



NICE
Information Service Co., Ltd.

Semi-Annual Report 2019

4. Segment Information:

Executive staffs determine the sector of sales on the basis of reporting while set up the strategies of sales and others. Sales sector of the consolidated entity is strategic units to provide each other's goods and services. These areas require marketing strategy, so this reports had to be shown individually. Sales area is separated by corporate and personal credit information, debt collection service, and others.

(1) Operating results by reportable segment for the ended June 30, 2019 and 2018 are as follows:

(Unit: a dollar)	2019		
Categories	Revenue	Expense	Net amounts
1. Consumer & Corporate CB	178,073,186	(147,417,585)	30,655,601
2. Debt–Collection	33,167,838	(32,244,841)	922,997
3. Others	1,850,073	(2,959,852)	(1,109,779)
Subtotal	213,091,097	(182,622,278)	30,468,819
Internal Transactions	(3,458,065)	3,468,065	10,000
Net Financial Profit&Loss			367,923
Other non–financial profit&loss			128,895
Total	209,633,032	(179,154,213)	30,975,637

(Unit: a dollar)	2018		
Categories	Revenue	Expense	Net amounts
1. Consumer & Corporate CB	164,936,345	(136,104,152)	28,832,193
2. Debt–Collection	30,209,464	(28,731,986)	1,477,478
3. Others	2,611,206	(3,979,183)	(1,367,977)
Subtotal	197,757,015	(168,815,321)	28,941,694
Internal Transactions	(3,514,664)	3,141,289	(373,375)

(Unit: a dollar)	2018		
Categories	Revenue	Expense	Net amounts
Net Financial Profit&Loss			915,350
Other non-financial profit&loss			38,108
Total	194,242,351	(165,674,032)	29,521,777

(2) Total Assets of reportable segment as of June 30, 2019 and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Individual & Corporate CB	255,657,027	234,252,656
Collection Service	29,344,855	26,443,436
Other business	7,824,023	8,118,567
Sub total	292,825,905	268,814,659
Internal transaction	(661,254)	(758,473)
Total	292,164,651	268,056,186

(3) Total liabilities of reportable segment as of June 30, 2019 and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Individual & Corporate CB	70,401,259	61,046,748
Collection Service	10,765,399	8,546,490
Other business	1,192,361	864,849
Sub total	82,359,019	70,458,087
Internal transaction	(661,254)	(758,473)
Total	81,697,765	69,699,614

(4) Labor services by reportable segment as of June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	2019	2018
Corporate CB & Individual CB Service	162,759,955	152,387,766
Solution & Model Development Service	15,244,993	12,502,874
Collection Service	30,390,276	27,658,471
Other service	1,237,808	1,693,240
Total	209,633,032	194,242,351

(5) Agreement asset & liabilities by reportable segment as of June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	2019	2018
Contract Asset	29,502,854	21,750,441
Contract liabilities	11,876,745	13,159,518

5. **Financial Instrument:**

(1) Capital Risk Management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio and debt-to-equity ratio as at June 30, 2019 and June 31, 2018, were as follows:

(In a thousand of KRW)	2019	2018
Total borrowings	–	–
less: cash and cash equivalents	85,168,606	96,270,615
Net debt (a)	–	–
Total equity	210,466,886	198,356,572
Total capital (b)	210,466,886	198,356,572
Gearing ratio (a)/(b)	–	–

(2) Financial instruments by category

Categorizations of financial instruments as at June 30, 2019 and June 31, 2018, are as follows:

1. Financial asset for 2019

2019				
(In a thousand of KRW)	Financial assets at FVTPL	Financial assets at FVOCI	Financial assets at amortized cost	Total
Cash and cash equivalents	–	–	63,238,367	63,238,367
Trade receivables and Other receivables	–	–	27,187,281	27,187,281

2019				
(In a thousand of KRW)	Financial assets at FVTPL	Financial assets at FVOCI	Financial assets at amortized cost	Total
Other financial assets	–	–	21,930,239	21,930,239
Financial assets at FVTPL	7,361,500	–	–	7,361,500
Financial assets at FVOCI	–	1,248,497	–	1,248,497
Other non-financial assets	–	–	24,025,422	24,025,422
Total	7,361,500	1,248,497	136,381,309	144,991,306

2. Financial liabilities for 2019

2019			
(In a thousand of KRW)	Financial liabilities at FVTPL	Financial liabilities at amortized cost	Total
Trade Payables and Other payables	–	38,370,337	38,370,337
Other non-current financial liabilities	–	14,101,133	14,101,133
Total	–	52,471,470	52,471,470

1. Financial assets for 2018

2018				
(In a thousand of KRW)	Financial assets at FVTPL	Financial assets at FVOCI	Financial assets at amortized cost	Total
Cash and cash equivalents	–	–	71,921,627	71,921,627

