ITS Market Solutions Limited

Report and financial statements

31 May 2010

Registered No 04768327

Directors
P G Hetherington
A R MacKay

Secretary
G Abbi

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
Lloyds TSB Bank plc
10 Gresham Street
London EC2V 7AE

Solicitors
Linklaters
One Silk Street
London EC2Y 8HQ

Registered Office
Atrium Building
Cannon Bridge House
25 Dowgate Hill
London EC4R 2YA

Directors' report

The directors have pleasure in submitting their report together with the financial statements of the Company for the year ended 31 May 2010

Principal activity

The principal activity of the Company is the development and promotion of trading software

IG Markets Limited owns 60% of the share capital of ITS Market Solutions Limited IG Group Holdings plc is the ultimate parent Company

Results

The Company's profit for the year after taxation amounted to £nil (2009 nil)

Dividends

The directors do not recommend the payment of a dividend

Review of business and future developments

The Company did not trade during the year and the Company's activities are expected to remain unchanged for the foreseeable future

Directors and their interests

The directors of the Company who held office during the year were as follows

P G Hetherington
A R MacKay

All were directors throughout the financial year

Risk management

The principal activities of the Company outlined above give rise to exposure to financial risks in the ordinary course of business These risks are managed mainly on a Group-wide basis as disclosed in the financial statements of IG Group Holdings plc

The main risks associated with the Company's financial assets and liabilities are set out in note 10 to the financial statements, as are the policies agreed by the Group Board for their management

Supplier payment policy and practice

The Company does not incur significant costs and does not follow any stated code on payment practice

Donations

The Company made no charitable or political donations (2009 £nil)

Directors' report

Corporate and social responsibility

The Company is committed to ensuring that interaction with key stakeholders and the wider environment is managed responsibly The Company's approach to corporate and social responsibility is managed on a Group wide basis as disclosed in the financial statements of IG Group Holdings plc

Subsequent events

There have been no significant events since the year-end

Auditors

A resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming annual general meeting

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed above Having made enquiries of fellow directors and of the Company's auditors, each of the directors confirms that

- to the best of each director's knowledge and belief, there is no information (that is information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

Going concern

After making enquiries, the directors have a reasonable expectation that the Company 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

On behalf of the board

A MacKay
Director
7 October 2010

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRS) as adopted by the European Union

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently,

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,

- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance, and

- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITS MARKET SOLUTIONS LIMITED

We have audited the financial statements of ITS Market Solutions Limited for the year ended 31 May 2010 which comprise the Balance Sheet, Cash Flow Statement and the related notes 1 to 10 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2010,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report

to the members of ITS Market Solutions Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Simon Michaelson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
8 October 2010

Statement of Financial Position

at 31 May 2010

	Notes	*2010* £	*2009* £
Current assets			
Other receivables	5	597	597
Cash at bank		810	810
		1,407	1,407
Total Assets		1,407	1,407
Current liabilities			
Other payables	6	-	-
Total liabilities		-	-
NET ASSETS		1,407	1,407
Capital and reserves			
Equity share capital	7	100,000	100,000
Retained losses		(98,593)	(98,593)
TOTAL EQUITY AND LIABILITIES		1,407	1,407

All of the Company's revenue and profit for the period relate to continuing operations The Company has no items of other comprehensive income and therefore the statement of comprehensive income has not been presented

The Company has no items of other comprehensive income and therefore the statement of comprehensive income has not been presented

There has been no movement in shareholder's equity and the Company has no cash and cash equivalents Therefore, the statement of changes in shareholder's equity and cash flow statement have not been presented

The notes on pages 9 to 14 are an integral part of these financial statements

Approved by the board of directors and signed on their behalf by

A MacKay
Director
7 October 2010

Notes to the financial statements

at 31 May 2010

1. Authorisation of financial statements and statement of compliance with IFRS

The financial statements of ITS Market Solutions Limited ("the Company") for the year ended 31 May 2010 were authorised for issue by the board of directors on 7 October 2010 and the balance sheet signed on the board's behalf by A MacKay

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as they apply to the financial statements of the Company for the year ended 31 May 2010 and applied in accordance with the provisions of the Companies Act 2006 The principal accounting policies adopted by the Company are set out in note 2

2. Accounting policies

Basis of preparation

The accounting policies which follow have been applied in preparing the financial statements for the year ended 31 May 2010 The financial statements are presented in sterling

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year The nature of estimates means that actual outcomes could differ from those estimates

Parent company and group financial statements

The parent company throughout the year was IG Markets Limited and the ultimate parent company was IG Group Holdings plc

The company is exempt under s400 of the Companies Act 2006 from preparing Group financial statements because it has been included in the consolidated financial statements of IG Group Holdings plc, a company incorporated in the United Kingdom

The financial statements of IG Group Holdings plc and its subsidiary companies, which include the results of ITS Market Solutions Limited, may be obtained from Atrium Building, Cannon Bridge House, 25 Dowgate Hill, EC4R 2YA The Group financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as they apply to the financial statements of the Group for the year ended 31 May 2010 applied in accordance with the provisions of the Companies Act 2006

