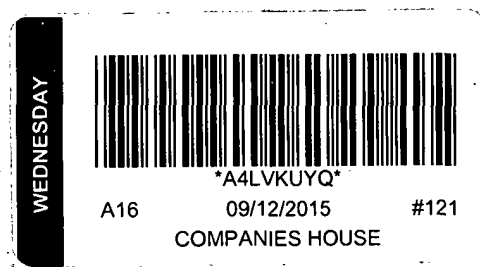


GMO-Z.com Trade UK Limited

Annual Reports & Accounts

Financial Year Ended 31st March 2015



GMO-Z.COM TRADE UK LIMITED

COMPANY INFORMATION

DIRECTORS

K Hyodo
M Tetsuka (resigned 28 November 2014)
T Yamamoto (appointed 28 November 2014)
T Ishimura
L Bonfield
J Lefere

REGISTERED NUMBER

08261027

REGISTERED OFFICE

Becket House
36 Old Jewry
London
EC2R 8DD

INDEPENDENT AUDITOR

Hillier Hopkins LLP
Chartered Accountants & Statutory Auditor
Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

GMO-Z.COM TRADE UK LIMITED

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Appendix I - Pillar 3 Risk Disclosure (unaudited)	App. 1-5

GMO-Z.COM TRADE UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

INTRODUCTION

This document sets out the Strategic Report of GMO-Z.com Trade UK Limited (hereinafter referred to as "Z.com Trade" or "the Firm") and has been prepared in accordance with the Financial Reporting Council Guidance on the Strategic Report (January 2014).

HIGHLIGHTS OF YEAR ENDED 31 MARCH 2015

September 2014	Z.com Trade is authorised by the UK Financial Conduct Authority as a Euro 125k IFPRU Limited Licence Investment Firm
October 2014	Z.com accepts trades on MT4 platform as counterparty to GMO CLICK Bullion Ltd, Hong Kong
January 2014	Launch of the Z.com Trade API platform through LMAX Exchange
March 2015	Full service launch: Propriety platform Z.com Trader and, through LMAX Exchange, the Z.com Trade MT4 platform.

BUSINESS REVIEW

Our Business

Z.com Trade is a newly launched on-line financial services business that offers clients non-advised, execution only, margined forex and contracts for difference (CFD) or financial spread betting trading services on a range of foreign currency pairs, indices and commodities. Z.com Trade acts as principle to each client trade and operates on a matched principal, back-to-back basis by instantaneously hedging client trades with the Firm's counterparties.

Z.com Trade is the first European subsidiary of the Japanese GMO CLICK Holdings Group, the world's largest retail forex broker by volume, with over 350,000 traders choosing it for its award-winning service.

Our Platforms

Z.com Trade's proprietary trading platform, Z.com Trader, developed within the GMO CLICK Holdings Group, enables us to offer retail clients an easy to use platform with ultra-low fixed spreads. Through our partnership with LMAX Exchange and a leading MT4 bridge solution provider, we are able to offer API and MT4 platforms that allow retail and professional clients to take advantage of exchange quality execution on one of the world's most popular trading platforms.

Geographical Reach

Initially Z.com Trade will focus mainly on the UK, other European markets and China.

Our Objectives

Client Services: Clients are at the heart of our business. We will strive for excellence in our client support services ensuring that we continually and consistently deliver fair outcomes to our clients. We recognise that client trust is a key factor in maintaining a loyal client base and that this will contribute towards long-term value for our business and shareholders.

Innovation: With access to the extensive technical skills within the GMO Internet Group, we will continually evolve and improve our client offering.

GMO-Z.COM TRADE UK LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2015

Pricing: The cost of trading is a key consideration for our clients. We aim to deliver best in industry pricing on our Z.com Trader platform and ensure that our spreads on the MT4 and API platforms remain highly competitive.

Achieving our Objectives

Risk Management: Risk appetite is controlled via strong governance and oversight, within defined risk parameters, approved by the Board.

