

PLUS500UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Company Registration Number 07024970

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PLUS500UK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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PLUS500UK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2011

The board of directors	D I Sordo A L Welsh
Company secretary	CPA Audit Corporate Services Limited
Business address	359 Goswell Road London EC1V 7JL
Registered office	Talbot House 8-9 Talbot Court London EC3V 0BP
Auditor	RSM Tenon Audit Limited 66 Chiltern Street London W1U 4JT

PLUS500UK LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements of the company for the year ended 31 December 2011

Incorporation

The company was incorporated on 21 September 2009 and was granted authorisation to deal in certain financial products by the Financial Services Authority on 29th June 2010. The company commenced trading on that day.

Principal activities and business review

The principal activity of the company during the year was online trading in Contracts for Differences (CFDs).

The profit and loss account for the year is set out on page 7. As our first full trading year, 2011 was both momentous and successful for us, we are happy to report a pre tax profit of £1,037,672 (2010 loss £46,726). The loss reported for 2010 includes start up costs and the cost of obtaining approval from the Financial Services Authority. The directors believe that CFDs will continue to be one of the few financial products with growth potential in otherwise very difficult markets for traditional broking.

PLUS500UK Ltd ("Plus500") provides a low margin, tight dealing spread environment to a wide range of retail customers across 54 different countries in 34 languages via an on-line, proprietary trading platform. PLUS500's policy continues to be to manage its own customer experience which has proved a successful strategy as our trading platform is consistently ranked at the top of the industry league tables. Customers have the advantage of mobile trading, one-click trade execution and real-time charts. PLUS500 offers trading in a broad range of products including oil, gold, silver, Exchange-Traded Funds (ETFs), indices together with a wide range of individual equities and well as a multitude of currency pairs. During 2011 we broadened our offering with an additional 500 CFD products and we plan to continue to expand our product offering during 2012. We expect to continue to roll out our trading platform to new jurisdictions during 2012.

Technology is the backbone of our business and PLUS500 has invested substantially for the future using its experience of the on-line financial technology market. Our policy is to fund expansion from retained profits to ensure high standards of customer satisfaction. Our customer services function is outsourced to a specialist provider as good language skills are extremely important in supporting the trading platform.

Results and dividends

The profit for the year, after taxation, amounted to £774,948.

Dividends totalling £250,000 (£0.25p per share) were paid during the year and details can be found in note 7 to the accounts. The company remains debt free with growing cash resources and is in a strong position to achieve success in our market sector. Particulars of dividends paid are detailed in note 7 to the financial statements.

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Plus500 acts as principal and hedges its exposure to limit risk in volatile markets. This means the objectives of our customers and ourselves are aligned.

PLUS500UK LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2011

Directors

The directors who served the company during the year were as follows

D I Sordo
A L Welsh

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware

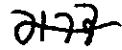
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

PLUS500UK LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2011

Auditor

The Company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 487(2) of the Companies Act 2006. Therefore, the auditors, RSM Tenon Audit Limited, will be deemed to be reappointed for each succeeding financial period.

Signed on behalf of the directors



D I Sordo

Director

Approved by the directors on 27/03/2012

PLUS500UK LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PLUS500UK LIMITED
YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of PLUS500UK Limited for the year ended 31 December 2011 on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PLUS500UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PLUS500UK LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2011

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Valerie Cazalet, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
66 Chiltern Street
London
W1U 4JT

4 April 2012

PLUS500UK LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2011

	Note	Year to 31 Dec 11 £	<i>Period from 21 Sep 09 to 31 Dec 10 £</i>
Turnover	2	18,085,952	1,004,177
Cost of sales		(7,926,969)	(159,558)
Gross profit		<u>10,158,983</u>	<u>844,619</u>
Administrative expenses		(9,131,109)	(892,702)
Operating profit/(loss)	3	<u>1,027,874</u>	<u>(48,083)</u>
Interest receivable		9,798	1,357
Profit/(loss) on ordinary activities before taxation		<u>1,037,672</u>	<u>(46,726)</u>
Tax on profit/(loss) on ordinary activities	6	(262,724)	-
Profit/(loss) for the financial year		<u><u>774,948</u></u>	<u><u>(46,726)</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 10 to 15 form part of these financial statements

