim Howkins
Chief Executive Officer

FOUR-YEAR COMPOUND ANNUAL GROWTH RATE[5]

REVENUE[1][2]
▲ 5.6%

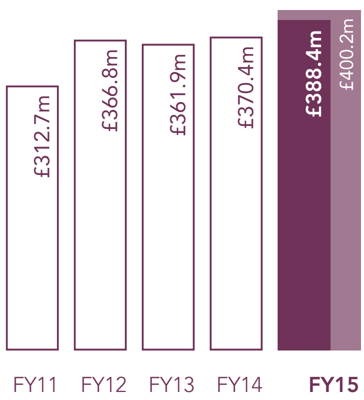
PROFIT BEFORE TAX[2][3][4]
▲ 1.0%

OWN FUNDS GENERATED FROM OPERATIONS[2]
▼ 0.2%

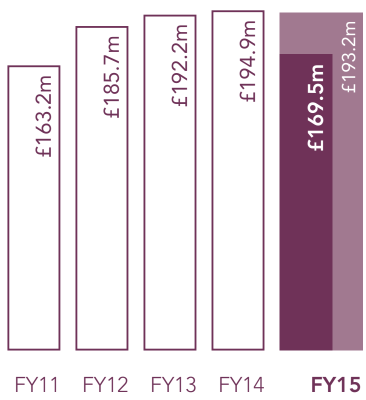
DILUTED EARNINGS PER SHARE[2][3][4]
▲ 2.5%

TOTAL DIVIDEND PER SHARE
▲ 8.9%

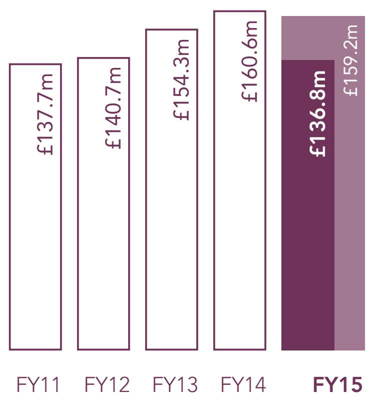
REVENUE[1][2]



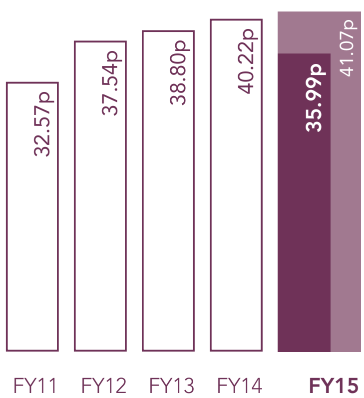
PROFIT BEFORE TAX[2][3][4]



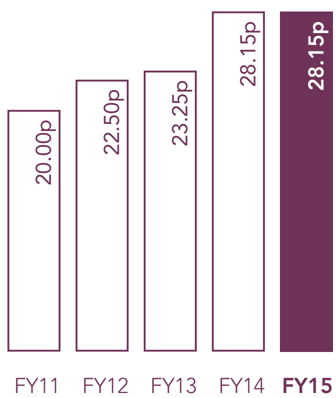
OWN FUNDS GENERATED FROM OPERATIONS[2]



DILUTED EARNINGS PER SHARE[2][3][4]



TOTAL DIVIDEND PER SHARE



[1] Throughout this report Revenue refers to statutory net trading revenue, which is statutory trading revenue excluding interest on segregated client funds and is net of introducing partner commissions.

[2] For FY15 two metrics are disclosed. The unadjusted statutory and also the higher underlying performance that is stated excluding the losses associated with the Swiss franc event.

[3] FY14 has been restated following the adoption of IFRIC 21. Please refer to note 38 to the financial statements.

[4] The profit before tax and diluted earnings per share figures for FY11 exclude both the amortisation and impairment of goodwill and customer relationships associated with our Japanese business, IG Securities (formerly FXOnline), and of the Group's Sport Business.

[5] Calculated with reference to the statutory figures.

■ The lighter shaded area indicates the underlying performance.

OUR BUSINESS

Back in 1974 we invented a new way for people to trade gold. Since then IG has grown to become a global leader in online trading and the world's No.1 provider of CFDs.[1] In 2002 we opened our Melbourne office and we are now located in 20 countries.

IG is a global leader in online trading, providing active traders with fast and flexible access to the world's financial markets through our award-winning dealing platforms. Since our inception in 1974 we have opened sales offices in a further 16 countries across Europe, the Middle East and Africa, Australia, Asia and the US, and serve clients in 164 countries. We are the No.1 provider of CFDs and spread betting worldwide[1] and in the last year we also launched our execution-only stockbroking service in the UK, Ireland and the Netherlands. For more information on our products please see the What We Do section of this report, on page 14.

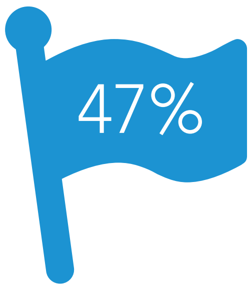
Our industry and our products are highly regulated – we are regulated by the FCA in the UK and Europe and by the equivalent local regulators in other jurisdictions where we have a physical presence. We set out to develop strong and constructive relationships with regulators and engage with them and policymakers as much as possible – both where we have a licence and in countries where we see the potential for future expansion.

Two years ago we established the clear global brand of IG, with the exception of Nadex, our binaries exchange in the US. As part of this process we acquired the IG.com domain name and consolidated our global web traffic through this route. Online leadership is increasingly important in our industry, from a perspective of acquiring, educating and providing a high level of service to clients.

The global nature of our business, coupled with the consistent brand, provides us with several advantages. Over the past year this enabled us to launch a global advertising campaign – Live Every Trade – based on the more emotional side of trading and the factors that can influence success. The campaign included a major television advert, and in the past we would have had to recut such an advert to suit local markets. Our centralised operating model has also made it easier for us to expand into additional countries, with a well-practised approach to launching an office and the associated marketing that accompanies it.

Technology is key to our client acquisition and retention. More sophisticated clients have greater expectations when it comes to a trading platform. As a result, we invest significantly in ensuring our dealing platforms are not just robust and secure but also available via both web-based and downloadable platforms as well as via a full range of tailored apps for mobile and tablet devices. We also invest in providing a range of advanced trading and education tools to support our clients' trading needs.

In 2014 we celebrated our 40th anniversary. Through the last 40 years our operating model and risk management strategy have been thoroughly tested and have proved highly resilient. Our long history of profitability has produced the financial strength which is visible today and provides the capital and liquidity we need in our regulated environment as well as supporting our future growth. Our business has continually adapted to a changing world and the technological and economic backdrop, and we will continue to innovate as we look to the next phase of our growth.



47% REVENUE OUTSIDE THE UK

136,100 ACTIVE CLIENTS WORLDWIDE

IG RETAIL BRANDS

IG

NADEX

(1) No.1 CFD and spread betting provider: for CFDs, based on revenue excluding FX, published financial statements, July 2015; for spread betting, number of active UK financial spread betting accounts (Investment Trends UK Leveraged Trading Report, July 2014).



WHERE WE OPERATE

UK

- Introduced the first financial spread betting product in 1974
- Offices located in the City of London and Dublin (Republic of Ireland)
- Annual revenue of £206.0 million in the 2015 financial year, with 60,400 active clients trading
- Accounts for 53% of Group revenue

AUSTRALIA

- Entered the market in 2002
- Office located in Melbourne
- Annual revenue of £58.1 million in the 2015 financial year, with 18,700 active clients trading
- Accounts for 15% of Group revenue

EUROPE

- Entered the market in Germany in 2006, with rapid expansion across Europe from 2007
- Offices located in France, Germany, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden and Switzerland
- Annual revenue of £76.9 million in the 2015 financial year, with 29,800 active clients trading
- Accounts for 20% of Group revenue

REST OF WORLD

- Began expansion in 2006
- Offices located in Dubai, Japan, Singapore, South Africa and the US
- Annual revenue of £47.4 million in the 2015 financial year, with 27,200 active clients trading
- Accounts for 12% of Group revenue

CHAIRMAN'S STATEMENT

This is my first opportunity to address shareholders directly since I was elected chairman of IG in October 2014. I am delighted to present the results for the 2015 financial year.

It was another record year for revenue, with net trading revenue ahead by 4.9% at £388.4 million (2014: £370.4 million). This was after the impact of the extreme event involving the Swiss franc in January, which I discuss in more detail below; excluding this incident, on an underlying basis, revenue was ahead by 8.0% at £400.2 million. Underlying profit before tax was down slightly on the prior year as a result of ongoing investment, as set out in the Chief Executive's statement. Diluted earnings per share was down by 10.5% at 35.99 pence (2014: 40.22 pence); on an underlying basis it was ahead by 2.1% at 41.07 pence.

In January the Swiss National Bank announced, without notice, that it was ceasing intervention in the franc exchange rate. This caused an unprecedented appreciation in the value of the franc, creating turmoil in the foreign exchange markets and drastically reducing global liquidity in this G10 currency. This was a salutary reminder, for both industry providers and existing clients, of the potential risks and rewards of trading in the financial markets. At IG we take very seriously our regulatory and consumer responsibilities on appropriateness tests for prospective clients. This incident underlines the need for regulators to ensure that regulatory standards are applied robustly and consistently across the industry.

The Swiss franc event provided a sudden real-world stress test for our technology, our risk management procedures and our balance sheet capacity. Although the resultant negative impact of £27 million, net of recoveries, was significant and disappointing, IG clearly demonstrated its ability to manage through such a so-called 'Black Swan' event while maintaining a robust business that delivers strong cash flows. Following this, we have reviewed our robust risk management system and learned lessons that we are applying to provide even greater protection for our business and our clients.

Over the past few years IG has set out a clear vision of what it wants to achieve. Our aim is to become the default choice for active traders globally. We constantly engage with our clients and carefully consider competitive and regulatory developments. We continue to see the opportunity to innovate and take an increasing share of a growing global market. To achieve this, we are building on our award-winning technology suite, broadening the range of products we offer to appeal to sophisticated investors, expanding into further geographic regions and fundamentally improving our mobile and online marketing capability.

This year we achieved a major milestone in IG's development with the launch of an execution-only stockbroking service in the UK. Towards the end of the year, we launched this service in the Netherlands as the first step in the international roll-out. Stockbroking, and its link to IG's existing products, has the potential to underpin the future growth of our business. We will use technology to bring a revolution to a very traditional market through real-time tradeable prices, direct market access, market-leading foreign shares commission rates and a full suite of mobile trading platforms. This will allow IG to appeal to a much bigger global audience, providing an attractive business opportunity in its own right as well as broadening the understanding and take-up of our core leveraged trading products.

THE RETIREMENT OF TIM HOWKINS

After a long and extremely successful career at IG, as both CFO and CEO, Tim Howkins has informed the Board of his intention to retire. Tim's career at IG has spanned 16 years and he has been part of and led extremely dedicated teams which have built IG from a single office in London to the global leader it is today. Although I have only had the pleasure of working with Tim for the last year, I would like to express my personal gratitude and I'm sure I speak for all the employees at IG, past and present, in wishing him every success in the future. The Board is disappointed to lose somebody with Tim's proven leadership skills but fully understands his decision.

The Board has commenced a thorough search and selection process for a successor. Tim will step down as CEO and as a director at the AGM in October and Peter Hetherington, currently Chief Operating Officer, will assume the role of Interim Chief Executive, subject to regulatory approval. Peter has been a Board member since 2002 and has been integral to the successful development of the company. I am pleased to report that Peter has confirmed that he would like to enter the selection process for the permanent CEO role.

DIVIDEND

IG remains highly cash-generative and we have sought to reflect this in the direct cash returns to shareholders. Last year your Board raised the Ordinary dividend payout ratio to approximately 70%. Although statutory earnings this year are behind due to the impact of the Swiss franc incident, both our business and the market opportunity remain strong. In line with our progressive dividend policy, the Board made clear at the time of the first half results in January our intention to hold the full-year dividend flat on 2014 at 28.15 pence, and so the Board is recommending a final dividend of 19.70 pence.

BOARD

There have been a number of changes to the Board this year. I was delighted to be elected to lead your Board as Chairman of IG in October 2014. My arrival was of course accompanied by the departure of Jonathan Davie, who had been Chairman of the Board since before the public listing of IG in 2005. Although I didn't work alongside Jonathan for very long, his record speaks for itself. His guidance over the years assisted the Executive team to grow IG into the global leadership position it holds today. I would like to express the gratitude of the Board and the broader IG community for his wise counsel over the years and wish him every success in the future.

Last year's AGM also saw the departure of Martin Jackson. Jonathan addressed Martin's contribution very eloquently in his statement last year. Martin was replaced as Chairman of the Audit Committee by Jim Newman.

During 2014 Roger Yates, our Senior Independent Non-Executive Director and Chairman of the Remuneration Committee, confirmed his intention to stand down from the Board after nine years. We are currently carrying out a search process for his successor, with the intention of conducting a smooth handover before Roger departs at the AGM in October. We are also seeking an additional Non-Executive Director with digital experience.

Following these changes, your Board continues to comply with provision B.1.2 of the 2012 UK Corporate Governance Code ('the Code').

Your Board is committed to continually reviewing its performance and effectiveness and to ensuring its governance remains of the very highest standards. To enable a substantially refreshed Board to take a thorough view of our performance and any changes that may be required, we have embarked on a multi-year external Board evaluation process. This year we conducted a questionnaire-based analysis which will be followed up with face-to-face interviews with Board members next year. The results were reviewed by the Board, along with the actions from last year's internal review. The introduction of the Board Risk Committee has allowed the Board to increase the time spent on strategic and operational matters.

The intention again this year is to put every Board Director, with the exception of Roger and Tim, up for re-election at the AGM, in compliance with paragraph B.7.1 of the Code.

REMUNERATION

The Remuneration Committee has continued to operate well this year. The simplified remuneration scheme introduced in 2013 has proved effective. Salary increases for executive directors are in line with those of our people generally.

IG'S PEOPLE

I want to express the Board's great appreciation for the efforts this year of our entire employee base. In my first year with IG, I have been struck by the dedication, talent and hard work I have witnessed from IG people. Our people remain our greatest asset and I want to thank them for their commitment.

LOOKING FORWARD

We have broadened our horizons to bring our offering to a much wider audience through both product and geographic expansion. Our new offices in Switzerland and Dubai are in the very early stages of growth but I am encouraged by the initial signs. Importantly, they both provide clear evidence of the ability of the IG team to deliver in challenging environments and demonstrate our adaptability and desire to continue growing the business. We have commenced the international rollout of our stockbroking offering and over the next year I expect us to expand this into more of our current markets. We are investing significant time and effort into improving a number of our business processes, particularly in the sales, marketing and client-onboarding areas. This includes work on our mobile app strategy and driving value from our investment in generic top-level domains (gTLDs). We recognise the need to evolve rapidly in response to the increasing importance of the internet and mobile devices as the key client interfaces.

In summary, 2015 was a solid year, both financially and strategically, but we are not resting on our laurels. We are clear about our agenda and the team is energised to deliver growth and profitability for the future.

Andy Green
Chairman
21 July 2015

CHIEF EXECUTIVE OFFICER'S REVIEW

'2015 was another year of good progress on our strategic initiatives, coupled with a solid underlying set of financial results.'

Tim Howkins
Chief Executive Officer

Underlying revenue, before the impact of the Swiss franc event in January – the detail of which I discuss later – was £400.2 million, up 8.0% from £370.4 million in the prior year. Underlying profit before tax was down by 0.9% at £193.2 million, with operating costs increasing to support the future growth of the business. Underlying diluted earnings per share was up by 2.1% to 41.07 pence, benefiting from a fall in the Group's effective tax rate. On a statutory basis, profit before tax was down by 13% and earnings per share was down by 10.5%. The Group continues to invest to drive future growth. This year, this is reflected in the £27.3 million increase in underlying administrative expenses which includes the infrastructure and additional marketing to support the core business and various initiatives, including the expansion into Switzerland and Dubai, the roll-out of execution-only stockbroking and investments in mobile and web-based technology.

TRADING PERFORMANCE

We achieved double-digit underlying revenue growth in the UK, Australia and Rest of World, which together comprise 80% of our revenues.

This growth was driven by the combination of higher active client numbers and higher average revenue per client in the UK and Australia, and strong client growth in Rest of World. However, this was partially offset by a 1.5% fall in European revenue.

While Europe continues to see good growth in active client numbers, which were up 14.3%, this was more than offset by a fall in revenue per client and as a result revenue was slightly down. A number of factors have contributed to the fall in revenue per client: just over a third of this movement was caused by the weakness in the exchange rate of the euro against sterling; overnight funding revenue has fallen as clients have held fewer positions overnight; although the number of trades per client increased significantly, this was more than offset by a drop in the overall average trade size, reflecting a movement towards smaller size contracts; and through the second half, we also saw a widening of spreads in the underlying DAX futures contract, which increased the cost of hedging in what is the most popular traded product across our European business.

We saw notable growth in our US business, Nadex, which accelerated as the year progressed. Revenue was up 68% year-on-year and growth was strongest in the final quarter of the year, when revenue was more than double the same quarter of the prior year.

This growth was driven by a number of factors including the introduction of a second market maker a little over a year ago, on-going improvements to our marketing efficiency and various operational enhancements, including the relocation of our IT infrastructure. Following this marked improvement in the growth rate of Nadex, in the final months of the year we increased our US marketing expenditure to take advantage of the improving return on investment that it was yielding.

IMPACT OF THE SWISS FRANC EVENT

All of the above revenue figures and growth rates are stated before the impact of the Swiss franc de-peg on 15 January, which reduced revenue by £12 million and increased the bad debt charge by £15 million (net of recoveries). This was a market event of unprecedented proportions, with a major currency moving over 30% in a matter of minutes. We have spent considerable time reflecting on the lessons we can learn from this, and will continue to do so. Our first change is to introduce more extreme scenarios into our stress-testing and scenario planning and we are considering carefully the risk/reward ratio on all aspects of our business.

Of the 342 clients who initially owed us money as a result of the Swiss franc move, less than 100 remain outstanding. We recognise that the scale of the move was beyond anyone's expectations and we are being sympathetic to debtors' ability to pay, accepting less than the full amount of the debt where this is justified by the financial circumstances of the individual. Unfortunately a few clients, whom we believe to be financially sophisticated, with the means to pay their debts, have used social and more traditional media to generate adverse publicity for IG in an attempt, we believe, to avoid taking responsibility for their debts. We continue to encourage any remaining affected clients to make contact so that their individual circumstances can be taken into account in settling their account balance. We have provided a full reconciliation between the statutory numbers and those on an underlying basis, adjusting for the impact of this extreme event, in note 2(a) to the financial statements.

The Swiss franc event had an immediate impact on some providers in our industry around the globe, which either went into insolvency or had to refinance to rebuild their balance sheets.

At least one major hedging counterparty has withdrawn from the market, and we believe others are re-assessing who they want to do business with in future. I think it inevitable that the smaller players in our industry will find hedging relationships become harder and more expensive to secure. This may result in some consolidation across the industry or more industry players adopting a model that involves little or no hedging. The latter is unlikely to result in good consumer outcomes in the long run.

GEOGRAPHIC EXPANSION

In October we opened our office in Switzerland, having obtained a Swiss Banking licence that was necessary for us to do business there. This operation is performing according to our expectations and in line with the early growth rates we have seen in other European markets. Shortly after the year end we received our licence from the Dubai Financial Services Authority (DFSA) and opened for business in the Dubai International Financial Centre. To maximise effectiveness, the full marketing and PR launch of this business is planned for September, once the summer is over. Our licence from the DFSA is one of the first it has issued that enables the licence-holder to deal with retail clients; this opens up the market for IG to a much broader pool of potential clients than has previously been possible in Dubai.

> The challenges in obtaining the types of licence which we have been granted in both Switzerland and Dubai are considerable and we were subject to detailed and prolonged scrutiny by both regulators. I am delighted that we have been able to obtain these licences. This is testament to our ongoing investment in people, systems and processes to ensure that we remain fully compliant with the ever-increasing regulatory burdens, both within our industry and on all financial businesses globally.

Subsequent to the year-end we obtained a representative office licence from the China Securities Regulatory Commission. This allows us to establish a small office in Shanghai, which will facilitate discussions with potential partners in China, but does not give us any right or ability to transact business in China. As I indicated in January this year, we continue to view China as an interesting future market for us, but one in which we anticipate that matters will develop slowly.

PRODUCT DIVERSIFICATION

In September we launched our stockbroking service in the UK, and have been pleased with the progress to date. We continue to see good recruitment of new clients – roughly 65% of all funded stockbroking accounts are clients new to IG. Even more encouragingly, although the numbers will take some time to settle down, around 20% of those are going on to trade with our existing leveraged products. Early indications are that the clients who start with stockbroking and move on to our other products are, on average, at least as valuable as those clients who do not start via stockbroking.

In March we began our international roll-out of this service with the launch in the Netherlands. While this is one of our smaller offices, we were able to complete the development work necessary to launch here quickly because the tax regime there made this less complex. In July 2015, we launched stockbroking in Germany – with the offering also available to Austrian clients. We will continue with a targeted international roll-out and expect to launch in most of our current countries over the coming years.

As well as extending our stockbroking offering internationally, as we continue our diversification strategy to appeal to a broader set of clients, we will also be seeking to increase its scope with the addition of innovative new products and services which we believe will extend the reach of our offering.

> To this end, IG recently entered into an agreement with BlackRock, the largest ETF provider globally, which will facilitate IG constructing a range of ETF-based investment portfolios for our clients.

The details of this new service are still being worked through and we do not expect it to be fully operational until 2016. However, it fits with IG's strategy of broadening our offering to cater for sophisticated investors as well as active traders. At IG we believe that portfolios composed of passive instruments such as ETFs have the potential to disrupt the investment management industry, as passive investing and ETFs become an integral part of investors' portfolios. The new service will be delivered digitally and will leverage the capabilities of our existing stockbroking platform. We believe that this partnership with BlackRock can significantly broaden our reach beyond our existing client base and we consider it to be an exciting long-term opportunity.

RISK MANAGEMENT OPTIMISATION

Over the last decade our hedging has become progressively more cautious relative to the scale of IG, as risk limits have remained relatively stable while client numbers, trading volumes and Group revenue have grown significantly. Following further development of our back-end risk management systems, we commenced an extremely detailed analysis of our indices risk limits market-by-market. Our initial conclusions led to us increasing certain of our risk limits but, more importantly, during the period we made our main regional and global equity limits dynamic. This involves increasing the risk limit for a market when it is open, most liquid or when we are seeing most client activity in that market, and reducing the limit approaching market closing, or when liquidity or activity levels are reduced. We expect this approach will enable us to reduce our hedging costs and thus on average increase the revenue that we make per unit of volume. We do not expect this approach to materially impact the very high correlation that our revenue has to client volume, which we recognise as an important element of the IG investment case.

GROWING OUR ACTIVE CLIENT BASE

Over the long term we expect that growth in our business will be driven primarily by increasing the number of active clients and that this in turn will be driven mainly by the rate of client recruitment. We have a number of initiatives in progress which we envisage will lead to improvements in the rate of client recruitment across all of our businesses globally.

Over the last year we have made significant improvements to our data-driven digital marketing capability, both in terms of personnel and technology. As we have done so, we have been progressively optimising how and where we spend on digital marketing. We have greater confidence in our ability to track our marketing spend, to measure its effectiveness and to switch the focus rapidly to respond to opportunities. There is more work to be done to further optimise spending, but the initial results are encouraging and this contributed to the strong account opening we achieved throughout the second half of the year. The payback from digital marketing is good – on average a new trading client generates enough revenue to cover their marketing recruitment cost within their first three months. It therefore makes sense for us to continue to increase our marketing spend progressively, until we reach a point of diminishing returns from the incremental spending.

We are making ongoing incremental improvements to our 'conversion funnel' – the journey which a client goes through from starting to complete our application form to funding their account and trading for the first time. These changes include implementing electronic ID verification in a number of additional countries and simplifying the process of capturing and uploading images of identity documents.

> By eliminating manual steps from the conversion funnel and making the process as streamlined as possible, we expect to reduce the proportion of potential clients who drop out part-way through the application process. In making these changes, we will not in any way compromise the high regulatory standards we apply during the account opening process.

We continue to develop multiple mobile applications to address different stages in the client journey. We will shortly be releasing a new educational app, IG Academy on iPhone.

The initial content of IG Academy comprises educational materials for prospective and new clients and it will act as a feeder into our suite of trading apps. Over time we intend to build the content of IG Academy to address the educational needs of clients with the full range of experience, everyone from newcomers to sophisticated traders wanting to learn advanced techniques.

CAPITALISING ON TOP-LEVEL DOMAINS

As I have mentioned before we were successful in our application for seven generic top-level domains (gTLDs) that are directly relevant to our business. We made this investment to position our business for changes to the structure and usage of the internet and the drivers of search engine rankings, which we envisage will result from the recent significant expansion in the number of top-level domains. As a first step in exploiting these gTLDs we intend to build a significant number of specialised websites over the coming year. Some of these will be IG branded and be devoted to one aspect of our product set or service; for example, IG.forex will be devoted to our extensive forex offering. Others will be more generic and concentrate on one segment of our audience or one aspect of consumer need; for example, whatis.spreadbetting will provide generic education on financial spread betting. Each of these websites will have a tightly defined audience, subject matter and purpose as well as a highly relevant domain name. As a result, we expect that they will rank highly on search engines for topics relevant to the success of IG.

Alongside this, we will be encouraging third parties to buy licences for domain names on our gTLDs with the view that over time these gTLDs should become recognised as marks of authority and relevance and become synonymous with the products they represent. We have already made some early sales of domain name licences for .markets, the first of our gTLDs to go live. We do not view this as a business in its own right, but rather as a source of income which will partially offset the cost of developing our own websites using our gTLDs, aimed at increasing the level of client recruitment for our business. We currently expect the remaining gTLDs to go live during the first half of the current financial year.

> We believe that all of the above initiatives, together with the ongoing development of our product offering, will help to drive the recruitment, conversion and long-term retention of good-quality clients.

By successfully expanding our client base globally we can ensure the next phase of growth for IG.

MY RETIREMENT

After 16 years at IG, seven as CFO and almost nine as CEO, I have informed the Board of my intention to retire.

Firstly and mainly, I would like to thank all of IG's employees, past and present, for their hard work and dedication and for helping to make the last 16 years such an enjoyable and rewarding experience. I would also like to express my gratitude to the clients who have put their trust in IG over the years. I also want to thank the loyal shareholders who put their faith in IG and supported it with their investment.

During my time at IG I have seen our business transform, as we have grown revenues from £12 million to an underlying £400 million. In my time as CEO, we have grown earnings per share from 10.88 pence to an underlying 41.07 pence, and have gone from less than 10% of our revenue coming from outside the UK to now almost 50%. Our group now has offices in 20 countries and includes a US regulated exchange and a Swiss Bank. This has been a great team effort. I have been surrounded by an extremely talented senior management team, a number of whom have been with me throughout my tenure as CEO, and I have every confidence that this team will continue to drive the business forward with the same degree of success. I very much look forward to seeing the more recent initiatives we have started together come to fruition over the coming years.

Tim Howkins
Chief Executive Officer
21 July 2015

In the following sections, we will:

- Outline the products and services we provide for our retail and institutional clients
- Show how we are set up to provide support for our clients and meet their needs as they evolve over time, and the critical importance of our people and the values we live by to our success
- Summarise the rationale, the progress made in 2014, the priorities for 2015, and the link to our business model for each of our strategic objectives
- Lastly then work through some examples of our strategy in action and our focus for 2015

WHAT WE DO

We offer our clients fast and flexible trading on a range of instruments including indices, shares, forex and commodities on award-winning platforms. We also offer trading opportunities on interest rates, government bonds, exchange-traded funds (ETFs) and a number of other markets.

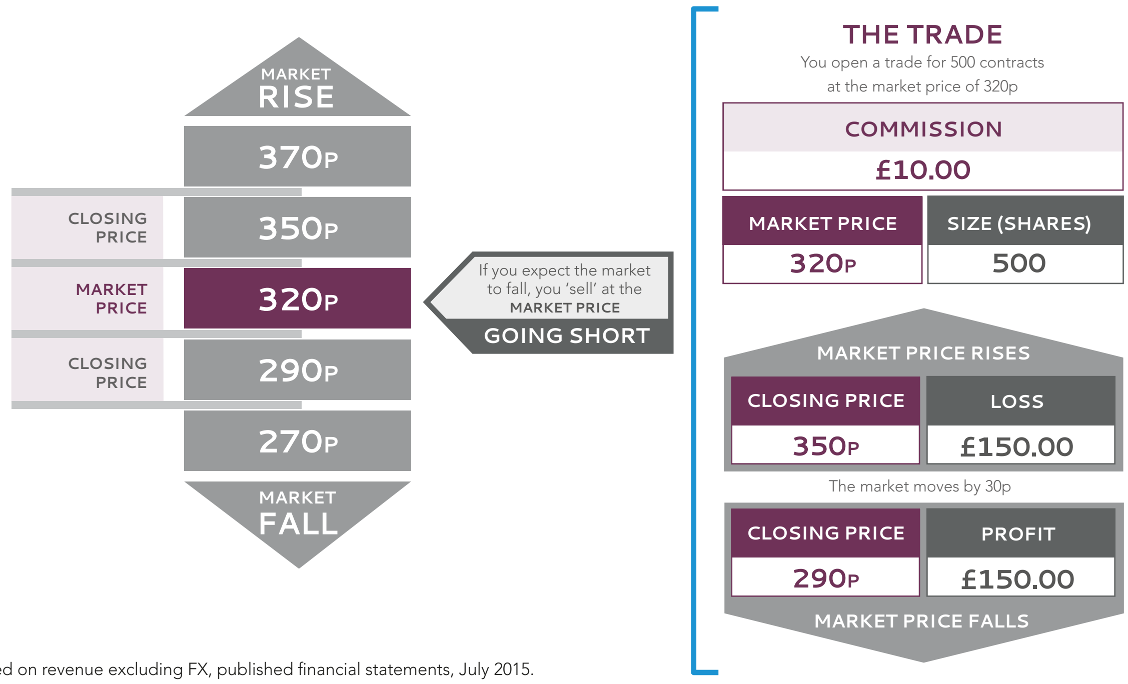
The vast majority of our clients engage directly with us, and we aim to build a long-term relationship with them by anticipating and responding to their changing needs through technological and service innovation. Most of our global revenue comes from CFDs and financial spread betting (in the UK and Ireland), with an increasing proportion arising from binaries trading, including our US retail derivatives exchange, Nadex. This year we introduced execution-only stockbroking in the UK and Ireland and began our international roll-out of this product in the Netherlands in March. Worked examples of our major products are shown below.

CONTRACTS FOR DIFFERENCE (CFDs)

CFDs are derivatives contracts that enable clients to take advantage of changes in an asset's price, without owning the asset itself.

- We are the world's No.1 CFD provider[(1)]
- We offer global CFD trading, including direct market access (DMA) to shares and forex markets

The diagram below shows, in simplified form, how a CFD can be used to 'sell' a market when you expect it to fall. This is known as 'going short'. In this scenario, a subsequent fall in the market price results in a profit for the client while a rise would have resulted in a loss. The diagram below should be viewed in conjunction with our more detailed example of a CFD trade on page 180.



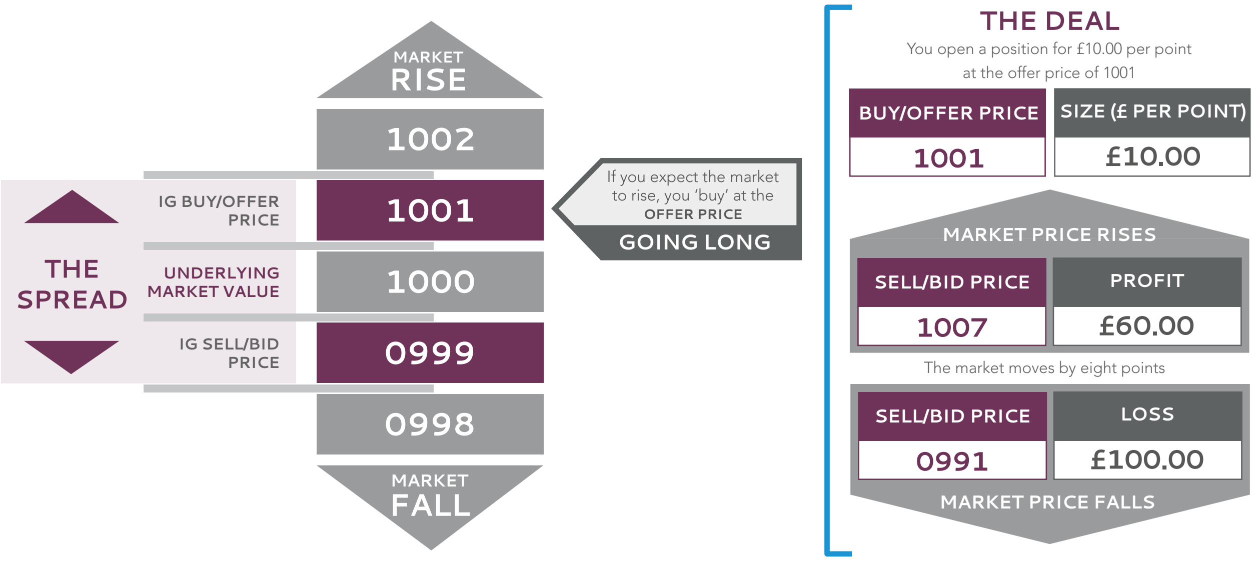
(1) Based on revenue excluding FX, published financial statements, July 2015.

SPREAD BETTING

Financial spread betting in the UK and Ireland is a tax-free[(1)] way to trade by betting on the price movement of an asset. Like a CFD, a client takes advantage of changes in an asset's price, without owning the asset itself, and the size of a client's win or loss depends on the magnitude and direction of the price movement.

- We are the UK's largest and longest-running spread betting provider[(2)]
- We hold 40% of the UK financial spread betting market[(3)]

The diagram below shows, in simplified form, how a spread bet can be used to 'buy' a market when you expect it to rise. This is known as 'going long'. In this scenario, a subsequent rise in the market price results in a profit for the client while a fall would result in a loss. The diagram below should be viewed in conjunction with our more detailed example of a spread bet on page 182.



STOCKBROKING

Our stockbroking service, which launched in the UK in the second quarter of the year, is powered by our existing market-leading technology and provides clients with access to live streaming prices and a transparent execution process, as well as a cost-effective way to trade international equities. At the end of November we enhanced the offering by giving clients the ability to use their share portfolio as collateral to support their shorter-term trading with CFDs or spread betting. Clients can benefit from lower charges if they have executed at least ten stockbroking transactions or placed at least one spread bet or CFD trade in the previous month. For a detailed stockbroking example please see page 184.

(1) Tax laws are subject to change and depend on individual circumstances.

(2) No.1 spread betting provider: based on number of active UK financial spread betting accounts (Investment Trends UK Leveraged Trading Report, July 2014).

(3) By number of active primary accounts. All market share data presented in this report is provided by Investment Trends Pty Limited (please refer to the Investor Resources section on page 190 for further details).

WHAT WE DO (CONTINUED)

BINARIES

Our pioneering binary contracts are based on a single question: 'Will the underlying market behave in a specific way before the contract expires?'. Clients use their knowledge of the financial markets to decide whether the answer will be yes or no. We also offer 'sprint markets' – high-speed, fixed-risk trades. Our binary contracts give clients the opportunity to trade in even the flattest markets.

The main attributes of binary contracts are that they enable clients to trade with limited risk and are unrestricted by low volatility, therefore remaining attractive to clients when markets are relatively stable.

NORTH AMERICAN DERIVATIVES EXCHANGE (NADEX)

Nadex is our US derivatives exchange, enabling US and overseas investors to trade options on global financial markets in retail-sized contracts.

- Nadex is the first and largest US-based retail-oriented exchange
- We provide a flexible way for our clients to trade with limited risk
- The main product on Nadex is the binary option

HOW WE GENERATE REVENUE

Our principal revenue sources on our core leveraged products are the dealing spreads or commission charges we apply to each transaction, according to the asset and product type being traded. As clients are trading on margin, we also levy a financing charge for positions held overnight. Our stockbroking offer charges a flat fee commission per trade in UK shares.

We derive our earnings from the volume of our clients' dealing transactions, which is influenced by the level of activity in the underlying financial markets. Since our clients can choose to 'buy' or 'sell', dealing volumes can be maintained, and we are able to profit, irrespective of the direction in which markets are moving.

Our centralised operating model enables us to consolidate the market risk associated with client trades from around the globe, which lessens our requirement to hedge due to the net impact of clients buying and selling the same asset, and so reduces risk and cost. This model also enables us to maintain lower-cost and capital-efficient processes, while robust risk-management procedures help us monitor and control the impact of market and credit risk on the company and our clients.

Our exposure to market risk at any point in time depends primarily on short-term market conditions and the levels of client activity. We utilise market position limits for 'operational efficiency' and do not take proprietary positions based on an expectation of market movements. As a result, not all net client exposures are hedged and we are likely to have a residual net position in any of the financial markets in which we offer products up to the market risk limit. The costs associated with the hedging of market risk as well as any gains or losses incurred on the unhedged residual net position are reported within revenue, along with the charges levied on our clients.

OUR CLIENTS

In the year, we had 136,100 active clients around the globe. The majority of our customers engage directly with us and our aim is to build a long-term mutually beneficial relationship with them by anticipating and responding to their changing needs throughout their time with us.

We offer them a portfolio of instruments to trade including indices, shares, forex and commodities on award-winning platforms. In addition, we offer trading opportunities on interest rates, government bonds, exchange-traded funds (ETFs) and a number of other markets. We aim to make our platform execution consistently fast and flexible.

We also provide our products through a number of third-party institutional providers that are chosen carefully to ensure they maintain our strict standards of regulatory compliance as well as fitting our risk profile. Of our active clients, approximately 10% were introduced by our partners in the financial year ended 31 May 2015.

The basis of these partnerships varies from straight referral, where an institution refers the client directly to IG, through to full 'white-labelling' of our dealing and back-office systems, where we provide a dealing solution in the branding of the institution. This allows our partners to generate new revenue streams using their marketing and sales capabilities while relying on our award-winning dealing platforms, and our expertise in dealing, risk management and client services.

Clients introduced to us through partner institutions are able to trade our full product suite over the counter, or if they prefer can trade directly on the underlying exchange via our direct market access products.

Our platform offering encompasses our regular web and mobile platforms, as well as a downloadable proprietary platform specifically designed for institutional users. We also have web and direct API (Application Programming Interface) connectivity for those clients who wish to fully integrate their trading strategies to the IG infrastructure via their own front end or any number of third-party solutions.

Our partner relationships are designed to be mutually beneficial, with generous rebates for successful partners, which resulted in £33.7 million of payments being made to partners in the year.

OUR CLIENTS AND US

We aim to be responsive to the needs of our clients as they evolve, with the suite of products and services we offer. By achieving this we will attract and retain the most active traders.

NO.1 GLOBAL PROVIDER OF CFDS AND FINANCIAL SPREAD BETTING

Ongoing investment in Customer Relationship Management

BRAND STRENGTH

Our unrivalled global brand and reputation for integrity and transparency are key reasons why new clients choose IG as their trading provider.

Expanding product suite:

Stockbroking – **NEW IN 2015**

Spread betting

CFDs

Binaries

PRODUCT SUITE

We provide clients with an extremely broad product set, both in terms of markets to trade and platform functionality, to enable them to manage their risk.

Industry-leading investment in core platform to remain at the forefront of the industry.

News flow provision including economic calendar, alerts and market insight.

IG TV with more than 20 educational videos in multiple languages launched in 2015

Innovative products including:

Major Markets App

Apple Watch App

API introduction

TECHNOLOGY ONLINE

IG is recognised as a technology leader in the industry, with a track record of innovation. We constantly engage with our clients to understand what they require of a trading platform.

EDUCATION

Resources such as an economic calendar, current news, market insight and educational videos are designed to assist clients to trade and to deepen the relationship we have with them.

OUR STRATEGIC OBJECTIVES	PROGRESS IN 2015	PRIORITIES FOR 2016
ADDRESS THE NEEDS OF ACTIVE TRADERS We seek to attract and retain the most active traders. Active traders are both demanding and valuable because they trade frequently or place large trades. We aim to be responsive to their needs as they evolve over time with the suite of products we offer.	• Launched our technologically advanced execution-only stockbroking service • Launched new IG Major Markets app for the iPad in the UK in December • Successful first year for IG TV in educating new and prospective clients • 23 new localised websites launched, focused on onboarding new clients • First major provider to introduce Sunday trading	• Continue the successful roll-out of stockbroking to further regions and add the ability for clients to participate in IPOs • Broaden the product set to include a wealth management platform • Launch further apps for new and prospective clients, including educational apps to suit all levels of experience
ACHIEVE, MAINTAIN OR EXTEND MARKET LEADERSHIP Market leadership is a reflection of great customer service combined with a strong product and platform offering. Having scale is important for profitability and the long-term success of our business.	• Maintained our UK market leadership position in the UK for CFDs and financial spread betting • Maintained leadership position in Australia and increased lead in France • Successful launch of IG TV and the IG video app • Various improvements to client onboarding process showing positive results • Launched our first gTLD (.markets) to assist online marketing	• Continue to increase client numbers and revenue in stockbroking as well as the level of cross-selling • Further enhance the account application to trading process to increase new client numbers • Launch the remaining gTLDs and leverage marketing and SEO benefits
STRENGTHEN GLOBAL PRESENCE Opening offices in new countries provides us with the opportunity to recruit new clients and grow the business. Our single global identity and standard platform helps us to grow the global footprint of our business in a cost-effective manner.	• Opened for business in Switzerland with a full banking licence • Received regulatory approval and opened in Dubai in June • Achieved rapid growth in Nadex in the US • Single brand of IG enabled first global brand campaign across 13 countries in 2015	• Fully establish and grow the office in Dubai • Establish relationships in China which may enable us to build a future business there • Roll out stockbroking offering to at least three more countries • Continue to deliver growth in Nadex
DELIVER QUALITY SERVICE TO CLIENTS By maintaining absolute integrity, delivering excellent customer service and fast and reliable execution with transparent pricing we strive to make our clients feel secure and confident in trading with us, resulting in a longer, more profitable relationship.	• Continued focus on delivering industry-leading customer service • Livechat introduced in all our sites with an average of 3,700 conversations per month • Expanded charting technical support team • Training introduced to move team from transactional to relationship management	• Introduction of new contact centre management tool to improve proactive contact with clients and focus on active traders • Introduce peer-to-peer support • Introduce 'My IG' on the trading platform to allow clients to self-serve
SUSTAIN TECHNOLOGY LEADERSHIP The strength and market-leading functionality of our platform and its proven resilience are essential to maintaining client satisfaction, and enhance client acquisition and retention.	• Extended availability of full version of IG.com to all mobile platforms • Delivered fully dynamic versions of all IG websites • Developed and supported new stockbroking product • Launched the first global trading app for the Apple Watch • Launched web API allowing automated trading for clients • Co-located trading infrastructure in Nadex to reduce pricing and execution latency • Economic calendar rolled out to mobile apps, with push message alerts on economic figures • Established mobile app team to increase rate of client sign-ups – delivered Major Markets App	• Revamp of our core online trading platform to ensure we remain at the forefront of retail trading platforms • Development of suite of educational apps for existing and prospective clients • Invest in technology to support our onboarding processes • Improve the users' application process experience • Provide trading through charts functionality on mobile devices

OUR BUSINESS MODEL

We have developed a business model that harnesses the demand from active traders for fast, flexible and secure online trading.

KPIs
(SEE PAGE 28)

- REVENUE
- REVENUE PER CLIENT
- ACTIVE CLIENTS
- PROFIT BEFORE TAX
- DILUTED EARNINGS PER SHARE
- CASH GENERATION
- DIVIDEND PER SHARE
- PLATFORM UPTIME
- NET PROMOTER SCORE

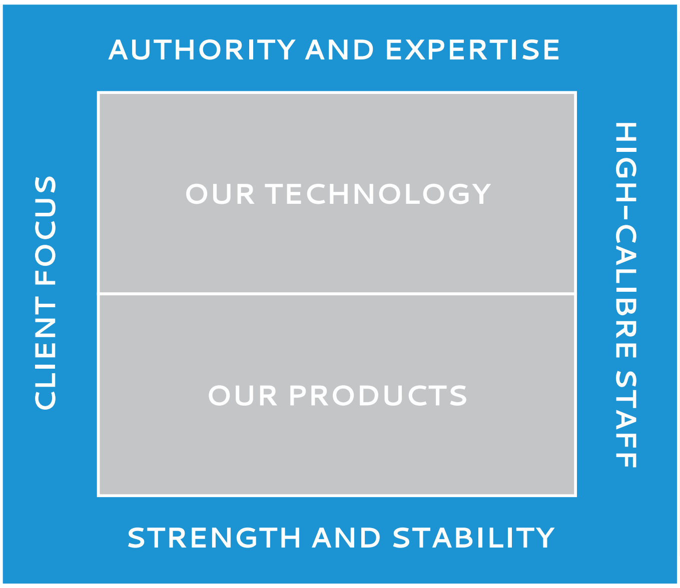
KEY RISKS
(SEE PAGE 51)

- CREDIT
- MARKET
- LIQUIDITY
- OPERATIONAL
- REGULATORY
- CONDUCT
- TECHNOLOGY

OUR CLIENTS

We attract clients globally via a number of channels, including:

- Our international network of offices, through local seminars and public-relations exercises
- Our multi-channel brand and targeted advertising campaigns
- Our optimised online and app-store presence
- Our worldwide network of high-quality partners



FINANCIAL MARKETS

Our clients can trade across a wide variety of markets, geographies and asset classes.

Indices | Shares | FX Forex | Commodities

Other markets: Interest rates, bonds, ETFs.

OUR STRATEGY

In this section we outline our strategic objectives and work through examples of our strategy in action and our focus in the year ahead.

ADDRESS THE NEEDS OF ACTIVE TRADERS

The most valuable traders are those that trade most frequently or in the largest deal size. We aim to service the needs of these traders as they evolve over time with the suite of products and platform functionality that we offer. Our platforms, products and service levels are therefore designed with these clients in mind, while we remain conscious of the importance of delivering an excellent trading experience for all.

See page 23

ACHIEVE, MAINTAIN OR EXTEND MARKET LEADERSHIP

Market leadership is a result of an award-winning platform and product offering, combined with a service ethos with the client at its centre; by delivering this we can ensure the long-term success of our business. We are a global leader in online trading, with the aim to become the default choice for active traders. We are currently the No.1[1] global provider of CFDs and financial spread betting and a recognised authority on financial trading. We have achieved this position through a focus on what traders need: technology, platform functionality, education and research, services, product breadth, all supported by the excellent customer service provided by our people. We will remain focused on achieving, maintaining, or extending market leadership in each of the markets and regions in which we operate.

See page 24

STRENGTHEN GLOBAL PRESENCE

We began our expansion outside the UK in 2002, with the opening of an office in Australia. We now have sales offices in 17 countries, serving clients in the vast majority of the countries of the world. We have used a consistent and purposeful approach in growing our client base, both in established and new regions. Our single global brand – IG – is helping us to develop our reach, increase our market penetration and target additional countries, from the offices where we already operate, using lighter versions of the IG website. These sites are fully responsive, and aim to remove the barriers to converting clients to IG by catering for additional currencies, offering faster identity checks and facilitating the uploading of application paperwork.

See page 25

DELIVER QUALITY SERVICE TO CLIENTS

Our vision is to deliver an industry-leading and world-class service to our clients, and for the quality of our customer service to be viewed as a competitive advantage. Through fast and reliable execution, transparent pricing, investment in education and market insight resources and full segregation of client funds, we aim to make our clients feel secure and confident in trading with us. Backing this up with the best online support, helpdesk and service levels will position us very well to attract and retain valuable active clients.

See page 26

SUSTAIN TECHNOLOGY LEADERSHIP

This is a virtuous circle. Our original concentration on delivering technological excellence assisted us in building a highly profitable business. Our financial strength now enables us to maintain a high level of investment in IT development and infrastructure to remain at the forefront of the industry, with a superior platform, technology, tools and resources. The strength of our platform and its proven resilience over a long period of time are essential in acquiring and retaining clients and maximising the length and value of a client relationship.

See page 27

[1] No.1 CFD and spread betting provider: for CFDs, based on revenue excluding FX, published financial statements, July 2015; for spread betting, number of active UK financial spread betting accounts (Investment Trends UK Leveraged Trading Report, July 2014).

ADDRESS THE NEEDS OF ACTIVE TRADERS

STOCKBROKING SERVICE

In September 2014 we successfully launched our execution-only stockbroking business in the UK and Ireland – our first significant diversification from leveraged trading and a key milestone on our journey to become the default choice for active traders.

Prior to developing the service, a survey of our clients concluded that 60% of them also traded cash equities, and 65% of those said that they would consider moving their business to IG if we offered this service. In addition, our research indicated that the trading life of a cash equity client was longer than that of our existing client base, that many of them were wealthy and that there was a constituency among them that traded very actively. This presents several opportunities: it gives us a new and much broader sales and marketing opportunity; it allows us to deepen the relationship we have with our clients and to manage a greater proportion of their trading and investment activity. Stockbroking should extend the duration of a client relationship as their risk appetite changes and it enables a cross-sell from more active stockbroking customers into the leveraged product set.

We strive to deliver unparalleled service to our clients and therefore we have undertaken a number of initiatives to address their needs and differentiate ourselves from the competition. We offer our customers the opportunity to transfer their existing shareholdings to us, free from IG charges. Once the portfolio has been transferred, the client has access to the full range of features on IG's platform. This includes access to our range of over 8,000 shares, which are offered in their local denomination, regardless of the currency on the client's account. This means our customers know exactly what they are paying, with our fee to convert to their base currency being one of the most competitive in the market.

Unlike most traditional stockbrokers, we charge our clients only when they trade and not for holding an active account with us, while our superior technology supports both 'at quote' and 'on exchange' trading, ensuring clients have access to the best possible price. We allow traders to interact directly with the order book and our systems search for liquidity and price improvements across multiple venues. This means they have more options when looking for the best execution as well as live visibility of the market and access to full market depth.

In addition, at the end of November we enhanced the offering by giving clients the ability to use their share portfolio as collateral to support their shorter-term trading with CFDs or spread betting, with over 900 clients already signed up for this service. In March we extended the stockbroking service to the Netherlands and in July we rolled it out in Germany – the largest of our continental European countries by revenue.

We anticipated that initial take up of the stockbroking service would be slow but steady. However, we have been encouraged by the number of early sign-ups and pleased with the proportion of these that has come from new clients. After nine months, we have over 4,000 clients who have opened and funded a stockbroking account, with roughly 65% of these being clients new to IG. Although it is very early in the life of this product, we have seen evidence already that a proportion of clients who start as stockbroking clients do then move on to also trade with our other products. There isn't sufficient data to be clear about the size of this opportunity but the early evidence suggests that around 20% of those new clients who began with stockbroking go on to trade with a leveraged product.

FOCUS ON MOBILE

With the use of mobile apps continuing to grow, an increasing number of our clients use this as their primary method for interacting with IG and the financial markets. As a response to the needs of our experienced clients, our core apps are extremely feature-rich and provide powerful tools. However, they may not be appealing to less sophisticated traders, discouraging them from opening an account with us. Therefore, towards the end of our last financial year we established an operation in Eastern Europe in order to develop apps that better suit the needs of prospective and new clients, with the vision to recruit, educate and support their journey to high-value customers. In tandem with this we are actively building the necessary marketing skills and support to encourage app downloads and then convert the interest shown into active clients. In December we launched the IG Major Markets app for iPad in the UK aimed at improving acquisition rates. The app aims to be less daunting, offering a simpler experience, access to a smaller suite of markets as well as being highly customisable. Since then we have added versions for different platforms and rolled it out to most of our geographic locations.

OUR STRATEGY (CONTINUED)

ACHIEVE, MAINTAIN OR EXTEND MARKET LEADERSHIP

Market leadership is a result of delivering the products and services that our clients require. Our strategies for achieving, maintaining and extending market share have consistent themes but have also been localised to suit each market. We are currently the No.1[1] global provider of CFDs and financial spread betting and acknowledged as a recognised authority on financial trading.

Presented here is the background and current performance of our three largest individual markets.

UK

IG Index was founded in 1974, becoming the UK's first financial spread betting company. CFDs were then introduced in 2000 under the IG Markets brand. We now offer a full suite of assets under the IG brand. Our UK business is based in the City of London and accounted for just over half our Group revenue in 2015.

Last year over 60,300 active clients traded with us in the UK and Ireland, and in the UK market we are the market leader in spread betting by 32 percentage points and in CFDs by 13 percentage points.[2]

AUSTRALIA

Our Australian business was established in 2002 and is based in Melbourne. Although not first to market, we rapidly overhauled the market leader to become the largest CFD provider in Australia. In 2014 we had a 33% market share, 16 percentage points ahead of the second-placed provider.[2] Australia represented 15% of Group revenue in 2015.

The total CFD market has grown strongly over the last six years from 32,000 to 42,000 traders[3], as the product has become better understood and displaced the retail warrants market, a previously popular leveraged trading product in Australia.

SINGAPORE

We opened our office in Singapore in 2006. Although quite small, Singapore has a highly concentrated and financially sophisticated population. IG has grown its market share consistently to overtake most other providers. We are now the second-largest CFD provider in Singapore, with a market share of 17% and the second largest retail forex trading provider with a market share of 15%. Adapting to local cultural preferences, in 2013 we opened up our first shop front office in the centre of Singapore and this has increased the flow of current and new clients to the office. In 2015 Singapore accounted for 6% of Group revenue and was the third-largest revenue country within the Group.

(1) No.1 CFD and spread betting provider: for CFDs, based on revenue excluding FX, published financial statements, July 2015; for spread betting, number of active UK financial spread betting accounts (Investment Trends UK Leveraged Trading Report, July 2014).

(2) By number of active primary accounts. All market share data presented in this report is provided by Investment Trends Pty Limited (please refer to the Investor Resources section on page 190 for further details).

(3) By number of active Australian CFD traders (Investment Trends Australia CFD Report, 2014).

STRENGTHEN GLOBAL PRESENCE

With the opening of our office in Dubai in June we made further progress in expanding our worldwide presence to markets where regulation allows and where the potential financial returns to IG are attractive.

Dubai is the financial centre of the Middle East region and an obvious location for our expansion. There are a significant number of financially sophisticated and high net worth individuals in the region and our investment in producing an Arabic language website could ultimately prove popular to potential clients across the broader UAE. We recruited a 17-strong team, giving us full local language customer service capabilities, and, following approval of our licence by the Dubai Financial Services Authority (DFSA), we opened our office in June. The launch coincided with Ramadan and so we delayed our first major marketing and media push until the end of the summer. Dubai provided some of our greatest challenges to date, due to the increased requirement to localise the offering, but the team rose to these challenges and we are delighted to be now serving this region locally.

Switzerland was another example of a more complex setup process, requiring a flexible but disciplined approach to the licensing process. We were granted our licence by Swiss Financial Market Supervisory Authority (FINMA) in September 2014 and opened for business in Geneva in October 2014. The application process was extremely rigorous, requiring us to apply for a full banking licence in order to be able to offer our full product set to clients there. In order to comply with local requirements, we also had to clearly establish a process by which clients could opt to ring-fence their personal data within Switzerland and be able to operate in four languages. The granting of this licence is a powerful testament to the quality of our people and our growing credibility and reputation internationally. It will take time for us to establish ourselves in this market but the early progress is encouraging and we are excited by its potential in the long term.

Looking forward, we continue to have dialogue with other regulators and potential partners to explore ways to further extend our geographic reach.

It will not always be viable for us to open offices everywhere where we believe clients would benefit from our products. In light of this in the last year we have launched slimmed-down websites for European countries without offices. These sites are fully responsive but aim to remove the barriers to converting clients to IG by catering for additional currencies, and offering faster identity checking and uploading of application paperwork.

Dubai is the financial centre of the Middle East region and an obvious location for our expansion there. There are a significant number of financially sophisticated and high net worth individuals in the region and our investment in producing an Arabic language website could ultimately prove popular to potential clients across the broader UAE.

OUR STRATEGY (CONTINUED)

DELIVER QUALITY SERVICE TO CLIENTS

Our vision is to deliver an industry-leading and world-class service to our clients, and for the quality of our customer service to be viewed as a competitive advantage. Through fast and reliable execution, transparent pricing, investment in education and market insight resources and full segregation of client funds, we aim to make our clients feel secure and confident in trading with us. Backing this up with the best online support, helpdesk and service levels will position us very well to attract and retain valuable active clients.

Our 110-strong trading services team supports our clients across the world, 24 hours a day. They are located in 8 offices around the world, speak 12 languages and deal with around 80,000 client communications per month.

We continually seek to improve our service to our clients; for example in the last year:

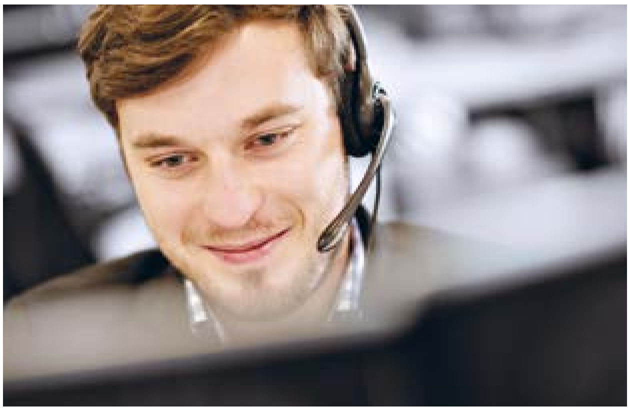
- We introduced livechat for prospective clients in all our sites and to date this has already been used for over 83,000 conversations. The service is now offered globally to answer queries efficiently, to provide reassurance and to speed up the client application process. Livechat is also very popular with our existing clients because it provides a more immediate and personal answer than email – especially when speed is of the essence – and is more discreet than using the phone. Our teams are trained to deal with client queries as quickly and comprehensively as possible. Looking ahead, we are working to increase the functionality of our livechat tools to enable clients and the client service team to share screenshots to help resolve queries; we are also exploring the potential for video chat.
- We have commissioned a new contact centre management tool. This tool will manage engagement with clients across all channels, including social media and livechat, and facilitate more regular proactive contact with higher value clients.
- We have designed a peer-to-peer support service, which will go live in the first half of next year, with the aim being to build a forum where clients can engage with and support one another on elements of trading such as charts, mobile apps, market events and technical analysis. We envisage this 'IG Community' being a closed group for the first six to nine months to allow us to trial and perfect the offer and the technology. In time we expect clients to be able to move seamlessly between trading on the platform and peer support, and to integrate the service into our mobile apps.
- We have developed and will soon offer 'My IG', where a client will be able to access all products and add-ons in one place using a single login. In addition, we plan to introduce a major markets moves' service that will identify significant moves in the market which a client trades and alert them with relevant information in a timely fashion; they will then be able to link straight through seamlessly to place a trade.

We consistently monitor both our response times and the quality of our answers to ensure our customer service remains industry-leading in both aspects. This year:

- Percentage of calls dropped or missed decreased, while call volumes increased
- Over 90% of emails were answered within 24 hours
- We developed a dedicated social media response strategy, with our followers increasing by 46% over the year and daily mentions increasing by approximately 75%

We were also ranked first in an IPSOS mystery-shopper exercise involving UK spread betting providers, with the survey also providing very useful insights into the areas where we have further room for improvement. Meanwhile, our service was rated as 'good' or 'very good' by 89% of spread bettors and 81% of CFD traders who responded to an independently conducted satisfaction survey.[1]

In order to measure our progress we have also put in place a series of more stretching targets for next year. These include answering all dealing calls within ten seconds, answering all customer service calls within 15 seconds, responding to client emails within two hours and responding to a livechat request within 20 seconds.



[1] Survey provided by Investment Trends Pty Limited (Investment Trends UK Leveraged Trading Report, July 2014).

SUSTAIN TECHNOLOGY LEADERSHIP

Our original concentration on delivering technological excellence assisted us in building a highly profitable business. Our financial strength now enables us to maintain a high level of investment in IT development and infrastructure to keep at the forefront of the industry, with a superior platform, technology, tools and resources. In the last year this has resulted in 99.29% of deals being executed in under 0.1 seconds[1] and a core platform uptime of 99.95%.[2]

We appreciate the importance of technology in underpinning the trading experience of our clients. Consequently, in the last year we have introduced various enhancements to improve the client experience, for example: a more flexible layout which allows panels to be tabbed together; enabling markets to be dragged and dropped on to charts and into watchlists; and the ability to rebase markets on charts to improve comparability.

We have also sought to support more valuable active traders who want to deal in larger quantities by improving our execution of large orders and allowing clients to submit partial orders to us. For clients who are new to our products, we now allow permanent demo accounts, and we are allowing clients with live trading accounts to also have an additional demo account where they can test automated and new trading strategies.

We have also built our stockbroking offer to integrate seamlessly with all our platforms and it is currently being rolled out into selected markets around the globe. We believe it is the most advanced offering in the market as, distinct from other providers, it provides a straightforward choice between a quote-based order or going directly to the exchange. As well as providing greater price transparency in the UK, it allows clients to trade in US shares in all sessions, thereby enabling extended hours trading. We also permit clients to use their shares as collateral for their leveraged trading.

