



# Plus500

## World's Trading Machine

30 JUNE 2016 - INTERIM FINANCIAL STATEMENTS

**Plus500 LTD.**

INTERIM FINANCIAL INFORMATION

(Unaudited)

JUNE 30, 2016

**Plus500 LTD.**  
INTERIM FINANCIAL INFORMATION  
(Unaudited)  
JUNE 30, 2016

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

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## **Review Report of Interim Financial Information**

### **Introduction**

We have reviewed the accompanying financial information of Plus500 Ltd. and its subsidiaries (hereafter - the group), which includes the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statements of income comprehensive, changes in equity and cash flows for the six-month periods then ended. The Board of Directors and management are responsible for preparation and presentation of the financial information for this reporting period in accordance with IAS 34 – "Interim Financial Reporting"; our responsibility is to express a conclusion of the financial data for this interim period based on our review.

### **Scope of review**

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

### **Conclusion**

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

Haifa, Israel  
September 2, 2016

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

**Plus500 LTD.**  
CONDENSED CONSOLIDATED BALANCE SHEET

JUNE 30, 2016

	<b>As of 30 June</b>		<b>As of 31 December</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
<b>Assets</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	96,137	95,533	156,497
Short-term bank deposit	39	-	38
Restricted deposit	356	71	181
Accounts receivable	17,610	17,706	9,761
Income tax receivable	-	-	227
	114,142	113,310	166,704
<b>NON-CURRENT ASSETS:</b>			
Long term restricted deposit	25	-	24
Property, plant and equipment	2,985	1,874	1,977
Intangible assets	102	86	92
Deferred income tax assets	329	336	173
	3,441	2,296	2,266
<b>T o t a l a s s e t s</b>	117,583	115,606	168,970
<b>Liabilities and equity</b>			
<b>CURRENT LIABILITIES:</b>			
Trade payables – due to clients	543	2,854	1,519
Other accounts payable and accruals:			
Service suppliers	19,765	13,419	13,391
Other	3,722	2,520	3,480
Income tax payable	2,387	10,345	7,972
Share-based compensation	610	-	372
Dividend	-	-	24,368
	27,027	29,138	51,102
<b>NON- CURRENT LIABILITIES:</b>			
Share- based compensation	598	396	214
<b>EQUITY:</b>			
Ordinary shares	317	317	317
Share premium	22,220	22,220	22,220
Retained earnings	67,421	63,535	95,117
<b>T o t a l e q u i t y</b>	89,958	86,072	117,654
<b>T o t a l l i a b i l i t i e s a n d e q u i t y</b>	117,583	115,606	168,970

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**Asaf Elimelech**  
Chief Executive Officer

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**Elad Even-Chen**  
Group Chief Financial Officer

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**Alastair Neil Gordon**  
Non-Executive Director and Chairman

Date of approval of the interim financial information by the Company's Board of Directors: September 2, 2016

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

**Plus500 LTD.**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016**

	<b>Six months ended 30 June</b>		<b>Year ended 31 December</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
<b>TRADING INCOME</b>	158,772	127,026	275,651
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:</b>			
Selling and marketing	91,488	63,655	125,413
Administrative and general	8,355	7,966	17,647
Loss on disposal of property, plant and equipment	-	109	109
	58,929	55,296	132,482
<b>INCOME FROM OPERATIONS</b>			
Financial income	815	85	178
Financial expenses	1,235	3,242	4,776
	420	3,157	4,598
<b>FINANCIAL EXPENSE -net</b>			
	58,509	52,139	127,884
<b>INCOME BEFORE TAX ON INCOME</b>			
	14,009	11,522	31,317
<b>TAXES ON INCOME</b>			
<b>PROFIT AND COMPREHENSIVE INCOME FOR THE PERIOD</b>	44,500	40,617	96,567
	<b>In U.S. dollars</b>		
<b>EARNINGS PER SHARE (basic and diluted)</b>	0.39	0.35	0.84

