



Plus500

World's Trading Machine

30 JUNE 2015 - INTERIM FINANCIAL STATEMENTS

Plus500 LTD.

INTERIM FINANCIAL INFORMATION

(Unaudited)

JUNE 30, 2015

Plus500 LTD.
INTERIM FINANCIAL INFORMATION
(Unaudited)
JUNE 30, 2015

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The amounts are presented in U.S. dollars (\$) in thousands.



Review Report of Interim Financial Information

Introduction

We have reviewed the accompanying financial information of Plus500 Ltd. and its subsidiaries (hereafter - the group), which includes the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statements of income comprehensive, changes in equity and cash flows for the six-month periods then ended. The Board of Directors and management are responsible for preparation and presentation of the financial information for this reporting period in accordance with IAS 34 – "Interim Financial Reporting"; our responsibility is to express a conclusion of the financial data for this interim period based on our review.

Scope of review

Our review was performed in accordance with Standard No. 1 on Review Engagements of the Institute of Certified Public Accountants in Israel - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Haifa, Israel
August 26, 2015

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

Plus500 LTD.
CONDENSED CONSOLIDATED BALANCE SHEET

JUNE 30, 2015

	As of 30 June 2015	2014	As of 31 December 2014
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	95,533	115,179	139,164
Short-term bank deposit	-	1,166	1,037
Restricted deposit	71	215	69
Accounts receivable	17,706	2,949	3,927
	113,310	119,509	144,197
NON-CURRENT ASSETS:			
Property, plant and equipment	1,874	269	1,557
Intangible assets	86	53	57
Deferred income tax assets	336	764	495
	2,296	1,086	2,109
T o t a l a s s e t s	115,606	120,595	146,306
Liabilities and equity			
CURRENT LIABILITIES:			
Trade payables – due to clients	2,854	5,823	5,885
Other accounts payable and accruals:			
Service supplies	13,419	8,008	7,831
Other	2,520	1,361	2,382
Income tax payable	10,345	16,540	19,579
	29,138	31,732	35,677
NON- CURRENT LIABILITIES:			
Share- based compensation	396	93	169
EQUITY:			
Ordinary shares	317	317	317
Share premium	22,220	22,220	22,220
Retained earnings	63,535	66,233	87,923
T o t a l e q u i t y	86,072	88,770	110,460
T o t a l l i a b i l i t i e s a n d e q u i t y	115,606	120,595	146,306

_____))
Gal Haber)
CEO

_____))
Inbal Marom)
Group Chief Financial Officer

_____))
Alastair Neil Gordon)
Non-Executive Director and Chairman

Date of approval of the interim financial information by the Company's Board of Directors: August 26, 2015

The attached notes are an integral part of this condensed consolidated interim financial information.

Plus500 LTD.
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

	Six months ended 30 June		Year ended
	2015	2014	31 December
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
TRADING INCOME – net	127,026	106,242	228,865
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:			
Selling and marketing	63,655	30,702	75,170
Administrative and general	7,966	3,583	8,373
Capital loss from realization of fixed assets	109	-	-
INCOME FROM OPERATIONS	<u>55,296</u>	<u>71,957</u>	<u>145,322</u>
Financial expenses	3,242	1,573	7,381
Financial income	(85)	(2,752)	(178)
FINANCIAL EXPENSE (INCOME) -net	<u>3,157</u>	<u>(1,179)</u>	<u>7,203</u>
INCOME BEFORE TAX ON INCOME	52,139	73,136	138,119
INCOME TAX EXPENSE	<u>11,522</u>	<u>19,373</u>	<u>35,667</u>
PROFIT AND COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u><u>40,617</u></u>	<u><u>53,763</u></u>	<u><u>102,452</u></u>
	In U.S. dollars		
EARNINGS PER SHARE (basic and diluted)	<u>0.35</u>	<u>0.47</u>	<u>0.89</u>

The attached notes are an integral part of this condensed consolidated interim financial information.

