World's Trading Machine

PLUS500 PRELIMINARY RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2017

14 February 2018

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

Record Preliminary Unaudited Results for the year ended 31 December 2017

Plus500, a leading international online trading platform provider for retail customers to trade Contracts for Difference ("**CFDs**"), is pleased to announce preliminary unaudited results for the year ended 31 December 2017.

Financial Highlights:

	2017	2016	Change
Revenues	$437.2m	$327.9m	33%
EBITDA[1]	$259.2m	$151.0m	72%
EBITDA Margin	59.3%	46.0%	29%
Net Profit	$199.7m	$117.2m	70%
Earnings Per Share	$1.75	$1.02	72%
ARPU[2]	$1,379	$2,103	(34%)*
AUAC[3]	$474	$1,195	(60%)
Cash Generated from Operations	$278.7m	$153.3m	82%
Year-end Net Cash	$241.8m	$136.5m	77%
Dividends Per Share (cents)			
• Interim	$0.2388	$0.2324	
• Final	$0.8129	$0.3799	
• Special	$0.635	$0.2729	
• Total	$1.6867	$0.8852	91%
Dividend Pay-out ($m)			
• Interim	$27.2m	$26.7m	
• Final & Special	$164.9m	$75.0m	
• Total	$192.1m	$101.7m	89%
Share Buyback Programmes executed	$7.5m	-	-
Total Returns to Shareholders	$199.6m	$101.7m	96%

- Record year of strong revenue growth due to increased New Customers[4] and Active Customers[5];
  - 76% revenues from Europe;
  - Cryptocurrency CFDs trading represented less than 15% of total revenues;
  - Over 75% of revenues derived from mobile devices;
- Financial performance ahead of expectations:
  - EBITDA ahead of expectations reflecting improved margin and operational leverage;

[1] EBITDA - Earnings before Interest, Taxes, Depreciation and Amortization
[2] ARPU - Average Revenue Per Active User
[3] AUAC - Average New User Acquisition Cost
[4] Customers depositing for the first time ever during the period
[5] Customers who made at least one real money trade during the period
* Due to the significant increase in the amount of New Customers in Q4 2017 (150,573)

- Year-end net cash ahead of expectations reflecting strong cash generation;

- Significant capital returns to shareholders during the period:
  - Total of $199.6 million being returned to shareholders, consisting of an interim dividend of $27.2 million, a final dividend of $92.6 million, a special dividend of $72.3 million and a share buyback programme of $7.5 million which was executed during 2017;
  - Together the dividends and buyback represent a total pay-out of 100% of net profit for 2017

Operating Highlights:

- Customer growth ahead of expectations, reflecting effective marketing and robust business model:
  - Active Customers increased 103% to 317,175 (FY 2016: 155,956), due to the positive effect of New Customers trading for the first time;
  - New Customers increased 136% to 246,946 (FY 2016: 104,432);
  - Churn decreased in H2 2017 and reflected increased customer activity;
- Development of ARPU and AUAC as expected:
  - ARPU lower due to dilution from significant customer recruitment in Q4 2017;
  - AUAC lower due to efficient and successful marketing strategy and popularity of our cryptocurrency CFDs offering which attracted new customers mainly in Q4 2017;
- The Company's broad offering enables customers to participate in the volatility of multiple cryptocurrencies, without owning the underlying asset. Plus500 remains focused on risk management which includes setting appropriate risk and leverage for all the instruments traded on its platform;
- Continue to build international presence and diversify revenues through new licences in South Africa and Singapore adding to existing licences in UK, Australia, Cyprus, New Zealand and Israel;
- Maintained leadership positions:
  - Second largest CFD provider in the UK[6];
  - Best rated mobile platform among CFD traders in Australia[7];
  - Leadership in technology and product innovation:
    - a true omni-channel trading experience allowing access to information and trading across PC, web, tablet, mobile or wearable platforms in a device-agnostic manner;
    - over 75% of our revenues and signups originate in mobile devices, reflecting the Group's high speed of innovation compared to our competitors;
    - maintained its lead as being the highest rated app in its sector by customers on both Apple's AppStore and Google's Play Store;
- Increased international brand awareness having renewed partnerships as official main sponsors of Club Atlético de Madrid and the Plus500 Brumbies.