2018				
(In a thousand of KRW)	Financial assets at FVTPL	Financial assets at FVOCI	Financial assets at amortized cost	Total
Trade receivables and Other receivables	–	–	20,722,338	20,722,338
Other financial assets	–	–	24,348,989	24,348,989
Financial assets at FVTPL	5,307,376	–	–	5,307,376
Financial assets at FVOCI	–	1,248,497	–	1,248,497
Other non-financial assets	–	–	23,071,064	23,071,064
Total	5,307,376	1,248,497	140,064,018	146,619,891

2. Financial liabilities for 2018

2018			
(In a thousand of KRW)	Financial liabilities at FVTPL	Financial liabilities at amortized cost	Total
Trade Payables and Other payables	–	41,064,110	41,064,110

(3) Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance team under policies approved by the Corporate Management Committee. The finance team identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Corporate Management Committee reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, investment of excess liquidity.

1) Market risk

(1) Price risk

The Group is exposed to equity securities price risk arises from investments held by the Group and classified in the consolidated interim statement of financial position as financial assets at FVTPL and available-for-sale financial assets.

Investments in marketable equity securities are at the management's discretion and the Group does not have a separate investment policy for this matter. At the end of the reporting period, the Group's marketable equity instruments are classified as Financial assets at FVOCI and changes in fair value are reflected in equity. Therefore, there is no effect of changes in the price of equity instruments on the Group's profit or loss. In case fair value of financial assets at FVTPL, as of the reporting date, either increases or decreases by 10%, the Group's before-tax profit for the six-month periods ended June 30 will increase or decrease by KRW 4,245 million.

(2) Credit risk

Credit risk is managed at group level. Credit risk is posed not only from accounts' credit risk including notes/account receivables and firm contracts in possession but also from bank deposits of banks and financial institutions.

For customers such as banks and financial institutions, transactions are conducted only when an independent credit rating agency assigns a letter grade 'A' as the minimum requirement. For other conventional customers, credit is assessed based on other factors such as the customer's financial condition, past experience, and others. The Group does not have specific risk management policy for business counterparties.

(3) Liquidity risk

Finance team of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyzes the Group's financial liabilities and credit contract into relevant maturity groupings based on the remaining period at the reporting period to the contractual maturity date.

2019						
(In a thousand of KRW)	Book Value	Less than 3 months	Between 3 month ~ 1 year	Between 1 year ~ 5 years	Over 5 years	Total
Trade and other current payables	38,370,337	32,278,703	6,091,634	–	–	38,370,337
Other non-current	14,101,133	–	–	2,760,290	14,706,457	17,466,747

2019						
(In a thousand of KRW)	Book Value	Less than 3 months	Between 3 month ~ 1 year	Between 1 year ~ 5 years	Over 5 years	Total
financial liabilities						
합 계	52,471,470	32,278,703	6,091,634	2,760,290	14,706,457	55,837,084

2018						
(In a thousand of KRW)	Book Value	Less than 3 months	Between 3 month ~ 1 year	Between 1 year ~ 5 years	Over 5 years	Total
Trade and other current payables	38,370,337	32,278,703	6,091,634	-	-	38,370,337

(5) Fair value of financial instruments

- 1) Financial instruments that are measured subsequent to initial recognition at fair value are categorized into Level 1 to Level 3, and fair value measurements of financial instruments by fair value hierarchy level as of June 30, 2019, and June 31, 2018, are as follows:

2019				
(In a thousand of KRW)	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Equity-Linked Securities; ELS	-	2,839,667	-	2,839,667
Other-Derivative Linked Securities	-	1,010,000	-	1,010,000
Equity-Linked Deposit	-	1,000,833	-	1,000,833
Investment in capital of partnership	-	-	2,511,000	2,511,000
Total	-	4,850,500	2,511,000	7,361,500

2019				
(In a thousand of KRW)	Level 1	Level 2	Level 3	Total
Financial liabilities at FVOCI:				
Non-listed stocks	-	-	1,248,497	1,248,497

2018				
(In a thousand of KRW)	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Equity-Linked Securities; ELS	-	2,023,000	-	2,023,000
Other-Derivative Linked Securities	-	1,005,000	-	1,005,000
Equity-Linked Deposit	-	-	1,899,000	1,899,000
Convertible Stocks	-	-	380,376	380,376
Total	-	3,028,000	2,279,376	5,307,376
Financial liabilities at FVOCI:				
Non-listed stocks	-	-	1,248,497	1,248,497

There is no significant movement between Level 1 and Level 2 for the six months ended June 30, 2019 and 2018.

2) The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximate their fair values.