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

	<u>Ordinary shares</u>	<u>Share premium</u> U.S. dollars in thousands	<u>Retained earnings</u> U.S. dollars in thousands	<u>Total</u>
BALANCE AT 1 JANUARY 2015 (audited)	317	22,220	87,923	110,460
CHANGES DURING THE SIX MONTH ENDED				
JUNE 30, 2015 (unaudited):				
Profit and comprehensive income for the period			40,617	40,617
TRANSACTION WITH SHAREHOLDERS				
Dividend			(65,005)	(65,005)
BALANCE AT 30 JUNE 2015 (unaudited)	317	22,220	63,535	86,072
BALANCE AT 1 JANUARY 2014 (audited)	317	22,220	45,477	68,014
CHANGES DURING THE SIX MONTH ENDED				
JUNE 30, 2014 (unaudited):				
Profit and comprehensive income for the period			53,763	53,763
TRANSACTION WITH SHAREHOLDERS				
Dividend			(33,007)	(33,007)
BALANCE AT 30 JUNE 2014 (unaudited)	317	22,220	66,233	88,770
BALANCE AT 31 DECEMBER 2013 (audited):	317	22,220	45,477	68,014
CHANGES DURING THE YEAR ENDED				
31 DECEMBER 2014:				
Profit and comprehensive income for the year			102,452	102,452
TRANSACTION WITH SHAREHOLDERS				
Dividend			(60,006)	(60,006)
BALANCE AT 31 DECEMBER 2014 (audited)	317	22,220	87,923	110,460

The attached notes are an integral part of this condensed consolidated interim financial information.

Plus500 LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

	Six months ended June 30		Year ended 31 December
	2015	2014	2014
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash generated from operations (see Appendix A)	47,535	73,991	141,081
Income tax paid – net	(21,467)	(11,117)	(22,407)
Interest received	85	35	178
Net cash flows provided by operating activities	<u>26,153</u>	<u>62,909</u>	<u>118,852</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposit withdrawals	1,037	-	138
Purchase of property, plant and equipment	(564)	(83)	-
Selling of property, plant and equipment	25	-	(1,419)
Purchase of intangible assets	(38)	-	(24)
Net cash flows provided by (used in) investing activities	<u>460</u>	<u>(83)</u>	<u>(1,305)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES:			
Dividends paid to equity holders of the Company	<u>(65,005)</u>	<u>(33,007)</u>	<u>(60,006)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,392)	29,819	57,541
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	139,164	84,108	84,108
EXCHANGE GAIN (LOSS) ON CASH AND CASH EQUIVALENTS	<u>(5,239)</u>	<u>1,252</u>	<u>(2,485)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>95,533</u></u>	<u><u>115,179</u></u>	<u><u>139,164</u></u>

The attached notes are an integral part of this condensed consolidated interim financial information.

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

APPENDICES

CONSOLIDATED STATEMENT OF CASH FLOWS

APPENDIX A:

	Six months ended 30 June		Year ended 31 December
	2015	2014	2014
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
Cash generated from operations -			
Net income for the period	40,617	53,763	102,452
Adjustments required to reflect the cash flows from operating activities:			
Depreciation and amortization	122	52	120
Capital loss from realization of fixed assets	109	-	-
Taxes on income	11,522	19,373	35,667
Foreign exchange losses on operating activities	6,024	(1,277)	621
Losses (gains) on revaluation of existing deposits	(2)	11	148
	<u>17,775</u>	<u>18,159</u>	<u>36,556</u>
Operating changes in working capital:			
Decrease (increase) in accounts receivable	(13,779)	290	(688)
Increase (decrease) in trade payables due to clients	(3,031)	291	353
Increase (decrease) in other accounts payable:			
Service supplies	5,588	1,168	991
Other	138	227	1,248
Liability for Share-based compensation	227	93	169
	<u>(10,857)</u>	<u>2,069</u>	<u>2,073</u>
Cash flows from operating activities	<u>47,535</u>	<u>73,991</u>	<u>141,081</u>

The attached notes are an integral part of this condensed consolidated interim financial information.

Plus500 LTD.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

- a. Plus500 Ltd. (hereafter – the Company) was established in 2008 as a private limited company with the name Investsoft Ltd. On 18 June 2012 the company changed its name to Plus500 Ltd. The Company has developed a trading platform for private clients, enabling trading on contracts for differences (hereafter - CFD) on shares, indexes, commodities and foreign exchange.

On 24 July 2013, the Company's shares were listed for trading on the London Stock Exchange in the Company's initial public offering ("IPO").

Plus500UK Limited (hereafter – UK subsidiary or Plus500UK) is subsidiary of the Company located in UK, and regulated by the Financial Conduct Authority (FCA) .

Plus500AU Pty Ltd (hereafter – AU subsidiary) is subsidiary of the Company located in Australia. Plus500AU has an Australian Securities and Investments Commission ("ASIC") license .