Financial strength: Z.com maintains a capital and liquidity structure that is appropriate for the current size and structure of the Firm, and for the future security, growth and success of our business.

People: Z.com is committed to the recruitment of skilled and experienced people who have the determination and vision to help us build our Firm into a market leader. Developing, retaining and motivating people are key to our delivery of standout customer service, products and trading capabilities.

BUSINESS ENVIRONMENT

Market Overview

We launch into a highly competitive market where long established competitors hold substantial market share. Our strategy for acquiring and retaining clients will focus on tight pricing, superior client service and providing market-leading platforms. Enhancements will be developed using feedback gathered directly from clients ensuring that we are giving our clients trading environments that suit them best.

Pillar 3 Disclosures

Z.com Trade is regulated by the Financial Conduct Authority as an IFPRU €125 investment firm. The Firm fulfils its regulatory Pillar 3 disclosure obligations by including a Pillar 3 Disclosure document in its Annual Report. The Disclosure includes information that might otherwise, be discussed in this Strategic Report. To avoid duplication, we refer you to the Pillar 3 Disclosure for information concerning:

- Principle Risks and Uncertainties
- Capital Adequacy
- Liquidity
- Stress testing and scenario analysis

Environmental Matters

Z.com Trade's main impact on the environment, aside from the power unavoidably required to operate our on-line business and service our office, is air travel to and from the Firm's parent company in Japan and our sister company in Hong Kong. Travel is minimised by the use of electronic communication methods such as email and holding the majority of meetings using Skype.

To the highest extent possible, the Z.com Trade office and client communications operate under a "paper free environment" principle. This policy is in place in order to provide the greatest extent of client data protection and to minimise the Firm's impact on the environment.

Our People

We believe that our company's most important resource is its people. We strive to offer a nurturing and motivating environment where each employee can develop his/her skills to the fullest. We encourage our employees to put forward innovative ideas and work with us for the improvement of our products and services. We encourage our employees to engage with us in a free and open manner on any subject or issue. We believe

GMO-Z.COM TRADE UK LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2015

that, through a common dynamic spirit, the Firm, as a whole, can achieve extraordinary things.

Employment Opportunities and Diversity

Z.com Trade is committed to promoting equal opportunities in employment. Our employees and any job applicants receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. Z.com Trade will not tolerate any form of discrimination, nor bullying or harassment. Our Equal Opportunities Policy, and our Bullying, and Harassment Policy form part of our Staff Handbook which is available to staff at all times on-line.

Employee Gender Diversity

FY15	Female	Male
Directors	20%	80%
Staff	29%	71%

BUSINESS PERFORMANCE

Key Performance Indicators

Given that the Z.com Trade full service launch took place in March 2015, there are no meaningful key performance indicators to note in this report. For FY2016, Z.com Trade will monitor both financial and non-financial metrics to assess the performance of the business and report such in its Strategic Report.

Operating Expenses

During FY2015, staff numbers and costs increased as Z.com Trade took measures to ensure that sufficient resources were in place to support its main service launch at the close of the year. Total administrative costs increased by 17% to £1,007,289 (2014:£862,129) and this was as expected.

Profit for the Year

Z.com Trade made pre-tax losses of £910,780 (2014: £862,129). This was as expected in the pre-launch period.

Balance Sheet

The Firm increased its called up share capital by £5m to £9m in August 2014 in line with the Firm's capital resource requirement at FCA authorisation on 1st September 2014.

The reduction in the value of tangible fixed assets (£7,908, 2014: £51,159) reflects the sale of Z.com Trade's Metaquotes MT4 software licence to our sister company, GMO CLICK Bullion Ltd, Hong Kong at net book value.

During FY2015, Z.com Trade's non-cancellable operating lease commitments increased to £68,800 (2014:27,000) in respect of the additional office space necessary to house our fully staffed organisation.