6. Restricted Deposit:

Details of other current assets as of June 31, 2019 and 2018 are as follows:

Restricted deposits as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	Description	2019	2018
Other non-current financial assets	Other non-current financial assets	50,000	50,000

7. Trade and Other Receivables:

(1) Trade and other receivables as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Trade receivables	27,344,262	20,839,545
Loss allowance	(1,475,770)	(1,401,754)
Long-term trade receivables (net)	25,868,492	19,437,791
Accrued revenue	513,317	536,516
Loss allowance	(37,185)	(37,185)
Accrued revenue(net)	476,132	499,331
Guarantee Deposits	842,657	785,216
Total	27,187,281	20,722,338

(2) Changes in loss allowance for trade receivables for the six months ended June 30, 2019 and 2018, are as follows:

2019				
(In a thousand of KRW)	Expected Loss	Balance	Loss amount	Book value
Below 30 days	0.04%	53,017,396	(20,031)	52,997,365
Between 30 days ~ 60 days	0.07%	649,927	(427)	649,500
Between 60 days ~ 90 days	1.46%	570,897	(8,312)	562,585
Between 90 days ~ 365 days	19.28%	1,312,493	(252,999)	1,059,494
Above 356 days	92.10%	1,296,403	(1,194,001)	102,402
Total		56,847,116	(1,475,770)	55,371,346

2018

(In a thousand of KRW)	Expected Loss	Balance	Loss amount	Book value
Below 30 days	–	39,893,875	–	39,893,875
Between 30 days ~ 60 days	–	376,974	–	376,974
Between 60 days ~ 90 days	–	536,346	–	536,346
Between 90 days ~ 365 days	44.57%	687,464	(306,427)	381,037
Above 356 days	100.00%	1,095,327	(1,095,327)	–
Total		42,589,986	(1,401,754)	41,188,232

(3) Changes in trade receivable and other allowance for the six months ended June 30, 2019 and 2018, are as follows:

2019			
(In a thousand of KRW)	Beginning balance	Bad debt expenses	Ending balance
Trade receivable allowance	1,401,754	74,016	1,475,770
Accrued revenue allowance	37,185	–	37,185
Total	1,438,939	74,016	1,512,955

(In a thousand of KRW)	Beginning balance	Bad debt expenses	Others	Ending balance 반기말
Trade receivable allowance	1,367,542	69,419	34,907	1,471,868
Accrued revenue allowance	–	–	35,990	35,990
Long-term trade receivable allowance	184,282	–	–	184,282
Total	1,551,824	69,419	70,897	1,692,140

8. Other Current Financial Assets:

(1) Changes in other financial assets for the six-month periods ended June 30, 2019 and for the year ended June 31, 2018, are as follows:

(In a thousand of KRW)	2019	2018
Short-term financial instruments	21,816,841	24,270,191
Short-term loan	113,398	78,798
Total	21,930,239	24,348,989

9. Other Current Assets:

Other current assets as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Other current assets		
Prepayments	2,643,521	2,875,658
prepaid expenses	1,374,338	754,888
Total	4,017,859	3,630,546
Other non-current assets		
Other Investment assets	250,000	250,000

10. Financial Assets at FVTPL:

(1) Financial assets at FVTPL as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Current Financial assets at FVTPL		
Equity-Linked Securities	2,038,334	2,023,000
Equity investment	1,000,833	–
Total	3,039,167	2,023,000

(In a thousand of KRW)	2019	2018
Non-current Financial assets at FVTPL		
Other-Derivative Linked Securities	1,010,000	1,005,000
Equity-Linked Securities; ELS	801,333	–
Investment in capital of partnership	2,511,000	1,899,000
Convertible stocks	–	380,376
Subtotal	4,322,333	3,284,376
Total	7,361,500	5,307,376

(2) Changes in other financial assets for the six-month periods ended June 30, 2019 and for the year ended June 31, 2018, are as follows:

(In a thousand of KRW)	2019	2018
Beginning balance	5,307,376	–
Accounting policy - Article 1109	–	601,000
Acquisition	2,500,000	2,000,000
Disposal	(88,000)	(18,000)
Evaluation	22,500	–
Alternative(*)	(380,376)	–
Ending balance	7,361,500	2,583,000

* Related company named 'Open-mate's convertible stocks change into common stocks which means re-distributed as investment in related company.

