Plus500

World's Trading Machine

PLUS500 PRELIMINARY RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015

17 February 2016

Plus500 Limited
("Plus500" or "the Company")

Preliminary Unaudited Results for the year ended 31 December 2015

Plus500, a leading international online trading platform provider for retail customers to trade CFDs, announces its preliminary unaudited results for the year ended 31 December 2015.

Financial Highlights:

	2015	2014
Revenues	$275.6m	$228.9m
EBITDA[1]	$132.9m	$145.4m
EBITDA margin	48.2%	63.6%
Net profit	$96.6m	$102.5m
Earnings per share	$0.84	$0.89
ARPU	$2,019	$2,160
Operating cash flow	$128.1m	$141.1m
Year end net cash	$156.5m	$140.2m
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

- Strong revenue growth due to increase in New Customers[2] and Active Customers[3]
- Less than expected fall in EBITDA; additional marketing and regulatory costs partly mitigated by customer growth
- Total dividend represents a pay-out of 100% of net profit for the year ended 31 December 2015
- Dividend policy maintained at 60% pay-out ratio with payment of special dividends and flexibility to buyback shares

Operating highlights:

- Another record year of strong customer growth:
  - Active Customers increased 29% to 136,540 (FY 2014: 105,976)
  - New Customers increased 28% to 84,858 (FY 2014: 66,553)
- Plus500 is the second largest CFD provider in the UK[4]
- Product innovation: new financial instruments, new apps (Windows Phone, Apple Watch) and enhanced trading platform (over 65% of 2015 revenues and signups originated from mobile devices)
- Regulatory and compliance onboarding processes completed
- Board changes: Asaf Elimelech to be promoted to CEO; Gal Haber to be appointed to Managing Director

[1] EBITDA - Earnings before interest and taxes and depreciation and amortization
[2] Customers depositing for the first time ever during the period
[3] Customers who made at least one real money trade during the period
[4] Investment Trends report, July 2015

Current trading:

- Strong start to Q1 2016 with increased number of New Customers and Active Customers, revenues and EBITDA margin

---

Gal Haber, Chief Executive of Plus500, commented:

"We are pleased to announce a strong set of 2015 KPIs which reflect Plus500's high profile brand and its robust business model. Significant cash flows have enabled the declaration of substantial dividends despite the significant disruption to our business in May 2015, which required a remediation of our UK customer base and for the remainder of the year suspension of Plus500UK onboarding new customers.

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 compared to its competitors.

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.

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."

Enquiries

Plus500	
Elad Even-Chen, Finance Director, VP Business Development and Head of Investor Relations	+972 4 8189503 ir@Plus500.com
Liberum (NOMAD and broker)	
Clayton Bush, Christopher Britton, Josh Hughes	+44 20 3100 2222
MHP Communications	
Reg Hoare, Tim Rowntree, Kelsey Traynor, Charlie Bristow	+44 20 3128 8100

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 strengthening 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. 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.

The Company adopted a "business as usual" policy during the lengthy acquisition 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.

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.

Board and Management Changes

Asaf Elimelech will be promoted to joint Chief Executive Officer on 28 February 2016 and will work alongside Gal Haber for the period to 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, freeing up 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.

Asaf Elimelech currently serves 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.

The Company confirms that in relation to the appointment of Asaf Elimelech, there is no further information to be disclosed under paragraph (g) of Schedule 2 of the AIM Rules for Companies save as disclosed below:

Asaf Elimelech (aged 35) currently serves as a director of Plus500UK Limited, Plus500AU PTY. LTD, and Plus500IL Ltd. Mr. Elimelech holds 1,000,000 ILS Share Appreciation Rights in relation to Plus500 shares with a base price of £3.89 to be paid out in cash subject to a maximum payout of 4,000,000 ILS. The payout date will be the earlier of (i) 3 January, 2018 (two years after the date of grant) and (ii) the date of a change of control.

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 and 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 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].

	3 months to 31 Dec*		**% Growth**	**Full Year**	**Full Year**	**% Growth**
	2014	**2015**		2014	**2015**	
Revenue	$66.5m	$67.7m	2%	$228.9m	$275.6m	20%
Number of New Customers[1]	19,032	15,594	-18%	66,553	84,858	28%
Number of Active Customers[2]	50,550	49,006	-3%	105,976	136,540	29%
ARPU[3]	$1,315	$1,382	5%	$2,160	$2,019	-7%
AUAC[4]	$1,120	$1,591	42%	$921	$1,227	33%

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 New Customers, including more high value customers. 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 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 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 this and future periods though all such marketing initiatives are immediately expensed.

