Plus500 Limited

ANNUAL REPORT AND ACCOUNTS
2015

Plus500
World's Trading Machine

http://www.plus500.com/

About Plus500

Plus500 Ltd (the "Company") is a fast growing online provider of Contracts for Difference ("CFDs"). Plus500 has developed and operates an online trading platform for retail customers to trade CFDs internationally over more than 2,200 different underlying global financial instruments comprising equities, indices, commodities, options, exchange-traded funds ("ETFs") and foreign exchange. The Company enables retail customers to trade CFDs in more than 50 countries and in 31 languages. The trading platform is accessible from multiple operating systems (Windows, smartphones (iOS, Android and Windows Phone), tablets (iOS, Android and Surface), Apple Watch and web browsers).

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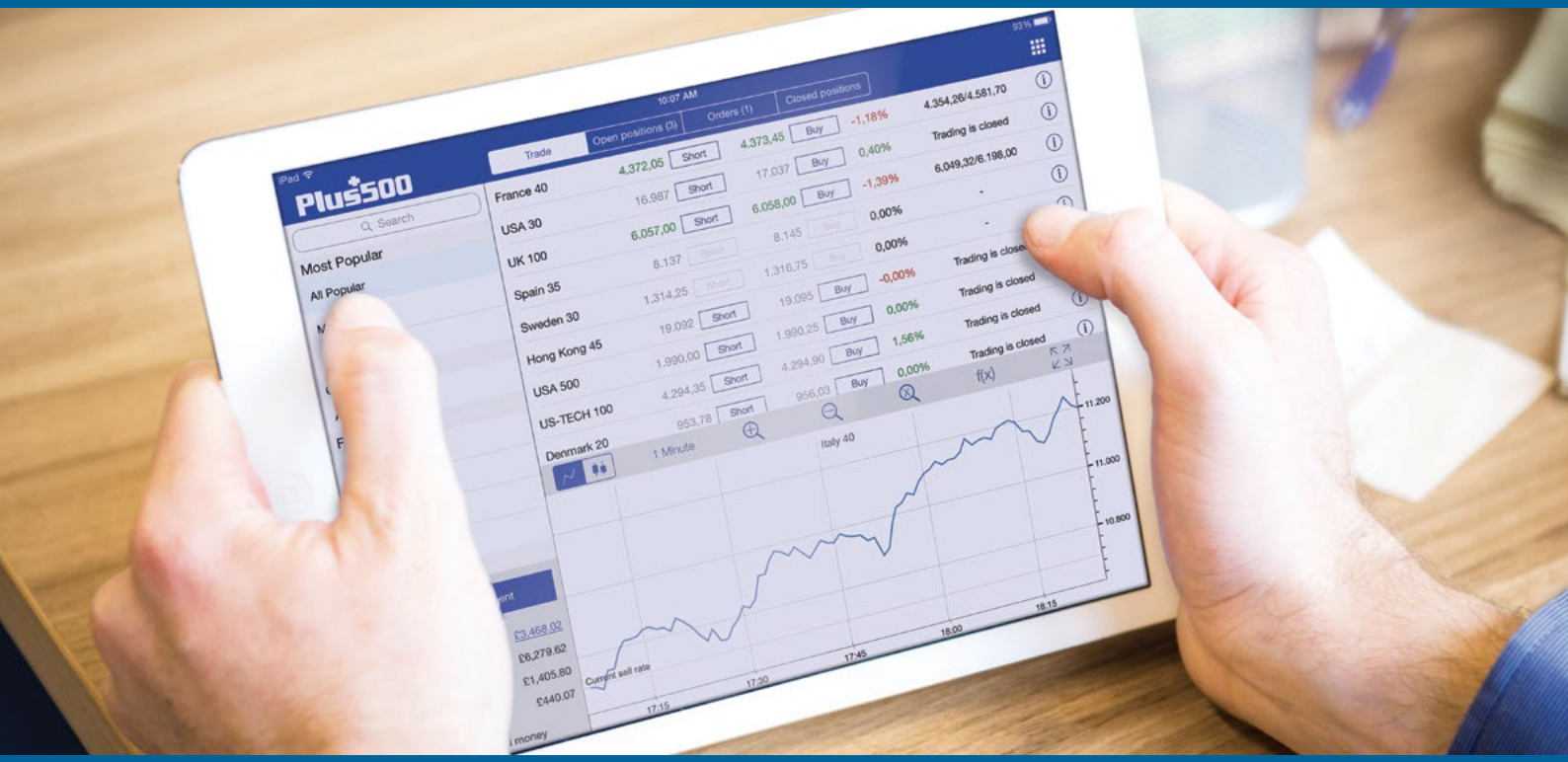


2015 ANNUAL REPORT OVERVIEW

2015 **HIGHLIGHTS**

FINANCIAL HIGHLIGHTS

- Revenue increased 20% to $275.6 million (2014: $228.9 million)
- EBITDA[1] was $132.9 million (2014: $145.4 million)
- EBITDA margin was 48.2% (2014: 63.6%)
- Net profit was $96.6 million (2014: $102.5 million)
- Earnings per share were $0.84 (2014: $0.89)
- Average Revenue Per User (ARPU) was $2,019 (2014: $2,160)
- Operating cash flow of $128.1 million (2014: $141.1 million)
- Total dividend for 2015 of $96.6 million, representing a pay-out of 100% of net profit
- Dividend policy maintained at 60% pay-out ratio with payment of special dividends and the flexibility to buyback shares

$275.6m

Revenue
2014: $228.9m

OPERATIONAL HIGHLIGHTS

- Another year of strong customer growth
  - Active customers[2] increased 29% to 136,540 (2014: 105,976)
  - New customers[3] increased 28% to 84,858 (2014: 66,553)
- Maintained ranking as the second largest CFD provider in the UK[4]
- 75% of total revenue derived from Western European countries (2014: 70%), reflected the ongoing focus on attracting a greater number of high value customers
- Product innovation: new financial instruments, new apps (Windows Phone, Apple Watch) and enhanced trading platform:
  - Introduced approximately 500 new financial instruments – now offering more than 2,200 in total
  - Over 65% of 2015 revenues and signups originated from mobile devices
- Made significant progress in enhancing compliance and onboarding processes in line with the recommendations of the Group's regulatory advisors
- Strengthened the management team and procedures of Plus500UK

$132.9m

EBITDA
2014: $145.4m

1 EBITDA: Earnings before interest and taxes and depreciation and amortization
2 Active Customers: Customers who make at least one trade using money on the trading platform during the relevant period
3 New Customers: Customers who have deposited money into their own account for the first time
4 Investment Trends' report, July 2015

DIVIDENDS

- Total dividend for 2015 of $96.6 million, representing a pay-out of 100% of net profit
- Dividend policy maintained at 60% pay-out ratio with payment of special dividends and the flexibility to buyback shares

	2015	2014
DIVIDENDS PER SHARE (CENTS)		
• Interim	$0.2121	$0.2350
• Final	$0.2922	$0.3001
• Special	$0.3362	$0.2657
• **Total**	**$0.8405**	**$0.8008**
DIVIDEND PAYOUT ($M)		
• Interim	$24.4m	$27.0m
• Final & Special	$72.2m	$65.0m
• **Total**	**$96.6m**	**$92.0m**

Chairman's Statement

Following an eventful year, the enhancement of regulatory process was followed by strong 2015 performance.

Our total dividend distribution to shareholders amounts to $96.6 million in 2016, and $229.6 million since IPO in July 2013.

Alastair Gordon
Chairman

Introduction

The Company is pleased to announce a strong set of 2015 KPIs, which reflect the strength of Plus500's brand and business model despite the distractions and disruptions of an eventful year. Plus500's operational team deserves credit for managing strong underlying business performance despite the regulatory issues that caused a temporary suspension of trading and onboarding in the UK and the distraction presented by the aborted merger agreement with Playtech.

During the year, the Company made significant progress enhancing its regulatory compliance and onboarding processes in line with the recommendations of its regulatory advisors and Skilled Person reports and strengthened management in all the territories where the Company holds a regulated licence. As a result Plus500UK began accepting new customers again in January 2016 and the Company is not subject to any regulatory restrictions in any of its markets. The Board remains committed to ensuring the highest standards of regulatory compliance.

The Board regrets the disruption caused to customers and shareholders during 2015. At the time of the temporary suspension of customer accounts and onboarding in the UK, the Board apologised to customers whose accounts were frozen and acknowledged shareholders' disappointment with the impact on Plus500's share price.

As announced in November 2015, the proposed merger agreement with Playtech plc was terminated as Playtech plc were unable to obtain regulatory approval prior to the year end deadline for completion of the merger.

The Company adopted a "business as usual" policy during the lengthy merger timetable and continued to invest in its marketing, technology and regulatory operations during this period, as a result of which the Group is now in its strongest position since its foundation.

Board and Management Changes

Asaf Elimelech was promoted to joint Chief Executive Officer on 28 February 2016 and is working alongside Gal Haber until the end of April 2016, when Mr. Haber will be promoted to Managing Director. Mr. Haber will then work with Mr. Elimelech, who will be promoted to Chief Executive Officer, allowing Mr. Haber to focus all his time on continuing the growth of the business. The Board of Directors has also appointed Mr. Elimelech to replace Alon Gonen as an executive director on the Board to allow Mr. Gonen to focus on his new role as the Group's Senior Strategy Advisor.

Prior to his appointment, Asaf Elimelech served as the Chief Subsidiaries Officer at Plus500 Ltd. and is responsible for all subsidiaries within the Group. He previously served as the CEO of Plus500AU Pty Ltd. and has worked for the Group for the last three years. Mr. Elimelech is a chartered accountant.

In addition, Elad Even-Chen will be appointed to the role of Group Chief Financial Officer on 15 March 2016.

Mrs. Inbal Marom, currently Chief Financial Officer in the past seven years, will be appointed as VP Finance alongside Mr Even-Chen in which role she will continue to make a significant contribution to the finance function as part of the Group's senior management team.

Mr Even-Chen is responsible for the financial aspects of Plus500's company strategy and global business development projects. He currently serves as the Finance Director, VP Business Development, Head of Investors Relations and the Company Secretary at Plus500 Ltd. Mr. Even-Chen has worked for the Group for the last four years. Mr. Even-Chen is a certified accountant in Israel and, prior to joining Plus500, he was a senior associate at KPMG, specialising in commerce and real estate audit. Mr. Even-Chen holds a B.A. in Accounting and Economics, an LL.B Degree and an MBA (specialising in Financial Management).

Paul Boyle, a non-executive director of the Group, has recently indicated his intention not to stand for re-election as a director at the upcoming Annual General Meeting due to be held on 10 May 2016. Mr Boyle has decided to step down to concentrate on his existing full time executive role at Aviva plc. I would like to thank Paul for his significant contribution to the Group during his tenure..

Dividends

Following termination of the merger agreement Plus500 immediately reinstated its dividend policy of distributing 60% of post-tax profits and declared a retrospective dividend for the six months to 30 June 2015. Termination of the merger agreement allowed Plus500's shareholders to benefit from both the strong performance experienced by the business in the second half of 2015 and the improved prospects of an independent future.

Given the strong financial performance, the Board has considered the Group's dividend policy, and in particular the optimal balance between allocating surplus funds to the payment of ordinary and special dividends or share buybacks. This is in the context that, at the time of the announcement of the termination of the merger agreement with Playtech plc, the Board declared an interim dividend and announced its intention to put in place a programme to buyback up to $20 million of the Company's shares depending on market conditions, share price, trading volume and other factors. However, given the increase in the share price since the termination of the merger agreement the share buyback programme has not been activated.

The Board will consider whether there is a need for share buybacks in the future and has the power to implement them at short notice.

The Board has concluded that it is in shareholders' best interests to distribute 100% of 2015 net profits ($96.6m) and therefore proposed a final dividend in respect of 2015 together with an additional distribution by way of a special dividend.

As previously announced, the Board was pleased to declare a final dividend for the year ended 31 December 2015 of $0.2922 per share (final dividend 2014: $0.3001 per share), with an ex-dividend date of 24 March 2016, a record date of 29 March 2016 and a payment date of 11 May 2016. Including the interim dividend in respect of the six month period to June 2015 of $0.2121 per share, this makes a total dividend for the year of $0.5043 per share (total dividend for 2014: $0.5351 per share). This equates to a total dividend pay-out of $58 million or 60% of net profit for the year, in line with the Company's stated policy.

In addition to the above, the Board has declared a special dividend of $0.3362 per share (special dividend 2014: $0.2657 per share) amounting to a payout of $38.6 million (FY 2014: $30.5 million), with the same ex-dividend dated of 24 March 2016, record date of 29 March 2016 and payment date of 11 May 2016. The resulting total distribution to shareholders for the full year will therefore be $0.8405 per share (FY 2014: $0.8008 per share) amounting to a payout of $96.6 million (FY 2014: $92 million). The equivalent amount stated in GBP is £66.1 million (FY 2014: £60 million) an increase of 10%.

Total dividends to shareholders including those declared in February 2016, in the three year period since flotation will be $229.6 million, which exceeds the market capitalisation at flotation of $200 million, and equates to a dividend per share of 132 pence per share (compared to the flotation price of 115 pence per share).

Outlook

The Board is confident that Plus500 has become a stronger business as a result of the changes implemented during the year and the continued investment and innovation of both its trading platform and marketing which has led to record customer numbers.

Alastair Gordon
Chairman
14 March 2016

Chief Executive Officer's Review

Another year of strong revenue growth, high levels of profitability and record levels of new and active customers supported by a strong set of 2015 KPIs reflect Plus500's high profile brand and its robust business model.

Gal Haber
Joint Chief Executive Officer

Introduction

We are pleased to announce a strong set of 2015 KPIs which reflect Plus500's high profile brand and its robust business model.

Plus500 had a record number of both New Customers and Active Customers in 2015. Whilst marketing expenses are recognised and paid for when incurred, these New Customers are expected to contribute to significant revenue growth and a higher EBITDA margin in 2016.

We continue to be at the cutting edge of platform technology with new apps being launched such as the Windows Phone and Apple Watch apps. The majority of revenues and signups come from mobile devices which reflects Plus500's speed of innovation.

We made significant progress enhancing our regulatory compliance and onboarding processes. We were pleased that Plus500UK began accepting new UK customers again in January 2016 and we are not subject to any regulatory restrictions in each of our regulated entities.

Overview

Plus500 is pleased to report another year of strong revenue growth in 2015 and high levels of profitability, albeit slightly lower than 2014 due to the loss of revenue in the UK resulting from the remediation and onboarding procedures issues, additional online and offline marketing spend one-off regulatory costs incurred during the year.

Overall, in 2015, 90% of total revenue was derived from regulated markets, with the remainder from countries where the Company operates under a local legal opinion. The Company continued to gain market share in the UK and maintained its position as the second largest CFD provider in the UK[5].

	Full Year		
	2015	2014	% Growth
Revenue	$275.6m	$228.9m	20%
Number of New Customers	84,858	66,553	28%
Number of Active Customers	136,540	105,976	29%
ARPU[6]	$2,019	$2,160	-7%
AUAC[7]	$1,227	$921	33%

Plus500 continues to achieve good results from its focus on online marketing initiatives and benefits from its main sponsorship deal with Atlético Madrid Football Club. The sponsorship agreement is accelerating and delivering brand building benefits to the business. The Company is comfortable with the increase in AUAC because of its automated marketing capabilities, to ensure that it will not, in aggregate, acquire new customers that will not be valuable to the Company, by enabling the onboarding of new customers with an expected average lifetime return on investment of at least 100% based on past behaviours. This value is not reflected in the period of acquisition but across 2016 and future periods though all such marketing initiatives are immediately expensed.