11. Financial Assets at FVOCI and AFS Financial Assets:

(1) Financial assets at FVOCI as of June 30, 2019, and AFS financial assets as of June 31, 2018, consist of the following:

(In a thousand of KRW)	Categories	2019	2018
Non-marketable financial assets	Equity Securities	1,248,497	1,248,497

(2) Changes in other financial assets for the six-month periods ended June 30, 2019 and for the year ended June 31, 2018, are as follows:

(In a thousand of KRW)	2019	2018
Beginning balance	1,248,497	5,258,013
Accounting policy – Article 1109	–	(601,000)
Ending balance	1,248,497	4,657,013

12. Tangible Assets:

Changes in the carrying amount of tangible assets for the six months ended June 30, 2019 and 2018, are as follows:

2019								
(In a thousand of KRW)	2018	Conversion effect of Accounting policy – Article 1116	Beginning balance	Acquisition	Disposal	Amortization	Alternative	Ending balance
Building	21,456,812	–	21,456,812	–	–	(272,180)	–	21,184,632
Mechanical equipment	11,402,589	–	11,402,589	2,266,636	–	(2,042,425)	–	11,626,800
Furnishing	3,454,216	–	3,454,216	595,635	(704)	(616,523)	28,000	3,460,624
The asset of right of use(Lease asset)	–	15,291,438	15,291,438	37,329	–	(1,496,722)	–	13,832,045
Construction in progress	14,000	–	14,000	14,000	–	–	(28,000)	–
Total	36,327,617	15,291,438	51,619,055	2,913,600	(704)	(4,427,850)	–	50,104,101

2018

(In a thousand of KRW)	Beginning balance	Acquisition	Disposal	Amortization	Alternative	Ending balance
Building	–	447,039	–	(45,363)	21,327,316	21,728,992
Mechanical equipment	8,580,786	3,306,244	–	(1,588,850)	–	10,298,180
Furnishing	2,285,159	1,617,356	(1,890)	(428,292)	–	3,472,333
Construction in progress	21,327,316	–	–	–	(21,327,316)	–
합 계	32,193,261	5,370,639	(1,890)	(2,062,505)	–	35,499,505

13. Investment Properties:

(1) Changes in the carrying amount of investment properties for the six months ended June 30, 2019 and 2018, are as follows:

2019			
(In a thousand of KRW)	Beginning balance	Amortization	Ending balance
Land	3,481,042	–	3,481,042
Building	10,292,714	(145,996)	10,146,718
Structures	2,129,947	(68,976)	2,060,971
Total	15,903,703	(214,972)	15,688,731

2018			
(In a thousand of KRW)	Beginning balance	Amortization	Ending balance
Land	3,481,042	–	3,481,042
Building	10,292,714	(145,996)	10,146,718
Structures	2,129,947	(68,976)	2,060,971

2018			
(In a thousand of KR W)	Beginning balance	Amortization	Ending balance
Total	15,903,703	(214,972)	15,688,731

(2) Changes in rent revenue and expense from investment property for the six months ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	2019	2018
Rent revenue	165,114	154,575
Rent expense	263,342	237,396

(3) The fair value of investment property for the six months ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)			
2019		2018	
Book value	Fair value	Book value	Fair value
15,688,731	16,595,000	15,903,703	16,595,000

14. Intangible Assets:

Changes in the carrying amount of intangible assets for the six months ended June 30, 2019 and 2018, are as follows:

2019				
(In a thousand of KRW)	Beginning balance	Acquisition	Disposal	Ending balance
Goodwill	13,554,008	–	–	13,554,008
Customer relationships	1,331,367	–	(363,100)	968,267

2019				
(In a thousand of KRW)	Beginning balance	Acquisition	Disposal	Ending balance
Other intangibles	12,244,246	4,136,487	(2,412,916)	13,967,817
Total	27,129,621	4,136,487	(2,776,016)	28,490,092

2018				
(In a thousand of KRW)	Beginning balance	Acquisition	Disposal	Ending balance
Goodwill	13,554,008	–	–	13,554,008
Customer relationships	2,057,567	–	(363,100)	1,694,467
Other intangibles	12,175,444	2,662,151	(2,252,282)	12,585,313
Total	27,787,019	2,662,151	(2,615,382)	27,833,788

15. Investments in Subsidiaries:

(1) Investments in subsidiaries as of June 30, 2019, and June 31, 2018, consist of the following:

Subsidiary	Location	Principal business	Ownership of Group(%)	
			2019	2018
NICE Credit Information	S.Korea	Asset management and debt-collection	100	100
NICE ZiniData	S.Korea	Data analysis service	100	100
Specified Money In Trust	S.Korea	Specified money in trust	100	100

(2) Summarized financial position (before elimination of intercompany transactions and adjustments for differences in accounting policies) of subsidiaries as of June 30, 2019, and June 31, 2018, are as follows:

2019

FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
June 30, 2019 AND 2018

Subsidiary	Current asset	Non-current asset	Total asset	Current liability	Non-current liability	Total liability	Capital
NICE Credit Information	18,945,461	10,399,394	29,344,855	8,541,234	2,224,165	10,765,399	18,579,456
NICE ZiniData	4,184,809	2,135,883	6,320,692	745,689	439,703	1,185,392	5,135,300
Specified Money In Trust	1,503,332	6,519,723	8,023,055	6,970	–	6,970	8,016,085

2018							
Subsidiary	Current asset	Non-current asset	Total asset	Current liability	Non-current liability	Total liability	Capital
NICE Credit Information	17,132,418	9,311,018	26,443,436	8,151,452	395,038	8,546,490	17,896,946
NICE ZiniData	4,669,199	1,942,980	6,612,179	609,104	240,709	849,813	5,762,366
Specified Money In Trust	1,506,389	6,519,723	8,026,112	15,036	–	15,036	8,011,076

(3) Financial performances of the Group's major subsidiaries for the six months ended June 30, 2019 and 2018, are as follows:

2019					
(In a thousand of KRW)	Revenue	Operating profit and loss	Net profit and loss	Other comprehensive income	Total Comprehensive income
NICE Credit Information	33,167,838	922,997	682,511	–	682,511
NICE ZiniData	1,846,581	(614,040)	(627,066)	–	(627,066)
Specified Money In Trust	–	(6,970)	5,009	–	5,009

2018					
(In a thousand of KRW)	Revenue	Operating profit and loss	Net profit and loss	Other comprehensive income	Total Comprehensive income
NICE Credit Information	33,167,838	922,997	682,511	-	682,511
NICE ZiniData	1,846,581	(614,040)	(627,066)	-	(627,066)
Specified Money In Trust	-	(6,970)	5,009	-	5,009

(4) Cash flows of the firm's major subsidiaries for the six months ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	C/F from operating activities	C/F from investment activities	C/F from financing activities	Cash and cash equivalent asset fluctuation	Beginning cash and cash equivalent asset	Ending cash and cash equivalent asset
NICE Credit Information	1,666,936	(190,641)	(707,561)	768,734	4,288,409	5,057,143
NICE ZiniData	170,147	(474,347)	(84,429)	(388,629)	797,317	408,688
Specified Money In Trust	(3,057)	-	-	(3,057)	1,506,389	1,503,332

16. Investments in Associates:

(1) Investments in associates as of June 30, 2019, and June 31, 2018, consist of the following:

(In a th	Company	Main	Location	Fiscal	share(%)	Investment	Book value
----------	---------	------	----------	--------	----------	------------	------------

ousand of KR W)		business		year			2019	2018
Joint firm	Dongbu Real Estate Trust, 11 (Joint venture)	Real estate rental	S.Korea	Dec.	50	9,500,000	9,566,193	9,594,896
Relative	Nice Info Vietnam Co., LTD	Business strategy and risk consulting	Vietnam	Dec.	40	1,726,040	1,214,499	1,399,766
	Openmate	Software application development and supply	S.Korea	Dec.	23.61	781,380	591,636	426,906
	NICE Digital renaissance 3 rd New tech. investment	Other investment institution	S.Korea	Dec.	20.51	1,528,000	1,507,747	–
Total						13,535,420	12,880,075	11,421,568

(2) Changes in investments in associates for the six months ended June 30, 2019 and 2018, are as follows:

2019							
(In a thous and of KR W)	Beginning balance	Acquisition	Gain&loss in equity method	Dividend acquisition	Capital change in equity method	Convertible stocks	Ending balance

2019							
(In a thous and of KR W)	Beginning balance	Acquisition	Gain&loss in equity method	Dividend acquisition	Capital change in equity method	Convertible stocks	Ending balance
Dongbu Real Estate Trust, 11 (Joint venture)	9,594,896	-	386,886	(415,589)	-	-	9,566,193
Nice Info Vietnam Co., LTD	1,399,766	-	(224,558)	-	39,291	-	1,214,499
Openmate	426,906	-	(215,646)	-	-	380,376	591,636
NICE Digital renaissance 3 rd New tech. investment	-	1,528,000	(20,253)	-	-	-	1,507,747
Total	11,421,568	1,528,000	(73,571)	(415,589)	39,291	380,376	12,880,075

2018						
(In a thous and of KR W)	Beginning balance	Acquisition	Gain&loss in equity method	Dividend acquisition	Capital change in equity method	Ending balance
Dongbu Real Estate Trust, 11 (Joint venture)	9,581,821	-	354,675	(376,292)	-	9,560,204

2018						
(In a thous and of KR W)	Beginning balance	Acquisition	Gain&loss in equity method	Dividend acquisition	Capital change in equity method	Ending balance
Nice Info Vietnam Co., LTD	381,522	1,280,160	(76,618)	–	(66,289)	1,518,775
Total	9,963,343	1,280,160	278,057	(376,292)	(66,289)	11,078,979