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

**Plus500 LTD.**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

	<u>Ordinary shares</u>	<u>Share premium</u> U.S. dollars in thousands	<u>Retained earnings</u> in thousands	<u>Total</u>
<b>BALANCE AT 1 JANUARY 2016 (audited)</b>	317	22,220	95,117	117,654
<b>CHANGES DURING THE SIX MONTHS ENDED 30, JUNE, 2016 (unaudited):</b>				
Profit and comprehensive income for the period	-	-	44,500	44,500
<b>TRANSACTION WITH SHAREHOLDERS -</b>				
Dividend	-	-	(72,196)	(72,196)
<b>BALANCE AT 30 JUNE 2016 (unaudited)</b>	<u>317</u>	<u>22,220</u>	<u>67,421</u>	<u>89,958</u>
<b>BALANCE AT 1 JANUARY 2015 (audited)</b>	317	22,220	87,923	110,460
<b>CHANGES DURING THE SIX MONTHS ENDED 30, JUNE 2015 (unaudited):</b>				
Profit and comprehensive income for the period	-	-	40,617	40,617
<b>TRANSACTION WITH SHAREHOLDERS -</b>				
Dividend	-	-	(65,005)	(65,005)
<b>BALANCE AT 30 JUNE 2015 (unaudited)</b>	<u>317</u>	<u>22,220</u>	<u>63,535</u>	<u>86,072</u>
<b>BALANCE AT 1 JANUARY 2015 (audited)</b>	317	22,220	87,923	110,460
<b>CHANGES DURING THE YEAR ENDED 31, DECEMBER 2015 (audited):</b>				
Profit and comprehensive income for the year	-	-	96,567	96,567
<b>TRANSACTION WITH SHAREHOLDERS -</b>				
Dividend	-	-	(89,373)	(89,373)
<b>BALANCE AT 31 DECEMBER 2015 (audited)</b>	<u>317</u>	<u>22,220</u>	<u>95,117</u>	<u>117,654</u>

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

**Plus500 LTD.**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

	<b>Six months ended June 30</b>		<b>Year ended 31 December</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash generated from operations (see Appendix A)	56,212	47,535	128,078
Income tax paid – net	(19,502)	(21,467)	(42,658)
Interest received	86	85	55
Net cash flows provided by operating activities	36,796	26,153	85,475
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Deposit withdrawals	-	1,037	1,039
Purchase of deposits	-	-	(38)
Increase in restricted deposits	(176)	-	(136)
Purchase of property, plant and equipment	(1,190)	(564)	(819)
Proceeds from sale of property, plant and equipment	-	25	26
Purchase of intangible assets	(22)	(38)	(54)
Net cash flows provided by (used in) investing activities	(1,388)	460	18
<b>CASH FLOWS USED IN FINANCING ACTIVITIES:</b>			
Dividend paid to equity holders of the Company (see note 4)	(96,564)	(65,005)	(65,005)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>			
	(61,156)	(38,392)	20,488
Balance of cash and cash equivalents at beginning of period	156,497	139,164	139,164
Gains (losses) from exchange differences on cash and cash equivalents	796	(5,239)	(3,155)
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>96,137</b>	<b>95,533</b>	<b>156,497</b>

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



**Plus500 LTD.**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

**APPENDICES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**APPENDIX A:**

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	(Unaudited)		(Audited)
U.S. dollars in thousands			
<b>Cash generated from operations -</b>			
Net income for the period	44,500	40,617	96,567
<b>Adjustments required to reflect the cash flows from operating activities:</b>			
Depreciation and amortization	194	122	283
Loss on disposal of property, plant and equipment	-	109	109
Taxes on income	14,009	11,522	31,317
Interest and foreign exchange losses (gains) on operating activities	(911)	6,022	2,927
	<u>13,292</u>	<u>17,775</u>	<u>34,636</u>
<b>Operating changes in working capital:</b>			
Increase in accounts receivable	(7,842)	(13,779)	(5,834)
Decrease in trade payables due to clients	(976)	(3,031)	(4,366)
Increase in other accounts payable:			
Service suppliers	6,374	5,588	5,560
Other	242	138	1,098
Liability for share-based compensation	1,377	227	417
Settlement of share-based compensation	(755)	-	-
	<u>(1,580)</u>	<u>(10,857)</u>	<u>(3,125)</u>
<b>Cash flows from operating activities</b>	<u><u>56,212</u></u>	<u><u>47,535</u></u>	<u><u>128,078</u></u>

**APPENDIX B: non-cash transactions**

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

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

## **Plus500 LTD.**

### NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### **NOTE 1 - GENERAL INFORMATION**

##### **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, ETFs, 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 Ltd. (the "UK subsidiary", "Plus500UK") is a subsidiary of the Company located in London in the UK, and is regulated by the Financial Conduct Authority ("FCA") to offer CFDs.