Operational Review

The Company's primary market is offering retail clients the ability to trade CFDs in global equities, indices, commodities, options, ETFs and foreign exchange. The Company has increased its revenue through a combination of an efficient online-focussed customer acquisition strategy and easy-to-use trading platform.

During the year, there were a number of achievements that facilitated the Company's growth. Approximately 500 new instruments were added and the Company expanded its 24/7 live chat feature in order to offer more native language support in the countries in which it operates, which contributed to the increase in the customer base globally.

During the year, the strength of the Company's proprietary trading platform, supported by in-house technical expertise, continued to allow Plus500 to react quickly to market conditions and offer customers the ability to trade CFDs immediately following, for example, the initial public offerings of GoDaddy and Ferrari.

In Q4 2015, due to the increased market volatility as a result of the geo-political situation in Europe and the changing global macro environment, the Company experienced particularly strong growth in trading in commodities as well as equities. In 2015 as whole, there was a marked increase in volatility in financial markets driven by successive macro events, which in turn drove news flow and customer activity. The most high profile event was the dramatic movement in the Swiss Franc in January 2015, which resulted in a successful and profitable outcome for Plus500 on that day, which also demonstrated the robustness of the Company's risk and credit controls. This event also stimulated a significant increase in the number of New Customers.

In addition, the success of the Company's proprietary marketing platform in improving brand awareness across multiple advertising channels enabled Plus500 to attract a greater number of high value customers.

Risk Management Framework

Plus500's target audience is exclusively retail customers and the platform is not available to institutional traders. As a result, Plus500 is less vulnerable to dependency on large customers as no single customer contributes more than 0.4% of total revenue. Additionally, the Company's risk management

5 Investment Trends report, July 2015
6 Average revenue per active user
7 Average new user acquisition cost

framework ensures that risk exposures are strictly limited resulting in consistent revenue generation with low volatility. The Company employs a mix of limitations and natural hedging tools to ensure this; these include its very large number of small customers; and monitoring of exposure limits (by client, instrument and total exposure), with the ability to cap trades and hedge once limits are reached. Credit risk is eliminated by a close-out policy to minimise unfunded customer losses. Plus500 does not enable customers to lose more than they deposit. In addition, Plus500 does not offer CFDs in less liquid instruments, such as small cap stocks, which also limits its risk exposures.

As a result, Plus500's market risk framework is highly effective in ARPU maximisation with minimal losses. The worst and best daily revenues in 2015 were $-0.7 million and $5.7 million respectively. During 2015, as to the closed positions, there were 337 profitable trading days and 28 losing days. The average daily revenue in 2015 was $0.76 million.

In 2015 there were no revenues from market P&L (FY 2014: 1%). This reflects the effectiveness of the hedging arrangements.

Regulation

Plus500 views its ongoing regulated status as one of its most important assets and as it has grown it naturally became the subject of greater regulatory oversight. This resulted in certain onboarding and anti-money laundering issues within the UK regulated company being identified and restraints being imposed on the Plus500UK's existing customers and the cessation of onboarding new customers into the UK subsidiary for a number of months. In response, Plus500UK made significant enhancements to its compliance and onboarding processes and strengthened the management team and procedures of Plus500UK.

Plus500UK appointed new senior management in 2015 which included a new experienced Chief Executive Officer, a senior Money Laundering Reporting Officer (MLRO) and a senior Compliance Officer. Additionally, new compliance staff were hired and a wide internal review was conducted, with the help of the Group's regulatory advisors, to ensure Plus500UK remains compliant.

Plus500UK successfully resumed the onboarding of new customers at the beginning of 2016. In February 2016, the UK Financial Conduct Authority (FCA) published a 'Dear CEO' letter sent to participants in the CFD products industry; it referred to the fact that the FCA had recently reviewed the procedures for taking on new clients in a sample of ten firms that offer CFD products, reviewing the firms' approaches to assessing the appropriateness of CFD trading for prospective Clients; initial disclosures to clients; anti-money laundering (AML) controls; and client categorisation. The Board confirms that Plus500UK was not included in this sample, but noted all the issues raised to ensure it remains complaint.

The Company has continued to invest in strengthening its management and onboarding capabilities, particularly in regulatory compliance, in all the regulated jurisdictions it operates in, in order to maintain its ongoing regulated status and to enhance the regulated and managerial aspects of its UK, Cyprus and Australia operations in line with the future regulatory developments. The Cyprus operation which commenced in 2014 has performed very well, and having resolved the issues in the UK, the Company is not subject to restrictions imposed by any of its regulators.

For the future, the Company's strategy is to continue to seek additional regulatory approvals in jurisdictions that represent attractive commercial opportunities.

Research and Development

The Company continues to invest in R&D in order to maintain its competitive advantage. During 2015, the Company launched a number of new features including new CFDs on options, a new Windows Phone app and a new Apple Watch app. Additionally, in Q4 2015 Plus500 launched a new WebTrader which is compatible with all devices – desktops, tablets and mobiles. Plus500 is ideally positioned to take advantage of the increased use of mobile and tablet devices for trading given the ease of use of its trading platform and the continued enhancements being introduced. The Company maintained its lead as being the highest rated app in its sector by customers on both Apple's AppStore and Google's Play Store.

The Company is now working on further developments which are expected to improve customer sign up and reduce churn. Additionally, the live chat 24/7 support is being expanded. The Company is also implementing enhancements to the online sign up process, while keeping the registration flow and user experience at a high level consistent with its regulatory obligations.

All developments are expensed as incurred and all IP in the platform belongs to the Company.

Outlook

In 2016, the Company expects an increase in its AUAC as it continues to obtain higher value customers which are expected to contribute to growing ARPU in 2016 and beyond. Q1 2016 has started with a strong increase in revenues, improved EBITDA margin and an increase in New Customers, including more high value customers.

We enter 2016 with more high value customers, an enhanced trading platform, more robust processes, a stronger brand and more routes to market, supported by a strong balance sheet. We are therefore confident that Plus500 will continue growing and we believe we will have another successful year with higher EBITDA margin than achieved in 2015. We have started the new financial year strongly and anticipate an active first quarter given strong customer additions and current market volatility.

On a personal note, I would like to congratulate Asaf Elimelech on his appointment as Chief Executive Officer (with effect at the end of April 2016).

Given his extensive professional experience, I am confident that Asaf is the right person to lead Plus500 and to deliver the next phase of our growth. As Managing Director I will focus my time on the core business and continue to contribute to Plus500.

Gal Haber
Joint Chief Executive Officer
14 March 2016

I am delighted to take on the role of CEO of Plus500. Plus500 is comprised from talented individuals and together we will work extremely hard to deliver continued success for all of our stakeholders.

Asaf Elimelech
Joint Chief Executive Officer

Our Strategic Objectives

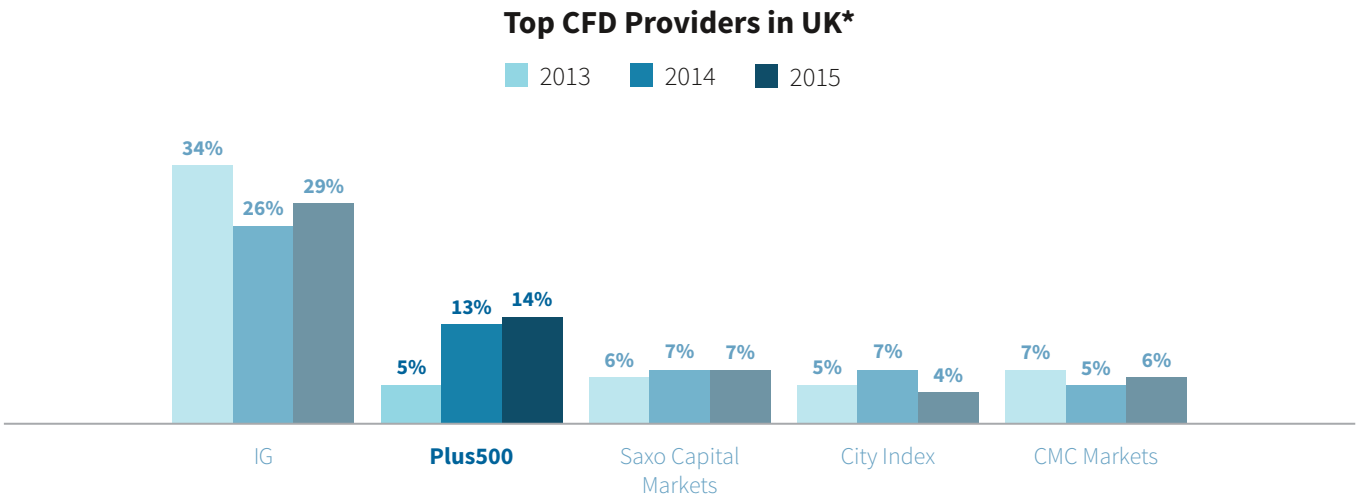
Maintaining our market position as a leading CFD provider

2015 Achievements

- Increased our leading position in CFDs, with a record industry number c. 137,000 active trading clients in 2015
- Despite its short history, Plus500 already had the fourth highest unaided brand awareness in the industry
- Successfully launched dedicated apps for Windows Phone and Apple Watch
- Increased profitability margins
- Plus500 won the award of the best financial affiliate programme in the Affiliate Awards competition – for the second year in a row

Future Goals

- Launching new financial instruments
- Penetrating into new geographies
- Increasing momentum in Western European countries
- Increasing ARPU and ROI
- Strengthening the international brand through marketing initiatives and main sponsorship with Atlético Madrid FC



*By number of primary relationships. Investment Trends 2014 & 2015 UK Leveraged Trading reports http://www.investmenttrends.com.au/

Continue to provide high quality Client Service

2015 Achievements

- Plus500 leads the industry in mobile platform client satisfaction and maintained its lead as being the highest ranked app in the sector by customers in both Apple's AppStore and Android's Google Play store
- Extended live chat services to include new native language support worldwide and 24/7 service
- Introduced approximately 500 new financial instruments

Future Goals

- To develop additional support tools for clients and optimise the existing ones
- To maintain a loyal trading community and continue to provide excellent client service that will be available 24/7
- To improve customer service response time

Extension to new geographies

2015 Achievements

- Launch of Plus500IL in Israel (licence application is in process)

Future Goals

- Continue exploring new jurisdictions

Innovative and leading trading platform

2015 Achievements

- Development of dedicated Windows Phone and Apple Watch apps
- Launch of new features including new options CFDs
- Launch of new WebTrader that fits itself to all resolutions – desktops, tablets and mobiles
- Live chat 24/7 support expended
- Ongoing IT development

Future Goals

- Launching new financial instruments

Growing the customer base

2015 Achievements

- Plus500 was the top industry performer in new customer sign ups
- The Active Customer base increased to c. 137,000
- Attracted about 85,000 new customers
- Doubled aided brand awareness among traders who intend to start CFD trades in the next 12 months
- Marketing campaigns, including the main sponsorship agreement with Atlético Madrid FC, assisted in raising awareness of the Plus500 brand

Future Goals

- Continue marketing the brand in innovative, cost effective ways to increase awareness and attract new high value customers

Continuing to trade profitably

2015 Achievements

- Improvement of 20% in revenues from last year
- Continued to invest in marketing for additional growth

Future Goals

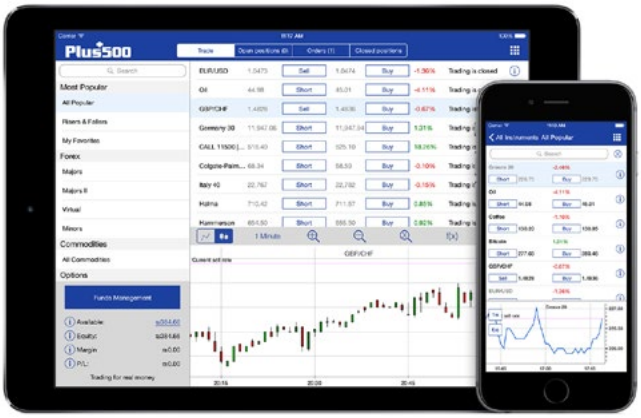
- Additional growth alongside keeping high margin profits

Technology Edge

The industry-wide trend for trading CFDs on smartphones and tablets continued to gather pace in 2015.

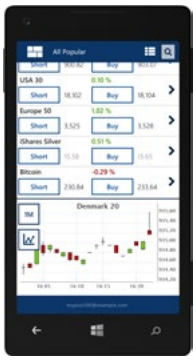
Plus500 is an industry leader in mobile client satisfaction, with over 65% of 2015 revenues and signups originated from mobile platforms for both smartphones and tablets. The Plus500 mobile app has consistently maintained its lead as the highest ranked app in the sector with an average rating of 4.2 out of 5 in both Apple's AppStore and Android's Google Play store. It has also received more reviews and downloads than its competitors.

The design of the new Web Trader which was released recently by the Company provides retail customers with an enhanced user experience across multiple operating systems (Windows, smartphones, tablets and web browsers) with a similar user friendly experience.

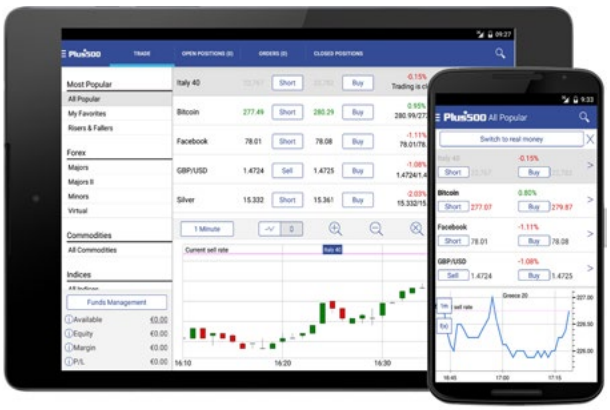


iPhone App / iPad App

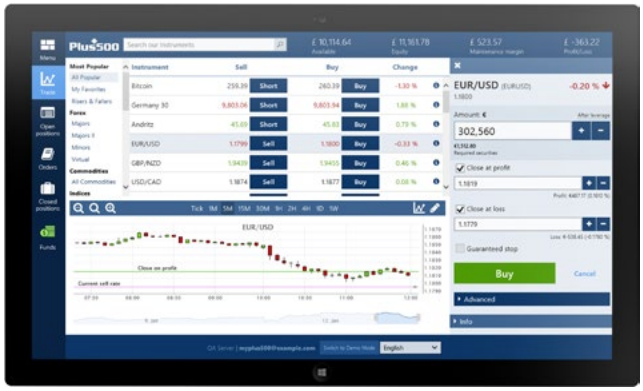
Apple Watch App



Windows Phone App



Android App



Windows 10 App

Financial Review

Revenue

$275.6m

2014: $228.9m

EBITDA

$132.9m

2014: $145.4m

Net Profit

$96.6m

2014: $102.5m

EPS

$0.84

2014: $0.89

Total Dividend per share

$0.8405

2014: $0.8008

An overview of the Company's financial performance is provided in the Chief Executive's Review.

The following section provides a more detailed analysis of the Company's financial performance for the year ended 31 December 2015, including a discussion of the KPIs used to monitor and control its business.