(3) Summarized financial position of the firms' investments in associates as of June 30, 2019, and June 31, 2018 are as follows:

(In a thousand of KRW)							
Categories	Dongbu Real Estate Trust, 11 (Joint venture)		Nice Info Vietnam Co., LTD		Openmate		NICE Digital renaissance 3 rd New tech. investment
	2019	2018	2019	2018	2019	2018	2019
Current asset	692,436	774,094	1,343,889	2,099,629	1,171,047	2,105,648	103,735
Non-current asset	48,798,698	48,708,342	2,139,117	1,562,430	414,500	400,808	7,298,886
Total asset	49,491,134	49,482,436	3,483,006	3,662,059	1,585,547	2,506,456	7,402,621
Current liability	556,045	478,943	446,760	162,645	1,190,429	1,197,931	52,356
Non-current liability	29,802,701	29,813,701	–	–	–	–	–

(In a thousand of KRW)							
Categories	Dongbu Real Estate Trust, 11 (Joint venture)		Nice Info Vietnam Co., LTD		Openmate		NICE Digital renaissance 3 rd New tech. investment
	2019	2018	2019	2018	2019	2018	2019
Total Liability	30,358,746	30,292,644	446,760	162,645	1,190,429	1,197,931	52,356
Total capital	19,132,388	19,189,792	3,036,246	3,499,414	395,118	1,308,525	7,350,265

(4) Financial performances of the Group's major subsidiaries for the six months ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)							
Categories	Dongbu Real Estate Trust, 11 (Joint venture)		Nice Info Vietnam Co., LTD		Openmate		NICE Digital renaissance 3 rd New tech. investment
	2019	2018	2019	2018	2019	2018	2019
Revenue		1,372,639	383,603	4,348	1,331,125	1,814,546	447
Operating profit and loss	1,263,694	1,158,079	(610,287)	(192,078)	(892,393)	(470,318)	(98,735)
Net amount	773,666	709,351	(561,394)	(191,547)	(915,170)	(487,340)	(98,735)
Other comprehensi	-	-	98,227	(198,122)	-	-	-

(In a thousand of KRW)							
Categories	Dongbu Real Estate Trust, 11 (Joint venture)		Nice Info Vietnam Co., LTD		Openmate		NICE Digital renaissance 3 ^d New tech. investment
	2019	2018	2019	2018	2019	2018	2019
ve income							
Total comprehensive income	773,666	709,351	(463,167)	(389,669)	(915,170)	(487,340)	(98,735)

(5) Adjustments from equity of associates to book value of shares owned as of June 30, 2019, is as follows:

Categories	Dongbu Real Estate Trust, 11 (Joint venture)		Nice Info Vietnam Co., LTD		Openmate		NICE Digital renaissance 3 ^d New tech. investment
	2019	2018	2019	2018	2019	2018	2019
Net assets(A)	19,132,388	19,189,792	3,036,246	3,499,414	395,118	1,308,525	7,350,265
Ownership ratio(B)	50%	50%	40%	40%	23.61%	13.64%	20.51%
(A)x(B)	9,566,193	9,594,896	1,214,499	1,399,766	93,283	178,547	1,507,747
Goodwill	-	-	-	-	498,353	248,359	-
Ending balance	9,566,193	9,594,896	1,214,499	1,399,766	591,636	426,906	1,507,747

17. Other Non-Current Assets:

Other non-current assets as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Long-term financial instruments	12,000,000	10,000,000
Long-term loan receivables	6,731,344	7,622,376
Guarantee Deposits	5,294,078	5,448,688
Total	24,025,422	23,071,064

18. Trade and Other payables:

Long-term trade and other payables as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Long-term loans	1,572,479	2,188,699
Accrued expenses	35,998,766	38,076,319
Others	799,092	799,092
Total	38,370,337	41,064,110

19. Other Current Liabilities and Other Non-Current Liabilities:

Other current liabilities and other non-current liabilities as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Other current liabilities:		
Withholdings	5,983,129	6,692,658
Others	107,808	108,310
Total	6,090,937	6,800,968
Other non-current liabilities		
Long-term accrued expense	442,246	384,989

20. Income Tax Expenses:

Income tax expense was recognized as current tax expense adjusted to current adjustments for prior periods, deferred tax income/expenses by origination and reversal of deferred assets/liabilities and temporary differences, and income tax recognized in other comprehensive income. The Group's separate effective tax rate for the six months ended June 30, 2019, was 24.72% (2018: 24.62%).

