# **Plu5500** World's Trading Machine

# **30 JUNE 2013 - INTERIM FINANCIAL STATEMENTS**





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INTERIM FINANCIAL INFORMATION 30 JUNE 2013

INTERIM FINANCIAL INFORMATION

30 JUNE 2013

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## Report on Review of Interim Financial Information to the shareholders Plus500 LTD.

#### Introduction

We have reviewed the accompanying financial information of Plus500 LTD. and its subsidiaries (hereafter - the group), which includes the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended. The Board of Directors and management are responsible for preparation and presentation of the financial information for this reporting period in accordance with IAS 34 – "Interim Financial Reporting"; our responsibility is to express a conclusion of the financial data for this interim period based on our review.

## Scope of review

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

#### Conclusion

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

Yours faithfully,

Haifa, Israel August 26, 2013 Kesselman & Kesselman Certified Public Accountants (lsr.) A member firm of PricewaterhouseCoopers International Limited

# Plus500 LTD. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of 30 June		As of 31 December	
	2013	2012	2012	
	(Unaudi		(Audited)	
		5. dollars in th		
Assets				
CURRENT ASSETS:				
Cash and cash equivalents	32,728	25,852	22,486	
Short-term bank deposit	1,303	1,074	1,126	
Restricted deposit	125	126	203	
Accounts receivable	1,948	1,827	894	
Prepaid expenses	578	-	-	
	36,682	28,879	24,709	
NON-CURRENT ASSETS:				
Long-term deposit	68	69	-	
Property, plant and equipment	239	238	240	
Intangible assets	54	41	41	
Deferred income taxes	265	-	265	
	626	348	546	
T o t a l assets	37,308	29,227	25,255	
Liabilities and Shareholders' Equity CURRENT LIABILITIES:				
Trade payables – due to clients	4,506	10,403	6,092	
Other accounts payable and	.,	- •, • • •	•,•,-	
accruals:				
Service supplies	4,707	1,612	3,197	
Other	1,027	1,555	822	
Income tax payable	3,774	2,530	2,443	
Dividend	3,894	_,000	_,	
Liability for Share-based compensation	829	_	251	
I I I I I I I I I I I I I I I I I I I	18,737	16,100	12,805	
NON-CURRENT LIABILITIES -	- ) · - ·	- ,	· · · · ·	
Share-based compensation	-	672	503	
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT:				
Ordinary shares	277	6	6	
Share premium	16	287	287	
Retained earnings	18,278	12,162	11,654	
T o t a l equity	18,571	12,455	11,947	
Total equity and liabilities	37,308	29,227	25,255	
	)			
Alon	Gonen )			
Managing D	virector			
	)			
Inbal Group Chief Finan	Marom ) ncial Officer			
Alastain	) Neil Gordon )			
Alastair Non-Executive Directo	,			

Date of approval of the financial statements by the board of directors: August 26 2013

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months end	ed 30 June	Year ended 31 December
	2013	2012	2012
	(Unaudit	te d)	(Audited)
	U.S. (	dollars in thous	ands
TRADING INCOME – net	44,673	30,348	56,127
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:			
Selling and marketing Administrative and general	21,195 1,617	15,156 1,969	28,930 4,124
<b>INCOME FROM OPERATIONS:</b> Financial expenses Financial income	21,861 1,405 (57)	13,223 7 (178)	23,073 178 (178)
FINANCING EXPENSES (INCOME) – net	1,348	(171)	-
INCOME BEFORE TAXES ON INCOME	20,513	13,394	23,073
INCOME TAX EXPENSE	5,121	3,701	5,973
PROFIT AND COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	15,392	9,693	17,100
		In U.S. dollars	
EARNINGS PER SHARE (basic and diluted)	0.15	0.10	0.17