Regulatory Outlook:

- Continued to make necessary changes to comply with regulatory updates:
  - Welcomed and aligned with many of the changes proposed by regulators, which the Board believes will enhance the CFD trading landscape;

[6] Investment Trends UK Leverage Trading Report, 2017
[7] Investment Trends AU CFD Report, 2017

- ESMA and FCA proposals still not concluded; subject to the application of the proposed measures, the Board believes the proposals are unlikely to have a material adverse effect on the Group's business, thanks to its highly flexible business model;
- Customer support and Compliance personnel on a Group basis increased by c.80 employees to c.240 employees during the year.

Current Trading:

- Record financial KPIs in the early weeks of Q1 2018. Accordingly, the Board expects revenues for the year ended 31 December 2018 to be significantly ahead of market expectations.
- New Customer acquisition continues to be strong in the new financial year compared to the average monthly performance in 2017;
- Expect to broaden global footprint and continue to diversify revenues including adding further new licences to those recently announced.

Asaf Elimelech, Chief Executive of Plus500, commented:

"We are pleased to announce record annual results which have demonstrated the significant operational leverage inherent in our business model. Our continued focus on serving our customers' trading needs through product innovation and technology leadership, combined with our successful marketing activity, has led to strong new customer sign ups, reduced churn in the second half and increased customer activity.

Plus500 retains operating licences and is regulated in the United Kingdom, Australia, Cyprus, New Zealand, Israel, South Africa and Singapore, providing a strong foundation and diversification of revenues in an ever-evolving regulatory environment.

Our safe and secure trading platform already incorporates a number of the trading controls that regulators are seeking to introduce: we were among the first to offer a trading platform where customers cannot lose more than their account balance, and in 2017, as in 2016 and 2015, there was no net gain from market P&L. The latter reflects the efficiency of our internal risk management systems and we believe it meets the expectations of the regulators that aim to prevent industry participants from being dependent on client losses. Indeed, our revenues continue to be principally derived from spreads and overnight charges.

We will continue to make the necessary adjustments to comply with regulatory changes as they are announced. Whatever the final outcome of the current ESMA and FCA proposals is, we will implement them in full and adapt accordingly.

We continue to have a highly flexible business model, a lean cost structure and geographically diversified revenues and operations that help mitigate the impact of regulatory changes on our financial performance. Overall, we anticipate that the industry will consolidate around a smaller number of larger participants, of which we believe Plus500 will be amongst the leaders.

We are confident we can continue to develop our business and expand into new markets whilst successfully incorporating regulatory changes with minimal disruption. Our strong balance sheet, cash generative business model, geographic diversification and competitive market position are expected to enable us to provide strong shareholder returns despite continuing short term regulatory uncertainty."

Enquiries

Plus500
Elad Even-Chen, Chief Financial Officer | +972 4 8189503 | ir@Plus500.com

Liberum (NOMAD and broker)
Clayton Bush, Neil Elliot, Josh Hughes | +44 20 3100 2222

Berenberg (Joint Broker)
Chris Bowman, Mark Whitmore | +44 20 3207 7800

MHP Communications
Reg Hoare, Tim Rowntree, Kelsey Traynor | +44 20 3128 8100 | Plus500@mhpc.com

About Plus500

Plus500 operates an online trading platform for customers to trade CFDs internationally over more than 2,200 different underlying global financial instruments comprising equities, indices, commodities, options, ETFs, cryptocurrencies and foreign exchange. Retail customers of Plus500 can trade CFDs in more than 50 countries and in 32 languages. The trading platform is also accessible from multiple operating systems (Windows, smartphones (iOS, Android and Windows Phone), tablets (iOS, Android and Surface), Apple Watch and web browsers).

Plus500 retains operating licences and is regulated in the United Kingdom, Australia, Cyprus, New Zealand, Israel, South Africa and Singapore. Customer care is integral to Plus500: customers cannot be subject to negative balances and there are no commissions on trades. Plus500 does not utilise cold calling techniques and does not offer binary options. A free demo account is available on an unlimited basis for platform users and sophisticated risk management tools are provided free of charge to manage leverage and stop losses to help customers protect profits and limit capital losses.

www.plus500.com

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

Introduction

The Company is delighted to announce a strong set of financial results for 2017 which reflect the strength of Plus500's brand and business model. We have reported another record year in terms of the two most important measures, revenue and EBITDA, which were driven by strong growth in New and Active Customers - we are the leader in customer growth in our industry[8].

The Board remains committed to ensuring high standards of regulatory compliance and adopting changes required by regulators. During the year, the Group has undertaken significant work on enhancing and adjusting its regulatory compliance in line with new requirements that our regulators have published. In terms of potential financial impact, the most significant statement was by the European Securities and Markets Authority ("**ESMA**") in December 2017 and its subsequent "call for evidence" in January 2018, which proposed measures to restrict the marketing, distribution and sale of CFDs to retail clients.