The Company generates its revenues principally from the dealing spreads on the Trading Platform. In addition, the Company generates revenues from overnight premiums, effectively a financing charge, on certain positions held by customers overnight and gains (offset by losses) on customers' trading positions. The Company does not charge customers a commission on trades.

2015 was a record year of revenues for Plus500. The increasing brand awareness underpinned a significant growth in revenue, despite the temporary reduction in UK revenues. Revenues totalled $275.6 million (FY 2014: $228.9 million) an increase of 20%. The results benefited from the scalability of the Company's business model with the combination of revenue growth and further improvements in the operational cost structure delivering excellent performance.

The reduction in EBITDA margin to 48.2% (FY 2014: 63.6%) was due to the issues experienced by Plus500UK during the year; this led to a reduction in high margin UK revenues, additional costs of onboarding new customers in Cyprus, additional costs relating to an increase in UK staff to undertake remediation and to enhance management, and one-off legal and regulatory compliance costs in the amount of about $4.5 million, relating to appointing regulatory advisers and the Skilled Person reports.

The SG&A expenses were higher at $143 million (FY 2014: $83.5 million), primarily due to the increase in the volume of new customers and efforts in online and offline marketing to attract higher value customers who are more expensive. The expense of acquiring new customers is recognised immediately though revenues from them will benefit the Company in 2016 and beyond. As stated previously, the increases in both expenditure and the average cost of acquiring

a new customer is in line with Plus500's strategy, as our marketing capabilities are designed to ensure that Plus500 will not, in aggregate, acquire customers that will not be valuable. The sponsorship agreement with Spanish football Club Atlético Madrid is one example for a significant expense that the Company already can see its influence and enjoy its results. The Company believes it will achieve, together with Atlético Madrid Football Club, even better results in the future. Continuing to invest in marketing is important to maintain online quality scores and rankings which drive conversions.

Net profit for 2015 was $96.6 million (FY 2014: $102.5 million). Earnings per share were $0.84 (FY 2014: $0.89).

The consolidated financial statements are presented in US dollars, which is the Company's functional and presentation currency. Foreign currency transactions and balances in currencies different from the US dollar are translated into the US dollar using the exchange rates prevailing on the dates of the transactions or at the balance sheet date.

In 2015, the Company recorded financial expenses arising from foreign exchange and translation differences amounting to $4.6 million (FY 2014: $7.2 million). A significant proportion of the Company's cash is held in US dollars in order to provide a natural hedge to reduce the impact of currency movements on financial expenses.

Plus500's total assets in FY 2015 were $169 million, an increase of 16% from $146.3 million in FY 2014, with cash balances increasing to $156.5 million (FY 2014: $139.2 million) and equity of $117.7 million (FY 2014: $110.5 million), representing approximately 70% of the total shareholders' equity and liabilities on the balance sheet.

Customer deposits that are maintained in segregated accounts that are subject to annual audit and certification amounted to $39.8 million (FY 2014: $34.7 million).

One of the strengths of Plus500's business model is its ability to convert net earnings into cash-flow. Deposits are collected in advance from customers and these deposits and the outcome of the customers' trading activity is immediately reflected in their regulated segregated accounts, which are not part of the cash balance of the Company. Company earnings from these customer trades are recognised in cash on the Company's balance sheet as customers' trading activity occurs and amounts are transferred from or to the Company's accounts. In addition, the Company requires relatively low levels of capital expenditure. The combination of these features is that a high proportion of net income is rapidly converted into cash. In 2015 the Company generated $128.1 million of cash generated from operations (FY 2014: $141.3 million) resulting in cash and cash equivalent and short term bank deposit of $156.5 million at 31 December 2015 (FY 2014: $140.2 million).

In light of this strong cash generation, the Board will maintain the flexibility to pay special dividends when the Company generates surplus cash and the Board feel it appropriate to make such payments.

Dividends

Given the strong financial performance, the Board has considered the Group's dividend policy, and in particular the optimal balance between allocating surplus funds to the payment of ordinary and special dividends or share buybacks. This is in the context that, at the time of the announcement of the termination of the merger agreement with Playtech plc, the Board declared an interim dividend and announced its intention to put in place a programme to buyback up to $20 million of the Company's shares depending on market conditions, share price, trading volume and other factors. However, given the increase in the share price since the termination of the merger agreement the share buyback programme has not been activated. The Board will consider whether there is a need for share buybacks in the future and has the power to implement them at short notice.

The Board has concluded that it is in shareholders' best interests to distribute 100% of 2015 net profits ($96.6m) and therefore it proposed a final dividend in respect of 2015 together with an additional distribution by way of a special dividend.

As announced in February 2016, the Board was pleased to declare a final dividend out of the Company's net profits for the year ended 31 December 2015 of $0.2922 per share (final dividend 2014: $0.3001 per share), with an ex-dividend date of 24 March 2016, a record date of 29 March 2016 and a payment date of 11 May 2016. This makes a total dividend for the year of $0.5043 per share (total final dividend for 2014: $0.5351 per share).

This equates to a total final dividend pay-out of $58 million or 60% of net profit for the year, in line with the Company's revised policy.

In addition to the above, the Board has declared a special dividend of $0.3362 per share or $38.6 million, resulting in a total dividend (which includes the final dividend and special dividend) for 2015 of $96.6 million, representing a pay-out of 100% of net profit for the 12 months ended 31 December 2015, with the same ex-dividend date of 24 March 2016, record date of 29 March 2016 and payment date of 11 May 2016.

The resulting total distribution to shareholders for the full year will therefore be $0.8405 per share (FY 2014: $0.8008 per share) amounting to a payout of $96.6 million (FY 2014: $92 million). The equivalent amount stated in GBP is £66.1 million (FY 2014: £60 million).

Total dividends to shareholders, including those declared in February 2016, in the three year period since flotation will be $229.6 million, which exceeds the market capitalisation at flotation of $200 million, and equates to a dividend per share of 132 pence per share (compared to the flotation price of 115 pence per share).

The table below shows the consolidated audited results of the Company for the two financial years ended 31 December 2015:

	2015 ($'000)	**2014 ($'000)**
Revenue	275,651	228,865
EBITDA	132,874	145,442
Profit before Tax	127,884	138,119
Net Assets	117,654	110,460

The table below shows the consolidated audited cash flow of the Company for the two financial years ended 31 December 2015:

	2015 ($'000)	**2014 ($'000)**
Net cash provided by operating activities	85,475	118,852
Net cash used in investing activities	18	(1,305)
Net cash provided by (used in) financing	(65,005)	(60,006)

Sponsorships

In December 2014 Plus500 announced a business partnership via a sponsorship agreement with the Spanish football club, Atlético de Madrid FC, SAD.

In June 2015 the Company announced that it had become the main sponsor for the 2015/16 and 2016/17 seasons.

Atlético de Madrid FC is one of the most successful clubs in Europe that plays in La Liga, one of the most popular leagues in the world, and regulary competes in the UEFA Champions League, the most prestigious club competition in Europe. Atlético de Madrid FC is a natural fit for Plus500 as Europe is Plus500's largest market for customers, and the two entities share a clear passion for striving for success whilst having an ethos of transparency and respect for our customers, fans, partners and employees. Plus500 believes this partnership will assist Plus500 in furthering its strategy of increasing its brand recognition and expanding its customer base globally.


Plus500
MAIN SPONSOR

DIRECTORS AND GOVERNANCE

Board of Directors

Alastair Gordon, Non-Executive Director and Chairman, 65

Alastair Gordon is a non-executive Director and Chairman of the Company. Mr. Gordon has over 15 years' experience in global information management, software and e-commerce.

Mr. Gordon spent 12 years at SDL plc, a provider of global information management and software services, where he served as chief financial officer from 1998 to 2008 and executive director from 1998 to 2010. He played a leading role in the company's initial public offering and helped to grow the business, both organically and by acquisition, to become a FTSE350 company. Mr. Gordon retired as the chief financial officer in 2008 but remained on the Board for a further two years as an executive director.

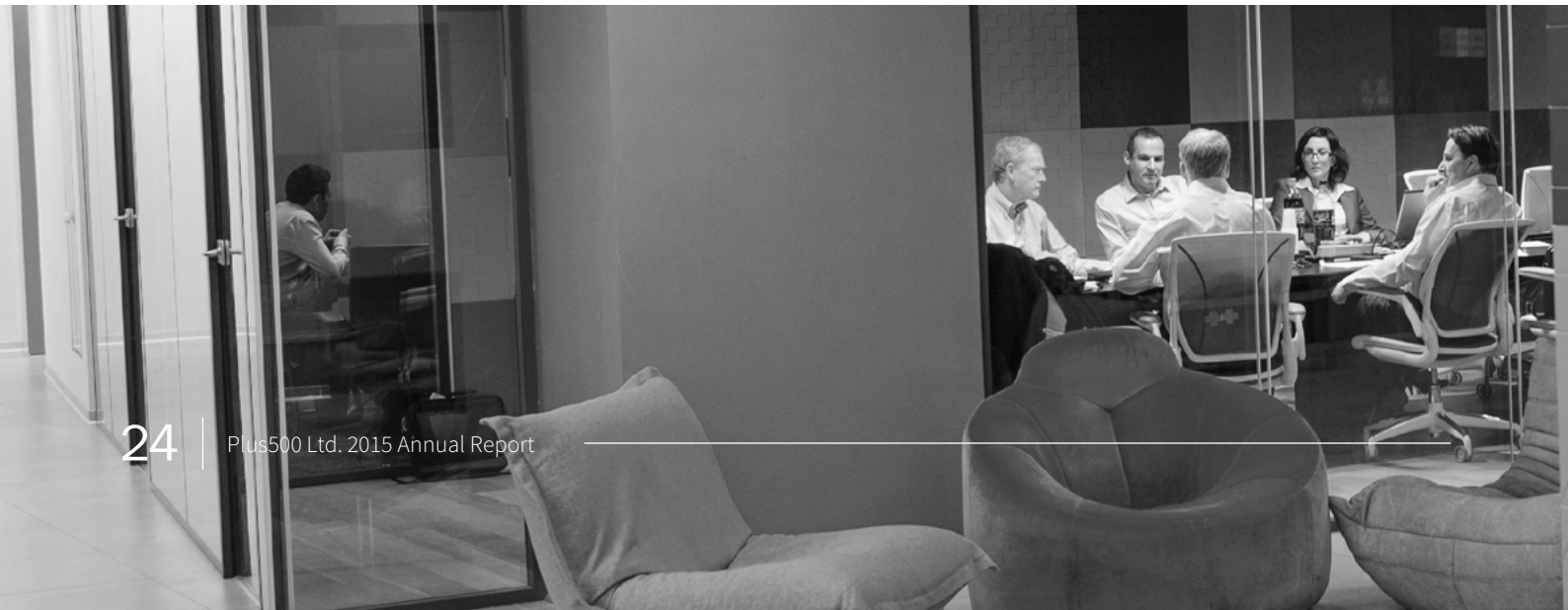
Prior to working at SDL plc, Mr. Gordon spent 10 years at Berisford International plc, where he held a number of divisional and group financial roles, including chief financial officer of the company's US operations.

Prior to working at Berisford International plc, Mr. Gordon spent 13 years at Arthur Andersen LLP, where he was a senior audit manager specialising in small and medium sized businesses and venture capital. Mr. Gordon served as senior independent non-executive director of Active Risk Group plc (formerly Strategic Thought Group plc), an enterprise risk management technology company, from 2008 to 2013. He also served as a non-executive director of Alterian plc, a marketing analysis software business, from 2010 until 2012. Mr. Gordon is a Qualified Chartered Accountant and is a member of the ICAEW.

Charles Fairbairn, Senior Non-Executive Director and External Director, 53

Charles Fairbairn is a non-executive Director, the senior independent director and chairman of the Audit Committee. Mr. Fairbairn has held similar positions for a number of AIM companies over the past 14 years including Research Now Ltd, the online research company of which he was a founder investor, Statpro Group plc, providing analytics for asset managers, and Brightview plc, an internet service provider.

Mr. Fairbairn graduated from Durham University with a BA (Hons) in Economics in 1983 and then qualified as a Chartered Accountant with Deloitte Haskins & Sells in London in 1986. Having spent seven years at Deloitte Haskins & Sells, he joined Pearson Plc in 1990 as group accountant, group chief accountant and latterly finance director of Pearson New Entertainment, a start-up division. Over the following 17 years, since leaving Pearson New Entertainment in 1998, he has held a number of positions as finance director, executive and non-executive director of a portfolio of companies, helping to develop and scale growth companies from start-ups into global companies. Mr. Fairbairn is an active investor in growth companies and reviews new business and turnaround opportunities, exposing him to a multitude of sectors and business models. He also holds an Investment Management Certificate.



Paul Boyle, OBE, Non-Executive Director, 56

Paul Boyle is a non-executive Director of the Company. Mr. Boyle is a Scottish Chartered Accountant with extensive experience of financial management in blue-chip companies as well as in high-profile public positions.

He is currently Chief Audit Officer at Aviva plc, a position that he has held for the last five years, and, in August 2012, was appointed to Aviva plc's Executive Committee. Prior to this, Mr. Boyle was Chief Executive of the Financial Reporting Council (FRC), the UK's independent regulator responsible for promoting high quality corporate governance and reporting.

Mr. Boyle joined the FRC from the Financial Services Authority (FSA) where he held a number of positions, including Chief Operating Officer from June 2000 to May 2004. He was also a member of the chairman's committee and attended meetings of the Board of Directors of the FSA.

Prior to joining the FSA, Mr. Boyle held a number of senior financial management roles in several blue-chip companies including WH Smith plc and Cadbury Schweppes plc.

He began his career as a chartered accountant at Coopers & Lybrand.

Mr. Boyle has sat on several public advisory boards, and is currently a Member of the Council of the Chartered Institute of Internal Auditors. He was joint author of Making Corporate Reports Valuable and Future Shape of Financial Reports. He was awarded an OBE in the 2010 New Year Honours and Fellowship of the Institute of Internal Auditors (UK) in 2014. Mr. Boyle has elected not stand for re-election as a Director at the upcoming Annual General Meeting on 10 May 2016.

Daniel King, Non-Executive Director and External Director, 50

Daniel King is a non-executive Director and chairman of the Remuneration Committee and Nomination Committee. Mr. King has over 18 years' experience in e-commerce technologies, data and analytics, digital and online media and has extensive knowledge in developing and scaling high-growth companies.

Mr. King is currently the President & COO for Profitero, a SaaS provider of online insights and e-commerce intelligence for retailers and brands. Previously Mr. King worked for UK Trade & Investment as Head of High Growth & Emerging Markets, working with companies and individual investors looking to set up their businesses or investment in the UK. Mr King was previously managing partner of Blue Leaf Capital, a private boutique venture capital and advisory services company based in London. Prior to this Mr. King held Managing Director roles with Compete, a WPP company; MySupermarket.co.uk; and Experian Hitwise, overseeing the company's EMEA operations and was a key member of staff that led to the eventual acquisition of Hitwise by Experian in June 2007.

Mr. King is also a Non-executive Director of several public and private companies and advises companies on their business model, growth strategies, and international expansion plans. He is a mentor and judge on London Business School's MBA Entrepreneurship Programme, and is also an advisor and mentor with technology incubator Seedcamp, (www.seedcamp.com) a programme aimed at bringing together next generation start-ups with entrepreneurs, business executives and venture capitalists.