Our IT team remains focused on innovating to provide our clients with the latest in cutting-edge technology to help them trade international markets. For example, on 10 April 2015, the day the Apple Watch was available for pre-order, we announced that we were one of the first online trading providers to build an Apple Watch app that automatically installs itself on to a client's watch if they have the IG app on their iPhone. Via a one-tap login, clients are able to buy and sell stocks, trade CFDs and spread bet across a number of asset classes; monitor their existing positions; receive push notifications and view upcoming market events. Available in 12 languages and fully localised, this is our first move into wearable technology and offers a new, light-touch and more instantaneous way to trade and monitor the financial markets.

In addition to this activity:

- We launched a web API for our more sophisticated traders, allowing clients to automate their trading by building their own software to create trading strategies
- We rolled out the economic calendar to our mobile apps, with push message alerts on the release of economic figures
- We also implemented changes to our mobile charts, with improved data quality, speed and usability

Going forward, the strength of our platform and its proven resilience across web, mobile and tablet devices is essential to maintaining client satisfaction, retention and acquisition and keeps us at the forefront of the industry. We will therefore continue to invest to maintain our competitive advantage.

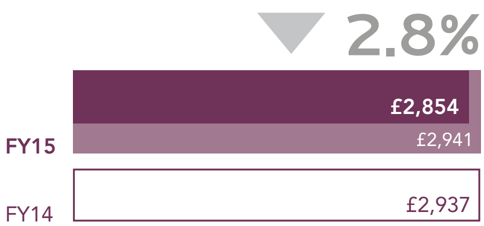
(1) 99.29% of trades executed in 0.1 seconds: IG globally (12 months to 31 May 2015).
(2) 99.95% core platform uptime: IG globally (12 months to 31 May 2015).

KEY PERFORMANCE INDICATORS (KPIs)

We use nine key financial and operational performance metrics to measure our performance and our progress against the short-term and long-term goals of the business.

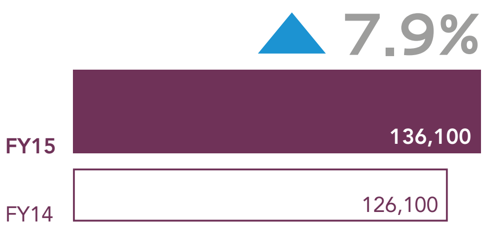
REVENUE[1]

Revenue performance demonstrates business growth in terms of global reach, range of products offered to clients, active clients and revenue per client, and is also a driver of the staff bonus pool. Statutory revenue grew by 4.9% in the year, impacted by the extreme event involving the Swiss franc. Excluding this, underlying revenue was up by 8.0%, driven by strong performance in UK and Australia, which resulted in another record year for the Group.



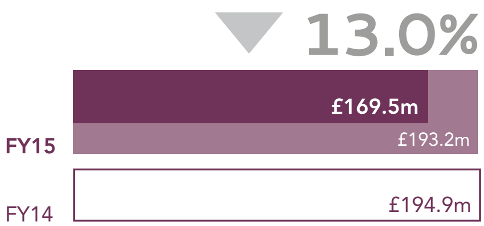
REVENUE PER CLIENT[1]

Revenue per client is calculated as total revenue divided by the number of active clients in the period, and is a measure of client activity and quality. The Swiss franc event resulted in a drop of 2.8% in the headlined revenue per client, however underlying revenue per client marginally increased by 0.1%.



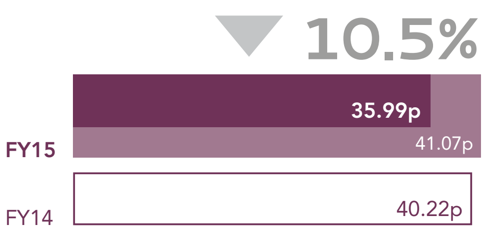
ACTIVE CLIENTS

Active clients are those clients who have opened at least one trade in the period. Active clients increased by 7.9% in the year, as a result of strategic initiatives, the launch of our stockbroking offering and strong customer acquisition performance by Nadex.



PROFIT BEFORE TAX (PBT)[1]

Statutory PBT was down by 13.0% as a result of the Swiss franc event, with underlying PBT marginally decreasing by 0.9%. A detailed commentary on our PBT performance is provided in the Operating and Financial Reviews.

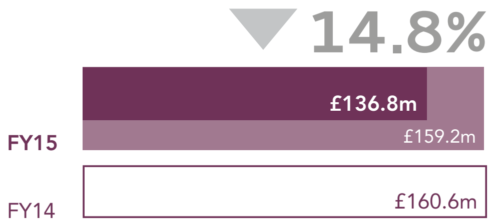


DILUTED EARNINGS PER SHARE (DEPS)[1]

DEPS includes all components of the Group's performance based on profitability and capital structure. DEPS is a key measure in the award or vesting of our Executive Director and senior staff share plans is partially with reference to DEPS. Statutory DEPS decreased by 10.5%, while underlying DEPS increased by 2.1% over the prior year, reflecting growth in underlying after-tax profitability.

OWN FUNDS GENERATED FROM OPERATIONS[1]

High profit-to-cash conversion gives us strong liquidity and supports our robust risk-management strategy and our dividend payment. Maintaining a high level of cash generation, after the required investment, is key to delivering strong shareholder returns. A detailed commentary is provided in the Operating and Financial Reviews.

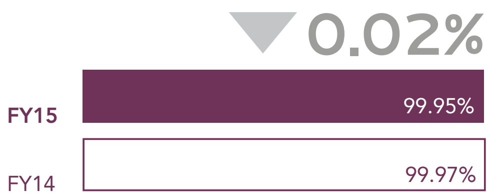


DIVIDEND PER SHARE

Shareholder returns are central to our strategy and reflect the strength of our business, our capital position and our expectations of future performance. Therefore and despite the unexpected Swiss franc event and its impact in statutory results, we have maintained our total dividend at the same level as in the prior year. This reflects a dividend payout policy of 78%, with our intention always remaining to grow the dividend in absolute terms in years when earnings are ahead.

PLATFORM UPTIME

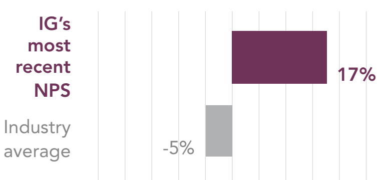
The availability of the dealing platform is key to our clients' confidence in trading with IG. Reliability has remained strong in the current year, however we narrowly missed our internal availability targets following an outage in April. This measure is one of a suite of non-financial indicators used to determine share-plan and bonus awards – an assessment is provided in the Directors' Remuneration Report.



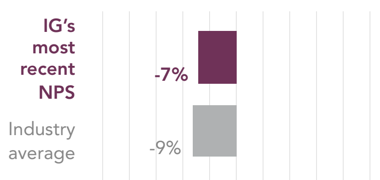
NET PROMOTER SCORE (NPS)[2]

To better understand how well we deliver quality service to our clients, we use NPS, as well as other measures of satisfaction, to assess the extent of client recommendations. Over the last year we have seen improvements in Germany and France and, while our absolute score has fallen across other markets, we have maintained our ranking and compare very favourably against the industry average. This measure is one of a suite of non-financial indicators used to determine share-plan and bonus awards – an assessment is provided in the Directors' Remuneration Report.

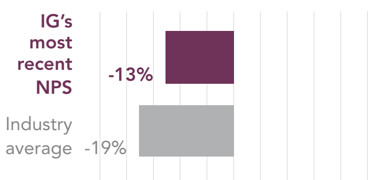
UK SPREADBETTING



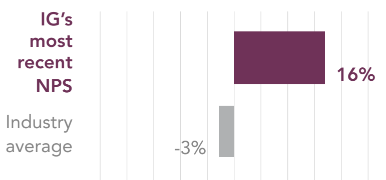
UK CFDs



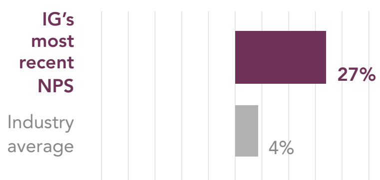
SINGAPORE



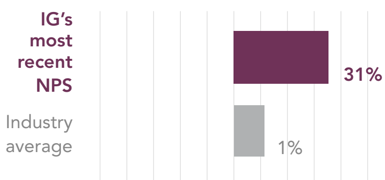
AUSTRALIA



GERMANY



FRANCE



(1) For FY15 two metrics are disclosed. The unadjusted statutory and also the higher underlying performance that is stated excluding the losses associated with the Swiss franc event.

(2) All NPS data presented in this report is provided by Investment Trends Pty Limited (please refer to the Investor Resources section on page 190 for further details). NPS is calculated by asking respondents: 'How likely are you to recommend this company to a friend or colleague?' Respondents reply on a 0-10 scale, with the final NPS calculated as the percentage of promoters (those answering 9 or 10) minus the percentage of detractors (those answering 0-6).

The shaded area indicates the underlying performance.

OUR PEOPLE AND COMMUNITIES

After 40 years in business we understand that sustainable long-term returns stem from good conduct. We seek to act with integrity towards our staff, our clients, our regulators and the markets, maintaining a reputation for quality and transparency.

As a global employer with people in 20 countries, our commitment to our people is both an important part of delivering our strategy and a cornerstone of our success.

We are committed to providing a rewarding career for each one of our almost 1,400 employees. We recognise that having a long-term strategy which develops our people is crucial to our success, as well as being a factor that contributes strongly to our reputation within the financial services industry.

SUSTAINABLE BUSINESS

Our conduct as a business is driven by our values of hallmark quality, passion for progress, transparency in dealing and meritocratic opportunity. These values have been fundamental in the historic growth and success of IG. However, with growth comes the challenge of maintaining that culture and with it appropriate conduct. For that reason, we decided to define the values set out above to support us in realising the Group's overall vision and strategy. This has enabled us to embed sound corporate conduct in the culture of the business, so it is not simply a risk or regulatory requirement.

However, conduct undoubtedly represents a real risk to all firms within the financial industry. Consequently we have actively engaged in the agenda and developed a risk management strategy, entrenching various quantitative and qualitative measures to identify, measure, manage and monitor Conduct Risk. Demonstrable elements to this strategy include among others the production and appropriate escalation of monthly conduct risk Key Risk Indicators (KRIs) and dashboards, a rolling plan of thematic conduct risk reviews, and formalised conduct consideration prior to project signoff.

In this way we ensure effective communication of the tone from the top throughout the organisation. We apply high standards across our businesses, and specifically in our corporate governance – as set out in the Corporate Governance Report and the Directors' Report in compliance with the UK Corporate Governance Code. The following areas demonstrate how we do this.

COMMITMENT TO OUR CUSTOMERS

We aim to put our customers at the heart of everything we do, and we strive to ensure that we understand our clients' needs and consistently deliver fair outcomes and positive experiences. We have a very low tolerance for poor consumer outcomes, and we are committed to investing in process, training and culture to prevent unsatisfactory customer experiences and to address root causes where any practice falls short. We maintain this policy even when it may have a negative impact on our own revenue or costs.

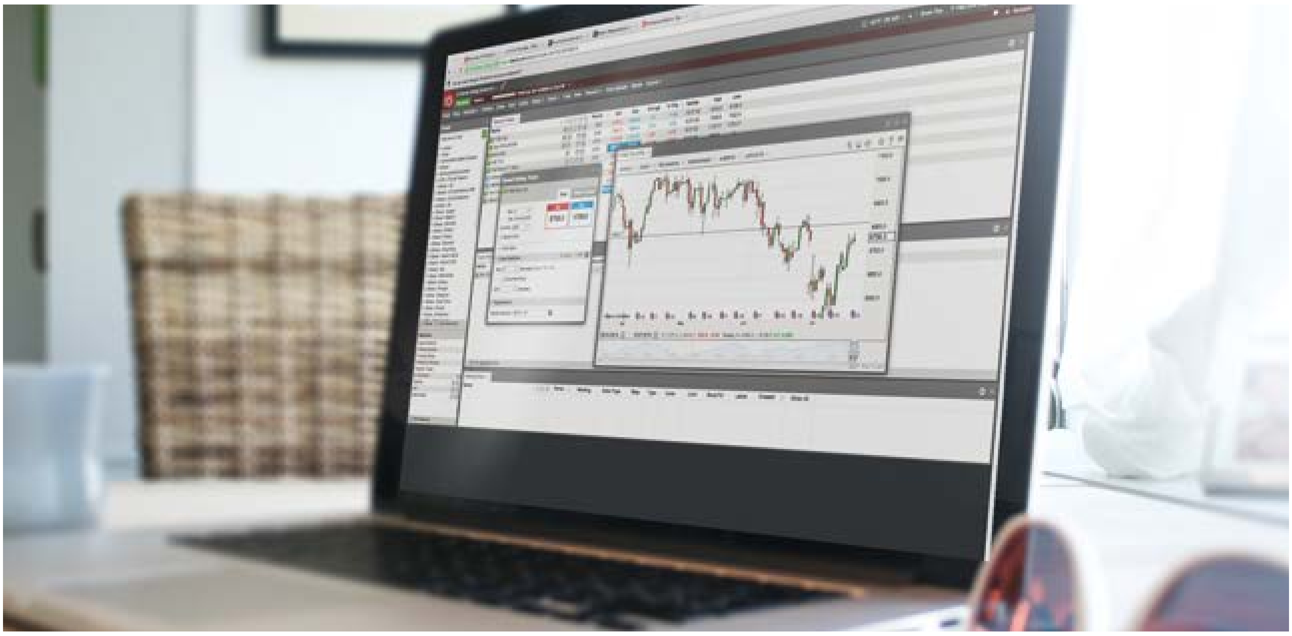
> We ensure that commitment to our customers is embedded in our culture and strategic initiatives, and we regularly seek and review feedback from our clients. This enables us to develop our products and services specifically to meet the needs of active traders globally.

Central to our commitment to our customers is the quality of our order execution. We offer near-instantaneous execution, with around 99.3% of client orders accepted automatically. We never requote prices and, outside our set margin of tolerance, our innovative price-improvement technology enables customers to receive a better price if one becomes available as a trade is executed.

CLIENT SUPPORT AND EDUCATION

We offer extensive educational resources for clients, including an introduction programme for new clients that promotes responsible trading, and a wide range of client seminars and webinars. We continually look to keep this content engaging and targeted towards our clients' needs.

For example, in recognition of the feedback received from clients and following the launch of our in-house TV studio in 2014, we have continued to increase the amount of original video content we supply. This ensures our clients have instant



access to educational resources covering everything from fundamental trading concepts to risk mitigation across all their devices and in the medium they want.

We also provide an extensive range of trading tools, such as regular free news, commentary and analysis on IG TV and via the Market Insight section of our website. We offer charting packages and various technical analysis tools that enable our clients to screen markets for trading opportunities and to receive alerts when trading signals appear.

CLIENT APPROPRIATENESS

Our products are not appropriate for everyone, and we recognise that our conduct is particularly vital in relation to marketing and client onboarding, in order to prevent poor consumer outcomes arising from them. Accordingly, we have a number of procedures that ensure our advertising reaches the right audience, and that our clients appreciate the risks involved with our products and understand how our services work.

> We follow strict guidelines to ensure that we only promote our products to a target audience within appropriate sectors and demographic groups. We also conduct rigorous checks to ensure that all promotions are clear, fair and not misleading, and that risks are not downplayed compared to the benefits of our products.

Before we allow a prospective client to open an account, we undertake an assessment to determine whether our products are appropriate for them. At account opening we actively question and must be satisfied that clients have the necessary knowledge or experience to understand the risks involved. To further assess whether our products could produce poor outcomes, we ask clients for details of their income and savings, both at account opening and in rolling reviews. Based on the results of these assessments, we may choose to provide an applicant with a clear warning about the appropriateness of the product. We may also decline to open an account for them, or indeed close their account if it has already been opened.

LIMITING CLIENT LOSSES

We have a number of services designed to help clients limit their losses.

Our clients can choose to attach guaranteed stops to their positions, so that they know their maximum possible loss at the outset of the trade.

Our close-out monitor (COM), which automatically liquidates clients' positions when their margin has been significantly eroded, also aims to restrict our clients' potential losses. At 31 May 2015, 99.4% of all client accounts were subject to the automatic COM procedure. Further details are set out in note 36 to the Financial Statements.

PROTECTING OUR CLIENTS' DATA AND FUNDS

We prioritise the security of our clients' information and have achieved the ISO 27001:2005 certificate for information security management.

We fully segregate funds for retail individuals, in compliance with the regulations, and we hold segregated client money entirely separately from our own money across a diverse range of banks. This ensures that, in the event of our default, client funds would be returned to the clients rather than being treated as a recoverable asset by our general creditors.

We continue to engage PricewaterhouseCoopers LLP to conduct ongoing independent reviews of our controls and procedures for client money calculation and segregation (ISAE 3000). In committing to this review process, we have taken an additional step, over and above standard audit checks and our regulators' reporting requirements. This reflects our dedication to keeping our clients' funds secure and delivering beneficial outcomes for customers.

OUR PEOPLE AND COMMUNITIES (CONTINUED)

OUR PEOPLE

The Group provides a dynamic and friendly working environment for almost 1,400 employees, located around the world. We believe that our people should take pride in what we achieve together, should have a powerful sense of belonging to IG Group, and should know that we fully recognise the crucial role that the quality of our employees plays in our success.

In order to attract and retain the right people, we offer a competitive reward package to recognise past performance and encourage our key talent to be part of our future. We believe that working together as a team is key to our global success and so to complement our market-related salary structure, we also include over 90% of our employees in a group bonus scheme which is completely linked to the financial success and ongoing stability of IG. This bonus is then distributed on an individual performance related basis (identified through an annual performance-appraisal system). We also reward our high potential employees through long-term incentive plans. The remainder of our employees have specific sales-related bonus schemes.

Linked to our belief in our employees investing in IG, we are happy to offer employees tax-advantaged share purchase schemes in the UK, Australia and the US. An average of 33% of eligible employees took part in our share plans in 2014.

To complement these direct financial rewards, we also provide a full range of appropriate benefits, including pension contributions. In the UK, we contribute up to 10% of an employee's basic salary to their pension, provided the employee contributes 5% of their salary. If they choose to contribute less than 5%, we will contribute double the individual rate. We are 'auto-enrolment' compliant, having met our planned staging date in November 2013, as part of the government's workplace pensions reform, and continue to have over 85% participation in our UK Group pension schemes.

EMPLOYEE ENGAGEMENT

We believe that understanding our employees' motivations, concerns and feedback in general is crucial in allowing us to decide what employee engagement initiatives we take forward each year. It is for this reason that we have again partnered with IBM to deliver our employee engagement survey and were delighted to have an 85% response rate this year.

In terms of highlights, we are pleased to report that over 90% of our employees feel that there is a strong sense of teamwork and cooperation within IG. Similar numbers feel a strong sense of belonging and involvement and over 90% feel that there is a clear future vision and trust the senior leadership of IG.

This year, 98% of employees who completed our engagement survey agreed that IG has an outstanding future and just over 90% have trust in senior leadership to deliver against the vision. Both these questions scored above external global benchmarks.

In terms of work in progress, we still have work to do in clearly setting out career and reward structures and are working with our management team to help them explain and develop performance management processes.

In summary, this data continues to provide invaluable insight to what our employees feel about working for us around the globe. Working with a world leader like IBM means that we continue to be able to benchmark our results against global high-performing organisations and the finance sector.

DIVERSITY AND EQUALITY

We are committed to maintaining a diverse workforce at all levels of the Group. We believe that diversity is a broad issue, encompassing variations in an individual's experience, skills, age and background, as well as more traditional diversity factors such as ethnic origin and gender. Our total employee gender breakdown is shown to the right.

Commercially and for every other best practice reason, we are an equal opportunities employer. We strongly believe that to succeed as a global business, we need to make the most of the potential workforce in every country that we work within. As such, we have extensive human resource policies in place to ensure that we attract the right people and that once working with us, our people can expect to develop in an environment free from discrimination and harassment.

For this reason, we continuously reinforce the need to treat all employees fairly. We are committed to creating a work environment free from bullying, where everyone is treated with dignity and respect, irrespective of position or grade within the organisation.

We give full consideration to applications for employment from disabled persons, where the candidate's aptitudes and abilities are consistent with meeting the requirements of the job. Where existing employees become disabled, whether on a temporary or permanent basis, it is our policy to provide continuing employment wherever practicable in the same or an alternative position, and to provide appropriate training and/or graduated back-to-work programmes, in conjunction with the occupational health professionals to achieve this aim.

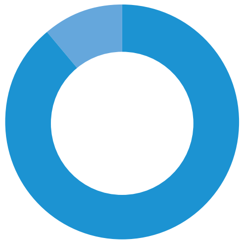
LEADERSHIP, MANAGEMENT AND DEVELOPMENT

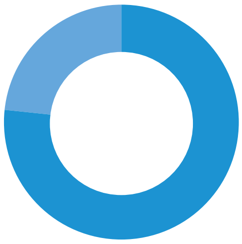
With our strategic management team having been with us for over nine years on average and therefore having developed their careers within the Group, we recognise the strength of having a stable and long-serving workforce. This is especially true within the decision-making core, and as such we continue to invest in developing our employees worldwide while improving the quality of learning opportunities. We have recently implemented an online learning and policy-management system, which is accessible by all of our employees wherever they are located in the world. We are making every effort to enhance the system's content as well using this system as a means to record our policy based training.

Our new recording studio is enhancing our internal communications and allowing our senior team to reach out to all of our offices with our popular 'Views from the Bridge' – a series of videos featuring members of the senior management team which aim to ensure that our key leadership messages reach all of our people around the globe.

In terms of gender, our workforce is made up as follows:

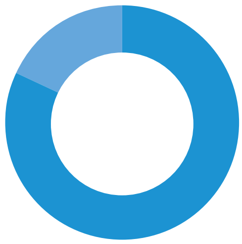
BOARD
MALE 7
FEMALE 1
PERCENTAGE FEMALE: 13%

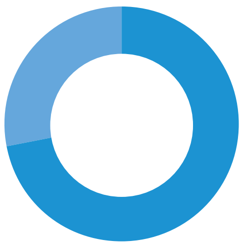




STRATEGIC MANAGEMENT TEAM[1]
MALE 10
FEMALE 3
PERCENTAGE FEMALE: 23%

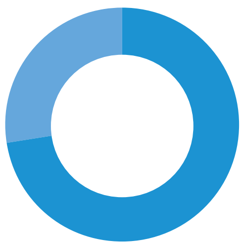
SENIOR MANAGEMENT TEAM[2]
MALE 41
FEMALE 9
PERCENTAGE FEMALE: 18%





TEAM MEMBERS
MALE 919
FEMALE 357
PERCENTAGE FEMALE: 28%

TOTAL
MALE 977
FEMALE 370
PERCENTAGE FEMALE: 28%



[1] The strategic management team is defined as the employees responsible for planning, directing and controlling the activities of the Group.

[2] The senior management team is defined as the strategic management team plus the Directors of the subsidiary companies included in the consolidated Financial Statements.

OUR PEOPLE AND COMMUNITIES

(CONTINUED)

We support our staff in their continuing personal and professional training and development, and encourage attendance at external and industry-recognised training courses, sponsoring our people to undertake formal education programmes and achieve professional qualifications. We also offer internal secondments, both in terms of pure training of newer employees and more strategic, longer-term appointments, which allow individuals to work in our smaller offices and provides an opportunity for growth and expanding skill-sets.

We have made further progress this year (as measured by our annual employee engagement survey) in terms of the senior team articulating our vision and strategy for the future. Our next goal is to allow our future generation of leaders to carry on with this important leadership skill, as well as ensuring that we are building a strong group of managers equipped with the competences and behaviours to take IG forward.

Last year we agreed a new set of leadership behaviours for our managers, and during the 2015/2016 appraisal cycle, we will actively measure performance against these metrics. There are four core principles: communicating with others, leading by example, developing people and being passionate about results.

We continue to support our managers in their ongoing training with our Inspirational Development programme which focuses on the outcomes of 360° feedback and the behaviours associated with generating high performance. All of our strategic and senior management team have attended at least one structured programme over the past 18 months and our more junior managers attend a Transition to Leadership programme, which specifically targets the process of developing from a technical specialist to a leader of people.

TALENT MANAGEMENT

Retention of talent can be challenging in companies with relatively flat organisational structures, and we recognise the importance of encouraging people to grow and stretch themselves in roles that have limited scope for vertical movement. We also acknowledge that it is important to employees to understand where they are in their career and salary progression and it is with this in mind, and in answer to feedback from our employee engagement survey, that we launched our salary grading communication this summer. It is one of our core values to be transparent in dealing with our employees in all areas, but particularly with regard to career and salary aspirations.

We have had career pathways and associated competency frameworks in place for key areas of the business for a number of years now and we continue to build on these. The frameworks describe what is needed for exceptional performance in each role and provide space for individuals to strengthen their performance in readiness for future horizontal or vertical moves. We continue to expand our mentoring programmes with the aim of not only motivating and developing the careers of employees with high potential, but also providing advancement opportunities for our mentors.

To attract new, high-calibre staff, we offer three graduate schemes, in IT, operations and finance. Graduates joining the IT and operations schemes follow a 12-month training plan before we assign them to a permanent position. The finance scheme is longer term, aiming to train graduates as qualified accountants within the team. Graduates joining IG benefit from the support of a business mentor, access to cross-business placements, structured training plans and reviews, which fast-track their development to first-role competence in their chosen area.

EMPLOYEE INVOLVEMENT

We take pride in being an open, non-hierarchical organisation, with direct and open access among all teams and at all levels. The Chief Executive Officer addresses all employees every six months, at the half-year and full-year points, and presents the Group's financial results, business updates and plans for the future. He and other members of senior management maintain a schedule of overseas office visits and take these opportunities to address each local employee audience, while we also make full use of our in-house TV studio to record interviews with key members of the business, including the CEO, to ensure a consistent message is sent out to all our offices.

TOP EMPLOYER

Our positive workplace culture continues to be recognised as IG celebrates being named as one of Britain's Top Employers for the eighth year running in 2015.

The Top Employer certification is awarded only to organisations that meet the highest standards in human resource management, and we are very proud to be a long-standing recipient. The award, by the Corporate Research Foundation, is based on a strong performance in each of the audited categories: pay and benefits, training and development, corporate culture and career development.

SOCIETY AND EMPLOYEE SPONSORSHIP

We are keen to encourage our people to engage in activities that both help their own development and support local communities, so we are proud to support a wide variety of different charities that are close to our employees' hearts. We match any funds our employees have raised for sponsored events.

To make the most of charitable donations, we continue to work with the Charities Aid Foundation, allowing our employees to operate a charity fund and make contributions to selected charities from gross earnings, directly from their monthly pay.

Not only do we support charities with gifts of money, but also by providing time and resources. Our absence-management policy offers the opportunity for our people to take up voluntary work, for which we grant additional leave on a like-for-like basis up to a maximum of five matched days per annual leave year.

HEALTH AND SAFETY

We believe that our employees are one of our most valuable assets, and we are committed to providing each employee with a safe and healthy working environment.

Health and safety is an integral part of our business, and by providing key members of staff with the relevant external training, and all other staff with appropriate in-house training, we ensure that we comply with all statutory health and safety requirements.

WELLBEING

We are fully committed to our employees' health and wellbeing, and the benefits we provide to all employees include private medical cover, permanent health insurance and life assurance.

To help our people enjoy healthy lifestyles, we reimburse 50% of the costs of employees' annual gym subscriptions, up to a specified amount, on a global basis. We also support cycling, and we offer our staff savings on bicycles under the government-backed cycle-to-work initiative, as well as providing free-of-charge bicycle parking at our London office.

We support our employees' wellbeing by providing a confidential employee assistance programme that offers a 24/7 telephone counselling service to all our Head Office employees and their immediate families.

Our people can use this service for impartial advice on all matters, from housing to personal finance.

OUR PEOPLE AND COMMUNITIES

(CONTINUED)

OUR ENVIRONMENTAL IMPACT

As a business which conducts nearly all of its client trades online and undertakes no industrial activities, we do not see ourselves as a significant emitter of environmentally harmful substances. However, we understand that we need to take any necessary actions to ensure that we mitigate the impact of our operations on the surrounding environment.

> Running and maintaining our IT infrastructure comprises the main source of our environmental impact. This supports our award-winning platform and ensures we are able to consistently maintain our high level of platform uptime.

Powering and cooling our datacentres results in the majority of our power usage – as well as our energy costs. As such, we update our hardware and software as appropriate to save money and energy.

This year we continued replacing a number of our rack servers with new blade technology. This has allowed us to integrate power and cooling technologies across the server estate and provides a considerable saving in energy and costs. We recycled the legacy hardware in accordance with our internal recycling policy, ensuring that any data was securely destroyed before recycling the remaining components.

Our global offices follow our datacentres as the second largest consumer of energy. A number of energy-saving processes is in place and we are committed to a far-reaching recycling policy. This encompasses not only a proportion of our daily office waste, but also extends to our IT equipment when we replace hardware, while trying to ensure that we use any desktop equipment for its maximum useful life. Our head office building, where more than half of our employees are based, is also ISO 14001 certified, and we complement this environmental-management system with our own sensor-lighting to reduce our energy use. In addition, we have used PIR technology in both of our newly opened offices in Dubai and Geneva and we invested in the most modern and energy-efficient personal computers and peripherals, in line with our commitments.

The global nature of our business, with employees located in 20 countries, results in the need for our people to travel around the globe to provide local support for staff and clients. We have taken further steps to minimise these journeys by installing state-of-the-art video-conferencing equipment in two more of our global locations, taking the tally of offices offering this facility up to nine.

We provide emissions data in respect of the financial year ending 31 May 2015 in the Mandatory Greenhouse Gas Emissions Report and Greenhouse Gas Emissions Intensity Ratio tables to the right. In the tables, Scope 1 emissions are those incurred in air conditioning our offices and running back-up generators for our servers, while Scope 2 emissions are purchased energy such as electricity. For the most significant sources of energy consumption discussed above, we purchase electricity via our landlords.

BASIS OF PREPARATION

Greenhouse gas emissions are calculated on the basis of financial control, with the emissions data included for the companies consolidated in the Financial Statements, noting the Statement of Exclusions given below:

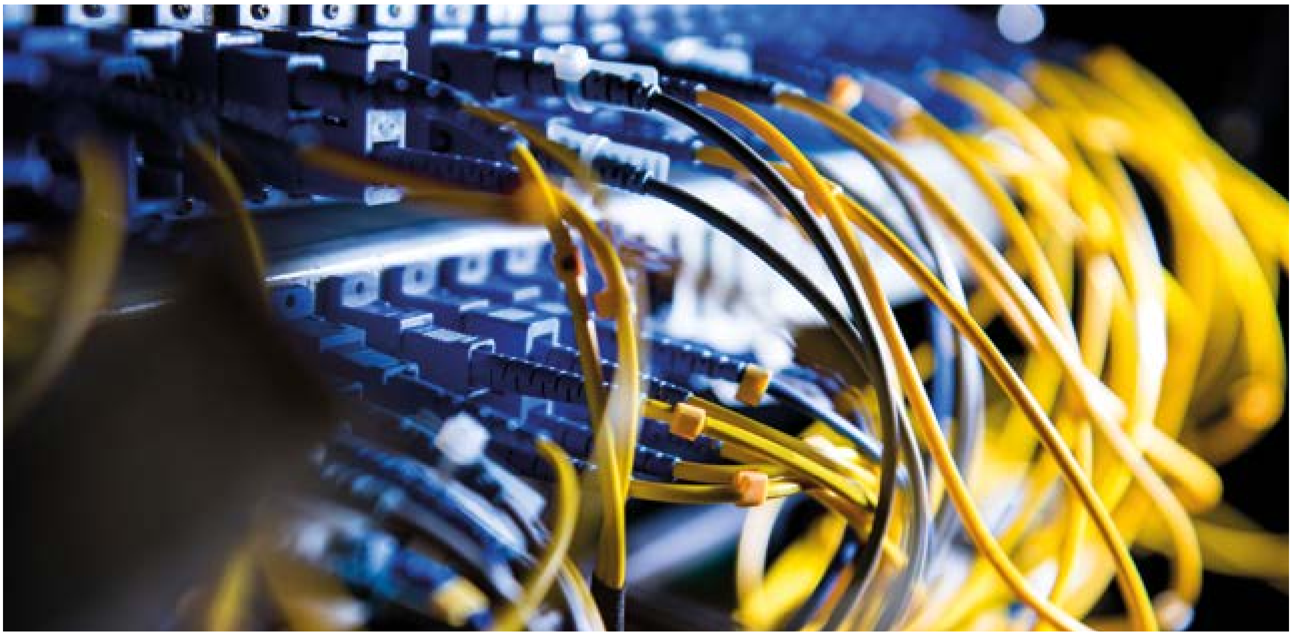
- We have based our methodology on the principles of the Greenhouse Gas Protocol.
- We have reported on all the measured emissions sources required under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, except where stated.
- This includes emissions under Scope 1 and 2, except where stated, but excludes any emissions from Scope 3.

Conversion factors for electricity, gas and other emissions are those published by the Department for Environment, Food and Rural Affairs for 2014-2015.

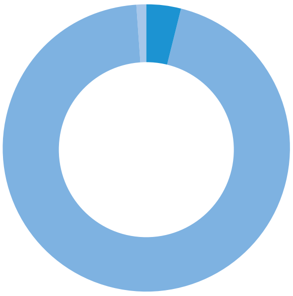
STATEMENT OF EXCLUSIONS

Global diesel use (for vehicles) has been excluded from the report on the basis that it is not material to our carbon footprint.

The scope of reporting for our fugitive emissions has been restricted to the United Kingdom. Other regions have been excluded due to lack of data or immateriality.

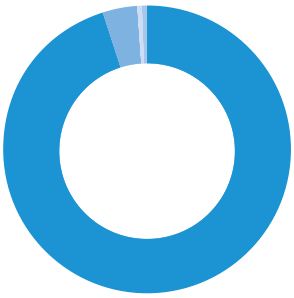


EMISSION CATEGORY



- Operation of facility
- Purchased energy
- Combustion

EMISSION SOURCE



- Electricity
- F-gas
- Diesel
- Gas
- Vehicles*

MANDATORY GREENHOUSE GAS EMISSIONS REPORT

Emission type	Tonnes of carbon dioxide equivalent (tCO_2e)
Scope 1: operation of facilities	161.77
Scope 1: combustion	34.93
Total Scope 1 emissions	**196.7**
Scope 2: purchased energy	4,007.64
Total Scope 2 emissions	**4,007.64**
Total emissions	**4,204.34**

GREENHOUSE GAS EMISSIONS INTENSITY RATIO

Total footprint (Scope 1 and Scope 2) – tCO_2e	4,204.34
Turnover (£m)	388.4
Intensity ratio (tCO_2e/£m)	10.82

* Global diesel use (for vehicles) has been excluded from the report on the basis that it is not material to our carbon footprint.

CHIEF FINANCIAL OFFICER'S REVIEW

'2015 once again highlighted the strength of IG's financial position and business model that allows it to invest in future growth while maintaining our ordinary dividend at approximately 70% of earnings.'

Christopher Hill
Chief Financial Officer

OPERATING AND FINANCIAL REVIEW

The Swiss franc de-pegging event in January, which has been discussed at length in this document, means that we address here both underlying numbers, excluding the impact of this event, and the statutory financial results. We consider the underlying results to give a clearer indication of the performance of the business through the period.

IG delivered record underlying[(1)] revenue[(2)] in the period of £400.2 million, 8.0% up on the prior year (2014: £370.4 million). Underlying profit before tax was £193.2 million, 0.9% behind the prior year (2014: £194.9 million) and underlying profit after tax was up by 2.4% at £150.7 million (2014: £147.2 million), with the prior year having been restated slightly upwards for an industry-wide change in the accounting treatment of the FSCS levy. Underlying diluted earnings per share was 41.07 pence, 2.1% ahead of the prior year (2014: 40.22 pence).

On a statutory basis, Group revenue was £388.4 million, 4.9% ahead of the prior year, with profit before tax of £169.5 million and profit after tax of £131.9 million. The Group effective tax rate reduced to 22.2% from 24.5% in the prior year, as the fall in the UK corporation tax rate continued to feed through. Statutory diluted earnings per share was 35.99 pence, down 10.5% from the prior year (2014: 40.22 pence).

Overall, active client numbers for the year were ahead of the prior period by 7.9% at just over 136,000, while average revenue per client was flat at £2,937. Underlying revenue in the second half of the year was slightly ahead of the first half, with the first half marked by the difference between the two quarters; the first quarter was very subdued, while the second quarter was a record for the Group and contained the record month of October, when increased newsflow and a significant sell-off in financial markets produced more trading opportunities for clients. Revenue from forex trading increased through the year, returning to more normal levels, with evidence of more volatility in this asset type after a very quiet spell in 2014.

IG remains highly cash-generative and we have sought to reflect this in the direct cash returns to shareholders. Last year the Board raised the Ordinary dividend payout ratio to approximately 70%. Although statutory earnings this year are behind due to the impact of the Swiss franc incident, both the business and the market opportunity remain strong. In line with our progressive dividend policy, the Board made clear at the time of the first half results in January its intention to hold the full-year dividend flat on 2014 at 28.15 pence, and so the Board is recommending a final dividend of 19.70 pence.

All following references to revenue are with respect to the underlying[(1)] revenue[(2)].

Underlying[(1)] revenue[(2)]

	FY15		FY14		
	Revenue £m	Clients 000s	Revenue £m	Clients 000s	% change in revenue per client from FY14[(3)]
UK	211.9	60.4	192.7	59.3	8.0%
Europe	80.9	29.7	82.1	26.0	(14%)
Australia	59.2	18.7	52.2	18.0	9.3%
Rest of World	48.2	27.3	43.4	22.8	(7.3%)
Total	**400.2**	**136.1**	**370.4**	**126.1**	0.1%

Statutory revenue

	FY15		FY14		
	Revenue £m	Clients 000s	Revenue £m	Clients 000s	% change in revenue per client from FY14[(3)]
UK	206.0	60.4	192.7	59.3	5.0%
Europe	76.9	29.7	82.1	26.0	(18%)
Australia	58.1	18.7	52.2	18.0	7.2%
Rest of World	47.4	27.3	43.4	22.8	(8.8%)
Total	**388.4**	**136.1**	**370.4**	**126.1**	(2.8)%

(1) The term 'underlying' reflects the results before the impact of the Swiss franc event (refer to note 2 of the financial statements).
(2) All references to 'revenue' in this statement are made with regards to net trading revenue. Net trading revenue is trading revenue excluding interest on segregated client funds and is presented net of introducing partner commissions.
(3) The financial tables above contain numbers which have been rounded, while all year-on-year percentages are calculated off underlying unrounded numbers.

UNITED KINGDOM

The UK segment comprised the offices in London and Dublin. Revenue in the UK was 10% ahead of the prior year at £211.9 million (2014: £192.7 million). First half revenue (£106.8 million) was slightly ahead of the second half (£105.1 million), with the UK benefiting from a very strong performance in the second quarter, as clients in this region responded more immediately to increases in market volatility. Active client numbers were 1.9% ahead of the prior year at just over 60,000. Active client numbers in the second half of the year were around 2% ahead of the first half. Revenue per client for the year was 8.0% ahead of the prior year, at around £3,500, with particular strength in the second quarter, driven by the very active October. The UK segment accounted for 53% of Group revenue in the period, against 52% in the prior year.

An annual study of the UK's retail leveraged-trading industry, released towards the end of 2014, showed that IG's market share of spread bettors had fallen slightly from 41% to 40% and our share of CFD traders had fallen from 34% to 26%; IG remained the clear market leader in both categories. The study also showed a decline in the overall size of the market for these trading instruments, from 93,000 to 89,000 retail traders. Drawing precise quantitative conclusions from these results is increasingly difficult. The measurement is based purely on the number of primary accounts and makes no allowance for the value of individual client value, and does not reflect IG's focus on active retail traders, who generate a disproportionate percentage of the total industry revenue.

The launch of the stockbroking offering in the UK and Ireland took place in September 2014. The proposition was then strengthened in November with the launch of the collateral service, which allows clients to use their equity portfolio as margin for their leveraged trading. By the end of May there were over 4,000 funded stockbroking accounts, 65% of which are new to IG, and of which around 3,300 had traded. There is also early evidence that a proportion of clients who began as stockbroking clients are going on to use the leveraged trading products.

CHIEF FINANCIAL OFFICER'S REVIEW
(CONTINUED)

AUSTRALIA

The Australia segment comprised the Melbourne office and also includes revenue from New Zealand and other countries in the Asia Pacific region. In Australia, revenue for the year was up by 13.4% to £59.2 million (2014: £52.2 million). As with the broader Group, Australia revenue was stronger in the second half of the year, delivering £30.5 million against £28.7 million for the first half. The first half was held back by the particularly quiet first quarter. As with the UK, the second quarter was a record for this region and was followed by a more consistent second half. Here we experienced good growth in active client numbers, up 3.9% against the prior year. Active client numbers in the second half of the year were 8% up on those in the first half. In line with the UK, as one of the more mature regions, average revenue per client was ahead of the prior year by 9.3%. The Australia segment accounted for 14.8% of Group revenue in the year, against 14.1% in the prior year.

During the year, an annual market research study concluded that IG's market share of the retail CFD industry had fallen by five percentage points to 33%, although it remains the clear industry leader. As for the UK, this simple measure is based on number of primary accounts. Internal analysis suggests that any loss of share was concentrated towards the lower end of client activity and value. Encouragingly, in the same time period, the market size increased from 41,000 participants to 42,000.

EUROPE

The Europe segment comprised the German, French, Italian, Spanish, Dutch, Swedish, Norwegian, Luxembourg and Swiss offices. Overall, revenue performance in Europe in the period was disappointing. Revenue fell by 1.5% to £80.9 million (2014: £82.1 million). Revenue was equally split between the two halves of the year, although in line with the UK and Australia, the second quarter was a record period for Europe. The growth in client numbers accelerated, up by 14.3% on the prior year, with growth across all countries in the region. However, this was more than offset by a fall in average revenue per client, which fell to £2,720 (2014: £3,156), due to a number of factors including currency conversion, lower overnight funding revenue, clients trading in smaller size and increased hedging costs in relation to German 30 contracts. The European segment accounted for 20.2% of Group revenue in the year, against 22.2% in the prior year.

During the second half of the year, annual market research studies were published for Germany and France. They concluded that IG's market share of the retail CFD industry in Germany had fallen by three percentage points to 10%, and in France it had risen by six percentage points to 28%. Drawing precise quantitative conclusions from these results is increasingly difficult, given the measurement is based purely on the number of primary accounts and makes no allowance for the value of individual client value. In the same time period, the market size in France stayed flat at 19,500 participants and increased in Germany from 45,000 participants to 47,000.

REST OF WORLD

The Rest of World segment comprised the offices in Singapore, Japan and South Africa and our retail exchange, Nadex, in the US. Revenue for the period in the Rest of World region was ahead of the prior year by 11.1%, at £48.2 million (2014: £43.4 million). All countries in the Rest of World segment experienced growth, with particularly strong results in South Africa (up 27% to £6.5 million) and the US (up 68% to £5.3 million), but also good contributions to the growth from Singapore (up 3.5% to £23.8 million) and Japan (up 3.3% to £12.6 million). Overall revenue per client was down due to the mix effect of the particularly strong growth in the US, where average revenue per client is structurally lower due to the nature of the product set. As a result of the US acceleration through the year, revenue was weighted towards the second half, which delivered 55% of the revenue. The recovery in trading in forex over the prior year was also significant, as Singapore and Japan are particularly heavily weighted towards this asset class. The Rest of World segment accounted for 12.0% of Group revenue in the period, against 11.7% in the prior year.

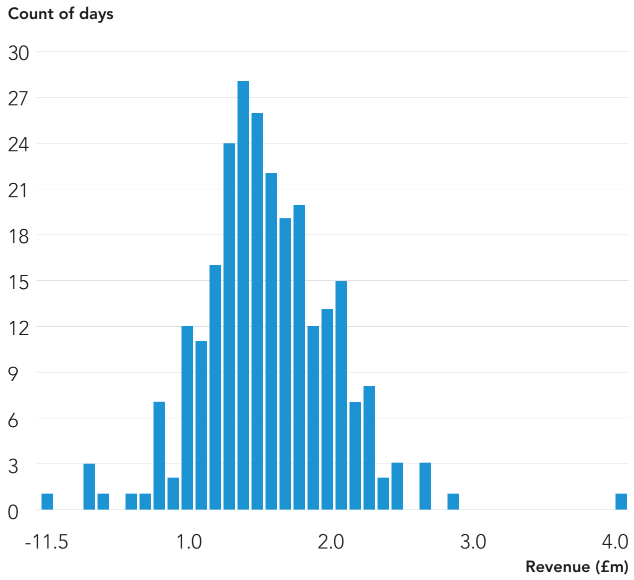
As reported in the half-year results, an annual market research study concluded that IG's market share of the retail CFD industry in Singapore had fallen by one percentage point to 17%, with the overall market size remaining stable at 17,000, following two years of shrinkage.

FACTORS IMPACTING REVENUE

The tight distribution of our daily revenue during the year is illustrated in the chart to the right. The single loss-making day highlighted by the chart is that for 15 January when the Swiss National Bank ceased intervention in the franc exchange rate.

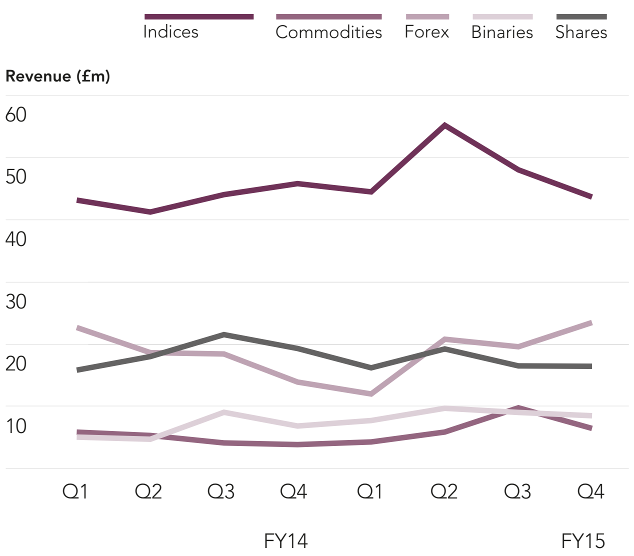
The absence of proprietary trading by IG and the hedged nature of the business model – i.e. hedging with third parties to cover the residual risk above preset limits – tends to deliver a more stable revenue stream, irrespective of the direction of underlying market movements. During the year we have undertaken an extremely detailed analysis for certain of our risk limits – more detail is provided in the Chief Executive's Statement.

DISTRIBUTION OF DAILY REVENUE



ASSET MIX

IG has consistently benefited from the broad range of asset classes it enables clients to trade, resulting in a more stable revenue stream in different market conditions. This year we derived 48% of our underlying revenue from clients trading indices (2014: 47%) and had another strong year in shares trading, delivering 17% of Group revenue (2014: 20%). Client forex trading delivered 19% of Group revenue, down from 20% in the prior year, but marginally up at an absolute level. The remaining 16% of revenue came from clients trading binaries and commodities (2014: 13%).



FINANCIAL REVIEW

Summary Group Income Statement

	Year ended 31 May 2015 Underlying £m	Year ended 31 May 2015 Statutory £m	Restated* Year ended 31 May 2014 £m
Net trading revenue[(1)]	400.2	388.4	370.4
Net interest on segregated client funds	4.5	4.5	5.5
Betting duty and financial transaction taxes	(5.9)	(6.3)	(3.8)
Other operating income	0.6	0.6	2.1
Net operating income	399.4	387.2	374.2
Administrative expenses	(206.1)	(217.6)	(178.8)
Operating profit	193.3	169.6	195.4
Net finance expense	(0.1)	(0.1)	(0.5)
Profit before tax	193.2	169.5	194.9
Tax expense	(42.5)	(37.6)	(47.7)
Profit for the year	150.7	131.9	147.2
Diluted earnings per share	41.07p	35.99p	40.22p
Total dividend per share	**28.15p**	**28.15p**	**28.15p**

(1) Net trading revenue is trading revenue excluding interest on segregated client funds and is net of introductory partner commissions.

* Comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'.

CHIEF FINANCIAL OFFICER'S REVIEW

(CONTINUED)

NET OPERATING INCOME

Statutory net trading revenue, although negatively impacted by the Swiss franc event, increased by 4.9% to £388.4 million (2014: £370.4 million).

Underlying net trading revenue is 8.0% ahead of the prior year at £400.2 million (2014: £370.4 million).

Net interest income on segregated client funds decreased by £1.0 million to £4.5 million (2014: £5.5 million). This was driven by depreciation in the Australian base interest rate and low margins received on sterling and euro money deposits from the banks throughout the year following their response to Basel III changes in 2014.

Betting duties paid by the Group, in relation to losses for spread betting clients, increased by £2.4 million to £5.8 million (2014: £3.4 million) including a £0.4 million negative impact due to the Swiss franc event. The Italian Financial Transaction Tax incurred by the Group marginally increased to £0.5 million from £0.4 million last year.

Other operating income for the year ending 31 May 2014 includes income of £1.4 million in relation to a revenue share arrangement with Spreadex Limited, following the sale of the Group's Sport business client list in 2012. The agreement ended on the 23 June 2014 and therefore the income in the current financial year is just under £0.1 million. Other operating income also includes inactivity fees, introduced in February 2013 and are applied to any account that has not traded for more than two years and has a positive account balance. As expected, the charge reduced to £0.5 million (2014: £0.7 million).

ADMINISTRATIVE EXPENSES

Statutory administrative expenses increased by 21.7% to £217.6 million (2014: £178.8 million), following the impact of the Swiss franc event and the additional operating costs associated with the Group's strategic development.

Underlying administrative expenses increased by 15.3% to £206.1 million (2014: £178.8 million). This includes the infrastructure and additional marketing to support the core business and various initiatives, including the expansion into Switzerland and Dubai, the roll-out of execution-only stockbroking and investments in mobile and web-based technology.

As a result, each of employee remuneration costs, advertising and marketing and legal and professional fees are higher than in the prior year.

	Year ended 31 May 2015 Statutory £m	Restated* Year ended 31 May 2014 £m
Employee remuneration costs	94.3	89.3
Advertising and marketing	37.8	31.7
Premises-related costs	11.1	10.0
IT, market data and communications	16.4	13.8
Legal and professional	5.9	4.3
Regulatory fees	7.1	5.4
Net charge for impaired trade receivables	16.2	1.6
Other costs	18.1	13.0
Depreciation & amortisation	10.7	9.7
Statutory administrative expenses	**217.6**	**178.8**
Swiss franc event:		
Employee remuneration costs	3.6	–
Bad and doubtful debt	(15.1)	–
Underlying administrative expenses	**206.1**	**178.8**

* Comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'.

In the year ending 31 May 2016, the Group will continue to invest in its growth strategy. The Group anticipates a further increase in administrative expenses at a level similar to that seen on an underlying basis for this year.

EMPLOYEE REMUNERATION COSTS

Employee remuneration costs increased by 5.6% to £94.3 million (2014: £89.3 million) in the year.

The average headcount increased by 20.3% year-on-year, however, due to the change in the staff mix, which reduced the average salary by 8.4%, total salary costs increased by 9.6%. Inclusive of national insurance and pension costs, employee remuneration costs comprise:

	Year ended 31 May 2015 Statutory £m	Restated* Year ended 31 May 2014 £m
Total salaries	74.0	65.0
Performance-related bonuses and commissions	14.0	17.2
Share schemes	6.3	7.1
Statutory employee remuneration costs	**94.3**	**89.3**
Swiss franc event:		
Performance-related bonuses and commissions	3.1	–
Share schemes	0.5	–
Underlying employee remuneration costs	**97.9**	**89.3**
Average headcount	1,287	1,070
Year-end headcount	1,400	1,153

* Comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'.

The £3.2 million reduction in statutory performance-related bonuses and share-based payment schemes charges reflects the Group's financial and non-financial performance measures which were heavily impacted by the Swiss franc event. The impact of the Swiss franc event itself on the staff bonus pool and share scheme vesting and therefore charges, is estimated as £3.6 million.

Headcount across most departments was higher year-on-year. Overseas IT and marketing development teams, in particular, have grown further to facilitate the development of a broader range of mobile apps alongside ongoing platform improvements projects. As at 31 May 2015, IT headcount was 603 (2014: 497), an increase of 21.3% compared to the previous year.

ADVERTISING AND MARKETING COSTS

Advertising and marketing costs increased by £6.1 million to £37.8 million (2014: £31.7 million).

This year saw a change in focus between online and offline advertising, with online spend increasing as we continue to optimise and support our digital marketing approach. The Group's geographical expansion, with increased marketing spends in Switzerland and later in the year in Nadex, has also added to the increase.

The main marketing campaigns run in the year focused on IG's 40th birthday, 'Live Every Trade' TV campaign and the new stockbroking offering launched during the year.

The Group is now in the second year of the three-year partnership with Harlequins Rugby Club and is one of three principal partners of the club. The partnership is consistent with the Group's strategic approach to increase visibility of the IG brand and value proposition.

OTHER EXPENSES

Premises-related costs were higher at £11.1 million (2014: £10.0 million). The increase in costs reflects the full-year effect of the offices opened during the latter part of the last financial year in Switzerland and Eastern Europe and also the costs incurred in relation to the Dubai office opened in 2015.

IT, market data and communication costs include the cost of IT maintenance and short-term licence arrangements as well as market data fees from exchanges. The increase of costs from £13.8 million in the prior year to £16.4 million is due to a change in software agreements from perpetual licences to cloud software. This has resulted in more items being expensed, rather than capitalised, and ultimately amortised. This change is also reflected in the reduction of software amortisation.

Legal and professional fees, which include audit, taxation, legal and other professional fees, increased by £1.6 million to £5.9 million (2013: £4.3 million). The increase was primarily driven by professional fees incurred in relation to the generic top-level domain operation.

Regulatory fees increased by 31.5% to £7.1 million (2014: £5.4 million). The level of FSCS levy paid by the Group remains dependent on investment intermediary firms' failures and the eventual compensation paid. Accordingly, this charge is outside of Group's control and is hard to accurately forecast.

During the year the Group changed its accounting policy for recognising the costs of the FSCS levy to reflect guidance provided in the IFRIC 21 'Levies' standard. The standard requires the Group to recognise in full an estimate of the FSCS levy for the applicable year on 1 April each year. A full explanation is provided in the Group's interim consolidated financial statements for the six months ended 30 November 2014.

CHIEF FINANCIAL OFFICER'S REVIEW
(CONTINUED)

The Group also pays other regulatory fees to the FCA in the UK, as well as regulatory bodies in other jurisdictions where it operates.

The net charge for impaired trade receivables was significantly higher compared to the previous year, increasing to £16.2 million (2014: £1.6 million). The increase was largely due to £15.1 million charge relating to the Swiss franc event which resulted from an original debt amount of £18.4 million. Out of this debt total, £2.8 million has been recovered to date.

Other costs include bank charges, training, travel, recruitment and irrecoverable sales taxes. The increase is primarily attributable to higher recruitment fees driven by the increase in headcount, and higher irrecoverable sales taxes following the increase in advertising and marketing spend.

Depreciation and amortisation increased by £1.0 million to £10.7 million (2014: £9.7 million), partly due to the amortisation of IT development costs.

OPERATING PROFIT MARGINS

The Group uses operating profit margin, which includes an allocation of central costs, as an indicator of regional performance (refer to note 4 of the financial statements: Segment Information.

Statutory operating profit decreased 13.2% to £169.6 million (2014: £195.4 million). Underlying operating profit, which excludes the impact of the Swiss franc event, decreased by 1.1%. The Group statutory operating profit margin (operating profit expressed as a percentage of net trading revenue) decreased to 43.7% (2014: 52.8%).

The following table summarises operating profit margin by region:

Operating profit margin by region	Year ended 31 May 2015 Underlying	Year ended 31 May 2015 Statutory	Restated* Year ended 31 May 2014
UK	57.2%	52.1%	61.1%
Australia	60.3%	59.2%	60.1%
Europe	27.6%	18.1%	38.9%
Rest of World	30.2%	29.5%	33.3%
Group	**48.3%**	**43.7%**	**52.8%**

* Comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'.

Underlying operating profit margin fell to 48.3% (2014: 52.8%) driven by lower margins in UK, Europe and Rest of World. This reduction reflects the ongoing investment in strategic development. For Europe the reduction in underlying profit margin is particularly marked and driven by a combination of a fall in underlying revenue and the direct costs associated with the newly established operation in Switzerland. The Rest of World region includes the new office in Dubai that did not contribute to revenues during the year ended 31 May 2015.

PROFIT BEFORE TAXATION

Statutory profit before taxation reduced by 13.0% to £169.5 million (2014: £194.9 million). Profit before tax margin, calculated with reference to net trading revenue, decreased to 43.6% (2014: 52.6%).

Underlying profit before taxation reduced by 0.9% to £193.2 million (2014: £194.9 million).

TAXATION EXPENSE

The effective rate of taxation for the year ended 31 May 2015 decreased to 22.2% compared to a rate of 24.5% for the prior year. The effective rate for the current year has benefited from the reduction in the UK corporation tax rate to 20.0%. The Group's effective tax rate is dependent on the mix of geographic revenue and profitability as well as the tax rates levied in those geographies.

The calculation of the Group's tax charge involves a degree of estimation and judgement, in particular with respect to certain items whose tax treatment cannot be finally determined until agreement has been reached with the relevant tax authority (refer to note 10 of the financial statements).

DILUTED EARNINGS PER SHARE

Statutory diluted earnings per share decreased to 35.99 pence from 40.22 pence in the year ended 31 May 2015 (refer to note 11 of the financial statements).

Underlying diluted earnings per share increased 2.1% to 41.07 pence (2014: 40.22 pence).

Diluted earnings per share is used as a primary measure of underlying profitability and as a financial measure in relation to the Executive Director and senior management share plans.

DIVIDEND POLICY

IG remains highly cash-generative and we have sought to reflect this in the direct cash returns to shareholders. Last year the Board raised the Ordinary dividend payout ratio to approximately 70%. Although statutory earnings this year are behind due to the impact of the Swiss franc incident, both the business and the market opportunity remain strong. In line with IG's progressive dividend policy, the Board made clear at the time of the first half results in January its intention to hold the full-year dividend flat on 2014 at 28.15 pence, and so the Board is recommending a final dividend of 19.70 pence.

SUMMARY GROUP CASH FLOW

The following cash flow statement summarises the Group's cash generation during the year and excludes all cash flows in relation to monies held on behalf of clients. In order to provide a clear presentation of the Group's liquid assets both amounts due from brokers and financial investments have been treated as 'cash equivalents' and included within 'own funds'. A more detailed version of the cash flow presented below and the derivation of own funds are provided in note 19 to the financial statements.

Operating profit margin by region	Year ended 31 May 2015 Underlying	Year ended 31 May 2015 Statutory	Restated* Year ended 31 May 2014
Operating activities			
Profit before tax	193.2	169.5	194.9
Depreciation & amortisation	10.7	10.7	9.7
Other non-cash adjustments	3.1	(0.5)	3.8
Income taxes paid	(47.8)	(42.9)	(47.8)
Own funds generated from operations	**159.2**	**136.8**	**160.6**
Movement in working capital	n/a	7.9	(3.3)
Outflow from investing and financing activities	n/a	(126.3)	(96.8)
Increase in own funds	**n/a**	**18.4**	**60.5**
Own funds at start of period	n/a	487.3	429.3
Exchange profits/ (losses) on own funds	n/a	1.4	(2.5)
Own funds at end of period	**n/a**	**507.1**	**487.3**

* Comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'.

Cash generation remains strong with statutory own funds generated from operations of £136.8 million (2014: £160.6 million).

Underlying own funds generation was broadly flat at £159.2 million (2014: £160.6 million). The underlying cash conversion rate, calculated as own funds generated from operations divided by profit before tax, has remained strong at 82.4% (2014: 82.4%).

'Own funds' increased by £18.4 million (2014: £60.5 million) after adjustments for movements in working capital balances and significant outflows in relation to investing and financing activities. The outflow from investing and financing activities includes £12.4 million in relation to capital expenditure (2014: £11.5 million) and £112.8 million (2014: £84.8 million) in relation to the final 2014 and interim 2015 dividend payments. The Group made investments of £6.4 million on a combination of IT development and software assets (2014: £8.1 million). Cash investment in tangible fixed assets total £6.0 million (2014: £3.4 million) and comprise £5.0 million on IT hardware and £1.0 million on the fit out of the newly leased offices.

LIQUIDITY

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. The Group's businesses are also entitled to use 'title transfer funds' in the UK and customer deposits held by the banking subsidiary in Switzerland in normal business operations. Therefore these are included in the statement of financial position and the Group's liquid assets.

An element of the Group's liquidity is not available for the purposes of the centrally performed market risk management as it is held in overseas businesses for the 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. At 31 May 2015 the unavailable cash increased by £37.2 million from that unavailable in the prior year to £86.4 million (2014: £49.2 million) primarily as a result of additional capital requirements in each of Switzerland and Dubai.

Available liquid assets enable the funding of large broker margin requirements when required and should be considered in the context of the intra-year high broker margin requirement of £293.7 million (2014: £290.3 million), the requirement to hold a liquid assets buffer, the continued growth of the business, the Group's commitment to segregation of individual clients' money as well the final proposed dividend for the year ended 31 May 2015, all of which draw upon the Group's liquidity.

Net available liquidity is disclosed in the table below and represents the Group's available liquidity inclusive of the liquid assets buffer and after the payment of broker margin.