Plus500 welcomes the strong regulatory framework that this is expected to bring to the industry. As the final rules have not yet been published, it is difficult to assess the potential impact of the proposed measures. However, the Board believes that subject to the final ESMA and the national competent authorities ("**NCA's**") set of rules, the implementation of the proposed measures is unlikely to have a material adverse effect on the Group's business. It is confident that Plus500, as an industry leader with the financial and operational resources to invest and innovate, will become a stronger business with an enhanced competitive position as a result.

Overview

Plus500 is pleased to report another year of strong revenue and profit growth in 2017 and high levels of customer growth and activity as set out in the table below.

The Company successfully maintained its position as the second largest CFD provider in the UK[9] for the fourth year in a row.

	3 months to 31 Dec*		% Growth	Full Year	Full Year	% Growth
	2017	2016		2017*	2016	
Revenues	$132.3m	$91.6m	44%	$437.2m	$327.9m	33%
Number of New Customers	150,573	22,420	572%	246,946	104,432	136%
Number of Active Customers	223,864	71,721	212%	317,175	155,956	103%
ARPU	$591	$1,277	(54%)	$1,379	$2,103	(34%)
AUAC	$284	$742	(62%)	$474	$1,195	(60%)

* Unaudited

The increase in revenues was derived from the increase in New and Active Customers. Relative to the increase in New and Active Customers, revenues increased at a slower rate due to customer growth being skewed to the fourth quarter of 2017. These New and Active Customers are expected to contribute more fully to revenues in 2018.

ARPU fell over the year due to the large number of New Customers acquired during the year and particularly in the fourth quarter, and who therefore only traded for a few weeks thus contributing

[8] According to publicly available information of listed companies

[9] Investment Trends UK Leverage Trading Report, 2017

relatively modest revenues, substantially diluting the average for the year. The Company estimates that the underlying ARPU, adjusting for the impact of these customers, was similar to the prior year.

The substantial decrease in AUAC resulted from the large increase in New Customers in the fourth quarter. The interest in cryptocurrencies provided significant momentum to New Customer sign ups and therefore resulted in our marketing spend being much more efficient, especially in the latter part of the year, substantially reducing the average for the year as a whole.

Operational Review

The Company's primary market is offering retail clients a platform to trade CFDs in global equities, indices, commodities, options, ETFs, cryptocurrencies and foreign exchange. The Company has increased its revenue through a combination of an efficient online-focused customer acquisition strategy and its easy-to-use trading platform. The expansion of the 24/7 live chat feature has reduced response times, which contributed to an increased satisfaction rate among customers. This is reducing churn and increasing the longevity of customers, and ultimately their lifetime value.

The increased market volatility as a result of the geo-political situation in Europe, as well as the changing global macro environment, has led to particularly strong trading in CFDs referencing commodities, equity instruments and cryptocurrencies. The increasing interest in the price movements and volatility of the latter resulted in both existing and new traders participating in these emerging markets as they were able to take part in a volatile market without the need to purchase the actual underlying cryptocurrency with its associated risks.

The Group's flexible business structure and in-house technology capabilities enable it to react rapidly and efficiently to such market trends and to offer its customers the opportunity to trade CFDs on emerging financial instruments. In the case of cryptocurrencies in 2017 this has included Bitcoin, Bitcoin Cash, Ethereum, Litecoin, Ripple and IOTA. This broad offering resulted in an increase in Active Customers and a stimulus to New Customer sign ups.

The Company's robust risk and credit controls (that do not enable its customers to lose more than their account balance) also ensured a well-managed risk outcome for the Company. Overall, while cryptocurrency trading represented less than 15% of total Group revenues, the interest in these instruments provided a boost to interest in CFD trading as a whole. This resulted in a significant increase in New Customers, mostly from well-established Western European and Australian markets. It has also been notable that these customers have traded the more traditional financial instruments as well as cryptocurrencies, implying that these newer customers will continue to trade even if cryptocurrencies lose favour.

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, derived from a combination of gaining market share and attracting first time traders. Offline, the sponsorship agreement with Spanish football club, Atlético Madrid, is accelerating and delivering brand building benefits to the business. Plus500 has extended this sponsorship agreement as the main sponsor for at least three more seasons. In addition, Plus500 has renewed its official sponsorship for a further three seasons with the Plus500 Brumbies, one of the leading Australian rugby union teams, who compete in the high profile international Super Rugby competition. These two official sponsorships extend the Company's strategy of increasing Plus500's brand recognition and expanding the Company's customer base globally in line with its strategy of adding licences in new territories.