In June 2014, the Company established a new subsidiary in Cyprus (hereafter – CY Subsidiary) in order to obtain a Cyprus Securities and Exchange Commission ("CySEC") license.

The company and its subsidiaries (hereafter – the Group) are engaged in one operation segment CFD trading.

The address of the Company's principal offices is Building 25, Matam, Haifa 31905, Israel.

- b. On 30 October 2014 Plus500UK entered into a Voluntary Requirement ("VREQ") with the Financial Conduct Authority ("FCA") whereby Plus500UK was prohibited from conducting any transactions for customers without holding the appropriate AML documentation. On 9 January 2015, Plus500UK was required by the FCA under Section 166 of the Financial Services and Markets Act 2000 ("Section 166") to appoint a Skilled Person to conduct a review of its Anti-Money Laundering ("AML") and other related regulatory controls.

Following completion of the Skilled Person's Review, on 15 May 2015 Plus500UK entered into a further VREQ with the FCA prohibiting any new transactions for existing customers until additional AML documentation is provided and on-boarding any new clients until new AML procedures are implemented, as signed off by the Skilled Person.

Starting from mid- May 2015, Plus500UK put in place a comprehensive remediation plan to re-enable its suspended customers, and hired new staff for this process.

On 22 May 2015 Plus500UK was required by the FCA under a Section 166 requirement notice to appoint a second Skilled Person who was asked to review the steps taken by Plus500UK in regard to its remedial AML procedures for existing clients. The Skilled Person carried out a review of Plus500UK's compliance with its remedial AML policies and procedures in respect to a sample of existing customers and reviewed these procedures to ensure they met regulatory requirements.

Plus500 LTD.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION (continued):

The second Skilled Person's final report on Plus500UK's existing customers was issued to the FCA on 3 July, 2015. This report covered a review of a sample of trades and other transactions in a number of areas, with satisfactory results. The overall conclusion of the sample test was that there was no indication that the UK Company had breached the requirements of the second VREQ (requirement 2 dated 15 May, 2015) that was agreed with the FCA.

In June and July 2015, Plus500UK concluded its work with support from compliance consultants and adopted revised procedures to enable the onboarding of new customers. New customers in the UK are able to onboarded from August 2015.

To date no disciplinary action nor any penalties in respect of the events described above have been taken against the Group. There is no provision in these financial statements in respect of the events described above as it is unknown whether or not any such actions or penalties will be levied and, if this does transpire, a reliable estimate of the quantum cannot be made.

NOTE 2 – BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June, 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December, 2014, which have been prepared in accordance with IFRS. This condensed consolidated interim financial information is reviewed and not audited.

NOTE 3 – ACCOUNTING POLICIES

Significant accounting policies and computation methods used in preparing the interim financial information are consistent with those used in preparing the 2014 annual financial statements, except for the following:

Income tax in interim periods is recognized based on management's best estimate of the annual income tax rate expected.

Plus500 LTD.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 4 – DIVIDEND

- a. On 18 February, 2014, the Company's Board of Directors declared the distribution of a dividend of \$0.2873 (NIS 1.01) per share, in the total amount of \$ 33,007 thousand.
- b. On 12 August, 2014, the Company's Board of Directors declared the distribution of a dividend of \$0.235 (NIS 0.82) per share, in the total amount of \$26,999 thousand.
- c. On 24 February, 2015, the Company's Board of Directors declared the distribution of a dividend of \$0.566 (NIS 2.24) per share, in the total amount of \$ 65,005 thousand.

Set forth below are the amounts of dividends for the periods:

	Six months ended 30 June		Year ended 31 December
	2015	2014	2014
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
Date of declaration			
18 February, 2014	-	33,007	33,007
12 August, 2014	-	-	26,999
24 February, 2015	65,005	-	-
	<u>65,005</u>	<u>33,007</u>	<u>60,006</u>

NOTE 5- SUBSEQUENT EVENTS

On 1 June 2015, the Boards of Playtech plc ("Playtech") and the Company announced that they had reached agreement regarding the terms of a recommended cash acquisition through which the entire issued ordinary share capital of Plus500 will be acquired by Playtech by means of a merger under the Israeli Companies Law (the "Acquisition").

On 16 July, 2015, the Acquisition was approved at the Special General Meeting of the Company shareholders.

On 19 August, 2015, the Acquisition was approved at the Special General Meeting of Playtech's shareholders.

Completion of the Acquisition remains conditional on satisfying a number of conditions including regulatory approvals and antitrust clearance.
