
GMO-Z COM SECURITIES (THAILAND) LIMITED

Financial Statements

Six-month period ended June 30, 2018

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS GMO-Z COM SECURITIES (THAILAND) LIMITED

Opinion

We have audited the financial statements of GMO-Z com Securities (Thailand) Limited (the “Company”), which comprise the statement of financial position as at June 30, 2018, and the related statements of comprehensive income, changes in owners’ equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GMO-Z com Securities (Thailand) Limited as at June 30, 2018, and its financial performance and its cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chavala Tienpasertkij
Certified Public Accountant (Thailand)
Registration No. 4301

BANGKOK
August 14, 2018

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

GMO-Z COM SECURITIES (THAILAND) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

UNIT : BAHT

	Notes	As at June 30, 2018	As at December 31, 2017
ASSETS			
ASSETS			
Cash and cash equivalents	4.1	444,806,188	427,040,658
Receivables from Clearing House and broker - dealers	5	21,535,871	-
Securities and derivatives business receivables	6	614,163,706	12,434,436
Investments	7.1	70,731,457	294,421,347
Loans to employee	8	158,359	163,735
Leasehold improvement and equipment	9	21,732,328	24,336,870
Intangible assets	10	194,717,713	113,970,746
Other assets	11	44,325,552	36,575,040
TOTAL ASSETS		1,412,171,174	908,942,832

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2018

UNIT : BAHT

	Notes	As at June 30, 2018	As at December 31, 2017
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
Borrowings from financial institutions	12	551,829,000	-
Payables to Clearing House and broker - dealers	13	-	9,011,486
Securities and derivatives business payables	14	17,860,555	182,008
Provisions	15	5,539,410	3,865,144
Other liabilities	16	52,032,768	28,850,656
TOTAL LIABILITIES		<u>627,261,733</u>	<u>41,909,294</u>
OWNERS' EQUITY			
SHARE CAPITAL	17		
Issued and paid-up share capital			
100,000,000 ordinary shares of Baht 10 each, fully paid		1,000,000,000	1,000,000,000
ACCUMULATED DEFICITS			
Unappropriated (deficits)		(215,090,559)	(132,966,462)
TOTAL OWNERS' EQUITY		<u>784,909,441</u>	<u>867,033,538</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u><u>1,412,171,174</u></u>	<u><u>908,942,832</u></u>

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

UNIT : BAHT

	Notes	For the six-month period ended June 30, 2018	For the period from April 1, 2017 to June 30, 2017
REVENUES			
Brokerage fees		1,844,936	-
Interest on margin loans		6,406,580	-
Gains and return on financial instruments		2,932,292	3,569,344
Other incomes		121,465	8,076
Total Revenues		<u>11,305,273</u>	<u>3,577,420</u>
EXPENSES			
Employee benefits expenses		40,442,484	14,504,119
Fees and service expenses		2,366,277	185,000
Finance costs		1,313,318	-
Other expenses	20	<u>49,307,291</u>	<u>14,340,744</u>
Total Expenses		<u>93,429,370</u>	<u>29,029,863</u>
LOSS BEFORE INCOME TAX		<u>(82,124,097)</u>	<u>(25,452,443)</u>
INCOME TAX		-	-
LOSS FOR THE PERIOD		<u>(82,124,097)</u>	<u>(25,452,443)</u>
OTHER COMPREHENSIVE EXPENSE		-	-
TOTAL COMPREHENSIVE EXPENSE		<u>-</u>	<u>-</u>
FOR THE PERIOD		<u>(82,124,097)</u>	<u>(25,452,443)</u>
BASIC LOSS PER SHARE	17 BAHT	(0.82)	(0.25)
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES	17 SHARES	100,000,000	100,000,000

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

UNIT : BAHT

	Issued and Paid-up Share Capital	Accumulated deficits Unappropriated (Deficits)	Total Owners' Equity
Beginning balance as at April 1, 2017	1,000,000,000	(26,874,515)	973,125,485
Total comprehensive expense for the period	-	(25,452,443)	(25,452,443)
Ending balance as at June 30, 2017	<u>1,000,000,000</u>	<u>(52,326,958)</u>	<u>947,673,042</u>
Beginning balance as at January 1, 2018	1,000,000,000	(132,966,462)	867,033,538
Total comprehensive expense for the period	-	(82,124,097)	(82,124,097)
Ending balance as at June 30, 2018	<u>1,000,000,000</u>	<u>(215,090,559)</u>	<u>784,909,441</u>

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

UNIT : BAHT

	For the six-month period ended June 30, 2018	For the period from April 1, 2017 to June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(82,124,097)	(25,452,443)
Adjustments		
Depreciation and amortization expense	9,255,572	744,973
Amortization of interest expense	11,679	-
Finance costs	1,313,318	-
Interest income	(2,932,292)	(3,569,344)
Interest on margin loans	(6,406,580)	-
Employee benefits expenses	1,662,587	659,145
Loss from operating activities before changes in operating assets and liabilities	(79,219,813)	(27,617,669)
(Increase) decrease in operating assets		
Receivables from Clearing House and broker - dealers	(21,535,871)	-
Securities and derivatives business receivables	(599,478,810)	-
Investments	223,946,690	(100,000)
Other assets	(7,856,949)	(363,101)
Increase (decrease) in operating liabilities		
Borrowings from financial institutions	551,829,000	-
Payables to Clearing House and broker - dealers	(9,011,486)	-
Securities and derivatives business payables	17,678,547	-
Other liabilities	(8,480,016)	(167,817)
Cash received (paid) in operating activities	67,871,292	(28,248,587)
Interest paid	(1,115,741)	-
Interest received	7,194,849	706,163
Net cash provided by (used in) operating activities	73,950,400	(27,542,424)