CHIEF FINANCIAL OFFICER'S REVIEW

(CONTINUED)

	31 May 2015 £m	Restated* 31 May 2014 £m
Own funds	507.1	487.3
Client funds held on balance sheet	16.9	21.0
Total liquid assets	**524.0**	**508.3**
Less amounts required to ensure appropriate client money segregation – other amounts due to the group	(27.6)	(20.4)
Less amounts required for regulatory and working capital of overseas businesses	(58.8)	(28.8)
Available liquid assets	**437.6**	**459.1**
Less broker margin requirement	(204.8)	(285.1)
Net available liquidity	**232.8**	**174.0**
Of which held as a liquid assets buffer	83.1	82.5

* Comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'.

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. During the year the facility was drawn on a number of occasions during periods of high broker margin requirements or when there was a perception of higher volatility and risk in the financial markets. Subsequent to the year-end, the Group undertook a review of its contingent liquidity requirements and, upon approval from the Executive Risk Committee, concluded to reduce its facilities to £160.0 million (refer to note 39 of the financial statements).

A detailed analysis of the Group's liquidity and the management of liquidity risk are provided in note 19 to the financial statements.

REGULATORY CAPITAL RESOURCES

Throughout the year, the Group maintained a significant excess over the capital resources requirement, both on a consolidated and individual regulated entity basis.

The Group considers there are significant benefits to being well capitalised at a time of continuing global economic uncertainty. The Group is well placed in respect of any regulatory changes which may increase our capital or liquidity requirements, and high levels of liquidity are important in the event of significant market volatility. The Group's liquidity requirements have historically been, and remain, significantly in excess of its regulatory capital requirements. The total regulatory capital requirement remains significantly below the necessary liquidity levels.

The new CRD IV requirements that came into force on 1 January 2014 require deferred tax assets relating to future profitability to be deducted from Tier 1 Capital in the determination of capital resources for the Group.

The following table summarises the Group's Pillar 1 capital adequacy on a consolidated basis:

	31 May 2015 £m	Restated* 31 May 2014 £m
Shareholders' equity	591.4	565.9
Investment in own shares	1.2	1.1
Common Equity Tier 1 Capital	**592.6**	**567.0**
Less:		
Intangible assets	(124.0)	(122.7)
Investment in own shares	(1.2)	(1.1)
Deferred tax assets[1]	(7.1)	(7.1)
Total capital resources (CR) (a)	**460.3**	**436.1**
Capital resources requirement – Pillar 1 (CRR) (b)	(111.3)	(115.4)
(a-b)	**349.0**	**320.7**

* Comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'.

(1) The new CRD IV requirements which came into force on 1 January 2014 require deferred tax assets relating to future profitability to be deducted from Tier 1 Capital to determine capital resources for the Group.

SUMMARY GROUP STATEMENT OF FINANCIAL POSITION

	31 May 2015 £m	Restated* 31 May 2014 £m
Property, plant and equipment	13.3	13.0
Intangible assets	124.0	122.7
Financial investments	75.5	32.2
Deferred tax assets	7.1	7.1
Non-current assets	**219.9**	**175.0**
Trade and other receivables	281.8	339.7
Cash and cash equivalents	148.8	101.5
Financial investments	32.9	50.3
Current assets	**463.5**	**491.5**
Total assets	**683.4**	**666.5**
Trade and other payables	78.9	80.3
Income tax payable	13.1	20.3
Current liabilities	**92.0**	**100.6**
Redeemable preference shares	–	–
Non-current liabilities	**–**	**–**
Total liabilities	**92.0**	**100.6**
Total equity	**591.4**	**565.9**
Total equity and liabilities	**683.4**	**666.5**

* Comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'.

NON–CURRENT ASSETS

As discussed in the Chief Executive's Statement, the Group continues to invest in technology both to enhance client experience and to improve the capacity and resilience of dealing platforms, each of which is critical to the success of the business.

Intangible assets purchased during the year include £1.5 million (2014: £1.8 million), for a suite of country-code and generic top-level domains that are directly relevant to our business.

Intangible assets also include goodwill of £107.1 million (2014: £106.7 million), primarily arising on the acquisition of IG Group Plc and its subsidiaries in 2003, the goodwill associated with the acquisition of Nadex of £5.0 million (2014: £4.6 million) and the goodwill arising on the acquisition of our South African business of £1.2 million (2014: £1.2 million) (refer to note 16 of the financial statements).

Capitalised investment in relation to development costs and software and licences amounted to £4.4 million (2014: £6.0 million) largely relating to the development of the share trading platform. During the year the Group also invested £5.9 million in property, plant and equipment (2014: £3.4 million). This included £4.6 million (2013: £2.5 million) in relation to IT equipment.

CURRENT ASSETS

Trade and other receivables include amounts due from brokers, amounts due to be received from segregated client money accounts and prepayments. Amounts due from brokers represent cash placed with counterparties in order to provide initial and variation margin in relation to the Group's market risk management. Amounts due from brokers have decreased to £239.2 million (2014: £303.9 million) resulting from lower broker margins than at the prior year-end driven by the Group's hedging of clients' futures and shares positions.

CLIENT MONEY AND ASSETS

Total monies held on behalf of clients at year-end was £930.5 million (2014: £879.4 million) of which £913.6 million (2014: £858.4 million) is segregated in trust bank accounts and treated as 'segregated client money' and therefore excluded from the Group Statement of Financial Position. Of the remaining monies, £11.6 million (2014: £21.0 million) represents 'title transfer funds' where the client agrees, under a Title Transfer Collateral Arrangement (TTCA), that full ownership of such monies is unconditionally transferred to the Group, while the remaining £5.3 million (2014: £nil) relates to customer deposits with our banking operation in Switzerland.

Although the levels of client money can vary depending on the overall mix of financial products being traded by clients, the long-term increase in the level of client money placed by clients with the Group is a positive indicator of future client propensity to trade.

FINANCIAL INVESTMENTS

During the year the Group increased the holding of UK Government Securities from £82.5 million as at 31 May 2014 to £108.4 million at 31 May 2015. The additional security is held at broker as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy. The value of securities held against potential liquidity stress under BIPRU 12 is broadly flat on the prior year.

LIABILITIES

Trade and other payables include amounts due to clients in relation to both title transfer funds and customer deposits with the Group's Swiss banking subsidiary as well as accruals and other payables.

Trade payables have decreased by £4.2 million from 31 May 2014 due to the decrease in the number of title transfer clients from £21.0 million as at 31 May 2014 to £11.6 million as at 31 May 2015 partially offset by an increase in amounts due to clients of £5.3 million in relation to the customer deposits with the banking operation in Switzerland (2014: £nil).

Income tax payable has fallen to £13.1 million at year end (2014: £20.3 million) reflecting the lower corporation tax charge for the current financial year following both lower statutory profitability and a lower overall effective tax rate.

MANAGING OUR BUSINESS RISK

Our strategy depends on the effective management of our business risks. By identifying the nature and potential impact of these risks, we can design and operate processes that ensure that they are effectively controlled and mitigated. Over time, we have developed a robust and consistent Risk Management Framework that we continually seek to improve.

In this section we explain how we manage risk in accordance with our Risk Appetite Statement (RAS) and Risk Management Framework. We also explain in detail the key risks we face, our governance structure for risk, and the reporting cycle that we use to monitor and report on risk.

RISK APPETITE STATEMENT (RAS)

The RAS is at the heart of our risk management framework. It defines the amount of risk that the Board is prepared to accept, both on an individual risk and aggregate basis, in pursuit of its business objectives and strategic goals. The RAS provides parameters within which the business can operate, and is reviewed by the Board. We have identified three main types of risk affecting our business, and we explain these in more detail later in this section.

1. BUSINESS MODEL RISKS

These are risks we actively manage and are able to measure, control and assign limits and parameters to:

- Credit risk – see page 51
- Market risk – see page 51
- Liquidity risk – see page 51

2. INDUSTRY RISKS

These are risks we accept as arising from operating in the financial services sector. For these risks we set a risk tolerance rather than a risk appetite. They include (but are not limited to):

- Financial institution credit risk – see page 51
- Operational risk – see page 52
- Regulatory risk – see page 52
- Conduct risk – see page 53
- Technology (IT) risk – see Operational Risk, page 52

3. ENVIRONMENTAL RISKS

These are risks over which we have minimal control. They include (but are not limited to):

- Natural disasters such as floods, earthquakes and disease epidemics
- Strikes and civil unrest

The RAS contains a set of statements and Key Risk Indicators (KRIs). These balance quantitative and qualitative measures to provide an indication of increasing or declining risk levels over an appropriate timescale.

They are designed to alert our Board and management that a risk is approaching, or has exceeded, an acceptable level, and we monitor them on an ongoing basis. The Board receives regular reports on our performance against the KRIs, and the Board reviews the KRIs in conjunction with the RAS annually.

OUR RISK MANAGEMENT FRAMEWORK

In order to establish effective governance over risk according to our RAS, we have developed a Risk Management Framework to identify, measure, manage and monitor the risks faced by the business. Our Risk Management Framework provides the Board with assurance that we have understood and managed our risks as far as possible, within appropriate boundaries. It comprises our Risk Governance Framework and Risk Reporting Cycle.

OUR RISK GOVERNANCE FRAMEWORK

The diagram opposite sets out the framework for the Board and executive committees, independent control functions and ongoing business operations that exercise governance over risk.

Responsibilities of the Board

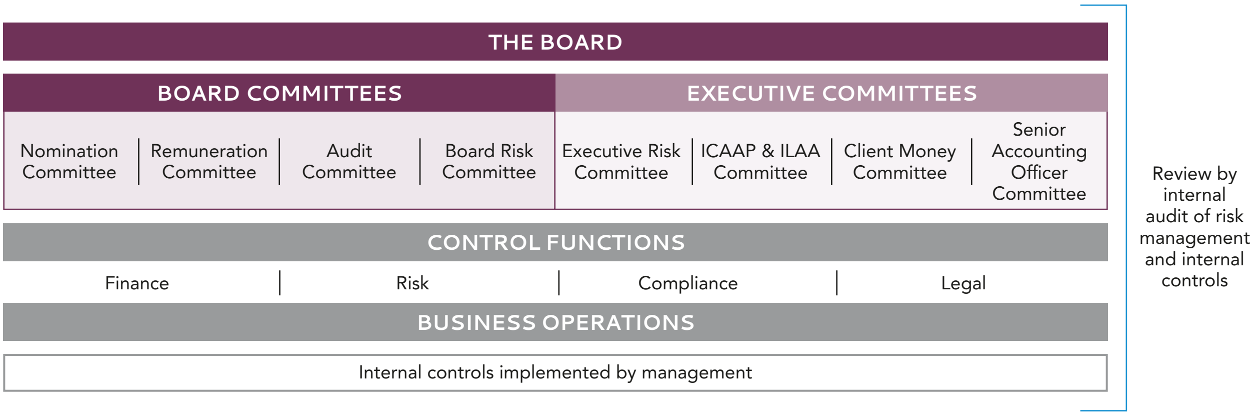
The responsibilities of the Board in relation to risk management are to:

- Set and review the RAS and the KRIs
- Review and challenge updates from the Board Risk Committee
- Review and challenge the system of internal control and risk management
- Review and challenge capital and liquidity stress-testing
- Approve the Corporate Governance Report in the Annual Report

Board committees

The Board is supported in its monitoring of the Risk Management Framework by the Board Risk, Audit and Remuneration Committees.

Last year, we formed the Board Risk Committee in recognition of the Board's continued development of the Group's focus on risk management. The committee provides the Board with a more in-depth level of understanding of, and governance over, the Group's risk framework. This is becoming increasingly important as we expand our reach and extend our product range, at the same time as global regulators continue to strengthen their regimes.



The Board Risk Committee's responsibilities in relation to risk management are to:

- Consider, and recommend for approval by the Board, the RAS and KRIs for the current and future strategy
- Monitor, review and challenge the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment (ILAA)
- Ensure rigorous stress-testing and scenario-testing of the Group's business and receive reports that explain the impact of identified risks and threats
- Ensure that risk mitigation consistent with our risk appetite is in place
- Review the Group's major risk exposures
- Consider the adequacy and effectiveness of the technology infrastructure and supporting documentation in the Risk Management Framework
- Provide input to the Remuneration Committee on the risk implications of the remuneration policy

The Audit Committee's responsibilities in relation to risk management are to:

- Receive an annual report from the Board Risk Committee on the Company's internal controls and Risk Management Framework
- Review an assessment of the control environment, via internal audit reports, and progress on implementing both internal and external audit recommendations
- Monitor and review the internal audit function's effectiveness in the overall context of the Group's internal controls and risk management systems

The Remuneration Committee's responsibility in relation to risk management is to review the structure and level of remuneration throughout the business and assess the impact of remuneration on risk.

An overview of all the Board Committees' main duties and activity during the financial year is set out in the Corporate Governance Report, and the Chairman of each committee has provided a review of its activity for the year in the Corporate Governance Report.

EXECUTIVE COMMITTEES

Executive Risk Committee

The Executive Risk Committee is an executive committee chaired by the Chief Risk Officer. Its role is to oversee day-to-day risk management activity across the Group. The committee generally meets weekly to ensure that it deals with issues as they arise, reflecting the senior management's commitment to playing an active role in risk management decision-making. It also sets the tone across the Group that risk management is central to corporate culture. The Board receives copies of the Executive Risk Committee minutes.

Client Money Committee

The Client Money Committee is chaired by the Chief Financial Officer, who is responsible for overseeing our processes and controls over segregating client funds and the Financial Conduct Authority (FCA)'s client assets (CASS) operational oversight function. The committee meets monthly and receives reports from a number of control functions, enabling it to monitor the effectiveness of our global processes and controls for segregating client money.

ICAAP and ILAA Committee

In addition to managing individual risks, we stress-test and scenario-test as part of the Internal Capital Adequacy Assessment Process (ICAAP) and the Individual Liquidity Adequacy Assessment (ILAA). These assessments test the potential impact on capital and liquidity of a series of combined risk events. The committee meets monthly and oversees the results of the ongoing stress-testing and scenario-testing process, ensuring that risks are continuously identified and assessed.

Senior Accounting Officer Committee

The Senior Accounting Officer (SAO) Committee is responsible for reviewing and challenging the processes and controls put in place to ensure we comply with HMRC requirements to certify that each of our UK subsidiaries 'had appropriate tax arrangements throughout the financial year'. The committee reports to the Chief Financial Officer, who is the designated SAO.

Control functions

Additional levels of assurance are provided by control functions, which are independent of the business operations – namely finance, risk, compliance, legal and internal audit. The control functions provide periodic reporting to the Board and executive committees as appropriate.

Business operations

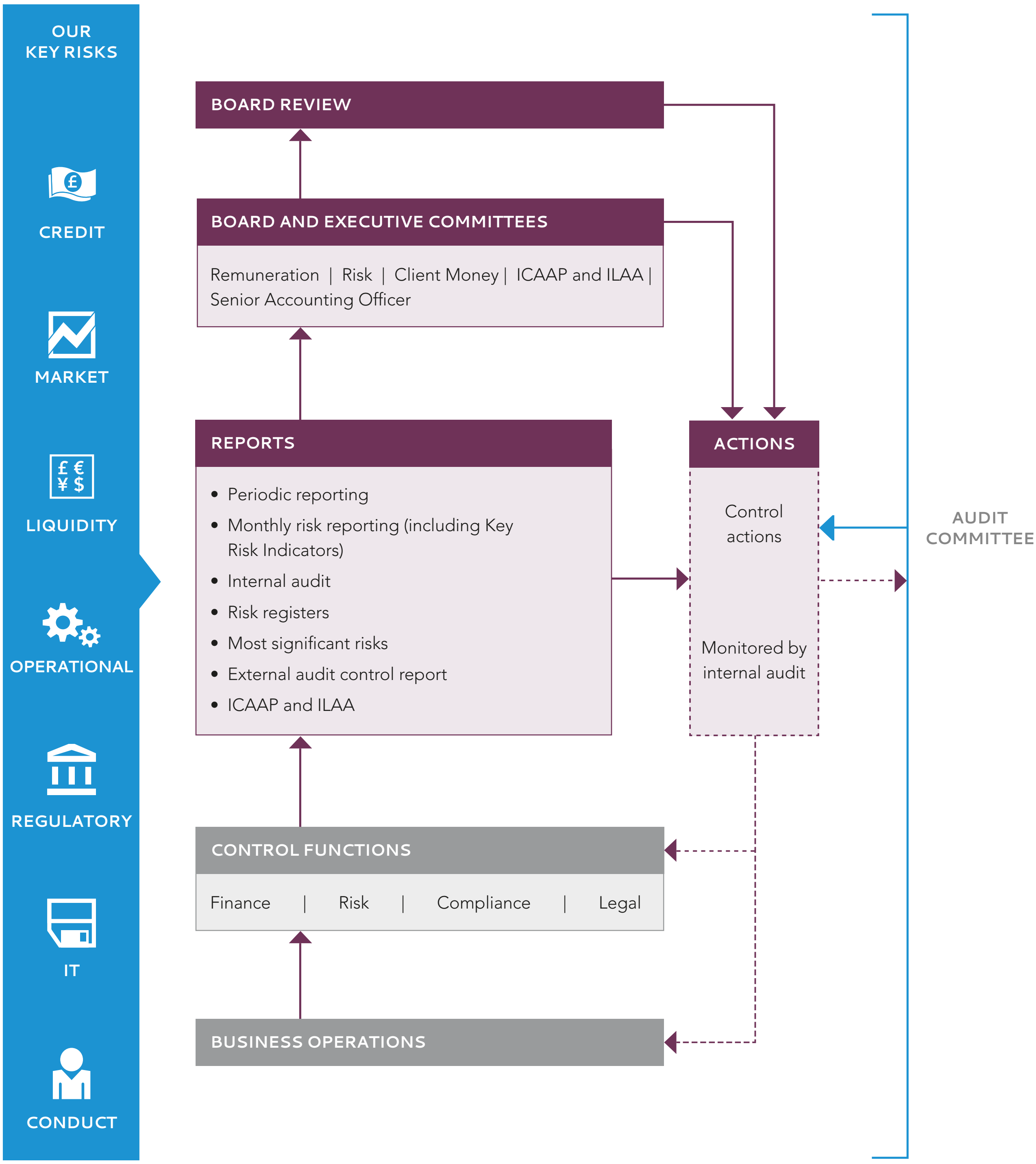
In addition to the control functions, we have embedded risk management into our underlying business operations. Heads of departments are responsible for maintaining risk registers and, where necessary, taking action to mitigate risks and enhance the control environment. The risk and compliance control functions use these registers in coordinating the identification, measurement and monitoring of risk across the business.

MANAGING OUR BUSINESS RISK

(CONTINUED)

OUR RISK REPORTING CYCLE

The diagram below represents the flow of information and feedback that supports the Risk Governance Framework.



OUR KEY RISKS

The following section describes the key risks that we face and the steps that we take in order to manage these risks.

Credit risk

Credit risk is the risk that a counterparty fails to perform its obligations, resulting in financial loss. Our credit risk is managed on a Group-wide basis. The principal sources of credit risk to our business are from financial institutions and individual clients.

Financial institution credit risk

All financial institutions with which the Group has a relationship are subject to a credit review. Exposure limits are set and approved by the Executive Risk Committee.

We monitor a number of key metrics on a daily basis in respect of financial institution credit risk. These include balances held, change in short-term and long-term credit rating and any change in credit default swap (CDS) price.

The Group is responsible, under various regulatory regimes, for the stewardship of client monies. These responsibilities include appointing and periodically reviewing institutions where we deposit client money. Our aim is that all financial institutions holding client money and assets should have a minimum Standard & Poor's short-term and long-term rating of A-2 and A- respectively. Where this is not possible, we set low exposure limits and seek to use the best available counterparty – preferably one that is considered locally systemic and therefore most likely to receive support. We also maintain multiple brokers for each asset class.

We monitor our exposure to financial institutions with whom the Group holds money through a daily review against financial limits and diversification criteria.

Client credit risk

Client credit risk principally arises when a client's total deposited funds are insufficient to cover any trading losses incurred. In particular, client credit risk can arise where there are significant, sudden movements in the market, due to high general market volatility or specific volatility relating to an instrument in which the client has an open position.

We mitigate, but do not eliminate, client credit risk in a number of ways. We only accept clients that pass certain suitability criteria, and our training programme aims to educate clients in aspects of trading and risk management, as well as encouraging them to collateralise their accounts to an appropriate level. We also conduct a pre-deal credit check on every client order.

We offer a number of risk management tools that enable clients to manage their exposures, including:

- Guaranteed and non-guaranteed stops
- Limit orders
- Extended trading hours
- Trading via mobile platforms

In addition, we manage our overall credit risk exposure through real-time monitoring of client positions via our 'close-out monitor' (COM) and through the use of tiered margining. The COM is an automated process whereby accounts which have fallen below the liquidation threshold are automatically identified and closed.

For a small number of generally long-standing clients, we grant credit against unrealised losses, with credit terms such that any losses arising are payable immediately on the closure of transactions.

Both the close-out monitor and client-initiated stops result in the transfer of market risk to the Group. Market risk arises following the closure of the underlying client position as the Group (subject to the market risk limits, discussed in the following section), may hold a corresponding hedging position that will, assuming sufficient market liquidity, be unwound.

For more information refer to note 36 to the Financial Statements.

Market risk

Market risk is the risk that the fair value of financial assets and financial liabilities will change due to movements in market prices.

We manage market risk on a real-time basis, monitoring all client positions against market risk limits set by the Executive Risk Committee for 'operational efficiency'. The Group operates within these limits by hedging our residual market risk exposure. We do not take proprietary positions based on an expectation of market movements. As a result, not all net client exposures are hedged and the Group may have a residual net position in any of the financial markets in which it offers products up to the market risk limit.

Our technology enables us to monitor our market exposure constantly and in real time. If exposures exceed our pre-agreed limits, our risk-management policy requires that we hedge the positions to bring the exposure back into line with these limits.

For more information, including our risk limits and residual exposures at 31 May 2015, refer to note 36 to the Financial Statements.

Liquidity risk

Liquidity risk is the risk that we will be unable 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. We carried out an Individual Liquidity Adequacy Assessment during the year and, while this applies specifically to the Group's FCA-regulated entities, it provides the context within which we manage liquidity throughout the business.

Due to the very short-term nature of our financial assets and liabilities, we do not have any material mismatches in our liquidity maturity profiles. Short-term liquidity 'gaps' can arise,

MANAGING OUR BUSINESS RISK
(CONTINUED)

due to our commitment to segregate all individual client funds. If a significant market fall occurs, and assuming our client base holds a net long position which we have hedged, we are required to fund margin payments to brokers before releasing funds from segregation. During periods of very high client activity, or of significant directional movements in global markets, we may need to fund higher margin requirements with our brokers to hedge increased underlying client positions. We do this from our own available liquidity.

At 31 May 2015 we had total available liquidity, including committed unsecured facilities and after accounting for broker margin, of £724.0 million (2014: £708.3 million). This includes the liquid assets buffer, which consists of £83.1 million of UK government securities. We hold this, as required by the FCA, to provide a safeguard in times of stress.

We monitor total available liquidity on a daily basis, including our committed unsecured facilities. We perform daily stress tests and regularly stress-test our three-year liquidity forecast to validate the level of committed unsecured bank facilities that we hold. At the year-end, these amounted to £200.0 million (2014: £200.0 million), with £120.0 million available for one year and £80.0 million available for three years. Our Japanese business, IG Markets Securities, has a ¥300.0 million liquidity facility as at 31 May 2015 (2014: ¥300.0 million).

For more information on how we calculate our total available liquidity, see note 19 to the Financial Statements.

Operational risk

Operational risk is the risk of financial loss due to inadequate or failed internal processes and systems. It can also arise from human error or external events that we cannot influence.

Our approach to managing operational 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.

The reliability of our client trading platforms is key to delivering our strategy, and we invest significantly in the technology infrastructure to ensure that these platforms are operationally stable, with system access being centrally controlled. Our investment supports the resilience and reliability of the platform, ensuring low levels of latency, maintaining and testing system capability under significant load and conducting penetration testing. The Executive Risk Committee reviews our Key Risk Indicators on a monthly basis, a process which includes monitoring levels of core system uptime and deal latency.

In order to ensure that we provide our clients with a consistent and uninterrupted level of service, we run a complete disaster-recovery solution. This involves a fully functional secondary site with real-time replication of all systems across the two locations and fully independent power supplies. We support these systems with ongoing business-continuity planning and regular testing.

All our IT and data security systems conform to the ISO 27001:2005 Information Security Management System standards.

Cyber risk is a constant threat in the modern online environment. We have a dedicated team which has implemented a robust, multi-layered system, providing round-the-clock monitoring and intruder-prevention controls.

Regulatory risk

We regard regulatory risk as one of our most significant risks. In short, we define regulatory risk as:

- Change risk: the risk that one of our regulators introduces new regulations or the regulatory environment itself changes, either making our business less profitable or our products more difficult or impossible to offer
- Expansion risk: the risk that policy and regulation in jurisdictions where we do not currently operate remain onerous and closed to our business model, limiting our geographic expansion opportunities
- Breach risk: the risk that we breach a regulation that applies to our business, leading to client or market detriment, sanctions, fines, reputational damage and, in extreme situations, loss of licence

We invest significant time and resources to manage and control our regulatory risk in parallel with the development of business strategy.

Change risk

The regulatory environment continues to evolve, and there are a number of events, policy initiatives and proposals in development that may impact or have already impacted our sector, as follows:

- Change to UK membership in the European Union: the Group business in continental Europe is offered pursuant to the EU passporting regime for financial services. Any change to the UK's membership status of the European Union could have an impact on how the Group is able to operate in the European Union
- French marketing restrictions: there are indications that French regulators may implement measures that would restrict the ability for firms like ourselves to advertise complex financial products to retail clients. The impact of these measures will depend on whether the measures are introduced and, if so, the form in which they are introduced. We have also seen other European regulators in markets where we operate introduce guidelines on the selling of complex products this year
- Swiss franc market dislocation: extreme market events such as was seen earlier in the year regarding the Swiss franc can result in increased regulatory scrutiny across our industry
- Financial Transactions Tax (FTT) in the European Union: the Enhanced Cooperation FTT effort, involving 11 of the 28 member states, has continued this year. We have expended significant efforts throughout the year to maintain an accurate knowledge of the status of this tax initiative, to understand the many stakeholders' interests and views and to ensure IG's voice is heard in the debate. It remains unclear what the ultimate outcome of the Enhanced Cooperation FTT will be, and although progress is extremely slow recent rhetoric suggests increased political will for the introduction of an Enhanced Cooperation FTT. The lack of detail makes the potential impact on our revenue from Europe very difficult to assess. We continue to monitor developments carefully

- European Markets Infrastructure Regulation (EMIR): the main impact of this legislation on our business is increased reporting requirements to trade repositories. Potentially, we will also be impacted in the medium-to-longer term by the International Organization of Securities Commissions (IOSCO), European Securities and Markets Authority (ESMA) and European Banking Authority (EBA)'s work on margin for over-the-counter trading, but the rules on this have not yet been settled
- Markets in Financial Instruments (MiFID) II: the MiFID II dossier has continued to develop this year. The MiFID II and Markets in Financial Investments Regulation (MiFIR) Level One texts were adopted last year and there has been significant work on the preparation of the detailed Level Two texts. We remain of the view that MiFID II is unlikely to pose a threat to our UK and European businesses. We continue to monitor MiFID II carefully and to take part in industry consultation where appropriate
- Packaged Retail Investments Products Regulation (PRIPS): this will impose an obligation on us from May 2016 to provide our UK and European clients with information about our products in a standardised form. We do not anticipate this having a negative impact on our business
- Monetary Authority of Singapore (MAS) regulatory framework for margined derivatives. As previously reported, in 2013 the MAS confirmed that it would push forward with its proposal to increase margin requirements for non-accredited investors on a forex trade from 2% to 5%, thereby reducing leverage from 50 times to 20 times. Although these rules have not yet been introduced, we consider that there is a good possibility that they will be introduced in the future. If they are introduced, it is intended that the rules will not apply to accredited investors, defined by virtue of their wealth or income level. We believe that the majority of IG's revenue currently comes from clients who would qualify for accredited investor status. In addition, the use of guaranteed stops enables clients to further manage leverage levels
- Common Reporting Standard (CRS): this is being implemented in just under 100 countries (including the UK and all countries where IG has offices) to facilitate a global exchange of information on income and wealth of individuals and organisations as a measure to counter tax evasion. On-boarding processes will need to be updated to identify and report information on clients resident in countries who have already signed up or will sign up to CRS.
- Base Erosion and Profit Shifting (BEPS): The Organisation for Economic Cooperation and Development (OECD) has developed a series of action plans to address perceived international tax avoidance by high-profile multinationals. None of the action plans are expected to significantly impact the Group's tax profile
- Foreign Account Tax Compliance Act (FATCA): reporting of accounts held outside the US by US persons, or in the Crown Dependencies and Overseas Territories by UK residents. Onboarding processes have been updated to identify clients where we have a reporting obligation and the first round of reporting is in progress
- Capital Requirements Directive IV (CRD IV) and Capital Requirements Regulation (CRR)

  The European Union (EU) began implementation of Basel III in the European Union (EU) via the Capital Requirements Directive IV (CRD IV) and the Capital Requirements Regulation (CRR) on 1 January 2014. The Regulation applies directly to all member states, while the directive required implementation by the national regulator, the FCA in our case

  These measures have introduced many different requirements for us, both since implementation and over the coming years

  The main areas of relevance include:

  – changes to capital requirements
    > new capital buffers in the capital conservation and countercyclical buffers (phased in approach to 2019)
    > introduction of the leverage ratio (measure of exposures without risk weighting)
    > removal of Tier 3 capital and re-use of deferred tax assets

  – changes to liquidity requirements
    > introduction of liquidity coverage ratio (LCR)
    > introduction of net stable funding ratio (NSFR)

  – other changes, including
    > new corporate governance and remuneration standards
    > additional capital and liquidity reporting (COREP)

  We have modelled the impact of the regulations as they currently are scheduled to be implemented and expect no significant changes to our corporate governance or remuneration structures, as well as no significant impact on our capital or liquidity position.

We seek to mitigate change risk by engaging with our regulators and policymakers as much as possible, as part of policy consultations and more generally, and also by investing in public relations programmes and ensuring we have access to up-to-date information on regulatory change.

Expansion risk

Like change risk, we seek to mitigate expansion risk by engaging with regulators and policymakers in countries where we do not yet operate, but which are desirable targets for our future expansion. Of course, regulatory change can also represent an opportunity for our business, and we are in talks with certain regulators who are considering changing their regulations in order to allow retail derivatives trading. These discussions are still at an early stage.

Breach risk

Our compliance, legal and risk teams provide a robust line of defence to ensure that our processes and controls are effective in ensuring we comply with our regulatory obligations. During the year, the Group has successfully undergone a number of external reviews into key areas such as client money and information security, giving us assurance that we are managing and controlling breach risk well. As our business becomes more complex, this risk also grows, and we remain committed to increasing our investment in our framework to manage risk controls.

In summary, 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 clarity of the risks they face. However, we cannot provide certainty that future regulatory changes will not have an adverse impact on our business.

Conduct risk

This is the risk that the Group's conduct poses to the achievement of fair outcomes for consumers or to the sound, stable, resilient and transparent operation of the financial markets. Put another way, conduct risk is the risk that the manner in which we carry out our business causes poor outcomes for our clients or the markets.

The Board has developed a conduct risk strategy that applies across the organisation putting consumer outcomes at the heart of the business. We have undertaken and continue to undertake training to fully embed this strategy into the current business practices and culture of the Group.

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

This is my first report to you on corporate governance at IG. I was elected Chairman of the Board of IG in October 2014, succeeding Jonathan Davie, who retired at the AGM, having served ten years as Chairman.

The Board of Directors is responsible for the governance of the Company. We are committed to maintaining the highest standards in the way the Company is directed, governed and managed. We believe that good quality governance underpins IG's ability to deliver sustainable future growth and long-term value creation.

After a long and extremely successful career at IG, as both CFO and CEO, Tim Howkins has informed the Board of his intention to retire. He will step down from the Board as a director and CEO at the AGM in October. We have commenced a search and selection process for his successor. Peter Hetherington, currently Chief Operating Officer and an IG Board member since 2002, will assume the position of Interim CEO at the end of the AGM.

In 2014 we announced that, after nine years of service, Roger Yates will stand down from the Board as Senior Independent Director and Chairman of the Remuneration Committee. We have begun a search for his successor to enable a smooth handover ahead of his departure at the AGM in October this year. More information is set out in my Nomination Committee report that can be found on pages 66 to 67. I would like to thank Roger, on behalf of the Board and the whole of IG, for his commitment and exceptional contribution and wish him well for the future.

To ensure that the Board has the appropriate balance of relevant experience, knowledge and skills to discharge its responsibilities, we review its membership on a regular basis. Our latest review identified the need for greater digital experience and so we have begun a search for a Non-Executive Director with these skills.

Last year, we strengthened our governance framework by creating a Board Risk Committee to provide more focus on risk and risk management issues. There is continuous interaction between the Audit and Board Risk Committees. Stephen Hill and Jim Newman report on the activities of the Board Risk Committee and the Audit Committee respectively later in this report.

At the 2014 AGM, our shareholders approved our Directors' Remuneration Policy. The Remuneration Committee has operated in accordance with the policy and its report can be found on pages 68 to 93.

As Chairman, my primary role is to provide leadership for the Board and to ensure we have an effective and well-functioning Board. Each year, a formal evaluation of the effectiveness of the Board and its committees is conducted. This year, we undertook a questionnaire-based independent external evaluation of the Board and its committees. Next year, we will conduct externally facilitated face-to-face interviews. The results were reviewed by the Board along with the actions from the 2014 internal review. In summary, the review concluded that the Board and its committees continue to operate effectively. More information on the evaluation process and its findings can be found on pages 63 to 64.

The Corporate Governance Report that follows details the Group's governance framework and its management practices and, together with the Directors' remuneration report, addresses how the Company has applied the principles of the Code for the year ended 31 May 2015.

A. S Green

Andy Green
Chairman
21 July 2015

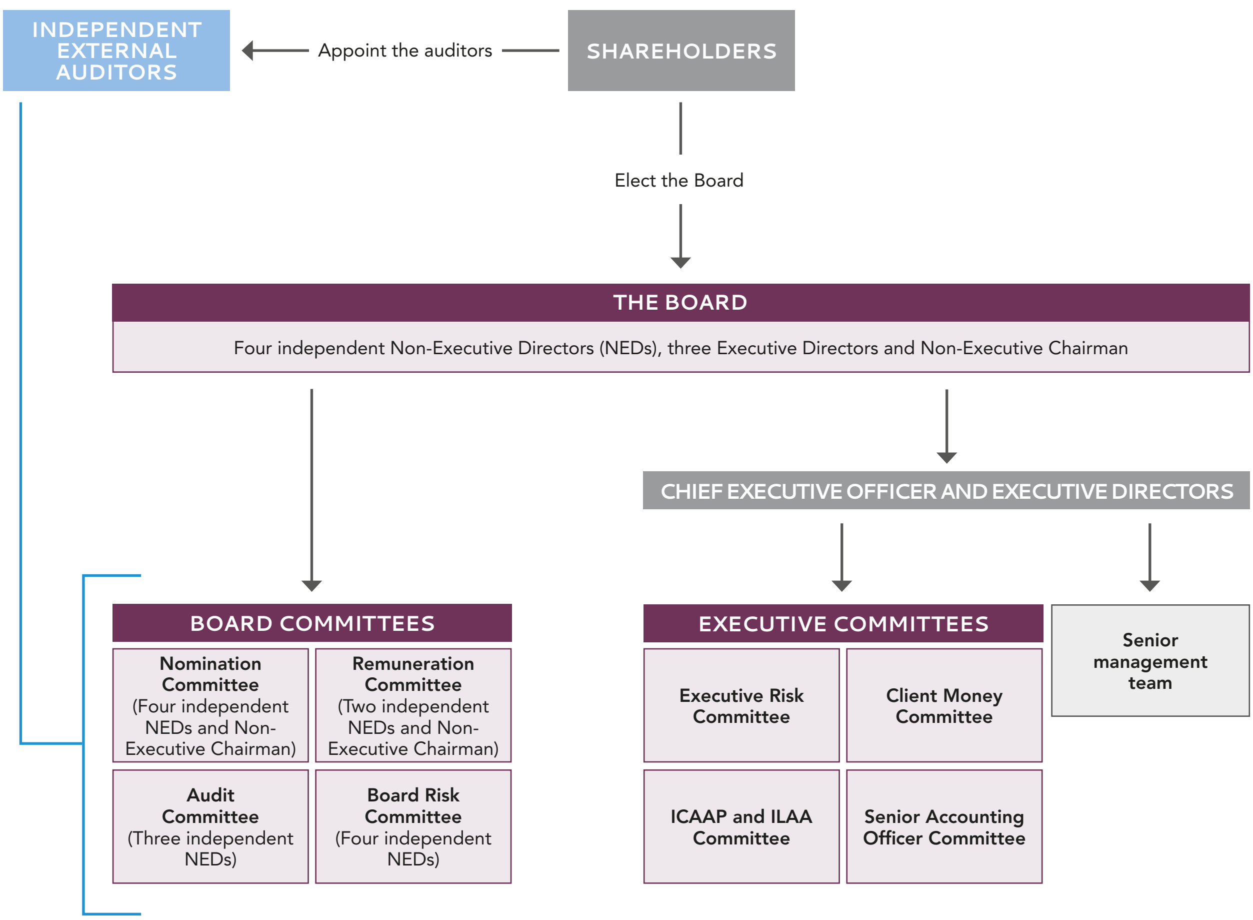
CORPORATE GOVERNANCE STATEMENT

STATEMENT OF COMPLIANCE

The UK Corporate Governance Code ('the Code') sets out the standards of good practice in relation to how a company should be directed and governed. As we have a Premium Listing on the London Stock Exchange, the Company reports in accordance with the Code published in 2012. The Code is published by the Financial Reporting Council (FRC) and further information can be found on its website at frc.org.uk.

The Board has reviewed the Code and considers that the Company has been compliant with its provisions for the year ended 31 May 2015.

OVERVIEW OF CORPORATE GOVERNANCE FRAMEWORK AS AT 31 MAY 2015



THE BOARD

From left to right: Andy Green | Tim Howkins | Christopher Hill | Peter Hetherington | Roger Yates | Stephen Hill | Sam Tymms | Jim Newman

ANDY GREEN | NON-EXECUTIVE CHAIRMAN | AGE: 59

Andy joined the Board as deputy chairman in June 2014 and became chairman of the Group in October 2014. He has in-depth Board experience and knowledge of major listed companies, having served as Group Chief Executive of Logica plc and having held board roles in BT Group including the role of CEO of Group Strategy and Operations. Andy's other current roles, including Non-Executive Director of ARM Holdings plc, enable him to bring to the Board a wide perspective on technology and digital development.

Other current appointments: Andy is a Non-Executive Director of Avanti Communications Group plc. He holds a number of other roles including chairing DockOn AG and Digital Catapult. He is a board member of the CBI, president of UK Space, co-chairman of the Space Leadership Council and a member of the Digital Economy Council.

Committee Membership: Nomination Committee and Remuneration Committee.

TIM HOWKINS | CHIEF EXECUTIVE OFFICER | AGE: 52

Tim was appointed Chief Executive Officer of IG in 2006, having served as the Group's Finance Director since joining the company in 1999. Tim qualified as a Chartered Accountant with Ernst & Young, and is a member of the Chartered Institute of Taxation. In 1990, he was one of a group of partners and staff who left Ernst & Young to form Rees Pollock, a firm of Chartered Accountants targeted at entrepreneurial, owner-managed businesses. He was a partner in Rees Pollock for seven years, and there developed a relationship with IG, taking responsibility for the Group's audit. With a strong finance background and a considerable number of years in the business, in his role as our Chief Executive Tim continues to work with the Board and lead IG to develop and implement our strategy. Tim graduated from the University of Reading with a first-class degree in Mathematics and Computer Science. Tim will be stepping down from the Board at the AGM on 15 October 2015.

Other current appointments: Tim is a member of the Board and Executive Committee of FIA Europe, formerly known as the Futures and Options Association.

Committee Membership: None.

CHRISTOPHER HILL | CHIEF FINANCIAL OFFICER | AGE: 44

Christopher joined the IG Board in April 2011 from Travelex, a group providing cross-border payment and foreign exchange services to corporate and retail customers, where he served as Chief Financial Officer. A Chartered Accountant, Christopher has extensive finance and accounting experience from a number of different business sectors. He has previously held roles at VWR International, a global laboratory-supply company (2005-2007), General Electric (2000-2005) and Arthur Andersen (1992-2000). Christopher graduated from Oxford University with a degree in Modern History and is an associate member of the Association of Corporate Treasurers.

Other current appointments: None.

Committee Membership: None.

PETER HETHERINGTON | CHIEF OPERATING OFFICER | AGE: 46

Peter was an officer in the Royal Navy prior to joining IG Group as a graduate trainee in 1994. In 1999, he became Head of Financial Dealing, and in 2003 he joined the Board following his appointment as Chief Operating Officer. Peter's considerable experience, built over 20 years in the business, is invaluable in his role as Chief Operating Officer. Peter graduated from Nottingham University with a degree in Economics, and from the London Business School with a Masters in Finance.

Other current appointments: None.

Committee Membership: None.

ROGER YATES | SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR | AGE: 58

Roger joined the Board as Senior Independent Director in February 2006. He has over 28 years' experience in the fund management industry, both as an investment professional and a business manager. He brings a broad knowledge and understanding of investor issues and the financial services sector having previously served as Chief Investment Officer of Invesco Global, and holding senior roles at fund management firms LGT and Morgan Grenfell. He was Chief Executive of Henderson Group plc and previously served as a Non-Executive Director for F&C Asset Management plc. Roger will step down from the Board at the AGM on 15 October 2015.

Other current appointments: Roger is a Non-Executive Director of St James's Place plc and JPMorgan Elect plc, as well as Chairman of Electra Private Equity plc and Pioneer Global Asset Management SpA.

Committee Membership: Audit Committee, Board Risk Committee, Remuneration Committee and Nomination Committee.

STEPHEN HILL | NON-EXECUTIVE DIRECTOR | AGE: 55

Stephen joined the Board in April 2011. He brings significant and extensive board experience having previously served as the CEO of Betfair plc and holding managerial roles at Pearson plc, including the role of CEO of the Financial Times Group. He was Chairman of Interactive Data Corporation in the US as well as a member of the boards of Royal Sun Alliance Insurance Group plc, Psion plc and Channel 4.

Other current appointments: Stephen is the Chairman and CEO of D'Aval, his family's private investment company, and Trustee and Chairman of the Royal National Institute for Deaf People – Action on Hearing Loss. He is also a member of the Advisory Board of the Cambridge Judge Business School and a Non-Executive Director of Applerigg Limited and Aztec Limited, a fund administration business, and of Ofcom.

Committee Membership: Board Risk Committee, Remuneration Committee and Nomination Committee.

SAM TYMMS | NON-EXECUTIVE DIRECTOR | AGE: 51

Sam joined the Board in May 2013. She began her career at the London Stock Exchange's Surveillance Division, which over time became the Securities and Futures Authority and eventually the Financial Services Authority. During that time, she held a range of supervisory roles and worked for two years in the Investigations and Enforcement Division. As a supervisor, she ran departments overseeing global investment firms, retail and investment banks and major insurance groups. Sam's extensive experience in the regulatory field and her knowledge of compliance matters provide a valuable contribution to the Board.

Other current appointments: Sam is currently a Managing Director at Promontory Financial Group, a leading strategy, risk management and regulatory compliance consulting firm, where she advises financial services businesses on a wide range of risk and regulatory matters.

Committee Membership: Board Risk Committee, Audit Committee and Nomination Committee.

JIM NEWMAN | NON-EXECUTIVE DIRECTOR | AGE: 50

Jim joined the Board in October 2013. A qualified Chartered Accountant, he was Finance Director for Resolution plc, having joined the company as Group Financial Controller. Jim spent ten years at Aviva, where he was Group Integration Director for the CGU/Norwich Union merger and Finance Director of Norwich Union Life, Aviva's UK life insurance business. He was formerly the Corporate Development Director for Friends Life Group, where his responsibilities included overseeing the final separation and integration of the UK life business acquired by Resolution plc, as well as the delivery of the overall group change portfolio and strategic corporate development. His in-depth knowledge and experience of the financial services sector, as well as his considerable experience both as a CFO and in the implementation of transformation programmes, is proving invaluable to the Board.

Other current appointments: None.

Committee Membership: Board Risk Committee, Audit Committee and Nomination Committee.

THE BOARD

The Board is responsible for promoting and ensuring the long-term success of the Group through the creation and delivery of sustainable shareholder value.

LEADERSHIP

ROLE OF THE BOARD

The Board's role is to provide guidance and entrepreneurial leadership of the Company by setting the strategic direction of the Group and overseeing management's implementation of the strategy within a framework of prudent and effective risk controls. The Board is responsible for promoting and ensuring the long-term success of the Group through the creation and delivery of sustainable shareholder value.

The Board seeks to ensure that, while the ultimate focus is on long-term growth, management also delivers on short-term objectives and achieves the right balance between immediate and future goals. When setting the Group's strategy and monitoring its implementation, the Board considers the impact its decisions may have on various stakeholders, such as suppliers, investors, employees and the environment as a whole. It is accountable for ensuring that, as a collective body, it has the appropriate skills, knowledge and experience to perform its role effectively.

The powers of the Board are set out in the Company's articles of association, which are available on the Group's website, iggroup.com. The Board may exercise all powers conferred on it by the articles and in accordance with the Companies Act 2006 and other applicable legislation.

The Board maintains and periodically reviews a list of matters that are reserved to, and can only be approved by the Board. These include setting Group strategy; approval of major acquisitions, divestments and capital expenditure; approval of annual budgets; approval of changes to the Group's capital structure including reduction of capital; approval of expansion plans into new business or geographies; reviewing operational and financial performance; appointment and termination of the Directors and Company Secretary; approval of policies related to Directors' remuneration and severance of Directors' contracts; ensuring adequate succession planning for the Board and senior management; setting the risk appetite of the Group and approval of any changes to the Group's risk management policy that materially increases the Group's risk profile.

A formal schedule of matters specifically reserved for the Board's decision can be found on the Group's website.

The matters that have not been specifically reserved for the Board are delegated to the Executive Directors. These include the development, recommendation and implementation of the strategic plans for the Group; the development and implementation of the risk management systems, policies and procedure; the promotion of a good standard of corporate governance and shareholder engagement and monitoring the Group's operating and financial results.

BOARD STRUCTURE

The Board is made up of the Chairman, Executive Directors, including the Chief Executive Officer, and independent Non-Executive Directors.

The division of responsibilities between the Chairman and the Chief Executive Officer is set out in writing and has been approved by the Board.

Chairman

The Chairman is responsible for leading the Board and creating the right conditions for its effective working and overall governance. He sets the Board's agenda, in consultation with the Chief Executive Officer and Company Secretary, taking full account of Board members' issues and concerns and the need to allow sufficient time for items on the agenda to be discussed. It is the Chairman's responsibility to encourage and facilitate active engagement by Directors, drawing on their skills, knowledge and experience. The Chairman is also responsible for ensuring there is effective communication with shareholders and other stakeholders, and that Directors are aware and maintain an understanding of their views. The Chairman works closely with the Chief Executive Officer, Tim Howkins, to ensure that the strategies and actions agreed by the Board are effectively implemented.

Chief Executive Officer

The Chief Executive Officer is responsible for recommending the Group's strategy to the Board, implementing the agreed strategy and managing the day-to-day business of the Group. The Board has delegated this responsibility to him, and he is accountable to the Board.

Executive Directors

The Executive Directors support the Chief Executive Officer in implementing the Group's strategy and in the operational performance of the business.

Non-Executive Directors

The Non-Executive Directors are independent of management and are considered by the Board to be free from any business or other relationships, which could compromise their independence. Their role is to effectively advise and constructively challenge management, along with monitoring management's success in delivering the agreed strategy within the risk appetite and control framework set by the Board. They are also responsible for determining appropriate levels of remuneration for the Executive Directors.

Senior Independent Director

The Senior Independent Non-Executive Director's role is to provide a sounding board for the Chairman and support him in the delivery of his objectives. He serves as a trusted intermediary for the other Directors when necessary. He maintains an understanding of the major issues and concerns of major shareholders and informs the Board of these issues. The Senior Independent Non-Executive Director is also available to shareholders if they have concerns which communication via the normal channels of Chairman, Chief Executive Officer or other Executive Directors has failed to resolve, or when shareholders prefer to speak directly to him. He is responsible for evaluating the performance of the Chairman on behalf of the other directors.

Company Secretary

The Company Secretary, Bridget Messer, supports and works closely with the Chairman, the Chief Executive Officer and the Board Committee Chairmen in setting agenda items for meetings of the Board and its committees. She ensures that accurate, timely and high-quality information flows within the Board, the Board Committees and between Directors and senior management. In addition, she supports the Chairman in the designing and delivery of Director induction programmes. The Company Secretary also advises the Board on corporate governance issues and Board procedures.

HOW THE BOARD OPERATES

The Board meets regularly at least five times a year – and attends an additional off-site strategy day to review strategic options open to the Group in the context of the economic and regulatory environment. There were seven scheduled Board meetings this year, including the annual strategy day.

The Board also meets when necessary to discuss important ad-hoc emerging issues that require consideration between scheduled Board meetings. Two such meetings were held during the year. Each Director committed an appropriate amount of time to their duties during the financial year, and the Non-Executive Directors met the time commitment specified in their letters of appointment. Where Directors are unable to attend meetings, they are encouraged to give the Chairman their views on the matters to be discussed.

The Chairman and Non-Executive Directors meet formally in the absence of the Executive Directors at least twice a year. There were three such meetings during the year.

ATTENDANCE AT BOARD MEETINGS

The number of full Board meetings attended by each Director during the year, including the Board strategy day, is set out below:

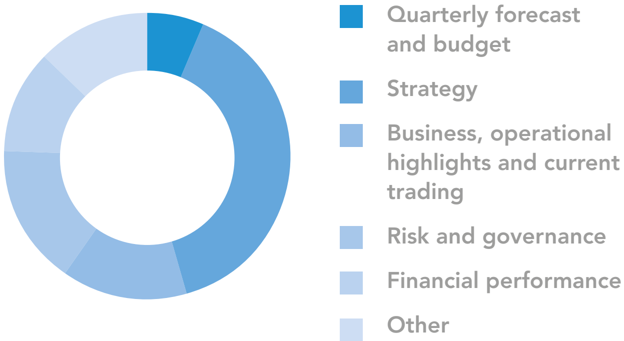
	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED
Chairman		
Jonathan Davie*	2	2
Andy Green**	9	9
Independent Non-Executive Directors		
Martin Jackson***	2	2
Stephen Hill	9	8
Jim Newman	9	8
Sam Tymms	9	9
Roger Yates	9	9
Executive Directors		
Tim Howkins	9	9
Peter Hetherington	9	9
Christopher Hill	9	9

* Jonathan Davie retired as Chairman of the Company on 16 October 2014
** Andy Green was appointed as the Deputy Chairman of the Company on 9 June 2014 and as Chairman from 16 October 2014
*** Martin Jackson retired from the Board on 16 October 2014

BOARD ACTIVITIES DURING THE YEAR

The Board meeting agendas during the year included business across the key areas of strategy, governance, risk and financial performance, as highlighted in the following chart. In addition to regular reviews of performance, the Board discussed risk appetite, capital and liquidity planning and talent management, including succession planning.

BOARD ALLOCATION OF TIME



THE BOARD
(CONTINUED)

BOARD COMMITTEES

Certain governance responsibilities have been delegated by the Board to Board Committees to ensure that there is independent oversight of internal control and risk management and to assist the Board with carrying out its responsibilities. These Board committees comprise independent Non-Executive Directors and, in some cases, the Chairman. Each committee has agreed terms of reference approved by the Board, which are available on our corporate website, iggroup.com

A brief description of the roles of each Committee is set out below.

The Chairman of each Board committee reports to the Board on the matters discussed at committee meetings, and the minutes of each committee meeting are made available to all Directors. Reports from the Chairman of each Board committee, including information on the committee's composition and activities in the year, can be found in the sections relating to each committee within this Annual Report.

BOARD COMMITTEES

AUDIT COMMITTEE

Responsible for:

Integrity of the financial statements of the Group, including its annual and interim reports.

Reviews and recommends to the Board:

The effectiveness of the Group's Internal Audit function and risk management system, annual internal audit plan, appointment, re-appointment and removal of the external auditors.

BOARD RISK COMMITTEE

Responsible for:

Providing oversight and advice to the Board in relation to current and future risk exposures of the Group and promoting a risk awareness culture within the Group.

Reviews and recommends to the Board:

The design and implementation of risk management policy and measurement strategies across the Group, the Group's risk profile, risk appetite and key risk indicators for the current and future strategy.

NOMINATION COMMITTEE

Responsible for:

Reviewing the composition of the Board and Board Committees to ensure that they are appropriately balanced in terms of knowledge, skills and experience.

Reviews and recommends to the Board:

Appointments to the Board and to other senior management positions.

REMUNERATION COMMITTEE

Responsible for:

Making recommendations to the Board on the Group's senior executive remuneration policy.

Reviews and recommends to the Board:

The Group's remuneration policy which is consistent with effective risk management, the framework for the remuneration of the Company's Chairman and executive directors and all share-based awards under the Group's Employee Incentive Scheme.

EFFECTIVENESS

BOARD COMPOSITION

The Board's size and the skills and experience of its members, have a significant impact on its effectiveness. It aims to maintain a balance in terms of experience and skills of individual Board members. These factors are regularly reviewed to ensure that the Board has the right mix of skills and experience for constructive discussion and, ultimately, effective Board decisions.

INDUSTRY/BACKGROUND EXPERIENCE [1]

EXPERIENCE	NUMBER OF DIRECTORS (EXECUTIVE AND NON-EXECUTIVE) AND NON-EXECUTIVE CHAIRMAN
Financial services	7
Accountancy/Finance expert	3
Regulatory	5
Marketing	4
PR	4
IT	4
Current or recent Chief Executive Officer or Chairman	4
Prior plc experience	4

[1] Individual Directors may fall into one or more categories.

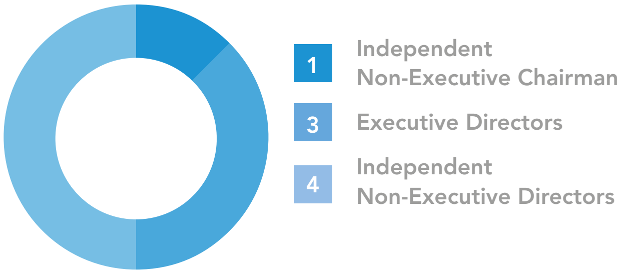
There is an appropriate combination of Executive Directors and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-making.

DIRECTOR INDEPENDENCE

The Company is fully compliant with the UK Corporate Governance Code, which requires that at least half of the Board, excluding the Chairman, should comprise Non-Executive Directors who are determined by the Board to be independent.

The independence of the Non-Executive Directors is considered by the Board and reviewed on an annual basis, as part of the Board effectiveness. The Board considers factors such as length of tenure and relationships or circumstances, which are likely to affect or appear to affect the Director's judgement in determining whether they remain independent. Following this year's review, the Board concluded that all of the Non-Executive Directors continue to remain independent in character and judgement and are free from any business or other relationships, which could materially affect the exercise of their judgement.

COMPOSITION OF EXECUTIVE AND INDEPENDENT NON-EXECUTIVE DIRECTORS ON THE BOARD



CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. Directors are required to disclose both the nature and extent of any potential or actual conflicts with the interests of the Company.

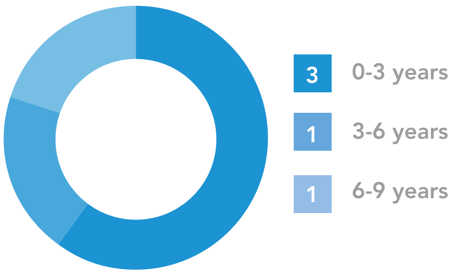
In accordance with the Companies Act 2006, the Company's articles of association allow the Board to authorise potential conflicts that may arise, and to impose such conditions or limitations as it sees fit. During the year, potential conflicts were considered and assessed by the Board and approved where appropriate.

SUCCESSION PLANNING AND APPOINTMENTS TO THE BOARD

The Board uses succession planning to ensure that Executives with the necessary skills, knowledge and expertise are in place to deliver our strategy, and that it has the right balance of individuals to be able to discharge its responsibilities. The Board regularly reviews its composition to keep it constantly refreshed. Any searches for Board candidates, and appointments made, are based on merit against objective criteria.

The Nomination Committee has specific responsibility for the appointment of Non-Executive and Executive Directors and it recommends new appointments to the Board. It regularly reviews the structure, size and composition required of the Board and makes recommendation to the Board as appropriate. More information on the work of the Committee can be found in the report of the Nomination Committee on pages 66 to 67. The Board as a whole is also involved in overseeing the development of management resources across the Group.

LENGTH OF TENURE OF NON-EXECUTIVE DIRECTORS



INDUCTION

On appointment, each new Director receives a full and formal bespoke induction to familiarise them with their duties and the Company's business operations, risk and governance arrangements. The induction programme, which is coordinated by the Company Secretary, includes briefings on regulatory matters relating to the Company, as well as meetings with senior management in key areas of the business, such as compliance, legal, IT, human resources, finance, risk, marketing and investor relations. These are supplemented by induction materials such as recent Board papers and minutes, organisation structure charts, history of the Group, industry and regulatory reports and relevant company policies. Newly appointed Directors also meet the company's external auditors and corporate brokers and attend a presentation led by Linklaters on the roles and responsibilities of a UK-listed company director.

Inductions are tailored to each Director's individual experience, background and areas of focus.

Chairman's induction

Andy Green's induction programme took into account his later leadership role as Chairman and among other things, included the following:

His induction programme also included meetings with other Directors, Company heads and visit to global offices of the Group. He also attended meetings of all the committees of which he is not a member to assess the framework in which the committees operate and for a better understanding of the work of the Committees.

ONGOING PROFESSIONAL DEVELOPMENT

Given the rapidly changing environment in which the Group operates, all Directors are given regular updates on changes and developments in the business. The Company Secretary on a regular basis updates the Board on any relevant legislative, regulatory and governance changes. A professional development programme is in place to enable Directors to fulfil their roles and personal development logs are maintained for each Non-Executive Director.

Training opportunities are provided through internal meetings, presentations and briefings by internal advisers, business heads as well as external advisers. During the year, the Directors attended briefing sessions on cyber security and risks, the Group's mobile apps development business, generic top-level domains (gTLDs) and the newly launched stockbroking business.

The Chairman ensures that the Directors continually update and refresh their skills and knowledge, and independent professional advice is provided when required, at the Company's expense.

INFORMATION PROVIDED TO THE BOARD

The board has full and timely access to all relevant information to enable it to perform its duties effectively.

COMPANY STRUCTURE, HISTORY, STRATEGY AND BUSINESS

- Briefing on Group history, strategy, including opportunities and threats, strategy and business model analysis and strength, challenges and risks to the strategy and its implementation
- Material business lines and markets, including international markets and future plans.

GOVERNANCE, REGULATORY AND RISK

- Board and Board Committees terms of reference, Board and Committee procedure, listing obligations and market abuse responsibilities
- Regulatory framework and proposals impacting the business
- Risk appetite, key risks and priorities, risk management and its effectiveness and Stress testing/Scenario planning

PRODUCTS, FINANCE, MARKETING AND SHAREHOLDER ENGAGEMENT

- IG's various products, markets in which clients can trade
- Business plan, Standalone and consolidated balance sheets, budgeting process and financial projections
- Meeting with top shareholders, analysts and brokers

The Company Secretary ensures appropriate and timely information flows within and to the Board and its committees, enabling the Board to exercise its judgement and make fully informed decisions when discharging its duties. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and compliance with applicable rules and regulations is observed. The Company Secretary supports the Chairman in setting the Board agenda, and Board papers are distributed to all Directors in advance of Board meetings via a secure electronic system. The Company Secretary is also responsible for advising the Board, through the Chairman, on all corporate governance matters. Directors receive financial and risk information on the company on a monthly basis, and they receive briefings from the Chief Executive Officer in the periods between meetings.

RE-ELECTION OF DIRECTORS

The UK Corporate Governance Code requires that all directors of FTSE 350 companies should be subject to annual election by shareholders. Each Director and the Board as a whole underwent a performance evaluation during the course of the year. Following this, all Directors, with the exception of Roger Yates and Tim Howkins who will be stepping down at the Company's Annual General Meeting (AGM) on 15 October 2015, will stand for re-election at the AGM.

BOARD EVALUATION

Each year, an evaluation of the effectiveness of the Board is carried out to monitor and, where necessary, make improvements to the performance of the Board. In 2014, an internal evaluation was carried out and, in response to the findings, the following actions have been taken:

THEME	ACTION TAKEN
THE NEED TO INCREASE THE LEVEL OF FOCUS ON THE LONG-TERM COMPOSITION OF THE BOARD.	Succession planning for executive and non-executive roles on the Board was a main focus of the Nomination Committee in the year. The Board skills matrix was reviewed to identify the skills and experience required to match the long-term strategy of the Company.
THE BOARD TO PLAY A MORE ACTIVE ROLE IN TALENT MANAGEMENT AND SUCCESSION PLANNING FOR SENIOR EXECUTIVES.	There has been a greater focus on succession planning with the Board receiving presentations from Executives on succession planning for senior management. In addition, further opportunities are being created for the Board to engage with senior management by way of pre-Board dinner presentations.
THE NEED TO REVIEW MANAGEMENT INFORMATION PRESENTED TO THE BOARD.	There has been continuous improvement on the quality and clarity of papers presented to the Board. Each paper is accompanied with a summary setting out the key issues for the Board.