GMO-Z.COM TRADE UK LIMITED

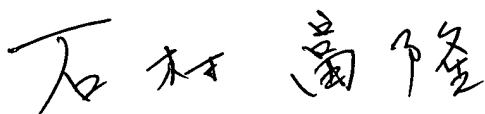
**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015**

LOOKING FORWARD

FY2016 will be an exciting year for Z.com Trade. In April, we began by launching our mobile apps making Z.com Trader and MT4 available through mobile phones and tablets. In May, we begin our first major marketing drive: Z.com Trade has collaborated with popular Japanese band World Order to produce an original song and music video announcing Z.com Trade's arrival in London. Excerpts from the video will be running at various locations around London for several weeks. Newspaper advertising and press releases will take place concurrently.

Z.com Trade will spend FY2016 focusing on client acquisition and retention through tight pricing, high quality trading technology and excellent client support services. Z.com Trade is comprised of a strong, dedicated team of individuals who share the same vision, mission and operating objectives. Together we look forward to a very successful year.

This report was approved by the board and signed on its behalf.



**T Ishimura
Director**

Date: 17/06/2015

GMO-Z.COM TRADE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and the financial statements for the Year ended 31 March 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

RESULTS

The loss for the Year, after taxation, amounted to £910,780 (2014 - loss £862,129).

DIRECTORS

The directors who served during the Year were:

K Hyodo
M Tetsuka (resigned 28 November 2014)
T Yamamoto (appointed 28 November 2014)
T Ishimura
L Bonfield
J Lefere

GMO-Z.COM TRADE UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

DISCLOSURE OF INFORMATION TO AUDITOR

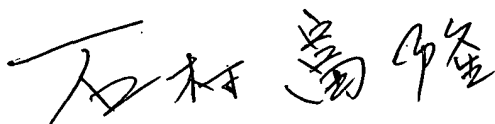
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



T Ishimura
Director

Date: 17/06/2015

GMO-Z.COM TRADE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GMO-Z.COM TRADE UK LIMITED

We have audited the financial statements of GMO-Z.com Trade UK Limited for the Year ended 31 March 2015, set out on pages 9 to 19. 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, 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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 March 2015 and of its loss 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial Year for which the financial statements are prepared is consistent with the financial statements.

GMO-Z.COM TRADE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GMO-Z.COM TRADE UK LIMITED

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.

 Hillier Hopkins LLP

Simon Speller FCA (Senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP
Date: 22/06/15

GMO-Z.COM TRADE UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	Year ended 31 March 2015 £	<i>Period ended 31 March 2014 £</i>
TURNOVER	1,2	74,781	-
Administrative expenses		<u>(1,007,289)</u>	<u>(862,129)</u>
 OPERATING LOSS			
Interest receivable and similar income	3	(932,508)	(862,129)
Interest payable and similar charges	7	21,763	-
		<u>(35)</u>	<u>-</u>
 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(910,780)	(862,129)
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>
 LOSS FOR THE FINANCIAL YEAR	12	<u><u>(910,780)</u></u>	<u><u>(862,129)</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

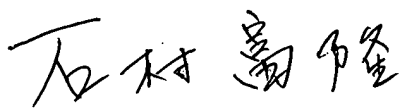
The notes on pages 12 to 19 form part of these financial statements.

GMO-Z.COM TRADE UK LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2015**

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	8		7,908		51,159
CURRENT ASSETS					
Debtors	9	1,398,295		69,355	
Cash at bank and in hand		<u>6,051,366</u>		<u>3,039,444</u>	
		7,449,661		3,108,799	
CREDITORS: amounts falling due within one year	10	<u>(230,478)</u>		<u>(22,087)</u>	
NET CURRENT ASSETS			<u>7,219,183</u>		<u>3,086,712</u>
NET ASSETS			<u>7,227,091</u>		<u>3,137,871</u>
CAPITAL AND RESERVES					
Called up share capital	11		9,000,000		4,000,000
Profit and loss account	12		<u>(1,772,909)</u>		<u>(862,129)</u>
SHAREHOLDERS' FUNDS	13		<u>7,227,091</u>		<u>3,137,871</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17/06/15.