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

UNIT : BAHT

	For the six-month period ended June 30, 2018	For the period from April 1, 2017 to June 30, 2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of general investments	(256,800)	-
Cash received from loans to employee	5,376	-
Cash paid for purchases of leasehold improvement and equipment	(706,871)	(8,319,012)
Cash paid for purchases of intangible assets	(53,147,230)	(8,842,240)
Net cash used in investing activities	<u>(54,105,525)</u>	<u>(17,161,252)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for liabilities under finance lease agreements	(2,079,345)	(360,076)
Net cash used in financing activities	<u>(2,079,345)</u>	<u>(360,076)</u>
Net increase (decrease) in cash and cash equivalents	17,765,530	(45,063,752)
Cash and cash equivalents at beginning of period	427,040,658	142,085,792
Cash and cash equivalents at ending of period	<u><u>444,806,188</u></u>	<u><u>97,022,040</u></u>

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

1. BUSINESS OPERATIONS AND OTHER INFORMATION OF THE COMPANY

GMO-Z com Securities (Thailand) Limited (the “Company”) is incorporated as a limited company under Thai laws. The Company’s registered office is located at No. 9, 15th Floor South Wing, G Tower Grand Rama 9, Rama 9 Road, Kwaeng Huaykwang, Khet Huaykwang, Bangkok. The parent company is GMO Financial Holdings, Inc., which changed its Company’ name from GMO CLICK Holdings, Inc. on October 1, 2017, which is incorporated in Japan, by holding 99.99% of Company’s paid up share capital and the ultimate parent company of the group is GMO Internet, Inc.

On May 25, 2017, the board of directors’ meeting passed a resolution to change the Company’s financial reporting period from April 1 to March 31 of each year to be January 1 to December 31, of each year. The first fiscal year of the change is April 1, 2017 to December 31, 2017 which the change was approved by the Revenue Department on August 10, 2017 and the Department of Business Development on August 18, 2017.

On June 22, 2017, the Company obtained securities business license type A (Full-service License) to operate securities business consisting of securities brokerage, securities dealing, securities underwriting, investment advisory service, mutual fund management, private fund management, securities borrowing and lending and venture capital management and obtained derivatives business license type Sor-1 (Full-service License) to operate securities business consisting of derivatives broker, derivatives dealer, derivatives advisor and derivatives fund management.

As at June 30, 2018, the Company is in the process of becoming a member of Thailand Futures Exchange Public Company Limited (“TFEX”) and Thailand Clearing House Co., Ltd. - Derivatives.

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in conformity with Thai Financial Reporting Standards (“TFRSs”) and accounting practices generally accepted in Thailand and in accordance with the Notifications the Securities and Exchange Commission (the “SEC”).

The presentation of the financial statements has been made in compliance with requirement of Thai Account Standard No. 1 (Revised 2017) “Presentation of Financial Statements”, which is effective for the financial statements for the accounting periods beginning on or after January 1, 2018 onward, and also the Notification of the SEC No. SorTor. 22/2559, dated June 2, 2016, regarding “The Form of Financial Statements for Securities Companies (No. 2)”.

- 2.2 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

2.3 Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

2.4 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard No. 15 "Revenue from Contracts with Customers" which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, all bank accounts, promissory notes, treasury bills and government bonds maturing within 3 months or less from the date of acquisition and without commitments.

3.2 Receivables from Clearing House and broker - dealers / Payables to Clearing House and broker - dealers

Receivables from Clearing House and broker - dealers / Payables to Clearing House and broker - dealers comprise the net balances of receivable or payable to Thailand Clearing House ("TCH") for settlement of equity securities trading made through the Stock Exchange of Thailand, net receivable or payable to TCH for derivatives trades, and net receivable or payable to foreign securities trade settlement through foreign brokers.

3.3 Securities and derivatives business receivables and allowance for doubtful accounts

Securities and derivatives business receivables comprise the net balance receivable of securities and derivatives trading after less allowance for doubtful accounts and add accrued interest. Securities and derivatives business receivables which are receivable balance of cash accounts, credit balance accounts and other receivables such as overdue cash customer accounts and securities and derivatives receivables which are debt under litigation, debt compromise, debt settling in installments.

The Company has provided an allowance for doubtful debts based on a review of debtor's repayment capability, taking into consideration in recovery risk and value of collateral. An allowance will be set aside for doubtful debts that are not fully covered by collateral and/or debtors that cannot be recovered in full amount. Such debt classifications and provisions are in accordance with the following criteria:

- a) Asset classified as bad debt is defined as the following criteria:
 - (1) Debt which the Company has already pursuing collection effort but could not collect. The Company has already written off in accordance with tax law.
 - (2) Debt which the Company has forgiven.
- b) Doubtful debt is defined as the uncollateralized portion of the value of a debt which meets the following criteria:
 - (1) General loans, problem financial institution loans, and other loans which the collateral value is less than the loan balance.
 - (2) Principal or interest is overdue by more than 3 months for installment loans with repayments scheduled at least 3 months for each installment.
 - (3) Installment loans with repayments scheduled more than 3 months for each installment, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- c) Sub-standard debt is defined as the collateralized portion of loans which meet the criteria in b).

Loans classified as bad debt will be written off when identified. Provision will be set aside for loans classified as doubtful at 100% of the loan balance. These conditions are complied with the guidelines stipulated by the SEC.

3.4 Investments

Investments consist of investment in deposits at financial institutions and other investments

Investment in deposits at financial institutions include fixed deposit account, promissory notes, treasury bills and government bonds maturing more than 3 months from the date of acquisition.

Investments in equity securities which are not marketable are stated at cost, net allowance for impairment (if any).

3.5 Leasehold improvement and equipment and depreciation

Leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of leasehold improvement and equipment are calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Leasehold improvement	5 years
Office equipment	5 years
Furniture	5 years
Computer	3 years
Vehicle	5 years

The carrying amounts of the Company's assets are reviewed at the end of reporting period to determine whether there is any indication of a permanent allowance for diminution in value. If any such indication exists, the assets' recoverable amounts are estimated. The allowance for diminution in value will be recognized when the carrying amounts of assets are higher than net realizable value. A loss on allowance for diminution in value is recognized in the statement of comprehensive income.

3.6 Intangible assets and amortization

Intangible assets are computer software which stated at cost less accumulated amortization and allowance for loss on impairment of that assets (if any).