Gal Haber, Joint Chief Executive Officer and Director, 41

Gal Haber has nearly 15 years' experience in software programming and business development. One of the Company's founders, he currently holds the position of the Company's joint chief executive officer and is responsible for the day-to-day running of operations. In particular, he has led the design of the user-friendly Trading Platform, which represents one of the key competitive advantages for the business. As announced in February 2016, commencing 30 April 2016 he will become the Managing Director of the Group.

Mr. Haber holds a B.Sc. in Computer Science from the Technion, Israel. Before founding Plus500, Mr. Haber served as chief operating officer of InterLogic Ltd, a 'skilled games' programme provider for the internet, and mobile devices, which he co-founded in 2004.

Asaf Elimelech, Joint Chief Executive Officer and Director, 35

Asaf Elimelech is joint chief executive officer of Plus500. In addition, he is currently responsible for managing Plus500's subsidiaries, working with the senior management team to ensure that the group, through its subsidiaries, is meeting its strategic goals. He previously served as the CEO of Plus500AU Pty Ltd. and has worked for the Group for the last three years. As announced in February 2016, commencing 30 April 2016, Mr. Elimelech will assume the role of Chief Executive Officer.

Prior to joining Plus500, he was a supervisor at PwC from 2008 to 2012, specialising in biotechand commercial audit as well as providing tax services to clients. As part of his role he managed several audit teams and was responsible for the preparation of financial reports for private and international public companies. Mr. Elimelech holds a B.A. in Accounting and Economics from Haifa University and is a certified accountant in Israel.

Inbal Marom, Chief Financial Officer and Director, 36

Inbal Marom is the chief financial officer of Plus500 having joined the Company in 2009. Ms. Marom's responsibilities cover a broad range of finance functions including managing finance departments, transaction reporting, fulfilling the corporation obligation with regard to the Anti-Money Laundering Authority in Israel, all financial reporting in Israel and liaison with key external advisers.

Prior to joining Plus500, Ms. Marom worked at Carestream, a medical systems manufacturer, as an accountant assistant. Prior to working at Carestream, Ms. Marom was a senior auditor at Deloitte Brightman Almagor, handling a variety of client accounts for quoted companies listed in USA, Israel and Europe. Ms. Marom holds a B.A. in Economics & Accounting from Haifa University and is a certified accountant in Israel.

Elad Even-Chen, Finance Director, Vice-President Business Development, Company Secretary and Head of Investor Relations, 30

Elad Even-Chen is responsible for the financial aspects of Plus500's company strategy and global business development projects, working particularly on the Company strategic goals and its international operations. Mr. Even-Chen is also the head of investor relations for the Company and the Company Secretary.

Mr. Even-Chen is a certified accountant in Israel and, prior to joining Plus500, he was a senior associate at KPMG, specialising in commerce and real estate audit. Mr. Even-Chen holds a B.A. in Accounting and Economics from Tel-Aviv University, a LL.B Degree from the College of Management and an MBA (specialising in Financial Management) from Tel-Aviv University.

Directors' Report

Activities

Plus500 has developed and operates an online trading platform for retail customers to trade CFDs internationally over more than 2,200 different underlying global financial instruments comprising equities, indices, commodities, options, ETFs and foreign exchange.

The Company enables retail customers to trade CFDs in more than 50 countries. The Trading Platform is accessible from multiple operating systems (PCs, web browsers, iOS (iPhone/iPad/Apple Watch), Windows Phones and Surface, and Android (tablets and smartphones)).

The Company generates its revenues principally from the dealing spreads on the Trading Platform. Additionally, the Company generates revenues from overnight premiums, effectively a financing charge, on certain positions held by customers overnight and gains (offset by losses) on customers' trading positions. The Company does not charge customers a commission on trades.

The Trading Platform has been designed to be as intuitive and easy to use as possible. The Directors believe that the success of the Company to date has been primarily due to its self- developed, proprietary technology and continues to expand the capabilities of the Trading Platform. The Trading Platform has been localised into 31 languages. The Directors believe that this emphasis on technology, together with the Company's targeted online marketing strategy, has helped to differentiate the Company from its competitors.

The Company currently conducts operations in the European Economic Area (EEA), Gibraltar, Australia and certain other jurisdictions across Asia, the Middle East and elsewhere. The Company has three subsidiaries which have been granted licences by regulators.

In June 2010, the Company's UK subsidiary, Plus500UK, received authorisation from the Financial Conduct Authority (FCA) which regulates its operations in the United Kingdom. Plus500UK also operates in other EEA countries and Gibraltar through a regulatory passporting mechanism.

In October 2012, the Company's Australian subsidiary, Plus500AU, received the Australian Securities and Investments Commission (ASIC) licence which enables it to conduct a financial services business in Australia.

In October 2014, the Company's subsidiary in Cyprus, Plus500CY, received the Cyprus Securities and Exchange Commission (CySEC) licence which enables it to conduct financial services in Cyprus. Plus500CY also operates in other EEA countries and Gibraltar through a regulatory passporting mechanism.

In May 2015, the Company's subsidiary in Israel, Plus500IL, applied for an Israel Securities Authority (ISA) licence, but is permitted to operate in Israel in the interim.

Business Review

For the operating and financial review of the business during the year please refer to the Chief Executive Officer's Review on pages 10 to 13 and the Financial Review on pages 17 to 19 included within the Annual Report. For future developments please refer to the outlook section of the Chief Executive Officer's review on page 13.

Financial

2015 was a record year of revenues for Plus500. The increasing brand awareness underpinned a significant growth in revenue, despite the temporary reduction in UK revenues. Revenues totalled $275.6 million (2014: $228.9 million), representing 20% growth compared to 2014. Particularly pleasing was the industry record number of Active Customers and of New Customers, The results benefited from the scalability of the Company's business model with the combination of revenue growth and further improvements in the operational cost structure delivering excellent performance.

The reduction in EBITDA margin to 48.2% (FY 2014: 63.6%) was due to the issues experienced by

Plus500UK during the year; this led to a reduction in high margin UK revenues, additional costs of onboarding new customers in Cyprus, additional costs relating to an increase in UK staff to undertake remediation and to enhance management, and one-off legal and regulatory compliance costs in the amount of about $4.5 million, relating to appointing regulatory advisers and the Skilled Person reports.

Net profit for 2015 was $96.6 million (FY 2014: $102.5 million). Earnings per share were $0.84 (FY 2014: $0.89).

Key Performance Indicators (KPIs)

KPIs, which are set at Group level, as defined below, have been devised to allow the Board and shareholders to monitor the Company and its subsidiaries (the "Group") as a whole, as well as the operating businesses within the Group. The Company has financial KPIs that it monitors on a regular basis at Board level and where relevant at divisional management meetings as follows:

- Number of Active Customers: 136,540 (2014:105,976)
- Number of New Customers: 84,858 (2014: 66,553)
- Average Revenue per User (ARPU): $2,019 (2014: $2,160)
- Average User Acquisition Cost (AUAC): $1,227 (2014: $921)

Dividend Policy

Given the strong financial performance, the Board has considered the Group's dividend policy, and in particular the optimal balance between allocating surplus funds to the payment of ordinary and special dividends or share buybacks. This is in the context that, at the time of the announcement of the termination of the merger agreement with Playtech plc, the Board declared an interim dividend and announced its intention to put in place a programme to buyback up to $20 million of the Company's shares depending on market conditions, share price, trading volume and other factors. However, given the increase in the share price since the termination of the merger agreement the share buyback programme has not been activated. The Board will consider whether there is a need for share buybacks in the future and has the power to implement them at short notice.

The Board has concluded that it is in shareholders' best interests to distribute 100% of 2015 net profits ($96.6m) and therefore proposed in February 2016 a final dividend in respect of 2015 together with an additional distribution by way of a special dividend.

The Board has declared a final dividend out of the Company's net profits for the year ended 31 December 2015 of $0.2922 per share (final dividend 2014: $0.3001 per share), with an ex-dividend date of 24 March 2016, a record date of 29 March 2016 and a payment date of 11 May 2016. Including the interim dividend in respect of the six month period to June 2015 of $0.2121 per share, this makes a total dividend for the year of $0.5043 per share (total dividend for 2014: $0.5351 per share). This equates to a total dividend pay-out of $58 million or 60% of net profit for the year, in line with the Company's revised policy.

In addition to the above, the Board has declared a special dividend of $0.3362 per share (special dividend 2014: $0.2657 per share) amounting to a payout of $38.6 million (FY 2014: $30.5 million), with the same ex-dividend date of 24 March 2016, record date of 29 March 2016 and payment date of 11 May 2016.

The resulting total distribution to shareholders for the full year will therefore be $0.8405 per share (FY 2014: $0.8008 per share) amounting to a payout of $96.6 million (FY 2014: $92 million). The equivalent amount stated in GBP is £66.1 million (FY 2014: £60 million).

Total dividends to shareholders in the three year period since flotation, including those declared in February 2016, will be $229.6 million, which exceeds the market capitalisation at flotation of $200 million, and equates to a dividend per share of 132 pence per share (compared to the flotation price of 115 pence per share).

Research and Development

The Company's trading platform, which acts as a key differentiator and competitive advantage against its peers, has been specifically developed to be as intuitive and user friendly as possible providing customers with real-time prices, allowing users to monitor their open positions and trading activity continuously, execution facilities and a multitude of order types. Customers are able to trade and access all of their account information online through a variety of different channels, which results in increased traffic to the trading platform.

As a result of Plus500's self-developed proprietary technology, the Company pays no external licence fees for its core trading platform technology. This allows the Company to operate without limiting the amount of time that a customer can use a demo account or placing high thresholds on the minimum amount with which a customer can open a real-money trade. The trading platform also provides, free of charge, real-time price and data analysis features to customers, which provides the Company with a significant competitive advantage.

The development of the trading platform continues to evolve in order to meet the growing demands of Plus500's active customer base. For example, following the launch of the Apple Watch, the Company immediately released a new interface for Apple Watch users. Plus500 is constantly updating and introducing new financial instruments, including options CFDs instruments.

All developments are expensed as incurred and all IP in the platform belongs to the Company.

Supplier Policy of the Company

Company creditors relate mainly to costs associated with marketing, financial information and payment processing services. Due to the nature of these creditors, the Company does not have a specific supplier payment policy. Average creditors days for the year ended 31 December 2015 were 30 days (2014: 30 days).

Employees

Plus500 is committed to the creation of a work environment in which fairness, trust and individual responsibility are valued. We believe that talented and dedicated employees are our most valuable asset and that everyone should be given an equal opportunity to succeed.

The Company is committed to equal opportunity in employment and to creating, managing and valuing diversity in its workforce.

The Company has an equal opportunities policy with respect to hiring, promotion, compensation, training and assignment of responsibilities, termination, or any other aspect of the employment relationship on the basis of race, colour, national origin, religion, sex, age, gender orientation, marital status, physical or mental disability.

Environment

Plus500 is continuously striving to increase sustainability efforts and has developed a thorough company-wide action plan targeted at conservation of resources. Its efforts include energy- saving technology integration, responsible product design, resource conservation, recycling with responsible end of life electronics management and green information technology practices.

Social

Plus500 is committed to operating responsibly in all aspects of its business, including enriching the communities where it operates and creating an inclusive, safe and healthy workplace. Plus500 knows that mobile technology is a great way to bring people together and build communities and that is why at the core of its Corporate and Social Responsibility ("CSR") efforts it uses the same expertise, technology and partnerships it uses in working with its customers. Plus500 believes that CSR is both its responsibility and an essential part of good management. As Plus500 navigates through its growth transition, it remains committed to integrating CSR initiatives into its business, not only to enrich and contribute to the lives of the communities in which it works and lives, but also to create tangible value for its employees, customers, and shareholders.

Principal Risks and Uncertainties

Management and control of risks within the Company is embedded within day to day operating procedures. The Company has developed a comprehensive risk mitigation plan to ensure minimum exposure and secure solutions. These procedures comprise a range of measures including corporate policies, operating rules, systematic reporting, external audits, self-assessment and continuous monitoring by the Board and the executive management team.

The Company operates globally in varied markets and the principal risks and uncertainties have been reviewed by the Board together with agreed mitigating actions. The most significant risks and uncertainties and mitigation actions are outlined in Note 3 on pages 55 to 58 and on pages 41 to 56 of the Company's Admission Document, dated 24 July

2013, a copy of which is available on the Company's website at http://www.plus500.com/Docs/Plus500UK/AdmissionDocument.pdf.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to the Company's approach to capital management during the year.

Share Capital

At the close of business on 14 March 2016, the Company had 114,888,377 ordinary shares in issue, of which none were held in treasury. The Company does not currently have any share schemes.

Substantial Shareholdings

As of 15 March 2016, based on information reported to the Company by shareholders, the Company had the following shareholders with direct or indirect interest of 3% or more of the issued and outstanding share capital of the Company (as of 14 February 2016):

	Significant Shareholders	% of Ownership of Shares
1	Sparta24 Ltd.[8]	16.66%
2	J.P. Morgan	10.71%
3	Brighttech Investments	9.9%
4	Odey Asset Management LLP	9.78%
5	Morgan Stenly	6.67%
6	Wavesoft Ltd.[9]	5.9%
7	Smarty Ltd.[10]	5.9%
8	Omer Elazari[11]	3.59%
9	Shlomi Weizmann[12]	3.59%

8 A company wholly owned by Alon Gonen, one of the Company's founders
9 A company wholly owned by Gal Haber, Director and one of the Company's founders
10 A company wholly owned by Elad Ben Izhak, one of the Company's founders
11 one of the Company's founders
12 one of the Company's founders

Annual General Meeting

The Annual General Meeting will be held at 11.00am on 10 May 2016 at Regus offices, Level 9, CityPoint, 1 Ropemaker Street, London EC2Y 9HT. Details of all resolutions to be proposed at the Annual General Meeting are included in the Notice of Annual General Meeting.

Going Concern

The Directors, after considering the risks and uncertainties set out in Note 3 on pages 61 to 64 and in the admission document on pages 41 to 56 and after reviewing the Company's operating budgets, investment plans and financing arrangements, consider that the Company has sufficient resources at their disposal to continue their operations for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Events after the reporting period

For significant events after the reporting period please refer to Note 16 on page 78.

Directors' Statement as to Disclosure of Information to Auditors

Having made enquiries of fellow Directors and of the Company's auditors, each Director confirms that to the best of each Director's knowledge and belief, there is no information relevant to the preparation of the auditors' report of which the Company's auditors are unaware. The Directors of the Company have taken all the steps that they might reasonably be expected to have taken as directors in order to make themselves aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the auditors are aware of that information.

Auditors

There is no limitation of liability in the terms of appointment of Kesselman & Kesselman, the External Auditors. The Company's Auditors for the next year will be appointed in the Annual General Meeting that will take place on 10 May 2016.