T Ishimura
 Director

The notes on pages 12 to 19 form part of these financial statements.

GMO-Z.COM TRADE UK LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	Year ended 31 March 2015 £	Period ended 31 March 2014 £
Net cash flow from operating activities	14	(2,033,252)	(898,893)
Returns on investments and servicing of finance	15	21,728	-
Capital expenditure and financial investment	15	23,446	(61,664)
CASH OUTFLOW BEFORE FINANCING		(1,988,078)	(960,557)
Financing	15	5,000,000	4,000,000
INCREASE IN CASH IN THE YEAR		<u>3,011,922</u>	<u>3,039,443</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2015**

	Year ended 31 March 2015 £	Period ended 31 March 2014 £
Increase in cash in the Year	<u>3,011,922</u>	<u>3,039,443</u>
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	3,011,922	3,039,443
Other non-cash changes	<u>-</u>	<u>1</u>
MOVEMENT IN NET DEBT IN THE YEAR	3,011,922	3,039,444
Net funds at 1 April 2014	<u>3,039,444</u>	<u>-</u>
NET FUNDS AT 31 MARCH 2015	<u>6,051,366</u>	<u>3,039,444</u>

The notes on pages 12 to 19 form part of these financial statements.

GMO-Z.COM TRADE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover represents the difference between the total value of profitable trades and the total value of loss making trades (including open market positions and net brokerage costs or gains to hedge) and interest receivable on client's money by the company during the period.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Over the term of the lease
Office equipment	-	33% straight line
Computer software and equipment	-	33% straight line

1.4 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

GMO-Z.COM TRADE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. ACCOUNTING POLICIES (continued)

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	Year ended 31 March 2015 £	<i>Period ended 31 March 2014 £</i>
Depreciation of tangible fixed assets:		
- owned by the company	19,805	10,506
Difference on foreign exchange	<u>9,857</u>	<u>5,127</u>

4. AUDITORS' REMUNERATION

	Year ended 31 March 2015 £	<i>Period ended 31 March 2014 £</i>
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	7,000	4,500
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	1,500	1,500
All other non-audit services not included above	<u>5,900</u>	<u>5,900</u>

GMO-Z.COM TRADE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 March 2015 £	<i>Period ended 31 March 2014 £</i>
Wages and salaries	506,779	325,020
Social security costs	37,157	33,210
	<u>543,936</u>	<u>358,230</u>

The average monthly number of employees, including the directors, during the Year was as follows:

	Year ended 31 March 2015 No.	<i>Period ended 31 March 2014 No.</i>
Employees	<u>10</u>	<u>3</u>

6. DIRECTORS' REMUNERATION

	Year ended 31 March 2015 £	<i>Period ended 31 March 2014 £</i>
Remuneration	<u>324,017</u>	<u>185,457</u>

The highest paid director received remuneration of £153,817 (2014 - £115,500).

7. INTEREST PAYABLE

	Year ended 31 March 2015 £	<i>Period ended 31 March 2014 £</i>
On bank loans and overdrafts	<u>35</u>	<u>-</u>

GMO-Z.COM TRADE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Office equipment £	Computer software and equipment £	Total £
Cost				
At 1 April 2014	3,543	7,621	50,501	61,665
Additions	3,040	-	-	3,040
Disposals	-	-	(47,675)	(47,675)
At 31 March 2015	<u>6,583</u>	<u>7,621</u>	<u>2,826</u>	<u>17,030</u>
Depreciation				
At 1 April 2014	1,476	692	8,338	10,506
Charge for the Year	3,080	2,540	14,185	19,805
On disposals	-	-	(21,189)	(21,189)
At 31 March 2015	<u>4,556</u>	<u>3,232</u>	<u>1,334</u>	<u>9,122</u>
Net book value				
At 31 March 2015	<u>2,027</u>	<u>4,389</u>	<u>1,492</u>	<u>7,908</u>
At 31 March 2014	<u>2,067</u>	<u>6,929</u>	<u>42,163</u>	<u>51,159</u>