Amortization is charged to the statement of comprehensive income on a straight-line basis over its estimated useful life as follows:

Computer software	3 - 5 years
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Intangible assets with indefinite useful life are tested for impairment annually or whenever there is an indication that the intangible assets may be impaired and allowance for impairment is recognized (if any).

3.7 Securities and derivatives business payables

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives business with other parties, such as the net payable balances of cash accounts, securities delivery obligations as a result of short sales or securities borrowing, and obligations to return assets held by the Company as collateral for securities lending.

3.8 Provision for liabilities

Provisions are recognized when the Company have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.9 Provision for restoring costs of leasehold office improvements

Provision for restoring costs of leasehold office improvements represents the liability, incurred from the office lease agreements which are estimated based on quotation from vendor with discounted basis.

3.10 Employee benefits

Provident fund

The Company and their employees have jointly established a provident fund. The fund is monthly contributed by the employees and the Company. The contributions are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognized as expenses when incurred.

Post-employment benefits

Defined benefit plans

The Company has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans is determined by an actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income (loss).

3.11 Revenue and expenses recognition

3.11.1 Brokerage fees income

Brokerage fees income from securities business and derivatives business are recognized as income on the transaction date.

3.11.2 Interest on margin loans

Interest is recognized as income over the term of the loans based on the amount of principal outstanding. No accrual has been made for certain loans which, under Notification No. KorThor. 33/2543 dated August 25, 2000 which is updated by Notification No. KorThor. 5/2544 dated February 15, 2001 of the SEC, are not qualified for recognition of interest on an accrual basis and consideration of other relevant factors.

3.11.3 Gains and return on financial instruments

Gains and return on financial instruments is interest on bank accounts which is recognized as income on an accrual basis.

3.11.4 Other incomes

Other incomes are recognized on an accrual basis.

3.11.5 Expenses

Expenses are recognized on an accrual basis.

3.12 Long-term lease agreements - as lessee

Operating leases

Leases of assets under which all the risks and rewards of ownership of assets substantially retained by the lessors, are classified as operating leases. Lease payments under operating leases are recognized as expenses in the statement of comprehensive income on the straight-line basis over the lease agreements.

Finance leases

Leases in which substantially all the risks and rewards of ownership, other than legal title, are transferred to the Company are accounted for as finance leases. At inception, the fair value of the leased assets is recorded together with the obligation. The leased assets are depreciated using the straight-line method over their estimated useful lives of the assets. Interest or financial charge is calculated with effective interest rate method, depreciation and interest or financial charge are recognized as expenses in the statement of comprehensive income.

3.13 Income tax

Income tax expense represents the sum of corporate income tax currently and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period. Deferred income tax is determined using tax rates enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Company recognizes deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The Company records deferred tax directly to owners' equity if the tax relates to items that are recorded directly to owners' equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.14 Basic earnings (loss) per share

Basic earnings (loss) per share as presented in the statements of comprehensive income is determined by dividing net profit (loss) for the period by the weighted average number of common shares outstanding during the period.

3.15 Foreign currency transaction

Transactions in foreign currencies are converted into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into Baht at the exchange rate ruling at the end of reporting date.

Gains and losses on exchange rate are included in determining income.

3.16 Financial instruments

The Company has not speculated in or engaged in trading of any derivatives instruments.

Financial instruments carried in the statement of financial position include cash and cash equivalents. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.17 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows;

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.18 Use of management's critical judgements and key sources of estimation uncertainty

3.18.1 Use of management's critical judgements in applying accounting policies

The preparation of financial statements in conformity with TFRSs also requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

3.18.2 Key sources of estimation uncertainty

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Company's management has to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Company's management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and reports the valuation committee's findings to the board of directors of the Company every quarter to explain cause of fluctuations in the fair value of the assets and liabilities.

4. CASH AND CASH EQUIVALENTS

4.1 Cash and cash equivalents as at June 30, 2018 and December 31, 2017, consist of:

	As at June 30, 2018	(Unit : Baht) As at December 31, 2017
Cash on hand	30,000	30,000
Deposit at bank - savings accounts	453,360,493	187,787,868
Deposit at bank - current accounts	499,667	13,411,300
Fixed deposits with maturity within 3 months	30,159	1,130,080
Promissory note with maturity within 3 months	25,000,000	225,000,000
Less Deposits in customers' accounts	(34,114,131)	(318,590)
Total cash and cash equivalents	<u>444,806,188</u>	<u>427,040,658</u>

4.2 Non-cash items for the six-month period ended June 30, 2018 and for the period from April 1, 2017 to June 30, 2017 are as follow:

4.2.1 Payables from purchases of leasehold improvement and equipment (recognized as a part of other liabilities) are as follows:

	(Unit : Baht)	
	For the six-month period ended June 30, 2018	For the period from April 1, 2017 to June 30, 2017
Payables from purchases of leasehold improvement and equipment brought forward	587,508	606,904
<u>Add</u> Purchases during the periods	747,997	8,865,493
<u>Less</u> Cash payments during the periods	(706,871)	(8,319,012)
<u>Less</u> Provision for restoring costs of leasehold office improvements	-	(1,143,809)
Payables from purchases of leasehold improvement and equipment carried forward	<u>628,634</u>	<u>9,576</u>

4.2.2 Payables from purchases of intangible assets (recognized as a part of other liabilities) are as follows:

	(Unit : Baht)	
	For the six-month period ended June 30, 2018	For the period from April 1, 2017 to June 30, 2017
Payables from purchases of intangible assets brought forward	6,113,980	3,056,990
<u>Add</u> Purchases during the periods	86,650,000	8,968,500
<u>Less</u> Cash payments during the periods	(53,147,230)	(8,842,240)
Payables from purchases of intangible assets carried forward	<u>39,616,750</u>	<u>3,183,250</u>

