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PLUS500UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Company Registration Number 07024970

PLUS500UK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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PLUS500UK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2012

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 2012

The directors present their report and the financial statements of the company for the year ended 31 December 2012

Principal activities and business review

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

Plus500UK Ltd ("Plus500") provides a low margin, tight dealing spread environment to a wide range of retail customers across 55 different countries in 36 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. Plus500 offers trading in a broad range of products including oil, gold, silver, ETF's, indices together with a wide range of individual equities and well as a multitude of currency pairs. We plan to continue to expand our product offering during 2013. We currently have over 86,000 active customers globally accessing over 1,500 CFD products.

Technology is the backbone of our business and Plus500 has invested substantially for the future using its experience of the on-line gaming 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 element in supporting the Trading Platform.

2012 continued to build on the success of earlier years, we are happy to report a pre tax profit of £1,653,484 (2011 profit £1,037,672). The profit and loss account for the period is set out on page 6. The directors believe that CFD's will continue to be one of the few financial products with growth potential in otherwise very difficult markets for traditional broking.

Dividends totalling £300,000 (£0.30p per share) (2011 - £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.

The company considers the main financial key performance indicator to be client money deposited for trading and the non financial key performance indicator to be the number of customers.

Results and dividends

The profit for the year, after taxation, amounted to £1,248,425. Particulars of dividends paid are detailed in note 7 to the financial statements.

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 10 to the accounts.

Directors

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

D I Sordo
A L Welsh

PLUS500UK LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2012

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.

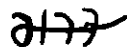
In so far as the directors are, individually, aware

- 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.

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 8 March 2013

PLUS500UK LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PLUS500UK LIMITED

YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of PLUS500UK Limited for the year ended 31 December 2012 on pages 6 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 2012 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 2012

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

Malcolm Pirouet, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

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

8 March 2013

PLUS500UK LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Turnover	2	27,199,639	18,085,952
Cost of sales		(10,491,322)	(7,926,969)
Gross profit		<u>16,708,317</u>	<u>10,158,983</u>
Administrative expenses		(15,084,693)	(9,131,109)
Operating profit	3	<u>1,623,624</u>	<u>1,027,874</u>
Interest receivable		29,861	9,798
Profit on ordinary activities before taxation		<u>1,653,485</u>	<u>1,037,672</u>
Tax on profit on ordinary activities	6	(405,060)	(262,724)
Profit for the financial year		<u>1,248,425</u>	<u>774,948</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 9 to 15 form part of these financial statements

PLUS500UK LIMITED
Registered Number 07024970

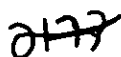
BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	£	2011 £	£
Current assets					
Debtors	8	833,579		629,980	
Cash at bank		8,635,586		7,453,368	
		<u>9,469,165</u>		<u>8,083,348</u>	
Creditors. Amounts falling due within one year	9	<u>(7,042,518)</u>		<u>(6,605,126)</u>	
Net current assets			<u>2,426,647</u>		<u>1,478,222</u>
Capital and reserves					
Called-up share capital	12		1,000,000		1,000,000
Profit and loss account	13		1,426,647		478,222
Shareholders' funds	14		<u>2,426,647</u>		<u>1,478,222</u>

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

8 March 2013



D I Sordo
Director

The notes on pages 9 to 15 form part of these financial statements

PLUS500UK LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2012

	Note	2012		2011	
		£	£	£	£
Net cash inflow from operating activities	15		1,833,166		5,944,739
Returns on investments and Servicing of finance					
Interest received		<u>29,861</u>		<u>9,798</u>	
Net cash inflow from returns on investments and servicing of finance			29,861		9,798
Taxation			(380,809)		-
Equity dividends paid			(300,000)		(250,000)
Increase in cash	15		<u>1,182,218</u>		<u>5,704,537</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments, 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

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund

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

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

If a financial instrument contains both an equity and a liability element, then the liability element is first established with any residual value being disclosed within equity shareholders' funds. The liability element is the present value of the future payments guaranteed to be made to the holders of the financial instrument.

Non-discretionary dividends payable are disclosed within interest in the company's 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:

	2012	2011
	£	£
United Kingdom	<u>27,199,639</u>	<u>18,085,952</u>

3. Operating profit

Operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Accountancy fees	48,061	20,592
Auditor's remuneration		
- as auditor	30,700	12,000
- for other services	4,000	2,000
Net profit on foreign currency translation	<u>(135,907)</u>	<u>(246,640)</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

4 Particulars of employees

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

	2012	2011
	No	No
Number of management staff	<u>2</u>	<u>2</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	158,808	145,657
Social security costs	19,021	17,794
Other pension costs	5,000	12,000
	<u>182,829</u>	<u>175,451</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Remuneration receivable	158,808	145,657
Value of company pension contributions to money purchase schemes	5,000	12,000
	<u>163,808</u>	<u>157,657</u>