9. DEBTORS

	2015 £	2014 £
Amounts owed by group undertakings	428,676	576
Other debtors	788,361	55,756
Prepayments and accrued income	181,258	13,023
	<u>1,398,295</u>	<u>69,355</u>

**10. CREDITORS:
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	132,285	9,969
Amounts owed to group undertakings	59,912	218
Other taxation and social security	17,645	-
Accruals and deferred income	20,636	11,900
	<u>230,478</u>	<u>22,087</u>

GMO-Z.COM TRADE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

11. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
9,000,000 (2014 - 4,000,000) Ordinary shares of £1 each	<u>9,000,000</u>	<u>4,000,000</u>
On 8 August 2014 the company issued 5,000,000 Ordinary £1 shares at par.		

12. RESERVES

	Profit and loss account £
At 1 April 2014	(862,129)
Loss for the Year	(910,780)
	<u> </u>
At 31 March 2015	<u>(1,772,909)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Opening shareholders' funds	3,137,871	-
Loss for the Year/period	(910,780)	(862,129)
Shares issued during the Year/period	<u>5,000,000</u>	<u>4,000,000</u>
Closing shareholders' funds	<u>7,227,091</u>	<u>3,137,871</u>

14. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2015 £	Period ended 31 March 2014 £
Operating loss	(932,508)	(862,129)
Depreciation of tangible fixed assets	19,805	10,506
Increase in debtors	(900,841)	(68,779)
Increase in amounts owed by group undertakings	(428,100)	(576)
Increase in creditors	148,698	21,867
Increase in amounts owed to group undertakings	59,694	218
	<u> </u>	<u> </u>
Net cash outflow from operating activities	<u>(2,033,252)</u>	<u>(898,893)</u>

GMO-Z.COM TRADE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Year ended 31 March 2015 £	Period ended 31 March 2014 £
Returns on investments and servicing of finance		
Interest received	21,763	-
Interest paid	(35)	-
Net cash inflow from returns on investments and servicing of finance	<u>21,728</u>	<u>-</u>
	Year ended 31 March 2015 £	Period ended 31 March 2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(3,040)	(61,664)
Sale of tangible fixed assets	26,486	-
Net cash inflow/(outflow) from capital expenditure	<u>23,446</u>	<u>(61,664)</u>
	Year ended 31 March 2015 £	Period ended 31 March 2014 £
Financing		
Issue of ordinary shares	<u>5,000,000</u>	<u>4,000,000</u>

16. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2014 £	Cash flow £	Other non-cash changes £	31 March 2015 £
Cash at bank and in hand	3,039,444	3,011,922	-	6,051,366
Net funds	<u>3,039,444</u>	<u>3,011,922</u>	<u>-</u>	<u>6,051,366</u>

GMO-Z.COM TRADE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

17. OPERATING LEASE COMMITMENTS

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Within 1 year	<u>68,800</u>	<u>27,000</u>	<u>-</u>	<u>-</u>

18. RELATED PARTY TRANSACTIONS

The company has taken the exemption provided by FRS 8 to disclose related party transactions with its group headed by its ultimate parent company, GMO Internet, Inc. on the basis that consolidated accounts are prepared. These accounts are available to the public and may be obtained from Cerulean Tower 4 & 6-12F, 26-1 Sakuragaokacho, Shibuya ku, Tokyo, JAPAN

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is GMO Click Holdings, Inc, a company registered in Japan.

The ultimate parent company is GMO Internet, Inc, a company registered in Japan. In the opinion of the directors, there is no ultimate controlling party.