Summary

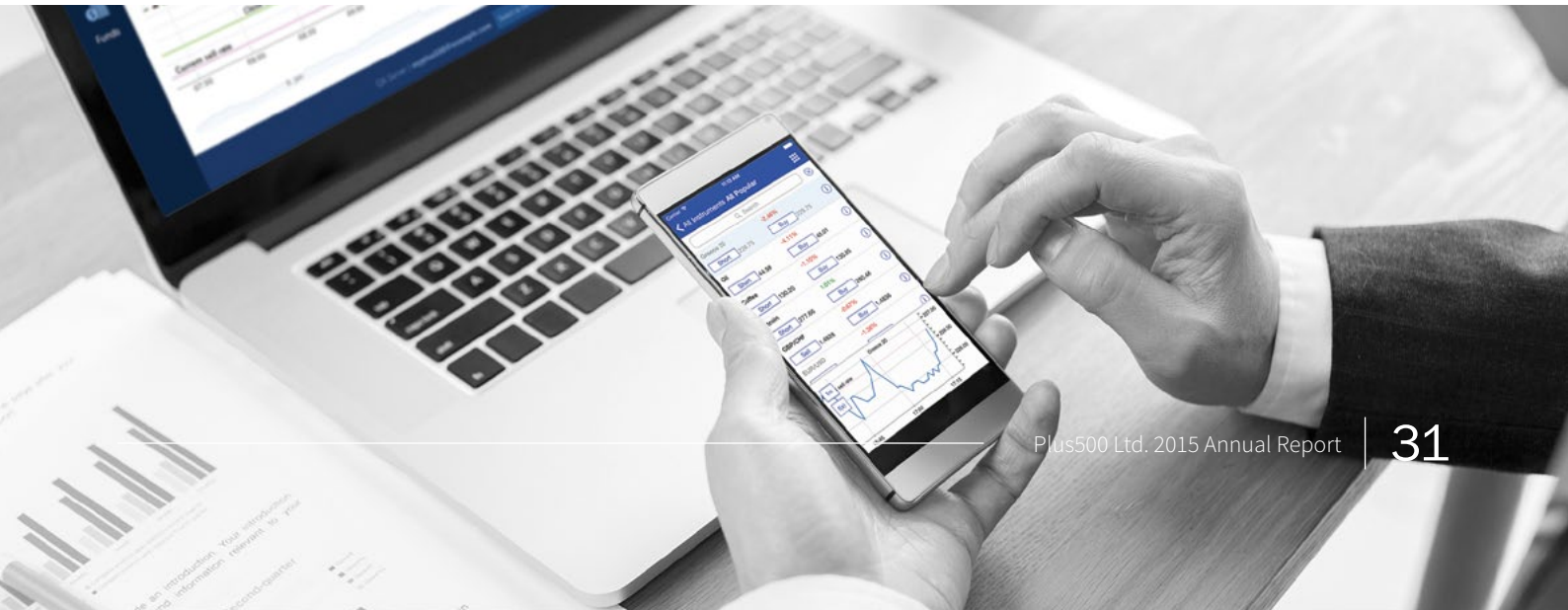
In the last 12 months Plus500 has made strong progress in further market penetration in all countries where it operates. Its pace of New Customer acquisition has accelerated during the year.

Plus500 believes it has in place the product, back office, online marketing tools and employees to allow it to grow organically in all current jurisdictions.

Plus500 is delighted to have reported a strong performance in its third annual report as a public company and believes it is well positioned to make further progress towards its aim of being the market leaders in the global retail online CFD sector.

Approved by the Board and signed on its behalf by

Inbal Marom, Chief Financial Officer
14 March 2016



Remuneration Report

Directors' Remuneration

The Board recognises that Directors' remuneration is of legitimate interest to the shareholders. The Company operates within a competitive environment, performance depends on the individual contributions of the Directors and employees and it believes in rewarding vision and innovation. As an Israeli company, listed on the AIM market of the London Stock Exchange, Plus500 is not required to comply with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008; however, it has included the Remuneration Report to disclose key aspects of the Directors' remuneration.

Policy on Directors' Remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will also reflect the Director's responsibilities.

Remuneration Committee

The remuneration of the Directors in the following table represents the entire remuneration paid to the Directors in 2014 and 2015 and no additional bonuses, benefits, equity compensation or other type of remuneration was paid to any of the executive Directors or non-executive Directors, except that Ms. Marom, the Chief Financial Officer and executive Director was granted (i) in 2014 a share appreciation right in the amount of NIS 250,000 vesting after two years, with a maximum payout amount of NIS 1,000,000, and (ii) in 2015 a share appreciation right in the amount of NIS 250,000 vesting after two years, with a maximum payout amount of NIS 1,000,000.

The remuneration of the Directors in 2015 was as follows (all amounts in USD):

		2015 Fees	2014 Fees
1	Alastair Gordon	91,118	90,520
2	Charles Fairbairn*	109,245	74,062
3	Daniel King	49,318	49,375
	Alon Gonen**	289,657	226,086
4	Gal Haber	289,657	230,713
5	Inbal Marom	192,726	182,398
6	Paul Boyle***	75,697	
7	Asaf Elimelech****		

* Including fees of USD 34,695 for additional days during 2015

** Mr. Gonen resigned from the Board in February 2016 and elected not to stand for re-election as a Director at the upcoming Annual General Meeting on 10 May 2016

*** The appointment of the non-executive director was effective from 1 January 2015. Mr. Boyle elected not to stand for re-election as a Director at the upcoming Annual General Meeting on 10 May 2016

**** Mr. Elimelech joined the Board in February 2016

The Remuneration Committee is formally required to meet not less than twice a year and at such other times as necessary. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's Chief Executive Officer, the Chairman of the Board, the executive and non-executive Directors, the Company Secretary and other senior executives. The Remuneration Committee also has responsibility for: (i) recommending to the Board a compensation policy for Directors and executives and monitoring its implementation; (ii) approving and recommending to the Board and the Company's shareholders, the total individual remuneration package of the Chairman of the Board, each executive and non-executive director and the Chief Executive Officer (including bonuses, incentive payments and share options or other share awards); and (iii) approving and recommending to the Board the total individual remuneration package of the Company Secretary and all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Company's policy and in consultation with the Chairman of the Board and/or the Chief Executive Officer. No Director or manager may be involved in any discussions as to their own remuneration. The Remuneration Committee comprises Daniel King, Charles Fairbairn and Paul Boyle and is chaired by Daniel King and operates under written terms of reference.

The remuneration of the Company's five most highly compensated executives (including one of its executive directors and a second executive who served as a director during 2015) in 2015 was as follows (all amounts in USD):

		2015 Fees
1	Alon Gonen[13]	289,657
2	Gal Haber[14]	289,657
3	Elad Ben Izhak[15]	289,657
4	Omer Elazari[16]	289,657
5	Shlomi Weizmann[17]	289,657

13 The remuneration is paid to Sparta[24] Ltd., a company wholly owned by Alon Gonen
14 The remuneration is paid to Wavesoft Ltd., a company wholly owned by Gal Haber
15 The remuneration is paid to Smarty Ltd., a company wholly owned by Elad Ben Izhak
16 The remuneration is paid to JusTech Ltd., a company wholly owned by Omer Elazari
17 The remuneration is paid to Artcode Ltd., a company wholly owned by Shlomi Weizmann

Corporate Governance

The Board is responsible to shareholders for effective direction and control of the Company and this report describes the framework for corporate governance and internal control that the directors have established to enable them to carry out this responsibility. As an AIM listed company, the Company is not required to comply with the provisions of the UK Corporate Governance Code (the "Code") and this is not a statement of compliance as required by the Code. However, the Directors recognise the importance of sound corporate governance and, accordingly, comply with the Code, to the extent they believe appropriate for a company of its nature and size. The Board also follow, as far as practicable, the recommendations in the Corporate Governance Code for Small and Mid-size Quoted Companies published by the QCA in May 2013 (the "QCA Guidelines"), which have become a widely recognised benchmark for corporate governance of small and mid-size quoted companies, particularly AIM companies. As an Israeli company, the Company also complies with the corporate governance provisions of Israel's Companies Law, 5759-1999 (the "Companies Law").

The Board and Committees

Board

The Board is responsible for the overall strategy and financial performance of the Company and has a formal schedule of matters reserved for its approval. Each Board meeting is preceded by a clear agenda and any relevant information is provided to directors in advance of the meeting. The Company has established properly constituted audit, remuneration and nomination Committees of the Board (in accordance with the Companies Law) with formally delegated duties and responsibilities. Terms of reference for each of these committees can be found on the Company's website (www.plus500.com).

On 14 March 2016 the Board is comprised of three executive directors, Gal Haber, Asaf Elimelech and Inbal Marom, and four non-executive directors, Alastair Gordon (Chairman of the Board), Charles Fairbairn (Senior Non-Executive Director), Daniel King and Paul Boyle (who elected not to stand for re-election at the upcoming Annual General Meeting on 10 May 2016).

The performance of the Board, the Board committees and the individual Board members is assessed on an evaluation of Board performance survey conducted on an annual basis via questionnaire and detailed board discussion.

The Board has met on eleven occasions since the beginning of 2015 to discuss operational business. The Board also holds occasional telephone calls to update the members on operational and other business. An agreed procedure exists for directors in the furtherance of their duties to take independent professional advice. Newly appointed directors are to be made aware of their responsibilities through the company secretary. The Company provides training to directors where required. No individual or group of directors dominates the Board's decision making. Collectively, the nonexecutive directors bring a valuable range of expertise in assisting the Company to achieve its strategic aims.

In accordance with the Companies Law, the Board must always have at least two external directors who meet certain statutory requirements of independence (the "External Directors"). The Company's External Directors are currently Charles Fairbairn and Daniel King. The term of office of an External Director is three years, which can be extended for two additional three year terms. The term of office of Mr. Fairbairn and Mr. King expires in July 2016 and they will be standing for re-election at the upcoming Annual General Meeting on 10 May 2016. Under the Companies Law, External Directors are elected by shareholders by a special majority and may be removed from office only in limited cases. Any committee of the Board must include at least one External Director and the Audit Committee and Remuneration Committee must each include all of the External Directors (including one External Director serving as the chair of the Audit Committee and Remuneration Committee), and a majority of the members of each of the Audit

Committee and Remuneration Committee must comply with the director independence requirements prescribed by the Companies Law.

Remuneration Committee

The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's Chief Executive Officer, the Chairman of the Board, the executive and non-executive directors, the Company Secretary and other senior executives, therefore the Committee should consist of at least three independent non-executive directors. The Remuneration Committee also has responsibility for: (i) recommending to the Board a compensation policy for directors and executives and monitoring its implementation; (ii) approving and recommending to the Board and the Company's shareholders, the total individual remuneration package of the Chairman of the Board, each executive and non-executive director and the Chief Executive Officer (including bonuses, incentive payments and share options or other share awards); and (iii) approving and recommending to the Board the total individual remuneration package of the Company Secretary and all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Company's policy and in consultation with the Chairman of the Board and/or the Chief Executive Officer. No Director or manager may be involved in any discussions as to their own remuneration.

The UK Corporate Governance Code recommends that a remuneration committee should comprise at least three members who are independent non-executive directors. The Remuneration Committee comprises Daniel King, Charles Fairbairn and Paul Boyle and is chaired by Daniel King and operates under written terms of reference. The remuneration report on pages 32 to 33 contains a detailed description of the Company's remuneration policy. The committee met on two occasions since the beginning of 2015. The quorum for meetings is two independent non-executive director members, and all relevant committee members attended the meetings. During these meetings the committee determined and agreed with the Board about the Company's remuneration philosophy and the principles of its remuneration policy, ensuring that these are in line with the business strategy, objectives, values and long-term interests of the Company and comply with all regulatory requirements. In addition, the committee reviewed the Company's remuneration practices in relation to the Board's risk appetite statements ensuring that remuneration does not encourage excessive risk-taking. This is determined within the Company's risk management and internal control framework and takes account of the Company's values and the long-term interests of shareholders, fund investors and other stakeholders.

Nomination Committee

The Nomination Committee has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

The UK Corporate Governance Code recommends that a majority of members of the nomination committee should be independent non-executive directors. The Nomination Committee in 2015 comprised Daniel King, Alon Gonen and Charles Fairbairn and is chaired by Daniel King. The committee met on three occasions in relation to the re-election of Alastair Gordon, Gal Haber, Asaf Elimelech and Inbal Marom, and the re-election of External Directors, Charles Fairbairn and Daniel King, which should be approved at the forthcoming Company's Annual General Meeting. In accordance with the Companies Law, the term of office of Charles Fairbairn and Daniel King, the Company's External Directors, continues until July 2016, and they will also be standing for re-election at the forthcoming Annual General Meeting. All committee members were present. The Nomination Committee's members believe that the directors put forward for re-election at the forthcoming Annual General Meeting continue to be effective and demonstrate commitment to their role. The Nomination Committee and Board unanimously recommend the re-election of all Board members offering themselves for re-election.

Audit Committee

The Audit Committee has responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies,

reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors. In addition, under the Companies Law, the Audit Committee is required to monitor the effectiveness of the internal control environment of the Company, including consulting with the internal auditor and independent accountants, to review, classify and approve related party transactions and extraordinary transactions, to review taxation and transfer pricing, to review the internal auditor's audit plan and to establish and monitor whistle-blower procedures.

The UK Corporate Governance Code recommends that an audit committee should comprise at least three members who are independent non-executive directors, and that at least one member should have recent and relevant financial experience. The Audit Committee comprises Charles Fairbairn, Paul Boyle and Daniel King, and is chaired by Charles Fairbairn. The committee operates under written terms of reference and meets at least twice a year with the Company's external auditors, and with the executive directors present by invitation only. The committee meets with the external auditors without the executive directors present as it considers appropriate. The committee met on six occasions since the beginning of 2015. All members were in attendance on each occasion. Among others, the committee reviewed the financial performance and financial statements of the Company, 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.

Conflicts of Interest

The Company has procedures for the disclosure and review of any conflicts, or potential conflicts, of interest in compliance with the Companies Law, which the directors may have and for the authorisation of such conflict matters by the Board.

Under the Companies Law, any transaction of the Company with a director or any transaction of the Company in which a director has a personal interest requires the approval of the Board. The transaction must not be approved if it is adverse to the Company's interest. If the transaction is an extraordinary transaction (i.e. a transaction that is not in the ordinary course of business, that is not on market terms or that is likely to have a material impact on a company's profitability, assets or liabilities), then Audit Committee approval is required in addition to Board approval. If the transaction concerns exculpation, indemnification, insurance or compensation of the director, then the approvals of the Remuneration Committee, the Board and the shareholders by way of ordinary resolution are required (in that order). A Director who has a personal interest in a matter that is considered at a meeting of the Board, the Audit Committee or the Remuneration Committee may not attend that meeting or vote on that matter, unless a majority of the Board, the Audit Committee or the Remuneration Committee, as applicable, has a personal interest in the matter. If a majority of the Board, the Audit Committee or the Remuneration Committee, as applicable, has a personal interest in the transaction, the shareholders' approval, by way of ordinary resolution, is also required.

The authorisation of a conflict matter, and the terms of authorisation, may be reviewed at any time by the Board. The Board considers that these procedures are operating effectively. There have been no matters arising requiring assessment by the Board as a potential conflict during the year.

Relationship with Shareholders

The Company encourages the participation of both institutional and private investors. The Chief Executive Officer, Gal Haber and Finance Director & Head of Investor Relations, Elad Even-Chen, meet regularly with institutional investors, usually in regard to the issuance of half and full year results. Communication with private individuals is maintained through the Annual General Meeting and the Company's annual and interim reports. The chairmen of the Company's Audit, Remuneration and Nomination Committees are made available to answer questions at the Company's Annual General Meetings. In addition, further details on the strategy and performance of the Company can be found at its website (www.plus500.com), which includes copies of the Company's press releases. Regular updates are provided to the Board on meetings with shareholders and analysts, and broker's opinions. Non-executive directors are available to meet major shareholders, if required. Investors are encouraged to contact the Company's Investor Relations at ir@Plus500.com.