The UK Corporate Governance Code and the Financial Reporting Council's guidance on Board effectiveness recommend that the annual performance review of the Board should be externally facilitated every three years. To this end, in 2015, the Board engaged Lintstock Limited to assist with the evaluation of its own performance, that of its Committees and individual Directors. Lintstock has no other connection with the Company.

The first stage of the review involved Lintstock engaging with the Chairman and the Company Secretariat to set the context for the evaluation, and to tailor the surveys used to the specific circumstances of IG Group. All Board members were requested to complete a web-based survey addressing the performance of the Board and its Committees, the Chairman and individual Director performance. The review addressed the following core areas of Board performance:

- The composition of the Board was assessed, and the key changes that ought to be made over the next 12 - 24 months, and over the next 3 - 5 years given the Group's strategic goals in particular, were considered.
- The Non-Executive involvement in the affairs of the Group outside meetings was considered, and the relationships between the members of the Board, and between the Board and management, were reviewed.
- The time management at meetings was addressed, as was the quality of the presentations made by management to the Board. The quality of the Board packs provided in advance of meetings was also considered.
- The role of the Board in testing and developing strategy was assessed, as was the Board's oversight of the strategic plan. The Directors' views as to the top strategic issues facing the company were identified.
- The Board's attitude towards risk was reviewed, as was the management of the main risks to the business.
- The structure of the Group at senior levels was considered, and the succession planning for Executive Directors, and the Board's visibility of potential successors for key positions from within the business, were addressed.

Further to these core topics, the review also included a case study on the Board's 2015 strategy day, addressing the management of time, the documentation provided in advance and the quality of the sessions during the day.

THE BOARD
(CONTINUED)

Lintstock subsequently produced a report of its findings that were discussed with the Chairman. Overall, the results indicate that the Board is operating effectively with a number of areas reviewed, rated positively. The top priorities for the Board in the coming year include:

- The need to continually manage succession planning processes;
- The need to consider the amount of time allocated to strategy and its implementation in the annual cycle of work; and
- Continuous improvement on the information provided to the Board ahead of meetings.

The outcome of the performance review will be discussed at a Board meeting with a view to developing actions to be taken on the recommendations. We will report on actions taken and progress made in next year's Annual Report.

Led by Roger Yates, the Senior Independent Director, a review of the Chairman's performance was carried out by the Board using a questionnaire completed by the Executive Directors and the Non-Executive Directors. The performance of the Chairman was discussed with the Board without the Chairman present.

The evaluation of the performance and contribution of each Director was conducted by the Chairman in individual discussions referencing a self-performance review questionnaire completed by each Director.

The reviews concluded that each Director continues to perform effectively and demonstrate commitment to the role.

ENGAGEMENT WITH SHAREHOLDERS

The Board recognises the importance of maintaining good communication with the Company's shareholders, and we have a comprehensive programme to facilitate this each year.

Our Annual Report is an important medium for communicating with shareholders, setting out detailed reviews of the business and its future developments in the Chairman's Statement, the Chief Executive Officer's Review and the Strategic Report.

In order to ensure that the members of the Board develop an understanding of the views of major shareholders, there is regular dialogue with institutional investors and shareholders, presentations by management and Investor Roadshows around the time of the Group's year-end and half-year results announcements. These are coordinated by our Investor Relations team. We make these presentations available in real time on the Group's website, which also provides a wide range of other information to shareholders and prospective shareholders. We also respond to ad hoc requests from shareholders on a very regular basis.

Meetings with the Company's largest institutional shareholders and market analysts are held to discuss governance, business strategy and financial performance by the Chairman and the Executive Directors. Non-Executive Directors are also available to meet and hear the views of the institutional shareholders when required.

Following all investor presentations and meetings, feedback is passed to the Board on any opinions or concerns expressed by shareholders. The Directors receive regular updates on shareholder views, roadshow feedback as well as analysts' reports on market perception of the Group's performance and strategy, and are made aware of the financial expectations of the Group from the outside market. The Board also receives an Investor Perception study to identify shareholders' concerns and actions undertaken for its resolution.

The Chairman and the Senior Independent Non-Executive Director are available to meet shareholders on request, and ensure that the Board is aware of shareholder concerns not resolved through other communication mechanisms. The Chairman and the Senior Independent Non-Executive Director provide feedback to the Board on any views or concerns expressed to them by shareholders.

AGM

The AGM provides the Board with the opportunity to communicate with private and institutional investors and we welcome and encourage their participation at the meeting. The Chairman aims to ensure that all the Directors, including the Chairmen of the Board Committees, are available at the AGM to answer questions. We send the Annual Report and notice of the AGM to shareholders, or make them available on the Group's website, at least 20 working days before the date of the meeting. The Notice of AGM sets out a clear explanation of each resolution to be proposed at the meeting. Shareholders have the opportunity to ask questions and, if they are unable to attend, can submit written queries in advance of the meeting. At the meeting, we will make available to shareholders full details of the proxy votes received on each resolution, and we will publish these on the Company's website on the same day.

The 2014 AGM was a successful event attended by all the Directors. Jonathan Davie and Martin Jackson did not seek re-election and stepped down from the Board of the Company. All the proposed resolutions were passed with the percentage of votes in favour of each resolution ranging from 94.35% to 99.90%.

The 2015 AGM will be held on 15 October 2015. The Notice of the Meeting sets out the resolutions to be proposed at the meeting. A copy of the Notice is available on the Company's website iggroup.com.

NOMINATION COMMITTEE

Andy Green, Chairman of the Nomination Committee, gives his review of the committee's activities during the financial year.

CHAIRMAN'S OVERVIEW

It essential that the Board is well balanced in terms of structure, skill, experience, diversity and knowledge to enable the Company to achieve its objectives and long-term strategy. The Nomination Committee is responsible for identifying and recommending suitable candidates for appointment to the Board to ensure that its composition in this regard meets the Company's needs. We maintain and implement an effective succession plan to ensure that the Board is progressively refreshed.

COMMITTEE MEMBERSHIP AND ATTENDANCE

The committee consists of independent Non-Executive Directors and meets as necessary to discuss appointments to the Board. The Chairman of the Board is also the Chairman of the committee and the Company Secretary acts as the Secretary of the committee. The Chief Executive Officer also attends, but is not involved in decisions relating to his own succession.

During the year the committee met three times to consider Board composition and succession planning.

ROLE OF THE NOMINATION COMMITTEE

The role and responsibilities of the committee include:

- Reviewing the composition of the Board and Board Committees to ensure that they are appropriately balanced in terms of skills, knowledge diversity and experience
- Ensuring that there is a formal, rigorous and transparent procedure for the appointment of new Directors
- Identifying and nominating for approval by the Board, suitable candidates to fill Board vacancies as and when they arise
- Ensuring that plans are in place for orderly succession, for appointments to the Board and to other senior management positions.

The Terms of Reference of the committee are available on the Group's website, iggroup.com.

ACTIVITY DURING THE FINANCIAL YEAR

In October 2014, I succeeded Jonathan Davie as the Chairman of the Board and of the Nomination Committee.

We also announced that Roger Yates will be stepping down from the Board following the AGM in October. During the year, the committee's main focus has been on the search for a candidate to replace Roger as Senior Independent Director (SID) and as Chairman of the Remuneration Committee. Zygos Partnership, an executive search firm which has no other connection with the Company, was engaged following a selection process to assist with the search for a suitable candidate. The committee prepared a candidate specification based on objective criteria setting out the knowledge, skill, experience and attributes required.

These include among others;

- Having served on the board of a listed company either as an executive or a Non-Executive Director,
- Having knowledge and experience of UK governance requirements and a good understanding of the current regulatory environment;
- Having a deep insight around how the investor community operates; and
- Having the ability to be able to commit the time required for the role.

From the candidate specification, a longlist of potential candidates was drawn up from which a shortlist was compiled. Candidates on the shortlist were interviewed by me and the Chief Executive following which a proposal was made to the committee on the candidates. Briefing reports on the shortlisted candidates were reviewed by the committee and the candidates were interviewed by Executive members of the Board and by members of the committee. It is expected that an appointment will be made shortly.

In addition to the search for a replacement for Roger Yates, the committee also commenced the search for a Non-Executive Director with digital experience following a discussion around long-term Board composition prompted by the 2014 Board evaluation. Russell Reynolds Associates, an executive search firm which has no other connections with the Company, was engaged to assist with the search. As with the search for a replacement SID, a candidate specification was prepared, taking into account the desired skills, knowledge and experience required for the role. We also specified that candidates must be able to give the necessary time commitment. Russell Reynolds Associates prepared a longlist of potential candidates following which a shortlist of candidates was interviewed by me and the Chief Executive. It is expected that an appointment will be made shortly.

Following the announcement that Tim Howkins will be retiring from the Board as a director and Chief Executive Officer at the 2015 AGM in October, we have commenced a search and selection process for his successor. We will report fully on this process in next year's annual report.

During the year, the committee reviewed membership of the Board Committees in light of the retirements of Jonathan Davie and Martin Jackson. Following the committee's recommendation and with the Board's approval, I joined the Remuneration Committee in September 2014. In addition, Sam Tymms, Stephen Hill and myself joined the Nomination Committee in September 2014.

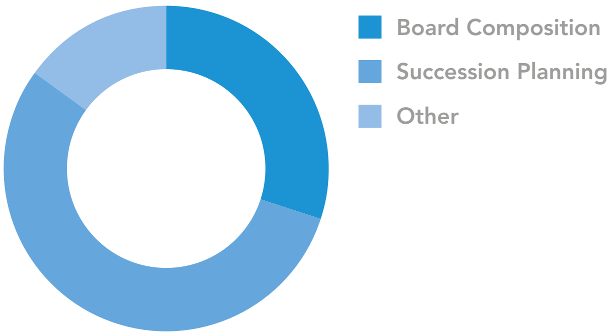
COMMITTEE EVALUATION

In addition to overseeing appointments to the Board, an evaluation of the performance of the committee and its members was undertaken in line with the committee's Terms of Reference. The evaluation process was externally facilitated by Lintstock Limited as part of the overall annual Board effectiveness review. The evaluation concluded that the committee operates effectively and its performance was positively rated overall. The committee, however, could improve its performance by operating with greater formality.

	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Chairman of the Nomination Committee		
Jonathan Davie*	1	1
Andy Green**	3	3
Independent Non-Executive Directors		
Martin Jackson***	1	1
Jim Newman	3	2
Roger Yates	3	3
Stephen Hill	3	3
Sam Tymms	3	3

* Jonathan Davie stepped down from the committee on 16 October 2014
** Andy Green became the Chairman of the committee on 16 October 2014
*** Martin Jackson stepped down from the committee on 16 October 2014

NOMINATION COMMITTEE ALLOCATION OF TIME



DIVERSITY STATEMENT

As a business, we are committed to maintaining a diverse workforce at all levels across the Company, and more information on how we do this can be found in the Our People section, on page 33.

The Directors understand the significant benefits that come with having a diverse Board. We recognise the importance of gender diversity on the Board, however, we believe that diversity is a wider issue and includes variations in experience, skills, personal attributes and background. Nonetheless, we aspire to achieve 25% female representation on the Board.

We will continue to appoint on merit, based on the skills and experience required for membership of our Board, while giving consideration to gender diversity when the committee reviews the Board's composition. For appointments to the Board, we use executive search firms who have signed up to the voluntary code of conduct setting out the key principles of best practice in the recruitment process. These principles include a recommendation that search firms should consider gender diversity and we insist on having both male and female candidates when drawing up longlists and shortlists of candidates.

Andy Green
Chairman, Nomination Committee
21 July 2015

REMUNERATION COMMITTEE

Roger Yates, Chairman of the Remuneration Committee, gives his review of the committee's activities during the financial year.

CHAIRMAN'S OVERVIEW

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 May 2015.

The overall structure of the executive remuneration package and the principles that underpin it have not changed and, therefore, we will continue to operate with the Directors' remuneration policy that has been in place since June 2013 and was approved in a binding vote by over 96% of our shareholders at the AGM in 2014.

There will be a single advisory vote at this year's AGM with regards to this annual statement and the Annual Report on Remuneration that details both amounts paid in respect of the year ending 31 May 2015 and the intended operation of the remuneration policy for the coming year. I hope you agree that how we have rewarded our executives is commensurate with the Company's performance and that you will support this year's resolution at the forthcoming AGM.

THE BUSINESS CONTEXT IN 2015

Over the last year, IG invested significantly in longer-term strategic projects, including the launch and roll-out of stockbroking in the UK and, internationally, expansion into Switzerland and Dubai and increased emphasis on mobile technology. Against this backdrop underlying revenue for 2015 was £400.2 million, which represents an 8% increase on 2014, and underlying diluted earnings per share (DEPS) increased by 2% to 41.07 pence per share. Statutory diluted earnings per share of 35.99 pence are lower than the prior year primarily due to the impact of the unpegging of the Swiss franc in January. The Board made clear at the time of the first-half results in January its intention to hold the full-year dividend flat on the prior year at 28.15 pence per share. The Board's recommendation of a final dividend of 19.70 pence per share demonstrates the confidence in the underlying cash generation of the business.

REMUNERATION OUTCOMES FOR 2015

The year to 31 May 2015 is the second year of the executive's variable remuneration being awarded under the Sustained Performance Plan (SPP). In respect of performance for the period ended 31 May 2015, the committee has awarded 41% of the maximum potential award under the SPP compared with 54% in the prior year. The overall SPP outcome is lower than last year primarily as a result of the negative impact on performance of the financial losses resulting from the Swiss franc event in January 2015 on both the earnings per share (EPS) and the non-financial performance measures. However, relative total shareholder return against the benchmark has been stronger than that for the prior year and performance against non-financial metrics has, overall, remained strong.

We consider this award to be reflective of performance and the business context as set out above.

The 2015 award under the SPP is driven by three metrics:

- EPS – 45% of the maximum potential award based on 2015 annual performance. The diluted earnings per share target range for 2015 was set by the committee at 40.18 pence to 44.20 pence, with a linear relationship between. The unadjusted statutory DEPS has been used for the purposes of performance assessment for the SPP. While the Swiss franc event was exceptional in both size and nature and use of the underlying EPS would have resulted in a partial award, adjustment of the statutory earnings was not deemed to be appropriate. Accordingly, the statutory EPS of 35.99 pence was below the threshold and none of this element will be awarded.
- TSR – 35% of the maximum potential award based on the two-year performance period ending 31 May 2015. The Company's TSR over this period of 48.2% ranked the Company 98th out of 291 FTSE 350 companies (excluding Investment Trusts); as a result, 74.5% of this element will be awarded.
- Non-financial metrics – 20% of maximum potential award based on a suite of non-financial and delivery objectives relating to the 2015 financial year. The committee has considered the Company's execution and delivery of key strategic initiatives and performance against key quantitative and qualitative non-financial metrics. A detailed explanation of the Company's performance against the non-financial metrics is discussed at page 84. Overall, the committee has concluded that 76% of this element will be awarded.

We remind shareholders that, as was the case last year, the SPP is the Company's only Executive Director incentive plan for 2015, replacing both the annual bonus and long-term incentive plans.

2015 also marked the end of the performance period for the 2012 awards made under the previous long-term plan, the Value Sharing Plan. None of this award vested, despite strong TSR over the three-year period of 88%, and as a result of the impact of the Swiss franc event on statutory PBT.

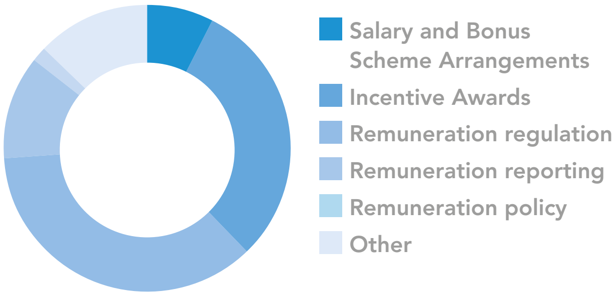
The committee considers that shareholders deserve thorough disclosure on remuneration. To this end, the Company has set out extensive explanation of the judgements it has made in granting the above awards. This disclosure is set out in the Annual Report on Remuneration at page 84.

The committee is regularly informed of potential changes to remuneration regulations that could impact the current policy. In particular, we are mindful of the impact of the European Banking Authority's current consultation on changes to its guidelines that would remove the proportionality exemptions for certain companies. The proposed changes to the proportionality principle are likely to require amendments to the Group's Sustained Performance Plan and overall remuneration policy. With this in mind, the committee is conscious of the need to consult with shareholders at an early stage and we will do so in advance of any material change to the remuneration policy, if required.

	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Chairman of the Remuneration Committee		
Roger Yates	4	4
Independent Non-Executive Directors		
Stephen Hill	4	3
Jonathan Davie*	2	2
Martin Jackson**	2	2
Andy Green***	4	4

* Jonathan Davie stepped down from the committee on 16 October 2014
** Martin Jackson stepped down from the committee on 16 October 2014
*** Andy Green attended two meetings by invitation

REMUNERATION COMMITTEE ALLOCATION OF TIME



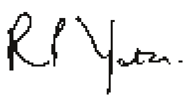
IMPLEMENTATION OF REMUNERATION POLICY FOR 2015

Finally, the committee has recommended a 3% base salary increase for the Executive Directors to take effect from 1 June 2015. The general increase for employees across the group was approximately 4%. Over the last few years our Chief Operating Officer, Peter Hetherington, has received a reduced salary (at 80% of the annual equivalent) to reflect his flexible working arrangements. From this year, Peter will revert to normal working arrangements and therefore the reduced salary will no longer apply.

For 2016, the committee will use the same SPP metrics described above, with the same weightings. Accordingly, EPS will drive 45% of the maximum potential award, with relative TSR and non-financial metrics accounting for 35% and 20% respectively.

In relation to the EPS targets, as with past years, the committee has used a set of internal and external reference points. The target range will be disclosed and explained in next year's remuneration report.

I hope that you will support the advisory vote on the remuneration resolution at the AGM. If, in the meantime, you have any questions regarding our remuneration report then we will be pleased to consider them.



Roger Yates
Chairman, Remuneration Committee
21 July 2015

DIRECTORS' REMUNERATION REPORT

The Remuneration Committee's objective is to ensure remuneration encourages, reinforces and rewards the delivery of shareholder value. As such, it has implemented a remuneration policy which provides a framework for making decisions, including those covering the remuneration of Executive Directors.

PREPARATION OF THE DIRECTORS' REMUNERATION REPORT

Our Directors' Remuneration Report covers the remuneration of the Executive and Non-Executive Directors of IG Group Holdings plc. In line with the regulations governing the disclosure and approval of directors' remuneration, the report is split into three sections: an annual statement from the Chairman of the Remuneration Committee, the Directors' Remuneration Policy and an Annual Report on Remuneration.

The disclosures required under Article 450 of the Capital Requirements Regulation are provided on the corporate website and accordingly are not detailed within the Directors' Remuneration Report.

Unless otherwise stated, information and disclosures within the Directors' Remuneration Report are unaudited. The regulations require the Company's auditors to report on the audited information in the report and to state that this section has been properly prepared in accordance with these regulations. The audited sections, which fall within the Annual Report on Remuneration, have been clearly identified.

This following part of the Remuneration Report sets out the Directors' Remuneration Policy as approved by shareholders at the 2014 Annual General Meeting. Although not required by the reporting regulations, the substantive terms of the Directors' Remuneration Policy are reproduced here for ease of reference. Any details, however, that were specific to 2014 or earlier years (including, for example, any disclosures relating to particular Directors and the remuneration scenarios charts) have been updated, where applicable, to reflect the current position. There is no vote on the Directors' Remuneration Policy at the 2015 Annual General Meeting as it is unchanged.

DIRECTORS' REMUNERATION POLICY

The role of the Remuneration Committee

The committee is responsible for making recommendations to the Board on the Group's senior executive remuneration policy. Operating within defined and agreed terms of reference, it determines an overall remuneration package for the Executive Directors in order to attract and retain high-quality Directors capable of achieving the Group's objectives. The committee's terms of reference can be found on our corporate website at iggroup.com.

The committee sets and agrees with the Board a competitive and transparent remuneration framework which is aligned to the Company strategy and is in the interests of both the Company and its shareholders. The committee determines the contractual terms, remuneration and other benefits for each of the Executive Directors, including performance-related incentive arrangements, pension rights, compensation payments and share-incentive awards.

The committee's other responsibilities are to:

- Determine and review the Group's remuneration policy, ensuring it is consistent with effective risk management across the Group, and to consider the implications of this remuneration policy on risk
- Determine and agree the policy for the remuneration of the Board Chairman and the Executive Directors
- Review and note pay and employment conditions and the remuneration trends across the Group
- Approve all share-based awards under the Group's employee incentive schemes, to determine each year whether awards will be made and, if awards are made, to monitor their operation, the size of such awards and the performance targets to be used
- Establish the selection criteria, appoint and set the terms of reference for any remuneration consultants who advise the committee

In line with new regulations governing the disclosure and approval of directors' remuneration, our Directors' Remuneration Report is split into two sections:

Directors' Remuneration Report

- Monitor regulatory developments, including those affecting UK-listed companies and financial services firms, to ensure the Company's remuneration policy is consistent with these

The Board determines the remuneration of Non-Executive Directors.

Objectives of the remuneration policy

The Remuneration Committee's objective is to ensure remuneration encourages, reinforces and rewards the growth of shareholder value. As such, it has implemented a remuneration policy which provides a framework for making decisions, including those covering the remuneration of Executive Directors. The remuneration policy is set to ensure that remuneration has the ability to attract and retain senior executives of a high calibre, remains competitive and provides appropriate incentive for performance.

The committee has agreed that all matters relating to remuneration of Group employees should:

- Align with the best interests of the Company's shareholders and other stakeholders
- Recognise and reward good and excellent performance of employees that helps drive sustainable growth of the Group
- Focus on retaining high-performing senior management
- Be consistent with regulatory and corporate governance requirements
- Be designed to achieve effective risk management
- Be straightforward, easy for employees to understand and easy for the Group to monitor
- Not be used to reward behaviour that inappropriately increases the Group's exposure to risks

The committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in the Company's business environment and in remuneration practice. There must be transparency and alignment to the delivery of strategic objectives at both a Company and an individual level. There must also be scope to reward for exceptional effort and achievement that delivers value both for the Company and the shareholders. Likewise, failure to achieve, individually or at Company level, will not be rewarded.

The committee is also mindful of ensuring that there is an appropriate balance between the level of risk and reward for the individual, the Company and for our shareholders. When setting levels of variable remuneration, the degree of stretch in performance conditions and the balance of equity and cash within a package, consideration is given to obtaining the appropriate balance of each so as not to encourage unnecessary risk-taking. As well as financial risk, the committee also ensures that there is an appropriate focus on regulatory and governance matters.

The total remuneration package is structured so that a significant proportion is linked to performance conditions, and it is the Company's policy to ensure that a high proportion of the potential remuneration package is provided via share-based instruments. This ensures that executives have a strong ongoing alignment with shareholders through the Company's share price performance.

The table on pages 72-77 summarises each element of the remuneration policy for the Executive Directors, explaining how each element operates and how each part links to the corporate strategy.

KEY ELEMENTS OF REMUNERATION

PURPOSE AND LINK TO STRATEGY	OPERATION
BASE SALARY	
Provides a sound basis on which to recruit and retain key employees of appropriate calibre to deliver the strategic objectives of the Company. Reflects the market value of the role and the post-holder's experience, competency and performance within the Company.	Salaries are normally reviewed by the committee annually, and are usually fixed for 12 months commencing 1 June. Any salary increase may be influenced by: • Scale, scope and responsibility of the role • Experience of the individual and his or her performance • Average change in wider workforce pay • Business performance and prevailing market conditions • Commercial need • Periodic benchmarking of similar roles at comparable companies selected on the basis of comparable size, complexity, geographic spread and business focus
BENEFITS	
Competitive, cost-effective benefits to help recruit and retain Executive Directors and senior management.	Benefits may include, for example, private medical insurance, discounted health club membership and life assurance. Cash alternatives may be provided for any or all of these benefits, depending on individual circumstances. Relocation and related benefits may be offered where a Director is required to relocate.
PENSION	
Market-competitive, cost-effective retirement benefits attract and retain executives.	The Group contributes to Executive Directors' personal pension plans. Executives have the option to receive part, or all, of their pension contribution as a cash allowance in lieu of Company pension contributions.

OPPORTUNITY	PERFORMANCE METRICS	RECOVERY OR WITHHOLDING
The general policy is to pay around mid-market levels, with annual increases typically in line with the wider workforce. Increases beyond the percentage increases granted to the wider workforce may be awarded in exceptional circumstances, such as: • Where there is a change in the individual's responsibility • Where the salary set at initial appointment was below the level expected once the individual gains further experience and a track record of performance in the role An above-market positioning may be appropriate, in exceptional circumstances, to reflect the criticality of the role and the individual's experience and performance. Base salary levels for the financial year ending 31 May 2016 are: T A Howkins – £486,400 C F Hill – £340,400 P G Hetherington – £364,900	No performance metrics apply to base salary.	No recovery or withholding applies to base salary.
The aim is to provide market-competitive benefits, and their value may vary from year to year, depending on the cost to the Company from third-party providers. Benefits constitute a small percentage of total remuneration.	No performance metrics apply to benefits.	No recovery or withholding applies to benefits.
The company may contribute up to 15% of base salary to pension, an equivalent cash allowance in lieu, or a mixture of both.	No performance metrics apply to retirement benefits.	No recovery or withholding applies to retirement benefits.

DIRECTORS' REMUNERATION REPORT
(CONTINUED)

KEY ELEMENTS OF REMUNERATION

PURPOSE AND LINK TO STRATEGY	OPERATION
SUSTAINED PERFORMANCE PLAN (SPP)	

Purpose and link to strategy

Approved by shareholders at the 2014 AGM, the SPP provides a single incentive plan for Executive Directors rather than having separate annual and long-term plans.

It provides a simple and competitive incentive mechanism that encourages and rewards both annual and sustained long-term performance, linked to the Company's strategic objectives.

The SPP encapsulates traditional annual bonus and long-term incentive plans. It is entirely share-based, encouraging executives to build up a substantial stake in the Company, thereby aligning the interests of management with shareholders.

Operation

We are initially operating the SPP by reference to five consecutive 'plan years'. The first plan year was the financial year ended 31 May 2014.

Awards of shares (either in the form of par value options, nil cost options or conditional awards), known as 'plan contributions', are made after the announcement of results relating to each plan year.

Plan contributions are granted by reference to achievement against applicable performance targets and accumulate within a participant's 'plan account'.

Each year, a percentage of the accumulated balance in the plan account vests (ie options or awards are released to participants).

Therefore, a participant's plan account will comprise the sum of the plan contribution (if any) being made in relation to the relevant plan year plus the accumulated awards registered in the plan account from previous plan years.

In the first five plan years, a participant's plan account vests as follows:

Following	Financial year ending	% of cumulative shares in plan account vesting
Plan year 1	31 May 2014	40.0%
Plan year 2	31 May 2015	40.0%
Plan year 3	31 May 2016	33.3%
Plan year 4	31 May 2017	33.3%
Plan year 5	31 May 2018	33.3%

After plan year 5, the committee may at such time (or at a later date during the life of the SPP) close the operation of the plan.

If the SPP is closed following plan year 5, unvested awards remaining in the plan account will vest in tranches of 50%, 25% and 25% on the first, second and third anniversaries of the SPP's closure. The same principles will apply on a later termination of the plan.

Participants may receive a payment at the time of delivery of vested shares of an amount equivalent to the dividends that would have been paid on those shares while in the plan account (adopting a first-in, first-out basis). This amount may assume dividend reinvestment. Dividends will not accrue on vested but unexercised awards.

OPPORTUNITY	PERFORMANCE METRICS	RECOVERY OR WITHHOLDING
The maximum plan contribution in respect of a plan year is an award of shares with a market value of no more than 500% of an executive's annual rate of salary.	The quantum of any awards granted is dependent on performance against performance targets set by the committee for each relevant financial year. Performance targets may comprise, for example, diluted earnings per share (DEPS) targets, Total Shareholder Return (TSR) and non-financial measures. Performance is measured over single plan years (financial years) except for TSR (from plan year 2 – awards in respect of financial year ending 31 May 2015). We currently intend to apply the following performance criteria: DEPS – a sliding scale of targets will apply for each plan year. The targets will be set at the start of each plan year. Targets and performance will be disclosed retrospectively in the Annual Report on Remuneration for the relevant financial year-end. Relative TSR – the Company's share price (plus dividends reinvested) performance is measured against an appropriate comparator group. For the first plan year, performance was based on that plan year alone; for the second plan year, performance was based on plan years 1 and 2. For plan years thereafter performance is measured over three plan years ending with the plan year being reported on. The committee retains the discretion to scale back the level of award if it feels the Company's underlying financial performance does not warrant the level of award resulting from TSR performance alone. Non-financial – these may comprise strategic goals, operational and client satisfaction measures for each plan year. Targets and performance will be disclosed retrospectively. Where possible, a sliding scale of targets will be set. For the DEPS and relative TSR measures, no more than 25% is payable for achieving threshold performance, rising to full payout for achieving a more challenging target. The scorecard of financial, share price and non-financial metrics may vary from year to year in accordance with strategic priorities and the regulatory environment. At the time of determining the contribution for plan year 5, in the event that the committee feels the Company's underlying financial performance over the first five plan years has not been satisfactory, the committee may scale back the final balance of the plan account.	The committee may decide within three years of a plan contribution that the underlying award will be subject to clawback. This may happen where there has been a material misstatement in the Company's financial results or an error in assessing any applicable performance condition. It may also be triggered if there has been substantial failure of risk management, or if the participant's employment is terminated for serious misconduct. The clawback may be satisfied by a reduction in the amount of any subsisting plan account, a reduction in the vesting of any subsisting vested awards or future share awards and/or a requirement to make cash payment.

KEY ELEMENTS OF REMUNERATION

PURPOSE AND LINK TO STRATEGY	OPERATION
ALL-EMPLOYEE SHARE SCHEMES	
All employees including Executive Directors are encouraged to become shareholders through the operation of an HMRC-approved share-incentive plan (SIP) and/or such other all-employee share plans as the Company may adopt in the future.	The SIP is a flexible, tax-efficient, all-employee plan. Partnership, free, dividend and matching shares may be granted under the SIP. If other HMRC-approved all-employee plans are introduced, they will operate in accordance with HMRC guidance and limits. Similar non-UK plans may be operated to enable non-UK employees and Directors to participate.
SHARE OWNERSHIP POLICY	
Aligns the interests of management and shareholders and promotes a long-term approach to performance and risk management.	A share ownership policy was introduced from the financial year ended 31 May 2014. Under this policy, the Chief Executive Officer is required to hold shares to the value of a minimum of 200% of base salary, and for other Executive Directors a requirement of 100% of base salary applies. Only shares owned outright by the Executive Director are included in the guideline, which must be achieved within five years of the introduction of the policy or, if later, from the date of appointment to the Board. The committee will review progress annually, with an expectation that Executive Directors will make progress towards achieving the shareholding policy each year.

NOTES TO THE POLICY TABLE

Choice of performance measures:

The performance measures that are used in the share performance plan (SPP) are a subset of the Company's Key Performance Indicators (KPIs).

Metric	Rationale and link to the strategic KPIs
Total Shareholder Return (TSR) relative to a suitable benchmark group	TSR measures the total return to IG Group's shareholders, both through share price growth and dividends paid, and as such it is aligned to shareholder interests. TSR is influenced by how well IG Group performs on a range of other metrics, including financial indicators such as revenue, profit, cash generation and dividends, and non-financial indicators such as client satisfaction and operational performance.
Diluted earnings per share (DEPS)	DEPS is a key indicator of the profits generated for shareholders, and a reflection of both revenue growth and cost control.
Non-financial performance	
Specific non-financial measure	Specific non-financial criteria include system reliability, customer satisfaction, effective risk management, sustaining the Company's excellent reputation and maintaining a good standing with regulators. Each of these measures has a direct impact on a number of the Group's KPIs, for example, system reliability is a key measure of the resilience of our trading platforms, which is an essential element of revenue generation and client satisfaction. Customer satisfaction is also measured using the Net Promoter Score (NPS) data supplied by Investment Trends. NPS is a measure of whether clients would recommend IG Group. The basket of measures chosen is considered to provide a broader assessment of executive delivery than financial metrics alone.
Execution and delivery of key strategic initiatives	The delivery of the Group's strategic initiatives is key to the delivery of the strategy and will, over time, drive financial performance and growth.

OPPORTUNITY	PERFORMANCE METRICS	RECOVERY OR WITHHOLDING
HMRC or non-UK plan equivalent limits will apply to any all-employee schemes that may be introduced. This currently constitutes a small proportion of Executive Directors' total remuneration.	No performance metrics tend to apply, although they may be introduced where applicable and if appropriate.	No recovery or withholding applies to all-employee share schemes.
Not applicable.	Not applicable.	Not applicable.

How performance measures are set

The committee sets the requirements for each plan year. The current benchmark group comprises the constituents of the FTSE 350 index (excluding investment trusts).

The committee determines appropriate performance targets each year, taking account of the annual and longer-term business plans. DEPS is calculated on such adjusted basis as the committee reasonably selects (eg adjusting for the effects of any share buybacks).

The committee approved, in advance, a basket of non-financial measures for the year ended 31 May 2015.

Following the end of the year the committee assesses performance relative to prior years, internal targets and sector averages. Assessment is undertaken 'in the round', taking account of activities and achievements during the year.

For example, for NPS, performance is assessed through comparison of the Group's performance against other companies in the sector, with the aim of maintaining a high NPS score relative to the sector average.

As part of the Board's strategy planning, there is a clear plan of strategic initiatives provided to the Remuneration Committee at the start of the year, which details the underlying projects set for delivery in the short-to-medium term. The Remuneration Committee uses this plan to judge performance and management's execution and delivery of key strategic initiatives.

NOTES TO THE POLICY TABLE (CONTINUED)

Annual DEPS targets and non-financial performance measures, where used, are likely to be too sensitive to disclose in advance, for commercial reasons. We will, however, disclose the measures and targets (where applicable) used, and the extent to which we have achieved them, on a retrospective basis, at the end of the relevant performance period.

Incentive plan discretions

The committee will operate the current SPP (and other share plans still in operation) according to their respective rules and the policy set out above, and in accordance with the Listing Rules and HMRC rules where relevant. Copies of the SPP rules are available on request from the Company Secretary. As is consistent with market practice, the committee retains discretion over a number of areas relating to operating and administrating these plans. These include (but are not limited to) the following:

- Who participates in the plans
- The timing of grant of award and/or payment
- The size of an award and/or a payment within the plan limits approved by shareholders
- The choice of (and adjustment of) performance measures and targets in accordance with the policy set out above and the rules of each plan (including the treatment of delisted companies for the purpose of the TSR Comparator Group)
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction
- Determination of a good leaver (in addition to any specified categories) for incentive-plan purposes, based on the rules of each plan and the appropriate treatment under the plan rules
- Adjustments required in certain circumstances (eg rights issues, corporate restructuring, special dividends and on a change of control)

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration. As appropriate, it might also be the subject of consultation with the Company's major shareholders.

Legacy arrangements

For the avoidance of doubt, in approving the Directors' Remuneration Policy, the Company has authority to honour any commitments entered into with current or former Directors that have been disclosed to shareholders previously. This includes awards made under the deferred bonus plan, the value-sharing plan (VSP) and any other share plans operated by the Company.

REMUNERATION SCENARIOS FOR EXECUTIVE DIRECTORS

As a result of the Company's remuneration policy, a significant proportion of the remuneration received by Executive Directors depends on Company performance. The chart on page 79 shows how total pay for the Executive Directors varies under three different performance scenarios: minimum, target and maximum:

Minimum

This comprises the fixed elements of pay, being base salary, benefits and pension. Base salary and pension are effective as at 1 June 2015 and the benefits value is the actual value for the year ended 31 May 2014.

Target

This comprises fixed pay and the target value of SPP (250% of salary).

Maximum

This comprises fixed pay and the maximum value of SPP (500% of salary).

No account has been taken of share price growth, or of dividend shares awarded in respect of the deferred element of bonus and SPP awards over the deferral/performance periods.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

Each Executive Director is employed under a service contract with IG Group Limited (a wholly-owned intermediate holding company) for the benefit of the Company and the Group.

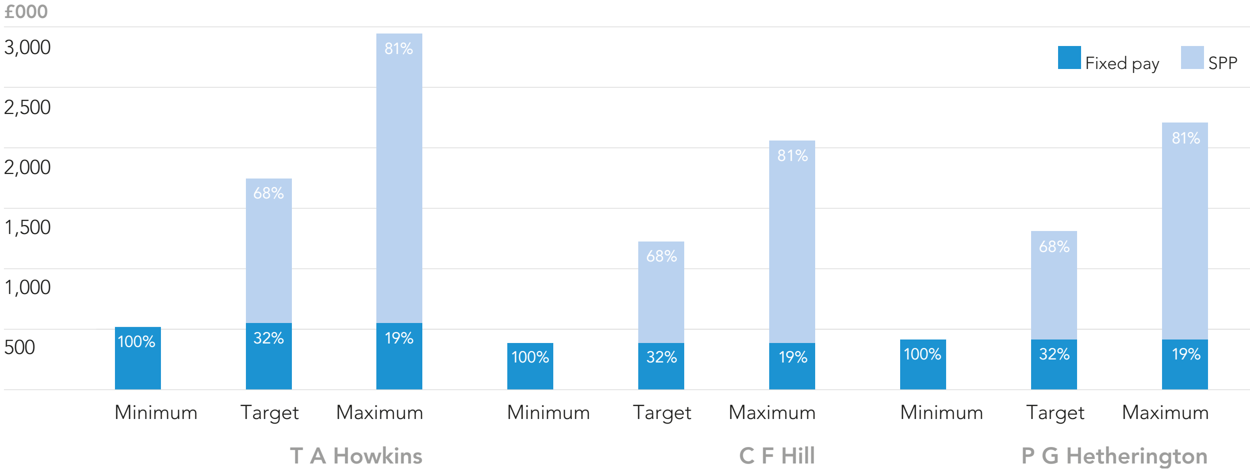
The period of notice for existing Executive Directors does not exceed six months and, accordingly, Executive Directors' employment contracts can be terminated on six months' notice by either party.

In the event that the Company terminates an Executive Director's service contract other than in accordance with the terms of his or her contract, the committee will act in the best interests of the Company and ensure there is no reward for failure. All service contracts are continuous, and contractual termination payments relate to the unexpired notice period.

On a Director's departure, the Company may at its sole discretion pay base salary and the value of any benefits (including pension) that would have been receivable in lieu of any unexpired period of notice. In the event of termination for gross misconduct, the Company may give neither notice nor a payment in lieu of notice. Where the Company, acting reasonably, believes it may have a right to terminate employment due to gross misconduct, it may suspend the executive from employment on full salary for up to 30 days to investigate the circumstances prevailing.

The Company may place an executive on gardening leave for up to the duration of the notice period. During this time, the executive will be entitled to receive base salary and all contractual benefits (including pension). At the end of the

REMUNERATION SCENARIOS FOR EXECUTIVE DIRECTORS



gardening leave period, the Company may, at its discretion, pay the executive base salary alone, in lieu of the balance of any period of notice given by the Company or the executive.

When considering payments in the event of termination, the Remuneration Committee takes into account individual circumstances. Relevant factors include the reasons for termination, contractual obligations and the relevant incentive plan rules. When determining any loss of office payment for a departing Director the committee will always seek to minimise the cost to the Company while complying with the contractual terms and seeking to reflect the circumstances in place at the time. The committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

For new executive appointments, the committee has discretion to offer a longer notice period of up to 12 months to secure an appointment. Any payments in lieu of notice will be at the committee's discretion, and will be limited to base salary and the value of benefits (including pension) as set out above.

Sustained performance plan awards

As a general rule, if a participant ceases to hold employment or be a Director within the Group, or gives notice of leaving, they forfeit any entitlement to receive further plan contributions. All awards subsisting in their plan account at such time are forfeited in full.

However, the situation may be different if the participant ceases to be an employee or a Director within the Group under certain circumstances. These include injury, disability, retirement, redundancy, the disposal of the participant's employing company or the business for which they work by the Group, or other circumstances at the discretion of the committee. In this case, participation in the plan will cease once the plan contributions in respect of the plan year in which the cessation arises are determined. This will take into account the proportion of the full plan year worked. Ordinarily, the participant's plan account will then vest, yielding one third immediately and thereafter the remaining balance in equal parts on the first and second anniversary of such determinations.

For the purposes of any awards permitted to vest to leavers as described above, the committee retains discretion to reduce the level of vesting that would otherwise result. It may refer to such time-based adjustments as it considers appropriate.

Where awards are granted in the form of options, any vested awards already held at the time of cessation (ie vested awards held outside the plan account but unexercised) will remain exercisable for a limited period. The exception is when dismissal has been for misconduct, in which case such awards lapse in full.

Value-sharing plan (VSP) awards – legacy plan

As a general rule, awards which have not vested will lapse when employment ceases. This may differ in certain circumstances when there is a good reason for leaving. Examples include injury, disability, retirement, redundancy, the disposal of the participant's employing company or the business for which they work by the Group, or other circumstances at the discretion of the committee. The committee has the discretion to determine that an Executive Director is a good leaver. In this case, the award will not lapse but will continue or, if the committee decides, will vest on cessation to the extent the performance condition is satisfied. A time pro-rated reduction will apply unless the committee determines otherwise. In the event of death, awards will vest at that time to the extent that performance, in the opinion of the committee, has been satisfied.

Change of control

The Executive Directors' contracts do not provide for any enhanced payments in the event of a change of control of the Company, nor for liquidated damages. Copies of the Executive Directors' service contract are available for inspection at the Company's registered office.

DIRECTORS' REMUNERATION REPORT
(CONTINUED)

REMUNERATION POLICY ACROSS THE COMPANY

We have designed the remuneration policy for the Executive Directors and senior management with regard to the policy for employees across the Company as a whole. The committee is kept updated through the year on general employment conditions, basic salary-increase budgets, the level of bonus pools and payouts and participation in share plans. The committee is therefore aware of how total remuneration at the Executive Director level compares to the total remuneration of the general population of employees. Common approaches to remuneration policy which apply across the Company include:

- Consistency in 'pay for performance', with annual bonus schemes being offered to the vast majority of employees
- Offering pension, medical and life assurance benefits for all employees, where practical given geographical location
- Ensuring that salary increases for each category of employee are considered, taking into account the overall rate of increase across the Company, benchmarking, and Company and individual performance
- Encouraging broad-based share ownership through the use of all-employee share plans, where practical

RECRUITMENT REMUNERATION POLICY

The committee's overriding objective is to appoint Executive Directors with the necessary background, skills and experience to ensure the continuing success of the Company. We recognise that the pace of change and technology development in our industry, as well as the global nature of IG Group, mean that the right individuals may often be highly sought-after.

We set the remuneration package for a new Executive Director in accordance with the Company's approved remuneration policy, as detailed on page 79 of the Directors' Remuneration Report, subject to the additional provisions described below. The maximum level of variable remuneration (excluding any buyout arrangements) that we can offer to a new executive on an annual basis will be in accordance with the sustained performance plan limit, being 500% of salary.

In many cases, where we make an external appointment, the individual will forfeit incentive awards connected with their previous employment on resignation. The committee may therefore decide to offer further cash or share-based payments to 'buy-out' these existing entitlements by making awards of a broadly equivalent value, in the committee's view. These awards can be made either under the Company's existing incentive plans or via other arrangements. In determining the appropriate form and amount of any such award, the committee will consider various factors. These include the type and quantum of award, the length of the performance period and the performance and vesting conditions attached to each forfeited incentive award.

Where an individual is appointed to the Board, different performance measures may be set for the SPP for the year of joining the Board, taking into account the individual's role and responsibilities and the point in the year when they joined.

For an internal appointment, any variable pay element granted in respect of the prior role may be allowed to pay out according to its terms, adjusted as appropriate to take into account the terms of the Executive Director appointment. The committee will carefully determine the base salary level for a new Executive Director, taking into account the individual's background, skills and experience, and the business criticality and nature of the role being offered. It will also consider the Company's circumstances and relevant external and internal benchmarks. Above all, the committee must exercise its own judgement in determining the most appropriate salary for the new appointment.

In certain circumstances, the committee will have set a starting base salary which is positioned below the relevant market rate. It may then wish to adjust the Executive Director's base salary, at a level above the average increase in the Company, as the individual gains experience and establishes a strong performance track record in the role. Conversely, the base salary may need to be positioned above the relevant market rate in order to attract the most appropriate candidate for the role.

We will provide benefits in accordance with the approved policy. We may pay relocation expenses or allowances, legal fees and other costs relating to the recruitment as appropriate.

We will set fees for a new Non-Executive Director or Chairman in accordance with the approved policy.

CHAIRMAN AND NON–EXECUTIVE DIRECTORS

The table below summarises each element of the remuneration policy applicable to the Non-Executive Directors.

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS	RECOVERY OR WITHHOLDING
To attract and retain Non-Executive Directors of appropriate calibre and experience.	The Remuneration Committee determines the fee for the Chairman (without the Chairman present). The Board is responsible for setting Non-Executive Directors' fees. The Non-Executive Directors are not involved in any discussions or decisions by the Board about their own remuneration. Fees are within the limits set by the articles of association and take account of the commitment and responsibilities of the relevant role.	The Chairman receives a single fee to cover all their Board duties. Non-Executive Directors receive a fee for carrying out their duties. They may receive additional fees if they chair the primary Board Committees, and for holding the post of Senior Independent Director. Committee membership fees may be paid. Details of current fee levels are set out in the Annual Report on Remuneration.	No performance metrics apply.	No recovery or withholding applies.

Non-Executive Directors do not have service contracts; they are engaged by letters of appointment. Each Non-Executive Director is appointed for an initial term of three years subject to re-election, but the appointment can be terminated on three months' notice.

CONSIDERATION OF SHAREHOLDER VIEWS

The committee engages proactively with the Company's major shareholders. For example, when making any material changes to the remuneration policy, the Remuneration Committee Chair will inform major shareholders of these in advance, and will offer a meeting to discuss details as required.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

In setting the remuneration of the Executive Directors, the committee takes into account the overall approach to reward for employees in the Company. The Group operates in a number of different environments, and has many employees who carry out diverse roles across a number of countries. All employees, including Directors, are paid by reference to the market rate, and base salary levels are reviewed regularly. When considering salary increases for Directors, the Company will be sensitive to pay and employment conditions across the wider workforce, however no remuneration comparison measurements have been utilised to date. The committee does not formally consult with employees on the executive remuneration policy. The committee is periodically updated on pay and conditions applying to employees across the Company.

ANNUAL REPORT ON REMUNERATION

This part of the report includes a summary of how we implemented the policy in the financial year ended 31 May 2015 (including payment and awards in respect of incentive arrangements), and how we will apply the remuneration policy for the financial year ending 31 May 2016. We also give details of the Remuneration Committee's operation, the Directors' share interests and how shareholders voted at the 2014 AGM.

IMPLEMENTATION OF REMUNERATION POLICY IN THE FINANCIAL YEAR ENDING 31 MAY 2015

Single total figure of remuneration for each Director (audited)

					Contribution to SPP plan account[6]				
Name of Director	Year	Fees/ basic salary £000	Benefits in kind[4] £000	Pension[5] £000	Vested element £000	Deferred element £000	Total £000	Legacy Plan: VSP[7] £000	Total £000
Executive Directors									
T A Howkins	**2015**	**472**	**1**	**71**	**390**	**585**	**975**	**–**	**1,519**
	2014	459	1	69	498	748	1,246	195	1,970
C F Hill	**2015**	**331**	**1**	**50**	**273**	**409**	**682**	**–**	**1,064**
	2014	321	1	48	349	523	872	117	1,359
P G Hetherington[1]	**2015**	**283**	**1**	**43**	**292**	**439**	**731**	**–**	**1,058**
	2014	275	1	41	374	561	935	117	1,369
Non-Executive Directors									
J R Davie [2]	**2015**	**73**	**1**	**–**	**–**	**–**	**–**	**–**	**74**
	2014	192	1	–	–	–	–	–	193
A Green [3]	**2015**	**235**	**–**	**–**	**–**	**–**	**–**	**–**	**235**
	2014	–	–	–	–	–	–	–	–
S G Hill	**2015**	**70**	**9**	**–**	**–**	**–**	**–**	**–**	**79**
	2014	53	11	–	–	–	–	–	64
D M Jackson [2]	**2015**	**29**	**1**	**–**	**–**	**–**	**–**	**–**	**30**
	2014	67	6	–	–	–	–	–	73
J A Newman	**2015**	**65**	**–**	**–**	**–**	**–**	**–**	**–**	**65**
	2014	40	–	–	–	–	–	–	40
S J Tymms	**2015**	**55**	**3**	**–**	**–**	**–**	**–**	**–**	**58**
	2014	53	1	–	–	–	–	–	54
R P Yates	**2015**	**70**	**–**	**–**	**–**	**–**	**–**	**–**	**70**
	2014	53	–	–	–	–	–	–	53

(1) P G Hetherington was paid a reduced pro rata salary of £283,400, based upon a £354,300 full-time equivalent salary, to reflect his flexible working arrangements. As in previous years, and consistent with the previous legacy arrangements, his SPP opportunity is based on his full-time equivalent salary. As of 1 June 2015, P G Hetherington has ceased the flexible working arrangement and accordingly his salary from this date will revert to the full-time amount.

(2) J R Davie ceased to be Chairman at the 2014 AGM held on 16 October 2014 and D M Jackson ceased to be a director on 16 October 2014.

(3) A Green joined the Group as Deputy Chairman on 9 June 2014 and succeeded J R Davie as Chairman at the 2014 AGM.

(4) Executive Directors' benefits can include private medical cover, discounted gym membership and life assurance cover. Following an internal review, certain Non-Executive Directors' expenses relating to the performance of a director's duties such as travel to and from company meetings and related accommodation have been classified as taxable benefits. In such cases, the Company will ensure that the director is kept whole by settling the expense and any related tax. In line with the regulations, these taxable benefits have been disclosed and are shown in the benefits in kind column, with a consequential restatement of the prior year comparatives. The figures shown include the cost of the taxable benefit plus the related personal tax charge.

(5) The Group contributes 15% of basic salary to personal pensions for each of the Executive Directors, who also have the option to receive part, or all, of their pension entitlement in cash. The additional cash payment is counted in lieu of pension, and is not treated as base salary for the purposes of calculating other benefits.
T Howkins elected to restrict pension contributions to £40,000 and receive the balance of the pension contribution as an additional cash payment. C Hill elected to restrict pension contributions to £40,000 and receive the balance of the pension contribution as an additional cash payment. P Hetherington elected to receive the full pension contribution as an additional cash payment.

(6) Figures provided are the values of the SPP plan contributions in respect of performance for the periods ending 31 May 2015 and 31 May 2014 (ie Plan Years 2 and 1). The vested element is the proportion of the Plan Year contribution for the relevant period that vests shortly following the end of the financial year. The deferred element is the proportion that remains deferred in the plan account. Details of SPP awards held in the Plan Account, both vested and unvested, are provided in the Outstanding Share Awards table on page 86.

(7) The 2011 VSP awards had a performance period ending 31 May 2014. Half the awards vested on 22 July 2014 with the remaining vesting on 21 July 2015. The value of these awards provided in last year's remuneration report was based on an estimated share price. We have restated the amounts (now as 2014 prior year comparatives) using the actual share price on 22 July 2014 (619.5p, for half the awards) and the average three-month share price for period ended 31 May 2015 (740.9p) for the remaining awards.
The 2012 VSP awards had a performance period ending 31 May 2015. Performance was below threshold for both the PBT and TSR metrics and therefore this award lapsed.

DETERMINATION OF SPP PLAN CONTRIBUTION FOR THE FINANCIAL YEAR ENDING 31 MAY 2015

Performance targets for Plan Year 2 (financial year ending 31 May 2015) comprised Diluted Earnings per Share (DEPS) targets, Total Shareholder Return (TSR) and non-financial measures. TSR performance was measured over the 2-year period from 1 June 2013 to 31 May 2015 and DEPS and non-financial measures over the financial year ending 31 May 2015.

Performance measure	Weighting	Potential as a percentage of base salary	Threshold (25% payout for TSR and 0% for DEPS)	Maximum (100% payout)	Actual performance	Plan contribution as percentage of base salary
DEPS	45%	225%	40.18 pence	44.20 pence	35.99 pence (0% vesting)	0%
TSR	35%	175%	Median ranking	Upper-quartile ranking	98 of 291 companies (74.5% vesting)	130%
Non-financial	20%	100%	See commentary on page 84			76%
Total	100%	500%				206%

PERFORMANCE MEASURES – HOW THESE ARE SET AND REVIEW OF PERFORMANCE FOR THE FINANCIAL YEAR ENDING 31 MAY 2015 (AUDITED)

Diluted earnings per share (45% weighting)

At the start of the 2015 financial year, the committee established a diluted earnings per share (DEPS) range for the purposes of performance measurement and consequentially payout under the SPP. This was demanding given the strategic investment the business is making in new technology, products and geographies. In setting the DEPS range, the committee considered the costs of planned investment in strategic objectives, the actual DEPS for the year ended 31 May 2014 of 40.18 pence and analyst DEPS consensus for 2015.

Notwithstanding the strong underlying performance of the Group over the year, the negative financial impact of the Swiss franc movement meant that actual DEPS for the year ended 31 May 2015 of 35.99 pence was below the threshold target and therefore none of the potential award under this measure was granted.

In setting the DEPS range for the year ending 31 May 2016, the committee has taken into account a number of relevant factors including internal and external considerations and an appropriate degree of challenge on prior year performance after taking account of the impact of the Swiss franc event.

Total shareholder return (35% weighting)

Under the Total Shareholder Return measure, a median ranking against the FTSE 350 (excluding Investment Trusts) would result in 25% of this element being granted with the full award being granted for upper quartile ranking or better. The award to be granted for performance between median and upper quartile would be determined on a straight line basis between these points.

In respect of the award to be granted in respect of Plan Year 2, TSR was measured over the two-year period from 1 June 2013 to 31 May 2015. Actual TSR performance for IG Group, as measured by New Bridge Street, for the two-year period was 48.2%. Against the peer group this performance was sufficient to rank IG Group at 98 out of 291 companies and resulted in 74.5% of the potential payout under this measure being awarded.

Non-financial measures

The committee approved a basket of non-financial measures comprising strategic goals as well as operational and client satisfaction measures for the year ended 31 May 2015. These measures are also utilised for an element of the staff general bonus pool. These measures, and the assessment of performance, for the year ended 31 May 2015 are set out in the following table. An average of the performance under the specific non-financial measures combined with performance under the execution and delivery measure resulted in an overall assessment of 76% of the potential payout under this element of the plan being awarded.

METRIC	PERFORMANCE	ASSESSMENT
SPECIFIC NON-FINANCIAL MEASURES		
System reliability / uptime	The main measures used to assess performance against this metric are core dealing availability per month and maximum percentage downtime in any one day. The Group strives to achieve 99.8% for the first measure and less than 4.0% for the second measure. During the year, core dealing availability per month was breached on one occasion (April 2015) and maximum downtime was breached on two occasions – in August 2014 and April 2015. For the majority of the year core dealing availability was very high. The main system outage and breach of the Group's availability target was due to a software flaw in a new reporting tool – measures have been taken to remedy this. Overall, system reliability was marginally down from the prior year (99.95% versus 99.97%) as shown in the Key Performance Indicators section of the Strategic Report. The availability of the dealing platform is very important in terms of client confidence of trading with IG and the Group will continue to undertake work in this area to ensure a consistently high level of platform uptime is maintained.	65% (FY14 85%)
Maintaining good standing relationships with regulators	The Group continues to maintain constructive and open relationships with regulators and FY15 was a good year from a regulatory perspective. The Group continues to have strong relations with all regulators. During FY15, IG successfully obtained licences in Switzerland and Dubai, both of which involved very stringent application processes and represented significant achievements. In addition, there were no regulatory incidents during the year.	92.5% (FY14 90%)
Customer satisfaction	The Remuneration Committee uses a number of indicators to measure performance against this metric. Net Promoter Score (NPS) data is tracked by the syndicated Investment Trends studies and is a measure of how likely clients are to recommend IG to others. Over the last year the Group has seen improvement in Australia, France and Germany while Singapore remained unchanged. The UK on the other hand saw a drop in NPS but was ranked first for Spread Betting. The reasons for this drop in satisfaction are considered to have been remedied. Please refer to the Key Performance Indicators section of the Strategic Report for more information on NPS. During the year, the Group once again commissioned an independent study to conduct a 'mystery shopping' programme among IG and a number of competitors in the UK. The study consisted of ten cases being raised with each provider where they were challenged with the same questions or scenarios. Each case was scored against desired behaviours expected from the case handler. The result of the study shows that the Group performed consistently well in most categories and ranked first in overall scoring with a 30% lead against the Group's main competitor. The Group continued to run IG Think Tank, an online community and forum which supports engagement with clients and the inclusion of their feedback into the IT development cycle. This has led to better IG apps development, mobile charting functionalities, and more informative news feeds. IG brand awareness continued to improve with almost 50% of online investors naming the Group when asked to state the different providers they have heard of. With the launch of stockbroking, recognition of the brand grew 14%, which was a significant achievement given the timeframe. During the year, the Group also established a senior management forum to discuss and address the latest client insights and feedback – a process that has already led to a number of key client wishes having been addressed or where solutions are in progress.	85% (FY14 80%)
Reputation	The Remuneration Committee assessed whether there have been any events resulting in negative media coverage or reputational damage during the year. The Group and the industry as a whole experienced adverse press coverage in the aftermath of the Swiss National Bank decision to remove the Swiss franc's peg to the euro. Additionally, the industry also saw some scrutiny from the regulators following some concerns raised regarding the operations of some competitors. The Group's PR team and external advisors are considered to have done well in mitigating the poor PR and reputational impact.	65% (FY14 100%)

METRIC	PERFORMANCE	ASSESSMENT
SPECIFIC NON-FINANCIAL MEASURES (CONTINUED)		
Risk management	The impact of the Swiss franc event was significant and resulted in material financial losses for the Group. However, the Group was satisfied with the response of the risk management systems in terms of the identification of the issues, the speed of which the losses were quantified and the subsequent communication made with stakeholders. Furthermore, the Group made considerable progress across a number of risk management areas during the year through the newly established Board Risk Committee. Nevertheless, the Remuneration Committee's assessment is that the negative impact on our shareholders resulting from the Swiss franc event should result in a zero score for this metric.	0% (FY14 100%)
EXECUTION AND DELIVERY OF KEY STRATEGIC INITIATIVES		
Execution and delivery of key strategic initiatives	As part of the Board's strategy planning, there is a clear plan of strategic projects provided to the Remuneration Committee at the start of the year, which details the underlying projects set for delivery in the short-to-medium term. The Remuneration Committee uses this plan to judge performance and management's execution and delivery of key strategic initiatives. There were a number of key strategic projects delivered during the year. Examples of the projects include: • Stockbroking – Successfully launched in the UK in September 2014 including ISAs and use of stock as collateral for shorter-term trading from November 2014. It was rolled out internationally in the Netherlands in March 2015 and further launches are expected later this calendar year. • Switzerland – The Group received a licence from FINMA, the Swiss regulator, in September 2014 for Switzerland and the business went live the following month. • Dubai – Another significant milestone was the licence from the DFSA, the Dubai Regulator, which was obtained in principle in May 2015. • gTLD – The Group's first gTLD was made available in May 2015 with the remainder to go live sequentially in the first quarter of FY16. Significant progress has been made on a number of projects which was not envisaged at the start of the financial year – each of which has been progressed without disruption to the key strategic projects noted above. There has also been significant progress towards several other strategic projects which remain work in progress. The outcome will be disclosed once they cease to be commercially sensitive.	90% (FY14 90%)

Overall summary

Based on performance for the financial year ending 31 May 2015, we will grant awards under the SPP to the value of 206% of base salary (41% of the maximum potential payout) as plan contributions to the Executive Directors after the announcement of the results. The actual number of shares that will be deposited within the Directors' plan accounts will be based on the ten-day average share price immediately prior to grant.

LEGACY VALUE-SHARING PLAN VESTING IN RELATION TO PERFORMANCE PERIOD ENDING 31 MAY 2015

The legacy Value-Sharing Plan (VSP), which was approved by shareholders in 2010, comprises annual awards. It provides the Executive Directors and other senior staff with a pre-defined number of shares for each £10.0 million of surplus shareholder value created over three years above a hurdle. Surplus shareholder value was calculated under two criteria: Total Shareholder Return (TSR) and Profit before Taxation (PBT). In relation to the final award made under the plan on 1 August 2012, statutory PBT fell by 13% to £169.5 million, following the impact of the Swiss franc (underlying PBT grew by 4%) and a TSR of 88.4% over the three-year period ended 31 May 2015 none of the award vested. Further detail is provided overleaf.

The calculation of surplus shareholder value in relation to this plan is explained below:

(i) TSR element (60%): This is based on the value created from the difference between the Total Shareholder Return (TSR) of IG Group Holdings plc and that of the FTSE 350 Financial Services Index, multiplied by the IG Group Holdings plc starting market capitalisation.

Despite a TSR of 88.4% over the three-year period ending 31 May 2015 (measured by Kepler Associates) there was no vesting under this element of the scheme as this performance was below that of the FTSE 350 Financial Services Index of 120.6%.