Appendix 1: Pillar 3 Disclosures (unaudited)

INTRODUCTION

This document sets out the Pillar 3 disclosures of GMO-Z.com Trade UK Limited (hereinafter referred to as "Z.com Trade" or "the Firm"). Z.com Trade is regulated by the Financial Conduct Authority (FCA) as an IFPRU €125K limited licence investment firm, authorised to hold client money and to deal as principal in specific financial instruments on a matched principle basis. Our FCA registration number is 622897. For more information about our trading activities and business model, please see the Strategic Report.

There are no current or anticipated circumstances, practical or legal impediments to the prompt transfer of capital resources, or repayment of liabilities.

OVERVIEW

The Capital Requirements directive IV (CRD IV) of the European Union which came into force on 1st January 2014, created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. The rules are set out in the CRD under three pillars:

- Pillar 1 sets out the minimum capital resource requirement that firms are required to maintain to meet credit, market and operational risks.
- Pillar 2 requires firms to assess the firm-specific risks not covered by Pillar 1 and, where necessary, maintain additional capital.
- Pillar 3 requires firms to disclose information regarding their risk assessment process and capital resources with the aim of encouraging market discipline by allowing market participants to assess key information on risk exposures and the risk assessment process.

The rules in the PRA and FCA Prudential Sourcebook for Investment Firms (IFPRU) set out the provision for Pillar 3 disclosures. Pillar 3 also incorporates the provisions of Systems and Controls (SYSC 19A) in respect of the remuneration code. This document is designed to meet all of Z.com Trade's Pillar 3 disclosure obligations.

Z.com Trade is permitted to omit any information it deems as immaterial to the extent that that the omission or misstatement of the information would not change or influence the assessment or decision of the user of the information. The Firm has made no omissions on the grounds that that they are immaterial, proprietary or confidential.

FREQUENCY & VERIFICATION OF DISCLOSURES

Z.com Trade will disclose Pillar 3 information on an annual basis within the Z.com Trade Annual Report. The Board of Z.com Trade approves Pillar 3 disclosures. Such disclosures are not subject to external audit except where they are equivalent to those prepared under accounting requirements for inclusion in the Financial Statements. Internal audit is provided by and overseen by Z.com Trade's parent company, GMO CLICK Holdings Inc., and is conducted on their behalf by Ernst and Young.

RISK MANAGEMENT & GOVERNANCE

Z.com Trade's day-to-day business activities naturally expose the Firm to risks. Whilst it is not possible to limit or eradicate all risks, Z.com Trade's risk management framework is designed to ensure that the Firm is able to identify, manage and monitor its risks in accordance with its risk appetite to keep risks at acceptable levels. The Board of Z.com Trade, through the Risk Committee, is ultimately responsible for the implementation of an appropriate risk strategy, defining the Firm's risk appetite and the establishment of effective systems and controls. At this early stage

in the Firm's development, the Board meets formally on a quarterly basis to discuss Z.com Trade's performance and to review whether the Firm has operated within its risk parameters.

Although Z.com Trade is not of the scale or complexity that would normally require a Risk Committee, the Board considers its approach to risk management fundamental to the Firm's growth and development. It has therefore appointed a Risk Committee. The Risk Committee comprises of senior management and management level representatives from key areas of the business. The Risk Committee's terms of reference defined by the Board are to:

- Identify all types of risk
- Design systems and controls to mitigate risk.
- Monitor the adoption of risk policies
- Review the effectiveness of internal controls
- Ensure compliance with regulatory and legal requirements
- Nominate teams to assess project risks
- Report to the Z.com Trade, Board.

The key tool used by the Risk Committee is the Risk Matrix and this provides a framework for senior management to define risks and their consequences as they apply to the various business processes in different parts of the Firm.

PRINCIPLE RISKS & UNCERTAINTIES

IFPRU 2.2.7 (2) of the *FCA Handbook* refers to the identification and management of major sources of risk in specific categories where they are relevant to the Firm given the nature and scale of its business. The Firm considers the following risk categories;

- Credit and Counterparty Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Concentration Risk
- Business Risk
- Group Risk

In terms of the remaining risk categories listed in IFPRU 2.2.7 (2):

- Pension Obligation Risk: The Firm does not currently operate a pension scheme.
- Residual Risk, Securitisation Risk, Interest Rate Risk and Risk of Excessive Leverage: Do not apply given the nature of Z.com Trade's business model.