Internal Controls

The Board maintains full control and direction over appropriate strategic, financial, organizational and compliance issues. The Company's organisational structure has clearly defined lines of authority, responsibility and accountability, which is reviewed regularly. The annual budget and forecasts are reviewed by the Board prior to approval being given. This includes the identification and assessment of the business risks inherent in the Company and the online financial trading industry as a whole along with associated financial and regulatory risks.

The Board has overall responsibility for the Company's systems of internal control and for monitoring their effectiveness. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the directors with reasonable assurance that issues are identified on a timely basis and dealt with appropriately. The Company's key internal financial control procedures include:

- a review by the Board of actual results compared with budget and forecasts;
- reviews by the Board of year end forecasts;
- the establishment of procedures for acquisitions, capital expenditure and expenditure incurred in the ordinary course of business;
- the appraisal and approval of proposed acquisitions - by the Board;
- the detailed budgeting and monitoring of costs incurred on the development of new products;
- the reporting to, and review by, the Board of changes in legislation, regulatory requirements and practices within the sector and accounting and regulatory and legal developments pertinent to the Company; and
- the appointing of experienced and suitably qualified staff to take responsibility for key business functions to ensure maintenance of high standards of performance.

The external auditors are engaged to express an opinion on the financial statements. They discuss with management the reporting of operational results and the financial condition of the Company, to the extent necessary to express their audit opinion.

In accordance with Companies Law, the Board must appoint an internal auditor nominated following the recommendation of the Audit Committee. The primary role of the internal auditor is to examine whether a company's actions comply with the law and proper business procedure. The internal auditor may be an employee of the Company but may not be an interested party or office holder, or a relative of any interested party or office holder, and may not be a member of the Company's independent accounting firm or its representative. The Company's internal auditor is Barzilay & Co.

Audit and Auditor Independence

An additional responsibility of the Audit Committee is to keep under review the scope and cost effectiveness of the external audit. This includes recommending to the Board the appointment of the external auditors and for reviewing the scope of the audit, approving the audit fee and, on an annual basis, the Committee being satisfied that the auditors are independent.

Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, are retained to perform audit and audit-related work on the Company and its subsidiaries. The Audit Committee monitors the nature and extent of non-audit work undertaken by the auditors. It is satisfied that there are adequate controls in place to ensure auditor independence and objectivity. The matter is kept under review and is a standing item on the agenda for the Audit Committee. Periodically, the Audit Committee monitors the cost of non-audit work undertaken by the auditors. The Audit Committee considers that it is in a position to take action if at any time it believes that there is a risk of the auditors' independence being undermined through the award of this work.

Mandatory bids, squeeze out and sell out rules relating to the ordinary shares

As the Company is incorporated in Israel, it is subject to Israeli law and the City Code on Takeovers and Mergers will not apply to the Company, except to the extent share control limits are incorporated into the Company's Articles of Association, as described below.

Mergers

The Companies Law permits merger transactions, provided that each party to the transaction obtains the approval of its board of directors and shareholders (excluding certain merger transactions which do not require the approval of the shareholders, as set forth in the Companies Law).

Pursuant to the Company's Articles of Association, the shareholders of the Company are required to approve the merger by the affirmative vote of a majority of the outstanding Ordinary Shares of the Company. In addition, for purposes of the shareholder vote of each party, the merger will not be deemed approved if a majority of the shares not held by the other party, or by any person who holds 25 per cent. or more of the shares or the right to appoint 25 per cent. or more of the directors of the other party, has voted against the merger.

The Companies Law requires the parties to a proposed merger to file a merger proposal with the Israeli Registrar of Companies, specifying certain terms of the transaction. Each merging company's board of directors and shareholders must approve the merger. Shares in one of the merging companies held by the other merging company or certain of its affiliates are disenfranchised for purposes of voting on the merger. A merging company must inform its creditors of the proposed merger. Any creditor of a party to the merger may seek a court order blocking the merger, if there is a reasonable concern that the surviving company will not be able to satisfy all of the obligations of the parties to the merger. Moreover, a merger may not be completed until at least 50 days have passed from the time that the merger proposal was filed with the Israeli Registrar of Companies and at least 30 days have passed from the approval of the shareholders of each of the merging companies.

In addition, the provisions of the Companies Law that deal with "arrangements" between a company and its shareholders may be used to effect squeeze-out transactions in which the target company becomes a wholly-owned subsidiary of the acquirer. These provisions generally require that the merger be approved by a majority of the participating shareholders holding at least 75 per cent. of the shares voted on the matter, as well as 75 per cent. of each class of creditors. In addition to shareholder approval, court approval of the transaction is required.

Under the Companies Law, in the event the Company enters into a merger or an "arrangement" under the Companies Law (as described above), the provisions of the Companies Law and the Articles of Association rules with respect to tender offers (as described below) do not apply.

Articles of Association and Special Tender Offer

The Company's Articles of Association contain a prohibition on a person acquiring shares, whether by himself or in concert, which, when aggregated with shares held by his concert parties, carry 25 per cent. or more of the voting rights attributable to the shares of the Company except as a result of a "permitted acquisition".

An acquisition is a "permitted acquisition" if (i) the acquisition is made in compliance with any applicable tender offer rules under the Companies Law as may be in effect at such time and (ii) the acquisition is made in circumstances which the Takeover Code, if it applied to the Company, would require an offer to be made as a consequence and such offer is made in accordance with Rule 9 of the Takeover Code, as if such rule applied.

The Companies Law provides that an acquisition of shares of a public Israeli company must be made by means of a special tender offer if, as a result of the acquisition, the purchaser could become a holder of 25 per cent. or more of the voting rights in the Company. This rule does not apply if there is already another holder of at least 25 per cent. of the voting rights in the Company.

Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if, as a result of the acquisition, the purchaser could become a holder of more than 45 per cent. of the voting rights in the company, if there is no other shareholder of the company who holds more than 45 per cent. of the voting rights in the company.

A special tender offer must be extended to all shareholders of a company but the offeror is not required to purchase shares representing more than 5 per cent. of the voting power attached to the company's outstanding shares, regardless of how many shares are tendered by shareholders. A special tender offer may be consummated only if (i) at least 5 per cent. of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer.

If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Shares that are acquired in violation of this requirement to make a tender offer will be deemed Dormant Shares (as defined in the Companies Law) and will have no rights whatsoever for so long as they are held by the acquirer.

As described in the Notice of the Annual General Meeting, at the Annual General Meeting scheduled for 10 May 2016, the Company's shareholders will vote on an amendment to the Company's Articles of Association to amend these provisions and include additional provisions analogous to Rules 4, 5, 6 and 8 (as well as Rule 9) of the UK Takeover Code which the directors have been advised is more consistent with market practice for companies considering a premium listing on the main market of the London Stock Exchange and potential future inclusion in the FTSE indices.

Full Tender Offer

Under the Companies Law, a person may not purchase shares of a public company if, following the purchase, the purchaser would hold more than 90 per cent. of the company's shares or of any class of shares, unless the purchaser makes a tender offer to purchase all of the target company's shares or all the shares of the particular class, as applicable. If, as a result of the tender offer, either:

- the purchaser acquires more than 95 per cent. of the company's shares or a particular class of shares and a majority of the shareholders that did not have a Personal Interest accepted the offer; orthe appointing of experienced and suitably qualified staff to take responsibility for key business functions to ensure maintenance of high standards of performance.
- the purchaser acquires more than 98 per cent. of the company's shares or a particular class of shares;

then, the Companies Law provides that the purchaser automatically acquires ownership of the remaining shares. However, if the purchaser is unable to purchase more than 95 per cent. or 98 per cent., as applicable, of the company's shares or class of shares, the purchaser may not own more than 90 per cent. of the shares or class of shares of the target company.

2015 FINANCIALS

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS"). 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 Company and the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- Present fairly the financial position, financial performance and cash flows of the Company;
- 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 provide relevant, reliable, consistent and understandable information;
- Make judgments and accounting estimates that are reasonable;
- State whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements;
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of transactions, other events and conditions on the Company's financial position and financial performance; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps in the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Directors' Report, and the Directors' Remuneration Report.

FINANCIAL STATEMENTS

2015 Financial Statements Contents

Report of the Auditors

To the shareholders of Plus500 Ltd.

We have audited the accompanying consolidated statements of financial position of Plus500 Ltd. (hereafter - the Company) as of 31 December 2015 and 2014, and the related consolidated statement of comprehensive income, statements of changes in equity and statements of cash flows for each of the two years ended on 31 December 2015. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Israel, including those prescribed by the Israeli Auditors (Mode of Performance) Regulations, 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of 31 December 2015 and 2014, and the statement of comprehensive income, changes in equity and cash flows for each of the two years ended on 31 December 2015, in accordance with International Financial Reporting Standards (IFRS).

Haifa, Israel
14 March 2016

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

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Telephone: +972 -4- 8605000, Fax:+972 -4- 8605001, www.pwc.com/il

Plus500 Ltd.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of 31 December	
		2015	2014
	Note	U.S. dollars in thousands	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	10a	156,497	139,164
Short-term bank deposit		38	1,037
Restricted deposits	8	181	69
Accounts receivable	10b	9,761	3,927
Income tax receivable	7	227	-
		166,704	144,197
NON-CURRENT ASSETS:			
Long term restricted deposit	8	24	-
Property, plant and equipment	4	1,977	1,557
Intangible assets	5	92	57
Deferred income taxes	7	173	495
		2,266	2,109
Total assets		168,970	146,306

Plus500 Ltd.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		As of 31 December	
		2015	2014
	Note	U.S. dollars in thousands	
Liabilities and Shareholders' Equity			
CURRENT LIABILITIES:			
Trade payables – due to clients	10c	1,519	5,885
Other accounts payable and accruals:			
Service supplies		13,391	7,831
Other	10d	3,480	2,382
Income tax payable	7	7,972	19,579
Share-based compensation	9	372	-
Dividend	6	24,368	-
		51,102	35,677
NON-CURRENT LIABILITIES:			
Share-based compensation	9	214	169
EQUITY:			
Ordinary shares		317	317
Share premium		22,220	22,220
Retained earnings		95,117	87,923
Total equity		117,654	110,460
Total equity and liabilities		168,970	146,306

Gal Haber
Chief Executive Officer

Inbal Marom
Group Chief Financial Officer

Alastair Neil Gordon
Non-Executive Director and Chairman

Date of approval of the annual financial information by the Company's Board of Directors:
14 March 2016

- The accompanying notes are an integral part of the financial statements.

Plus500 Ltd.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2015	2014
	Note	U.S. dollars in thousands	
TRADING INCOME		275,651	228,865
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:			
Selling and marketing	11a	125,413	75,170
Administrative and general	11b	17,647	8,373
Loss on disposal of property, plant and equipment		109	-
INCOME FROM OPERATIONS		132,482	145,322
Financial income		178	178
Financial expenses		4,776	7,381
FINANCING EXPENSES – net		4,598	7,203
INCOME BEFORE TAXES ON INCOME		127,884	138,119
TAXES ON INCOME	7	31,317	35,667
PROFIT AND COMPREHENSIVE INCOME FOR THE PERIOD		96,567	102,452

		In U.S. dollars	
EARNINGS PER SHARE (basic and diluted)	15	0.84	0.89

- The accompanying notes are an integral part of the financial statements.

Plus500 Ltd.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary shares	Share premium	Retained earnings	Total
		U.S. dollars in thousands		
BALANCE AT 1 JANUARY 2014	317	22,220	45,477	68,014
Profit and comprehensive income for the year			102,452	102,452
TRANSACTION WITH SHAREHOLDERS				
Dividend			(60,006)	(60,006)
BALANCE AT 31 DECEMBER 2014	317	22,220	87,923	110,460
Profit and comprehensive income for the year			96,567	96,567
TRANSACTION WITH SHAREHOLDERS				
Dividend			(89,373)	(89,373)
BALANCE AT 31 DECEMBER 2015	317	22,220	95,117	117,654

- The accompanying notes are an integral part of the financial statements.

Plus500 Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash generated from operations (see Appendix A)	128,078	141,081
Income tax paid – net	(42,658)	(22,407)
Interest received	55	178
Net cash provided by operating activities	85,475	118,852
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits withdrawals	1,039	138
Purchase of deposits	(38)	-
Purchase of restricted deposits	(136)	-
Purchase of property, plant and equipment	(819)	(1,419)
Proceeds from sale of property, plant and equipment	26	-
Purchase of intangible assets	(54)	(24)
Net cash provided by (used in) investing activities	18	(1,305)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend paid to equity holders of the Company (see Appendix B)	(65,005)	(60,006)
INCREASE IN CASH AND CASH EQUIVALENTS	20,488	57,541
Balance of cash and cash equivalents at beginning of year	139,164	84,108
Losses from exchange differences on cash and cash equivalents	(3,155)	(2,485)
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR	156,497	139,164

- The accompanying notes are an integral part of the financial statements.

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	

APPENDICES CONSOLIDATED STATEMENT OF CASH FLOWS

APPENDIX A:

CASH GENERATED FROM OPERATIONS -		
Net income for the period	96,567	102,452
ADJUSTMENTS REQUIRED TO REFLECT THE CASH FLOWS FROM OPERATING ACTIVITIES:		
Depreciation and amortization	283	120
Loss on disposal of property, plant and equipment	109	-
Taxes on income	31,317	35,667
Interest and foreign exchange losses (gains) on operating activities	2,927	769
	34,636	36,556
OPERATING CHANGES IN WORKING CAPITAL:		
Increase in accounts receivable	(5,834)	(688)
Increase (decrease) in trade payables due to clients	(4,366)	353
Increase in other accounts payable:		
Service supplies	5,560	991
Other	1,098	1,248
Liability for share-based compensation	417	169
	(3,125)	2,073
CASH FLOWS FROM OPERATING ACTIVITIES	128,078	141,081

APPENDIX B: NON-CASH TRANSACTIONS:

On 23 November 2015 the Company declared an interim dividend in amount of $24,368 thousands ($0.2121 per share). The dividend was paid to shareholders on 29 February 2016.

- The accompanying notes are an integral part of the financial statements.

Note 1 - General Information

Information on activities of plus500 Ltd and its subsidiaries (hereafter- the Group):

Plus500 Ltd. (hereafter – the Company) was established in 2008 in Israel 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, indices, commodities, options 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 a 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") regulated by the Cyprus Securities and Exchange Commission ("CYSEC") license.

Commencing 2015 the company established a subsidiary in Israel (hereafter "IL Subsidiary") in order to operate in Israel. The IL subsidiary is subject to the Israeli Securities Authority.

The Group is engaged in one operating segment - CFD trading.

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

Note 2 – Summary of Significant Accounting Policies:

a. Basis of Preparation:
The Group's financial information as of 31 December 2015 and 2014 and for each of the two years for the period ended 31 December 2015, are in compliance with International Financial Reporting Standards that consist of standard and interpretations issued by the International Accounting Standard Board (hereafter – IFRS).

The significant accounting policies described below have been applied consistently in relation to all the reporting periods, unless otherwise stated.

The financial information has been prepared under the historical cost convention, subject to adjustments in respect of revaluation of financial assets at fair value through profit or loss presented at fair value.

b. Principles of consolidation:
The Company controls the Subsidiaries since it is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over them.