21. Retirement Plans:

(1) Net defined benefit liabilities as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Present value of defined benefit obligations	37,643,814	36,630,473
Fair value of plan assets	(38,293,883)	(37,173,834)
Net defined benefit obligations(asset)	(650,069)	(543,361)

(2) Changes in carrying amount of the net defined benefit liabilities for the six months ended June 30, 2019 and 2018, are as follows:

2019			
(In a thousand of KRW)	Present value of defined benefit obligations	Accumulated assets	Total
Beginning balance	31,292,883	(32,233,250)	(940,367)
Current service cost	2,152,654	-	2,152,654
Interest expense (income)	440,462	(437,136)	3,326
Contributions	-	(1,052,831)	(1,052,831)
Retirement benefits paid	(907,107)	869,118	(37,989)
Relative transfer	(17,018)	17,018	-
Ending balance	32,961,874	(32,837,081)	124,793

2018			
(In a thousand of KRW)	Present value of defined benefit obligations	Accumulated assets	Total
Beginning balance	31,292,883	(32,233,250)	(940,367)
Current service cost	2,152,654	-	2,152,654
Interest expense (income)	440,462	(437,136)	3,326

2018			
(In a thousand of KRW)	Present value of defined benefit obligations	Accumulated assets	Total
Contributions	–	(1,052,831)	(1,052,831)
Retirement benefits paid	(907,107)	869,118	(37,989)
Relative transfer	(17,018)	17,018	–
Ending balance	32,961,874	(32,837,081)	124,793

22. Capital Stock:

Capital stock as of June 30, 2019, and June 31, 2018, consists of the following:

(In a thousand of KRW)	2019	2018
Number of shares authorized	200,000,000 주	200,000,000 주
Par value	500	500
Number of shares issued	60,714,820 주	60,714,820 주
Issued capital	30,357,410,000	30,357,410,000

23. Other Capital Surplus and Other Components of Equity:

(1) Other capital surplus as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Additional Paid-in Capital	49,852,079	49,852,079
Treasury Stock	(6,551,753)	(6,551,753)
Other capital adjustments	(796,569)	(796,569)
Stock award	30,281	–
Total	42,534,038	42,503,757

(2) Other capital paid-up as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Beginning balance	42,503,757	42,503,757
Stock award	30,281	–
Ending balance	42,534,038	42,503,757

(3) Other components of equity as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Loss on financial assets at FVOCI	(3,348,611)	(3,348,611)
Change in equity method investment	59,874	20,583
Total	(3,288,737)	(3,328,028)

(4) Fluctuation of other components of equity as of June 30, 2019, and June 31, 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Beginning balance	(3,328,028)	(1,699,571)
Change in equity method investment	39,291	(66,289)
Ending balance	(3,288,737)	(1,765,860)

24. Stock award

(1) Stock option of June 30, 2019, and June 31, 2018, consist of the following:

Placement	Number of shares authorized	Award method	Price (unit : won)	Period	Term
21 st Mar 2019	110,000 shares	New stock issued,	10,905 won	22 nd Mar 2022 ~ 21 st Mar	3 years of work needed

Placement	Number of shares authorized	Award method	Price (unit : won)	Period	Term
		Treasury stock issued, appreciation		2026	

(2) Number of shares and its weighted average price as of June 30, 2019, and June 31, 2018, consist of the following:

(Unit : shares, won)	Number of stocks	Weighted average price
Beginning number of stocks	-	-
Given stocks	110,000	10,905
Ending number of stocks	110,000	10,905

25. Retained earnings and dividend

(1) Current retained earnings for the six months ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	2019	2018
Earned surplus reserve	5,766,683	4,630,810
Other surplus reserve	2,250,000	2,250,000
Unappropriated earned surplus	132,847,492	121,942,623
Total	140,864,175	128,823,433

(2) The details of the dividend payment for the six months ended June 30, 2019 and 2018, are as follows:

2019					
(Unit : shares, a thousand won)	Total number of stock issued	Treasury stocks	Number of stock dividend	Dividend per share (unit : won)	Total dividend
Common stocks	60,714,820	932,027	59,782,793	190	11,358,731

2018					
(Unit : shares, a thousand won)	Total number of stock issued	Treasury stocks	Number of stock dividend	Dividend per share (unit : won)	Total dividend
Common stocks	60,714,820	932,027	59,782,793	140	8,369,591

26. Other Operating Expenses:

Other operating expenses for the ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	2019	2018
Travel expense	572,755	440,316
Rental expense	534,430	997,598
Task propulsion expense	1,066,529	991,987
Taxes and dues	293,336	234,411
Advertising expense	8,500,616	5,042,468
Bad debt expense	74,016	69,419