Risk Management Framework

Plus500's target audience is exclusively individual customers and the platform is not available to institutional or corporate traders. Plus500 offers its customers sophisticated risk management tools to manage their trading positions and its customers cannot lose more than their account balance. As a result, Plus500 is less vulnerable to dependency on large customers as no single customer contributed more than 0.4% of total revenue in 2017.

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 combination of limits and internal hedging tools to ensure risk is managed by having a very large number of small customers; monitoring exposure limits (by client, instrument and total exposure), with the ability to cap trades and hedge once limits are reached. Credit risk is limited by having all customers pre-fund their account, as well as a margin close-out policy, to minimise unfunded customer losses. In addition, Plus500 does not offer CFDs in less liquid instruments, such as small cap stocks, which also limits its risk exposures.

The worst and best daily financial performance in 2017 were a loss of $4.07 million and profit of $10.48 million respectively. The average daily revenue in 2017 was $1.17 million.

In 2017, as in 2016 and 2015, overall there were no net gains from market P&L, thus Plus500 earned the vast majority of its revenues from trading spreads, and overnight charges rather than from client trading losses. This reflects the efficiency of its risk management systems and meets the expectations of the regulators which aim to prevent industry participants from being dependent on client losses.

Regulation

Overview

The Board views the regulated status of the Group's subsidiaries as one of its most important assets. It therefore welcomed many of the regulatory changes introduced in 2017 and being proposed for 2018. Plus500 believes that regulators' changes are particularly impacting the long tail of smaller industry operators, cross-border service providers, unauthorised operators and investment scams and that their actions will raise barriers to entry into the industry, resulting in a smaller number of larger operators of which Plus500 intends to be amongst the leaders both in size and in quality of service to customers. The regulators have also targeted the binary options industry, in which Plus500 has never participated.

During the year, Plus500 continued to put a strong emphasis on managing and enhancing its regulatory compliance following the significant investment made in prior years. This has been accelerated by the need to make the necessary adjustments that arose from the changes which were announced during the year by a number of regulators; various notices were issued with respect to limitations that will be applied to respective CFD markets, as part of the preparation of the implementation of MiFID II which entered into force in January 2018. Plus500 recruited 80 additional employees during the year to support these changes, taking its customer support and compliance team to around 240 employees by the year end. Investments in staff and processes allowed us to handle customer recruitment in the fourth quarter.

ESMA and FCA proposals

On a pan-European level, ESMA published a statement on December 2017 which was followed by a "call for evidence" on 18 January 2018 on the potential use of its MiFID II product intervention powers in relation to the sale of CFDs and binary options to retail investors. In this call for evidence, ESMA has proposed measures to restrict the marketing, distribution and sale of CFDs to retail clients, including the introduction of: (i) leverage limits on the opening of a position, ranging from 30:1 to 5:1 according to the volatility of the underlying assets; (ii) a margin-close out rule on a position by position basis (that will ensure clients' positions are automatically closed when they fall below 50% of initial margin); (iii) negative balance protection, providing an overall guaranteed limit on retail client losses; (iv) a restriction on the use of incentives for trading being offered by CFD providers; and (v) standardised risk warnings. Furthermore, ESMA also noted in the call for evidence that it was considering how CFDs on cryptocurrencies fit within the MiFID II legislation and indicated that it may consider applying lower leverage limits to such CFDs or applying other stricter measures.

During June and December 2017 and January 2018, the UK Financial Conduct Authority ("**FCA**"), being the NCA for the UK, released statements announcing that it had decided to delay making final conduct rules for UK firms providing CFDs to retail clients, pending the outcome of ESMA's review referred to above. The FCA stated it supports ESMA in its consideration of potential EU-wide product intervention.

Plus500 welcomed these statements and the strong regulatory framework that will be implemented. Although the public consultation process has not yet concluded and the text (and therefore exact application) of any resulting product intervention measures has not yet been published, Plus500 expects that some or all of the proposed measures may be introduced substantively in the form proposed in the call for evidence. In some respects, Plus500 will not be impacted; for example, the Group has never offered binary options and has always provided negative balance protection to all customers across all its product offerings in all its markets, as a core principle of its business model. In addition, the Group has a maintenance margin level which enables its customers to have additional protection and does not use bonus schemes for the majority of its operations. As such, and considering the Group's global diversification of seven licences in other jurisdictions, its strong product offering and flexible technology, the introduction of the proposed measures is unlikely to have a material adverse effect on the Group's business, subject to the final ESMA and each NCA's set of rules.