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary shares	Share premium U.S. dollars	Retained earnings	Total
DALANCE AT 1 LANDADY 2012 (	(			11.047
BALANCE AT 1 JANUARY 2013 (audited)	6	287	11,654	11,947
CHANGES DURING THE 6 MONTH PERIOD ENDED				
<b>30 JUNE 2013 (unaudited):</b> Profit and comprehensive income for the period			15,392	15,392
TRANSACTION WITH SHAREHOLDERS				
Distribution of bonus shares Dividend	271	(271)	(8,768)	- (8,768)
BALANCE AT 30 JUNE 2013 (unaudited)	277	16	18,278	18,571
BALANCE AT 1 JANUARY 2012 (audited)	6	287	9,129	9,422
CHANGES DURING THE 6 MONTH PERIOD ENDED				
<b>30 JUNE 2012 (unaudited):</b> Profit and comprehensive income for the period			9,693	9,693
TRANSACTION WITH SHAREHOLDERS Dividend			(6,660)	(6,660)
BALANCE AT 30 JUNE 2012(unaudited):	6	287	12,162	12,455
BALANCE AT 31 DECEMBER 2011 (audited):	6	287	9,129	9,422
CHANGES DURING THE YEAR ENDED				
<b>31 DECEB MBER 2012:</b> Profit and comprehensive income for the year <b>TRANSACTION WITH SHAREHOLDERS</b>			17,100	17,100
Dividend			(14,575)	(14,575)
BALANCE AT 31 DECEMBER 2012 (audited)	6	287	11,654	11,947

# CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December	
	2013	2012	2012	
	(Unauc	lite d)	(Audited)	
	U.S.	dollars in the	ousands	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash generated from operations (see Appendix A)	19,296	15,917	23,042	
Income tax paid – net	(3,607)	(620)	(3,355)	
Interest received	50	146	174	
Net cash provided by operating activities	15,739	15,443	19,861	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	(28)	(138)	(176)	
Proceeds from sale of property, plant and equipment	-	9	8	
Purchase of intangible assets	(17)	(7)	(10)	
Net cash used in investing activities	(45)	(136)	(178)	
CASH FLOWS FROM FINANCING ACTIVITIES:				
Dividend paid	(4,874)	(6,660)	(14,575)	
Prepaid expenses (see note 6)	(578)	-	-	
Net cash used in financing activities	(5,452)	(6,660)	(14,575)	
INCREASE IN CASH AND CASH EQUIVALENTS	10,242	8,647	5,108	
Balance of cash and cash equivalents				
at beginning of year	22,486	17,293	17,293	
Losses (gains) from exchange differences on cash and cash equivalents	-	(88)	85	
BALANCE OF CASH AND CASH EQUIVALENTS				
AT END OF THE PERIOD	32,728	25,852	22,486	

# CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

# APPENDICIES CONSOLIDATED STATEMENT OF CASH FLOWS

# APPENDIX A:

	Six months ended 30 June		Year ended 31 December	
	2013	2012	2012	
	(Unaudited)		(Audited)	
	U.S.	dollars in the	usands	
Cash generated from operations -				
Net income for the period	15,392	9,693	17,100	
Adjustments required to reflect the cash flows from operating activities:				
Depreciation and amortization	33	60	95	
Loss on disposal of property, plant and equipment	-	9	14	
Taxes on income	5,121	3,701	5,973	
Foreign exchange losses on operating activities	(233)	(78)	(168)	
Gains (losses) on revaluation of existing deposits	(167)	32	(28)	
	4,754	3,724	5,886	
Operating changes in working capital:				
Decrease (increase) in accounts receivable	(1,054)	192	1,125	
Increase (decrease) in trade payables due to clients	(1,586)	2,824	(1,487)	
Increase (decrease) in other accounts payable:				
Service supplies	1,510	(1,744)	(159)	
Other	280	1,228	577	
	(850)	2,500	56	
Cash flows from operating activities	19,296	15,917	23,042	

# **APPENDIX B:**

	Six months ended 30 June		Year ended 31 December
	2013	2012	2012
	(Unaudited)		(Audited)
	U.S. dollars in thousands		nous ands
Supplementary information on investing and financing activities not involving cash flows:			
Dividend	3,894	-	-

#### EXPLANATORY NOTES TO THE CONSOLDIATED FINANCIAL INFORMATION

30 JUNE 2013

## NOTE 1 - GENERAL INFORMATION

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

In September 2009, the company established a subsidiary in the UK (hereafter – the subsidiary) in order to be granted an FSA license. The company and the subsidiary (hereafter – the group) are engaged in one operating segment - CFD trading - mainly in Europe.