(ii) Profit before taxation (40%): This is based on the growth in PBT over the three-year period, multiplied by a fixed multiple determined by the IG Group Holdings plc starting market capitalisation, plus net equity cash flows to shareholders above a hurdle return.

The multiple for the 2012 VSP was 8.83. This is derived by dividing the starting market capitalisation of £1,636 million by the PBT for the year ending 31 May 2012 (£185.7 million). The required hurdle return was 12% per annum.

PBT for the final year of the three-year performance period ending 31 May 2015 of £169.5 million together with net equity cash flows to shareholders did not result in the generation of a shareholder value when compared to the required hurdle return at which vesting commences. That is the growth in PBT and dividend return over the three-year performance period was below the required 12% per annum hurdle rate and accordingly there was no vesting under this element of the scheme.

AWARDS GRANTED DURING THE FINANCIAL YEAR ENDING 31 MAY 2015 (AUDITED)

The SPP awards granted during the financial year ending 31 May 2015 in respect of performance to 31 May 2014 (Plan Year 1) are as follows.

	Contribution			Number of options in the plan account after plan year 1 contribution	Number of options vested and exercised during the year	Number of options in the plan account at the end of the year
	% of salary	Value of options awarded	Number of options awarded(1)			
T A Howkins	271%	1,245,965	204,290	204,290	81,716	122,574
C F Hill	271%	872,035	142,980	142,980	57,192	85,788
P G Hetherington	271%	934,812	153,273	153,273	61,309	91,964

(1) The number of options contributed to the plan account was based on the 10-day average share price immediately post the announcement date of the Group results for the year ended 31 May 2014 of 610 pence per share. Awards were granted in the form of nil cost options. Awards were based on performance achieved and are therefore subject to continued employment and subject to the satisfaction of the underlying financial performance underpin to be tested at the end of Plan Year 5 as set out in the remuneration policy.

Details of the outstanding SPP share awards, using an estimate of the options to be granted in respect of Plan Year 2 (i.e. performance to 31 May 2015) are set out below.

OUTSTANDING SHARE AWARDS

Sustained performance plan

	Event	Plan account brought forward (number of shares)	Options awarded as dividend equivalents accruing on unvested options during the year (number of options)	Plan contribution in respect of year ending 31 May 2015 (estimated number of shares) (1)	Plan account following contribution for the year	Estimated number of options vesting (40% following determination of plan year 2 contributions (2)	Estimated cumulative number of unvested options remaining in plan account at the end of plan year 2
T A Howkins	Plan year 2	122,574	5,825	124,695	253,094	101,238	151,856
C F Hill	Plan year 2	85,788	4,077	87,276	177,141	70,856	106,285
P G Hetherington	Plan year 2	91,964	4,371	93,561	189,896	75,958	113,938

(1) Executive Directors will be granted awards in respect of Plan Year 2 following the announcement of results for the year ended 31 May 2015 on 21 July 2015. The share price used to calculate the number of awards to be granted will be the ten-day average share price immediately following the announcement of results for the year ended 31 May 2015 on 21 July 2015. As the actual average share price is not known at the time of signing of the Annual Report, the above number of awards has been estimated using a share price of 781.5 pence, being the share price on 29 May 2015.
Share awards have an exercise price of 0.005 pence and are exercisable until August 2024.

(2) In accordance with the scheme rules 40% of the cumulative awards in the Plan Account (after the contributions in respect of Plan Year 2) will vest in August 2015 with the vesting of the remaining options deferred. The August 2015 vesting will include additional dividend shares accrued as follows in respect of Plan Year 1 awards held in the Plan Account – TA Howkins (5,825), C F Hill (4,077) and P G Hetherington (4,371) based on reinvestment at the dividend payment date.

Other share awards

	Award date	Share price at award date	Number as at 31 May 2014	Number awarded during the year	Number lapsed during the year	Number exercised during the year	Number outstanding at 31 May 2015	Number vested but not exercised at 31 May 2015
T A Howkins								
VSP: Profit award – three year	29 Oct 10	528.50p	17,057	–	–	(17,057)	–	–
VSP: Profit award – four year	29 Oct 10	528.50p	17,057	–	–	–	17,057	17,057
VSP: Profit award – three year	20 Jul 11	450.00p	4,314	–	–	(4,314)	–	–
VSP: Profit award – four year	20 Jul 11	450.00p	4,314	–	–	–	4,314	–
VSP: Total shareholder return award – three year	20 Jul 11	450.00p	9,984	–	–	(9,984)	–	–
VSP: Total shareholder return award – four year	20 Jul 11	450.00p	9,985	–	–	–	9,985	–
VSP: Profit award – three year	01 Aug 12	449.70p	163,636	–	(163,636)	–	–	–
VSP: Profit award – four year	01 Aug 12	449.70p	163,636	–	(163,636)	–	–	–
VSP: Total shareholder return award – three year	01 Aug 12	449.70p	245,454	–	(245,454)	–	–	–
VSP: Total shareholder return award – four year	01 Aug 12	449.70p	245,453	–	(245,453)	–	–	–
Long-term bonus plan – 2012	01 Aug 12	450.45p	109,938	–	–	(109,938)	–	–
Long-term bonus plan – 2013	29 Jul 13	545.29p	38,000	–	–	(38,000)	–	–
			1,028,828	–	(818,179)	(179,293)	31,356	17,057

	Award date	Share price at award date	Number as at 31 May 2014	Number awarded during the year	Number lapsed during the year	Number exercised during the year	Number outstanding at 31 May 2015	Number vested but not exercised at 31 May 2015
C F Hill								
VSP: Profit award – three year	20 Jul 11	450.00p	2,589	–	–	(2,589)	–	–
VSP: Profit award – four year	20 Jul 11	450.00p	2,589	–	–	–	2,589	–
VSP: Total shareholder return award – three year	20 Jul 11	450.00p	5,990	–	–	(5,990)	–	–
VSP: Total shareholder return award – four year	20 Jul 11	450.00p	5,990	–	–	–	5,990	–
Share Incentive Plan – 2012 partnership shares	27 Jul 12	419.18p	328	–	–	–	328	–
VSP: Profit award – three year	01 Aug 12	449.70p	130,909	–	(130,909)	–	–	–
VSP: Profit award – four year	01 Aug 12	449.70p	130,908	–	(130,908)	–	–	–
VSP: Total shareholder return award – three year	01 Aug 12	449.70p	196,363	–	(196,363)	–	–	–
VSP: Total shareholder return award – four year	01 Aug 12	449.70p	196,363	–	(196,363)	–	–	–
Share Incentive Plan – 2013 partnership shares	26 Jul 13	555.19p	259	–	–	–	259	–
Long-term bonus plan – 2013	29 Jul 13	545.29p	22,783	–	–	(22,783)	–	–
Share Incentive Plan – 2014 partnership shares	25 Jul 14	556.26p	–	297	–	–	297	–
			695,071	297	(654,543)	(31,362)	9,463	–

	Award date	Share price at award date	Number as at 31 May 2014	Number awarded during the year	Number lapsed during the year	Number exercised during the year	Number outstanding at 31 May 2015	Number vested but not exercised at 31 May 2015
P G Hetherington								
VSP: Profit award – four year	29 Oct 10	528.50p	10,661	–	–	(10,661)	–	–
VSP: Profit award – three year	20 Jul 11	450.00p	2,589	–	–	(2,589)	–	–
VSP: Profit award – four year	20 Jul 11	450.00p	2,589	–	–	–	2,589	–
VSP: Total shareholder return award – three year	20 Jul 11	450.00p	5,990	–	–	(5,990)	–	–
VSP: Total shareholder return award – four year	20 Jul 11	450.00p	5,990	–	–	–	5,990	–
VSP: Profit award – three year	01 Aug 12	449.70p	130,909	–	(130,909)	–	–	–
VSP: Profit award – four year	01 Aug 12	449.70p	130,908	–	(130,908)	–	–	–
VSP: Total shareholder return award – three year	01 Aug 12	449.70p	196,363	–	(196,363)	–	–	–
VSP: Total shareholder return award – four year	01 Aug 12	449.70p	196,363	–	(196,363)	–	–	–
Share Incentive Plan – 2013 partnership shares	26 Jul 13	555.19p	258	–	–	–	258	–
Long term bonus plan – 2013	29 Jul 13	545.29p	25,340	–	–	(25,340)	–	–
Share Incentive Plan – 2014 partnership shares	25 Jul 14	556.26p	–	297	–	–	297	–
			707,960	297	(654,543)	(44,580)	9,134	–

TABLE OF DIRECTORS' SHARE INTERESTS (AUDITED)

The share interests of each person who was a Director of the Company during the year as at 31 May 2015 (together with interests held by his or her connected persons) were as follows:

	Legally owned shares[5]		Share Incentive Plan shares[6]	SPP awards[2]		VSP share option awards		Total	% of salary held under shareholding policy[1]
	31 May 2014	31 May 2015		Un-vested	Vested but unexercised	Un-vested	Vested but unexercised	31 May 2015	% salary
Executive Directors									
T A Howkins	1,621,183	1,621,183	–	128,399	–	–	31,356	1,780,938	2,638%
C F Hill	35,131	43,928[4]	1,181	89,865	–	–	8,579	143,553	107%
P G Hetherington[3]	113,970	129,899	852	96,335	–	–	8,579	235,665	361%
Non-Executive Directors									
A Green	–	–	–	–	–	–	–	–	–
S G Hill	117,209	80,707	–	–	–	–	–	80,707	901%
D M Jackson	–	–	–	–	–	–	–	–	–
J A Newman	–	–	–	–	–	–	–	–	–
S J Tymms	–	–	–	–	–	–	–	–	–
R P Yates	25,000	25,000	–	–	–	–	–	25,000	279%

(1) Calculated as shares owned on 29 May 2015 at the closing mid-market share price of 781.5p.
(2) This figure excludes awards under the SPP scheme for performance year ending 31 May 2015 which will be granted following the announcement of the Group's results on 21 July 2015. The awards held in the Plan Account include those in respect of Plan Year 1 as at 31 May 2015.
(3) P Hetherington also held 10,000 preference shares at 31 May 2015 and 31 May 2014.
(4) Of which 43,000 belong to Vanessa Hill.
(5) This figure includes partnership shares that are purchased as part of the Group's Share Incentive Plan (SIP) which are not subject to vesting conditions and prior year figures have been restated.
(6) This figure shows the number of matching shares held at 31 May 2015 as part of the Group's Share Incentive Plan (SIP) which will vest after three years from the respective award date, as long as employees remain employed by the Group.

A share ownership policy was introduced from the financial year ending 31 May 2014. Under this policy, the CEO is required to hold shares to the value of a minimum of 200% of base salary, and for other Executive Directors a requirement of 100% of base salary applies. Only shares owned outright by the Executive Director are included in the guideline, which must be achieved within five years of the introduction of the policy or, if later, from the date of appointment to the Board.

There have been no changes to any of the Directors' share interests in the period since 31 May 2015. The awards to be made under the Company's SPP in respect of the performance period ending on 31 May 2015 are set out earlier in this report and are not included in this table.

CHANGE IN REMUNERATION OF THE CHIEF EXECUTIVE

	Base salary			Taxable benefits			Performance based remuneration[1]		
	% Change (2015/ 2014)	% Change (2014/ 2013)	% Change (2013/ 2012)	% Change (2015/ 2014)	% Change (2014/ 2013)	% Change (2013/ 2012)	% Change (2015/ 2014)	% Change (2014/ 2013)[2]	% Change (2013/ 2012)
Chief Executive	2.83%	7.49%	3.14%	0%	0%	0%	(32.34%)	136.23%	(64.62%)
Group employees	6.8%	5.91%	4.44%	6.44%	2.78%	19.08%	(22.94%)	13.09%	(42.40%)

(1) For the Chief Executive, the change in remuneration has been restated to include all performance-based remuneration. Remuneration is included in the financial year in which performance is measured against.

(2) Given the move away from separate annual and long-term plans to a single variable pay plan in the 2014 financial year, the performance-based remuneration consists of the SPP award and legacy VSP plans only. The change is calculated based on the change in the total of the SPP contribution for the plan year and the VSP vesting in that year.

EXECUTIVE DIRECTORS' OUTSIDE APPOINTMENTS

T Howkins is a member of the Board and Executive Committee of FIA Europe. The Executive Directors have no other external appointments.

PAYMENT FOR LOSS OF OFFICE (AUDITED)

No Director has departed, nor has there been a payment for loss of office during the year.

RELATIVE IMPORTANCE OF SPEND ON PAY

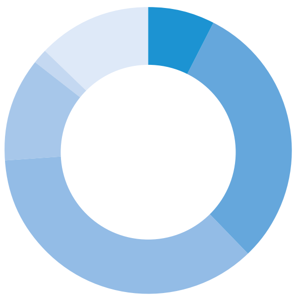
The following table sets out the profit, dividends and overall spend on pay over the last five financial years:

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Profit after tax	131.9	147.2	141.7	136.8	(25.3)
Dividends	102.8	102.8	84.6	81.6	72.0
Employee remuneration costs	94.3	89.3	86.3	92.7	75.5
Average number of employees	1,287	1,070	1,005	960	951

DIRECTORS' REMUNERATION REPORT
(CONTINUED)

REMUNERATION COMMITTEE ACTIVITY DURING THE YEAR

REMUNERATION COMMITTEE ALLOCATION OF TIME



REMUNERATION COMMITTEE EFFECTIVENESS

During the year, the committee undertook a questionnaire-based review of its own effectiveness. The evaluation process was externally facilitated by Lintstock as part of the overall annual Board effectiveness review. Overall, the review concluded that the committee is effective and its performance was rated highly. The committee however could further enhance its effectiveness with more training and support on regulatory changes in the area of remuneration and the implications for remuneration policy.

ADVICE TO THE COMMITTEE

During the financial year ended 31 May 2015 the committee consulted T Howkins, Chief Executive, about remuneration matters relating to individuals other than himself. The Company Secretary also provided advice and support to the committee.

Appropriate Company employees and external advisers may attend committee meetings at the invitation of the Chairman.

EXTERNAL ADVISORS

The Remuneration Committee was advised during the year by New Bridge Street (NBS), which was appointed following a competitive tender process in early 2013.

NBS provided advice in respect of a wide range of issues, including advice on the operation of the Sustained Performance Plan, TSR performance monitoring, drafting the Remuneration Report, remuneration benchmarking and share plan implementation services.

NBS's fee for advice provided to the Remuneration Committee during the financial year ending 31 May 2015 was £58,000 (excluding VAT).

NBS was appointed following a review of advisors. The committee considers the advice obtained from NBS to be objective and independent. NBS is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct, which requires its advice to be objective and impartial.

STATEMENT OF SHAREHOLDER VOTING AT 2014 AGM

At the October 2014 AGM, resolutions were proposed for shareholders to approve the Directors' Remuneration Policy, the Directors' Remuneration Report for the financial year ended 31 May 2014 and the IG Group Long Term Incentive Plan. The following votes were received:

	2014 Remuneration Policy	
	Total number of votes	% of votes cast
For[1]	292,271,643	96.20%
Against	11,550,602	3.80%
Total	303,822,245	100%
Withheld	375,428	–

	2014 Annual Report on Renumeration	
	Total number of votes	% of votes cast
For[1]	300,876,365	99.54%
Against	1,390,389	0.46%
Total	302,266,754	100%
Withheld	1,930,919	–

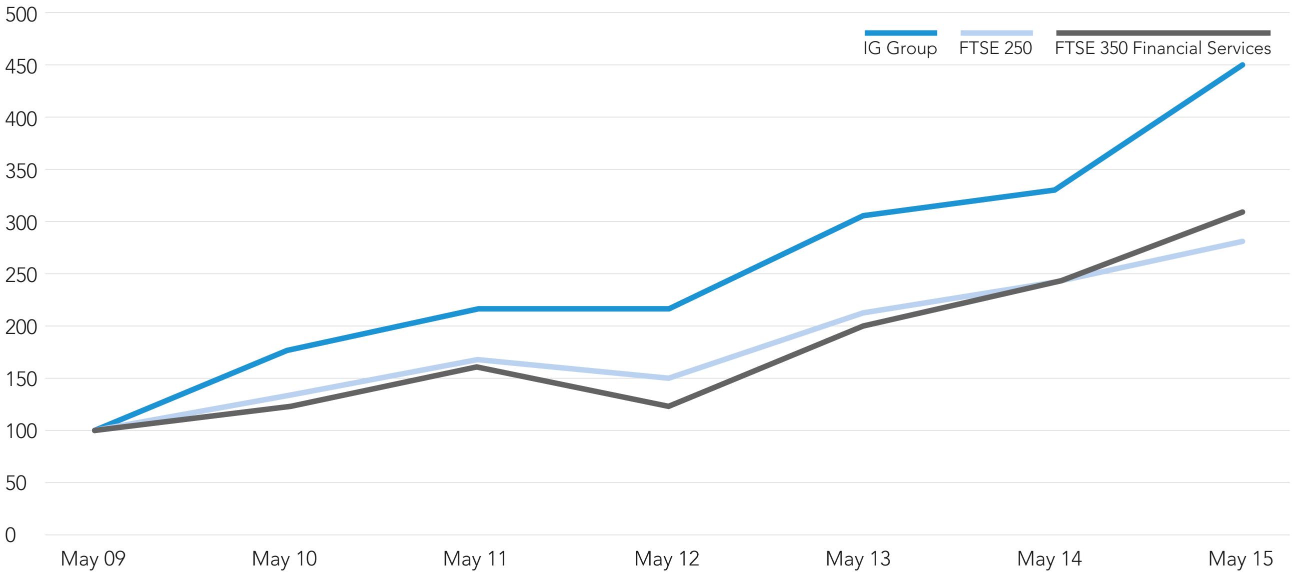
	IG Group Long Term Incentive Plan	
	Total number of votes	% of votes cast
For[1]	298,686,270	98.34%
Against	5,045,504	1.66%
Total	303,731,774	100%
Withheld	375,902	-

[1] For includes votes at the Chairman's discretion.

A majority (over 50%) of the votes cast was required for the resolutions to be passed, and all were duly approved by shareholders.

TOTAL SHAREHOLDER RETURN CHART

The chart below shows the Company's TSR performance compared with that of the FTSE 350 index. As IG Group is a member of this index, the committee believes it is appropriate to compare the Group's performance against it.



Source: Datastream (Thomson Reuters)

The graph represents the change in the value of a nominal investment of £100, made on 1 June 2009, in the Company and in the FTSE 350 index. The closing values at 31 May 2015 represent the value of each nominal holding at that date, and reflect the change in the share price and the value of dividend income reinvested over the period.

CHIEF EXECUTIVE – EARNINGS HISTORY

The five-year earnings history of the Chief Executive is shown in the table below:

Financial year	2010	2011	2012	2013	2014[2]	2015
Single-figure remuneration (£000)	1,628	1,141	2,201	1,103	1,970	1,519
Annual bonus outcome (% maximum)	100%	7%	99%	47%	–	–
LTIP vesting outcome (% maximum)	48%	40%	61%	–	–	–
VSP vesting outcome (% maximum)[1]	–	–	–	6%	3%	0%
SPP plan contribution (% maximum)[1]	–	–	–	–	54%	41%

(1) The SPP replaced the annual bonus and VSP schemes from the financial year ending 31 May 2014.

(2) The 2011 VSP awards had a performance period ending 31 May 2014. Half the awards vested on 22 July 2014 with the remaining vesting on 21 July 2015. The value of these awards provided in last year's remuneration report was based on an estimated share price. We have restated the amounts (now as 2014 prior year comparatives) using the actual share price on 22 July 2014 (619.5 pence, for half the awards) and the average three month share price for period ending 31 May 2015 (740.9 pence) for the remaining awards.

DIRECTORS' REMUNERATION REPORT
(CONTINUED)

IMPLEMENTATION OF REMUNERATION POLICY FOR THE FINANCIAL YEAR ENDING 31 MAY 2016

Base salaries

Base salaries for Executive Directors are reviewed annually by the committee. The Remuneration Committee decided to increase base salaries by 3% for the forthcoming year. Base salary is the only pensionable component.

The base salaries as at 1 June 2015 and increases from the prior year are:

	2015	2016	Increase
T A Howkins	£472,200	£486,400	3%
C F Hill	£330,500	£340,400	3%
P G Hetherington(1)	£354,300	£364,900	3%

(1) In 2015 P G Hetherington was paid a reduced pro rata salary of £283,400 calculated as 80% of his full-time equivalent salary of £354,300 to reflect his flexible working arrangements. In 2016, there is no pro rata reduction as P G Hetherington's flexible working arrangements will no longer apply.

Chairman and Non-Executive Directors' fees

The Chairman and Non-Executive Directors' fees were last reviewed in July 2014. There are no changes to fee levels for the forthcoming year and the fee levels for 2016 are:

- Chairman: £235,000 (unchanged from the financial year ended 31 May 2015). The fee was set by the committee after taking into account the experience of the individual and Chairman fee levels in the market).
- Non-Executive Director base fee: £55,000
- Chairman of the Audit Committee additional fee: £15,000
- Chairman of Board Risk Committee additional fee: £15,000
- Combined role of Chairman of the Remuneration Committee and Senior Independent Director fee: £15,000.
- The Chairman of the Nomination Committee will not receive an additional fee.

Benefits and pension

We will provide benefits and pension in line with the information set out in the Policy Table on page 72 (pension to a maximum of 15% of base salary, cash of equivalent value or a mixture of both).

Sustained performance plan

For the awards to be granted in respect of Plan Year 3, which will end on 31 May 2016, maximum opportunity of 500% of annual rate of base salary will apply for Executive Directors.

The performance targets for these awards are as follows:

MEASURE	FURTHER DETAIL	MEASUREMENT PERIOD (PLAN YEARS)	WEIGHTING
Diluted earnings per share	The committee has determined a sliding scale of targets that will apply for the financial year ending 31 May 2016.	Financial year ending 31 May 2016.	45%
Relative Total Shareholder Return	Performance is measured against constituents of the FTSE 350 excluding investment trusts. No part of this element will be awarded if performance is below median. 25% will be awarded for median, increasing on a straight-line basis, with full vesting for upper-quartile performance or better. The committee's discretion to scale back vesting will apply as set out in the Policy Report.	The two financial years ending 31 May 2016.	35%
Non-financial measures	The measures will include: • System reliability • Maintaining good standing with regulators • Customer satisfaction • Reputation and PR • Risk management • Execution and delivery of key strategic initiatives	Financial year ending 31 May 2016.	20%

The committee will ensure the EPS and non-financial targets are suitably stretching. We deem the EPS and non-financial measures themselves to be commercially sensitive, and will not disclose these prospectively. However, we will provide retrospective disclosure of the targets and performance against them in next year's remuneration report.

APPROVAL

This report was approved by the Board of Directors on 21 July 2015 and signed on its behalf by:

Roger Yates
Chair, Remuneration Committee

AUDIT COMMITTEE

Jim Newman, Chairman of the Audit Committee, gives his review of the committee's activities during the financial year.

CHAIRMAN'S OVERVIEW

During the year, the Audit Committee has maintained its focus on the integrity of financial reporting and supported the Board in carrying out its responsibilities in relation to the Group's financial reporting requirements, through reviewing the results and formal financial announcements. The ultimate responsibility for reviewing and approving the Annual Report and other externally reported financial information remains with the Board.

The committee again considered the appropriateness of the design and effectiveness of the Group's system of internal controls and governance over a wide range of regulatory and compliance-related matters. The committee also reviewed the quality of the external audit process, including the identified audit risks, the audit plan and reports from the Company's auditor.

In the prior year, as part of its overall consideration of the effectiveness of the Company's internal audit function, the committee received both an internal review against best practice guidance and commissioned an External Quality Assessment (EQA) performed by an independent external firm. The External Quality Assessment concluded that the Internal Audit Charter, policies and procedures 'generally conforms' to the IIA Standards and the Code of Ethics. This is the highest rating achievable in accordance with the IIA Standards. The review identified potential improvements which the committee considered – the detail of which is discussed later in the Internal Audit section.

In relation to financial reporting the committee's primary responsibilities are to review the appropriateness of the half-year and annual financial statements. Matters considered include the impact and disclosure of the Swiss franc related losses, the prior year restatements required following the mandatory adoption of and consequential changes to accounting policy required by IFRIC 21 and the primary areas of judgement – each of which are detailed later in this report.

The year ended 31 May 2015 is the final year that the Group's current audit partner will provide an opinion on the Group's Annual Report and Financial Statements as the mandatory rotation time limit of five years has been reached. For the financial year ending 31 May 2016 the Group will therefore have a new audit partner from PricewaterhouseCoopers. The Audit Committee Chairman and the Chief Financial Officer have worked with PricewaterhouseCoopers in order to ensure an effective transition.

The Audit Committee's terms of reference, which were amended in the prior year to reflect both the revised Corporate Governance Code and the establishment of the Board Risk Committee, are summarised below and can be found in full on the corporate website iggroup.com.

ROLE OF THE AUDIT COMMITTEE

In summary, the Audit Committee's terms of reference are to:

- Monitor the integrity of the Group's financial statements, including Annual and Interim Reports, preliminary results announcements and any other formal announcements relating to its financial performance, reviewing significant reporting issues and judgements which they contain
- Provide advice to the Board on whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance
- Review the continuing appropriateness of the Group's accounting policies
- Review the clarity of disclosures, ensuring the Group has made appropriate estimates and judgements in preparing all material information presented in the Annual Report
- Review an annual report from the Board Risk Committee on the Company's internal controls and Risk Management Framework
- Ensure there are suitable whistle-blowing arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters
- Review an assessment of the control environment, via internal audit reports, and progress on implementing both internal and external audit recommendations
- Monitor and review the internal audit function's effectiveness in the overall context of the Group's internal controls and risk-management systems
- Consider and approve the internal audit function's remit, ensure it has adequate resources and appropriate access to information, and that it has adequate standing and is free from management or other restrictions
- Review and assess the internal audit plan
- Consider and make recommendations to the Board on appointing, reappointing and removing the Company's external auditors, which are subject to shareholder approval
- Oversee the relationship with the external auditors, including approving the audit fee, non-audit fees and non-audit services policy, as well as assessing annually the external auditors' independence and objectivity and the effectiveness of the audit process
- Review the annual audit plan and the findings of the external auditors, including a discussion on major areas of audit focus, accounting and audit judgements and any errors identified during the audit
- After each committee meeting, make a formal report to the Board in which the Chairman of the Audit Committee describes the proceedings

The Company Secretary drafts the agenda for each committee meeting, ensuring that each item in the terms of reference is covered at least once in the financial year, and more frequently if required.

	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Chairman of the Audit Committee		
Martin Jackson*	1	1
Jim Newman	4	4
Independent Non-Executive Directors		
Roger Yates**	4	3
Sam Tymms	4	4
Andy Green***	4	4

* Martin Jackson stepped down as Chairman of the Audit Committee on 16 October 2014

** Roger Yates was unable to attend a rescheduled meeting

*** Andy Green attended by invitation

AUDIT COMMITTEE – MEMBERSHIP AND ATTENDANCE

All Audit Committee members are independent Non-Executive Directors who can draw on considerable, recent financial services experience.

The Chief Financial Officer, Chief Risk Officer, Head of Finance, Head of Internal Audit, Company Secretary and the external auditors attend the Audit Committee by invitation appropriate to the matters under consideration. Other Directors and representatives from the finance function and other areas of the business attend the Audit Committee as necessary.

The committee normally meets four times a year and as and when required. Separately, members of the committee also meet privately with the Head of Internal Audit and the external auditors to focus on respective areas of responsibility and to discuss any potential requirements for support from the committee to address any issues arising.

MAIN ACTIVITIES DURING THE FINANCIAL YEAR

Following the establishment of the Board Risk Committee during the prior year, responsibility for compliance, conduct risk, client money and fraud was passed to the Board Risk Committee.

In addition to discharging its responsibilities as described above, the committee focused on a number of key areas. The following summary of activities includes all areas covered by the Audit Committee during the financial year.

FINANCIAL REPORTING

In relation to financial reporting, the primary role of the committee is to work with management and the external auditors in reviewing the appropriateness of the half-year and annual financial statements. The committee discharged its responsibilities in this area through concentrating on, among other matters:

- Assessing the quality and acceptability of accounting policies and practices
- Ensuring disclosures are clear and compliant with financial reporting standards and relevant financial and governance reporting requirements
- Considering material areas in which significant judgements have been applied or there has been discussion with the external auditors
- Reviewing all formal financial announcements and financial statements prior to issuance
- Evaluating whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy

To aid this review, the committee has considered reports from the Chief Financial Officer and his team. It has also received reports from the external auditors on the outcomes of their half-year review and annual audit.

The committee considered and addressed the following disclosure or primary areas of judgement in relation to the Financial Statements for the year ended 31 May 2015:

Swiss franc related losses

The committee has received a paper from management setting out the rationale for the disclosures made in the Annual Report and financial statements associated with the losses incurred as a direct impact of the Swiss National Bank actions on the 15 January 2015. The ultimate impact on the Group's profit before taxation is dependent on the Group's ability to recover the remaining outstanding debt, the recovery of which is significantly dependent on a small number of individually large debtors. Management's paper included an analysis of the gross debt, the recoveries made as at 31 May 2015 and the provision for bad and doubtful debts recorded in the financial statements. The Group's auditor also provided commentary on this matter to the committee.

IFRIC 21

As disclosed in note 41 to the Financial Statements IFRIC 21 is mandatory for the Group's 31 May 2015 year-end. IFRIC 21 gives guidance as the obligating event that gives rise to the liability to pay a levy, in the case of the Group this is applicable to the United Kingdom's Financial Services Compensation Scheme levy (FSCS levy) at 1 April each year. This interpretation is retrospective and accordingly requires restatement of the comparative information.

The committee has received a paper from management setting out the technical accounting analysis, the impact of the guidance on the Group's recognition of the FSCS levy and the consequential restatement of the prior year information. The Group's auditor also provided commentary on this matter to the committee.

Goodwill

In accordance with accounting standards the Group is required to review any goodwill balances for impairment and consider the underlying assumptions involved in calculating the value-in-use of separate parts of the business known as cash-generating units (CGUs). The committee observed that a significant proportion of the Group's goodwill relates to the UK, Australian and South African CGUs, for which both the single-year profit for the year ended 31 May 2015 and that included in the Board-approved budget for the year ending 31 May 2016 are greater than the carrying value of the associated goodwill. Accordingly, the goodwill impairment reviews of these CGUs are not considered to contain material or significant judgements.

Therefore the key judgement in terms of goodwill impairment reviews relates to the underlying assumptions used in calculating the US CGU's value-in-use. The US CGU comprises both the Nadex exchange and the associated market-making business (the 'Nadex business') as well as the wider commercial use of the exchange technology within the Group. The Nadex business remains in the early stages of development and while significant progress has been made during the year, it has continued to be loss-making. Accordingly, the Audit Committee received a paper from management setting out the financial forecasts for both the Nadex exchange business and the platform savings associated with the wider use of the exchange technology within the Group. This paper set out the key assumptions used in the impairment review and an associated sensitivity analysis.

The committee also considered the development of the Nadex business through the year ended 31 May 2015. This included advances in the platform and product offering, increased levels of client acquisition and volumes traded, the additional liquidity resulting from the new market-maker to the exchange and the continued commitment by management to ensure the US business has the investment it needs to reach profitability. The committee also reviewed detailed financial forecasts and assumptions. In addition, the Group's auditor provided commentary on the matter to the committee.

Useful economic life of intangible fixed assets

The Group is required to make judgements regarding the useful economic life and carrying value of all its acquired and internally developed software and licences and domain names. During the year, the Group continued to invest in the technology platform, domain names and industry-specific generic top-level domains and to consolidate the online presence around the IG.com website. As at 31 May 2015, the Group had £6.1 million of domain assets in the Group balance sheet that are amortised over a ten-year useful economic life. As there is a risk of obsolescence for such assets, the committee reviewed a report from management detailing the financially significant intangible assets, the rationale for their useful economic life, their continued use within the business and their remaining carrying value.

Corporation tax

Calculating the Group's current corporation tax charge involves a degree of estimation and judgement, as the tax treatment of certain items 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 Group's overall profitability and cash flows in future periods. The committee reviewed a report from management that detailed the assumptions made in calculating the Group's current corporation tax charge and provisions. The Group's auditor also provided commentary on this matter to the committee.

EXTERNAL AUDIT

The committee is responsible for making recommendations on the appointment, reappointment and removal of external auditors, and for assessing and agreeing the fees payable to the Company's auditor (both audit and non-audit fees). The committee is also responsible for reviewing the audit plans and reports from the external auditors. The main activities undertaken in relation to the external audit are summarised below.

Audit tendering and rotation

The Company's external audit was last re-tendered in 2010, resulting in a change of external auditors to PricewaterhouseCoopers LLP for the financial year ended 31 May 2011. In line with the requirement to rotate the senior statutory auditor, the Company's current audit partner will rotate after the audit of the year ended 31 May 2015 is complete. Having recently conducted a full audit-firm tender exercise, provided it remains satisfied with the external audit process, the committee anticipates that the next formal re-tender process will be for the audit of the year ending 31 May 2021. This is in line with the UK Corporate Governance Code and will comply with the transitional requirements of both the EU and the Competition and Markets Authority, subject to the final UK implementation of the EU requirements.

Oversight of the external audit

The effectiveness of the external audit process depends upon appropriately identifying risks at the start of the audit cycle, and consequently the committee receives a detailed audit plan from the auditor, on an annual basis, identifying its assessment of the key audit risks. International audit standards require that the risk of override of internal controls is assumed to be a significant audit risk. In the auditors' assessment, the primary audit risk identified to the Financial Statements concerned management override of internal controls, including both information technology as well as manual controls. The work performed in this area by the audit firm is detailed in its audit opinion.

The risk associated with information technology relates to super-user access to certain legacy areas of the Group's trading system. The committee reviewed reports from management and internal audit on the design, operation and ongoing monitoring of a number of key controls designed to mitigate the risks associated with the super-user access. Additionally, the committee assessed whether the audit process addressed these matters effectively through the reporting received from the auditor during the audit cycle. Management considers the risk in this area to have been appropriately managed. The committee concurs with this view. The committee has also considered the auditors' report on the potential override of internal controls, including the results of additional substantive audit procedures and manual journal testing undertaken.

The auditors' also assessed counterparty credit risk to be an elevated audit risk, both in terms of financial institution credit risk and also client credit risk. This later element being particularly highlighted by the Swiss franc related debtors realised during the year.

With regards to financial institution credit risk the committee has reviewed a paper from management and additionally the risk disclosures within note 36 to the Financial Statements that set out the control framework and policies and procedures for the management of credit and associated concentration risk by the Group. As a key business risk to the Group the committee considers an appropriate control framework with regards to financial institution credit risk, overseen by the Board Risk Committee has been established. Additionally, the committee assessed whether the audit process addressed these matters effectively through the reporting received from the auditor during the audit cycle. Both management and the audit firm consider the financial statement risk in this area to have been appropriately managed. The committee concurs with this view.

With regards to client credit risk, this principally arises where the client total funds deposited with the Group are insufficient to cover any trading losses incurred and can arise where there are significant and sudden movements in a market. From a financial reporting viewpoint, material client credit risk only arises post client losses being incurred, as is the case with the Swiss franc related losses. As stated earlier, the committee has

AUDIT COMMITTEE
(CONTINUED)

received a paper from management setting out an analysis of the gross debt, the recoveries made as at 31 May 2015 and the provision for bad and doubtful debts recorded in the financial statements. Both management and the audit firm consider the financial statement risk in this area to have been appropriately managed. The committee concurs with this view.

The committee also holds private meetings with the external auditor through the year as an additional opportunity for open dialogue and feedback from both the committee and the auditor without management being present.

Effectiveness of the external auditors
Having performed a review of the external auditors during the year, the committee is satisfied with their effectiveness. The committee noted that the Company's current audit partner will rotate after the audit for the year ended 31 May 2015 is complete, and that the replacement partner and handover process remain key to the external auditors' continued effectiveness.

Audit and audit-related fees
Details of the Group's audit and audit-related fees for the year ended 31 May 2015 are disclosed in note 6 to the Financial Statements. Audit-related fees include the statutory audit of the Group and its subsidiaries, as well as audits required due to the regulated nature of our business. Also included therein are fees associated with the ISAE 3000 controls opinion relating to the Group's processes and controls over client money segregation.

During the year, the committee reviewed and approved a recommendation from management on the Company's audit and audit-related fees.

Non-audit fees
To safeguard the objectivity and independence of the external auditors from becoming compromised, the committee has a formal policy governing the engagement of the external auditors to provide non-audit services. This year, the committee again reviewed the Group's policy governing non-audit work, details of which are provided on the corporate website.

The policy makes an important distinction between 'audit-related services' and all other 'non-audit services'.

The underlying rationale for this is because a number of 'audit-related services' are specifically required of the Group's auditors, through regulatory, legislative or contractual obligations in addition to the statutory audit services. The policy also sets out the considerations and safeguards that are required in relation to non-audit services provided by the auditors, and the specific services the auditors are precluded from providing. Additionally, the policy sets out certain permitted services for which the committee has pre-approved management to engage the auditors.

This approval is subject to the policies set out above, and to specified fee limits for individual engagements, as well as the reporting requirements for all non-audit services to the committee. There were no exceptions to this policy during the year.

Since appointing PricewaterhouseCoopers LLP as auditors, the Group has established and developed relationships with a number of independent advisory and assurance firms which provide alternatives to engaging the audit firm. During the year, PricewaterhouseCoopers has performed non-audit services in accordance with the non-audit policy. The committee has monitored PricewaterhouseCoopers to ensure that under no circumstances has work been performed which affects its independence. This was done by carefully assessing the nature of all non-audit work performed, reviewing a summary of all the non-audit fees paid during the year, evaluating the non-audit policy and ensuring that appropriate safeguards were in place for each non-audit engagement. The committee also requested and received an explanation from PricewaterhouseCoopers of its own in-house independence process.

During the year, non-audit fees of £0.9 million were paid to PricewaterhouseCoopers as discussed in note 6 to the financial statements. These principally related to tax compliance and filing; corporate, structuring and sales-related tax advice; regulatory advice and strategic advice to the board. All contracts for non-audit services in excess of £0.1 million require committee approval. Below this level, the Chairman of the Audit Committee is notified of new instructions for the delivery of non-audit services. Firms other than the auditors have been engaged, following a competitive tender process for the provision of a wide range of non-audit services, including transfer pricing, tax advisory services related to new business offerings and changes to regulation, tax compliance services, risk and regulatory advice.

INTERNAL AUDIT
The internal audit function provided the committee with a summary report including internal audit reports and recommendations in line with the internal audit plan for the financial year. In addition, in the light of potential improvements highlighted by the EQA, the function provided additional updates on specific areas throughout the year. The main areas of focus have been regulatory and operational in nature. The committee monitored progress on the implementation of the audit recommendations raised by the internal audit function, and the effectiveness of the coordination between internal and external audit.

The committee reviewed the three-year rolling risk-based internal audit plan including improvements as a result of the EQA and considered the resources and skills allocated to the internal audit function in order to execute the plan. The plan consists of various different types of audit which require different skills in order to provide adequate coverage across the Group.

In the current year, internal audit resource was further supplemented with functional specialism from external advisory firms, and a Regulatory Internal Audit Manager was recruited to provide more focus on regulatory risk. This in-house specialism is in addition to the IT Internal Audit Manager who focuses on internal audits of the IT department and provides assurance over technology risks. For the forthcoming year, the committee has again authorised investment both in internal audit resource and in external expertise. This will enable the delivery of the planned audits with support from external specialists. The Audit Committee considers this investment will ensure that resources remain sufficient to provide adequate coverage of the Group's risks, while retaining flexibility to address new risks as they arise over the three-year plan period.

All of the improvements from the External Quality Assessment performed by an independent external firm have now been introduced into the internal audit function to the satisfaction of the Audit Committee.

INFORMATION TECHNOLOGY CONTROLS

The Group's operations are heavily dependent on information technology (IT), and accordingly the committee has reviewed internal audit reports on IT controls and assessments of external penetration tests and cyber risk. All of these have been supported or performed by external specialists.

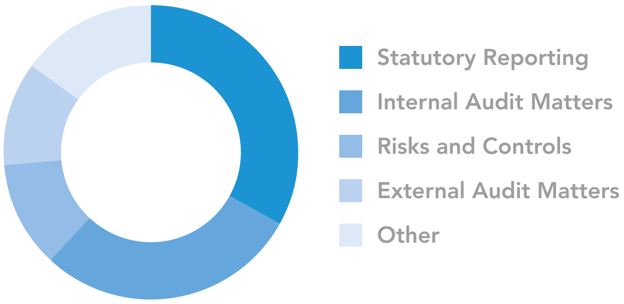
AUDIT COMMITTEE EFFECTIVENESS

During the year, the committee undertook a questionnaire-based review of its own effectiveness. The evaluation process was externally facilitated by Lintstock Limited as part of the overall annual Board effectiveness review. The review concluded that the committee was effective and its performance was highly rated. For the committee to continue to perform effectively, there was the need to ensure that the balance of competencies on the committee is maintained when members depart. In addition, the committee should continue its enhancement of the quality of the internal audit programme and its liaison with the Board Risk Committee.

Jim Newman
Chairman, Audit Committee
21 July 2015

AUDIT COMMITTEE ALLOCATION OF TIME

The following chart highlights how the committee spent its time during the year ended 31 May 2015.



BOARD RISK COMMITTEE

Stephen Hill, Chairman of the Board Risk Committee, gives his review of the committee's activities during the financial year.

CHAIRMAN'S OVERVIEW

The Board Risk Committee was formed in 2014 and, in its first full year of operation, has proven to be a useful resource in providing the Board with further opportunity to review and challenge the Group's risk management framework in relation to current and potential risk exposures. During the year, as well as the continual review of the main risk documents, including the Risk Appetite Statement, the ICAAP and the ILAA, the committee considered the impacts of the Swiss franc event and the resultant changes to our approach to managing the risks associated with such an event.

ROLE OF THE BOARD RISK COMMITTEE

The committee's key responsibilities are to:

- Consider and recommend for approval by the Board, the Risk Appetite Statement (RAS) and Key Risk Indicators (KRIs) for the current and future strategy
- Monitor, review and challenge the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment (ILAA). This includes stress-testing, the liquidity and regulatory capital positions of the Group, the size of the liquidity and capital buffers, and the appropriateness of management mitigation actions
- Ensure rigorous stress-testing and scenario-testing of the Group's business and receive reports that explain the impact of identified risks and threats
- Ensure risk mitigation consistent with our risk appetite is in place
- Review the Group's major risk exposures
- Consider the adequacy and effectiveness of the technology infrastructure and supporting documentation in the Risk Management Framework
- Provide input to the Remuneration Committee on the risk implications of the remuneration policy
- Review the scope and nature of the work undertaken by the control functions in connection with business model and industry risks, and specifically regulatory, compliance, client money, anti-money-laundering and conduct risks
- Review and approve the statements to be included in the Annual Report concerning controls and risk management
- Review and monitor risk-related control recommendations to ensure they are being actioned appropriately

The full Terms of Reference for the committee can be found on the Company's website, iggroup.com

BOARD RISK COMMITTEE – MEMBERSHIP AND ATTENDANCE

The Board Risk Committee is composed of independent Non-Executive Directors and the table on the next page shows the committee members during the year and their attendance at committee meetings.

The committee is scheduled to meet four times a year and additionally as and when required. The committee's recommendations are referred to the Board and matters discussed by the committee are reported to the Board at Board meetings.

The Chairman of the Company, the Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, Global Head of Legal and Compliance, Head of Internal Audit and Deputy Company Secretary all attend the Board Risk Committee by invitation. Other Directors, representatives from the finance function and other areas of the business attend the Board Risk Committee appropriate to the matter under consideration.

ACTIVITY DURING THE FINANCIAL YEAR

The committee met three times during the year. To ensure the committee discharges its responsibilities appropriately, an annual work plan is set around the committee's Terms of Reference and was approved by the committee at the start of the year. The Company Secretary assists the Chairman of the committee in drafting the agenda for each committee meeting.

During the year, the committee reviewed updates to the ICAAP and the ILAA, approved the scenarios and assumptions for internal stress testing and recommended the documents to the Board for approval.

The Swiss franc strengthened dramatically following the removal of the peg by the Swiss National Bank in January and, as a result, IG incurred a market loss of £11.8 million and booked a provision for bad debts of £15.1 million. The Risk Committee reviewed how the business had responded to this event and, in particular, considered how the dealing, market and credit risk management systems and frameworks had functioned in response to such a stress.

The committee was clear that the outcome was within IG's overall risk appetite, albeit at the higher end, but challenged management in its modelling of stress scenarios. A number of changes were made to margins on indices and currencies as a result.

The committee also provided input to the Remuneration Committee on the risks associated with the Group's remuneration policy, paying particular attention to the design and monitoring of sales-incentive schemes.

The committee received the annual report from the Client Money Committee, and also reviewed the risks and processes around client money in relation to potential new business and product developments. The internal audit function also provided updates on the risks highlighted in its reports.

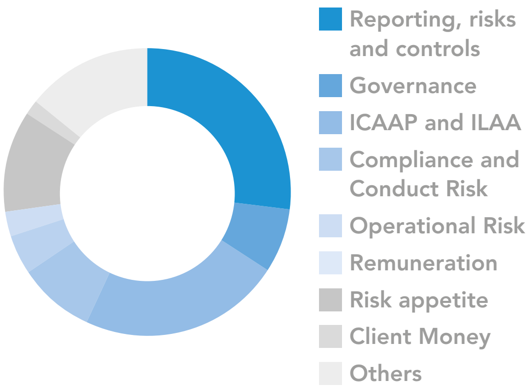
The committee received an environmental risk report focusing on risks which are outside the Company's control but could have a negative impact on the business.

Such risks include political risks such as the impact of the exit of the UK from the EU, and other associated regulatory risks. In addition, the committee reviewed reports from the Compliance function on the department's activities around compliance monitoring, conduct risk, money laundering. The committee also received briefings on current regulatory themes.

	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Chairman of the Board Risk Committee		
Stephen Hill	3	3
Independent Non-Executive Directors		
Roger Yates	3	3
Sam Tymms	3	3
Jim Newman	3	3
Andy Green*	3	3

* Andy Green attended by invitation

BOARD RISK COMMITTEE ALLOCATION OF TIME



During the year, a review of the committee's effectiveness and performance was performed without significant issues.

Stephen Hill
Chairman, Board Risk Committee
21 July 2015

DIRECTORS' REPORT

The Directors are pleased to submit their report, together with the Group Financial Statements for the year ended 31 May 2015.

The Directors' Report comprises pages 102 to 104 of this report, together with the sections of the Annual Report incorporated by reference.

The Companies Act 2006 ('the Act') requires the Directors to present a Strategic Report in the Annual Report and Accounts. This information can be found on pages 10 to 53.

The Company has chosen, in accordance with section 414 C(11) of the Act and as noted in this Directors' Report, to include certain matters in its Strategic Report that it would otherwise be necessary to disclose in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

In compliance with the Disclosure and Transparency Rules (DTR) 7.2.1, the disclosures required by DTR 7.2.2 to 7.2.7 are set out in this Directors' Report and in the Corporate Governance Report on pages 54 to 109 which, together with the Statement of Directors' Responsibilities, is incorporated by reference into this Directors' Report.

ACCOUNTABILITY AND AUDIT

A statement of the Directors' responsibilities in respect of the Financial Statements is set out immediately prior to that section of the Annual Report, on page 105, and a statement regarding the use of the going-concern basis in preparing these Financial Statements is provided later in this report.

The Independent Auditors' Report, which sets out the auditors' reporting responsibilities, can be found on pages 106 to 109.

PROFIT AND DIVIDENDS

The Group's statutory profit for the year after taxation amounted to £131,933,000 (2014: £147,156,000), all of which is attributable to the equity members of the Company (2014: £147,156,000).

The Directors recommend a final ordinary dividend of 19.70 pence per share, amounting to £71,843,000, making a total of 28.15 pence per share and £102,660,000 for the year. Dividends are recognised in the Financial Statements for the year in which they are paid or, in the case of a final dividend, when approved by the shareholders. The amount recognised in the Financial Statements, as described in note 12, includes this financial year's interim dividend and the final dividend from the previous year, both of which were paid.

The final ordinary dividend, if approved, will be paid on 30 October 2015 to those shareholders on the register at 02 October 2015.

OPERATIONS OUTSIDE THE UNITED KINGDOM

In line with our strategic objectives, the Group has branches in Australia, South Africa, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Ireland, Spain and Sweden. It has operating subsidiaries in the US, Singapore, Japan, Australia, India, Switzerland, Dubai and Belarus.

REVIEW OF BUSINESS AND LIKELY FUTURE DEVELOPMENTS

We provide a review of the Group's progress, outlining developments during the year and giving an indication of likely future developments, in the Strategic Report on pages 10 to 53. The Strategic Report also covers an analysis of the financial position of the Group at the year-end, and information about our Key Performance Indicators.

ARTICLES OF ASSOCIATION

The Company's articles of association ('the Articles') are available from the Group's website, iggroup.com, or by writing to the Company Secretary at the Group's registered office. The Articles can also be obtained from the UK Registrar of Companies. Amendments to the Articles can only be made by means of a special resolution at a general meeting of the Company's shareholders.

BOARD OF DIRECTORS AND THEIR INTERESTS

Details of the Directors who held office at the end of the year are set out on pages 56 to 57 and are incorporated into this report by reference. We provide information about the Directors' service contracts, and their interests in the share capital of the Company, in the Directors' Remuneration Report on pages 70 to 93.

During the year, Jonathan Davie and Martin Jackson stepped down as Chairman and Non-Executive Director respectively on 16 October 2014. On this date, Andy Green, who joined the Board as Deputy Chairman on 9 June 2014, became Chairman of the Group. Roger Yates and Tim Howkins will retire from the Board at the Company's Annual General Meeting (AGM) on 15 October 2015.

APPOINTMENT AND RETIREMENT OF DIRECTORS

The appointment and retirement of Directors is governed by the Articles, the UK Corporate Governance Code ('the Code'), the Companies Act 2006 and related legislation. The Board has the power to appoint any person as a Director to fill a casual vacancy or as an additional Director, provided the total number of Directors does not exceed the maximum prescribed in the Articles. Any such Director holds office only until the next AGM, and is then eligible to offer himself or herself for election.

The Articles also require that all those Directors who have been in office at the time of the two previous AGMs, and who did not retire at either of them, must retire as Directors by rotation. Such Directors are eligible to stand for re-election. However, in line with the Code's recommendation that all directors of FTSE 350 companies should be subject to annual election, all our Directors will stand for re-election at the 2015 AGM with the exception of Roger Yates and Tim Howkins, who are retiring from the Board.

DIRECTORS' CONFLICTS OF INTEREST

In accordance with the Companies Act 2006, all Directors must disclose both the nature and extent of any potential or actual conflicts with the interests of the Company. We explain the procedure for this in the Board section, on page 61.

INSURANCE AND INDEMNITIES

The Group has Directors' and Officers' liability insurance in place, providing appropriate cover for any legal action brought against its Directors. Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 May 2015. At the date of approval of the financial statements these provisions remain in force for the benefit of the Directors, in relation to certain losses and liabilities which they may incur (or have incurred) to third parties in the course of acting as Directors of the Company.

RESEARCH AND DEVELOPMENT

In the ordinary course of business, the Company regularly develops new products and services.

GREENHOUSE GAS (GHG) EMISSIONS

Information on the required disclosure of the Group's GHG emissions for the year ended 31 May 2015 is set out in the Strategic Report on page 37.

POLITICAL DONATIONS

The Company made no political donations to political organisations or independent election candidates and incurred no political expenditure in the year (2014: £nil).

EMPLOYEE INVOLVEMENT

The Company is fully committed to involving employees in all aspects of the business. Detailed information on employee engagement can be found on page 35 of the Strategic Report.

EMPLOYEES WITH DISABILITIES

We give full and fair consideration to applications for employment from people with disabilities. Information on the Company's policy on employing people with disabilities can be found on page 33 of the Strategic Report.

SHARE CAPITAL

The Company has three classes of shares: ordinary shares, B shares and preference shares. As at 31 May 2015, the Company's issued shares comprised 366,157,776 ordinary shares of 0.005p each, 65,000 B shares of 0.001p and 40,000 preference shares of £1.00 each. Details of movement in the Company's share capital and rights attached to the issued shares are given in notes 26 and 27 to the Financial Statements. Information about the rights attached to the Company's shares can also be found in the Articles. Details of the Group's required regulatory capital are disclosed in note 37 to the Financial Statements.

VARIATION OF RIGHTS

Subject to the provisions of applicable statutes, the rights attached to any class of shares may be varied either with the consent in writing of the holders of at least three-quarters in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the shares of that class.

RESTRICTIONS ON TRANSFER OF SECURITIES

There are no specific restrictions on the transfer of securities in the Company, other than as contained in the Articles and certain laws or regulations, such as those related to insider trading, which may be imposed from time to time. The Directors and certain employees of the Company are required to obtain the Company's approval prior to dealing in the Company's securities. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

EXERCISE OF RIGHTS OF SHARES IN EMPLOYEE SHARE SCHEMES

The trustees of the Employee Benefit Trust do not seek to exercise voting rights on shares held in the employee trusts, other than on the direction of the underlying beneficiaries. No voting rights are exercised in relation to shares unallocated to individual beneficiaries.

POWERS OF THE DIRECTORS TO ISSUE OR PURCHASE THE COMPANY'S SHARES

The Articles permit the Directors to issue or repurchase the Company's own shares, subject to obtaining shareholders' prior approval. The shareholders gave this approval at the 2014 AGM. The authority to issue or buy back shares will expire at the 2015 AGM, and it will be proposed at the meeting that the Directors be granted new authorities to issue or buy back shares. The Directors currently have authority to purchase up to 36,606,154 of the Company's ordinary shares. However, the Company did not repurchase any of its ordinary shares during the year.

During the year, the Company instructed the trustee of the Employee Benefit Trust to purchase shares in order to satisfy awards under the Group's share-incentive plan schemes. The Company also issued shares in respect of long-term incentive plan and value-sharing plan schemes. Details of the shares held by the Group's Employee Benefit Trusts and the amounts paid during the year are disclosed in note 28 to the Financial Statements.

MAJOR INTEREST IN SHARES

Information provided to the Company by major shareholders pursuant to the Financial Conduct Authority (FCA)'s Disclosure and Transparency Rules (DTRs) is published via a Regulatory Information Service and is available on the Company's website. The following information has been received, in accordance with DTR5, from holders of notifiable interests

DIRECTORS' REPORT
(CONTINUED)

in the Company's issued share capital. It should be noted that some of these holdings may have changed since the Company received the notification. Holders are not required to notify the Company of any change until the next applicable threshold is reached or crossed.

	31 May 2015	
	No. of shares	Percentage
Massachusetts Financial Services Company	36,584,986	10.00%
Artemis Investment Management LLP	18,806,983	5.15%
Black Rock Inc.	18,313,343	5.01%
Cantillon Capital Management LLC	18,258,919	4.99%
Prudential PLC Group of Companies	11,066,471	3.00%

The company was informed of the following movement of notifiable interest between 31 May 2015 and 20 July 2015.

	20 July 2015	
	No. of shares	Percentage
Allianz Global Investors GmbH	18,303,673	4.99%

CHANGE OF CONTROL

Following any future change of control of the Company, the Group's banking facilities, which are currently undrawn (refer to note 18 of the Financial Statements), will be cancelled, and any obligations will become immediately due and payable.

There are no agreements between the Company and its Directors or employees providing for compensation on any loss of office or employment that occurs because of a takeover bid. However, options and awards granted to employees under the Company's share schemes and plans may vest on a takeover, under the schemes' provisions.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group is exposed to a number of business risks in providing products and services to its clients. The Board is responsible for establishing the overall appetite for these risks, which is detailed and approved in the Risk Appetite Statement. Our Risk Management Framework is supported by a system of internal controls designed to embed the management of business risk throughout the Group. We outline the risks to which the Group is exposed and our Risk Management Framework, including a description of its system of internal controls, in the Managing Our Business Risk section of the Strategic Report.

FINANCIAL INSTRUMENTS

Details of our use of financial instruments and financial risk management are set out in note 35 and 36 to the Financial Statements.

RELATED-PARTY TRANSACTIONS

Details of related-party transactions are set out in note 34 to the Financial Statements.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 15 October 2015. We set out details of the resolutions to be proposed at the AGM in a separate circular sent to all shareholders.

INDEPENDENT AUDITORS

Resolutions to reappoint PricewaterhouseCoopers LLP as the Company's auditors and to authorise the Directors to determine their remuneration will be put to shareholders at the AGM on 15 October 2015.

GOING CONCERN

The Directors have prepared the Financial Statements on a going-concern basis, which requires them to have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Directors have reviewed the Group's processes for controlling the financial risks to which it is exposed, its available liquidity, its regulatory capital position and the annual budget. As a result of this review, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going-concern basis in preparing the Financial Statements.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Each Director has taken all the steps that he or she is obliged to take as a Director in order to make himself or herself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance with and subject to these provisions.

SUBSEQUENT EVENTS

As a result of a review of our contingent liquidity requirements and upon approval from the Executive Risk Committee, we have renegotiated and reduced our liquidity facility from £200.0 million to £160.0 million. Further details are set out in Note 19(e) to the Financial Statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

The Companies Act 2006 requires the Directors to prepare Financial Statements for each financial year. Under this law, the Directors have prepared the Group and parent company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these Financial Statements, the Directors have also elected to comply with IFRSs issued by the International Accounting Standards Board (IASB).

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company, and of the Group's profit or loss for that financial year. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable IFRSs as adopted by the European Union and IFRSs issued by the IASB have been followed, subject to any material departures disclosed and explained in the Financial Statements
- Prepare the Financial Statements on a going-concern basis, unless it is inappropriate to presume that the Company will continue in business

Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors are responsible for ensuring that the Company keeps adequate accounting records. These records must be sufficient to show and explain the Company's transactions and disclose the financial position of the Company and the Group with reasonable accuracy at any time. They must also enable the Directors to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

The Directors are responsible for safeguarding the assets of the Company and the Group, and for taking reasonable steps to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Group's website is also the Directors' responsibility.

RESPONSIBILITY STATEMENT

It is the Directors' opinion that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate Governance Report, confirms that, to the best of their knowledge:

- The Financial Statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole
- The Strategic Report and the Directors' Report included within this Annual Report provide a fair review of the business's development and performance, the Company's position and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Group faces

On behalf of the Board:

Christopher Hill
Chief Financial Officer
21 July 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IG GROUP HOLDINGS PLC

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- IG Group Holdings plc's Group Financial Statements and the Company Financial Statements (the 'Financial Statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 May 2015 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- The Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- The Company Financial Statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

What we have audited

IG Group Holdings plc's Financial Statements comprise:

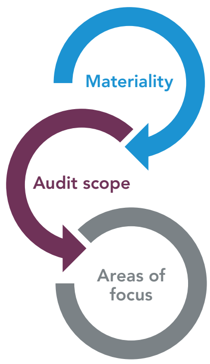
- The Group and Company Statements of Financial Position as at 31 May 2015;
- The Group income Statement and the Group statement of comprehensive income for the year then ended;
- The Group and Company Cash Flow Statements for the year then ended;
- The Group and Company Statements of Changes in Equity for the year then ended; and
- The notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Financial Statements is applicable law and IFRSs as adopted by the European Union and, as regards the Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

Overview

We present below an overview of our audit approach, the details of which are considered within our audit report:



• Overall Group materiality: £8.5 million which represents 5% of profit before tax.
• The majority of the audit work was performed by the Group audit team in London. • Specific procedures were carried out by overseas teams where necessary.
• Risk of management override of internal controls, incorporating Information Technology. • Counterparty credit risk.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the Financial Statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the Financial Statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Risk of management override of internal controls, incorporating Information Technology International Standards on Auditing (UK & Ireland) (ISAs (UK & Ireland)) require that we consider this as a significant risk as management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent Financial Statements by overriding controls that otherwise appear to be operating effectively. Although management is responsible for safeguarding the assets of the business, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the Financial Statements and accounting records. Specifically in relation to Information Technology, the risk relates to super user access to the Universe, the main client ledger system, by certain individuals in order to perform their role. Those individuals have an opportunity to commit and conceal fraud.	We tested the fraud risk assessment performed by management and the prevention and detection controls in place in the Group with no exceptions noted from our testing. We tested the appropriateness and authorisation of journal entries that we identified as unusual and no issues arose from this work. We examined significant one-off transactions and considered their accounting treatment with no significant exceptions arising. We also incorporated an element of unpredictability into our testing approach. We understood and tested key controls in place over financial information. Specifically, in relation to information technology, we performed testing over the IT general controls in Universe, including access rights. Additionally we tested the controls mitigating the risks relating to super-user access including controls that would identify unexpected changes to data which could impact the Financial Statements and reconciliations of Universe reports to external third party sources including broker and bank reconciliations. We noted no significant issues arising.
Counterparty credit risk The Group is exposed to counterparty credit risk when placing cash with banks and brokers and individual client counterparty credit risk. The removal of the link of the Swiss franc to the euro in January resulted in significant provision for bad debts relating to individual clients for the Group at the year end.	We inspected the Group's credit policy and tested the effectiveness of the ongoing monitoring which includes ensuring balances held with counterparties are within the levels approved by the Executive Risk Committee and checking for changes in the short term and long term credit worthiness of institutional counterparties. No significant were identified through this work. We tested on a sample basis the credit worthiness of institutional counterparties to external rating agency reports. No exceptions were noted from this work. We performed controls and substantive testing over cash and broker reconciliations. We noted no significant issues arising. We read and understood the bad debt provisioning policies and checked that these were consistent with prior year. Where this was not the case, we understood the rationale for any change and considered whether new methodologies are appropriate. We reperformed the calculation of the provision to calculate the expected recovery and value within the Financial Statements, and no issues were noted in the testing. We understood the basis and assumptions used by management for the provisioning of the Swiss franc exposures. We considered the adequacy of this provision and noted no significant issues from our testing.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of a UK holding Company with a number of subsidiary entities and branches containing the operating businesses of both the UK and overseas territories. The accounting records for both the UK and overseas businesses are primarily maintained in the UK. As a result, the majority of the audit work was performed by the Group audit team in London, with certain, specific procedures carried out by overseas PwC engagement teams where necessary. This work was limited to payroll procedures in Australia and Singapore.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Overall Group materiality	£8.5 million (2014: £9.7 million).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	Consistent with last year, we applied this benchmark, a generally accepted audit practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £420,000 (2014: £450,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' Statement, set out on page 104, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' Statement, the directors have concluded that it is appropriate to prepare the Financial Statements using the going concern basis of accounting. The going concern basis presumes that the Group and the Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the Financial Statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
• Information in the Annual Report is: – materially inconsistent with the information in the audited Financial Statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the directors on page 105, in accordance with provision C.1.1 of the UK Corporate Governance Code ('the Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on page 96, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us
- The Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 105, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 an audit of Financial Statements involves

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- Whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- The reasonableness of significant accounting estimates made by the directors
- The overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Darren Ketteringham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 July 2015

FINANCIAL STATEMENTS

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 MAY 2015

	Note	Year ended 31 May 2015 £m	Restated* Year ended 31 May 2014 £m
Trading revenue[1]		422.1	407.9
Interest income on segregated client funds	3	4.9	5.8
Revenue		427.0	413.7
Interest expense on segregated client funds		(0.4)	(0.3)
Introducing partner commissions		(33.7)	(37.5)
Betting duty and financial transaction taxes[1]		(6.3)	(3.8)
Other operating income	3	0.6	2.1
Net operating income	4	387.2	374.2
Analysed as:			
Net trading revenue[1]	3	388.4	370.4
Other net operating income		(1.2)	3.8
Administrative expenses[1]	5	(217.6)	(178.8)
Operating profit		169.6	195.4
Finance income	8	1.8	1.5
Finance costs	9	(1.9)	(2.0)
Profit before taxation		169.5	194.9
Taxation	10	(37.6)	(47.7)
Profit for the year		131.9	147.2
Profit for the year attributable to owners of the parent		131.9	147.2
		131.9	147.2

Earnings per ordinary share	Note	2015	Restated*
Basic	11	36.13p	40.35p
Diluted	11	35.99p	40.22p

The notes on pages 116 to 177 are an integral part of these Financial Statements.