Having considered a wide range of risks through the Firm's risk management framework, the principle risks in normal operating conditions identified by the Firm are:

Strategic Risk	The risk of an adverse impact resulting from the Firm's strategic decision-making: Failure to develop and implement goals/strategies that support Z.com Trade's vision; failure to exploit strengths or to take opportunities	The Board of Z.com Trade is responsible for setting business strategy and maintaining oversight of strategic risks. The Directors of Z.com Trade meet on a regular basis to discuss current performance against forecasts and review business developments. Financial forecasts project three years forward and reviewed and revised on a quarterly basis.
Business Continuity: IT Infrastructure	The Firm relies on automated trading systems to execute all transactions and therefore there is a considerable risk regarding the integrity, availability, and	Z.com Trade manage business continuity risks through robust, business continuity and disaster recovery policies and procedures both at Z.com Trade and at our Group outsourced service providers under service level agreements. All of this

	confidentiality of key systems.	is underpinned by regular review, testing, training and awareness.
Credit Risk: Counterparty	There is historical evidence that demonstrates the risk of a UK bank experiencing technical problems that could lead to the Firms' or it clients' funds being inaccessible in the short term	It is Z.com Trade's policy that institutional counterparties must meet pre-defined ratings. Furthermore we seek to limit our concentration risk for our banking relationships to individual counterparties through diversification. Our regulatory and best practice requirements surrounding client monies require us to perform periodic on-going review of all institutions where we deposit client monies.

Market risk: Z.com Trade's business model is not subject to market risk in respect of the Firm's trading activities. In terms of non-trading book activities, the Firm's cash holdings in currencies other than GBP attract market risk, however, the level of this risk is not material.

Credit risk in respect of the Firm's clients: The Firm does not offer credit to its clients. Automated position close out mechanism's will, in normal trading conditions, prevent, and protect clients from, negative trading account balances.

CAPITAL ADEQUACY & ICAAP

Capital Resources

The Firm has maintained a significant capital surplus over the Firm's regulatory resources requirement (FRR) at all times. At 31 March 2015 the Firm's capital position was as follows:

Capital Position	£,000
Share Capital	9,000
Less interim losses	(1,773)
Tier 1 Capital	7,227
Tier 2 Capital	0
Own Funds	<u>7,227</u>
Variable Pillar 1 Financial Resource Requirement	1,679
Surplus Capital over variable Pillar 1 requirement	5,548
Required Core Tier 1/Total Capital Ratio	8%
Actual Core Tier 1/Total Capital Ratio	34.43%

In addition Z.com Trade has set aside £549K against Pillar 2 risks.

Capital Adequacy

Z.com Trade carries out an Internal Adequacy Assessment Process (ICAAP) under the requirements of the FCA and Capital Requirements Directive (CRD). The ICAAP document draws together the Firms risk management framework, its business planning and capital management. It is the culmination of a series of policy decisions, and procedures and systems implementations designed to ensure that the Firm is able to identify manage and monitor its risks in accordance with its risk appetite. On an ongoing basis, the ICAAP is integral to the Firm's risk based approach to its business planning and capital management decisions. The ICAAP is reviewed, and formally adopted, by the Board of Z.com Trade on at least an annual basis

The Firm's capital resources, requirements and capital adequacy are monitored on an ongoing basis. The Firm's risk appetite is such that Z.com Trade will not accept risks that are assessed as having a significant adverse impact likely to jeopardise the Firm's capital adequacy.