4.2.3 Liabilities under finance lease agreements (recognized as a part of other liabilities) are as follows:

	(Unit : Baht)	
	For the six-month period ended June 30, 2018	For the period from April 1, 2017 to June 30, 2017
Liabilities under finance lease agreements brought forward	6,654,625	-
<u>Add</u> Purchases during the periods	-	6,032,638
<u>Less</u> Cash payments during the periods	(2,079,345)	(360,076)
Liabilities under finance lease agreements carried forward	<u>4,575,280</u>	<u>5,672,562</u>

5. RECEIVABLES FROM CLEARING HOUSE AND BROKER - DEALERS

Receivables from Clearing House and broker - dealers as at June 30, 2018 and December 31, 2017, consist of:

	As at June 30, 2018	(Unit : Baht) As at December 31, 2017
Receivables from Clearing House	21,535,871	-
Total receivables from Clearing House and broker - dealers	21,535,871	-

6. SECURITIES AND DERIVATIVES BUSINESS RECEIVABLES

6.1 Securities and derivatives business receivables as at June 30, 2018 and December 31, 2017, are as follows:

	As at June 30, 2018	(Unit : Baht) As at December 31, 2017
<u>Securities business receivables</u>		
Cash accounts	13,086,334	324,030
Credit balance accounts	598,773,027	12,056,521
Add Accrued interest income	2,304,345	53,885
Total securities business receivables	614,163,706	12,434,436

6.2 As at June 30, 2018 and December 31, 2017, the Company has classified its securities business receivables and related interest receivables in accordance with the Notification of the SEC No. KorThor. 33/2543 dated August 25, 2000 which is updated by Notification No. KorThor. 5/2544 dated February 15, 2001, governing accounting for the doubtful debts of securities companies as follows:

	As at June 30, 2018			As at December 31, 2017		
	Securities business receivables and interest receivables	Allowance for doubtful accounts	Net receivables after allowance for doubtful accounts	Securities business receivables and interest receivables	Allowance for doubtful accounts	Net receivables after allowance for doubtful accounts
Normal debts	614,163,706	-	614,163,706	12,434,436	-	12,434,436
Sub-standard debts	-	-	-	-	-	-
Doubtful debts	-	-	-	-	-	-
Total	614,163,706	-	614,163,706	12,434,436	-	12,434,436

7. INVESTMENTS

7.1 Cost and fair value consist of:

	As of June 30, 2018		As of December 31, 2017	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Held-to-maturity investments				
Fixed deposits	30,374,657	30,374,657	254,321,347	254,321,347
Deposit under commitment	40,100,000	40,100,000	40,100,000	40,100,000
Total held-to-maturity investments	<u>70,474,657</u>	<u>70,474,657</u>	<u>294,421,347</u>	<u>294,421,347</u>
General investments				
General investments	256,800	-	-	-
Total general investments	<u>256,800</u>	-	-	-
Total investments	<u>70,731,457</u>	-	<u>294,421,347</u>	-

7.2 Investments in deposits at financial institutions classified by remaining periods of contracts are as follows:

	As at June 30, 2018			(Unit : Baht)
	Within 1 year	1 - 5 years	Over 5 years	Total
Investments in deposits at financial institutions				
Fixed deposits	30,374,657	-	-	30,374,657
Deposit under commitment	<u>40,100,000</u>	<u>-</u>	<u>-</u>	<u>40,100,000</u>
Total investments in deposits at financial institutions	<u>70,474,657</u>	<u>-</u>	<u>-</u>	<u>70,474,657</u>

	As at December 31, 2017			(Unit : Baht)
	Within 1 year	1 - 5 years	Over 5 years	Total
Investments in deposits at financial institutions				
Fixed deposits	254,321,347	-	-	254,321,347
Deposit under commitment	<u>40,100,000</u>	<u>-</u>	<u>-</u>	<u>40,100,000</u>
Total investments in deposits at financial institutions	<u>294,421,347</u>	<u>-</u>	<u>-</u>	<u>294,421,347</u>

As at June 30, 2018 and December 31, 2017, fixed deposits carry interest at the rate of 0.50% - 1.70% per annum and 0.50% - 2.50% per annum, respectively.

As at June 30, 2018 and December 31, 2017, above fixed deposits of Baht 40.00 million, are pledged as collateral to a bank for bank facilities.

8. LOANS TO EMPLOYEE

Loans to employee as at June 30, 2018 and December 31, 2017, consist of:

	(Unit : Baht)
	As at June 30, 2018
	As at December 31, 2017
At call	-
Within 1 year	139,109
Over 1 year	19,250
Total loans to employee	<u>158,359</u>
	<u>163,735</u>

9. LEASEHOLD IMPROVEMENT AND EQUIPMENT

	Balance as at January 1, 2018	Increase	Decrease	Transfer in / (out)	(Unit : Baht) Balance as at June 30, 2018
Cost					
Leasehold improvement	12,321,949	-	-	-	12,321,949
Office equipment	2,592,360	108,198	-	-	2,700,558
Furniture	3,753,550	163,590	-	-	3,917,140
Computer	7,010,930	476,209	-	-	7,487,139
Vehicle	2,392,148	-	-	-	2,392,148
Total cost	<u>28,070,937</u>	<u>747,997</u>	<u>-</u>	<u>-</u>	<u>28,818,934</u>
Accumulated depreciation					
Leasehold improvement	(1,130,171)	(1,254,245)	-	-	(2,384,416)
Office equipment	(331,663)	(276,417)	-	-	(608,080)
Furniture	(473,897)	(377,801)	-	-	(851,698)
Computer	(1,479,386)	(1,206,828)	-	-	(2,686,214)
Vehicle	(318,950)	(237,248)	-	-	(556,198)
Total accumulated depreciation	<u>(3,734,067)</u>	<u>(3,352,539)</u>	<u>-</u>	<u>-</u>	<u>(7,086,606)</u>
Leasehold improvement and equipment	<u>24,336,870</u>				<u>21,732,328</u>