The number of directors on whose behalf the company made pension contributions was as follows

	2012	2011
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2012	2011
	£	£
UK Corporation tax based on the results for the year at 24% (2011 - 26%)	<u>405,060</u>	<u>262,724</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

6. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24% (2011 - 26%)

	2012 £	2011 £
Profit on ordinary activities before taxation	1,653,485	1,037,672
Profit on ordinary activities by rate of tax	396,836	269,795
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)
Tax chargeable at higher rate	8,224	5,824
Total current tax (note 6(a))	<u>405,060</u>	<u>262,724</u>

7. Dividends

Equity dividends

	2012 £	2011 £
Paid during the year		
Dividends on equity shares	<u>300,000</u>	<u>250,000</u>

8. Debtors

	2012 £	2011 £
Other debtors	815,521	616,444
Prepayments and accrued income	<u>18,058</u>	<u>13,536</u>
	<u>833,579</u>	<u>629,980</u>

9 Creditors Amounts falling due within one year

	2012 £	2011 £
Trade creditors	5,091,690	4,255,860
Amounts owed to group undertakings	1,605,242	1,975,842
Corporation tax	286,975	262,724
Accruals and deferred income	<u>58,611</u>	<u>110,700</u>
	<u>7,042,518</u>	<u>6,605,126</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

10 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

The company hedges its exposure, to the risk of trading positions it holds with its parent undertaking, who bears these risks

The Company's regulator, the Financial Services Authority ("FSA"), sets and monitors capital requirements for the Company. In implementing current capital requirements the FSA requires the Company to maintain a prescribed ratio of total capital to total risk-weighted assets

The disclosures within this note are shown on an individual company basis as it is not subject to consolidated reporting

The Company calculates Pillar 2 requirements according to the set principles where appropriate. Pillar 2 capital is calculated according to the ICAAP risk matrix taking due regard of stress and scenario testing

Risk management

The company is managed by its directors who are both attentive to developments in the market and to compliance issues in the conduct of the business

The company manages its risks by maintaining appropriate documented procedures with the aim of operating a defined and transparent risk management framework. The management of the firm has sufficient experience to manage risks appropriately and has a compliance director who regularly monitors risks

The directors have identified that business and controls risks are the main areas of risks the firm is exposed to

The company's market, credit and liquidity risks are hedged with their parent undertaking

Capital resources

The Company's capital resources are managed and monitored in accordance with the regulatory capital requirements of the FSA

The company's capital resources are as follows

	£'000
Tier 1 Capital	
Called Up Share Capital	1,000
Profit and Loss Account	1,427
Total Capital	<u>2,427</u>
Tier 2 Capital	-
Tier 3 Capital	-
Total Capital Resource	<u>2,427</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

The firm's Pillar 1 capital resource requirement is calculated at €730k according to the FSA rules that apply to a BIPRU 730k full scope firm. The pillar 2 capital requirement is £100k

	£'000
Capital Requirement	
Base Capital Resource Requirement	597
Total Variable Capital Requirement:	
Tier 1 and Tier 2 Capital	1,056
Tier 3	-
	<u>1,653</u>

11. 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

12. Share capital

Authorised share capital

	2012	2011
	£	£
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>

Allotted, called up and fully paid:

	2012		2011	
	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>

13 Profit and loss account

	2012	2011
	£	£
Balance brought forward	478,222	(46,726)
Profit for the financial year	1,248,425	774,948
Equity dividends	(300,000)	(250,000)
Balance carried forward	<u>1,426,647</u>	<u>478,222</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

14. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	1,248,425	774,948
Equity dividends	<u>(300,000)</u>	<u>(250,000)</u>
Net addition to shareholders' funds	948,425	524,948
Opening shareholders' funds	1,478,222	953,274
Closing shareholders' funds	<u>2,426,647</u>	<u>1,478,222</u>

15 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	1,623,624	1,027,874
Increase in debtors	(203,599)	(473,118)
Increase in creditors	413,141	5,389,983
Net cash inflow from operating activities	<u>1,833,166</u>	<u>5,944,739</u>

Reconciliation of net cash flow to movement in net funds

	2012 £	2011 £
Increase in cash in the period	1,182,218	5,704,537
Movement in net funds in the period	<u>1,182,218</u>	<u>5,704,537</u>
Net funds at 1 January 2012	7,453,368	1,748,831
Net funds at 31 December 2012	<u>8,635,586</u>	<u>7,453,368</u>

Analysis of changes in net funds

	At 1 January 2012 £	Cash flows £	At 31 December 2012 £
Net cash			
Cash in hand and at bank	7,453,368	1,182,218	8,635,586
Net funds	<u>7,453,368</u>	<u>1,182,218</u>	<u>8,635,586</u>

16. Ultimate controlling party

The ultimate controlling party is PLUS500 Limited, a company incorporated in Israel, by virtue of its shareholding in PLUS500UK Limited