Plus500AU Pty Ltd. (the "AU subsidiary", "Plus500AU") is a subsidiary of the Company with its main office located in Sydney, Australia. Plus500AU has an Australian Securities and Investments Commission ("ASIC") license.

Plus500CY Ltd. (the "CY subsidiary", "Plus500CY") is a subsidiary of the Company with its main office located in Limassol, Cyprus. Plus500CY has a Cyprus Securities and Exchange Commission ("CYSEC") license.

Plus500IL Ltd. (the "IL subsidiary", "Plus500IL") is a subsidiary of the Company located in Israel with its main offices in Tel Aviv. The IL subsidiary is in process of obtaining license from the Israeli Securities Authority ("ISA") in order to offer CFDs to Israeli customers.

Plus500BG EOOD (the "BG subsidiary", "Plus500BG") is a subsidiary of the Company located in Sofia, Bulgaria. The BG subsidiary provides operational services and it is not regulated.

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 – BASIS OF PREPARATION**

These condensed consolidated interim financial statements for the six months ended 30 June, 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December, 2015, which have been prepared in accordance with IFRS.

This condensed consolidated interim financial information is reviewed and not audited.

#### **NOTE 3 – ACCOUNTING POLICIES**

Significant accounting policies and computation methods used in preparing the interim financial information are consistent with those used in preparing the 2015 annual financial statements, except for the following:

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

**Plus500 LTD.**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**NOTE 4 – DIVIDEND**

The amounts of dividends and the amounts of dividends per share for the years 2015 and 2016 declared and distributed by the Company's Board of Directors are as follows:

<u>Date of declaration</u>	<u>Amount of dividend in thousands of \$</u>
24 February 2015 (audited)	65,005
23 November 2015 (audited)	24,368
16 February 2016 (unaudited)	72,196

On 16 February 2016 the Company declared an interim dividend in amount of \$ 72,196 thousands (\$0.6284 per share). The dividend was paid to shareholders on 11 May 2016.

The dividends paid in the six months ended 30 June 2016 and in the year ended 31 December 2015 amounted to \$96,564 (along with dividend declared on 23 November 2015 in the amount of \$24,368 and paid to shareholders on 29 February 2016).

**NOTE 5- EARNINGS PER SHARE**

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.

	<u>Six months ended 30 June</u>		<u>Year ended 31 December</u>
	<u>2016</u>	<u>2015</u>	<u>2015</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>U.S. dollars in thousands</u>		
Profit attributable to equity holders of the Company (In U.S dollars)	<u>44,500,000</u>	<u>40,617,000</u>	<u>96,567,000</u>
Weighted average number of ordinary shares in issue	<u>114,888,377</u>	<u>114,888,377</u>	<u>114,888,377</u>

**Plus500 LTD.**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**NOTE 6- TRADE PAYABLES- DUE TO CLIENTS**

	<b>30 June</b>		<b>31 December</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
Customers deposits, net*	72,758	57,867	41,290
Segregated client funds	(72,215)	(55,013)	(39,771)
	<u>543</u>	<u>2,854</u>	<u>1,519</u>

\* Customers deposits, net are comprised of the following:

	<b>30 June</b>		<b>31 December</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
	<b>U.S. dollars in thousands</b>		
Customers deposits	84,430	65,931	47,469
Less- financial derivative open positions:			
Gross amount of assets	(17,257)	(11,175)	(8,982)
Gross amount of liabilities	5,585	3,111	2,803
Customers deposits, net	<u>72,758</u>	<u>57,867</u>	<u>41,290</u>

As of 30 June 2016, 2015 and 31 December 2015 the total amount of trade payables due to clients includes bonuses to the clients from all of the subsidiaries.

**NOTE 7- SUBSEQUENT EVENTS**

In 2 September 2016 the Company declared an interim dividend in amount of \$26,700 thousands (\$0.2324 per share).