	Balance as at April 1, 2017	Increase	Decrease	Transfer in / (out)	(Unit : Baht) Balance as at December 31, 2017
Cost					
Leasehold improvement	487,662	3,783,384	-	8,050,903	12,321,949
Office equipment	419,106	1,758,949	-	414,305	2,592,360
Furniture	-	2,818,624	-	934,926	3,753,550
Computer	393,262	6,617,668	-	-	7,010,930
Vehicle	-	2,392,148	-	-	2,392,148
Total cost	<u>1,300,030</u>	<u>17,370,773</u>	<u>-</u>	<u>9,400,134</u>	<u>28,070,937</u>
Accumulated depreciation					
Leasehold improvement	(3,496)	(1,126,675)	-	-	(1,130,171)
Office equipment	(7,921)	(323,742)	-	-	(331,663)
Furniture	-	(473,897)	-	-	(473,897)
Computer	(38,410)	(1,440,976)	-	-	(1,479,386)
Vehicle	-	(318,950)	-	-	(318,950)
Total accumulated depreciation	<u>(49,827)</u>	<u>(3,684,240)</u>	<u>-</u>	<u>-</u>	<u>(3,734,067)</u>
Construction in progress	<u>5,875,084</u>	<u>3,525,050</u>	<u>-</u>	<u>(9,400,134)</u>	<u>-</u>
Leasehold improvement and equipment	<u>7,125,287</u>				<u>24,336,870</u>

Depreciation

For the six-month period ended June 30, 2018
For the period from April 1, 2017 to June 30, 2017

Baht 3,352,539
Baht 736,401

As at June 30, 2018 and December 31, 2017, there are no fully depreciated leasehold improvement and equipment that are still in use.

As at June 30, 2018 and December 31, 2017, the Company recorded initial estimated cost of dismantling and removing the asset and restoring the site of office of Baht 1,143,809 as a part of leasehold improvement.

10. INTANGIBLE ASSETS

						(Unit : Baht)
	Useful lives	Balance as at January 1, 2018	Increase	Decrease	Transfer in / (out)	Balance as at June 30, 2018
Cost						
Initial membership fee	Undefined	20,000,000	-	-	-	20,000,000
SET membership fee	Undefined	50,000,000	-	-	-	50,000,000
Computer software	3 - 5 years	45,498,787	26,250,000	-	-	71,748,787
Total cost		<u>115,498,787</u>	<u>26,250,000</u>	<u>-</u>	<u>-</u>	<u>141,748,787</u>
Accumulated amortization						
Computer software	3 - 5 years	(1,528,041)	(5,903,033)	-	-	(7,431,074)
Total accumulated amortization		<u>(1,528,041)</u>	<u>(5,903,033)</u>	<u>-</u>	<u>-</u>	<u>(7,431,074)</u>
Computer software under installation	-	-	60,400,000	-	-	60,400,000
Intangible assets		<u>113,970,746</u>				<u>194,717,713</u>

						(Unit : Baht)
	Useful lives	Balance as at April 1, 2017	Increase	Decrease	Transfer in / (out)	Balance as at December 31, 2017
Cost						
Initial membership fee	Undefined	-	20,000,000	-	-	20,000,000
SET membership fee	Undefined	-	50,000,000	-	-	50,000,000
Computer software	3 - 5 years	-	11,268,978	-	34,229,809	45,498,787
Total cost		<u>-</u>	<u>81,268,978</u>	<u>-</u>	<u>34,229,809</u>	<u>115,498,787</u>
Accumulated amortization						
Computer software	3 - 5 years	-	(1,528,041)	-	-	(1,528,041)
Total accumulated amortization		<u>-</u>	<u>(1,528,041)</u>	<u>-</u>	<u>-</u>	<u>(1,528,041)</u>
Computer software under installation	-	11,428,000	22,801,809	-	(34,229,809)	-
Intangible assets		<u>11,428,000</u>				<u>113,970,746</u>

Amortization						
For the six-month period ended June 30, 2018					Baht	5,903,033
For the period from April 1, 2017 to June 30, 2017					Baht	<u>8,572</u>

Initial and SET membership fee have an undefined useful life when there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the entity. Therefore, the Company has not amortized such intangible assets but those assets are tested for impairment annually or whenever there is an indication that the intangible assets may be impaired and allowance for impairment is recognized (if any).

As at June 30, 2018 and December 31, 2017, there are no fully depreciated computer software that is still in use.

11. OTHER ASSETS

Other assets as at June 30, 2018 and December 31, 2017, consist of:

	As at June 30, 2018	(Unit : Baht) As at December 31, 2017
Other receivable - a related company	109,400	109,400
Other receivable - other companies	27,438	397
Accrued interest receivable	534,789	641,226
Prepaid expense	6,615,401	7,643,255
Revenue Department receivable	20,632,960	13,628,949
Clearing fund	12,393,349	12,023,678
Deposits	1,964,477	1,983,197
Others	2,047,738	544,938
Total other assets	<u>44,325,552</u>	<u>36,575,040</u>

12. BORROWINGS FROM FINANCIAL INSTITUTIONS

Borrowings from financial institutions as at June 30, 2018, consist of: (December 31, 2017 : Nil)

	Interest rate Percentage (p.a.)	Remaining periods to maturity			Total
		Within 1 year	1 - 5 years	Over 5 years	
Borrowings from financial institutions					
Borrowing in foreign currency	2.48	151,829,000	-	-	151,829,000
Promissory note	2.65	200,000,000	-	-	200,000,000
Bill of exchanges	2.70	200,000,000	-	-	200,000,000
Total borrowings from financial institutions		<u>551,829,000</u>	<u>-</u>	<u>-</u>	<u>551,829,000</u>

On May 30, 2018, the Company already received approval of credit facility with Sumitomo Mitsui Banking Corporation which is a facility of promissory note amounting to Baht 200.00 million and Mizuho Bank, Ltd. which is a facility of bill of exchange amounting to Baht 200.00 million. The parent company has guaranteed for such credit facility. Consequently, as at June 30, 2018, the Company withdrawn these fully amounts.