New licences

During 2017, the Group's Australian subsidiary was granted a licence as a financial services provider by the South African regulator, the Financial Services Board ("**FSB**"). In February 2018, the Group added another licence to its portfolio following the grant of a financial services provider licence provided by the FSB to its South African subsidiary. In addition, the Group was also granted a capital markets services licence in 2017 by the Singapore regulator, the Monetary Authority of Singapore, which was subsequently supplemented in February 2018 by a commodity broker's licence from International Enterprise Singapore, allowing the offering of commodity based CFDs in Singapore.

The award of these new licences, alongside the existing UK, Cyprus, Australian, New Zealand and Israeli ones, demonstrates the Company's international presence, robust trading platform and its continued focus on best practice regulatory compliance.

For the future, the Company's strategy is to continue to seek additional regulatory approvals in jurisdictions that represent attractive commercial opportunities and where it can take advantage of its already well recognised brand. This will enable it to further continue to diversify its geographical spread of revenues.

Research and Development

The Company continued to invest in R&D in order to maintain its competitive advantage and its ability to be first to market with new products and platform enhancements. The trading platform has been developed in-house and is based on proprietary technology that does not rely on third party software suppliers and is supported solely by its internal technical expertise. The Board believes this is a significant competitive advantage and barrier to entry. This structure contributes to expedited product development, such as advanced risk management tools and new financial instruments which were introduced during 2017. Further, it provides the Company with the ability to react quickly to dynamic market conditions (as evidenced by the Group's cryptocurrency offerings).

Additionally, 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.

During 2017, the Company has improved its 24/7 live chat which is available in ten languages, and its support has been significantly expanded to facilitate the increase in New Customers.

All developments are expensed as incurred and the Company is constantly working on further developments which are expected to improve customer sign up and reduce churn.

Financial Review

2017 was a record year of revenues for Plus500. Revenues totalled $437.2 million (FY 2016: $327.9 million) an increase of 33%. 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.

EBITDA in 2017 was $259.2 million (FY 2016: $151.0 million), an increase of 72%, with EBITDA margins increasing significantly from 46.0% in 2016 to 59.3% in 2017. Net profit for 2017 increased 70% to $199.7 million (FY 2016: $117.2 million). Earnings per share were $1.75 (FY 2016: $1.02).

SG&A expenses increased by only 0.7% to $178.7 million (FY 2016: $177.4 million), despite the 136% increase in the volume of New Customers with their associated related processing costs.

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 2017, the Company's financial expenses, amounted to net $5.1 million (FY 2016: financial income, net $1.5 million), the majority arising from foreign exchange and translation differences. 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 2017 were $271.6 million, an increase of 76% from $154.7 million in FY 2016; cash balances increased to $241.8 million (FY 2016: $136.5 million), despite the Company's dividend distribution (amounting to the payment of $102.2 million in 2017 compared to $123.3 million in 2016); and equity was $225.9 million (FY 2016: $136 million), representing approximately 83.2% 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. 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 2017 the Company generated $278.7 million of cash from operations (FY 2016: $153.3 million) resulting in cash and cash equivalent balances of $241.8 million at 31 December 2017 (FY 2016: $136.5 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 are maintained in dedicated and segregated accounts with tier one banks, and are subject to annual audit and certification in line with best practices; these amounted to $157.6 million (FY 2016: $62.4 million), and this growth reflected the increased number of customers.

Dividends

Every year the Board considers 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 (the Company's current policy is to pay out at least 60% of retained profits in each financial year as dividends to shareholders, including by way of share buybacks). The Board has undertaken buybacks in the past and has the power to implement them at short notice. It will continue to consider share buybacks taking into account market conditions, share price, trading volume and other factors.

Reflecting the above policy and the Company's strong financial position, in June 2017, the Board approved a programme to buy back up to US$10 million of the Company's Ordinary Shares. The buyback programme ran from 2 June 2017 to 31 August 2017 and was funded from the Company's net cash balances. In August 2017, the Board approved a second programme to buy back up to US$27.21 million of Ordinary Shares. The second buyback programme expired on 1 February 2018 and was also funded from the Company's net cash balances. The Company bought back 980,146 Ordinary Shares (or 0.9%) in the capital of the Company for an aggregate purchase price of $7.5 million pursuant to these buyback programmes. Shares were bought back at an average price of £5.98.