Prepayments and other receivables

Prepayments and other receivables 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, as well as through the amortisation process A provision for impairment is established where there is objective evidence on non-collectability

Cash and cash equivalents

Cash comprises cash in hand and demand deposits which may be accessed without penalty Cash equivalents comprise short-term highly liquid investments with a maturity of less than three months from the date of acquisition

Other payables

Other payables 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

Notes to the financial statements

at 31 May 2010

2. Accounting policies (continued)

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 period 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 periods and it further excludes items that are never taxable or deductible The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is generally 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

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 balance sheet 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 Company intends to settle its current tax assets and liabilities on a net basis

Equity shares

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 Company after deducting all of its liabilities

Critical accounting estimates and judgements

In the directors' opinion there are no critical accounting estimates or judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year

Notes to the financial statements

at 31 May 2010

2. Accounting policies (continued)

Recent accounting developments

The following new or amended standards have been adopted by the Company

IFRS 7 'Financial Instruments – Disclosures (amendment)' The amended standard requires enhanced disclosures about fair value measurement and liquidity risk As a disclosure standard the adoption of IFRS 7 has had no impact on the results or the financial position of the Company

IFRS 8 'Operating Segments' This new standard replaces IAS 14 'Segment Reporting' and requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes As a disclosure standard, the adoption of IFRS 8 has had no impact on the results or the financial position of the Company

IAS 1 (revised), 'Presentation of Financial Statements' The revised standard prohibits the presentation of non-owner items of income and expense in the statement of changes in equity, requiring such items to be presented in a statement of comprehensive income As a disclosure standard the adoption of IAS 1 (revised) has had no impact on the results or the financial position of the Company

The following new standards and interpretations are also effective for accounting periods beginning 1 June 2009 but have not had a material impact on the presentation of, nor the results or financial position of the Company

- IFRS 2 (Amendment) "Share-based payment" This amendment clarifies that vesting conditions are service and performance conditions only It also specifies that all cancellations should receive the same accounting treatment whether cancelled by the entity or by other parties
- IAS 32 (Amendment) "Financial Instruments Presentation" and IAS 1(Amendment) "Presentation of Financial Statements – Puttable Instruments and Instruments with obligations arising on Liquidation"
- IAS 36 (Amendment) "Impairment of assets" The amendment requires that where fair value less costs to sell is calculated based on discounted cash flows disclosures equivalent to those for a value-in-use calculation should be made
- IAS 38 (Amendment) "Intangible Assets" The amendment allows the recognition of a prepayment only in the event that payment has been made in advance of obtaining right of access to goods or receipt of services
- IAS 19 (Amendment) "Employee benefits" The amendment clarifies certain accounting and valuation of defined benefit plans and alters the distinction of short-term and long-term employee benefits
- IAS 39 (Amendment) "Financial Instruments Recognition and Measurement" The amendment clarifies certain definitions and aligns the example of a segment with IFRS 8
- IAS 23 (Amendments) "Borrowing Costs" The amendments to the standard require an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset
- IAS 16 (Amendment) "Property plant and equipment" and consequential amendment to IAS 7 ' Statement of cash flows" The amendment relates to entities whose ordinary activities are renting and subsequently selling assets
- IAS 28 (Amendment) "Investments in Associates" The amendment requires that the investment in an associate is treated as a single asset for the purposes of impairment testing
- IAS 29 (Amendment) "Financial reporting in hyperinflationary economies"
- IAS 31 (Amendment) "Interests in joint ventures"

Notes to the financial statements

at 31 May 2010

2. Accounting policies (continued)

Recent accounting developments

- IAS 38 (Amendment) "Intangible Assets" The amendment deletes wording that states that there is 'rarely, if ever' support for use of a method of amortisation that results in a lower rate than the straight line method
- IAS 40 (Amendment) "Investment Property" The amendment brings property that is under construction or development for future use as an investment property within the scope of IAS 40
- IAS 41 (Amendment) "Agriculture" The amendment relates to the valuation methodologies for biological assets
- IAS 20 (Amendment) "Accounting for government grants and disclosure of government assistance" The amendment relates to accounting for the benefit of a below market rate government loan
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 17 "Distributions of Non-cash Assets to Owners"

The following standards, amendments and interpretations have been published and are mandatory for the Company's accounting periods beginning or after 1 June 2010 or later period, but the Group has not early adopted them

- IAS 27 (revised) 'Consolidated and separate financial statements" The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control The Company will apply IFRS 3 (revised) prospectively to all transactions with non-controlling interests from 1 July 2010

- IFRS 3 (revised) "Business combinations" The revised standard requires that all acquisition costs be expensed and that all payments to purchase a business are to be recorded at fair value at the acquisition date Any contingent payments are classified as debt and re-measured through the income statement Non-controlling interests may be measured either at fair value or at the non-controlling interest proportionate share of the acquiree's net assets The Company will apply IFRS 3 (revised) prospectively to all business combinations from 1 July 2010