13. PAYABLES TO CLEARING HOUSE AND BROKER - DEALERS

Payables to Clearing House and broker - dealers as at June 30, 2018 and December 31, 2017, consist of:

	As at June 30, 2018	(Unit : Baht) As at December 31, 2017
Payables to Clearing House	-	9,011,486
Total payables to Clearing House and broker - dealers	<u>-</u>	<u>9,011,486</u>

14. SECURITIES AND DERIVATIVES BUSINESS PAYABLES

Securities and derivatives business payables as at June 30, 2018 and December 31, 2017, consist of:

	As at June 30, 2018	(Unit : Baht) As at December 31, 2017
<u>Securities business payables</u>		
Cash accounts	17,860,555	182,008
Total securities business payables	<u>17,860,555</u>	<u>182,008</u>

15. PROVISIONS

Provisions as at June 30, 2018 and December 31, 2017, consist of:

	As at June 30, 2018	(Unit : Baht) As at December 31, 2017
Provision for restoring costs of leasehold office improvements	1,174,695	1,163,016
Employee benefit obligations	4,364,715	2,702,128
Total provisions	<u>5,539,410</u>	<u>3,865,144</u>

15.1 Provision for restoring costs of leasehold office improvements

Provision for restoring costs of leasehold office improvements for the six-month period ended June 30, 2018 and for the period from April 1, 2017 to June 30, 2017, are as follows:

	(Unit : Baht) For the six-month period ended June 30, 2018	For the period from April 1, 2017 to June 30, 2017
Beginning balance	1,163,016	-
Increase during the period	11,679	1,143,809
Ending balance	<u>1,174,695</u>	<u>1,143,809</u>

15.2 Employee benefit obligations

Movement in the present value of the employment benefit obligations as at June 30, 2018 and December 31, 2017, are as follows:

	(Unit : Baht)	
	As at June 30, 2018	As at December 31, 2017
Beginning balance of the periods	2,702,128	561,351
Current service cost	1,626,694	1,963,194
Interest cost	<u>35,893</u>	<u>14,241</u>
Components of employee benefit costs recognized in the statements of comprehensive income	1,662,587	1,977,435
Remeasurements:		
Loss from change in demographic assumptions	-	37,402
Loss from change in financial assumptions	-	129,464
Experiences gain	<u>-</u>	<u>(3,524)</u>
Components of employee benefit costs recognized in other comprehensive income	-	163,342
Ending balance of the periods	<u>4,364,715</u>	<u>2,702,128</u>

The principal actuarial assumptions as at June 30, 2018 and December 31, 2017, are as follows:

	As at June 30, 2018	As at December 31, 2017
	Percentage (p.a.)	Percentage (p.a.)
Discount rate	3.0373	3.0373
Salary increase rate	10	10
Employee turnover	0 - 15 (depend on ages)	0 - 15 (depend on ages)
Mortality rate	TMO 2017 (mortality table 2017)	TMO 2017 (mortality table 2017)
Improvement mortality rate	3	3

Significant actuarial assumptions for the determination of the employee benefit obligations are discount rate, expected salary increase rate, employee turnover rate and improving mortality rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective actuarial assumption occurring at the end of the reporting period, while holding all other assumptions constant.

	(Unit : Baht)		
	Impact on employee benefit obligations		
	As at June 30, 2018		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(752,409)	921,376
Salary increase rate	1%	910,739	(762,628)
Employee turnover rate	20%	(695,398)	885,720
Improving mortality rate	1%	27,121	(31,161)

(Unit : Baht)			
Impact on employee benefit obligations As at December 31, 2017			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(342,068)	418,327
Salary increase rate	1%	385,434	(324,924)
Employee turnover rate	20%	(292,843)	370,857
Improving mortality rate	1%	11,345	(12,974)

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations have been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

16. OTHER LIABILITIES

Other liabilities as at June 30, 2018 and December 31, 2017, are as follows:

	As at June 30, 2018	(Unit : Baht) As at December 31, 2017
Liabilities under finance lease agreements	4,575,280	6,654,625
Accrued expense - related companies	683,210	430,000
Accrued expense - other companies	3,751,793	13,144,239
Payable on purchases of leasehold improvement and equipment	628,634	587,508
Payable on purchases of intangible assets	39,616,750	6,113,980
Other payables - a related company	55,000	55,000
Other payables - other companies	1,663,716	1,280,106
Withholding tax payables	1,058,385	585,198
Total other liabilities	<u>52,032,768</u>	<u>28,850,656</u>

Liabilities under finance lease agreements as at June 30, 2018 and December 31, 2017, consist of:

	Minimum lease Payments		(Unit : Baht) Present value of minimum lease payments	
	As at June 30, 2018	As at December 31, 2017	As at June 30, 2018	As at December 31, 2017
Liabilities under finance lease agreements	4,932,334	7,300,714	4,575,280	6,654,625
Less Deferred interest expenses	<u>(357,054)</u>	<u>(646,089)</u>	<u>-</u>	<u>-</u>
Total liabilities under finance lease agreements	<u>4,575,280</u>	<u>6,654,625</u>	<u>4,575,280</u>	<u>6,654,625</u>

17. SHARE CAPITAL

On November 28, 2016, the preliminary Shareholders' meeting passed the resolution to incorporate the Company with its initial share capital of Baht 100,000,000 consisting of 10,000,000 ordinary shares of Baht 10 each, and called share subscription of Baht 10 per share, totaling Baht 100.00 million which already received the subscription and registered the incorporation with Ministry of Commerce on November 28, 2016.

On February 1, 2017, the Extraordinary General Meeting of shareholder No. 1/2017 passed a resolution to increase the Company's authorized share capital from Baht 100,000,000 to Baht 1,000,000,000, the issue of 90,000,000 additional ordinary shares at par value of Baht 10 each, totaling Baht 900.00 million. The Company fully received share subscription on February 3, 2017 and registered the capital increase with the Department of Business Development, Ministry of commerce on February 6, 2017.