In September 2011 the company established a subsidiary in Australia (hereafter – Plus500AU) in order to obtain an Australian securities and investments commission (hereafter - ASIC) license, which was granted in October 2012.

The AU subsidiary is engaged in the same field of operations - CFD trading - in Australia and begun operating commencing 2013.

The address of the company's principal offices is Building 22, Matam, Haifa 31905, Israel.

#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

a. The interim condensed consolidated financial information of the group as of 30 June 2013 and for the 6-month period ended on that date (hereinafter - the interim financial information) was prepared in accordance with International Accounting Standard No. 34 - "Interim Financial Reporting" (hereafter – "IAS 34"). The interim financial information should be read in conjunction with the annual financial statements as of 31 December 2012 and for the year ended on that date and with the notes thereto, which were all prepared in accordance with International Financial Reporting Standards (hereafter – "IFRS").

The interim financial information is reviewed and is not audited.

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

# NOTE 3 – PRINCIPAL ACCOUNTING POLICIES:

- **a.** The accounting policies used in preparation of the interim condensed financial information are consistent with the 2012 annual financial statements.
- **b.** As specified in the annual financial statements of the group for 2012, standards, amendments and interpretations to existing standards came into effect and are effective for reporting period commencing on 1 January 2013, but first-time implementation of these standards and interpretations had no material effect on the interim financial information (including comparative information) of the Group.
- c. Additional new standards and amendments to existing standards that are not yet in effect and that the company elected not to early adopt are listed in the group's 2012 annual financial statements.

#### EXPLANATORY NOTES TO THE CONSOLDIATED FINANCIAL INFORMATION

# 30 JUNE 2013

# NOTE 4 – DIVIDEND

- **a.** On 18 March 2013, the Company's Board of Directors declared the distribution of a dividend of \$2.09 (NIS 7.7) per share, in the total amount of \$4,874 thousand.
- **b.** On 19 June 2013, the Company's Board of Directors declared the distribution of a dividend of \$1.67 (NIS 5.99) per share, in the total amount of \$3,894 thousand.

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

	Six months ended 30 June		Year ended 31 December
	2013	2012	2012
	(Unaud	ited)	(Audited)
	U.S.	dollars in thou	s ands
Date of declaration			
17 April 2012	-	6,660	6,660
16 August 2012	-	-	7,915
18 March 2013	4,874	-	-
19 June 2013	3,894	-	-
	8,768	6,660	14,575
Dividends unpaid at period end	3,894	-	-
Dividends paid	4,874	6,660	14,575

# NOTE 5- EARNINGS PER SHARE (basic and diluted)

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

	Six months ended 30 June		Year ended 31 December	
	2013	2012	2012	
	(Una	udited)	(Audited)	
	U.S	5. dollars in thous	ands	
Income attributable to equity holders of the company	15,392,000	9,693,000	17,100,000	
Number of ordinary shares outstanding	100,491,602	100,491,602*	100,491,602*	

\* On 23 June 2013, the company allotted 98,154,588 bonus shares of NIS 0.01 par value to its shareholders. According to the guidance of IAS 33, the company retrospectively revised the average number of shares to 100,491,602 for the annual period ended 31 December 2012 and the six-month period ended 30 June 2012.

#### EXPLANATORY NOTES TO THE CONSOLDIATED FINANCIAL INFORMATION

## 30 JUNE 2013

## NOTE 6 – SUBSEQUENT EVENTS

a. 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"). As part of the IPO, the Company issued 14,396,775 shares of NIS 0.01 par value in consideration for a gross amount of £16,556,291 (about \$25,000,000). Subsequent to the IPO the number of shares is 114,888,377. The share issue costs amounted to \$3.9 million.

As of 30 June 2013, Company included the issue costs amounting to \$578 thousand within "prepaid expenses".

In addition, as part of the IPO, Company shareholders sold 28,793,550 shares to the public in consideration for £33,112,583 (about \$50,000,000)

Subsequent to the issuance of shares the public's holding rate in the company is 37.6%.

On 24 July 2013, trading in company's shares commenced in the London Stock Exchange.

b. On 22 August 2013, the Company's Board of Directors declared the distribution of a dividend of \$0.07 per share, in the total amount of \$8,000,000.