1. The consolidated financial statements include the accounts of the Company and its subsidiaries.

2. Intercompany balances and transactions between the Group's entities have been eliminated.

3. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

c. Segment reporting:
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.
As stated in note 1 above, the Group operates in one operating segment: CFD trading.

d. Foreign currency translation:

1. ***Functional and Presentation Currency***
   Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which that entity operates (the "Functional Currency"). The consolidated financial statements are presented in U.S. dollars ("USD"), which is the Group's functional and presentation currency.

2. ***Transactions and balances***
   Foreign currency transactions in currencies different from the functional currency (hereafter – foreign currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

   Gains and losses arising from changes in exchange rates are presented in the statement of comprehensive income among "financial income (expenses)".

Note 2 – Summary of Significant Accounting Policies (continued):

e. Property, plant and equipment:

The cost of a property, plant and equipment item is recognized as an assets only if: (a) it is probable that the future economic benefits associated with the item will flow to the Group and (b) the cost of the item can be measured reliably.

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and only when the two criteria mentioned above for recognition as assets are met.

Depreciation is calculated using the straight-line method to allocate the cost of property plant and equipment less their residual values over their estimated useful lives, as follows:

	Percentage of annual depreciation
Computers and office equipment	10-33
Leasehold improvements	20

Leasehold improvements are amortized by the straight-line method over the terms of the lease (five years) which is shorter than the asset's useful life.

The asset's residual values, the depreciation method and useful lives are reviewed, and adjusted if appropriate, at least once a year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

f. Intangible Assets - computer software:

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software licences. These costs are amortized over their estimated useful lives (3-5 years) using the straight line method.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

g. Financial instruments:

1. *Classification*

   The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Group management determines the classification of its financial assets at initial recognition.

a. *Financial instruments at fair value through profit or loss*

   This category includes 2 sub-categories: financial assets and financial liabilities held for trading and financial assets as at fair value through profit or loss. A financial instrument is classified in this category if acquired principally for the purpose of selling in the short term, or if designated by management in this category. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

   The Group's financial instruments at fair value through profit or loss comprise 'Financial derivative open positions' offset from 'Deposits from clients' within 'Trade payables due from clients', (see note 2k) in the statements of 'Financial position'.

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 statement of financial position date. These are classified as non-current assets.

   The Group's loans and receivables comprise 'Cash and cash equivalents', 'Short-term bank deposit', 'Restricted deposits' and 'Accounts receivable' and 'Long-term restricted deposit' in the consolidated statements of financial position.

Note 2 – Summary of Significant Accounting Policies (continued):

2. ***Recognition and measurement***
Investments are initially recognized at fair value plus transaction costs for all financial assets not measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss, are initially recognized at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Receivables are measured in subsequent periods at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial instruments at fair value through profit or loss' category are presented in the statements of comprehensive income within 'Trading income' in the period in which they arise.

A financial instrument is derecognized when the contract that gives rise to it is settled, sold, cancelled or expires.

3. ***Offsetting financial instruments***
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4. ***Impairment of financial assets***
Financial assets are carried at amortized cost.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Where objective evidence for impairment exists, the amount of the loss is measured as the difference between the asset's carrying amount of the financial assets and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed for the asset upon initial recognition). The asset's carrying amount is reduced and the amount of the loss is recognized in profit or loss.

h. Cash and cash equivalents
Cash and cash equivalents include cash in hand, short-term bank deposits and other highly liquid short-term investments, the original maturity of which does not exceed three months.

All of the subsidiaries holds money on behalf of clients in accordance with the client money rules of the UK Financial Conduct Authority (FCA), Australian Securities and Investments Commission (ASIC), Cyprus Securities and Exchange Commission (CYSEC) and Israeli Securities Authority (ISA), respectively. Such monies are classified as 'segregated client funds' in accordance with the regulatory requirements. Segregated client funds comprise retail client funds held in segregated client money accounts.

Segregated client money accounts hold statutory trust status restricting the Group's ability to control the monies and accordingly such amounts are not reflected as company's assets in the consolidated statements of financial position.

i. Accounts payable
Other accounts payable are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Other accounts payable are

Note 2 – Summary of Significant Accounting Policies (continued):

classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

j. Trade payables – due to clients
As part of its business, the Group receives from its customers, deposits to secure their trading positions.

Assets or liabilities resulting from profits or losses on open positions are carried at fair value. Amounts due from or to clients are netted against the deposit 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 payables due to clients represent balances with counterparties and clients where the combination of cash held on account (customer deposits) and the valuation of financial derivative open positions result in an amount payable by the Group.

Trade payables due to clients are classified as current liabilities as the demand is due within one year or less.

k. Share-based payment
The Group operates a cash- settled share-based payment plan, under which it receives services from employees as consideration for rights. The fair value of the employee services received in exchange for the grant of the rights are recognized as an expense in the consolidated statements of comprehensive income. At the end of each reporting period the Company evaluates the rights based on their fair value.

l. Employee benefits and Pension Obligations
Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered pension funds.

The Group has defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense commensurate with receipt from employees of the service in respect of which they are entitled for the contributions.

m. Revenue recognition
Revenue is recognized when it is probable that economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured.

Trading income represents gains (including commission) and losses arising on client trading activity, primarily in contracts for difference on shares, indexes, commodities and foreign exchange. Open client positions are carried at fair market value and gains and losses arising on this valuation are recognized in revenue as well as gains and losses realized on positions that have closed.

Trading income is reported gross of commissions to agents as the Group is acting as a principal and is exposed to the significant risks and rewards associated with its trading transactions with its customers. The said commissions are included in 'selling and marketing' expenses and disclosed separately in Note 11a.

n. Dividends
Dividend distribution is recognized as a liability in the Group's statement of financial position on the date

Note 2 – Summary of Significant Accounting Policies (continued):

on which the dividends are approved by the Group's Board of Directors.

o. Current income tax

Tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted at the statement of financial position date in countries where the Company and the Subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

p. Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Group recognizes deferred taxes on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity. In this case, the deferred income tax is also recognized directly in equity, respectively.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

q. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

r. New International Financial Reporting Standards, Amendments to Standards and New interpretations

New and amended standards not yet adopted by the Group for reporting periods starting 1 January 2015:

1. ***IFRS 9 – "Financial Instruments" (hereafter – IFRS 9).***
   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 of IAS 39 that relate 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: amortized 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 assets. 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

Note 2 – Summary of Significant Accounting Policies (continued):

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 use 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. The application of IFRS 9 does not have a material effect on the Group's financial statements.

2. ***IFRS15- "Revenue from Contracts with Customers" (hereafter- IFRS15).***
   Upon first-time adoption, IFRS 15 will replace existing IFRS guidance on revenue recognition. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
   IFRS 15 introduces a single model for revenue recognition, in which an entity recognizes revenue in accordance with that core principle by applying the following five steps:
   1. Identify the contract(s) with a customer.
   2. Identify the performance obligations in the contract.
   3. Determine the transaction price.
   4. Allocate the transaction price to the separate performance obligations in the contract.
   5. Recognize revenue as each performance obligation is satisfied.

IFRS 15 provides guidance about various issues related to the application of that model, including: recognition of revenue from variable consideration set in the contract, adjustment of transaction for the effects of the time value of money and costs to obtain or fulfill a contract.

The standard extends the disclosure requirements regarding revenue and requires, among other things, that entities disclose qualitative and quantitative information about significant judgments made by management in determining the amount and timing of the revenue.
On July 22 2015, the IASB released a decision on deferral of the effective date of the standard by one year, and the standard will be applied retrospectively for annual periods beginning on January 1, 2018, with transitional provisions. Early adoption is permitted. The Group is exploring the expected impact of IFRS 15 on its financial statements.

3. ***Amendment to IAS1 - "Presentation of financial statements" (hereafter – Amendment to IAS1).***
   The amendment to IAS 1 deals with the following topics: materiality and its impact on disclosures in the financial statements, disaggregation and subtotals, order of notes in the financial statements and disclosure of new accounting policy.
   The amendment is effective for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group estimates that there will be no impact in the application of the amendment to IAS1.

4. ***Amendment of IFRS7 - "Financial instruments disclosures" (hereafter – IFRS7).***
   The amendment clarifies that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendments will be applied on a retrospective basis (with certain reliefs) for annual reporting periods starting on January 1, 2016 or thereafter. Early adoption is permitted. The Group estimates that there will be no impact in the application of the amendment to IFRS7.

Note 3 - Financial Risk Management

The Group specializes in the field of Contracts for Differences ("CFD") for retail clients only, primarily on Commodities, Indices, Stocks, Options, ETFs and Foreign Exchange. The Group activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group financial performance.

a. Market risk

The management of the Group deems this risk as the highest risk the Group incurs.
Market risk is the risk that changes in market prices will affect the Group income or the value of its holdings of financial instruments. This risk can be divided into market price risk and foreign currency risk, as described below.

The Group's market risk is managed 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 utilizes 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 substantial net position in any of the financial market in which it offers products.

The Group's market risk policy incorporates a methodology for setting market position limits, consistent with the Group risk appetite, for each financial instrument in which the Group clients can trade, as well as certain markets which the CEO considers to be correlated. These limits are determined based on the Group clients' trading levels, volatilities and the market liquidity 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 is intended to allow it to continually monitor its market exposure against these limits. If exposures exceed these limits, the Group either hedges, or new client positions are rejected under the Group's policy.

It is the approach of the Group to observe during the year the 'natural' hedge arising from the Group's global clients in order to reduce the Group's net market exposure.

Under the Group's policy, if it is not cost effective to hedge market positions, the Group will review the appropriate action.

The Group's exposure to market risk at any point in time depends primarily on short-term market conditions and client activities during the trading day. The exposure at each statement of financial position date may therefore not be representative of the market risk exposure faced by the Group over the year. The Group's exposure to market risk is determined by the exposure limits described above which change from time to time.

1. ***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 transactional foreign currency exposures or interest rate risks.

   The Group has market price risk as a result of its trading activities CFDs on foreign exchange, stocks, indices, commodities and ETFs, part of which is naturally hedged as part of the overall market risk management. The exposure is monitored on a Group-wide basis.

   Exposure limits are set by the risk manager for each product, and also for groups of products where it is considered that their price movements are likely to be positively correlated.

Note 3 - Financial Risk Management (continued):

Daily profit on closed positions:

	2015	2014
	U.S. dollars in thousands	
Highest profit	5,732	4,379
Highest loss	(725)	(608)
Average	757	628

During the years 2015 and 2014, as to the closed positions, there were 337 and 349 profitable trading days respectively.

The Company is of the opinion that its exposure to market risk is managed among others by capping the exposure of each instrument through risk limitation protocols.

2. ***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.

Foreign currency risk is managed on a group-wide basis, while the Group exposure to foreign currency risk is not considered by the board 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 trades on foreign currencies.

At 31 December 2015, if the U.S. dollar had strengthened by 1% against Pound sterling with all other variables unchanged the exposure in respect of balances denominated in Pound sterling on income after taxes is $ 61 thousand (2014: $ 65 thousand); if the U.S. dollar had strengthened by 1% against Euro with all other variables unchanged the exposure in respect of balance denominated in Euro on income after taxes is $ 109 thousand (2014: $ 233 thousand); if the U.S dollar had strengthened by 1% against Australian Dollar with all other variables unchanged the exposure in respect of balance denominated in Australian Dollar on income after taxes is $ 85 thousand (2014: $ 58 thousand).

b. Credit risk
The Group operates a real-time mark-to-market trading platform with clients' profits and losses being credited and debited automatically to their accounts.

Under the Group's policy the clients cannot owe the Group funds when losing more than they have in their accounts.

Client credit risk principally arises when a client's total funds deposited (margin and free equity) are insufficient to cover any trading losses incurred. 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 the client has an open position in.

The Group's products are margin-traded. If the market moves adversely by more than the client's maintenance margin, the Group is exposed to client credit risk.

The Company set principles in order to monitor and manage the credit risk on a real time basis. Under the Group's policy, if client funds are below the required margin level, client positions will be liquidated (margin call).

The carrying amount of the Group's financial assets best represents their maximum exposure to credit risk.

The Group has no material financial assets that are past due or impaired as at the reporting dates.

For the years 2015 and 2014 Counterparties holding about 90% and 96% (respectively) of Company cash and cash equivalents, credit cards and deposits are Barclays, Bank Leumi, Credit Suisse, Commonwealth

Note 3 - Financial Risk Management (continued):

Bank and HSBC. The credit ratings as of 31 December 2015 are as follows:

Financial institution	Rating*
Commonwealth Bank	AA-
HSBC	AA-
Credit Suisse	A
Barclays	A-
Bank Leumi	A-

** The Financial institutions were rated by the same third party*

As for the remaining counterparties which for the years 2015 and 2014 holds about 10%, and 4% (respectively) of Company cash and cash equivalents, is mainly held in 5 banks worldwide, where the balance in each of those banks does not exceed 5% of total cash and cash equivalents.

The Group's largest credit exposure to any single bank as of 31 December 2015 was $ 65,231 thousands or 33% of the exposure to all banks (2014: $ 82,916 thousands).

c. 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 (see note 13).

d. 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.

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 financial liabilities when due, under both normal circumstances and stressed conditions.

The Group approach is to ensure that there will be no 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 a result of the Group adopting what it considers to be best industry practice in placing some retail client funds in segregated client money accounts. A result of this policy is that short-term liquidity 'gaps' can potentially arise in periods of very high client activity or significant increases in global financial market levels.

The contractual maturity of the financial liabilities is up to two months.

e. Capital Management

1. The UK Subsidiary is regulated by the UK's Financial Conduct Authority ("FCA"). The UK Subsidiary manages its capital resources on the basis of regulatory capital requirements (hereafter - Pillar 1) and its own assessment of capital required to support all material risks throughout the business (hereafter - Pillar 2). The UK Subsidiary manages its regulatory capital through an Internal Capital Adequacy Assessment Process (known as the ICAAP) in accordance with guidelines and rules implemented by the FCA.

   Both Pillar 1 and the Pillar 2 assessment are compared with total available regulatory capital on a daily basis and monitored by the management of the company. As of 31 December 2015 and 2014, the UK regulated entity had £ 19,061 thousands and £ 14,678 thousands, respectively, of regulatory capital resources, which is in excess of both its regulatory capital requirement (Pillar 1) and the internally measured capital requirement (Pillar 2).

2. The CY Subsidiary is regulated by the Cyprus Securities and Exchange Commission (the "CySEC"). The CY Subsidiary manages its capital

Note 3 - Financial Risk Management (continued):

resources on the basis of regulatory capital requirements (hereafter - Pillar 1) and its own assessment of capital required to support all material risks throughout the business (hereafter - Pillar 2). The CY Subsidiary manage its regulatory capital through an Internal Capital Adequacy Assessment Process (known as the ICAAP) in accordance with guidelines and rules implemented by the CySEC.

The CY subsidiary monitors on a frequent basis its Pillar I capital requirement and ensures that its capital position remains always above the minimum regulatory thresholds. As of 31 December 2015, the regulatory capital of the CY entity was €12,373 thousands, which is in excess of the minimum capital requirement of Pillar I amounted to €4,318 thousands. Moreover, the company is evaluating its overall risk profile and capital position through its internal capital adequacy assessment process, which is performed at least on an annual basis.

3. The Australian subsidiary is regulated by the Australian Securities and Investment Commission (ASIC). The Australian subsidiary manages its capital resources on the basis of regulatory capital requirements and its own assessment of capital required to support all material risks. The Australian subsidiary manages its capital through its Net Tangible Assets (NTA) assessment in accordance with rules and guidelines implemented by ASIC.