The weighted average number of ordinary shares for calculation of basic loss per share is as follows:

	(Unit: Baht)	
	For the six-month period ended June 30, 2018	For the period from April 1, 2017 to June 30, 2017
Number of ordinary shares outstanding as at beginning (shares)	100,000,000	100,000,000
Weighted average number of increased shares during the periods (shares)	-	-
Weighted average number of ordinary shares for the periods (shares)	<u>100,000,000</u>	<u>100,000,000</u>
Net loss for the periods (Baht)	(82,124,097)	(25,452,443)
Loss per share (Baht/share)	(0.82)	(0.25)

18. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net liquid capital rule in accordance with Notifications of the SEC.

19. DIRECTORS AND KEY MANAGERMENTS' REMUNERATION

19.1 The Company paid directors' remuneration for the six-month period ended June 30, 2018 and for the period from April 1, 2017 to June 30, 2017, amounting to Baht 120,000 and Baht 30,000, respectively. The remuneration does not include salaries, bonus and other benefits to its directors who hold executive position.

- 19.2 Compensation or remuneration payable to key managements of the Company, which is presented as part of “Employee benefits expenses” for the six-month period ended June 30, 2018 and for the period from April 1, 2017 to June 30, 2017, are as follows:

	(Unit : Baht)	
	For the six-month period ended June 30, 2018	For the period from April 1, 2017 to June 30, 2017
Short-term benefits	11,992,500	5,679,500
Post-employment benefits	1,061,202	463,010
Total	<u>13,053,702</u>	<u>6,142,510</u>

20. OTHER EXPENSES

Other expenses for the six-month period ended June 30, 2018 and for the period from April 1, 2017 to June 30, 2017, consist of:

	(Unit : Baht)	
	For the six-month period ended June 30, 2018	For the period from April 1, 2017 to June 30, 2017
Premises and equipment expenses	19,521,278	2,834,404
Consultancy and services expenses	6,916,660	8,757,610
Advertising	7,067,712	1,160,478
Information and communication expenses	2,937,641	-
Loss on exchange rate	8,842,456	-
Others	4,021,544	1,588,252
Total other expenses	<u>49,307,291</u>	<u>14,340,744</u>

21. INCOME TAX

According to the Royal Decree No. 42 B.E. 2559 issued under the Revenue Code regarding the corporate income tax rate reduction effective on March 5, 2016, the corporate income tax rate is 20% of net profit for an accounting period beginning on or after January 1, 2016 onwards.

For the six-month period ended June 30, 2018 and for the period from April 1, 2017 to June 30, 2017, the Company reported tax losses therefore there were no income tax expenses. However, as at June 30, 2018 and 2017, the Company has no deferred tax assets because there is uncertainty about future taxable profit to be utilized. As at June 30, 2018 and December 31, 2017, the Company has unused tax losses amounting to Baht 215.09 million and Baht 132.97 million, respectively.

22. RELATED PARTY TRANSACTIONS

The relationships with related parties are as follows:

The Company's name	Type of business	Type of relationship
GMO Internet, Inc.	Service of internet infrastructure, online advertising and media and online stock trading in Japan	Ultimate parent company
GMO Financial Holdings, Inc.	Management of group companies and subsidiaries and other related operations	Parent company
GMO-Z com NetDesign Holdings Co., Ltd.	Holding company in limited partnership, company limited and public limited company	Related party
NetDesign Host Co., Ltd.	Wired and wireless Internet access	Related party
GMO-Z com (Thailand) Co., Ltd.	Service of web server, mail server, cloud hosting, computer security systems and real estate services	Related party

Business transactions with related parties arose in the ordinary course of businesses and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

Significant revenues and expenses derived from transactions with related parties for the six-month period ended June 30, 2018 and for the period from April 1, 2017 to June 30, 2017, are as follows:

	Type of relationship	For the six-month period ended June 30, 2018	(Unit : Baht) For the period from April 1, 2017 to June 30, 2017
Finance cost			
GMO Financial Holdings, Inc.	Parent company	715,237	-
Management fee			
GMO Financial Holdings, Inc.	Parent company	517,076	130,890
Other expenses			
GMO Internet, Inc.	Ultimate parent company	-	3,153
GMO Financial Holdings, Inc.	Parent company	46,699	-
NetDesign Host Co., Ltd.	Related party	2,967,589	-
		<u>3,014,288</u>	<u>3,153</u>

Significant outstanding balance with its related parties as at June 30, 2018 and December 31, 2017, are as follows:

	Type of relationship	As at June 30, 2018	(Unit : Baht) As at December 31, 2017
Other receivable			
GMO Financial Holdings, Inc.	Parent company	109,400	109,400
Borrowings from financial institution			
GMO Financial Holdings, Inc.	Parent company	151,829,000	-
Accrued expenses			
GMO Financial Holdings, Inc.	Parent company	125,205	-
NetDesign Host Co., Ltd.	Related party	558,005	430,000
		<u>683,210</u>	<u>430,000</u>

		(Unit : Baht)	
	Type of relationship	As at June 30, 2018	As at December 31, 2017
Accrued interest expenses			
GMO Financial Holdings, Inc.	Parent company	20,591	-
Other payable			
GMO Financial Holdings, Inc.	Parent company	55,000	55,000

Significant agreement with a related company

On May 30, 2018 and July 2, 2018, the Company entered into the guarantee agreements with a related company. The Company must enact agreements terms and paid fees according to the contract.

23. COMMITMENTS

- 23.1 As at June 30, 2018 and December 31, 2017, the Company has the following outstanding rental and service commitments under the lease and service agreements for its office building which the Company is to pay rental and service fees in the future as follows:

	(Unit : Baht)	
	As at June 30, 2018	As at December 31, 2017
To be paid within 1 year	6,825,600	6,849,600
To be paid more than 1 year but not over 5 years	4,535,333	7,996,133
Total	<u>11,360,933</u>	<u>14,845,733</u>

The Company's operating lease agreements recorded as expenses in the statement of comprehensive income for the six-month period ended June 30, 2018 and for the period from April 1, 2017 to June 30, 2017 are Baht 4.49 million and Baht 2.13 million, respectively.