The Board has concluded that it is in shareholders' best interests to distribute 100% of 2017 net profits ($199.6 million) and therefore to propose a final dividend in respect of 2017 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 2017 of $0.8129 per share (final dividend 2016: $0.3799 per share), with an ex-dividend date of 22 February 2018, a record date of 23 February 2018 and a payment date of 23 July 2018. This makes a total dividend for the year of $1.0517 per share (total dividend for 2016: $0.6123 per share). This equates to a total dividend pay-out of $119.8 million or 60% of net profit for the year, in line with the Company's stated dividend policy of which $92.6m is being paid as a final dividend.

In addition to the above, the Board has declared a special dividend of $0.6350 per share (special dividend 2016: $0.2729 per share) amounting to a pay-out of $72.3 million (FY 2016: $31.4 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 $1.6867 per share (FY 2016: $0.8852 per share) amounting to a pay-out of $192.1 million (FY 2016: $101.7 million).

Total distributions to shareholders, including those declared today in the five year period since flotation, will be $530.9 million, which substantially exceeds the market capitalisation at flotation of $200 million.

Outlook

The Company has commenced 2018 with record financial KPIs and the Board now expects revenue for the year ended 31 December 2018 to be significantly ahead of market expectations.

Our continued investments in efficient online and offline marketing, are expected to ensure that we continue to add more new customers than the industry average. We do however anticipate AUAC will inevitably be higher in 2018, following an exceptionally efficient fourth quarter last year.

Plus500 will continue to invest to maintain its technological lead and high mobile penetration through innovation and development to give its customers ease of access to its platforms whether via mobile, tablet, PC or wearable devices. Following the recent grant of licences in South Africa and Singapore, we will continue to add new licenses across further geographies to increase our customer base by offering retail customers a safe and secure trading platform.

Plus500 is taking all necessary steps to comply with new regulatory requirements; the implementation of ESMA's consultation by European regulators is the most significant in terms of potential impact, although we are mindful that other regulators may also continue to make changes. Despite this regulatory uncertainty the Board believes that the Company's strong financial position, geographically well diversified revenues, advanced trading platform and its flexible, low cost business model, position it well to emerge a stronger business with an enhanced market position and are pleased by the excellent start to 2018.

The Company now has the largest number of Active Customers among its listed peers. The Board restates its strategic goal of Plus500 being the number one global listed CFD provider and remains confident of achieving this based on new market opportunities and our excellent current performance.

Plus500 Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of 31 December	
	2017	**2016**
	U.S. dollars in thousands	
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	241,854	136,481
Short-term bank deposit	228	37
Restricted deposits	422	356
Accounts receivable	7,696	9,690
Income tax receivable	17,190	4,147
	267,390	150,711
NON-CURRENT ASSETS:		
Long term restricted deposit	289	102
Property, plant and equipment, net	3,367	3,429
Intangible assets, net	84	113
Deferred income taxes	490	353
	4,230	3,997
Total assets	271,620	154,708
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES:		
Trade payables – due to clients	4,482	1,588
Other accounts payable and accruals:		
Service supplies	22,614	5,827
Other	12,108	7,083
Income tax payable	2,318	1,912
Share-based compensation	4,171	2,298
	45,693	18,708
EQUITY:		
Ordinary shares	317	317
Share premium	22,220	22,220
Treasury shares	(7,536)	-
Retained earnings	210,926	113,463
Total equity	225,927	136,000
Total equity and liabilities	271,620	154,708

Plus500 Ltd.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2017	**2016**
	U.S. dollars in thousands	
TRADING INCOME	437,238	327,927
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:		
Selling and marketing	156,001	157,277
Administrative and general	22,733	20,132
INCOME FROM OPERATIONS	258,504	150,518
Financial income	3,242	3,624
Financial expenses	8,388	2,160
FINANCING INCOME (EXPENSES) – net	(5,146)	1,464
INCOME BEFORE TAXES ON INCOME	253,358	151,982
TAXES ON INCOME	53,683	34,740
PROFIT AND COMPREHENSIVE INCOME FOR THE PERIOD	199,675	117,242
	In U.S. dollars	
EARNINGS PER SHARE (basic and diluted)	1.75	1.02