[1] A customer who has deposited real money into their own account for the first time
[2] A customer who makes at least one trade using real money on the trading platform during the relevant period
[3] Average revenue per active user
[4] Average new user acquisition cost
* Unaudited

[5] Investment Trends report, July 2015

Operational Review

The Company's primary market is offering retail clients the ability to trade CFDs in global equities, indices, commodities, options, ETFs and FX. 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.

Offline, the sponsorship agreement with Spanish football Club Atlético Madrid, is accelerating and delivering brand building benefits to the business. Plus500 is now the main sponsor for the 2016/17 season.

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 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 efficiency of the hedging systems.

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 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, 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 its 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.

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 instruments, 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 and all IP in the platform belongs to the Company.

Financial Review

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 from its results. The Company expect to 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.

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 balances 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.

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).

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 buyback option has not been activated. The Board will consider whether there is a need for 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 to propose a final dividend in respect of 2015 together with an additional distribution by way of a special dividend.

The Board is therefore 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). The ex-dividend, record and payment dates of this special dividend will be as for the final dividend noted above.

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 today 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).

Outlook

The Company has entered 2016 as an independent company with record client numbers. There has been a good start to the year with market volatility attracting both strong revenues and New Customers with an improved EBITDA margin. The Board now looks forward to maintaining this momentum and achieving strong growth for the year as a whole in excess of market expectations.

In 2015, the Company has grown the number of higher value Active Customers who open multiple positions; this increase is expected to continue in 2016. The Company will continue to expand its customer base primarily through online marketing as well as invest through offline channels such as the main sponsorship of Atlético Madrid Football Club.

Plus500 will seek to continue to maintain its technological lead and high mobile penetration through innovation and ongoing development to give its customers ease of access to its platforms whether via mobile, tablet, PC or wearable devices. In 2015, the Company enjoyed great success from supporting new devices such as the Windows Phone and Surface tablets and the launch of different features over the year; in 2016, the Company plans to expand its mobile offering, and hopes to achieve similar success.

The increase in the number of instruments available to trade, such as new option CFDs, also contributed to growth in 2015. The Directors believe that the wide variety of instruments it offers is essential to retaining its clients and it will continue to increase the number of instruments available to trade.

The Company is currently licensed in three jurisdictions and, in line with its peers, it will continue to add new licenses across further geographies to the benefit of its customers as well as the Company.

Plus500's regulatory, compliance and onboarding processes have been significantly enhanced and have passed stringent reviews. The Board is committed to ensuring these high standards are maintained.

As a result of the initiatives above, the Board believes that the Company's momentum will continue, resulting in sustained strong revenue growth in 2016 with improved margins.

[Left intentionally blank for hard copy printouts]

Plus500 Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of 31 December	
	2015	**2014**
	U.S. dollars in thousands	
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	156,497	139,164
Short-term bank deposit	38	1,037
Restricted deposits	181	69
Accounts receivable	9,761	3,927
Income tax receivable	227	-
	166,704	144,197
NON-CURRENT ASSETS:		
Long term restricted deposit	24	-
Property, plant and equipment	1,977	1,557
Intangible assets	92	57
Deferred income taxes	173	495
	2,266	2,109
T o t a l assets	168,970	146,306
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES:		
Trade payables – due to clients	1,519	5,885
Other accounts payable and accruals:		
Service supplies	13,391	7,831
Other	3,480	2,382
Income tax payable	7,972	19,579
Share-based compensation	372	-
Dividend	24,368	-
	51,102	35,677
NON-CURRENT LIABILITIES -		
Share-based compensation	214	169
EQUITY:		
Ordinary shares	317	317
Share premium	22,220	22,220
Retained earnings	95,117	87,923
T o t a l equity	117,654	110,460
T o t a l equity and liabilities	168,970	146,306

Plus500 Ltd.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	**2014**
	U.S. dollars in thousands	
TRADING INCOME	275,651	228,865
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:		
Selling and marketing	125,413	75,170
Administrative and general	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	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)	0.84	0.89

Plus500

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

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	(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

APPENDICES CONSOLIDATED STATEMENT OF CASH FLOWS

APPENDIX A:

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
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: not-cash transactions

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

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, indexes, commodities and foreign exchange.

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

Plus500UK Limited (hereafter – UK Subsidiary or Plus500UK) is 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 licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software licenses. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

n. Dividends

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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:

a) 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 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.

b) 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

c) 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.

d) 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 - 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 will be 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 4- 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.

	Year ended 31 December	
	2015	2014
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

Plus500

World's Trading Machine