- 23.2 As at June 30, 2018 and December 31, 2017, the Company has commitment under agreements for IT system Consulting and Development of Baht 65.60 million and Baht 5.71 million, respectively.
- 23.3 As at June 30, 2018 and December 31, 2017, the Company has the credit line for bank overdraft of Baht 40.00 million, carrying interest rate of MOR and being collateralized by fixed deposit.
- 23.4 As at June 30, 2018 and December 31, 2017, the Company has undrawn committed borrowing amounting JPY 2,500 million and JPY 3,000 million, respectively, equivalents to Baht 759.15 million and Baht 880.89 million, respectively.

24. FINANCIAL INSTRUMENTS

As at June 30, 2018 and December 31, 2017, the Company did not have policy to speculate or trade in any derivatives financial instruments.

24.1 Credit risk

Credit risk is the risk that a counterparty will fail to fulfil an obligation under a financial instrument causing the Company to incur a financial loss. The financial assets of the Company are not subject to significant concentration of credit risk. The maximum credit risk exposure is the carrying amount of the financial assets, less provision for losses, as stated in the statement of financial position.

24.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and it will affect the operational results of the Company and its cash flows.

(Unit : Thousand Baht)

As at June 30, 2018								
Outstanding balances of financial instruments								
Repricing or maturity dates								
	Floating interest rate	Within 1 year	1 - 5 years	Over 5 years	No interest	Total	Interest rate (%)	
							Floating rate	Fixed rate
Financial assets								
Cash and cash equivalents	419,246	25,030	-	-	530	444,806	0.10 - 2.50	-
Receivable to Clearing House and broker - dealers	-	-	-	-	21,536	21,536	-	-
Securities and derivatives business receivables	-	598,773	-	-	15,391	614,164	-	5.06 - 8.00
Investments	-	70,474	-	-	257	70,731	-	0.50 - 1.70
Loans to employee	-	139	19	-	-	158	-	2.06
Financial liabilities								
Borrowings from financial institutions	-	551,829	-	-	-	551,829	-	2.48 - 2.70
Securities and derivatives business payables	-	-	-	-	17,860	17,860	-	-

(Unit : Thousand Baht)

As at December 31, 2017								
Outstanding balances of financial instruments								
Repricing or maturity dates								
	Floating interest rate	Within 1 year	1 - 5 years	Over 5 years	No interest	Total	Interest rate (%)	
							Floating rate	Fixed rate
Financial assets								
Cash and cash equivalents	187,469	226,130	-	-	13,441	427,040	0.10 - 1.95	-
Securities and derivatives business receivables	-	12,057	-	-	377	12,434	-	8.00
Investments	-	294,421	-	-	-	294,421	-	0.50 - 2.50
Loans to employee	-	115	48	-	-	163	-	2.06
Financial liabilities								
Payables to Clearing House and broker - dealers	-	-	-	-	9,011	9,011	-	-
Securities and derivatives business payables	-	-	-	-	182	182	-	-

24.3 Liquidity risk

The periods of time from the statement of financial position date to the maturity dates of financial instruments as of June 30, 2018 and December 31, 2017, are as follows:

(Unit : Thousand Baht)

As at June 30, 2018					
Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity
Financial assets					
Cash and cash equivalents	419,776	25,030	-	-	-
Receivable to Clearing House and broker - dealers	-	21,536	-	-	-
Securities and derivatives business receivables	-	13,086	-	-	601,078
Investments	-	70,474	-	-	257
Loans to employee	-	139	19	-	-
Financial liabilities					
Borrowings from financial institutions	-	551,829	-	-	-
Securities and derivatives business payables	-	17,860	-	-	-

(Unit : Thousand Baht)

As at December 31, 2017					
Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity
Financial assets					
Cash and cash equivalents	200,910	226,130	-	-	-
Securities and derivatives business receivables	-	324	-	-	12,110
Investments	-	294,421	-	-	-
Loans to employee	-	115	48	-	-
Financial liabilities					
Payables to Clearing House and broker - dealers	-	9,011	-	-	-
Securities and derivatives business payables	-	182	-	-	-

24.4 Foreign exchange risk

As at June 30, 2018 and December 31, 2017, the Company does not have any material financial instruments in foreign currency.

24.5 Fair value

Considerable judgment is necessarily required in estimation of the fair value of financial assets and financial liabilities. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

Financial instruments not measured at fair value

Fair value of financial instruments which are not measured at fair value and their fair value hierarchy level classification are summarized as follows:

	As at June 30, 2018		(Unit : Baht)
	Book Value	Fair Value	Fair value hierarchy
Financial assets			
Cash and cash equivalents	444,806,188	444,806,188	3
Receivable to Clearing House and broker - dealers	21,535,871	21,535,871	3
Securities and derivatives business receivables	614,163,706	614,163,706	3
Investments	70,731,457	70,731,457	3
Loans to employee	158,359	158,359	3
Financial liabilities			
Borrowings from financial institutions	551,829,000	551,829,000	3
Securities and derivatives business payables	17,860,555	17,860,555	3

	As at December 31, 2017		(Unit : Baht)
	Book Value	Fair Value	Fair value hierarchy
Financial assets			
Cash and cash equivalents	427,040,658	427,040,658	3
Securities and derivatives business receivables	12,434,436	12,434,436	3
Investments	294,421,347	294,421,347	3
Loans to employee	163,735	163,735	3
Financial liabilities			
Payables to Clearing House and broker - dealers	9,011,486	9,011,486	3
Securities and derivatives business payables	182,008	182,008	3

The approximate fair values of most financial assets and financial liabilities are based on the amounts recognized in the statement of financial position as they are short-term and non-interest sensitive. For deposits at financial institutions, a fair value is equal to the carrying amount as they are short-term maturity.

As at June 30, 2018 and December 31, 2017, the fair values of financial assets and liabilities are not significantly different from carrying amounts.

25. EVENT AFTER THE REPORTING PERIOD

As at July 2, 2018, the Company already received approval of a credit facility with Sumitomo Mitsui Trust Bank (Thai) Public Company Limited which is a facility of promissory note amounting to Baht 200.00 million. The parent company has guaranteed for such credit facility.

26. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by Board of Directors of the Company on August 14, 2018.