Plus500 Ltd.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary shares	Share premium	Treasury shares	Retained earnings	Total
			U.S. dollars in thousands		
BALANCE AT 1 JANUARY 2016	317	22,220	-	95,117	117,654
Profit and comprehensive income for the year				117,242	117,242
TRANSACTION WITH SHAREHOLDERS -					
Dividend				(98,896)	(98,896)
BALANCE AT 31 DECEMBER 2016	317	22,220	-	113,463	136,000
Profit and comprehensive income for the year				199,675	199,675
TRANSACTION WITH SHAREHOLDERS -					
Dividend				(102,212)	(102,212)
Acquisition of treasury shares			(7,536)		(7,536)
BALANCE AT 31 DECEMBER 2017	317	22,220	(7,536)	210,926	225,927

Plus500 Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2017	**2016**
	U.S. dollars in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash generated from operations (see Appendix A)	278,683	153,294
Income tax paid – net	(66,514)	(44,548)
Interest (paid) received, net	(191)	161
Net cash provided by operating activities	211,978	108,907
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of deposits	(218)	-
Purchase of restricted deposits	(203)	(253)
Purchase of property, plant and equipment	(593)	(1,905)
Purchase of intangible assets	(10)	(47)
Net cash used in investing activities	(1,024)	(2,205)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend paid to equity holders of the Company	(102,212)	(123,264)
Acquisition of treasury shares	(7,536)	-
Net cash used in investing activities	(109,748)	(123,264)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	101,206	(16,562)
Balance of cash and cash equivalents at beginning of year	136,481	156,497
Gains (Losses) from exchange differences on cash and cash equivalents	4,167	(3,454)
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR	241,854	136,481

Plus500 Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

APPENDICES CONSOLIDATED STATEMENT OF CASH FLOWS

APPENDIX A:

	Year ended 31 December	
	2017	**2016**
	U.S. dollars in thousands	
Cash generated from operations -		
Net income for the period	199,675	117,242
Adjustments required to reflect the cash flows from operating activities:		
Depreciation and amortization	694	479
Taxes on income	53,683	34,740
Interest and foreign exchange (gains) losses on operating activities	(3,942)	2,942
	50,435	38,161
Operating changes in working capital:		
Decrease in accounts receivable	1,994	71
Increase in trade payables-due to clients	2,894	69
Increase (decrease) in other accounts payable:		
Service supplies	16,787	(7,564)
Other	2,326	3,603
Liability for share-based compensation	5,472	2,544
Settlement of share-based compensation	(900)	(832)
	28,573	(2,109)
Cash flows from operating activities	278,683	153,294

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, cryptocurrencies and foreign exchange.

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

Plus500UK Limited (hereafter - "UK Subsidiary", "Plus500UK") is a subsidiary of the Company with its main offices located in London, UK. Plus500UK is regulated by the Financial Conduct Authority ("FCA") and is licensed to offer CFDs.

Plus500AU Pty Ltd (hereafter - "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, a license by the New Zealand regulator, the Financial Markets Authority ("FMA") and a licence from the South African regulator, the Financial Services Board ("FSB") to offer CFDs.

Plus500CY Ltd (hereafter - "CY Subsidiary", "Plus500CY") is a subsidiary of the Company with its main offices located in Limassol, Cyprus. Plus500CY has a Cyprus Securities and Exchange Commission ("CySEC") license to offer CFDs.

Plus500IL Ltd (hereafter - "IL Subsidiary", "Plus500IL") is a subsidiary of the Company with its main offices located in Tel Aviv, Israel. Plus500IL is regulated by the Israeli Securities Authority ("ISA") and is licensed to offer CFDs.

Plus500BOS EOOD (hereafter - "BG Subsidiary", "Plus500BG") is a subsidiary of the Company located in Sofia, Bulgaria. Plus500BG provides only operational services and it is not regulated.

Plus500SG Pte Ltd (hereafter - "SG Subsidiary", "Plus500SG") is a subsidiary of the Company with its main offices located in Singapore. Plus500SG is regulated by the Monetary Authority of Singapore ("MAS") and is licensed to offer CFDs.

Plus500SA Pty Ltd (hereafter - "SA Subsidiary", "Plus500SA") is a subsidiary of the Company with its main offices located in South Africa. Plus500SA is regulated by the Financial Services Board ("FSB") and is licensed from February 2018 to offer CFDs.

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 2017 and 2016 and for each of the two years for the period ended on 31 December 2017 are in compliance with International Financial Reporting Standards that consist of standards 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.

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

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)".

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	6-33
Leasehold improvements	10

Leasehold improvements are amortized by the straight-line method over the terms of the lease (ten 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 financial assets and financial liabilities held for trading. 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, or presented with, 'Customer Deposits' within 'Trade payables due to clients' (see note 2j) in the consolidated 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', '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 consolidated 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 consolidated statements 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.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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, except BG Subsidiary, hold 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), NZ Financial Market Authority (FMA), Israel Securities Authority (ISA), South Africa Financial Services Board (FSB) and the Singapore Monetary Authority of Singapore (MAS), 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. Other 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.