[1] The Group's trading revenue and net trading revenue have been negatively impacted by £12.2 million and £11.8 million respectively, betting duty and financial transaction taxes by £0.4 million and administrative expenses by £11.5 million, following the Swiss National Bank's announcement, on 15 January 2015, that it had ceased intervention in the exchange rate between the Swiss franc and euro. Please refer to note 2 for further details.

* As outlined in the Group Accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2015

	Year ended 31 May 2015		Restated* Year ended 31 May 2014	
	£m	£m	£m	£m
Profit for the year		131.9		147.2
Other comprehensive income/(expense):				
Items that may be subsequently reclassified to profit or loss:				
Change in value of available-for-sale financial assets	0.3		0.1	
Foreign currency translation income/(expense) on overseas subsidiaries	0.6		(6.5)	
Other comprehensive income/(expense) for the year, net of tax		0.9		(6.4)
Total comprehensive income for the year		132.8		140.8
Total comprehensive income attributable to owners of the parent		132.8		140.8
		132.8		140.8

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

The items of comprehensive income noted above are stated net of related tax effects.

The notes on pages 116 to 177 are an integral part of these Financial Statements.

* As outlined in the Group Accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

STATEMENTS OF FINANCIAL POSITION AT 31 MAY 2015

		Group			Company	
	Note	31 May 2015 £m	Restated* 31 May 2014 £m	Restated* 1 June 2013 £m	31 May 2015 £m	2014 £m
Assets						
Non-current assets						
Property, plant and equipment	13	13.3	13.0	14.5	–	–
Intangible assets	14	124.0	122.7	120.5	–	1.6
Investment in subsidiaries	15	–	–	–	479.8	471.6
Financial investments	21	75.5	32.2	–	–	–
Deferred tax assets	10	7.1	7.1	10.9	–	–
		219.9	175.0	145.9	479.8	473.2
Current assets						
Trade receivables	17	269.6	327.5	300.6	–	–
Prepayments and other receivables		12.2	12.2	10.3	202.8	135.7
Cash and cash equivalents	18	148.8	101.5	98.3	–	–
Financial investments	21	32.9	50.3	50.5	–	–
		463.5	491.5	459.7	202.8	135.7
TOTAL ASSETS		683.4	666.5	605.6	682.6	608.9
Liabilities						
Current liabilities						
Trade payables	22	17.7	21.9	19.0	–	–
Other payables	23	61.2	58.4	59.1	126.5	7.7
Income tax payable		13.1	20.3	24.3	–	–
		92.0	100.6	102.4	126.5	7.7
Non-current liabilities						
Redeemable preference shares	26	–	–	–	–	–
Total liabilities		92.0	100.6	102.4	126.5	7.7
Equity attributable to owners of the parent						
Share capital	27	–	–	–	–	–
Share premium	27	206.8	206.8	206.8	206.8	206.8
Other reserves	29	91.8	85.4	85.1	39.3	34.3
Retained earnings		292.8	273.7	211.3	310.0	360.1
Shareholders' equity		591.4	565.9	503.2	556.1	601.2
TOTAL EQUITY AND LIABILITIES		683.4	666.5	605.6	682.6	608.9

* As outlined in the Group accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.The opening balance sheet as at 1 June 2013 reflects the Group's restated closing balance as at 31 May 2013.

The financial statements on pages 110 to 177 were approved by the Board of Directors on 21 July 2015 and signed on its behalf by:

Tim Howkins
Chief Executive

Christopher Hill
Chief Financial Officer

Registered Company number: 04677092

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2015

Group	Share capital (note 27) £m	Share premium account (note 27) £m	Other reserves (note 29) £m	Retained earnings £m	Share-holders' equity £m	Non-con-trolling interests £m	Total equity £m
Restated* At 1 June 2013	–	206.8	85.1	211.3	503.2	–	503.2
Profit for the year	–	–	–	147.2	147.2	–	147.2
Other comprehensive expense for the year	–	–	(6.4)	–	(6.4)	–	(6.4)
Total comprehensive (expense)/income for the year	–	–	(6.4)	147.2	140.8	–	140.8
Equity-settled employee share-based payments (Note 30)	–	–	6.6	–	6.6	–	6.6
Utilisation of own shares	–	–	0.1	–	0.1	–	0.1
Equity dividends paid (Note 12)	–	–	–	(84.8)	(84.8)	–	(84.8)
Movement in equity	–	–	0.3	62.4	62.7	–	62.7
Restated* At 31 May 2014	–	206.8	85.4	273.7	565.9	–	565.9
Profit for the year	–	–	–	131.9	131.9	–	131.9
Other comprehensive income for the year	–	–	0.9	–	0.9	–	0.9
Total comprehensive (expense)/income for the year	–	–	0.9	131.9	132.8	–	132.8
Equity-settled employee share-based payments (Note 30)	–	–	5.3	–	5.3	–	5.3
Excess of tax deduction benefit on share-based payments recognised directly in equity (Note 10)	–	–	0.5	–	0.5	–	0.5
Purchase of own shares	–	–	(0.3)	–	(0.3)	–	(0.3)
Equity dividends paid (Note 12)	–	–	–	(112.8)	(112.8)	–	(112.8)
Movement in equity	–	–	6.4	19.1	25.5	–	25.5
At 31 May 2015	–	206.8	91.8	292.8	591.4	–	591.4

The notes on pages 116 to 177 are an integral part of these Financial Statements.

* As outlined in the Group accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2015

Company	Share capital (note 27) £m	Share premium account (note 27) £m	Other reserves (note 29) £m	Retained earnings £m	Total equity £m
At 1 June 2013	–	206.8	27.4	359.1	593.3
Profit for the year and total comprehensive income	–	–	–	85.8	85.8
Equity-settled employee share-based payments (note 30)	–	–	6.6	–	6.6
Utilisation of own shares	–	–	0.3	–	0.3
Equity dividends paid (note 12)	–	–	–	(84.8)	(84.8)
Movement in equity	–	–	6.9	1.0	7.9
At 31 May 2014	–	206.8	34.3	360.1	601.2
Profit for the year and total comprehensive income	–	–	–	62.7	62.7
Equity-settled employee share-based payments (note 30)	–	–	5.3	–	5.3
Purchase of own shares	–	–	(0.3)	–	(0.3)
Equity dividends paid (note 12)	–	–	–	(112.8)	(112.8)
Movement in equity	–	–	5.0	(50.1)	(45.1)
At 31 May 2015	–	206.8	39.3	310.0	556.1

The notes on pages 116 to 177 are an integral part of these Financial Statements.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MAY 2015

		Group		Company	
	Note	Year ended 31 May 2015 £m	Restated* Year ended 31 May 2014 £m	Year ended 31 May 2015 £m	Year ended 31 May 2014 £m
Cash generated from operations	20	210.4	176.5	112.8	85.8
Income taxes paid		(42.9)	(47.8)	–	–
Interest received on segregated client funds		4.9	6.0	–	–
Interest paid on segregated client funds		(0.4)	(0.3)	–	–
Net cash flow from operating activities		172.0	134.4	112.8	85.8
Investing activities					
Interest received		0.8	1.4	–	–
Purchase of property, plant and equipment		(6.0)	(3.4)	–	–
Payments to acquire intangible assets		(6.4)	(8.1)	–	–
Proceeds from maturity of financial investments and coupon receipts		51.3	59.4	–	–
Purchase of financial investments		(51.1)	(91.3)	–	–
Net cash flow used in investing activities		(11.4)	(42.0)	–	–
Financing activities					
Interest paid		(1.9)	(2.0)	–	(1.2)
Equity dividends paid to owners of the parent	12	(112.8)	(84.8)	(112.8)	(84.8)
Proceeds from drawdown of committed banking facility	19(c)	100.0	80.0	–	–
Repayment of committed banking facility	19(c)	(100.0)	(80.0)	–	–
Net cash flow used in financing activities		(114.7)	(86.8)	(112.8)	(86.0)
Net increase/(decrease) in cash and cash equivalents		45.9	5.6	–	(0.2)
Cash and cash equivalents at the beginning of the year		101.5	98.3	–	0.2
Exchange profit/(loss) on cash and cash equivalents		1.4	(2.4)	–	–
Cash and cash equivalents at the end of the year	18	148.8	101.5	–	–

* As outlined in the Group accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

For the purposes of the cash flow statement, cash and cash equivalents is stated gross of the drawdown of the committed banking facility (31 May 2015 and 31 May 2014: £nil). Please refer to note 19.

The notes on pages 116 to 177 are an integral part of these Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. PRESENTATION, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and judgements

The preparation of financial statements requires the Group to make estimates and judgements that affect the amounts reported for assets and liabilities, as at the year-end, and the amounts reported for revenues and expenses during the year. The nature of estimates means that actual outcomes could differ from those estimates.

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 (refer to note 16), the useful economic life applied to the intangible assets, the recoverability of amounts owed by clients and the calculation of the Group's current corporation tax charge (refer to note 10(b)).

The judgements in relation to the assessment of goodwill for impairment largely relate to the assumptions underlying the calculation of the value-in-use of the US cash generating unit (CGU). The US CGU comprises both the Nadex exchange and associated market making business (the 'Nadex exchange business') as well as the wider commercial use of the exchange technology within the Group. While the Nadex exchange business remains loss making, the wider commercial use of the technology by the Group provides other significant economic benefits, which taken alone support the carrying value of the goodwill. For this reason, the Directors consider that a reasonably possible change in a key assumption would not cause the units' carrying amount to exceed its recoverable amount. In the event of the Nadex exchange business failing to generate sufficient profits, the deferred tax asset of US$2.8 million held in relation to carry forward tax losses might suffer impairment.

The assessment of the useful economic life of the Group's internally developed and acquired software, licenses, domain name and generic top-level domain based intangible assets is judgemental and can change due to obsolescence as a result of unforeseen technological developments. The useful life for licences 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 products as well as anticipation of future events which may impact their useful economic life.

The recoverability of amounts owed by clients, particularly following the impact of the actions of the Swiss National Bank in January 2015, is dependent on the Group's ability to collect the remaining outstanding amounts from a small number of individually large debtors. Provisions have been made where the directors consider there is a risk of non-recoverability (refer to note 36((ii)b).

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 paid and could therefore improve the overall profitability and cash flows of the Group in future periods.

The measurement of the Group's net trading revenue is predominately based on quoted market prices (refer to note 35 for the financial instrument valuation hierarchy disclosures) 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. UNDERLYING RESULTS

The Directors regard the adjustment of exceptional items as detailed below necessary to provide a greater understanding of the results of the Group for the year.

NOTES TO THE FINANCIAL STATEMENTS

2(A) UNDERLYING PROFIT BEFORE TAX AND DILUTED EARNINGS PER SHARE

Exceptional items – Swiss franc event impact

On 15 January 2015, the Swiss National Bank announced that it had ceased intervention in the exchange rate between the Swiss franc and euro. This caused a sudden extreme appreciation in the value of the franc, accompanied by a lack of market liquidity which lasted several minutes and resulted in a negative financial impact to the Group to a maximum of £30.0 million. This was from a combination of £11.8 million of market losses and £18.4 million of gross client credit exposures. The market related losses occurred where client positions were closed in the Group's systems at a more beneficial level than the Group was able to close its entire corresponding hedge due to the market dislocation.

The precise level of the impact on the Group's profit before taxation is partially dependent on the Group's ability to recover client debts. The recovery of the outstanding debt is dependent on the ultimate recovery from a small number of debtors. The Group's approach remains that for clients who are considered to be well positioned and with resources to pay their debts the Group will continue to employ resources to recover the debts. The impact on profit before tax and diluted earnings per share at 31 May 2015 is as below:

	Note	Statutory Year ended 31 May 2015 £m	Swiss franc event impact £m	Underlying Year ended 31 May 2015 £m	Restated* Year ended 31 May 2015 £m
Net operating income	2(b)	387.2	12.2	399.4	374.2
Analysed as:					
Net trading revenue	2(b), 3(a)	388.4	11.8	400.2	370.4
Other net operating (loss)/income[1]	2(b)	(1.2)	0.4	(0.8)	3.8
Administrative expenses[2]		(217.6)	11.5	(206.1)	(178.8)
Operating profit	2(b)	169.6	23.7	193.3	195.4
Finance income	8	1.8	–	1.8	1.5
Finance costs	9	(1.9)	–	(1.9)	(2.0)
Profit before taxation		169.5	23.7	193.2	194.9
Tax expense[3]	10	(37.6)	(4.9)	(42.5)	(47.7)
Profit for the year		131.9	18.8	150.7	147.2
Earnings per ordinary share					Restated*
– basic	2(c)	36.13p	5.14p	41.27p	40.35p
– diluted	2(c)	35.99p	5.08p	41.07p	40.22p

[1] £0.4 million Swiss franc event impact relates to betting duty.
[2] Included in administrative expenses are:

	£m
Swiss franc related bad debts charge[2.1]	15.1
Employee bonuses[2.2]	(3.1)
Share schemes - Sustained Performance Plan (SPP)[2.3]	(0.5)
	11.5

[2.1] The movement in the Swiss franc event related debts are below:

	£m
Gross debt at 15 January 2015	18.4
Amounts recovered[2.4]	(2.8)
Bad debts charge (note 36)	(15.1)
Net debt at 31 May 2015	0.5

* As outlined in the Group accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

[2.2] The losses associated with the Swiss franc move impact upon the general staff bonus pool. The approximate reduction in the general staff bonus pool of £3.1 million, results from impaired performance against both financial and non-financial measures.

[2.3] Performance under the Executive Director and Senior Management SPP is 35% weighted to a diluted earnings per share (DEPS) target. At headline DEPS no awards under the element of the scheme will be made, with a resulting reduced IFRS 2 charge of £0.5 million.

[2.4] Amounts recovered are settled debtors in the period from 15 January to 31 May 2015.

[3] The Swiss franc event tax impact of £4.9 million was calculated using the UK effective corporation tax rate at 20.83%.

2(B) UNDERLYING SEGMENTAL ANALYSIS

Year ended 31 May 2015	UK £m	Australia £m	Europe £m	Rest of World £m	Central £m	Total £m
Net trading revenue	206.0	58.1	76.9	47.4	–	388.4
Swiss franc event impact on net trading revenue	5.9	1.1	4.0	0.8	–	11.8
Underlying net trading revenue	211.9	59.2	80.9	48.2	–	400.2

2(C) UNDERLYING EARNINGS PER 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:

	Note	Statutory Year ended 31 May 2015 £m	Swiss franc event impact £m	Underlying Year ended 31 May 2015 £m	Restated* Year ended 31 May 2014 £m
Profit for the period:					
Earnings attributable to equity shareholders of the parent	2(a)	131.9	18.8	150.7	147.2

	Year ended 31 May 2015 (number)	Year ended 31 May 2014 (number)
Weighted average number of ordinary shares		
Basic	365,199,825	364,710,756
Dilutive effect of share-based payments	1,383,806	1,213,527
Diluted	366,583,631	365,924,283

	Note	Statutory Year ended 31 May 2015 £m	Swiss franc event impact £m	Underlying Year ended 31 May 2015 £m	Restated* Year ended 31 May 2014 £m
Basic earnings per ordinary share	11	36.13p	5.14p	41.27p	40.35p
Diluted earnings per ordinary share		35.99p	5.08p	41.07p	40.22p

* As outlined in the Group accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

NOTES TO THE FINANCIAL STATEMENTS

2(D) UNDERLYING FUNDS GENERATED FROM OPERATIONS

The following 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 included within 'own funds' in order to provide a clear presentation of the Group's available cash resources. The derivation of own funds is explained in note 15(a), and is stated net of amounts drawn on the Group's committed banking facility.

	Note	Statutory Year ended 31 May 2015 £m	Swiss franc event impact[1] £m	Underlying Year ended 31 May 2015 £m	Restated* Year ended 31 May 2014 £m
Operating activities					
Profit before tax	2(a), 19(d)	169.5	23.7	193.2	194.9
Depreciation and amortisation	19(d)	10.7	–	10.7	9.7
Other non-cash adjustments[1]	19(d)	(0.5)	3.6	3.1	3.8
Income taxes paid		(42.9)	(4.9)	(47.8)	(47.8)
Own funds generated from operations		136.8	22.4	159.2	160.6

[1] The £3.6 million included in the 'Other non-cash adjustments' line relates to remuneration expenses. The £4.9 million in the 'Income taxes paid' line was calculated using the UK effective corporation tax rate at 20.83% (refer to note 2(a)).

* As outlined in the Group accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

3. TURNOVER

3(A) NET TRADING REVENUE

Net trading revenue represents trading revenue from financial instruments carried at fair value through profit or loss net of introducing partner commission, and commission earned from providing the execution only stockbroking service. This is consistent with the management information received by the Chief Operating Decision Maker (refer to note 4). Revenue from external customers includes interest income on segregated client funds and is analysed as follows:

	Year ended 31 May 2015 £m	Year ended 31 May 2014 £m
Net trading revenue		
Contracts for difference	205.8	210.8
Spread betting	146.2	132.8
Binaries	36.2	26.8
Stockbroking commission[1]	0.2	––
Total net trading revenue	388.4	370.4
Interest income on segregated client funds	4.9	5.8
Revenue from external customers	393.3	376.2

In addition to the above, finance income is disclosed in note 8. The Group does not derive more than 10% of external revenue from any one single customer.

[1] During the year the Group commenced the offering of an execution-only stockbroking service in the UK, Ireland and the Netherlands.

3(B) OTHER OPERATING INCOME

	Year ended 31 May 2015 £m	Year ended 31 May 2014 £m
Revenue share arrangement[1]	–	1.4
Administrative charges to clients[2]	0.6	0.7
	0.6	2.1

[1] The Group received income under a revenue share agreement with Spreadex Limited in relation to the client list of the former Sport business, calculated by reference to the revenue that Spreadex Limited generated from clients on the list. This arrangement ended on 23 June 2014.

[2] The Group charges inactivity fees for those accounts on which clients have not traded for two years.

4. 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), being the Executive Directors
- Net trading revenue is reported by the location of the office that manages the underlying client relationship and aggregated into the disclosable segments of UK, Australia, Europe and Rest of World. The Rest of World segment comprises the Group's operations in Japan, South Africa, Singapore, the United States and the United Arab Emirates
- The UK segment comprises the Group's operations in the UK and Ireland
- The Europe segment comprises the Group's operations in France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden and Switzerland
- 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, contracts for difference (CFDs), binary options and execution-only stockbroking. The Australian segment derives its revenue from CFDs and binary options. The European segment derives its revenue from CFDs, binary options and execution-only stockbroking. The businesses reported within Rest of World derive revenue from the operation of a regulated futures and options exchange as well as CFDs 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, 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 allocation 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 a number of cost allocation assumptions and segment net trading revenue.

	UK	Australia	Europe	Rest of World	Central	Total
Year ended 31 May 2015	£m	£m	£m	£m	£m	£m
Segment net trading revenue	206.0	58.1	76.9	47.4	–	388.4
Interest income on segregated client funds	–	–	–	–	4.9	4.9
Revenue from external customers	206.0	58.1	76.9	47.4	4.9	393.3
Interest expense on segregated client funds	–	–	–	–	(0.4)	(0.4)
Other operating income	–	–	–	–	0.6	0.6
Betting duty and financial transaction taxes	(5.8)	(0.1)	(0.4)	–	–	(6.3)
Net operating income	200.2	58.0	76.5	47.4	5.1	387.2
Segment contribution	154.5	48.3	35.1	25.6	(83.2)	180.3
Allocation of central income and costs	(41.6)	(12.5)	(19.0)	(10.1)	83.2	–
Depreciation and amortisation	(5.6)	(1.4)	(2.2)	(1.5)	–	(10.7)
Operating profit	107.3	34.4	13.9	14.0	–	169.6
Net finance costs						(0.1)
Profit before taxation						169.5

4. SEGMENT INFORMATION (CONTINUED)

Restated* Year ended 31 May 2014	UK £m	Australia £m	Europe £m	Rest of World £m	Central £m	Total £m
Segment net trading revenue	192.7	52.2	82.1	43.4	–	370.4
Interest income on segregated client funds	–	–	–	–	5.8	5.8
Revenue from external customers	192.7	52.2	82.1	43.4	5.8	376.2
Interest expense on segregated client funds	–	–	–	–	(0.3)	(0.3)
Other operating income	–	–	–	–	2.1	2.1
Betting duty and financial transaction taxes	(3.5)	–	(0.3)	–	–	(3.8)
Net operating income	189.2	52.2	81.8	43.4	7.6	374.2
Segment contribution	160.5	43.7	51.6	25.2	(75.9)	205.1
Allocation of central income and costs	(37.9)	(11.1)	(17.6)	(9.3)	75.9	–
Depreciation and amortisation	(4.9)	(1.3)	(2.1)	(1.4)	–	(9.7)
Operating profit	117.7	31.3	31.9	14.5	–	195.4
Net finance income						(0.5)
Profit before taxation						194.9

* During the year ended 31 May 2015, the Group adopted IFRIC 21 'Levies'. The comparative figures for the year ended 31 May 2014 have been restated to reflect the change in timing of recognition of the UK FSCS levy.

5. ADMINISTRATIVE EXPENSES

	Group Year ended 31 May 2015 £m	Group Year ended 31 May 2014 £m
This is stated after charging/(crediting):		
Depreciation of property, plant and equipment	5.7	4.7
Amortisation of intangible assets	5.0	5.0
Advertising and marketing	37.8	31.7
Net charge for impaired trade receivables(1)	16.1	1.6
Operating lease rentals for land and buildings	5.3	4.4
Foreign exchange gains(2)	(0.6)	(0.4)

(1) Net charge for impaired trade receivables includes £15.1m (2014: £nil) in relation to the Swiss franc event (refer to note 2).

(2) All of the above, except foreign exchange differences, are included in administrative expenses within the income statement. Foreign exchange gains and losses are included in revenue.

6. AUDITORS' REMUNERATION

	Group	
	Year ended 31 May 2015	Year ended 31 May 2014
	£m	£m
Audit and audit-related fees[1]		
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	0.4	0.3
Fees payable to company's auditor and its associates for other services:		
– Statutory and regulatory audit of subsidiaries and branches of the Company	0.3	0.2
– Audit-related assurance services:		
• Other services supplied pursuant to legislation	0.1	0.1
• Other audit-related assurance services	0.1	0.1
Total audit and audit-related fees	0.9	0.7
Non-audit fees		
Other services relating to taxation		
– Tax compliance services[2]	0.2	0.3
– Tax advisory services[3]	0.3	0.2
Services relating to regulatory advice[4]	0.1	–
Services relating to strategic advice[5]	0.3	
Total other fees	0.9	0.5

(1) Includes the Group's audit fee as well as services that are specifically required of the Group's auditors through legislative or contractual requirements, controls assurance engagements required of the auditors by the regulatory authorities in whose jurisdiction the Group operates and other audit-related assurance services.
(2) Includes corporate and other tax compliance and filing services which are closely related to the audit process and are therefore efficiently provided by the auditors due to their existing knowledge of the business.
(3) Includes advice relating to the Group's transfer pricing policies, sales taxes, tax structures and other general tax advice.
(4) Includes services provided in relation to regulatory requirements and other regulatory advice.
(5) Includes advisory work in relation to strategic advice to the Board.

An overview of the Audit Committee's review of Auditors' remuneration and non-audit fee policy can be found in the Corporate Governance Statement.

7. STAFF COSTS

The staff costs for the year, including Directors, were as follows:

	Group	
	Year ended 31 May 2015 £m	Year ended 31 May 2014 £m
Wages and salaries	79.4	75.4
Social security costs	9.2	8.7
Other pension costs (in relation to defined contribution schemes)	5.7	5.2
	94.3	89.3

Staff costs, including Directors, include the following amounts in respect of performance-related bonuses, and share-based payments (inclusive of national insurance) charged to the income statement:

	Group	
	Year ended 31 May 2015 £m	Year ended 31 May 2014 £m
Performance-related bonuses	14.0	17.2
Equity-settled share-based payment schemes	6.3	7.1
	20.3	24.3

The Directors' emoluments for the years ended 31 May 2015 and 31 May 2014, can be found in the Directors' Remuneration Report.

The average monthly number of employees, including Directors, was made up as follows:

	Group	
	Year ended 31 May 2015 £m	Year ended 31 May 2014 £m
IT development	479	395
IT support	81	71
Sales, marketing and client support	488	397
Dealing	38	38
Management and administrative	201	169
	1,287	1,070

8. FINANCE INCOME

	Group	
	Year ended 31 May 2015 £m	Year ended 31 May 2014 £m
Bank interest receivable	0.7	0.6
Interest receivable from brokers	0.4	0.6
Interest accretion on financial investments	0.7	0.3
	1.8	1.5

9. FINANCE COSTS

	Group	
	Year ended 31 May 2015 £m	Year ended 31 May 2014 £m
Liquidity facility arrangement and non-utilisation fees	1.2	1.7
Interest payable to clients	0.1	–
Interest payable to brokers	0.1	–
Bank interest payable	0.1	0.3
Other charges	0.4	–
	1.9	2.0

Interest payable to clients relates to interest paid or accrued to clients in relation to title transfer funds (refer to note 18).

10. TAXATION

10(A) TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax charged in the income statement:

	Group	
	Year ended 31 May 2015 £m	Restated* Year ended 31 May 2014 £m
Current income tax:		
UK Corporation Tax	34.3	42.4
Foreign tax	3.8	3.6
Adjustment in respect of prior years	(1.0)	(1.8)
Total current income tax	37.1	44.2
Deferred income tax:		
Origination and reversal of temporary differences	(0.4)	0.5
Adjustment in respect of prior years	0.9	2.3
Impact of change in tax rates on deferred tax	–	0.7
Total deferred income tax (note 10(d))	0.5	3.5
Tax expense in the income statement (note 10(b))	37.6	47.7

NOTES TO THE FINANCIAL STATEMENTS

10. TAXATION (CONTINUED)

10(B) RECONCILIATION OF THE TOTAL TAX CHARGE

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the effective corporation tax is calculated at 20.83% (2014: 22.67%) of the estimated assessable profit in the UK. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions. The tax expense in the income statement for the year can be reconciled to the income statement as set out below:

	Group	
	Year ended 31 May 2015	Restated* Year ended 31 May 2014
	£m	£m
Profit before taxation	169.5	194.9
Profit multiplied by the UK standard rate of corporation tax of 20.83% (2014: 22.67%)	35.3	44.1
Expenses not deductible for tax purposes	0.5	0.1
Impact of timing differences not recognised	1.2	1.3
Higher taxes on overseas earnings	0.7	1.0
Adjustment in respect of prior years	(0.1)	0.5
Impact of change in tax rates on deferred tax	–	0.7
Total tax expense reported in the income statement	37.6	47.7

The effective tax rate is 22.18 % (2014: 24.47%).

* As outlined in the Group accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

10(C) DEFERRED INCOME TAX ASSETS

The deferred income tax assets included in the Statement of Financial Position are as follows:

	Group	
	Year ended 31 May 2015	Restated* Year ended 31 May 2014
	£m	£m
Decelerated capital allowances	–	0.4
Tax losses available for offset against future tax	1.8	1.7
Share-based payments	1.5	1.0
Other timing differences	3.8	4.0
	7.1	7.1

The tax losses available for offset against future tax relate to operating losses arising in the US consolidated tax group, the recoverability of which is dependent on sufficient future operating profits in those entities. A deferred tax asset is recognised where it is considered probable that the US consolidated tax group will generate future operating profits which can be offset against the tax losses carried forward. Where it is not anticipated that future operating profits will be generated against which the losses can be offset, a deferred tax asset is not recognised.

Share-based payment awards have been charged to the Income Statement but are not allowable as a tax deduction until the awards vest. The excess of tax relief in future years over the amount charged to the Income Statement is recognised as a credit directly to equity. The movement in the deferred income tax assets included in the Statement of Financial Position is as follows:

	Group	
	Year ended 31 May 2015	Restated* Year ended 31 May 2014
	£m	£m
At the beginning of the year	7.1	10.9
Income statement charge (note 10(d))	(0.5)	(3.5)
Tax credited directly to equity	0.5	–
Foreign currency adjustment	–	(0.3)
IFRIC 21 restatement	–	–
At the end of the year	7.1	7.1

* As outlined in the Group accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

10(D) DEFERRED INCOME TAX – INCOME STATEMENT CREDIT

	Group	
	Year ended 31 May 2015	Restated* Year ended 31 May 2014
	£m	£m
The deferred income tax charge included in the Income Statement is made up as follows:		
Decelerated capital allowances	(0.4)	(0.3)
Share-based payments	0.1	(1.1)
Other timing differences	(0.2)	(2.1)
Income statement charge	(0.5)	(3.5)
The deferred tax credited to equity during the year is as follows:		
Share-based payments	(0.5)	–

Closing deferred tax on UK temporary differences has been calculated at the substantively enacted rate of 20% (2014: 20%).

* As outlined in the Group accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

10(E) FACTORS AFFECTING THE TAX CHARGE IN FUTURE YEARS

Factors that may affect the Group's future tax charge include the geographic location of the Group's earnings, the tax rates in those locations, changes in tax legislation, future planning opportunities, the use of brought-forward tax losses and the resolution of open tax issues. The calculation of the Group's total tax charge involves a degree of estimation and judgement with respect to the recognition of deferred tax assets (refer to note 10(d)) and 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.

NOTES TO THE FINANCIAL STATEMENTS

11. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary 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 computation:

	Group	
	Year ended 31 May 2015 £m	Restated* Year ended 31 May 2014 £m
Profit for the year	131.9	147.2
Earnings attributable to non-controlling interests	–	–
Earnings attributable to owners of the parent	131.9	147.2
Weighted average number of shares		
Basic	365,199,825	364,710,756
Dilutive effect of share-based payments	1,383,806	1,213,527
Diluted	366,583,631	365,924,283

	Group	
	Year ended 31 May 2015	Restated* Year ended 31 May 2014
Basic earnings per share	36.13p	40.35p
Diluted earnings per share	35.99p	40.22p

* As outlined in the Group accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

12. DIVIDENDS

	Group	
	Year ended 31 May 2015 £m	Restated* Year ended 31 May 2014 £m
Declared and paid during the year:		
Final dividend for 2014 at 22.40p per share (2013: 17.50p)	81.9	63.8
Interim dividend for 2015 at 8.45p per share (2014: 5.75p)	30.9	21.0
	112.8	84.8
Proposed for approval by shareholders at the AGM:		
Final dividend for 2015 at 19.70p per share (2014: 22.40p)	71.8	81.9

The final dividend for 2015 of 19.70p per share amounting to £71.8 million was proposed by the Board on 15 July 2015 and has not been included as a liability at 31 May 2015. This dividend will be paid on 30 October 2015, following approval at the Company's AGM, to those members on the register at the close of business on 2 October 2015.

The dividend paid or declared in relation to the financial year are set out below:

	Year ended 31 May 2015 £m	Year ended 31 May 2014 £m
Dividend declared per share:		
Interim dividend	8.45p	5.75p
Final dividend	19.70p	22.40p
	28.15p	28.15p

13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements £m	Office equipment, fixtures and fittings £m	Computer and other equipment £m	Total £m
Cost:				
At 1 June 2013	17.5	2.4	18.0	37.9
Foreign currency adjustment	(0.2)	(0.1)	(0.3)	(0.6)
Additions	0.7	0.2	2.5	3.4
Written off	(0.1)	(0.1)	(5.0)	(5.2)
At 31 May 2014	17.9	2.4	15.2	35.5
Foreign currency adjustment	(0.1)	–	–	(0.1)
Additions	1.0	0.3	4.6	5.9
Written off	–	–	(1.0)	(1.0)
At 31 May 2015	18.8	2.7	18.8	40.3
Accumulated depreciation:				
At 1 June 2013	7.1	1.5	14.8	23.4
Foreign currency adjustment	(0.1)	(0.1)	(0.2)	(0.4)
Provided during the year	1.9	0.4	2.4	4.7
Written off	(0.1)	(0.1)	(5.0)	(5.2)
At 31 May 2014	8.8	1.7	12.0	22.5
Foreign currency adjustment	(0.1)	–	(0.1)	(0.2)
Provided during the year	2.0	0.5	3.2	5.7
Written off	–	–	(1.0)	(1.0)
At 31 May 2015	10.7	2.2	14.1	27.0
Net book value – 31 May 2015	8.1	0.5	4.7	13.3
Net book value – 31 May 2014	9.1	0.7	3.2	13.0
Net book value – 1 June 2013	10.4	0.9	3.2	14.5

NOTES TO THE FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS

Group	Goodwill £m	Client lists and customer relationships £m	Domain names £m	Development costs £m	Software and licences £m	Total £m
Cost:						
At 1 June 2013	235.5	2.0	4.0	7.3	15.9	264.7
Foreign currency adjustment	(0.6)	(0.3)	–	–	(0.1)	(1.0)
Additions	–	–	1.8	4.7	1.3	7.8
Written off[1]	(128.2)	–	–	–	(0.4)	(128.6)
At 31 May 2014	106.7	1.7	5.8	12.0	16.7	142.9
Foreign currency adjustment	0.4	(0.1)	–	–	0.1	0.4
Additions	–	–	1.5	3.1	1.3	5.9
Written off	–	–	–	–	(0.3)	(0.3)
At 31 May 2015	107.1	1.6	7.3	15.1	17.8	148.9
Accumulated amortisation:						
At 1 June 2013	128.2	2.0	0.1	1.9	12.0	144.2
Foreign currency adjustment	–	(0.3)	–	–	(0.1)	(0.4)
Provided during the year	–	–	0.4	1.7	2.9	5.0
Written off[1]	(128.2)	–	–	–	(0.4)	(128.6)
At 31 May 2014	–	1.7	0.5	3.6	14.4	20.2
Foreign currency adjustment	–	(0.1)	–	–	0.1	–
Provided during the year	–	–	0.7	2.4	1.9	5.0
Written off	–	–	–	–	(0.3)	(0.3)
At 31 May 2015	–	1.6	1.2	6.0	16.1	24.9
Net book value – 31 May 2015	107.1	–	6.1	9.1	1.7	124.0
Net book value – 31 May 2014	106.7	–	5.3	8.4	2.3	122.7
Net book value – 1 June 2013	107.3	–	3.9	5.4	3.9	120.5

(1) Goodwill of £123.0 million and £5.2 million relating to the Group's Japanese and discontinued Sport businesses was fully impaired in the year ended 31 May 2011 (refer to note 15(b) of the Group financial statements for the year ended 31 May 2011).

Goodwill primarily relates to the purchase of IG Group plc by IG Group Holdings plc; detail is provided in note 16. The client list acquired with the business of Ideal CFDs has been amortised on a sum of digits basis over three years.

Domain names include the cost of acquiring ig.com and a suite of complementary domains to support the Group global brand. This also includes industry-specific generic top-level domains (gTLDs).

Development costs relate to both internally generated intangible assets and third-party software acquired to further enhance the Group own proprietary software.

Software and licences relate entirely to external purchases of off-the-shelf, commercially available software for internal consumption within the Group.

The expected useful lives of each class of intangible asset are set out in note 41, Accounting Policies.

Company	Domain names £m
Cost:	
At 1 June 2013	–
Additions	1.6
At 31 May 2014	1.6
Additions	1.5
Transfer to Group companies [(1)]	(3.1)
At 31 May 2015	–
Accumulated amortisation:	
At 1 June 2013	–
Provided during the year	–
At 31 May 2014	–
Provided during the year	0.2
Disposal	(0.2)
At 31 May 2015	–
Net book value – 31 May 2015	–
Net book value – 31 May 2014	1.6
Net book value – 31 June 2013	–

[(1)] During the year, the Company transferred the generic top-level domains it owned to other group companies.

Please refer to the Group intangible assets disclosure above for more details regarding domain names.

15. INVESTMENT IN SUBSIDIARIES

PARENT COMPANY – INVESTMENT IN SUBSIDIARIES

	Company	
	31 May 2015	31 May 2014
At cost:	£m	£m
At the beginning of the year	471.6	460.0
Additions[(1)]	8.2	11.6
At the end of the year	479.8	471.6

[(1)] Additions in the year ended 31 May 2015 comprise the investment relating to equity-settled share-based payments for subsidiary employees of £5.3 million (2014: £6.6 million) and the purchase of shares in the Company's immediate subsidiary, IG Group Limited, of £2.9 million (2014: £5.0 million).

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The following companies are all owned directly or indirectly by IG Group Holdings plc:

Name of Company	Country of Incorporation	Holding	Voting Rights	Nature of Business
Subsidiary undertakings held directly:				
IG Group Limited	UK	Ordinary shares	100%	Holding company
IG Jersey Cashbox Limited	Jersey	Ordinary shares	100%	Non-trading
Subsidiary undertakings held indirectly:				
IG Index Limited	UK	Ordinary shares	100%	Spread betting
IG Markets Limited	UK	Ordinary shares	100%	CFD trading, foreign exchange and market risk management
IG Markets South Africa Limited	UK	Ordinary shares	100%	CFD trading
IG Australia Pty Limited	Australia	Ordinary shares	100%	Sales and marketing office
IG Asia Pte Limited	Singapore	Ordinary shares	100%	CFD trading and foreign exchange
North American Derivatives Exchange Inc.	USA	Ordinary shares	100%	Exchange
IG Securities Limited[1]	Japan	Ordinary shares	100%	CFD trading and foreign exchange
IG Bank S.A. (previously called IG Switzerland S.A.)	Switzerland	Ordinary shares	100%	CFD trading and foreign exchange
Market Data Limited	UK	Ordinary shares	100%	Data distribution
Market Risk Management Inc.	USA	Ordinary shares	100%	Market maker
IG Infotech (India) Private Limited	India	Ordinary shares	100%	Software development
IG Nominees Limited	UK	Ordinary shares	100%	Nominee company
IG Knowhow Limited	UK	Ordinary shares	100%	Software development
extrabet Limited	UK	Ordinary shares	100%	Non-trading
LLC IG Dev	Belarus	Ordinary shares	100%	Software development
IG Finance	UK	Ordinary shares	100%	Financing
IG Finance Two	UK	Ordinary shares	100%	Financing
IG Finance Three	UK	Ordinary shares	100%	Financing
IG Finance Four	UK	Ordinary shares	100%	Financing
IG Finance 5 Limited	UK	Ordinary shares	100%	Financing
IG Forex Limited (previously called IG Finance 6 Limited)	UK	Ordinary shares	100%	Financing
IG Spread Betting Limited (previously called IG Finance 7 Limited)	UK	Ordinary shares	100%	Financing
IG Finance 8 Limited	UK	Ordinary shares	100%	Financing
IG Finance 9 Limited	UK	Ordinary shares	100%	Financing
ITS Market Solutions Limited	UK	Ordinary shares	100%	Non-trading
Fox Sub Limited	Gibraltar	Ordinary shares	100%	Financing
Fox Sub Two Limited	Gibraltar	Ordinary shares	100%	Financing
Fox Japan Holdings[1]	Gibraltar	Ordinary shares	100%	Holding company
IG US Holdings Inc.	USA	Ordinary shares	100%	Holding company
Market Data Japan Limited	Japan	Ordinary shares	100%	Holding company
FXOnline Japan Co., Limited	Japan	Ordinary shares	100%	Non-trading
IG Limited	Dubai	Ordinary Shares	100%	CFD trading and foreign exchange
IG Services Limited	Dubai	Ordinary Shares	100%	Intra-Group Corporate Services
Financial Domaign Limited	UK	Ordinary Shares	100%	Holding company
Financial Domaign Registry Holdings Limited	UK	Ordinary Shares	100%	Holding company
Financial Domaign Registrar Limited	UK	Ordinary Shares	100%	Domains registrar
Financial Domaign (Services) Limited	UK	Ordinary Shares	100%	Domains registry
DotSpreadbetting Registry Limited	UK	Ordinary Shares	100%	Domains registry
DotMarkets Registry Limited	UK	Ordinary Shares	100%	Domains registry
DotTrading Registry Limited	UK	Ordinary Shares	100%	Domains registry
DotCFD Registry Limited	UK	Ordinary Shares	100%	Domains registry
DotBroker Registry Limited	UK	Ordinary Shares	100%	Domains registry
DotForex Registry Limited	UK	Ordinary Shares	100%	Domains registry
IG Markets Corporation	Canada	Ordinary Shares	100%	Non - trading
Nadex Domains Inc.	USA	Ordinary Shares	100%	Domains registry
Tower Three Capital Inc.	USA	Ordinary Shares	100%	Non-trading
Hedgestreet Securities Inc.	USA	Ordinary Shares	100%	Non-trading
Nadex Clearing LLC	USA	Ordinary Shares	100%	Non-trading
Deal City Limited	UK	Ordinary Shares	100%	Software development

[1] IG Securities Limited and Fox Japan Holdings have a year end of 31 March due to local Japanese law.

Employee Benefit Trusts:

IG Group Holdings plc Inland Revenue Approved Share Incentive Plan (UK Trust)

IG Group Limited Employee Benefit Trust (Jersey Trust)

IG Group Employee Equity Plan Trust (Australian Trust)

The following UK entities, all of which are 100% owned by the Group, are not subject to an audit by virtue of s479A of the Companies Act 2006 relating to subsidiary companies: IG Finance 5 Limited (06752558), IG Finance 9 Limited (07306407), and Extrabet Limited (04560348).

The following UK entities, all of which are 100% owned by the Group, are exempt from the requirement to prepare individual accounts by virtue of s394A of the Companies Act 2006 relating to the individual accounts of dormant subsidiaries: IG Nominees Limited (04371444), IG Finance (05024562), IG Finance Two (05137194), IG Finance Four (05312015), IG Forex Limited (06808361), IG Spread Betting Limited (06806588), IG Finance 8 Limited (06807656), ITS Market Solutions Limited (04768327), Financial Domaign Limited (09233880), Financial Domaign Registry Holdings Limited (09235699), Financial Domaign Registrar Limited (09235694), Financial Domaign (Services) Limited (09235591), DotSpreadbetting Registry Limited (09237702), DotMarkets Registry Limited (09237708), DotCFD Registry Limited (09237733), DotBroker Registry Limited (09237714), DotForex Registry Limited (09237740) and Deal City Limited (9635230) (incorporated 11 June 2015).

16. IMPAIRMENT OF GOODWILL

Goodwill has been allocated for impairment testing purposes to the cash-generating units (CGUs), as follows:

	Group	
	31 May 2015	31 May 2014
	£m	£m
UK	100.0	100.0
Australia	0.9	0.9
US	5.0	4.6
South Africa	1.2	1.2
	107.1	106.7

UK goodwill arose on the purchase of IG Group plc by IG Group Holdings Limited on 5 September 2003. Goodwill disclosed for Australia arose on the acquisition of the non-controlling interest in IG Australia Pty Limited in the year ended 31 May 2006. Goodwill arising on the acquisitions of Nadex (formerly HedgeStreet) and the associated exchange technology and licence, and Ideal CFDs has been allocated to the separate US and South African CGUs respectively.

Impairments during the year ended 31 May 2015

There was no indication of an 'impairment trigger' existing on any of the CGUs (2014: £nil), nor any impairment recognised during the year ended 31 May 2015.

Impairment testing at year end

The goodwill associated with each CGU has been subject to an impairment test at 31 May 2015 as set out in the following disclosures. For the purposes of impairment testing of goodwill, the carrying amount of each CGU is compared to the recoverable amount of each CGU and any deficits are provided. The carrying amount of a CGU includes only those assets that can be attributed directly, or allocated on a reasonable and consistent basis.

The estimated recoverable amount for the UK CGU of £1.7 billion (2014: £1.3 billion) is based upon fair value less costs of disposal. This is £1.6 billion (2014: £1.2 billion) in excess of the carrying amount of the CGU.

The estimated recoverable amount of the US CGU, however, is based upon a value-in-use calculation due to the difficulty in determining a fair value for this CGU. For the US CGU this is calculated as the total of the present value of projected future cash flows and a terminal value.

NOTES TO THE FINANCIAL STATEMENTS

16. IMPAIRMENT OF GOODWILL (CONTINUED)

Sensitivity to changes in assumptions

The UK, Australian and South African CGUs reported a segment operating profit, after the allocation of central costs, of £107.3 million, £34.4 million and £2.3 million respectively for the year ended 31 May 2015 (refer to note 4, Segment information). Furthermore, the UK CGU represents 53% of the Group's net trading revenue for the year ended 31 May 2015. The Board approved budget for the financial year ending 31 May 2016 and longer-term strategic plans for the Group forecast at least a similar level of performance for these CGUs to continue. As a result both the single year operating profit and thus the recoverable amount of the UK, Australian and South African CGUs is significantly in excess of the carrying value. Accordingly, the outcome of the impairment review for the CGUs is not considered to be sensitive to the assumptions used.

The Directors have performed a sensitivity analysis around the assumptions used in the value-in-use calculation of the goodwill associated with the US CGU. The US CGU comprises both the Nadex exchange and associated market making business (the 'Nadex exchange business') as well as the wider commercial use of the exchange technology within the Group. While the Nadex exchange business remains loss making, the wider commercial use of the technology by the Group provides other significant economic benefits which taken alone support the carrying value of the goodwill. For this reason, the Directors consider that a reasonably possible change in a key assumption would not cause the units' carrying amount to exceed its recoverable amount. In the event of the Nadex exchange business failing to generate sufficient profits, the deferred tax asset of US$2.8 million held in relation to carry forward tax losses might suffer impairment.

Key assumptions used in fair value less costs of disposal calculations

The fair value less costs of disposal of the UK CGU has been calculated using an earnings multiple determined by reference to the Company's quoted market capitalisation and the Group's segmental operating profit. As the business model of this CGU is largely synonymous with that of the Group, this methodology is deemed to be appropriate.

Key assumptions used in value-in-use calculations

Projected future cash flows for the US CGU were based upon the Board-approved budget for the year ending 31 May 2016. Forecasts to the year ending 31 May 2020 were then extrapolated from the budget using a range of client recruitment, client retention rates, average trading clients' growth month on month and revenue per client assumptions. These were based upon actual amounts measured in prior periods which were projected forward in accordance with expected trends. This methodology is consistent with that used for the 31 May 2014 year-end impairment review. The revenue growth rates, disclosed in the following table, are consistent with the long-term growth rates of other of the Group's businesses measured over a five-year period.

The calculation of value-in-use for the US CGU is most sensitive to the following assumptions:

- Client recruitment and retention rates
- Average revenue per client
- The discount rate
- The long-term growth rate used for the terminal value calculation

Cash flows were translated into sterling using year-end exchange rates.

The cash flows were discounted using a pre-tax discount rate as disclosed in the table below. This was derived using a region specific, market-based cost of equity and debt assumption in order to reflect both the financing cost and risk associated with the US CGU. The long-term growth rate (g) used in the terminal value calculation of the US CGU is also disclosed below and is equivalent to, or lower than, the respective long-term growth rate for the US economy.

	Discount rate		Average years 1-5 growth rate		Terminal growth rate (g)	
Cash-generating unit	2015	2014	2015	2014	2015	2014
US	15.81%	16.8%	58%	44%	1.9%	1.9%

On the basis of the results of the above analysis there was no impairment of goodwill during the year.

17. TRADE RECEIVABLES

	Group	
	31 May 2015	31 May 2014
	£m	£m
Amounts due from brokers[1]	239.2	303.9
Other amounts due to the Group[2]	28.4	21.3
Amounts due from clients[3]	2.0	2.3
	269.6	327.5

[1] 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 31 May 2015 the actual broker margin requirement was £204.8 million (2014: £285.1 million) with the balance being excess cash margin held at brokers.

[2] 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 as well as excess funds held in segregation in certain jurisdictions. 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.

[3] Amounts due from clients arise when a client's total funds deposited with the Group are insufficient to cover any trading losses incurred and are stated net of an allowance for impairment (refer note 36).

18. CASH AND CASH EQUIVALENTS

18(A) CASH AND CASH EQUIVALENTS

	Group		Company	
	31 May 2015	31 May 2014	31 May 2015	31 May 2014
	£m	£m	£m	£m
Gross cash and cash equivalents[1]	1,062.4	959.9	–	–
Less: Segregated client funds[2]	(913.6)	(858.4)	–	–
Cash and cash equivalents[3]	148.8	101.5	–	–

[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.

[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] Cash and cash equivalents includes both 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, and client monies deposited with the Group's Swiss banking subsidiary, IG Bank SA.
The Group's Swiss banking subsidiary, IG Bank SA, is also required to protect customer deposits under the FINMA Privileged Deposit Scheme. At 31 May 2015 IG Bank SA was required to hold £2.8 million in satisfaction of this requirement.

18(B) CLIENT FUNDS AND ASSETS

	Group		Company	
	31 May 2015	31 May 2014	31 May 2015	31 May 2014
	£m	£m	£m	£m
Segregated client funds[1]	913.6	858.4	–	–
Segregated client assets[2]	77.4	–	–	–
Total segregated client funds and assets	991.0	858.4	–	–

[1] 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.

[2] During the year the Group commenced the offering of an execution only stockbroking service in the UK, Ireland and the Netherlands. As a result the Group is required to segregate the clients' equity positions under the Financial Conduct Authority's 'CASS' rules.

NOTES TO THE FINANCIAL STATEMENTS

19. LIQUIDITY ANALYSIS AND RISK MANAGEMENT

The following section provides an analysis of the Group's available liquidity, the liquidity requirements that result from the Group's business model, and sets out the key measures used to monitor and manage the level of liquidity available.

The key measures used by the Group are explained below:

Liquid assets: These are the total liquid assets that the Group can access. These include cash held at bank (both own cash and title transfer funds) as well as at brokers, the liquid assets buffer held by the Group and other cash amounts due to the Group.

Own funds: These are liquid assets less title transfer funds. Title transfer funds are client monies held by the Group under a Title Transfer Collateral Arrangement (TTCA).

Available liquid assets: Certain of the Group's funds are not immediately available for the purposes of central market risk management as they are required to provide regulatory capital balances in regulated subsidiaries. Additionally, the Group's overseas businesses also require working capital balances to both fund daily operations and to ensure sufficient liquidity is available to fund the local client segregation requirements. Available liquid assets are therefore liquid assets less all amounts held in overseas subsidiaries and amounts due from segregation – each of which are not considered immediately available for market risk management.

Net available liquidity: This is the remaining liquidity available to the Group after the funding of the broker margin requirement associated with market risk management.

Total available liquidity: This measure is the total of the Group's liquid assets and the Group's undrawn committed banking facilities.

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 15 July 2014 the Group completed the renewal negotiations of the liquidity facility with a syndicate of three banks. In doing so, the Group has maintained the size of the overall facility at £200.0 million. 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 the Group's facility in the year ended 31 May 2014 are disclosed in note 19(c).

Additionally, the Group's Japanese business, IG Securities Limited, has a ¥300.0 million liquidity facility as at 31 May 2015 (2014: ¥300 million).

The following notes have been provided to further explain the derivation of liquid assets, own funds, available liquid assets, net available liquidity and total available liquidity. The generation of own funds is disclosed in note 19(d).

19(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:

	Note	31 May 2015 £m	31 May 2014 £m
Cash and cash equivalents[(1)]	18	148.8	101.5
Amounts due from brokers[(2)]	17	239.2	303.9
Financial investments – held at brokers[(3.1)]	21	25.3	–
Financial investments – liquid asset buffer[(3.2)]	21	83.1	82.5
Other amounts due to the Group[(4)]	17, 22	27.6	20.4
Liquid assets		524.0	508.3
Less:			
Drawdown of committed banking facility		–	–
Client funds held on balance sheet[(5)]	22	(16.9)	(21.0)
Own funds		507.1	487.3

(1) Cash and cash equivalents represent cash held on demand with financial institutions (please refer to note 18).

(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.

(3.1) During the year ended 31 May 2015 the Group purchased an additional UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy (refer to note 21).

(3.2) The UK Government securities held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12.

(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 FCA 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates. 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.

(5) Client funds held on balance sheet include both Title Transfer funds and client monies deposited with the Group's Swiss banking subsidiary. These are recognised on the Group's statement of financial position with an associated payable to clients.

19. LIQUIDITY ANALYSIS AND RISK MANAGEMENT (CONTINUED)

19(B) THE GROUP'S LIQUIDITY REQUIREMENTS

The Group requires day-to-day 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 the 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:

	Note	31 May 2015 £m	31 May 2014 £m
Liquid assets	19(a)	**524.0**	**508.3**
Less: amounts required to ensure appropriate client money segregation	17, 22	(27.6)	(20.4)
Less: amounts required for regulatory and working capital of overseas businesses[(1)]		(58.8)	(28.8)
Available liquid assets		**437.6**	**459.1**
Less broker margin requirement[(2)]	17	(204.8)	(285.1)
Net available liquidity		**232.8**	**174.0**
Of which is:			
Held as a liquid assets buffer[(3.1)]	21	83.1	82.5
Drawdown of committed banking facility[(3.2)]		–	–

(1) In the year ended 31 May 2015 the Group made a regulatory capital injection into its United Arab Emirates and Swiss subsidiaries. The Group's regulated subsidiaries in Australia, Japan, Singapore, South Africa, Switzerland, United Arab Emirates and the US 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, United Arab Emirates and the US 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 the overseas businesses in order to ensure client money segregation obligations are met. Both the regulatory working capital amounts and customer deposits are not available to the Group for the purposes of central market risk management.

(2) Positions are held with external brokers in order to hedge client market risk exposures in accordance with the Group's market risk management policies.

(3.1) 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.

(3.2) The short term banking facility was undrawn at 31 May 2015 and 31 May 2014.

19(C) LIQUIDITY MANAGEMENT AND LIQUIDITY RISK

Liquidity risk is managed centrally and on a group-wide basis. The Group's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its broker margin requirements and other financial liabilities when due, under both normal circumstances and stressed conditions. The Group has carried out an Individual Liquidity Adequacy Assessment ('ILAA') during the year, and while this applies specifically to the Group's FCA regulated entities, it provides the context in which liquidity is managed on a continuous basis for the whole Group.

The Group does not have any material liquidity mismatches with regard to liquidity maturity profiles due to the very short-term nature of its financial assets and liabilities. Liquidity risk can, however, arise as individual client funds are required to be placed in segregated client money accounts in all jurisdictions with the exception of Switzerland where the entity has a banking licence. A result of this is that short-term (less than one week) liquidity 'gaps' can potentially arise in periods of very high client activity or significant increases or falls in global financial market levels.

During periods of significant market movements the Group may be required to fund margin payments to brokers prior to the release of funds from segregation, and in periods of significant market increases or increased client activity, the Group may be required to fund higher margin requirements at brokers to hedge increased underlying client positions. These additional requirements are funded from the Group's available liquid assets while these individual client positions are open, as individual client funds remain in segregated client money bank accounts.

In order to mitigate this and other liquidity risks, the Group regularly stress-tests its three-year liquidity forecast to validate the appropriate level of committed unsecured bank facilities held.

These facilities were drawn to a maximum of £25.0 million for a period of 7 days in January 2015, £50.0 million for a period of 30 days in March 2015 and £25.0 million for a further 7 days in May 2015. On all three occasions, the drawdown was to fund relatively high levels of broker margin due to changes in market conditions. In the year ended 31 May 2014 the facilities were drawn down to a maximum of £50.0 million for a period of 30 days but partially repaid down to £25.0 million for a further 32 days in October to December 2013, and for £30.0 million for 28 days during February and March 2014 following the reduction in available liquidity after payment of dividends and at a time of relatively high levels of broker margin.

As well as the three-year liquidity forecast, the Group also produces more detailed short-term liquidity forecasts and detailed stress-tests such that appropriate management actions or liquidity facility drawdown can occur prior to a period of expected liquidity requirements.

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 liquidity is calculated as set out in the following table inclusive of the undrawn committed facility.

	31 May 2015 £m	31 May 2014 £m
Liquid assets	**524.0**	**508.3**
Undrawn committed banking facility[1]	200.0	200.0
Total liquidity (including facilities)[2]	**724.0**	**708.3**

[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 £163.8 million at 31 May 2015 (2014: £200.0 million) based on the broker margin requirements on those dates, of which £nil was drawn down as at 31 May 2015 (31 May 2014: £nil).

[2] Stated inclusive of the liquid assets buffer of £83.1 million (2014: £82.5 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 liquidity enables the funding of large broker margin requirements when required – the total available liquidity that can be utilised for market risk management at 31 May 2015 should be considered in light of the intra-period high broker margin requirement of £293.7 million (2014: £290.3 million), 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 declared final dividend for the year ending 31 May 2015, all of which draw upon the Group's liquidity.

NOTES TO THE FINANCIAL STATEMENTS

19. LIQUIDITY ANALYSIS AND RISK MANAGEMENT (CONTINUED)

19(D) OWN FUNDS GENERATED FROM OPERATIONS

The following cash flow statement summarises the Group's generation of own funds during the year and excludes all cash flows in relation to monies held on behalf of clients. Additionally, both amounts due from brokers and financial investments have been included within 'own funds' in order to provide a clear presentation of the Group's cash resources. The derivation of own funds is explained in note 19(a), and is stated net of amounts drawn on the Group's committed banking facility. A narrative explanation of the key cash flows disclosed in the following cash flow statement is provided within the Operating and Financial Review.

	Year ended 31 May 2015 £m	Restated* Year ended 31 May 2014 £m
Operating activities		
Profit before tax	169.5	194.9
Depreciation and amortisation (note 5)	10.7	9.7
Other non-cash adjustments	(0.5)	3.8
Income taxes paid	(42.9)	(47.8)
Own funds generated from operations	**136.8**	**160.6**
Movement in working capital	**7.9**	**(3.3)**
Inflow/(outflow) from investing activities		
Interest received	0.8	1.5
Purchase of property, plant and equipment and intangible assets	(12.4)	(11.5)
Outflow from financing activities		
Interest paid	(1.9)	(2.0)
Equity dividends paid to owners of the parent	(112.8)	(84.8)
Total outflow from investing and financing activities	**(126.3)**	**(96.8)**
Increase in own funds	**18.4**	**60.5**
Own funds at 1 June	487.3	429.3
Exchange gains/(losses) on own funds	1.4	(2.5)
Own funds at 31 May	507.1	487.3

* As outlined in the Group Accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

19(E) SUBSEQUENT EVENTS

As at 31 May 2015, the Group had £200.0 million in revolving credit facility from a syndicate of three UK banks. The Group has undertaken a review of its contingent liquidity requirements and, upon approval from the Executive Risk Committee, concluded to reduce the facility to £160.0 million and include a fourth bank in the syndicate. The inclusion of a fourth bank in the syndicate offers the Group further bank diversification. This new facility has £100.0 million available for up to a 1-year term (with an option to extend for a further year) and £60.0 million available for up to 3 years and was signed on 17 July 2015 (refer to note 39).

A final dividend of 19.70p per share amounting to £71.8 million was proposed by the Board on 15 July 2015.