   As at 31 December 2015 and 2014, the Australian regulated entity held Net Tangible Assets of $7,326 thousands and $1,921 thousands respectively of regulatory capital, which is in excess of its NTA requirements.

f. Fair value estimation

Financial derivative open positions (offset from deposits from clients within “Trade payable due from clients”) (see also note 10c) are measured at fair value through profit or loss using valuation techniques. The said valuation techniques are based on inputs other than quoted prices in active market that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. Since all significant inputs required for the fair value estimations of the said instruments are observable, the said instruments are included in level 2.

Specific valuation techniques used to value financial instruments are based on using quoted market prices or dealer quotes for similar instruments, with regard to the difference between dealer quotes and the quoted marker price.

g. Financial derivative open positions

The Company’s contracts with its customers are financial instruments.
For disclosure about offsetting financial assets and liabilities from open positions see note 10c.

Note 4 - Property, Plant and Equipment:

a. Composition of assets, Grouped by major classifications and changes therein in 2015 is as follows:

	Cost				Accumulated depreciation				Depreciated balance
	Balance at beginning of year	Additions during the year	Disposals during the year	Balance at end of the year	Balance at beginning of year	Additions during the year	Disposals during the year	Balance at end of the year	As of 31 December 2014
	U.S. dollars in thousands				U.S. dollars in thousands				U.S. dollars in thousands
Computers and office equipment	455	421	(189)	687	238	108	(54)	292	395
Leasehold improvements	1,435	398		1,833	95	156		251	1,582
	1,890	819	(189)	2,520	333	264	(54)	543	1,977

b. Composition of assets, Grouped by major classifications and changes therein in 2014 is as follows:

	Cost			Accumulated depreciation			Depreciated balance
	Balance at beginning of year	Additions during the year	Balance at end of the year	Balance at beginning of year	Additions during the year	Balance at end of the year	As of 31 December 2014
	U.S. dollars in thousands			U.S. dollars in thousands			U.S. dollars in thousands
Computers and office equipment	345	110	455	166	72	238	217
Leasehold improvements	126	1,309	1,435	61	34	95	1,340
	471	1,419	1,890	227	106	333	1,557

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 5 - Intangible Assets:

	Cost	Accumulated amortization	Cost	Accumulated amortization
	As of 31 December 2015		As of 31 December 2014	
	U.S. dollars in thousands		U.S. dollars in thousands	
Software	154	62	100	43

The amortization of intangible assets was charged to administrative and general expenses.

Note 6 - Share Capital

Composed of ordinary shares of NIS 0.01 par value, as follows:

	Number of shares 31 December	
	2015	2014
Authorized	300,000,000	300,000,000
Issued and fully paid*	114,888,377	114,888,377

The amounts of dividends and the amounts of dividends per share for the years 2015 and 2014 declared and distribute by the Company's Board of Directors are as follows:

Date of declaration	Amount of dividend in thousands of $
18 February 2014	33,007
12 August 2014	26,999
24 February 2015	65,005
23 November 2015	24,368

On 23 November 2015 the Company declared an interim dividend in amount of $24,368 thousands ($0.2121 per share). The dividend was paid to shareholders on 29 February 2016.

The dividend paid in 2015 and 2014 amounted to $ 65,005 thousands ($ 0.566 per share) and $60,006 thousands ($0.52 per share), respectively.

Note 7 - Taxes on Income:

a. Corporate taxation in Israel

Under the "Tax Burden Distribution Law", corporate tax rate is 25% as from 2012.

On 5 August 2013, the Law for Change of National Priorities, 2013 (hereinafter - the Law) was published in Reshumot (the Israeli government official gazette), enacting, raising the corporate tax rate beginning in 2014 and thereafter to 26.5% (instead of 25%).

On 5 January 2016, the Law for the Amendment to the Income Tax Ordinance (No. 216), 2016 was published in the official gazette. The said law stipulated the reduction of the rate of corporate tax from 26.5% to 25% commencing tax year 2016. As a result of the decrease in tax rate, it is expected that the Group will not have a material effect on its deferred tax assets.

b. Corporate taxation in Subsidiaries

The UK subsidiary is assessed for tax under the tax laws in UK. The principal tax rates applicable to the UK Subsidiary incorporated in the UK is 20.3% (January –March 2015 – tax rate of 21%, April 2015 through December 2015 tax rate of 20%).

The CY subsidiary is assessed for tax under the tax laws in Cyprus. The principal tax rates applicable to the CY Subsidiary incorporated in Cyprus is 12.5%.

Other subsidiaries in the Group do not have significant taxable income and the overall effect of the income of those subsidiaries on the Group's tax expenses is immaterial.

c. Deferred tax asset

The Deferred tax assets in 2015 and 2014 in total amount of $173 thousands and $495 thousands, respectively, is presented among "non-current assets", and computed at tax rate of 26.5%.

The Deferred tax assets which will be settled in 2016 are in total amount of $99 thousands.

The deferred tax assets in the financial statements, caused by payroll expenses of share-based compensation plan (see note 9).

Note 7 - Taxes on Income (continued):

d. Taxes on income included in the income statements for the reported periods:

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
Current taxes -		
Current taxes in respect of current year's profits	31,181	35,099
Current taxes in respect of previous years	(186)	-
	30,995	35,099
Deferred taxes -		
Reversal of deferred taxes asset (see c above)	322	568
Taxes on income expenses	31,317	35,667

e. Reconciliation of the theoretical tax expense

Following is a reconciliation of the theoretical tax expense, assuming all income is taxed at the regular tax rates applicable to companies in Israel (Note 7a above) and the actual tax expense:

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
Income before taxes on income, as reported in the income statements	127,884	138,119
Theoretical tax expense in respect of this year's		
income - at 26.5%	33,889	36,602
Decrease in taxes resulting from different tax rates applicable to foreign subsidiary	(2,287)	(817)
Decrease in taxes arising from permanent differences	(99)	(118)
Decrease in taxes resulting of final tax assessments	(186)	-
Taxes on income for the reported period	31,317	35,667

Note 7 - Taxes on Income (continued):

f. Effect of adoption of IFRS in Israel on tax liability
As mentioned in note 2a, the Group prepares its financial statements in accordance with IFRS.

IFRS standards differ from accounting principles generally accepted in Israel and accordingly, the preparation of financial statements in accordance with IFRS may reflect a financial position, results of operations and cash flows that are materially different from those presented in financial statements presented in accordance with accounting principles generally accepted in Israel.

In accordance with the law for the amendment of the Income Tax Ordinance which was published in the official gazette in the years 2010, 2012 and 2014 (hereinafter together – the temporary provision), the provisions of Israel Accounting Standard No. 29 of the Israel Accounting Standards Board do not apply in determining taxable income for tax years 2007 to 2013, even if applicable in financial statements for those tax years. The meaning of the temporary provision is that IFRS do not apply in practice when calculating the reported income for tax purposes in the specified tax years.

On 31 October 2011 the Government of Israel published a law memorandum in connection with the amendment to the Income Tax Ordinance (hereafter – the law memorandum) resulting from application of IFRS in the financial statements. Generally, the law memorandum adopts IFRS. However, its suggests several amendments to the Income Tax Ordinance that will serve to clarify and determine the manner of computing taxable income for tax purposes in cases where the manner of computation is unclear and IFRS is incompatible with the principles of the tax method applied in Israel. At the same time, the law memorandum generally adopts IFRS. The legislation process involving the law memorandum has not been completed, and is not likely to be completed in the near future.

As the legislation process relating to the law memorandum has not been completed, management believes that the temporary provision for 2007 to 2013 may be extended to cover 2014 and 2015 as well. Due to the application of temporary provision on the 2007-2013 tax years, as above, and the possibility for extension to 2014 and 2015, management expects at this stage that the new legislation will not apply to tax years preceding 2016.

Considering that the temporary provision applies to the 2007-2013 tax years and company assessment on the likelihood for extension to cover 2014 and 2015, as above, the Company computed its taxable income for 2009-2015 based on the Israeli accounting standards that existed prior to adopting IFRS in Israel.

g. Final tax assessments have been received by the company through the year ended 31 December 2013. The UK Subsidiary, AU Subsidiary, CY Subsidiary and IL Subsidiary have only been subject to self-assessment since its incorporation.

Note 8 – Restricted Deposit

On 28 April 2014 the Company signed a lease contract with a third party for the lease of 1,360 square meter offices in Haifa, Israel.
According to the contract, the lease is for 60 months and the Company has an option to shorten the lease period to 36 months with a payment of NIS 337 thousands plus VAT.

On 30 June 2015 the Company signed an addition to the lease contract from 28 April 2014, for the lease of additional 730 square meter. According to the contract, the lease is for the same period of the previous lease contract.

The rental payments are linked to the Israeli CPI.
The long term deposit serves as a security for a bank guarantee provided in favor of the said third party in the amount of US $ 104 thousands (NIS 405 thousands) until August 2016, (see note 14).

In addition, the IL subsidiary has restricted deposits in amounts of US $101 thousands.

Note 9 – Share-Based Compensation

On 14 January 2014 the Board of Directors approved a "Share Appreciation Rights" plan (hereafter "the Plan") to the Group employees. Under the Plan, the Company granted 1,382 rights to 14 employees on three different occasions. The Company granted another 894 rights to 20 employees on 1 January 2015.

The rights represent the number of shares as of date of grant, which is calculated by dividing the value as determined under the plan at the grant date, of the grant that the employees are entitled to receive by the average share price over the three-month period preceding the date of grant.

The fair value of the grants as of the dates of grant was calculated on the basis of the average closing price of the ordinary shares of the Company on the AIM over the course of the 60 trading days immediately preceding the dates of grant.

The rights will be settled in cash two years after the date of grant; the amount paid to the employees in cash will be determined based on the Company's share price as of the end of the two-year period.

The cash payment shall be calculated on the basis of the average closing price of the ordinary shares of the Company on the AIM over the course of the 60 trading days immediately preceding the payout date. The fair value of the rights was estimated using the Black and Scholes option pricing model.

The Group implemented IFRS 2 "Share-Based Payments" (see note 2k) to this Plan.

The following table specifies the dates of grants and the amounts granted as of each date:

Granted day	Expiry date	Share price on grant date (GBP)	Fair value (GBP)	Granted rights
14 January 2014	14 January 2016	260.19	190.92	1,149
16 July 2014	16 July 2016	524.30	187.20	33
19 December 2014	19 December 2016	499.80	298.59	200
1 January 2015	1 January 2017	522.94	316.55	894

As of 31 December 2015 and 2014 the Group recognized a liability at fair value of $586 and $169 thousands, respectively. In the years 2015 and 2014, the Group recognized expenses in the said amount within general and administrative expenses with respect of the said plan in amount of $417 and $169 thousands, respectively.

Note 10 - Supplementary Balance Sheet Information:

a. Cash, cash equivalents:

Cash and cash equivalents by currency of denomination

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
USD	118,445	96,838
Euro	41,751	44,426
GBP	16,299	14,808
AUD	13,470	8,981
Other	6,303	8,841
Gross cash and cash equivalents	196,268	173,894
Less: segregated client funds	(39,771)	(34,730)
Own cash and cash equivalents	156,497	139,164

b. Accounts receivable

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
Prepaid expenses	4,827	439
Credit cards	1,994	3,081
Other	2,940	407
	9,761	3,927

As of 31 December 2015, the total amount of prepaid expenses includes expenses from the Company's sponsorship agreement with Atletico Madrid Football Club in amount of $3,991 thousands.

All the financial assets included among current assets are for relatively short- periods; therefore, their fair values approximate or are identical to their carrying amounts.

Note 10 - Supplementary Balance Sheet Information (continued):

c. Trade payables – due to clients:

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
Customers deposits	47,469	46,235
Segregated client funds	(39,771)	(34,730)
	7,698	11,505
Less- financial derivative open positions:		
Gross amount of assets	(8,982)	(8,493)
Gross amount of liabilities	2,803	2,873
	1,519	5,885

As of 31 December 2014 the total amount of trade payables due to clients includes amounts due to clients of Plus500 Ltd. and bonuses to the clients from all of the subsidiaries.

As of 31 December 2015 the total amount of trade payables due to clients includes bonuses to the clients from all of the subsidiaries.

d. Other accounts payable and accruals:
Other:

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
Payroll and related expenses	971	513
Accrued expenses	2,464	1,858
Other	45	11
	3,480	2,382

The financial liabilities included among accounts payable, accruals and deposits from clients are for relatively short periods; therefore, their fair values approximate or are identical to their carrying amounts.

Note 11 - Supplementary Income Statement Information:

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
a. Selling and marketing expenses:		
Payroll and related expenses	5,443	4,009
Commission to agents	5,950	4,275
Advertising	98,183	57,041
Commissions to processing companies	10,683	7,492
Server and data feeds commissions	3,337	2,212
Third party customer support	1,296	11
Sundry	521	130
	125,413	75,170
b. General and administrative expenses:		
Payroll and related expenses	5,829	2,290
Professional fees and regulatory fees	7,051	3,173
Share-based compensation	417	169
Office expenses	1,888	1,129
Traveling expenses	500	329
Public company expenses	969	715
Sundry	993	568
	17,647	8,373

Note 12 - Related Parties

“A related party” - As this term is being defined in IAS 24 - “Related Party Disclosure” (hereafter – IAS 24R).

Key management personnel of the Company include five founding shareholders: two of those shareholders are Directors.
These Shareholders provide services to the Company directly or through companies they control.

As of 31 December 2015 and 2014, the balance of the Company's liability in respect of these services amounts is $128 thousands and $96 thousands respectively; the said liability is recorded among "other payables".

In 2015 and 2014, the Company paid service fees to related parties at the total amount of $1,479 thousands and $1,184 thousands, respectively. A total of $1,184 thousands and $946 thousands were recognized as payroll expenses under the "selling and marketing expenses" item for the years 2015 and 2014, respectively. The remaining balance of $296 thousands and $238 thousands was recognized as payroll expenses under the "general and administrative expenses" item in 2015 and 2014, respectively.

In 2015 and 2014, the Company paid directors fees at the total amount of $639 thousands and $423 thousands, respectively under the general and administrative expenses.

Note 13 – Enterprise Wide Disclosures

The Company is domiciled in Israel. Trading income from Israeli customers is not material .
Trading income from external customers in 2015 in the United Kingdom is 15% (2014: 16%) of the company's revenues.
Trading income was attributed to geographical areas according to the location of the customer.

Note 14 - Commitments and Contingent liability

a. Commitments

In April 2014 the Company has entered into a lease agreement for its headquarters facility in Haifa (see note 8).

The expected rental payments for the next years are as follows:

	U.S. dollars in thousands
2016	430
2017	430
2018	430
2019	430
Total	1,720

b. Contingent liabilities

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.

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 since January 2016.

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 15 - EARNINGS PER SHARE (basic and diluted)

Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
Profit attributable to equity holders of the Company (In U.S dollars)	96,567,000	102,452,000
Weighted average number of ordinary shares in issue	114,888,377	114,888,377

NOTE 16 - SUBSEQUENT EVENTS

On 17 February 2016, the Company's Board of Directors declared the distribution of a dividend of $ 0.2922 per share, in the total amount of $ 33,570 thousands with an ex-dividend date of 24 March 2016.

In addition to the above, the Board has declared a special dividend of $ 0.3362 per share, in the total amount of $38,625 thousands with an ex-dividend date of 24 March 2016.

FURTHER INFORMATION

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