- IAS 38 (amendment) "Intangible assets" The amendment clarifies guidance in measuring fair value of an intangible asset acquired in a business combination and permits grouping of intangibles assets as a single asset if each asset has similar useful economic lives The Company will apply the amendment from the same date as IFRS 3 (revised) The amendment will not impact the Company's currently held intangible assets

- IFRS 5 (amendment) "Measurement of non-current assets (or disposal groups) classified as held for sale' The amendment provides clarification to the existing standards disclosure requirements and will not result in a material impact to the Company's financial statements The Company will apply IFRS 5 (amendment) from 1 July 2010

- IAS 1 (amendment) "Presentation of financial statements" The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current The Company will apply IAS1 (amendment) from 1 July 2010 It is not expected to have a material impact on the Company's financial statements

- IFRS 2 (amendments) "Group cash-settled share-based payment transactions" The amendments include IFRIC 8 and 11 and expand the guidance in IFRIC 11 to address the classification of group arrangements not previously covered The new guidance is not expected to have a material impact on the Company's financial statements

Notes to the financial statements

at 31 May 2010

3. Income statement

The Company has not traded or incurred any expenses and has consequently made neither profit nor loss in the year, and therefore no income statement has been prepared

Audit fees of £2,500 (2009 £2,500) are borne by a fellow subsidiary undertaking

4. Directors' emoluments and employee information

The directors did not receive any emoluments in respect of their services to the Company Directors' emoluments in respect of their services to the Group are disclosed in the Group financial statements

The Company had no employees during the year (2009 nil)

5. Other receivables

	2010	*2009*
	£	*£*
Amounts due from group companies	597	597

The amount due from group companies is unsecured, interest free and is repayable on demand

6. Other payables

	2010	*2009*
	£	*£*
Amounts due to group companies	-	-

The amount due to group companies is unsecured, interest free and is repayable on demand

7. Equity share capital

	2010	*2009*
	£	*£*
Authorised		
100,000 ordinary share of £1 each	100,000	100,000
60,000 A ordinary shares of £1 each	60,000	60,000
40,000 B ordinary shares of £1 each	40,000	40,000
	200,000	200,000
Allotted and called and paid up		
60,000 A ordinary shares of £1 each	60,000	60,000
40,000 B ordinary shares of £1 each	40,000	40,000
	100,000	100,000

The A ordinary shares and the B ordinary shares rank pari passu with the ordinary shares They have the same voting rights, entitlement to dividends and rights in the event of the company winding up

Notes to the financial statements

at 31 May 2010

8. Transactions with directors

The directors of ITS Market Solutions Limited held shares of the ultimate parent company as disclosed in the directors' report The Company had no other transactions with its directors other than in relation to the management of the company

9. Related party transactions

There were no related party transactions during the year or the preceding year

10. Financial instruments

Accounting classifications and fair values

Cash and cash equivalents and amounts due from related parties are classified as financial assets and amounts due to related parties are classified as financial liabilities The carrying value of financial assets and liabilities is not different from their fair value

Items of income, expense, gains or losses

The company received no finance revenue (2009 £nil) and had no finance costs payable (2009 £nil)

Nature and extent of risks arising from financial instruments

The principal activities of the Company outlined in the Directors' Report give rise to exposure to financial risks in the ordinary course of business These risks are managed on a Group-wide basis and are disclosed and described in detail in the financial statements of IG Group Holdings plc

The Company does not trade and does not hold any substantial financial instruments and hence has immaterial exposure to market risk

Foreign currency risk

Foreign currency exposures arise in the normal course of business and are managed on a Group-wide basis as disclosed in the Group financial statements The Company does not have any foreign currency exposure

10. Financial instruments (continued)

Interest rate risk

Interest rate risk exposures arising from trading activities are managed on a Group-wide basis as disclosed in the Group financial statements

The interest rate risk profile of the Company's financial assets and liabilities as at the balance sheet date was as follows

	2010	*2009*
	£	*£*
Floating rate		
Cash and cash equivalents	810	810
	810	810

No sensitivity analysis is presented for interest rate risk as the impact of reasonably possible market movements on the Company's revenue and equity are not significant

Notes to the financial statements

at 31 May 2010

10. Financial instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure without taking account of any collateral held or other credit enhancements such as personal guarantees The maximum exposure to credit risk at the reporting date was

	2010	*2009*
	£	*£*
Amounts due from group companies	597	597
Cash and cash equivalents	810	810
	1,407	1,407

The balance of cash and cash equivalents will fluctuate over the course of the reporting period

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities

Exposure to liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities Liquidity risk is managed centrally for the whole Group by the Risk department as disclosed in the Group financial statements Funds are available throughout the Group to meet the liquidity requirements of each Company and funds are transferred around the Group as required

In the directors' opinion the Group has sufficient funds available to meet all operational requirements in the event of a large market movement Liquidity management is also dependent on group credit risk management

Operational risk

The Group directors are responsible for managing operational risk on a Group-wide basis Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks outlined above The Group's exposure to these risks is disclosed in the Group financial statements The Company's exposure to operational risk is not considered by the directors to be significant