In the Directors' opinion the Group has sufficient liquidity available to meet operational requirements under both normal and stressed conditions. Liquidity management is also dependent on credit risk management subsequently described in note 36(ii).

20. CASH GENERATED FROM OPERATIONS

	Note	Group Year ended 31 May 2015 £m	Group Restated* Year ended 31 May 2014 £m	Company Year ended 31 May 2015 £m	Company Year ended 31 May 2014 £m
Operating activities					
Operating profit/(losses)		169.6	195.4	(6.3)	(2.3)
Adjustments to reconcile operating profit to net cash flow from operating activities:					
Net interest income on segregated client funds		(4.5)	(5.5)	–	–
Depreciation of property, plant and equipment	13	5.7	4.7	–	–
Amortisation of intangible assets	14	5.0	5.0	0.2	–
Non-cash foreign exchange losses/(gains) in operating profit		(6.2)	8.6	–	–
Share-based payments		5.3	6.6	5.3	6.6
Decrease/(increase) in trade and other receivables		32.8	(40.9)	2.9	80.5
Increase in trade and other payables		2.7	2.6	110.7	1.0
Cash generated from operations		210.4	176.5	112.8	85.8

* As outlined in the Group Accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

21. FINANCIAL INVESTMENTS

	Group 31 May 2015 £m	Group 31 May 2014 £m
UK Government securities:		
At 1 June	82.5	50.5
Purchase of securities	76.4	91.3
Maturity of securities and coupon receipts	(51.3)	(59.6)
Accrued interest	0.5	0.2
Net gains transferred to equity	0.3	0.1
At 31 May[(1)]	**108.4**	**82.5**
Less non-current portion	(75.5)	(32.2)
Current portion	**32.9**	**50.3**

[(1)] The balance is made up as follows:

	Group 31 May 2015 £m	Group 31 May 2014 £m
Liquid asset buffer[(1.1)]	83.1	82.5
Collateral at broker[(1.2)]	25.3	–

[(1.1)] The UK Government securities are held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12.

[(1.2)] During the year ended 31 May 2015 the Group purchased a £25.7m (carrying value of £25.3 million at 31 May 2015) UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy.

The effective interest rates of securities held at the year-end range from 0.41% to 1.01%.

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 the year end as published by the UK Debt Management Office. Please refer to note 36(i)(c) for a maturity profile.

22. TRADE PAYABLES

	Group	
	31 May 2015	31 May 2014
	£m	£m
Client funds held on balance sheet[1]	16.9	21.0
Amounts due to clients[2]	0.8	0.8
Other trade payables	–	0.1
	17.7	21.9

[1] Client funds held on balance sheet include both Title Transfer funds and client monies deposited with the Group's Swiss banking subsidiary. These are recognised on the Group's statement of financial position with an associated payable to clients.

[2] Amounts due to clients represent a combination of balances that will be transferred from the Group's own cash into 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.

23. OTHER PAYABLES

	Group		Company	
	31 May 2015	Restated* 31 May 2014	31 May 2015	31 May 2014
	£m	£m	£m	£m
Accruals	55.3	54.1	6.9	7.2
Other taxes and social security	5.9	4.3	–	–
Amounts due to Group companies (Note 34b)	–	–	119.6	0.5
	61.2	58.4	126.5	7.7

Included within accruals are amounts in relation to employee bonuses.

* As outlined in the Group Accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

24. PROVISIONS

The Group and Company had no material provisions at 31 May 2015. (31 May 2014: £nil).

25. CONTIGENT LIABILITIES

From time to time the Group may be involved in disputes in the ordinary course of business. Provision is made for all claims where costs are likely to be incurred and there are currently no contigent liabilities expected to have a material adverse financial impact on the Group's consolidated results or net assets.

26. REDEEMABLE PREFERENCE SHARES

	Company and Group	
	31 May 2015	31 May 2014
	£m	£m
Allotted, called up and fully paid:		
40,000 preference shares of £1 each	–	–

The preference shares are entitled to a fixed non-cumulative dividend of 8% paid in preference to any other dividend. Redemption is only permissible in accordance with capital distribution rules or on the winding up of the Company where the holders are entitled to £1 per share plus, if the Company has sufficient distributable reserves, any accrued or unpaid dividends. The preference shares have no voting rights, except that they are entitled to vote should the Company fail to pay any amount due on redemption of the shares. The effective interest rate on these shares is 8% (2014: 8%).

27. SHARE CAPITAL

COMPANY AND GROUP

	Number of shares	Share capital £m	Share premium account £m
Allotted and fully paid:			
(i) Ordinary shares (0.005p)			
At 1 June 2013	364,894,924	–	206.8
Issued during the year	859,707	–	–
At 31 May 2014	365,754,631	–	206.8
Issued during the year	403,145	–	–
At 31 May 2015	366,157,776	–	206.8
(ii) B shares (0.001p)			
At 31 May 2015	65,000		
At 31 May 2014	65,000	–	–

During the year to 31 May 2015, 403,145 (2014: 859,707) ordinary shares with an aggregate nominal value of £20 (2014: £43) were issued following the exercise of Sustained Performance Plan and Value Share Plan awards for a consideration of £20 (2014: £43).

Except as the ordinary shareholders have agreed or may otherwise agree, on a winding up of the Company, the balance of assets available for distribution after the payment of all of the Company's creditors and subject to any special rights attaching to other classes of shares are distributed among the shareholders according to the amounts paid up on shares by them.

B shares

The B shares carry no entitlement to dividends and no voting rights. To the extent not already received by them the B shareholders shall, on a winding up of the Company be entitled to receive, from the trustee, a consideration equal to the amount realised by the sale by the trustee of approximately 122 ordinary shares for every B share held.

NOTES TO THE FINANCIAL STATEMENTS

28. OWN SHARES HELD IN EMPLOYEE BENEFIT TRUSTS

The movements in own shares held in Employee Benefit Trusts in respect of employee share plans during the year were as follows:

	Company and Group	
	31 May 2015 £m	31 May 2014 £m
At the beginning of the year:		
1,046,727 (2014: 1,223,411) ordinary shares of 0.005p each	1.1	1.5
Purchased during the year:		
48,169 (2014: 4,968) ordinary shares of 0.005p each	0.3	–
Exercised/re-allocated during the year:		
124,561 (2014: 181,652) ordinary shares of 0.005p each	(0.2)	(0.4)
At the end of the year:		
970,335 (2014: 1,046,727) ordinary shares of 0.005p each	1.2	1.1

The Group has a UK-resident Employee Benefit Trust in order to hold shares in the Company in respect of awards under the Group's HM Revenue and Customs approved Share Incentive Plan (SIP). At 31 May 2015, 320,192 ordinary shares (2014: 389,725) were held in the trust and at the year-end have reduced shareholders' equity by £2.5 million (2014: £2.3 million). These include 35,956 ordinary shares (2014: 151,711) which were not allocated to employees and are available for future SIP awards. The market value of the shares held conditionally at the year-end was £0.3 million (2014: £0.9 million).

The Group has a Jersey resident Employee Benefit Trust which holds shares in the Company. At the 31 May 2015, the trust held 512,075 (2014: 512,075) ordinary shares which are available to satisfy awards under the long-term share plans and Directors' deferred bonus award. The shares held at the year-end have reduced shareholders' equity by £26 (2014: £26). The market value of the shares held conditionally at the year-end was £4.0 million (2014: £3.1 million).

The Group has an Australian resident Employee Equity Plan Trust in order to hold shares in the Company in respect of awards under a SIP. At 31 May 2015, 15,126 ordinary shares (2014: 9,790) were held in the trust and at the year-end have reduced shareholders' equity by £0.1 million (2014: £0.1 million).

Upon flotation of the Company on 4 May 2005, 5,861,497 ordinary shares and cash of £2.4 million were transferred to the Jersey Employee Benefit Trust by institutional shareholders in order to satisfy their obligations to holders of 48,059 B shares and 16,941 B shares respectively. During the year ended 31 May 2015, 100 (2014: 33) B shares were sold by B shareholders to the Trust. The Trust sold 12,195 (2014: 4,025) ordinary shares in order to realise the funds necessary to purchase these B shares. The Trust unconditionally held 63,992 (2014: 63,892) B shares at the year-end. The Trust also held 1,008 (2014: 1,108) B shares and 122,940 (2014: 135,137) ordinary shares which it may sell in order to satisfy its obligations to B shareholders, all of whom are current or former employees.

29. OTHER RESERVES

The share-based payment reserve relates to the estimated cost of equity-settled employee share plans based on a straight-line basis over the vesting period and the associated taxation. The foreign currency translation reserve includes amounts in relation to the translation of overseas subsidiaries. The available-for-sale reserve includes unrealised gains or losses in respect of financial investments.

Group	Share-based payments (Note 30) £m	Foreign currency translation £m	Own shares held in Employee Benefit Trusts (Note 28) £m	Transactions with non-controlling interests £m	Available for sale reserve £m	Total other reserves £m
Restated* at 1 June 2013	33.3	55.4	(1.5)	(2.1)	–	85.1
Equity-settled employee share-based payments	6.6	–	–	–	–	6.6
Excess of tax deduction benefit on share-based payments recognised directly in equity (Note 10)	–	–	–	–	–	–
Foreign currency translation on overseas subsidiaries	–	(6.5)	–	–	–	(6.5)
Exercise of US share incentive plans	–	–	–	–	–	–
Exercise of UK share incentive plans	(0.2)	–	0.2	–	–	–
Utilisation of own shares	0.1	(0.2)	0.2	–	–	0.1
Purchase of own shares	–	–	–	–	–	–
Gain on financial investments	–	–	–	–	0.1	0.1
At 31 May 2014	39.8	48.7	(1.1)	(2.1)	0.1	85.4
Equity-settled employee share-based payments	5.3	–	–	–	–	5.3
Excess of tax deduction benefit on share-based payments recognised directly in equity (Note 10)	0.5	–	–	–	–	0.5
Foreign currency translation on overseas subsidiaries	–	0.6	–	–	–	0.6
Exercise of US share incentive plans	–	–	–	–	–	–
Exercise of UK share incentive plans	(0.2)	–	0.2	–	–	–
Utilisation of own shares	–	–	–	–	–	–
Purchase of own shares	–	–	(0.3)	–	–	(0.3)
Gain on financial investments	–	–	–	–	0.3	0.3
At 31 May 2015	45.4	49.3	(1.2)	(2.1)	0.4	91.8

* As outlined in the Group Accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

Company	Share-based payments (Note 30) £m	Own shares held in Employee Benefits Trusts (Note 28) £m	Total other reserves £m
At 1 June 2013	28.9	(1.5)	27.4
Equity-settled employee share-based payments	6.6	–	6.6
Excess of tax deduction benefit on share-based payments recognised directly in equity (Note 10)	–	–	–
Exercise of UK share incentive plans	(0.2)	0.2	–
Utilisation of own shares	0.1	0.2	0.3
At 31 May 2014	35.4	(1.1)	34.3
Equity-settled employee share-based payments	5.3	–	5.3
Excess of tax deduction benefit on share-based payments recognised directly in equity (Note 10)	–	–	–
Exercise of UK share incentive plans	(0.2)	0.2	–
Purchase of own shares	–	(0.3)	(0.3)
At 31 May 2015	40.5	(1.2)	39.3

NOTES TO THE FINANCIAL STATEMENTS

30. EMPLOYEE SHARE PLANS

The Company operates four employee share plans: a Sustained Performance Plan (SPP), a Long-Term Incentive Plan (LTIP), a Value-Sharing Plan (VSP) and a Share Incentive Plan (SIP), all of which are equity-settled. The expense recognised in the income statement in respect of share-based payments (including associated social security costs) was £6.3 million (2014: £7.1 million).

30(A) CURRENT SCHEMES

Sustained Performance Plan (SPP)

The SPP award was introduced in the year ended 31 May 2014 to replace the VSP award for the Group's executive directors and other selected senior employees. The Remuneration Committee approves any awards made under the plan and is responsible for setting the policy for the operation of the plan, agreeing performance targets and participation.

The legal grant of awards under the SPP occurs post the relevant performance period. At the outset of the financial year the Remuneration Committee approves, and communicates to the participants, performance conditions and a pre-defined maximum monetary award in terms of multiple of salary. The grant of awards, in the form of equity settled par value options, is based upon three performance conditions: Total Shareholder Return (TSR), diluted earnings per share and operational non-financial performance. Awards subsequently vest in tranches over the long-term (up to seven years), so the participant retains an ongoing substantial stake in the share price performance of the Company.

The following table shows the number of options awarded in relation to performance for the year ended 31 May 2014:

Award date	Share price at award	Expected full vesting date	At the start of the year	Awarded during the year	Lapsed during the year	Exercised during the year	Dividend equivalent awarded during the year	At the end of the year
			(number)	(number)	(number)	(number)	(number)	(number)
4 Aug 2014	609.90p	4 Aug 2020	–	919,119	(104,073)	(200,217)	29,220	644,049
Total			–	919,119	(104,073)	(200,217)	29,220	644,049

Of the above SPP exercised during the year ending 31 May 2015, the average share price at exercise was:

Award date	Average share price at exercise
4 Aug 2014	615.56p

The weighted average exercise price of all SPP awards is 0.005p.

As a 'shared understanding' under IFRS2 is established between the Company and participants at the scheme outset, the costs associated with the SPP are accounted for as share-based payments from this time.

Further information on the Company's SPP awards is given in the Directors' Remuneration Report.

The awards for the current year SPP will be granted post year-end following the approval of actual performance against targets set by the Remuneration Committee. A ten-day share price averaging period that will commence after the Company's closed period is utilised to convert notional salary awarded into a number of options (refer to the Directors' Remuneration Report for performance conditions).

The table below details the number of option awards expected to be awarded for the year ended 31 May 2015:

Award date	Share price at 29 May 2015[1]	Expected full vesting date	Awards expected during the year ending 31 May 2016
			(number)
4 Aug 2015	781.5p	4 Aug 2020	504,832
Total			504,832

[1] Closing share price on 29 May 2015.

Long-Term Incentive Plan (LTIP)

The LTIP award has been made available to senior management who are not invited to participate in the SPP.

LTIP awards allow the award of nominal cost options, which vest when specific performance targets are achieved, conditional upon continued employment at the vesting date. For each award a minimum performance target has to be achieved before any shares vest and the awards vest fully once the maximum performance target is achieved.

The awarded LTIP vests after three years with a predefined number of shares allocated pro-rata based on achieving diluted earnings per share growth of between zero and 9% for the awards made in the year ended 31 May 2014, and between zero and 13% for the the year ended 31 May 2015, with straight line vesting in between.

The maximum number of LTIP awards that can vest under the awards made are:

Award date	Share price at award	Expected vesting date	At the start of the year	Awarded during the year	Lapsed during the year	Exercised during the year	At the end of the year
			(number)	(number)	(number)	(number)	(number)
28 Nov 2013	584.00p	28 Nov 2016	437,733	–	(31,321)	–	406,412
5 Aug 2014	618.50p	5 Aug 2017	–	454,665	(8,403)	–	446,262
Total			437,733	454,665	(39,724)	–	852,674

The weighted average exercise price of all LTIP awards is 0.005p.

Share Incentive Plan (SIP)

SIP awards are made available to all UK, Australian and US employees. The Executive Directors have responsibility for setting the terms of the award which are then approved by the Remuneration Committee.

The UK and Australian awards invite all employees to subscribe for up to £1,800/A$3,000 (2014: £1,500/A$3,000) of partnership shares, with the Company typically matching on a two-for-one (2014: one-for-one) basis. All matching shares vest after three years as long as the employee remains employed with the Group for the term of the award. Shares awarded under the scheme are held in trust in accordance with local tax authority rules. Employees are entitled to receive dividends on the shares held in trust for as long as they remain employees.

The US award invites employees to invest a maximum of 5% of their salary bi-annually to the award. The award runs for a six-month period and at the end of this period, the employees are invited to purchase shares in IG Group Holdings plc at a discount of 15% to the scheme price, being the lower of the opening share price and the closing share price for the period.

The maximum number of SIP shares that can vest based on the awards made are:

Country of award	Award date	Share price at award	Expected vesting date	At the start of the year	Awarded during the year	Lapsed during the year	Exercised during the year	At the end of the year
				(number)	(number)	(number)	(number)	(number)
UK	28 July 2011	4.4374	28 July 2014	47,627	–	(563)	(47,064)	–
Australia	1 August 2011	4.4477	1 August 2014	2,706	–	–	(2,706)	–
UK	27 July 2012	4.5600	27 July 2015	73,153	–	(9,257)	(2,628)	61,268
Australia	22 August 2012	4.3200	22 August 2015	3,304	–	–	–	3,304
UK	26 July 2013	5.8000	25 July 2016	56,457	–	(5,720)	(1,034)	49,703
Australia	15 July 2013	5.7250	15 July 2016	3,780	–	–	(324)	3,456
UK	25 July 2014	6.0580	25 July 2017	–	195,238	(19,596)	(2,376)	173,266
Australia	15 July 2014	5.9970	15 July 2017	–	8,366	–	–	8,366
Total				187,027	203,604	(35,136)	(56,132)	299,363

30. EMPLOYEE SHARE PLANS (CONTINUED)

30(A) CURRENT SCHEMES (CONTINUED)

Of the above SIP awards exercised during the year ending 31 May 2015, the average weighted share price at exercise was:

Country of award	Award date	Average share price at exercise
UK	28 Jul 2011	598.00p
Australia	1 Aug 2011	607.00p
UK	27 July 2012	639.77p
UK	26 Jul 2013	630.18p
Australia	15 July 2013	575.50p
UK	27 July 2014	701.50p

The weighted average exercise price of all SIP awards during the year ending 31 May 2015 is 605.16p.

30(B) FAIR VALUE OF EQUITY-SETTLED AWARDS

The fair value of the equity-settled share-based payments to employees is determined at the date at which a shared understanding of the terms and conditions of the arrangement is reached between the Company and the participants. The weighted average fair value of the equity-settled awards granted or deemed as such under IFRS2 during the year was £8.9 million (2014: £11.2 million).

For SIP awards, the fair value is determined to be the share price at the grant date, without making an adjustment for expected dividends, as awardees are entitled to dividends over the vesting period.

For LTIP awards, the fair value at grant date is determined by taking the share price at grant date. An adjustment for the present value of future dividends is not required as dividend equivalents are awarded on options granted under the LTIP.

For potential SPP awards made under the Total Shareholder Return (TSR) criteria, fair value is calculated using an option pricing model prepared by advisers. For the SPP awards made under the earnings per share and non-financial operational measures the fair value is determined by taking the share price at deemed grant date less the present value of future dividends for the duration of the performance period. Dividend equivalents accrue under the SPP on awarded but unvested options post the performance period. Post vesting (minimum holding period) dividend equivalents cease to accrue on unexercised options.

The inputs below were used to determine the fair value of the TSR element of the SPP awards granted on 12 September 2014:

Date of grant	12 September 2014
Share price at grant date (pence)	599.00p
Expected life of awards (years)	1
Risk-free sterling interest rate (%)[1]	–
IG expected volatility (%)[2]	19.78%
Benchmark index correlation (%)	18.08%
Interim dividend estimate[3]	8.45p

(1) Due to minimal exercise price the risk-free rate has no impact on the fair value calculation.
(2) Based on historical TSR volatility of IG Group Holdings plc measured daily over a period prior to the date of grant and commensurate with the remaining performance period.
(3) The dividend paid in the period from the deemed grant date to the end of the performance period, from which date dividend equivalents accrue on awarded but unvested options.

The weighted average fair values per award granted are as follows:

	At the beginning of the year	Awarded during the year	Lapsed during the year	Exercised during the year	At the end of the year
Year ended 31 May 2015	262.45p	526.33p	242.96p	419.82p	534.09p
Year ended 31 May 2014	266.93p	583.42p	287.95p	254.55p	262.45p

30(C) LEGACY SCHEMES

Value Sharing Plan (VSP)

The VSP award was an annual award introduced during the year ended 31 May 2011. In the year ended 31 May 2014, however, the VSP awards were replaced by the SPP for executives and selected senior management and LTIP awards for other senior management. VSP awards were conditional awards made available to Executive Directors and other senior staff. Participants do not pay to receive awards or to exercise options. The VSP performance period is over three years with a pre-defined number of shares allocated, for each £10 million of surplus shareholder value created over the three-year period above a hurdle. Half of the shares vest after three years and can be exercised at that date, with the remaining half being deferred for a further year, conditional upon continued employment at the vesting date. The VSP is based upon two performance conditions, Total Shareholder Return (TSR) and profit before taxation.

The maximum number of VSP shares that can vest based on the awards made are:

Award date	Share price at award	Expected vesting date	At the start of the year	Awarded during the year	Lapsed during the year	Exercised during the year	At the end of the year
			(number)	(number)	(number)	(number)	(number)
29 Oct 2010	528.50p	29 Oct 2013	17,057	–	–	(17,057)	–
29 Oct 2010	528.50p	29 Oct 2014	121,893	–	(705)	(96,213)	24,975
20 Jul 2011	450.00p	31 Jul 2014	100,214	–	(9,261)	(89,640)	1,313
20 Jul 2011	450.00p	31 Jul 2015	98,864	–	(17,227)	–	81,637
1 Aug 2012	449.70p	31 Jul 2015	3,491,992	–	(3,491,992)	–	–
1 Aug 2012	449.70p	31 Jul 2016	3,482,189	–	(3,482,189)	–	–
Total			7,312,209	–	(7,001,374)	(202,910)	107,925

Of the above VSP exercised during the year ending 31 May 2015, the average share price at exercise was:

Award date	Average share price at exercise
29 Oct 2010	602.89p
20 Jul 2011	627.38p

The weighted average exercise price of all VSP awards is 0.005p.

Legacy Long-Term Incentive Plan (LTIP)

The historic LTIP awards were made available to Executive Directors and other senior staff in the years ended 31 May 2005 to 31 May 2010 and were then replaced by the VSP award.

These historic LTIP awards allowed the award of nil cost or nominal cost shares which were legally classified as options and vested when specific performance targets were achieved, conditional upon continued employment at the vesting date. For each award a minimum performance target had to be achieved before any options vested and the awards vested fully once the maximum performance target was achieved.

The remaining number of LTIP awards that can be exercised is:

Award date	Share price at award	Expected vesting date	At the start of the year	Awarded during the year	Lapsed during the year	Exercised during the year	At the end of the year
			(number)	(number)	(number)	(number)	(number)
23 Jul 2007	312.25p	23 Jul 2010	15,952	–	–	–	15,952
Total			15,952	–	–	–	15,952

The weighted average exercise price of all LTIP awards is 0.005p.

NOTES TO THE FINANCIAL STATEMENTS

31. CAPITAL COMMITMENTS

The Group and Company had £0.4 million capital expenditure contracted for at year end but not yet incurred (2014: £0.9 million).

32. OBLIGATIONS UNDER LEASES

Operating lease agreements

The Group and Company have entered into commercial leases on certain properties. Future minimum rentals payable under non-cancellable operating leases are as follows:

Group	31 May 2015 £m	31 May 2014 £m
Future minimum payments due:		
Not later than one year	5.3	4.9
After one year but not more than five years	15.9	16.4
After more than five years	12.1	17.9
	33.3	39.2

Company	31 May 2015 £m	31 May 2014 £m
Future minimum payments due:		
Not later than one year	2.3	2.3
After one year but not more than five years	9.5	9.6
After more than five years	10.5	15.3
	22.3	27.2

The Group's main lease on its UK headquarters and several of its smaller offices include annual inflationary rent increase clauses.

33. TRANSACTIONS WITH DIRECTORS

During the year ended 31 May 2015 the Group paid £13,200 (inclusive of VAT) to Promontory Financial Group (UK) Limited (Promontory) for financial advisory services. The services provided were made in the ordinary course of business on similar terms as those prevailing for transactions with other persons unconnected with the Group. S Tymms is a Non-Executive Director for the Group and a managing director for Promontory. The Group had no other transactions with its Directors other than those disclosed in the Directors' Remuneration Report.

34. RELATED PARTY TRANSACTIONS

34(A) GROUP

The Directors and other members of management classified as 'persons discharging management responsibility' in accordance with the Financial Services and Markets Act are considered to be the key management personnel of the Group in accordance with IAS 24. The Directors' Remuneration Report discloses all benefits and share-based payments made during the year and the preceding year to the Directors. The total compensation for key management personnel together with their connected parties was as follows:

Company	31 May 2015 £m	31 May 2014 £m
Short-term employee benefits	2.8	2.7
Post-employment benefits	0.3	0.3
Share-based payments	3.2	4.0
	6.3	7.0

34(B) COMPANY

The Company had the following amounts outstanding with subsidiaries at the year-end:

	31 May 2015 £m	31 May 2014 £m
Loans to related parties	201.8	133.0
Loans from related parties	119.6	0.5

All amounts remain outstanding at the year-end and are repayable on demand. A number of intercompany amounts were subject to offset arrangements during the year.

35. FINANCIAL INSTRUMENTS

Accounting classifications and fair values – Group

The table below sets out the classification of each class of financial assets and liabilities and their fair values (excluding accrued interest). The Group considers the carrying value of all financial assets and liabilities to be a reasonable approximation of fair value and represents the Group's maximum credit exposure without taking account of any collateral held or other credit enhancements.

'Trade receivables – due from brokers' represent balances with brokers where the combination of cash held on account (disclosed as loans and receivables) and the valuation of financial derivative open positions (disclosed as held for trading) results in an amount due to the Group. These 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.

'Trade payables due to clients' represent balances where the combination of client cash held on account and the valuation of financial derivative open positions results in an amount payable by the Group. Trade payables – due to clients are reported net in the Group Statement of Financial Position as the Group adjusts the gross amount payable to clients (ie monies held on behalf of clients) for profits or losses incurred on a daily basis consistent with the legal right and intention to settle on a net basis.

35. FINANCIAL INSTRUMENTS (CONTINUED)

The Group's financial instruments are classified as follows:

Group	Note	FVTPL – Held for trading	Loans and receivables	Other amortised cost	Available-for-sale	Total carrying amount	Fair value
As at 31 May 2015		£m	£m	£m	£m	£m	£m
Financial assets							
Cash and cash equivalents	18	–	148.8	–	–	148.8	148.8
Financial investments[1]	21	–	–	–	108.4	108.4	108.4
Trade receivables – due (to)/from brokers:							
Non-exchange traded instruments		(9.7)	176.2	–	–	166.5	166.5
Exchange-traded instruments		0.8	71.9	–	–	72.7	72.7
Total trade receivables – due (to)/from brokers		(8.9)	248.1	–	–	239.2	239.2
Trade receivables – due from clients	17	–	2.0	–	–	2.0	2.0
Trade receivables – other amounts due from clients	17	–	28.4	–	–	28.4	28.4
		(8.9)	427.3	–	108.4	526.8	526.8
Financial liabilities							
Trade payables – Client funds held on balance sheet	22	–	–	16.9	–	16.9	16.9
Trade payables – Amounts due to clients	22	–	0.8	–	–	0.8	0.8
Redeemable preference shares	26	–	–	–	–	–	–
		–	0.8	16.9	–	17.7	17.7

[1] The balance is made up of £83.1 million (2014: £82.5 million) of UK Government securities held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12, and a £25.3 million (2014: £nil) UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy (refer to note 21).

Group	Note	FVTPL – Held for trading	Loans and receivables	Other amortised cost	Available-for-sale	Total carrying amount	Fair value
As at 31 May 2014		£m	£m	£m	£m	£m	£m
Financial assets							
Cash and cash equivalents	18	–	101.5	–	–	101.5	101.5
Financial investments[1]	21	–	–	–	82.5	82.5	82.5
Trade receivables – due (to)/from brokers:							
Non-exchange traded instruments		12.3	175.9	–	–	188.2	188.2
Exchange-traded instruments		(35.7)	151.4	–	–	115.7	115.7
Total trade receivables – due (to)/from brokers		(23.4)	327.3	–	–	303.9	303.9
Trade receivables – due from clients	17	–	2.3	–	–	2.3	2.3
Trade receivables – other amounts due to the Group	17	–	21.3	–	–	21.3	21.3
		(23.4)	452.4	–	82.5	511.5	511.5
Financial liabilities							
Trade payables – Client funds held on balance sheet	22	–	–	21.0	–	21.0	21.0
Trade payables – Amounts due to clients	22	–	0.8	–	–	0.8	0.8
Redeemable preference shares	26	–	–	–	–	–	–
		–	0.8	21.0	–	21.8	21.8

[1] £82.5 million of UK Government securities held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12 (refer to note 21).

Financial instrument valuation hierarchy

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

Group	Level 1[1] £m	Level 2[2] £m	Level 3[3] £m	Total fair value £m
As at 31 May 2015				
Financial assets:				
Trade receivables – due from/(to) brokers	0.8	(9.7)	–	(8.9)
Financial investments[4]	108.4	–	–	108.4

[1] Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes the Group's exchange-traded open 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 to the product offered by the Group to its clients or used by the Group to hedge its market risk does not exist.

[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 year (2014: none). During the year ended 31 May 2015, there were no transfers (2014: none) between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements (2014: none).

[4] The balance is made up of £83.1 million (2014: £82.5 million) of UK Government securities held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12, and a £25.3 million (2014: £nil) UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy (refer to note 21).

Group	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
As at 31 May 2014				
Financial assets:				
Trade receivables – due (to)/from brokers	(35.7)	12.3	–	(23.4)
Financial investments[5]	82.5	–	–	82.5

[5] £82.5 million of UK Government securities held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12 (refer to note 21).

35. FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of the movement in Level 3 of the valuation hierarchy

Group	At 1 June 2014 £m	Gains or losses in revenue[1] £m	Cash settled positions [2] £m	Transfers £m	At 31 May 2015[3] £m
Financial assets:					
Trade receivables – due from clients (Note 3(a))	–	36.2	(36.2)	–	–

[1] Disclosed in trading revenue in the income statement. This represents client positions that have closed in the year as well those open at the year end.
[2] Value of client positions that have cash settled in the year.
[3] Value of open, unsettled client positions at the yearend disclosed in trading revenue in the income statement.

Group	At 1 June 2013 £m	Gains or losses in revenue £m	Cash settled positions £m	Transfers £m	At 31 May 2014 £m
Financial assets:					
Trade receivables – due to clients (Note 3(a))	–	26.8	(26.8)	–	–

The impact of a reasonably possible alternative valuation assumption on the valuation of trade receivables – due from clients reported within Level 3 of the valuation hierarchy is not significant.

Accounting classifications and fair values – Company

Company	FVTPL – Held for trading £m	Loans and receivables £m	Other amortised cost £m	Available-for-sale £m	Total carrying amount £m	Fair value £m
As at 31 May 2015						
Financial assets:						
Cash and cash equivalents	–	–	–	–	–	–
Amounts due from Group companies (Note 34(b))	–	201.8	–	–	201.8	201.8
	–	201.8	–	–	201.8	201.8
Financial liabilities:						
Amounts due to Group companies (Note 34(b))	–	–	119.6	–	119.6	119.6
Redeemable preference shares	–	–	–	–	–	–
	–	–	119.6	–	119.6	119.6

Company	FVTPL – Held for trading £m	Loans and receivables £m	Other amortised cost £m	Available-for-sale £m	Total carrying amount £m	Fair value £m
As at 31 May 2014						
Financial assets:						
Cash and cash equivalents	–	–	–	–	–	–
Amounts due from Group companies (Note 34(b))	–	133.0	–	–	133.0	133.0
	–	133.0	–	–	133.0	133.0
Financial liabilities:						
Amounts due to Group companies (Note 34(b))	–	–	0.5	–	0.5	0.5
Redeemable preference shares	–	–	–	–	–	–
	–	–	0.5	–	0.5	0.5

Items of income, expense, gains or losses – Group

Gains and losses arising from financial assets and liabilities classified as fair value through the profit and loss, held for trading, amounted to net gains of £388.4 million (2014: £370.4 million).

Finance income (refer to note 8) totalled £1.8 million (2014: £1.5 million). An amount of £1.8 million (2014: £1.5 million) represents interest income on financial assets not at fair value through profit or loss and includes interest receivable in respect of non-segregated client balances, part of which is held with broker and interest receivable calculated using the Effective Interest Rate methodology for financial investments.

Finance costs (refer to note 9) totalled £1.9 million (2014: £2.0 million). An amount of £1.8 million represents interest expense on financial liabilities not at fair value through profit or loss (2014: £0.4 million). The remainder, £0.1 million (2014: £1.6 million) represents fee expense arising from maintaining the Group's committed bank facilities.

Financial instruments subject to offsetting, enforceable master netting agreements and similar arrangements

Within the Group's terms and conditions with individual clients and brokers are standard netting agreement clauses. The effect of these netting arrangements, including rights of set-off associated within the Group's recognised financial assets and financial liabilities is as follows:

Group	Note	Gross amounts before offsetting £m	Amounts set off in the balance sheet £m	Net amounts presented in the balance sheet £m
As at 31 May 2015				
Financial assets				
Financial investments[1]	21	108.4	–	108.4
Trade receivables – due from brokers[2]	17	320.9	(81.7)	239.2
Trade receivables – due from clients[3]	17	264.5	(236.1)	28.4
Trade receivables – other amounts due to the Group	17	2.0	–	2.0
		695.8	(317.8)	378.0
Financial liabilities				
Trade payables – due to brokers[2]		81.7	(81.7)	–
Trade payables	22	253.8	(236.1)	17.7
		335.5	(317.8)	17.7

(1) The balance is made up of £83.1 million (2014: £82.5 million) held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12, and a £25.3 million (2014: £nil) UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy (refer to note 21).

(2) 'Trade receivables - due from brokers' and 'Trade payables – due to brokers' represent balances with brokers where the combination of cash held on account (disclosed as loans and receivables) and the net valuation of financial derivative open positions (disclosed as held for trading) results in an amount due to/from the Group. The net financial derivative open positions have been presented gross according to whether individual positions held at brokers are in a profit or loss position.

(3) 'Trade receivables - due from clients' represent balances with clients where the combination of cash held on account (disclosed as loans and receivables) and the net valuation of financial derivative open positions (disclosed as held for trading) results in an amount due to the Group. The net financial derivative open positions have been presented gross according to whether individual positions held with clients are in a profit or loss position.

NOTES TO THE FINANCIAL STATEMENTS

Financial instruments subject to offsetting, enforceable master netting agreements and similar arrangements (continued)

Group	Note	Gross amounts before offsetting £m	Amounts set off in the balance sheet £m	Net amounts presented in the balance sheet £m
As at 31 May 2014				
Financial assets				
Financial investments[1]	21	82.5	–	82.5
Trade receivables – due from brokers	17	379.5	(75.6)	303.9
Trade receivables – due from clients	17	282.0	(279.7)	2.3
Trade receivables – other amounts due to the Group	17	21.3	–	21.3
		765.3	(355.3)	410.0
Financial liabilities				
Trade payables – due to brokers		75.6	(75.6)	–
Trade payables	22	301.6	(279.7)	21.9
		377.2	(355.3)	21.9

(1) £82.5 million of UK Government securities held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12 (refer to note 21 for details).

36. FINANCIAL RISK MANAGEMENT

Responsibility for risk management, including financial risks, resides at all levels within the Group, starting with the Board of Directors. Our Corporate Governance structure, including details of how the Board delegates responsibility for internal control and risk management to our Audit and Risk committees, is described in detail in the Corporate Governance section of the Annual Report.

The Group's Internal Capital Adequacy Assessment Process (ICAAP) and Individual Liquidity Adequacy Assessment (ILAA), while applying specifically to the Group's FCA entities, provide an on-going assessment of the risks the Group considers to have the potential to have a significant detrimental impact on its financial performance and future prospects and describes how the Group mitigates these risks subject to the Group's risk appetite.

Financial risks arising from financial instruments are analysed into market, credit, concentration and liquidity risks, and these are discussed below.

(i) Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. This is analysed into market price, currency and interest rate risk components.

The Group's market risk is managed under the 'Market Risk Policy' on a group-wide basis and exposure to market risk at any point in time depends primarily on short-term market conditions and the levels of client activity. The Group utilises market position limits for 'operational efficiency' and does not take proprietary positions based on an expectation of market movements. As a result not all net client exposures are hedged and the Group may have a residual net position in any of the financial markets in which it offers products up to the market risk limit.

The Group's Market Risk Policy incorporates a methodology for setting market position limits, consistent with the Group's risk appetite, for each financial market in which the Group's clients can trade, as well as certain markets which the Board considers to be correlated. These limits are determined with reference to the expected liquidity and volatility of the underlying financial product or asset class and represent the maximum long and short client exposure that the Group will hold without hedging the net client exposure.

The Group's real-time market position monitoring system allows it to monitor its market exposure against these limits continuously. If exposures exceed these limits, the policy requires that hedging is undertaken to bring the exposure back within the defined limit.

There is a significant level of 'natural' hedging arising from the Group's global client base pursuing varying trading strategies which results in a significant portfolio hedging effect. This reduces the Group's net market exposure prior to the Group hedging any residual net client exposures.

Where the Group has residual positions in markets for which it has not been possible or cost-effective to hedge, the Executive Risk Committee determines the appropriate action and reviews these exposures regularly, subject to the risk management framework approved by the Board.

Binary bets and options are typically difficult or not cost-effective to hedge and there is often no direct underlying market which can be utilised in setting the price which the Group quotes. The Group normally undertakes no hedging for these markets, but can hedge specific positions if considered necessary. The Group aims to reduce the volatility of revenue from these markets by offering a large number of different betting opportunities, the results of which should, to some extent, offset each other irrespective of the underlying market outcome. The overwhelmingly short-term nature of these contracts means that risk on these markets at any point in time is not considered to be significant.

A) MARKET PRICE RISK

This is the risk that the fair value of a financial instrument fluctuates as a result of changes in market prices other than due to the effect of currency or interest rate risks.

Equity market price risk:

The most significant market risk faced by the Group is on equity positions, including shares and indices which are highly correlated and managed on a portfolio basis.

During the year, following further development of the back-end risk management systems, a detailed analysis of the risk limits market-by-market was undertaken. This resulted in increasing certain risk limits, as well as making the main regional and global equity limits dynamic by responding intraday when the market is open and most liquid, when client activity increases or decreases and reducing the limit approaching market closing. Accordingly, the intraday limit will fluctuate but with a maximum limit set at £100.0 million.

At 31 May 2015 the exposure limit was £30.0 million (2014: £20.0 million) and the Group's equity exposure was £2.8 million (2014: £2.7 million). The average equity exposure limit during the year was £26.4 million (2014: £18.2 million). As noted earlier in this section, the Group's market risk policy requires that when the exposure exceeds the exposure limit, hedging is undertaken to bring the exposure back within that limit as soon as practical.

The Group has no significant concentration of market risk.

No sensitivity analysis is presented for equity market price risk as the impact of reasonably possible market movements on the Group's net trading revenue and equity are not significant, being less than the Group's average daily net trading revenue from financial instruments. Changes in market risk variables have no direct impact on the Group's equity as the Group has no financial instruments designated in hedging relationships.

Other market price risk:

The Group also has market price risk as a result of its trading activities (offering bets and Contracts for Difference (CFDs) on interest rate derivatives and commodities) that is hedged as part of the overall market risk management. The exposure is monitored on a Group-wide basis and is hedged using exchange-traded futures and options. Exposure limits are set by the Executive Risk Committee for each product, and also for groups of products where it is considered that their price movements are likely to be positively correlated.

The exposure to interest rate derivatives and commodities at the year-end are as follows:

	31 May 2015	31 May 2014
	£m	£m
Interest rate derivatives	11.0	11.2
Commodities	7.4	4.7

No sensitivity analysis is presented for other market price risk as the impact of reasonably possible market movements on the Group's net trading revenue are not significant. Changes in risk variables have no direct impact on the Group's equity as the Group has no financial instruments designated in hedging relationships.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

B) FOREIGN CURRENCY RISK

The Group is exposed to two sources of foreign currency risk.

i) Translational foreign currency risk

Translation exposures arise from financial and non-financial items held by an entity with a functional currency different from the Group's presentation currency. The functional currency of each company in the Group is that denominated by the country of incorporation as disclosed in note 15. The Group does not hedge translational exposures as they do not have a significant impact on the Group's capital resources.

ii) Transactional foreign currency risk

Transactional foreign currency exposures represent financial assets or liabilities denominated in currencies other than the functional currency of the transacting entity. Transaction exposures arise in the normal course of business and the management of this risk forms part of the risk policies outlined above. Limits on the exposures which the Group will accept in each currency are set by the Executive Risk Committee and the Group hedges its exposures as necessary with market counterparties. Foreign currency risk is managed on a group-wide basis, while the Company's exposure to foreign currency risk is not considered by the Directors to be significant.

The Group monitors transactional foreign currency risks including currency statement of financial position exposures, equity, commodity, interest and other positions denominated in foreign currencies and bets and trades on foreign currencies. The Group's net exposure to foreign exchange risk based on notional amounts at each year-end was as follows:

	31 May 2015	31 May 2014
	£m	£m
US dollar	(4.9)	(2.4)
Euro	(9.1)	(1.8)
Australian dollar	(2.3)	0.9
Yen	(2.7)	(8.8)
Other	(3.9)	3.6

No sensitivity analysis is presented for foreign exchange risk as the impact of reasonably possible market movements on the Group's net trading revenue are not significant. Changes in risk variables have no direct impact on the Group's equity as the Group has no financial instruments designated in hedging relationships.

C) NON-TRADING INTEREST RATE RISK

The Group also has interest rate risk relating to financial instruments not held at fair value through profit or loss. These exposures are not hedged.

The interest rate risk profile of the Group's financial assets and liabilities as at each year-end was as follows:

	Within 1 year		Between 2 and 5 years		More than 5 years		Total	
	31 May 2015	31 May 2014	31 May 2015	31 May 2014	31 May 2015	31 May 2014	31 May 2015	31 May 2014
Group	£m	£m	£m	£m	£m	£m	£m	£m
Fixed rate								
Redeemable preference shares	–	–	–	–		–		–
Financial investments[1]	32.9	50.3	75.5	32.2	–	–	108.4	82.5
Floating rate								
Cash and cash equivalents	148.8	101.5	–	–	–	–	148.8	101.5
Trade receivables – due from brokers	239.2	303.9	–	–	–	–	239.2	303.9
Trade payables – client funds held on balance sheet	(16.9)	(21.0)	–	–	–	–	(16.9)	(21.0)
	404.0	434.7	75.5	32.2	–	–	479.5	466.9

[1] Financial investments are made up of £83.1 million (2014: £82.5 million) held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12, and a £25.3 million (2014: £nil) UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy (refer to note 21).

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. Please refer to note 21 for effective interest rates received.

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Trade receivables and payables include client and broker balances upon which interest is paid or received based upon market rates.

Interest rate risk sensitivity analysis

A non-traded interest rate risk sensitivity analysis has been performed on net interest income on segregated client funds, based on the value of client funds held at the year-end, on the basis of a 0.25% (2014: 0.25%) per annum fall and a 0.5% (2014: 0.5%) rise in interest rates, at the beginning of the year, as these are considered 'reasonably possible'. The impact of such a fall in interest rates would reduce net interest income on segregated client funds by approximately £2.2 million (2014: £1.6 million) per annum. The impact of such a rise in interest rates would increase net interest income on segregated client funds by approximately £4.5 million (2014: £3.3 million) per annum. Changes in risk variables have no material impact on the Group's equity as the Group has no financial instruments designated in hedging relationships.

(ii) 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.

The Group's credit risk is managed on a group-wide basis.

A) FINANCIAL INSTITUTION CREDIT RISK

Financial institution credit risk is managed in accordance with the Group's 'Counterparty Credit Management Policy'.

Financial institutional counterparties are subject to a credit review when a new relationship is entered into and this is updated semi-annually (or more frequently as required eg on a change in the financial institution's corporate structure). Proposed maximum exposure limits for these financial institutions are then reviewed and approved by the Executive Risk Committee.

As part of its management of concentration risk, the Group is also committed to maintaining multiple brokers for each asset class. Where possible, the Group negotiates for its funds to receive client money protection which can reduce direct credit exposure.

In respect of financial institution credit risk, the following key metrics are monitored on a daily basis:

- Balances held with each counterparty group, against limits approved by the Executive Risk Committee; and
- Any change in short- and long-term credit rating.

The Group is responsible under various regulatory regimes for the stewardship of client monies. These responsibilities are defined in the Group's Counterparty Credit Management Policy and include the appointment of and periodic review of institutions with which client money is deposited. The Group's general policy is that all financial institutional counterparties holding client money accounts must have minimum short- and long-term ratings of A-2 and A- respectively, although in some operating jurisdictions where accounts are maintained to provide local banking facilities for clients it can be problematic to find a banking counterparty satisfying these minimum ratings requirements. In such cases the Group will seek to use a locally systemically important institution. These criteria also apply for the Group's own bank accounts held with financial institutions. The Group also actively manages the credit exposure to each of its broking counterparties settling or recalling balances at each broker on a daily basis in line with the collateral requirements.

In addition, the majority of deposits are made on an overnight or breakable term basis which enables the Group to react immediately to any deterioration in credit quality, and deposits of an unbreakable nature or requiring notice are only held with a subset of counterparties which have been approved by the Executive Risk Committee. At 31 May 2015 there were no deposits held on an unbreakable basis (2014: £nil).

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

B) CLIENT CREDIT RISK

The Group operates a real-time mark-to-market trading platform, with client profits and losses being constantly updated on each client's account.

Client credit risk principally arises when a client's total funds deposited with the Group are insufficient to cover any trading losses incurred. In addition, a small number of clients are granted credit limits to cover open losses and margin requirements as described below.

In particular, client credit risk can arise where there are significant, sudden movements in the market i.e. due to high general market volatility or specific volatility relating to an individual financial instrument in which the client has an open position.

We mitigate, but do not eliminate, client credit risk in a number of ways, including the real time monitoring of client positions via our 'close-out monitor', the ability of clients to set a level in advance at which the deal will be closed (the 'stop' level or 'guaranteed stop' level) and the use of tiered margining.

Credit risk is also mitigated in part through increased margin requirements on larger positions, our client suitability criteria, and is supported by an extensive training programme that aims to educate clients in all aspects of trading and risk management which encourages them to collateralise their accounts at an appropriate level in excess of the minimum requirement.

The principal types of client credit risk exposure are managed under the Group's 'Client Credit Management Policy' and depend on the type of account and any credit offered to clients as follows:

Clients subject to the Group's 'close-out monitor'

The 'close-out monitor' (COM) is an automated liquidation process whereby accounts which have broken the liquidation threshold are automatically identified. Where client losses are such that their total equity falls below the specified liquidation level positions will be liquidated, resulting in reduced credit risk exposure for the Group.

Both the 'close-out monitor' and client initiated 'stops' result in the transfer of market risk to the Group. Market risk arises following the closure of the underlying client position as the Group (subject to the market risk limits, discussed in the 'Market risk' section with regards to market risk), may hold a corresponding hedging position that will, assuming sufficient market liquidity, be unwound.

In addition a subset of clients has what are known as 'Limited Risk' accounts. For such accounts a level is set in advance (the 'guaranteed stop' level) at which the deal will be closed, meaning a maximum client loss can be calculated at the opening of the trade. Clients placing trades with guaranteed stop levels pay a small premium on each transaction. The maximum loss is then the amount the client is required to deposit to open the trade, meaning that in most circumstances the client can never lose more than their initial margin deposit. Although no longer offered to new clients, the Group still has a significant number of clients with this type of account. This type of account results in the transfer of an element of market risk to the Group, which is managed under the Group's Market Risk Policy, and only a subset of more liquid products are available to trade. Clients with any type of account may still choose to use guaranteed stops (where available and on payment of the premium).

The majority of client positions are monitored on the Group's real-time COM system or are limited risk accounts with guaranteed 'stop-losses'. As at 31 May 2015, 99.85% (2014: 99.81%) of financial client accounts are subject to the automatic COM procedure or are 'limited risk' accounts.

Credit accounts

Clients holding other types of accounts are permitted to deal in circumstances where they may be capable of suffering losses greater than the funds they have deposited on their account, or in limited circumstances are allowed credit. The Group has a formal credit policy which determines the financial and experience criteria which a client must satisfy before being given an account which exposes the Group to credit risk, including trading limits for each client and strict margining rules.

The Group may offer credit limits with the result that any 'open loss' can be paid subject to agreed credit terms. These accounts typically only create a credit exposure when the client's loss exceeds their initial margin deposit.

In addition to the waiver of payment of open losses on a trade, the Group may also offer clients credit in respect of their initial margin. This is a permanent waiving of initial margin requirements while the limit is active on the account subject to the credit limit.

Credit limits are only granted following provision by the client of evidence of their available financial resources and credit accounts limits are continuously reviewed by the Group's Credit Department. Each client with a credit limit is also assigned a liquidation level, breach of which will result in closure of positions. Credit accounts are small in number, are not actively promoted and in general they are not made available to new clients.

Risk-based tiered margins

The Group applies a tiered-margin requirement for equities and other instruments with risk-adjusted margin requirements dependent on several factors including the volatility and liquidity of the underlying instrument.

This has resulted in potential margin requirement of up to 75% of the value of the notional client position for large client positions but a reduced margin requirement for smaller client positions.

These tiered margins, in addition to the COM discussed earlier, contribute to the further mitigation of the Group's client counterparty credit risk exposure.

Management of client collateral

The Group also accepts collateral from a small number of its stockbroking clients in the form of shares or other securities which mitigate the Group's credit risk. Clients retain title to the securities lodged while their trading account is operating normally, but are required to sign a collateral agreement which will allow the Group to take title and sell the securities in the event of the client defaulting on any margin obligations.

The collateral value assigned to the client account is updated in real time, and each security is assigned a 'haircut' value eg a client is typically allowed to use 90% of a major FTSE 100 current market value.

The analysis of neither past due nor impaired credit exposures in the following table excludes 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. Under these rules, client money funds held with trust status are protected in the event of the insolvency of the Group.

	Cash and cash equivalents		Trade receivables – due from brokers		Trade receivables – due from clients	
	31 May 2015	31 May 2014	31 May 2015	31 May 2014	31 May 2015	31 May 2014
	£m	£m	£m	£m	£m	£m
Group		(note 18)		(note 17)		(note 17)
Individually impaired						
Gross exposure	–	–	–	–	22.7	11.4
Allowance for impairment	–	–	–	–	(21.7)	(10.6)
	–	–	–	–	1.0	0.8
Past due but not impaired						
Ageing profile:						
0-3 months	–	–	–	–	0.1	0.3
> 6 months	–	–	–	–	0.2	–
	–	–	–	–	0.3	0.3
Neither past due nor impaired						
Credit rating:						
AA+ & above	7.0	–	–	–	–	–
AA to AA-	6.5	9.1	16.9	55.1	–	–
A+ to A-	125.7	86.7	219.2	247.4	–	–
BBB+ to BBB-	8.7	5.1	0.2	0.1	–	–
BB+ to B	0.2	0.1	–	–	–	–
CCC	–	–	–	–	–	–
Unrated(1)	0.7	0.5	2.9	1.3	0.7	1.2
	148.8	101.5	239.2	303.9	0.7	1.2
Total carrying amount	148.8	101.5	239.2	303.9	2.0	2.3

(1) Amounts due from brokers are primarily related to the Group's operations in South Africa. Unrated amounts due from clients relate to open positions. Prepayments and other receivables are all unrated (2014: all unrated).

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

B) CLIENT CREDIT RISK (CONTINUED)

The Financial investments are UK Government securities held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12 and as such they are rated as AA+.

Impairment of trade receivables due from clients

The Group records specific impairments of trade receivables due from clients in a separate allowance account. Impairments are recorded where the Group determines that it is probable that it will be unable to collect all amounts owing according to the contractual terms of the agreement. There are no collective impairments taken, and no other assets are considered impaired. Below is a reconciliation of changes in the separate allowance account during the year:

Group	31 May 2015 £m	31 May 2014 £m
Balance at 1 June	10.6	10.8
Impairment loss for the year		
– gross charge for the year	18.0	2.9
– recoveries	(2.8)	(1.3)
Write-offs	(4.1)	(1.5)
Foreign exchange	–	(0.3)
Balance at 31 May	21.7	10.6

Included in the 'gross charge for the year' line is £15.1million and £2.8 million in the 'recoveries' line in the table above, in relation to the Swiss franc event (see note 2, for details).

The recovery of the outstanding debts associated with the Swiss franc is dependent on the ultimate recovery from a small number of debts. The Group's approach remains that for clients whom are considered to be well positioned and with resources to pay their debts the Group will continue to employ resources to recover the debts.

Credit risk – Company

Held within prepayments and other receivables in the Statement of Financial Position of the Company are amounts payable to the Company from related parties that are unrated. Refer to note 34(b). The Company is not otherwise exposed to material amounts of credit risk.

(iii) Concentration risk

Concentration risk is defined as all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of the Group. In respect of financial risk, such exposures may be caused by credit risk, market risk, liquidity risk or a combination or interaction of those risks.

The following table analyses the Group's credit exposures, at their carrying amounts, by geographical region and excludes individual client funds held in segregated client money accounts established under the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates.

Analysis of credit exposures at carrying amount by geographical segment:

Group	UK £m	Europe £m	Australia £m	Rest of World £m	Total £m
As at 31 May 2015					
Financial assets					
Cash and cash equivalents	71.8	0.5	5.7	70.8	148.8
Financial investments[1]	108.4	–	–	–	108.4
Trade receivables – due from brokers	44.9	44.9	29.1	120.3	239.2
Trade receivables – due from clients	2.0	–	–	–	2.0
Other amounts due to the Group	22.2	–	–	6.2	28.4
Total financial assets	249.3	45.4	34.8	197.3	526.8

[1] Financial investments are made up of £83.1 million (2014: £82.5 million) held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12, and a £25.3 million (2014: £nil) UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy (refer to note 21).

Group	UK £m	Europe £m	Australia £m	Rest of World £m	Total £m
As at 31 May 2014					
Financial assets					
Cash and cash equivalents	74.3	1.2	6.5	19.5	101.5
Financial investments	82.5	–	–	–	82.5
Trade receivables – due from brokers	92.5	51.8	52.2	107.4	303.9
Trade receivables – due from clients	2.0	0.2	0.1	–	2.3
Other amounts due to the Group	14.2	–	1.7	5.4	21.3
Total financial assets	265.5	53.2	60.5	132.3	511.5

The Group's largest credit exposure to any one individual broker at 31 May 2015 was £91.2 million (A- rated) (2014: £79.0 million, A- rated). Included in cash and cash equivalents, the Group's largest credit exposure to any bank at 31 May 2015 was £54.1 million (A rated) (2014: £61.5 million, AA+ rated). The Group has no significant exposure to any one particular client or group of connected clients.

All of the Company's credit exposures arise in the UK at both 31 May 2015 and 31 May 2014.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or other financial assets. For further details refer to note 19.

Derivative and non-derivative cash flows by remaining contractual maturity – Group

The following tables present the undiscounted cash flows receivable and payable (excluding interest payments) by the Group under derivative and non-derivative financial assets and liabilities allocated to the earliest period in which the Group can be required to pay although the remaining contractual maturities may be longer.

Amounts payable on demand:

As at 31 May 2015	Derivative £m	Non-derivative £m	Total £m
Financial assets			
Cash and cash equivalents	–	148.8	148.8
Financial investments[1]	–	108.4	108.4
Trade receivables – due (to)/from brokers	(8.9)	248.1	239.2
Trade receivables – due from clients	–	2.0	2.0
Trade receivables – other amounts due to the Group	–	28.4	28.4
	(8.9)	535.7	526.8
Financial liabilities			
Trade payables – Client funds held on balance sheet	–	(16.9)	(16.9)
	(8.9)	518.8	509.9

[1] Financial investments are made up of £83.1 million (2014: £82.5 million) held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12, and a £25.3 million (2014: nil) UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy (refer to note 21).

Derivative trade receivables disclosed in the table above represent the Group's open positions with brokers. Non-derivative trade receivables and payables disclosed in the table above represent cash margin held at brokers, UK Government securities and client debtors. Derivative and non-derivative cash flows are presented alongside each other in the table above as they result from the same underlying trading relationship and as the Group has both the legal right and intention to settle on a net basis.

Trade receivables are disclosed as repayable on demand as when client positions are closed the corresponding positions relating to the hedged position are closed with brokers. Accordingly the Group releases cash margin, which is repaid by brokers to the Group on demand.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

B) CLIENT CREDIT RISK (CONTINUED)

Derivative and non-derivative cash flows by remaining contractual maturity – Group (continued)

Amounts payable on demand:

As at 31 May 2014	Derivative £m	Non-derivative £m	Total £m
Financial assets			
Cash and cash equivalents	–	101.5	101.5
Financial investments[1]	–	82.5	82.5
Trade receivables – due (to)/from brokers	(23.4)	327.3	303.9
Trade receivables – due from clients	–	2.3	2.3
Trade receivables – other amounts due to the Group	–	21.3	21.3
	(23.4)	534.9	511.5
Financial liabilities			
Trade payables – Client funds held on balance sheet	–	(21.0)	(21.0)
	(23.4)	513.9	490.5

[1] £82.5 million of UK Government securities held by the Group in satisfaction of the FCA requirements to hold a 'liquid asset buffer' against potential liquidity stress under BIPRU 12 (refer to note 21 for details).

Amounts payable over 5 years:

The Group has non-derivative cash flows payable over 5 years in relation to the redeemable preference shares at 31 May 2015 and 2014, as disclosed in note 26.

Derivative and non-derivative cash flows by remaining contractual maturity - Company

There were no Company derivative cash flows as at 31 May 2015 (2014: £nil).

At 31 May 2015 the Company held cash and cash equivalents of £724 (2014: £194) available on demand and redeemable preference shares of £40,000 (2014: £40,000) the terms of which are disclosed in note 26.

37. CAPITAL MANAGEMENT AND RESOURCES

Capital management

The Group is supervised on a consolidated basis by the UK's Financial Conduct Authority (FCA). The Group's operations in Australia, Japan, Singapore, South Africa, Switzerland, United Arab Emirates and the United States, are also regulated. Individual capital requirements in these jurisdictions are taken into account when managing the Group's capital resources.

The Group's regulatory capital resources management objective is to ensure that the Group complies with the regulatory capital resources requirement set by the FCA and other global regulators in jurisdictions in which the Group's entities operate.

The Group's capital management policy aims to maximise returns on equity while maintaining a strong capital position to enable the Group to take advantage of growth opportunities, whether organic or by acquisition. The Group does not seek to generate higher returns on equity by introducing leverage through, for example, the use of long-term debt finance.

The Group's 2014 ICAAP was approved by the Board in December 2014. There have been no capital requirement breaches during the financial and prior year. The Group also regularly undertakes three-year stress and scenario testing of its main financial and operational risks to project its future capital and liquidity adequacy requirements.

The disclosures required of the Group under the Capital Requirements Regulation (Pillar III) will be made on the Group's corporate website iggroup.com. These will provide additional information which will allow market participants to assess key pieces of information on a firms capital, risk exposures, risk assessment process and hence the capital adequacy of the firm.

Return on Assets

In accordance with the Capital Requirements Directive IV (CRD IV)[(1)] and the IFPRU prudential regulations the Group is required to disclose a return on assets metric. This has been calculated as 'profit for the year' divided by 'shareholders equity':

	31 May 2015 £m	Restated* 31 May 2014 £m
Return on assets	22.3%	26.0%

Capital resources

The Group had significant surplus regulatory capital resources over the Pillar 1 regulatory capital resources requirement throughout the year. An analysis of the Group's consolidated capital resources and capital resources requirement is provided in the Operating and Financial Review.

The following table summarises the Group's capital adequacy on a consolidated basis.

£m	31 May 2015	Restated* 31 May 2014
Shareholders' equity per audited financial statements	591.4	565.9
Investment in own shares	1.2	1.1
Common Equity Tier 1 Capital	592.6	567.0
Less: Intangible assets	(124.0)	(122.7)
Less: Investment in own shares	(1.2)	(1.1)
Less: Deferred tax asset[(1)]	(7.1)	(7.1)
Total capital resources (CR)	460.3	436.1

(1) The new CRD IV requirements which came into force on 1 January 2014 require deferred tax assets relating to future profitability to be deducted from Tier 1 Capital in the determination of capital resources for the Group.

* As outlined in the Group Accounting policies on page 168, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. See note 38 for additional information.

NOTES TO THE FINANCIAL STATEMENTS

38. IMPACT OF ADOPTING NEW ACCOUNTING STANDARDS

Restatement of comparatives – IFRIC 21 'Levies'

As outlined in the Group's accounting policies on page 168, during the year ended 31 May 2015, the Group adopted IFRIC 21 'Levies' and has accordingly restated the prior periods.

The following tables reflect the impact on the Group's financial statements at 31 May 2015 of IFRIC 21 'Levies' at 1 June 2014.

	IFRIC 21 Levies
Income statement – year ended 31 May 2015	£m
Administrative expenses	5.3
Profit before tax	5.3
Taxation credit[1]	(1.4)
Profit for the year	3.9
Basic and diluted loss per share (cent)	1.53p and 1.52p
Consolidated statement of financial position 31 May 2015 (lines impacted by IFRIC 21)	
Deferred tax	1.4
Other payables[1]	(7.0)
Retained earnings – current year	3.9

[1] Tax impact was calculated at the substantively enacted rate of 20% (2014: 20%) on the FSCS levy charge for the year ending 31 March 2016 before adjustments made to prior year charges.

The following tables set out the impact of IFRIC 21 'Levies' on the comparative amounts for the year ended 31 May 2014.