PLUS500UK LIMITED
Registered Number 07024970

BALANCE SHEET

31 DECEMBER 2011

	Note	2011 £	£	2010 £	£
Current assets					
Debtors	8	629,980		156,862	
Cash at bank		7,453,368		1,748,831	
		<u>8,083,348</u>		<u>1,905,693</u>	
Creditors: Amounts falling due within one year	9	<u>(6,605,126)</u>		<u>(952,419)</u>	
Net current assets			<u>1,478,222</u>		<u>953,274</u>
Capital and reserves					
Called-up share capital	13		1,000,000		1,000,000
Profit and loss account	14		478,222		(46,726)
Shareholders' funds	15		<u>1,478,222</u>		<u>953,274</u>

These financial statements were approved by the directors and authorised for issue on 27/03/2012 and are signed on their behalf by


D I Sordo
Director

The notes on pages 10 to 15 form part of these financial statements

PLUS500UK LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2011

	Note	Year to 31 Dec 11		Period from 21 Sep 09 to 31 Dec 10	
		£	£	£	£
Net cash inflow from operating activities	16		5,944,739		747,474
Returns on investments and Servicing of finance					
Interest received			<u>9,798</u>	<u>1,357</u>	
Net cash inflow from returns on investments and servicing of finance			9,798		1,357
Equity dividends paid			(250,000)		-
Cash inflow before financing			<u>5,704,537</u>		<u>748,831</u>
Financing					
Issue of equity share capital			-	<u>1,000,000</u>	
Net cash inflow from financing			-		1,000,000
Increase in cash	16		<u>5,704,537</u>		<u>1,748,831</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Turnover

Turnover represents net trading income which comprises commissions earned on transactions in contracts for difference. Commissions are recognised as and when trades are completed

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account

Functional and presentation currency

The Financial Statements are presented in Pounds sterling, which is the Company's functional currency

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	Year to 31 Dec 11 £	<i>Period from 21 Sep 09 to 31 Dec 10 £</i>
United Kingdom	<u>18,085,952</u>	<u>1,004,177</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

	Year to 31 Dec 11 £	<i>Period from 21 Sep 09 to 31 Dec 10 £</i>
Accountancy fees	20,592	1,011
Auditor's remuneration		
- as auditor	12,000	12,000
- for other services	2,000	2,000
Net profit on foreign currency translation	<u>(246,640)</u>	<u>(27,294)</u>

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	Year to 31 Dec 11 No	<i>Period from 21 Sep 09 to 31 Dec 10 No</i>
Number of management staff	<u>2</u>	<u>2</u>

The aggregate payroll costs of the above were

	Year to 31 Dec 11 £	<i>Period from 21 Sep 09 to 31 Dec 10 £</i>
Wages and salaries	145,657	64,741
Social security costs	17,794	6,404
Other pension costs	12,000	-
	<u>175,451</u>	<u>71,145</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	Year to 31 Dec 11 £	<i>Period from 21 Sep 09 to 31 Dec 10 £</i>
Remuneration receivable	145,657	64,741
Value of company pension contributions to money purchase schemes	12,000	-
	<u>157,657</u>	<u>64,741</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	Year to 31 Dec 11 £	Period from 21 Sep 09 to 31 Dec 10 £
UK Corporation tax based on the results for the year at 26% (2010 - 28%)	<u>262,724</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26% (2010 - 28%)