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

j. Trade payables – due to clients

As part of its business, the Group receives from its customers deposits to secure their trading positions, held in segregated client money accounts.

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, or presented with, 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 clients where the combination of customers 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 and the change in the fair value is recognized in the consolidated statements of comprehensive income.

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.

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

m. Trading income

Trading income is recognized when it is probable that economic benefits associated with the transaction will flow to the Group and the income 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 value and gains and losses arising on this valuation are recognized as trading income, 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.

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.

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

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 leases. 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:

1. New and amended standards adopted by the Group for the first time for the financial year beginning on or after 1 January 2017:
    a. IAS 7 Disclosure Initiative – Amendments to IAS 7

        The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group adopted the amendment prospectively.

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

r. New International Financial Reporting Standards, Amendments to Standards and New interpretations (continued):

b. IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

FRIC 23 clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted. The Group is currently evaluating the impact of adoption IFRIC 23 on its Financial Statements.

c. IFRS 2 Classification and Measurement of Share based Payment Transactions - Amendment to IFRS 2:

Amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions and non-vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.

The amendment is effective for annual periods beginning on or after 1 January 2018. The Group estimates that there will be no material impact on its financial statements.

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

r. New International Financial Reporting Standards, Amendments to Standards and New interpretations (continued):

2. New and amended standards not yet adopted by the Group for reporting periods starting 1 January 2017:

   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 uses 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. The Group will apply the new rules retrospectively from 1 January 2018 with the practical expedients permitted under the standard. Comparatives will not be restated. The Group estimates that there will be no material impact in the application of IFRS 9 on its financial statements.

   b. IFRS 15- "Revenue from Contracts with Customers" (hereafter- IFRS 15).
      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):

r. New International Financial Reporting Standards, Amendments to Standards and New interpretations (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 has explored the expected impact of IFRS 15 on its financial statements and concluded that the effect is not material.

c. IFRS 16 – "Leases" (hereafter – IFRS 16)

In January 2016, the IASB issued IFRS 16 - Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17 - Leases. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leases assets separately from interest on lease liabilities in the income statement. IFRS 16 is effective from January 1, 2019 with early adoption allowed only if IFRS 15 - Revenue from Contracts with Customers is also applied. The Group estimates that there will be no material impact in the application of IFRS 16 on its financial statements.

NOTE 3 - SHARE CAPITAL

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

	Number of shares 31 December	
	2017	**2016**
Authorized	300,000,000	300,000,000
Issued and fully paid	114,888,377	114,888,377
Less treasury shares*	980,146	-
Outstanding shares	113,908,231	114,888,377

* Number of shares that was bought by the Company as part of the buyback Programme.

The amounts of dividends and the amounts of dividends per share for the years 2017 and 2016 declared and distributed by the Company's Board of Directors are as follows:

Date of declaration	Amount of dividend in thousands of $
16 February 2016	72,196
2 September 2016	26,700
5 February 2017	75,000
4 August 2017	27,212

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	
	2017	**2016**
Profit attributable to equity holders of the Company (In U.S dollars)	199,675,000	117,242,000
Weighted average number of ordinary shares in issue	114,420,058	114,888,377

NOTE 5 - TRADE PAYABLES-DUE TO CLIENTS

	Year ended 31 December	
	2017	**2016**
	U.S. dollars in thousands	
Customers deposits, net*	162,047	63,956
Segregated client funds	(157,565)	(62,368)
	4,482	1,588

* Customers deposits, net are comprised of the following:

Customers deposits	188,401	83,580
Less- financial derivative open positions:		
Gross amount of assets	(45,694)	(25,902)
Gross amount of liabilities	19,340	6,278
	162,047	63,956

As of 31 December 2017 and 2016, the total amount of trade payables due to clients includes bonuses to the clients from all of the subsidiaries.

NOTE 6 - SUBSEQUENT EVENTS:

On 14 February 2018 the Company declared a final dividend in an amount of $92,592 thousand ($0.8129 per share). The dividend is due to be paid to the shareholders on 23 July 2018.

On 14 February 2018 the Company declared a special dividend in an amount of $72,333 thousand ($0.635 per share). The dividend is due to be paid to the shareholders on 23 July 2018.

Plus500

World's Trading Machine