Consolidated income statement (lines impacted by IFRIC 21)

	As originally published	IFRIC 21 Levies	Restated
Year ended 31 May 2014	£m	£m	£m
Administrative expenses	(179.0)	0.2	(178.8)
Operating profit	195.2	0.2	195.4
Profit before taxation	194.7	0.2	194.9
Tax expense	(47.7)	–	(47.7)
Profit for the period	147.0	0.2	147.2

Consolidated statement of financial position (lines impacted by IFRIC 21)

	As originally published	IFRIC 21 Levies	Restated
31 May 2014	£m	£m	£m
Assets			
Deferred tax assets	5.7	1.4	7.1
Current liabilities			
Other payables	53.3	5.1	58.4
Equity			
Retained earnings	277.4	(3.7)	273.7

	As originally published	IFRIC 21 Levies	Restated
1 June 2013	£m	£m	£m
Assets			
Deferred tax assets	9.5	1.4	10.9
Current liabilities			
Other payables	53.8	5.3	59.1
Equity			
Retained earnings	215.2	(3.9)	211.3

Consolidated statement of changes in shareholders' equity (lines impacted by IFRIC 21)

31 May 2014	As originally published £m	IFRIC 21 Levies £m	Restated £m
Retained earnings			
Balance at the beginning of the period/year	215.2	(3.9)	211.3
Profit for the year	147.0	0.2	147.2
Balance at the end of the period/year	277.4	(3.7)	273.7

Consolidated cash flow statement (lines impacted by IFRIC 21)

Year ended 31 May 2014	As originally published £m	IFRIC 21 Levies £m	Restated £m
Cash flow from operating activities			
Profit before tax	194.7	0.2	194.9
Other non-cash items	3.9	(0.2)	3.7
Cash generated from operations	176.5	–	176.5

39. SUBSEQUENT EVENTS

As at 31 May 2015, The Group had £200.0 million in revolving credit facility from a syndicate of three UK banks. The Group has undertaken a review of its contingent liquidity requirements and upon approval from the Executive Risk Committee, concluded to reduce the facility to £160.0 million and include a fourth bank in the syndicate. The inclusion of a fourth bank in the syndicate offers the Group further bank diversification. This new facility has £100.0 million available for up to a 1 year term (with an option to extend for a further year) and £60.0 million available for up to 3 years and was signed on 17 July 2015.

40. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The financial statements of IG Group Holdings plc (the Company) and its subsidiaries (together the Group) for the year ended 31 May 2015 were authorised for issue by the Board of the Directors on 21 July 2015 and the statements of financial position signed on the Board's behalf by Tim Howkins and Christopher Hill. 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 Company's registered address is 25 Dowgate Hill, London, United Kingdom, EC4R 2YA.

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and IFRIC interpretations as they apply to the financial statements of the Group and of the Company for the year ended 31 May 2015 and applied in accordance with the provisions of the Companies Act 2006. The Group and Company financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivatives) at fair value through profit or loss.

The principal accounting policies adopted by the Group and the Company are set out in note 41.

NOTES TO THE FINANCIAL STATEMENTS

41. ACCOUNTING POLICIES

41.1 Basis of preparation

The accounting policies which follow have been applied in preparing the financial statements for the year ended 31 May 2015.

As permitted by Section 408(1)(b), (4) of the Companies Act 2006, the individual income statement of IG Group Holdings plc (the Company) has not been presented in these financial statements. The amount of profit for the year dealt with in the financial statements of IG Group Holdings plc is £62.7 million (2014: £85.8 million). A statement of comprehensive income for IG Group Holdings plc has also not been presented in these financial statements. No items of other comprehensive income arose in the year (2014: £nil).

Comparatives restatement

IFRIC 21 'Levies'

Comparative periods have been restated to reflect the impact of the adoption of IFRIC Interpretation 21: Levies.

The adoption of IFRIC 21 impacts the accounting for the Financial Services Compensation Scheme (FSCS) levy for the year commencing 1 June 2014. FSCS levies are raised in respect of the financial year of the FSCS that runs from 1 April to the following 31 March. The levy is payable in its entirety if the Group is in operation under its Financial Conduct Authority (FCA) licence on 1 April, being the obligating event, and is levied relating to revenues of the Group's prior year. IFRIC 21 requires the levy to be recognised in full in the income statement on 1 April each year. The existence of relevant activity in the previous period is necessary, but not sufficient, to create a present obligation, neither does the future operation of the business after 1 April result in the charge being spread over the FSCS financial year, this being the previous accounting treatment adopted by the Group. Therefore, for each financial year presented the levy has been expensed to the income statement in full on 1 April. Prior year comparatives have been restated under the IFRIC with an equity reserves adjustment recognised for the FSCS levy as at 1 April 2013. Full detail of the restatement is provided in note 38.

Before the adoption of IFRIC 21, the Financial Services Compensation Scheme (FSCS) levy was recognised on an accrual basis in accordance with the IAS 37, 'Provisions, contigent liabilities and contingent assets'.

Presentation in £'m

In presenting the amounts used in these financial statements the level of rounding has been changed from thousands, which were used in the comparative periods, to millions. In accordance with the requirements of IAS 8, this level of rounding does not omit material information.

41.1.1 Going concern

The Directors have prepared the financial statements on a going concern basis that requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

41.2 Basis of consolidation

(a) Subsidiaries

The Group financial statements consolidate the financial statements of IG Group Holdings plc and the entities it controls (its subsidiaries) made up to the reporting date as listed in note 15.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The results, cash flows and final positions of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies. All inter-company balances and transactions between Group entities, including unrealised profits arising from them, are eliminated on consolidation.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The cost of an acquisition is measured at the fair value of consideration paid including an estimate of any contingent or deferred consideration. Contingent or deferred consideration is re-measured at each statement of financial position date with periodic changes to the estimated liability recognised in the consolidated income statement. Acquisition related costs are expensed as incurred. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the income statement in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

(b) Non-controlling interests

Where the Group and a non-controlling shareholder enter into a forward contract (symmetrical put and call options) under which the Group is required to purchase the non-controlling interest for its fair value (formulae-based valuation), at the forward date, the Group continues to recognise the non-controlling interest at the proportionate share of the acquiree's identifiable net assets, until expiry of the arrangement. The forward liability is also recognised for management's best estimate of the present value of the redemption amount with a corresponding entry in equity. The accretion of the discount on the liability is recognised as a finance charge in the consolidated income statement. The liability is re-measured to the final redemption amount with any periodic changes to the estimated liability recognised in the consolidated income statement. On expiry of the forward, the liability is eliminated as paid and any difference in the value of the non-controlling interest to the exercise price deducted from equity.

On an acquisition-by-acquisition basis non-controlling interests are measured either at fair value or at the non-controlling interest proportionate share of the acquiree's net assets.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the non-controlling interest is recorded in equity.

Losses applicable to the non-controlling shareholder in a consolidated subsidiary's equity may exceed the non-controlling interest in the subsidiary's equity. The excess and any further losses applicable to the non-controlling shareholder, are allocated against the majority interest, except to the extent that the non-controlling shareholder has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interests until the non-controlling shareholder's share of losses previously absorbed by the majority has been recovered.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and is presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

41.3 Foreign currencies

The functional currency of each company in the Group is that of the country of incorporation (as disclosed in note 15) as this is consistent with the primary economic environment in which the entity operates. The Group's most significant functional currency is sterling. Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing on the same date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on translation are taken to the income statement, except for exchange differences arising on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into sterling at exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and are taken directly to a translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

41.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based upon estimated useful lives. Estimated residual value and useful lives are reviewed on an annual basis and residual values are based on prices prevailing at the statement of financial position date. Depreciation is charged on a straight-line basis over the expected useful lives as follows:

Leasehold improvements	–	over the lease term of up to 15 years
Office equipment, fixtures and fittings	–	over 5 years
Computer and other equipment	–	over 2, 3 or 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

41. ACCOUNTING POLICIES (CONTINUED)

41.4 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on derecognition of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is included in the income statement in the period of derecognition.

41.5 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition (fair value of consideration paid) over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of acquisition. Goodwill is recognised as an asset and is allocated to cash-generating units for purposes of impairment testing. Cash-generating units represent the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Business combinations are accounted for using the purchase method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the statement of financial position as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the income statement. Any goodwill asset arising on the acquisition of equity accounted entities is included within the cost of those entities.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

The carrying amount of goodwill allocated to a cash-generating unit is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it.

41.6 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination such as a trade name or customer relationship is recognised at fair value outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Expenditure on internally developed intangible assets, excluding development costs, is taken to the income statement in the year in which it is incurred. Development expenditure is recognised as an intangible asset only after all the following criteria are met:

- The project's technical feasibility and commercial viability can be demonstrated
- The availability of adequate technical and financial resources and an intention to complete the project have been confirmed and
- The correlation between development costs and future revenue has been established.

Following initial recognition, the historic cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with a finite life are amortised over their expected useful lives, as follows:

Development costs	–	straight-line basis over 3 years
Software and licences	–	straight-line basis over the contract term of up to 5 years
Trade names	–	sum of digits method over 2 years
Client lists and customer relationships	–	sum of digits method over 3 years
Domain names and generic top-level domains	–	straight-line basis over 10 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. In addition, the carrying value of capitalised development expenditure is reviewed for impairment annually before being brought into use.

41.7 Impairment of non-financial assets

At least annually, or when impairment testing is required, the Directors review the carrying amounts of the Group's property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists (or at least annually for goodwill), the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less selling costs and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate. This rate reflects current market assessments of the time value of money as well as the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, although impairment losses relating to goodwill may not be reversed.

41.8 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses.

41.9 Financial instruments

41.9.1 Classification, Recognition and Measurement

The Group determines the classification of its financial instruments at initial recognition in accordance with the categories outlined below and re-evaluates this designation at each financial year-end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Financial instruments are disclosed in note 35 to the financial statements.

(a) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities classified as held for trading, or designated as such on inception, are included in this category and relate to the financial derivative open positions included in trade receivables – due from brokers and trade payables – due to clients as shown in the statement of financial position and related notes. Financial instruments are classified as held for trading if they are expected to settle in the short term. The Group uses derivative financial instruments in order to hedge derivative exposures arising from open client positions, which are also classified as held for trading.

All financial instruments at fair value through profit or loss are carried in the statement of financial position at fair value with gains or losses recognised in revenue in the consolidated income statement.

Determination of fair value

Financial instruments arising from open client positions and the Group's hedging positions are stated at fair value and disclosed according to the valuation hierarchy required by IFRS 7. Fair values are predominantly determined by reference to third-party market values (bid prices for long positions and offer prices for short positions) as detailed below:

Level 1: Valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 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 to the product offered by the Group to its clients or used by the Group to hedge its market risk does not exist.

Level 3: Valued using techniques that incorporate information other than observable market data that is significant to the overall valuation.

41. ACCOUNTING POLICIES (CONTINUED)

41.9.1 Classification, Recognition and Measurement (continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade receivables', 'cash and cash equivalents' and 'trade payable 'amounts due to title transfer clients.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intend to dispose of it within 12 months of the end of the reporting period. The Group's available-for-sale assets comprise 'financial investments'.

41.9.2 Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

(a) Financial assets

A financial asset is derecognised where the rights to receive cash flows from the asset have expired; the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

41.10 Trade receivables and trade payables

Assets or liabilities resulting from profit or losses on open positions are carried at fair value. Amounts due from or to clients and brokers are netted against other assets and liabilities with the same counterparty where a legally enforceable netting agreement is in place and where it is anticipated that assets and liabilities will be netted on settlement.

Trade receivables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions result in an amount due to the Group. A provision for impairment is established where there is objective evidence of non-collectability. Reference is made to an aged profile of debt and the provision is subject to management review.

Trade payables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions results in an amount payable by the Group.

41.11 Prepayments and other receivables

Prepayments and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as fair value through profit or loss. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the receivables are derecognised or impaired, and when economic benefit is consumed. A provision for impairment is established where there is objective evidence of non-collectability.

41.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits which may be accessed without penalty. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the consolidated cash flow statement, net cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

The Group holds money on behalf of clients in accordance with the client money rules of the UK Financial Conduct Authority (FCA) and other regulatory bodies. Such monies are classified as either 'cash and cash equivalents' or 'segregated client funds' in accordance with the relevant regulatory requirements. Segregated client funds comprise individual client funds held in segregated client money accounts or money market facilities. Segregated client money accounts hold statutory trust status restricting the Group's ability to control the monies and accordingly such amounts and are not held on the Group's statement of financial position.

The amount of segregated client funds held at year-end is disclosed in note 18 to the financial statements. The return received on managing segregated client funds is included within net operating income.

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. Title transfers funds are accordingly held on the Group's statement of financial position with a corresponding liability to clients within trade payables.

Cash and cash equivalents also includes client monies deposited with the Group's Swiss banking subsidiary (refer to note 18).

41.13 Financial investments

Financial investments are held as available-for-sale and are non-derivative financial assets that are not classified as held for trading, designated at fair value through profit or loss, or loans and receivables. Financial investments are recognised on a trade date basis. They are initially recognised at fair value plus directly related transactions costs. They are subsequently carried at fair value. Fair value is the quoted market price of the specific investments held.

Financial investments available-for-sale are carried at fair value. Unrealised gains or losses are reported in equity (in the available for sale reserve) and in other comprehensive income, until such investments are sold, collected or otherwise disposed of, or until any such investment is determined to be impaired. On disposal of an investment, the accumulated unrealised gain or loss included in equity is recycled to the income statement for the period and reported in other income. Gains and losses on disposal are determined using the average cost method.

Interest on financial investments is included in interest using the Effective Interest Rate (EIR) method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net-carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see IAS 18 Revenue), transaction costs and all other premiums or discounts.

At the year-end date the Group considers whether there is objective evidence that a financial investment is impaired. In case of such evidence, it is considered impaired if its cost exceeds the recoverable amount. The recoverable amount for a quoted financial investment is determined by reference to the market price. A quoted financial investment is considered impaired if objective evidence indicates that the decline in market price has reached such a level that recovery of the cost value cannot be reasonably expected within the foreseeable future.

If a financial investment is determined to be impaired, the cumulative unrealised loss previously recognised in equity is recycled to profit for the period.

41.14 Other payables

Non-trading financial liabilities are recognised initially at fair value and carried at amortised cost using the effective interest rate method if the time value of money is significant.

41.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

41.16 Borrowings

Borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, taking into consideration the term of the borrowings, an assessment is made whether to state at amortised cost, with any difference between net proceeds and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest rate method.

All borrowing costs are expensed as they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

41. ACCOUNTING POLICIES (CONTINUED)

41.17 Employee Benefits

(a) Pension obligations

The Group operates defined contribution schemes. Contributions are charged to the income statement as and when they become payable according to the rules of the schemes. Once the contributions have been paid the group has no legal or constructive obligations to pay further contributions.

(b) Bonus schemes

The Group recognises a liability and an expense for bonuses based on formulae that take into consideration the revenue or earnings attributable to the Group's shareholders after certain adjustments and also based on operational non-financial measures.

(c) Termination benefits

Termination benefits are payable when an employment contract is terminated by the Group. The Group recognises termination benefits when the Group can no longer withdraw the offer of those benefits.

41.18 Taxation

The income tax expense represents the sum of tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates in the respective jurisdictions that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for on all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences may be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

41.19 Share capital

(a) Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the Group is presented as a liability in the statement of financial position; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement.

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(b) Own shares held in Employee Benefit Trusts

Shares held in trust by the Company for the purposes of employee share schemes are classified as a deduction from shareholders' equity and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from the sale and the original cost being taken to revenue reserves. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

(c) Share-based payments

The Company operates three employee share plans: a Share Incentive Plan and a Sustained Performance Plan and a Long Term Incentive Plan. Previously the company operated a Value-sharing Plan, that was all equity settled.

For market-based vesting conditions, the cost of these awards is measured at fair value calculated using option pricing models (refer to the share based payment note for additional detail of the models and assumptions used for the various award schemes) and are recognised as an expense in the income statement on a straight-line basis over the vesting period based on the Company's estimate of the number of shares that will eventually vest.

For non-market-based vesting conditions, at each statement of financial position date before vesting the cumulative expense is calculated representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions determining the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement as part of administrative expenses, with a corresponding entry in equity.

The grant by the Company of options over its equity instruments to employees of the subsidiary undertakings in the Group is treated as a capital contribution. The fair value of the employee services received is recognised over the vesting period as an increase in the investment in subsidiary undertakings, with a corresponding credit to equity.

41.20 Revenue recognition

Trading revenue represents gains and losses arising on client trading activity, primarily in financial spread betting, contracts for difference or binary options as well as the transactions undertaken to hedge the risk associated with client trading activity. Open client and hedging positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed. The policies and methodologies associated with the determination of fair value have been discussed previously under Financial Instruments.

Trading revenue also includes:

- spread, commission and funding charges made to clients in respect of the opening, holding and closing of financial spread bets, contracts for difference or binary options;
- commission earned from the execution-only stockbroking service after deducting contracting and trade settlement fees payable to third-party brokers. Revenue is stated net of sales taxes and is recognised in full on the date of trade being placed; and
- member fees charged by the Group's regulated futures and options exchange.

The Group acts in a non-advisory capacity to match buyers and sellers under the execution-only stockbroking service, does not act as principal when providing this service and only receives and transmits orders between counterparties.

Trading revenue is reported gross of introducing partner commission as these amounts are directly linked to trading revenue. Introducing partner commission, along with betting duties and financial transaction taxes paid, is disclosed as an expense in arriving at net operating income.

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured.

Finance revenue or interest income on segregated client funds is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate is the rate which exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount. Interest income on segregated client funds is disclosed within revenue and therefore operating profit, as this is consistent with the nature of the Group's operations.

Net trading revenue, disclosed on the face of the Consolidated Income Statement and in the Notes to the Financial Statements, represents trading revenue from financial instruments carried at fair value through profit or loss and has been disclosed net of introducing partner commission as this is consistent with the management information received by the Chief Operating Decision Maker.

Dividends receivable are recognised when the shareholder's right to receive the payment is established.

41.21 Operating profit

Operating profit is the sum of the results of the principal activities of the Group after charging depreciation of property, plant and equipment, amortisation of intangible assets, operating lease rentals on land and buildings, foreign exchange differences, profit or loss on sale of property, plant and equipment and other administrative expenses.

41. ACCOUNTING POLICIES (CONTINUED)

41.22 Use of non-GAAP measures

The Group believes that the presentation of underlying results provides additional useful information to shareholders on the underlying trends and comparable performance of the Group over time. These terms are not defined under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. The term 'underlying' refers to the relevant profit, earnings or taxation being reported excluding exceptional items.

Exceptional items are those items of income and expense that the Group considers are material one-off in nature and of such significance that they merit separate presentation in order to aid the reader's understanding of the Group's financial performance. Such items would include profits or losses on disposal of businesses and costs associated with acquisitions and disposals; major restructuring programmes; significant goodwill or other asset impairments; other particularly significant or unusual items.

Other non-GAAP measures used in these financial statements are return on assets (refer to note 37), capital resources (refer to note 37) and own funds generated from operations (refer to note 19(d)).

41.23 Finance costs and interest expense on segregated client funds

Finance costs and interest expense on segregated client funds are accrued on a time basis by reference to the principal amount charged at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts the future expected cash flows to the carrying amount of the liability. Issue costs are included in the determination of the effective interest rates.

Interest expense on segregated client funds is disclosed within operating profit as this is consistent with the nature of the Group's operations.

41.24 Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

41.25 Operating leases

Leases are classified as operating leases where the lessor retains substantially all the risks and benefits of ownership of the asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

41.26 Segment information

The Group's segmental information is disclosed in a manner consistent with the basis of internal reports regarding components of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM), who for the Group are the Executive Directors, in order to assess the performance and to allocate resources to those 'operating segments'. The Group has therefore determined its operating segments based on the management information received on a regular basis by the Executive Directors of the IG Group Holdings plc Board as they are considered to be the CODM. Operating segments that do not meet the quantitative thresholds required by IFRS 8 are aggregated.

The Group envisages that the reportable segments may change as overseas businesses move towards operational maturity, breaking through the quantitative thresholds of IFRS 8. The segments are therefore subject to annual review and the comparatives restated to reflect any reclassifications within the segmental reporting.

41.27 Changes in accounting policies

With the exception of the adoption of IFRIC 21, the accounting policies adopted in the preparation of financial statements are consistent with those followed in the preparation of the Group's Annual Report for the year ended 31 May 2014.

41.27.1 New accounting standards and interpretations

Effective from 1 June 2014, the Group adopted the following interpretation and amendments to standards:

(a) New standards, amendments and interpretations adopted by the Group

In addition to IFRIC 21 (described in Note 41.1), the following amendments to standards have also been implemented but have not had a material effect on the Group's results:

- IFRS 10, 'Consolidated financial statements' (effective 1 January 2013) (EU endorsed from 1 January 2014)
- IFRS 11,'Joint arrangements' (effective 1 January 2013) (EU endorsed from 1 January 2014)
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013) (EU endorsed from 1 January 2014)
- IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2013) (EU endorsed from 1 January 2014)
- IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2013) (EU endorsed from 1 January 2014)

- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities (effective 1 January 2014)
- Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting (effective 1 January 2014)
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective 1 January 2014)
- Amendment to IAS 39, 'Financial instruments': recognition and measurement' on novation of derivatives (effective 1 January 2014)
- Annual improvements 2012 (effective 1 July 2014)
- Annual improvements 2013 (effective 1 July 2014)
- Amendment to IAS 19, 'Employee benefits' regarding employee or third-party contributions to defined benefit plans (effective 1 July 2014)

Amendment to IAS 32, 'Financial instruments:Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

(b) New standards, amendments and interpretations adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 June 2014, and have not been applied in preparing these consolidated financial statements. With the exception of the following new standards and amendments to standards and interpretations below, there are no others which are expected to have a material impact:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The Group is yet to assess the full impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group. The list below includes those which will have an immaterial impact on the Group:

- Amendment to IFRS 11, 'Joint arrangements' regarding acquisition of an interest in a joint operation (effective 1 January 2016)
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortisation (effective 1 January 2016)
- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' regarding bearer plants (effective 1 January 2016) (not EU endorsed at the time of going to print)
- Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture (effective 1 January 2016)
- Amendment to IAS 27, 'Separate financial statements' regarding the equity method (effective 1 January 2016)
- IFRS 14, 'Regulatory deferral accounts' (effective 1 January 2016)
- Annual improvements 2014 (effective 1 January 2016)

FIVE-YEAR SUMMARY

GROUP INCOME STATEMENT

For the year ended 31 May	2015 £m	2014[2] £m	2013[3] £m	2012[3] £m	2011[1][3] £m
Net trading revenue	**388.4**	**370.4**	**361.9**	**366.8**	**312.7**
Other net operating income	(1.2)	3.8	6.1	2.4	5.9
Net operating income	387.2	374.2	367.9	369.2	318.6
Administrative expense	(206.9)	(169.1)	(163.8)	(172.9)	(145.1)
Depreciation, amortisation and amounts written off PPE	(10.7)	(9.7)	(12.2)	(10.8)	(10.3)
Operating profit	169.6	195.4	191.9	185.5	163.2
Finance income	1.8	1.5	2.0	2.5	2.4
Finance costs	(1.9)	(2.0)	(1.8)	(2.3)	(2.4)
Profit before tax	**169.5**	**194.9**	**192.2**	**185.7**	**163.2**
Amortisation and impairment of intangibles arising on consolidation	–	–	–	–	(150.7)
Profit before taxation from continuing operations	169.5	194.9	192.2	185.7	12.5
Tax expense	(37.6)	(47.7)	(50.5)	(48.6)	(32.8)
Loss from discontinued operations	–	–	–	(0.4)	(5.0)
Profit/loss for the year	(131.9)	147.2	141.7	136.8	(25.3)

OTHER METRICS

	2015	2014[2]	2013[3]	2012[3]	2011[1][3]
Own funds generated from operations	£136.8m	£160.6m	£154.3m	£140.7m	£137.7m
Earnings per share (EPS)					
Basic earnings per share	36.13p	40.35p	39.02p	37.90p	32.86p
Diluted earnings per share	35.99p	40.22p	38.80p	37.54p	32.57p
Dividend per share					
Interim dividend per share	8.45p	5.75p	5.75p	5.75p	5.25p
Final dividend per share	19.70p	22.40p	17.50p	16.75p	14.75p
Total dividend per share	28.15p	28.15p	23.25p	22.50p	20.00p
Dividend payout ratio (against diluted EPS)	78.22%	69.99%	59.92%	59.94%	61.41%
Profit margin					
Profit before taxation margin	43.64%	52.61%	53.10%	50.60%	52.20%

CLIENT METRICS

	2015	2014[(2)]	2013[(3)]	2012 [(3)]	2011[(1) (3)]
Average revenue per client	£2,854	£2,937	£2,659	£2,560	£2,341
Number of active clients	136,111	126,108	136,063	143,304	133,580
Number of clients opened	70,967	54,957	55,889	67,593	71,344
Number of clients trading for the first time	40,932	33,709	37,914	48,029	12,958

GROUP STATEMENT OF FINANCIAL POSITION

	2015	2014[(2)]	2013[(3)]	2012 [(3)]	2011[(1) (3)]
As at 31 May	£m	£m	£m	£m	£m
Assets					
Non-current assets					
Property, plant and equipment	13.3	13.0	14.5	15.6	16.8
Intangible assets	124.0	122.7	120.5	115.4	117.2
Financial investments	75.5	32.2	–	–	–
Deferred tax assets	7.1	7.1	9.5	11.9	11.3
	219.9	175.0	144.4	142.8	145.2
Current assets					
Trade receivables	269.6	327.5	300.6	222.3	270.1
Prepayment and other receivables	12.2	12.2	10.3	9.7	8.2
Cash and cash equivalent	148.8	101.5	98.3	228.2	124.5
Financial investment	32.9	50.3	50.5	–	–
	463.5	491.5	459.7	460.2	402.8
Total assets	**683.4**	**666.5**	**604.1**	**603.1**	**548.1**
Liabilities					
Current liabilities					
Trade payables	17.7	21.9	19.0	61.1	83.5
Other payables	61.2	58.5	53.8	64.8	45.1
Provisions	–	–	–	1.4	1.4
Income tax payable	13.1	20.3	24.3	28.7	37.1
	92.0	100.6	97.1	155.9	167.1
Non current liabilities					
Deferred tax liabilities	–	–	–	–	–
Provisions	–	–	–	–	2.0
Redeemable preference shares	–	–	–	–	–
	–	–	–	–	2.0
Total liabilities	92.0	100.6	97.2	155.9	169.2
Capital and reserves					
Total shareholders' equity	591.4	565.9	507.0	447.0	378.7
Non-controlling interest	–	–	–	0.1	0.2
Total equity	591.4	565.9	507.0	447.1	378.9
Total equity and liabilities	**683.4**	**666.5**	**604.1**	**603.1**	**548.1**

(1) The profit before tax and diluted earnings per share figures FY11 exclude both the amortisation and impairment of goodwill and customer relationships associated with our Japanese business, IG Securities (formerly FXOnline), and of the Group's Sport Business.
(2) FY14 has been restated following the adoption of IFRIC 21. Please refer to note 38 of the financial statements.
(3) FY11, FY12 and FY13 have not been restated following the adoption of IFRIC 21 on a materiality basis.

EXAMPLES

In the following pages we have illustrated detailed examples for Contracts for difference, Spread Betting and Stockbroking.

SELLING A CFD

In this example, on day one you decide to sell a CFD for 20,000 shares in B plc (assumed to be a FTSE 100 company) as you expect B plc's share price to fall. This is known as 'going short'. On day two the share price has indeed fallen, and you decide to close your position.

As long as your contract is open, your account will show any 'running' profit or loss on your open CFD position (not illustrated below). You must have deposited sufficient funds to cover any running losses.

You cannot place a trade without having any money in your account. In this example, we assume you have £1,000. It is important to note that you can make losses in excess of your initial deposit requirement (referred to as 'margin requirement' in CFD trading), if the market moves against you.

STEP 1 – DAY ONE – OPENING THE POSITION

The quoted bid/offer price for B plc is 80.25p/80.35p.

OFFER PRICE	80.35P
MID PRICE	B plc 80.30P
BID PRICE	80.25P

Expecting the market will fall, you sell at the BID PRICE

GOING SHORT

TRADE DETAILS

BID PRICE	SIZE (SHARES)
80.25P	20,000

INITIAL MARGIN REQUIREMENT[1]

£803.00

20,000 (number of shares) x 80.30p (the mid-price) x 5% (the margin percentage)

COMMISSION[2]

£16.05

20,000 (number of shares) x 80.25p (the bid price) x 0.10% (commission)

STEP 2

When you open the position, you are required to have enough funds in your account to cover the initial margin plus commission on the trade. In this example the margin requirement is £803.00 and the commission is £16.05, so the available funds in your account will fall from £1,000.00 to £180.95 (ie £1,000.00-£803.00-£16.05). It is important to note that the £803.00 is held as a margin requirement against the risk of the open position and will be released on the closing of the position: it is still your money but is not available for withdrawal from the account while the position is open.

[1] The margin percentage (and therefore margin requirement) depends on the size of your CFD position and other factors such as the volatility and liquidity of the underlying share. In this example we have used a margin requirement of 5%.

[2] Commissions are variable, but for UK FTSE 100 CFDs (as assumed for B plc), this was 0.10% on 31 May 2015.

STEP 3

Traditionally, clients who held long positions overnight would need to pay a funding charge, while clients with short positions would receive interest if held overnight. This charge or interest is calculated as the one-month sterling LIBOR rate +/- a spread. However, with current market interest rates lower than the spread, clients with short positions also incur a charge. As at 31 May 2015, the current LIBOR rate was 0.49%, while the spread was 2.50%, resulting in a net financing charge of 2.01% for short CFD positions held overnight (which for UK CFDs means those open at 10pm UK time). A corresponding long CFD position would incur a charge of 2.99%. This is re-calculated daily.

END-OF-DAY PRICE (DAY ONE)	80.75P

DAILY INTEREST CHARGED
£0.89 20,000 x 80.75p x 2.01%/365 days

STEP 4

In this example we have kept things simple and assumed no corporate actions occur. However, we will also reflect the impact of any corporate action on the underlying share, such as a dividend or a rights issue, on your positions. For more details, please see our website, IG.com.

STEP 5 – DAY TWO – CLOSING THE POSITION

On day two, the share price has fallen and you decide to close the position.

OFFER PRICE	78.35P
MID PRICE	B plc 78.30P
BID PRICE	78.25P

The market has fallen – you buy at the IG **OFFER PRICE**

CLOSING POSITION

TRADE DETAILS

OFFER PRICE	SIZE (SHARES)
78.35P	20,000

COMMISSION[1]
£15.67 20,000 x 78.35p x 0.10%

PROFIT PER SHARE
1.9p Difference between opening bid and closing offer prices (80.25p–78.35p)

GROSS PROFIT ON TRADE
£380.00 20,000 x 1.9p

Of course, had the market moved in the opposite direction, you would have made a loss of £100 for every penny the share price gained, which may have exceeded your initial margin outlay.

STEP 6 – CALCULATING THE PROFIT OR LOSS

ITEM	CLIENT	IG[2]
Selling commission (Step 1)	(£16.05)	£16.05
Financing charge (Step 3)	(£0.89)	£0.89
Buying commission (Step 5)	(£15.67)	£15.67
Gross profit (Step 5)	£380.00	(£380.00)
IG hedging gain[2]	N/A	£380.00
Net gain	£347.39	£32.61

When you open your position you may choose to add a stop. If you choose a guaranteed stop (only available for certain products), we guarantee that your position will be closed at this level and your maximum loss is therefore fixed. There is a small charge for a guaranteed stop, which will be added to the transaction cost. You may also choose to add a non-guaranteed stop, which will trigger a closing order when this level is breached. Non-guaranteed stops are free, but you may not be closed at this level, particularly if the market gaps.

(1) Commissions are variable, but for UK FTSE 100 CFDs (as assumed for B plc), this was 0.10% on 31 May 2015.

(2) This simple example assumes IG is 100% hedged on the client trade and makes an equal and opposite gain on our broker position to the amount paid to the client. The cost of our hedging with the broker has been ignored for simplicity. Thus our net profit is £32.61, which is recorded in trading revenue and consists of the commission and financing charges levied on the client.

EXAMPLES
(CONTINUED)

BUYING A SPREAD BET

In this example, you decide to buy A plc (assumed to be a FTSE 100 company) at £100 per point, as you expect that A plc's share price will rise. This is known as 'going long'. Later in the day the share price has indeed risen and you decide to close your position by selling A plc at our then current bid price.

Your profit is the difference between the buying and selling prices, plus or minus any funding charges or other costs (discussed in Steps 3 and 5).

As long as your bet is open, your account will show any 'running' profit or loss on your open position (not illustrated below). You must have deposited sufficient funds to cover any running losses.

You cannot place a bet without having any money in your account. In this example, we assume you have £1,000. It is important to note that you can make losses in excess of your initial deposit, if the market moves against you.

STEP 1 – OPENING THE POSITION

A plc is trading in the market at 144.5p/144.7p and our quote for A plc on a daily funded bet is 144.3p/144.9p. You decide to buy £100 per point at 144.9p, our offer price. In this example one point represents a 1p movement in the underlying share price, so your £100 per point bet is equivalent to buying 10,000 shares in A plc.

STEP 2

When you open the position, you are required to have the initial £723 deposit requirement in your account. The available funds in your account will therefore fall from £1,000 to £277 (ie £1,000-£723). The available funds remaining in your account need to be enough to cover any running losses you may incur, or you run the risk of being closed out of the bet. It is important to note that the £723 is held as a deposit against the risk of the open position and will be released on the closing of the position: it is still your money but is not available for withdrawal from the account while the position is open.

At this stage you may choose to add a stop to your position. If you choose a guaranteed stop (only available for certain products), we guarantee that your position will be closed at this level and your maximum loss is therefore fixed. There is a small charge for a guaranteed stop, which will be added to the transaction cost. You may also choose to add a non-guaranteed stop, which will trigger a closing order when this level is breached. Non-guaranteed stops are free, but you may not be closed at this level, particularly if the market gaps.

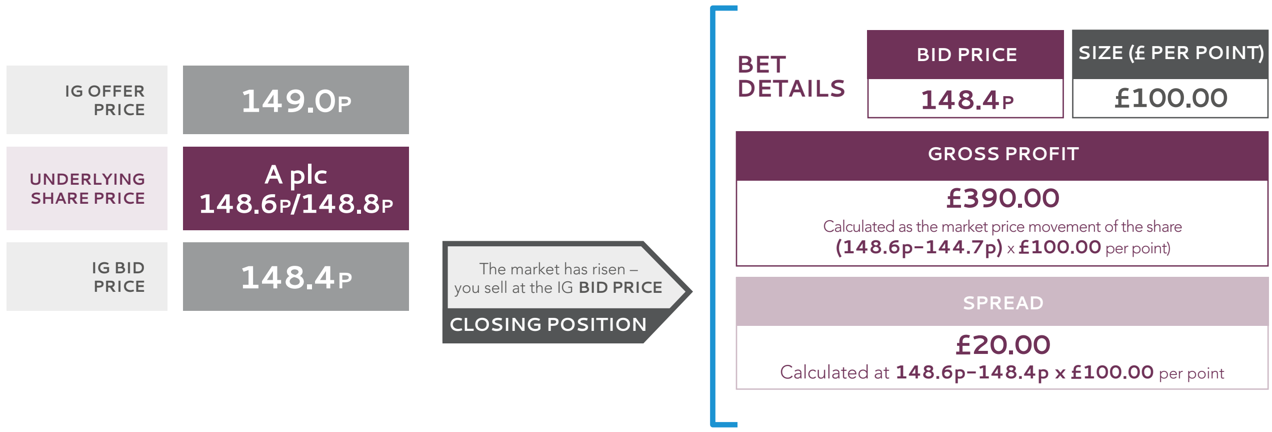
(1) The deposit factor (and therefore deposit requirement) depends on your account type and other factors such as the volatility and liquidity of the underlying share.
(2) Our dealing spread varies depending on the market and asset class traded and can be variable, especially in volatile market conditions. For examples please see our website, IG.com.

STEP 3

In this example we have kept things simple and assumed no corporate actions occur. However, we will also reflect the impact of any corporate action on the underlying share, such as a dividend or a rights issue, on your positions. For more details, please see our website, IG.com.

STEP 4 – CLOSING THE POSITION

Later that day, the A plc share price has indeed risen and you decide to close the position, realising your profit on the bet. At this point A plc is trading in the market at 148.6p/148.8p and our daily quote is 148.4p/149.0p.



Of course, had the market moved in the opposite direction, you would have made a loss of £100 for every penny the share price fell, which may have exceeded your initial deposit.

STEP 5 – CALCULATING THE PROFIT OR LOSS

For many markets (eg index futures), we build funding charges into the quote price. For share daily funded bets we make funding adjustments each day at 10pm. We apply funding at the rate of one-month LIBOR +/- a spread (generally 2.5%).

ITEM	CLIENT	IG[1]
Buying spread (Step 1)	(£20.00)	£20.00
Selling spread (Step 4)	(£20.00)	£20.00
Gross profit (Step 4)	£390.00	(£390.00)
IG hedging gain[1]	N/A	£390.00
Net gain	£350.00	£40.00

In the example above, if the bet had remained open at 10pm, and assuming one-month LIBOR of 0.49%, a funding charge of £1.23 would have been applied against the client account and recorded as revenue for IG (calculated as (£100 x 150.0p assumed end-of-day price x 2.99%) / 365 = £1.23).

[1] This simple example assumes IG is 100% hedged on the client trade and makes an equal and opposite gain on our broker position to the amount paid to the client. The cost of our hedging with the broker has been ignored for simplicity. Therefore our net profit is £40.00, which is recorded in trading revenue and is equivalent to the spread included in our quoted prices.

EXAMPLES
(CONTINUED)

STOCKBROKING WITH IG

In this example, you decide to buy A plc (assumed to be a FTSE 100 company) at the offer price on your stockbroking account, as you wish to own shares in the company. You have linked your stockbroking account to your CFD account so you have access to IG's collateral feature. After a few months, the share price has risen and you decide to close your position by selling A plc at the current bid price.

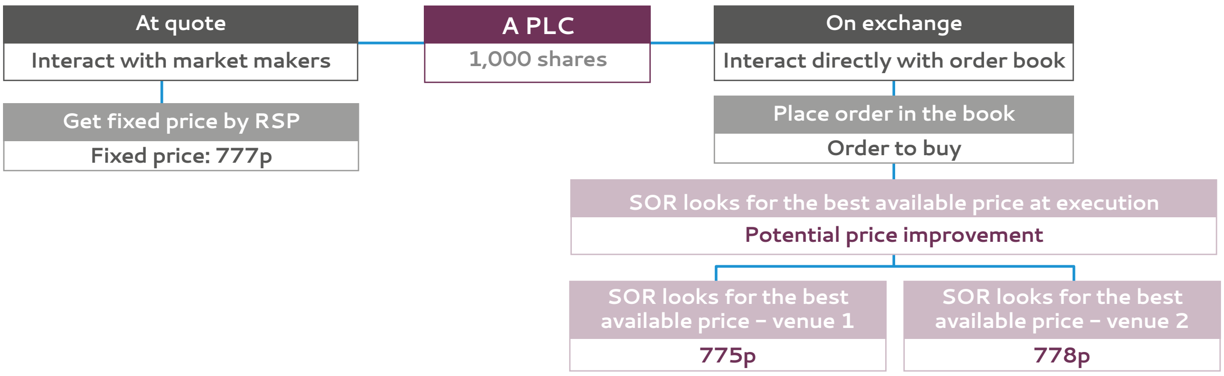
Your profit is the difference between the buying and selling prices, plus any dividends and minus any commission or other costs (discussed in Steps 2 and 5).

You cannot place a trade without having any money in your account. In this example, we assume you have £1,000. It is important to note that the value of shares, ETFs and ETCs bought through any stockbroking or stocks and shares ISA account can fall as well as rise, which could mean getting back less than you originally deposited.

STEP 1 – PRICE DISCOVERY

Most traditional stockbrokers only provide a 'request for quote' or 'at quote' service that delivers a fixed price, which is only valid for a short period of time. With us, you can trade 'at quote' or 'on exchange', allowing you to interact directly with the order book in the underlying market. Dealing 'on exchange' offers you live visibility of prices and full market depth allowing you to make an informed decision. Choose between 'at quote' or 'on exchange' to execute your order at the best available price.

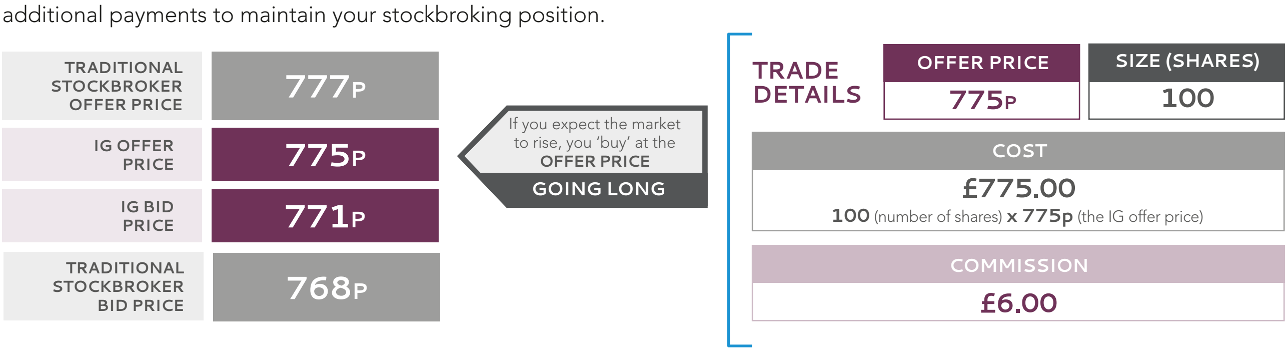
If you place an 'on exchange' order we use our Smart Order Router (SOR) to seek out the best price and size available. Our SOR searches for liquidity across multiple venues, starting with 'dark pools' that offer mid-point matching – the best possible chance of getting price improvements. If there is no improvement available on 'dark' venues the SOR goes to a market maker, again looking for size or price improvements. Finally, if neither of the above sources provides price or size improvements, SOR sends orders to 'lit' venues, where they will be visible on an exchange.



STEP 2 – EXECUTING YOUR TRADE

Once you have decided whether you would like to deal 'at quote' or 'on exchange', you can place your trade directly from your platform. Once the appropriate price has been identified, your trade is executed.

When you buy your shares you are required to have sufficient funds on your account to make the purchase and cover the cost of commission, as well as currency conversion fees (if the share is priced in a foreign currency). In this example, we assume you have also been active on your CFD account, which means you automatically qualify for our lowest commission rate[1], which is £6. The available funds in your account will therefore fall by the value of the shares you have bought plus the commission. In this example, you purchase 100 shares priced at 775GBp (the best available price), which will reduce your cash balance to £219 (i.e. £1000 – £775 – £6). Unlike our margined products, you own your shares outright, meaning that you do not need to make any additional payments to maintain your stockbroking position.



STEP 3 – USING YOUR SHARES AS COLLATERAL

You can make the most of your shareholdings with IG using our collateral service. The collateral service allows you to use up to 95% of the value of your shareholdings as initial margin against your spread bets or CFD positions.[2]

In this example, we assume that you have a position on your CFD account in B plc, another FTSE 100 listed company, which has a margin requirement of £300. The fact that you are holding the physical shares in A plc, and have linked your accounts for collateral means that you can use up to 95%[2] of the value of this position (that is, £775 x 95% = £736) to cover your margin requirement on B plc. This will free up any additional funds on your CFD account, which you can then use to open further CFD positions or as a buffer against adverse market movements.

It is important to note that the collateral value is real-time. This means the collateral value of your assets will fluctuate according to movements in the price of the stock(s) you hold on your stockbroking account.

Your shareholdings remain intact and retain their full value;[3] you simply use a percentage of their value as collateral to fund shorter-term trades. Importantly, you can only use your shareholdings to cover the initial margin on your spread bets or CFDs. Any running losses will need to be covered by the available cash in your CFD account. For more details, please see our website, IG.com.

STEP 4 – CORPORATE ACTIONS

In this example we have kept things simple and assumed no corporate actions occur. However, as the owner of the equity we will also reflect the impact of any other corporate actions on your shares, such as a rights issue, on your positions. For more details, please see our website, IG.com.

STEP 5 – SELLING YOUR SHARES

As the objectives of your portfolio change, you can divest all or parts of your shareholding using our superior execution technology. Once your sale is confirmed, your account will be credited with the equivalent cash. As before, we assume that you qualify for our lowest commission rate as a holder of active stockbroking and margined accounts, so the commission is £6. If the price of your shares in A plc has risen from 775p to 846p, your account balance will rise to £1,059 (i.e. £219 + £846 - £6).

TRADITIONAL STOCKBROKER OFFER PRICE	852P
IG OFFER PRICE	850P
IG BID PRICE	846P
TRADITIONAL STOCKBROKER BID PRICE	844P

The market has risen – you sell at the IG **BID PRICE**

CLOSING POSITION

TRADE DETAILS

BID PRICE	SIZE (SHARES)
846P	100

COMMISSION
£6.00

PROFIT PER SHARE
71P
Difference between opening offer price and closing bid price (846p – 775p)

GROSS PROFIT ON TRADE
£71.00

STEP 6 – TRANSPARENT TRADING

As well as buying new shares you can conveniently keep your shares portfolio in one place, by transferring in your existing shareholdings to us, free from IG charges. Once your shares are transferred you will have access to the full range of features on IG's platform including our collateral service and our superior execution.

You will also have access to our range of over 6,000 international shares, which are offered in their local denomination, regardless of the currency on your account. This means you'll know exactly what you're paying, with our fee of just 0.3% to convert to your base currency.

Obtaining live prices for international stocks from an exchange can incur a monthly fee, but we will refund this charge in full if you place a minimum number of trades in the previous month. However, unlike some other stockbrokers, this is the only other fee – besides commission – we will charge you, meaning you are only charged when you trade and not just for holding your portfolio.

(1) Commissions are variable, but if your stockbroking account is accessible under the same login as your active spread betting or CFD account, you automatically qualify for our lowest commission rate by placing at least one spread bet or CFD trade in the previous calendar month. This was £6 on 31 May 2015.

(2) Generally you can use 75% - 95% of the value of your portfolio as collateral, depending on the liquidity of shareholdings. For more details, please see our website, IG.com.

(3) We do all we can to make sure you have the opportunity to cover any realised spread betting or CFD losses with cash. If you do not deposit additional funds to cover a losing leveraged trade, we will follow our normal process of closing the trade and informing you that your account is in debit. We will only take control of your shares if your account remains in debit. For more details, please see our website, IG.com.

GLOSSARY OF TERMS

TERM	NOTES
ABI	Association of British Insurers
AGM	Annual General Meeting
Basel III	The comprehensive set of reform measures designed to strengthen regulation, supervision and risk management in the banking sector
Binary bet	A special form of spread bet with only two outcomes at expiry: if a specified result is achieved, the bet is closed at a level of 100. If the result is not achieved, the bet closes at 0
CFTC	The US Commodities Futures Trading Commission
CGU	Cash Generating Unit
Close-out monitor (COM)	The Group's automatic real-time position-closing system (see the Managing Our Business Risk section in the Strategic Report and note 36 to the Financial Statements)
Contract for difference (CFD)	A CFD is a contract to exchange the difference in the price of an asset between the time the contract is opened and the time it is closed. An example is shown on page 180
COREP	Capital and Liquidity Reporting
CSR	Corporate social responsibility
DEPS	Diluted Earnings Per Share
DFSA	Dubai Financial Services Authority
Direct market access (DMA)	DMA enables clients to interact directly with the market, including participating in the order book of a stock exchange
DTRs	The FCA's Disclosure and Transparency Rules
EBA	European Banking Authority
EPS	Earnings per share
EQA	External Quality Assessment
ESMA	European Securities and Markets Authority
ETF	Exchange-traded fund
Exposure monitor	Our real-time technology solution which constantly measures our financial exposure to all traded instruments
FCA	Financial Conduct Authority (UK regulator)
FINMA	The Swiss Financial Market Supervisory Authority
FRC	Financial Reporting Council
FSB	Financial Services Board (South Africa)
FSCS	Financial Services Compensation Scheme
FTT	Financial Transaction Tax
Fugitive emissions	Greenhouse gas emissions caused by intentional or unintentional releases, eg equipment leaks or hydrofluorocarbon emissions from the use of refrigeration and air-conditioning equipment
GHG emissions	Greenhouse gas emissions
Goodwill	An intangible asset representing the additional value that arises as a result of the acquisition of the acquired company by another at a value greater than that of the target company's assets

TERM	NOTES
GTLDs	Generic top-level domains – represented by the characters following the dot at the end of an internet domain name, eg .com, .net
IAS	International Accounting Standard
ICAAP	Internal Capital Adequacy Assessment Process. The ICAAP is an internal document which identifies the controls we use to mitigate risks to the Group's capital and assesses and quantifies our capital requirements
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
ILAA	Individual Liquidity Adequacy Assessment. The ILAA is an internal document which identifies the controls we use to mitigate liquidity risks and assesses and quantifies our liquidity requirements
IOSCO	International Organization of Securities Commissions
ISA	International Standards on Auditing
ISS	Institutional Shareholder Services Inc
JFSA	Japanese Financial Services Agency
KPIs	Key Performance Indicators
KRIs	Key Risk Indicators
LCR	Liquidity Coverage Ratio
LIBOR	London inter-bank offered rate – a benchmark interest rate published by leading London banks
LTIP	Long-term incentive plan
MAS	The Monetary Authority of Singapore
MiFID	Markets in Financial Instruments Directive – EU law covering financial regulation in all member states
Multilateral trading facility (MTF)	A non-exchange financial-trading venue providing an alternative to traditional stock exchanges
Nadex	The North American Derivatives Exchange, our US-based retail derivatives exchange business
Net Promoter Score (NPS)	NPS is calculated by asking respondents how likely they are to recommend a company to a friend or colleague. Respondents reply on a 0-10 scale, with the final NPS calculated as the percentage of promoters (those answering 9 or 10) minus the percentage of detractors (those answering 0-6)
NSFR	Net Stable Funding Ratio
OTC	'Over the counter' refers to non-exchange-traded financial instruments
PRIPs	Packaged Retail Investment Products
Regulatory capital resources	The total capital available to the Group, as calculated under the EU Capital Requirements Regulation and the Financial Conduct Authority's IFPRU 3 rules
Rest of World	One of our four reporting segments, consisting of our operations in Japan, Singapore, South Africa and the US
RREV	Research Recommendations Electronic Voting
Scope 1/2/3 emissions	The three classifications of emissions required to be considered under the mandatory GHG reporting
SIP	Share-incentive plan
SPP	Sustained performance plan
Spread bet	A bet on whether a financial market (the underlying market) will rise or fall. We offer two prices on every market, and the difference is known as the bid/offer spread. If you think a market is set to rise you 'buy' at the higher (offer) price, and if you think it will fall you 'sell' at the lower (bid) price. Your subsequent gain or loss on the bet will be determined by the direction and degree of any movement in the underlying market. An example is shown on page 182
Tiered margins	We use a system of margin tiers that reflect the degree of risk involved in client trades. Generally, the riskier the traded instrument or the larger the trade size, the higher the level of margin required, up to 100%
Title Transfer Collateral Arrangement (TTCA)	A financial agreement to transfer money to cover obligations, such that that money will not be regarded as client money, which must be segregated, although IG retains the liability to repay the client
TSR	Total Shareholder Return
UK Corporate Governance Code (the Code)	The Code sets out standards of good practice in board leadership and effectiveness, remuneration, accountability and relations with shareholders. Provision B7.1 states that all directors of FTSE 350 companies should be subject to annual election by shareholders
Up/down binary bet	A specific type of binary bet where the outcome is expressed as being above or below the current market value (ie the market has moved up or the market has moved down)
Volatility-based binary bet	A category of binary bet where the achievement of a specific outcome is directly related to the volatility of the underlying market
VSP	Value-sharing plan

GLOBAL OFFICES

LONDON (HEADQUARTERS)

IG (IG Index Limited and
IG Markets Limited)
Cannon Bridge House
25 Dowgate Hill
London
EC4R 2YA
UNITED KINGDOM

+44 (0)20 7896 0011
helpdesk.uk@ig.com
IG.com

EUROPE (EXCLUDING UK)

AMSTERDAM

IG Markets Limited
World Trade Center Amsterdam
Strawinskylaan 387
1077 XX Amsterdam
NETHERLANDS

+31 (0)20 794 6610
info.nl@ig.com
IG.com/nl

DUBLIN

IG (IG Index Limited and
IG Markets Limited)
72 Charlemont Street
Dublin 2
REPUBLIC OF IRELAND

+353 1 526 6061
dublinoffice@ig.com
IG.com/ie

DÜSSELDORF

IG Markets Limited
Berliner Allee 10
40212 Düsseldorf
GERMANY

+49 (0)211 882 370 00
info.de@ig.com
IG.com/de

LUXEMBOURG

IG Markets Limited
15 rue du fort Bourbon
L1249
LUXEMBOURG

+352 24 87 11 17
info.lu@ig.com
IG.com/lu

MADRID

IG Markets Limited
Paseo de la Castellana 13
Planta 1a Derecha
28046 Madrid
SPAIN

+34 91 787 61 61
info.es@ig.com
IG.com/es

MILAN

IG Markets Limited
Via Paolo da Cannobio, 33
7° Piano
20122 Milano
ITALY

+39 02 0069 5595
italiandesk@ig.com
IG.com/it

OSLO

IG Markets Limited
Akersgata 20
0158 Oslo
NORWAY

+47 22 400 200
info.no@ig.com
IG.com/no

PARIS

IG Markets Limited
17 Avenue George V
75008 Paris
FRANCE

+33 (0)1 70 98 18 18
info.fr@ig.com
IG.com/fr

STOCKHOLM

IG Markets Limited
Stureplan 2
114 35 Stockholm
SWEDEN

+46 (0)8 505 15 000
info.se@ig.com
IG.com/se

SWITZERLAND

IG Bank S.A
42 Rue du Rhone
Geneve
1204
SWITZERLAND

+41 22 888 10 12
support@igbank.ch
IG.com/en-ch

ASIA PACIFIC

MELBOURNE
IG Australia Pty Limited
Level 15
55 Collins Street
Melbourne VIC 3000
AUSTRALIA

+61 (0)3 9860 1799
helpdesk.au@ig.com
IG.com/au

SINGAPORE
IG Asia Pte Limited
9 Battery Road
#01-02 Straits Trading Building
SINGAPORE 049910

+(65) 6390 5133
helpdesk@ig.com.sg
IG.com.sg

TOKYO
IG Securities Limited
Shiodome City Center 10F
1-5-2 Higashi-shinbashi
Minato-ku, Tokyo 105-7110
JAPAN

+81 (0)3 6704 8500
info.jp@ig.com
IG.com/jp

NORTH AMERICA

CHICAGO
North American
Derivatives Exchange, Inc
311 South Wacker Drive
Suite 2675
Chicago, IL 60606
US

+1 312 884 0100
customerservice@nadex.com
nadex.com

SOUTH AFRICA

JOHANNESBURG
IG Markets South Africa Limited
The Place
1 Sandton Drive
Sandton, Gauteng
2196 Johannesburg
SOUTH AFRICA

+27 (0)10 344 0051
helpdesk.za@ig.com
IG.com/za

MIDDLE EAST

DUBAI
IG Limited
Office 2 &3
level 27
Currency House – Tower 2
Dubai International Financial Centre
P O Box – 506968
DUBAI, UAE

+971 45 59 2000
helpdesk.ae@ig.com
IG.com/ae

SHAREHOLDER INFORMATION

RECEIVING SHAREHOLDER INFORMATION BY EMAIL

You can opt to receive shareholder information from us by email rather than by post. We will then email you whenever we add shareholder communications to the Company website. To set this up, please visit investorcentre.co.uk/ecomms and register for electronic communications (e-comms).

If you subsequently wish to change this instruction or revert to receiving documents or information by post, you can do so by contacting the Company's registrars at the address shown in the Company Information opposite. You can also change your communication method back to post by logging in to your Investor Centre account and go to 'update my details' followed by 'communication options'.

The Registrar can also be contacted by telephone on 0371 495 2032. Calls to this number cost no more than a national rate from any type of phone or provider. These prices are for indication purposes only; if in doubt, please check the cost of calling this number with your phone line provider. Lines are open 8.30am – 5.30pm, Mon-Fri excluding bank holidays.

SHAREHOLDER ENQUIRIES

If you have any queries relating to your shareholding, dividend payments or lost share certificates, or if any of your details change, please contact Computershare by visiting investorcentre.co.uk or by using the contact details above.

AMERICAN DEPOSITARY RECEIPTS (ADRs)

The company has a sponsored Level 1 American Depositary Receipt (ADR) programme, with Citibank N.A. acting as the depositary bank, which enables US investors to invest in IG shares though an ADR, denominated in US dollars. IG's ADR programme trades in the US over-the-counter (OTC) market, under the symbol IGGHY. Each ADR currently represents one ordinary share.

E: citiadr@citi.com W: citi.com/dr

T: UK +44 (20) 7508 2708 US +1 (212) 723 5435

DIVIDEND DATES[1]

Ex-dividend date	01 October 2015
Record date	02 October 2015
Last day to elect for dividend reinvestment plan	09 October 2015
Annual General Meeting	15 October 2015
Final dividend payment date	30 October 2015
2016 interim dividend	February 2016

ANNUAL SHAREHOLDER CALENDAR[1]

Company reporting

Final results announced	21 July 2015
Annual Report published	15 September 2015
Annual General Meeting	15 October 2015

INTERIM REPORT

As part of our e-comms programme, we have decided not to produce a printed copy of our Interim Report. We will instead publish the report on our website, where it will be available around mid-January each year.

[1] Please note that these dates are provisional and subject to change.

CAUTIONARY STATEMENT

Certain statements included in our 2015 Annual Report, or incorporated by reference to it, may constitute 'forward-looking statements' in respect of the Group's operations, performance, prospects and/or financial condition.

By their very nature, 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. The forward-looking statements contained herein reflect knowledge and information available at the date of this Annual Report and the Group undertakes no obligation to update these forward-looking statements except as required by law.

This report does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the Company and nothing in this report should be construed as a profit forecast.

MARKET SHARE

Market share data has been provided by Investment Trends Pty Limited (website: investmenttrends.co.uk).
Contact: Pawel Rokicki (email: pawel@investmenttrends.co.uk).
Unless stated, market share data is sourced from the following current reports:

- Investment Trends UK Leveraged Trading Report (released October 2014)
- Investment Trends Australia CFD Report (released September 2014)
- Investment Trends Singapore CFD and FX Report (released November 2014)
- Investment Trends Germany CFD and FX Report (released June 2015)
- Investment Trends France CFD and FX Report (released July 2015)

COMPANY INFORMATION

DIRECTORS

Executive Directors

T A Howkins (Chief Executive)

P G Hetherington

C F Hill

Non-Executive Directors

A J Green (Chairman)

S G Hill

J A Newman

S J Tymms

R P Yates (Senior Independent Director)

COMPANY SECRETARY

B E Messer

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors

7 More London Riverside

London

SE1 2RT

BANKERS

Lloyds Banking Group plc

10 Gresham Street

London

EC2V 7AE

Royal Bank of Scotland Group plc

280 Bishopsgate

London

EC2M 4RB

HSBC Bank plc

8 Canada Square

London

E14 5HQ

SOLICITORS

Linklaters

1 Silk Street

London

EC2Y 8HQ

REGISTRARS

Computershare Investor Services plc

The Pavilions

Bridgwater Road

Bristol

BS99 6ZZ

BROKERS

Barclays Bank Plc

5 The North Colonnade

Canary Wharf

London

E14 4BB

Numis Securities Limited

10 Paternoster Square

London

EC4M 7LT

REGISTERED OFFICE

Cannon Bridge House

25 Dowgate Hill

London

EC4R 2YA

REGISTERED NUMBER

04677092

NOTES

INDEX

THANK YOU!

Special thanks to everyone for their valuable contribution to producing this report:

Maria Abidi
Vinaykumar Ahir
Dionysis Alexopoulos
Chris Alfred
Ryan Arnold
Sruti Bajoria
Carrie-Jo Baker
Hui Shan Beh
Dan Boneham
Jackie Bornor
Burger Botes
Paul Brooking
Harold Burr
Mark Chesterman
Fabian Chui
Lizzie Counihan
Sean Dwyer
Michelle Eardley
Huw Ellis
Fabrizio Ferraro
Johnathan Fung
Ivan Gowan
Paul Gyles
Ali Hine
Robert Hollamby
Harriet Keilthy
Himanshu Kher
Harry Lewis
Lesley Lorraine
Paul Lucas
Natalia Maslicov
Joe McCaughran
Kieran McKinney
Phillip Moon
Jake Mulaikal
Tony Nicol
Helen Nolan
Elisa Ormaechea
Lucy Parry
Lucy Read
Shingai Rupanga
Gary Sanders
Carmel Sargent
Paula Smith
Josh Springthorpe
Paul Stevens
Ellen Taylor
Anne Vasey
Anthony von den Driesch
Sara Walker
Dewi Walters
Andrew Weddell
Johan Wiese
Bunmi Williams-Likinyo

The wider Finance team and all our employees across our offices

Designed by ab...
www.ab-uk.com

IG Group Holdings plc
Cannon Bridge House
25 Dowgate Hill
London
EC4R 2YA

T: +44 (0)20 7896 0011
F: +44 (0)20 7896 0010
W: iggroup.com