	Year to 31 Dec 11 £	Period from 21 Sep 09 to 31 Dec 10 £
Profit/(loss) on ordinary activities before taxation	<u>1,037,672</u>	<u>(46,726)</u>
Profit/(loss) on ordinary activities by rate of tax	269,795	(13,083)
Effects of		
Expenses not deductible for tax purposes	2,026	-
Capital allowances for period in excess of depreciation	(1,838)	-
Utilisation of tax losses	(13,083)	-
Unrelieved tax losses	-	13,083
Tax chargeable at higher rate	5,824	-
Total current tax (note 6(a))	<u>262,724</u>	<u>-</u>

7 Dividends

Equity dividends

	Year to 31 Dec 11 £	Period from 21 Sep 09 to 31 Dec 10 £
Paid during the year		
Dividends on equity shares	<u>250,000</u>	<u>-</u>

8. Debtors

	2011 £	2010 £
Other debtors	616,444	141,393
Prepayments and accrued income	<u>13,536</u>	<u>15,469</u>
	<u>629,980</u>	<u>156,862</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

9. Creditors: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	4,255,860	905,631
Corporation tax	262,724	-
Other creditors	1,975,842	27,788
Accruals and deferred income	110,700	19,000
	<u>6,605,126</u>	<u>952,419</u>

10. Deferred taxation

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows

	Year to 31 Dec 11 £	Period from 21 Sep 09 to 31 Dec 10 £
Tax losses available	-	<u>13,038</u>

There is no deferred tax asset in the current year. The asset in 2010 was not recognised in accordance with FRS 19 due to the uncertainty of future trading profits. These have now been fully utilised.

11. Commitments under operating leases

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £	Land and buildings 2010 £
Operating leases which expire Within 1 year	-	<u>15,807</u>

12. Related party transactions

The company has taken advantage of the exemption under FRS 8 Related Parties to not disclose transactions with related parties on the basis that group accounts are prepared.

13. Share capital

Authorised share capital:

	2011 £	2010 £
4,975,000 Ordinary shares of £1 each	4,975,000	4,975,000
25,000 Ordinary Class 2 shares of £1 each	25,000	25,000
	<u>5,000,000</u>	<u>5,000,000</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

13. Share capital (continued)

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
975,000 Ordinary shares of £1 each	975,000	975,000	975,000	975,000
25,000 Ordinary Class 2 shares of £1 each	25,000	25,000	25,000	25,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

14. Profit and loss account

	Year to 31 Dec 11 £	Period from 21 Sep 09 to 31 Dec 10 £
Balance brought forward	(46,726)	-
Profit/(loss) for the financial year	774,948	(46,726)
Equity dividends	(250,000)	-
Balance carried forward	<u>478,222</u>	<u>(46,726)</u>

15. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit/(loss) for the financial year	774,948	(46,726)
New ordinary share capital subscribed	-	1,000,000
Equity dividends	(250,000)	-
Net addition to shareholders' funds	524,948	953,274
Opening shareholders' funds	953,274	-
Closing shareholders' funds	<u>1,478,222</u>	<u>953,274</u>

16. Notes to the cash flow statement

Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	Year to 31 Dec 11 £	Period from 21 Sep 09 to 31 Dec 10 £
Operating profit/(loss)	1,027,874	(48,083)
Increase in debtors	(473,118)	(156,862)
Increase in creditors	5,389,983	952,419
Net cash inflow from operating activities	<u>5,944,739</u>	<u>747,474</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

16. Notes to the cash flow statement (continued)

Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
Increase in cash in the period	<u>5,704,537</u>	<u>1,748,831</u>
Movement in net funds in the period	<u>5,704,537</u>	<u>1,748,831</u>
Net funds at 1 January 2011	<u>1,748,831</u>	–
Net funds at 31 December 2011	<u>7,453,368</u>	<u>1,748,831</u>

Analysis of changes in net funds

	At 1 January 2011 £	Cash flows £	At 31 December 2011 £
Net cash			
Cash in hand and at bank	<u>1,748,831</u>	<u>5,704,537</u>	<u>7,453,368</u>
Net funds	<u>1,748,831</u>	<u>5,704,537</u>	<u>7,453,368</u>