Stress Testing and Scenario Analysis

Z.com Trade carries out, and documents its ICAAP, stress testing and scenario analysis on a variety of realistic adverse circumstances and events (macro events, identified principle risks and combinations of both) in which risk might occur or crystallise including an orderly winding down of the business. This is carried out on a quarterly basis to ensure that the Firm has sufficient capital resources and liquidity over its three year planning horizon, taking into account the potential impact of an economic downturn, and without resorting to the Firm's contingency funding plan.

Liquidity & Liquidity Risk

IFPRU Firms are, in IPFRU 7 (Liquidity) of the FCA Handbook, referred to the FCA's liquidity regime and liquidity reporting in BIPRU 12 (Liquidity standards) and SUP 16 (Reporting requirements). Z.com Trade has implemented a Liquidity Risk Assessment Policy and Procedures (LRAP). Liquidity risk management is an integral part of Z.com Trade's business strategy. The Firm has in place strategies, policies, processes and systems in order to identify, measure, manage and monitor liquidity risk. A rolling liquidity forecast is maintained to ensure that liabilities can be met as they fall due whilst delivering the strategic business plan.

The Firm is funded through share capital and reserves. The Firm has no long-term debt and no off-balance sheet funding. The Firm uses liquid assets as defined in its LRAP to meet its liquidity obligations.

REMUNERATION POLICY

Z.com Trade has implemented a Remuneration Policy and Procedures in accordance with SYSC 19A.2.1: Remuneration Code (the "Code") of the FCA Handbook where by firms are required to: "...establish, implement and maintain remuneration policies, procedures and practices that are consistent with, and promote, sound and effective risk management." The rules recognise that not all of the Code's principles apply to all firms equally and define a high level, three tier proportionality framework which applies the Code to the extent that it is appropriate to the size of the firm. Z.com Trade is classified as a Proportionality Tier 3 firm.

Z.com Trade currently remunerates the Firm's directors and employees through basic fixed remuneration and benefits. There are no arrangements for any variable element such as bonus or commission in place at this time, nor does the Firm operate a pension scheme. The Firm's remuneration policy is designed to:

- Avoid conflicts of interest and ensure that individuals engaged in "control functions" are remunerated:
 - (a) Adequately to attract qualified and experienced staff, and
 - (b) In accordance with the achievement of the objectives linked to their functions (established through the Firm's Staff Assessment Policy and Procedures) and their overall contribution to Z.com Trade.
- Be consistent with, and promote sound and effective risk management that does not encourage risk-taking that exceeds the Firm's risk tolerance.
- Remain in line with the business strategy, objectives, values and long-term interests of the firm.

The FCA Remuneration Code requires the Firm to identify staff that hold significant influence functions, are senior management, risk takers, staff who undertake controlled functions and employees receiving remuneration on a par with senior management. Such individuals, required to be classified as Code Staff, are the UK based directors of Z.com Trade and the Firm's General Manager.

Under CEBS guidelines, level three firms can dis-apply certain rules whilst having regard to proportionality. In terms of the requirement for a remuneration committee: Z.com Trade is a small firm and as such, the Remuneration Committee is the Human Resources (HR) Committee. At this early stage in the Firm's business, the HR Committee meets as required to deliberate and make recommendations to the Board in respect of remuneration and HR matters.

The Board approves remuneration policy and in doing so, takes into account the pay and conditions across the firm and industry scales. The Board assesses how remuneration decisions are made within the organisation, and evaluate their alignment with this Remuneration Policy and the Remuneration Code. The Board takes full

account of the Firm's strategic objectives in setting remuneration policy, and is mindful of its duties to shareholders and other stakeholders. The Board seeks to preserve shareholder value by ensuring the successful retention, recruitment and motivation of staff. The Board reviews the remuneration strategy and the Remuneration Policy and Procedures on at least an annual basis.

Code Staff Remuneration

The Firm has four Code Staff who are UK based Senior Management. Fixed Remuneration consists of basic salaries for such. In financial year ended 31/03/2015, total fixed remuneration for all code staff was £366,000 and total variable remuneration was £0.