(In a thousand of KRW)	2019	2018
Congratulatory & Condolences Expense	51,067	48,068
Communication expense	1,838,794	1,876,618
Exclusive line use expense	1,053,431	1,035,983
Electronic facilities expense	4,375,807	4,093,850
Information usage expense	617,145	429,522
Insurance premium	619,644	715,647
Conference expense	339,006	298,049
Repair expense	79,084	201,418
Vehicle maintenance expense	148,568	297,007
Cost of sales from sale of goods	108,223	112,517
Training expense	201,718	188,802
Publication expense	195,743	183,710
Building maintenance expense	1,794,984	2,439,998
Utility expense	16,193	29,769
Stock awards	30,281	—
Total	22,511,370	19,727,157

27. FINANCIAL INCOME AND EXPENSES:

Financial income and expenses for the ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	2019	2018
Financial income		
Deposits held by financial institutions	672,290	460,589
Financial assets at FVOCI	162,781	176,705
Total	835,071	637,294
Income expense		
Lease liabilities	393,579	–

28. OTHER NON-OPERATING INCOME:

(1) Other non-operating income for the ended June 30, 2019 and 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Gain on foreign currency exchange transaction	32,931	7,270
Gains on disposal of derivative financial instrument	22,500	–
Gain on disposal of property, plant and equipment	850	18
Gain on rent	183,671	151,659
Others	21,594	30,616
Total	261,546	189,563

29. OTHER NON-OPERATING EXPENSES:

(1) Other non-operating expenses for the ended June 30, 2019 and 2018, consist of the following:

(In a thousand of KRW)	2019	2018
Losses Foreign Currency exchange Transactions	12,357	18,324
Donations	114,000	53,987
Others	6,294	77,786
Losses on disposals of property, plant and equipment	–	1,358
Total	132,651	151,455

30. EARNINGS (LOSS) PER SHARE:

(1) Basic earnings (loss) per share

Basic earnings (loss) per share for the ended June 30, 2019 and 2018, are as follows (In a thousand of Korean won, except for share data and earnings (loss) per share):

(Unit: Won, shares)	2019	2018
Net profit	23,399,472,414	22,224,762,004
Weighted-average number of common shares outstanding	59,782,793	59,782,793
Earnings (loss) per share:	391	372

(2) Diluted earnings (loss) per share

Diluted earnings (loss) per share for the ended June 30, 2019 and 2018, are the same as the basic earnings (loss) per share, as there are no dilutive potential common shares and dilutive effect.

31. TRANSACTIONS AND BALANCES WITH RELATED PARTIES:

(1) The list of related parties of the Group as of June 30, 2019, is as follows:

Relationship	Related parties
Holding Company	NICE Holdings.
Associates and joint ventures	Dongbu Real Estate Trust 11, Nice Info Vietnam Co., LTD
Other related parties	NICE Data, NICE Investors Service, NICE CMS, NICE IP PARTNERS, NICE Research & Consulting, NICE F&I, NICE Investments, NICE Credit Evaluation, NICE CMS, NICE IP Partners, NICE R&C, NICE Investment, NICE Infra, NICE Information & Communication, NICE P&I, NICE Payments,

Dongguan A-chon Electronics Technologies Limited,
 Dongguan Eon-ran Electronics Limited, Seoul Electronics &
 Telecom, LMS, StoB Network, NICE DNB, NICE FINLINK,
 ITM SEMICONDUCTOR, Zinitix, T-may Co., Ltd., Chunjin
 Eon-ram Electronics Limited, KIS Information &
 Communication, NICE TCM, Dongguan Seo Kyeng(H.K)
 Electronics., Ltd., ITM Semiconductor Asia Co., Ltd., ITM
 Semiconductor VIETNAM Co., Ltd, ITM USA, Inc., LMS VINA
 Co., Ltd., LMS ShenZhen Co., Ltd., PT.IONPay Networks,
 Seo kyung(H.K.) Electronics Ltd., Seoul Electronics(M) BHD.,
 SET VINA Co., Ltd., BBS GmbH, BBS of America,
 ZAISEOUL, OKPOS, ZAISEOUL Co.,Ltd., ZAISEOUL Limited,
 Doctor Stech, rePaper, MOONOS, Bird View, UMMAWA,
 NICE A&I, DIO Holdings, Megnum PEF, DH Lottery, NICE
 TECH CENTER VIETNAM LIMITED COMPANY, Hooper,
 Moments Company, NICE Digital Renaissance 1st New Tech.
 Business Investment, NICE Business Platform, NICE Park
 Doosan, LMS Trading VI-ETNAM Co., Ltd, NPB Loan, ITNC

(2) Significant transactions with related parties in the ordinary course of business for the six months ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	Company	2019		2018	
		Revenue	Expense	Revenue	Expense
Holding Company	NICE Holdings	32,938	4,125,550	676,762	4,313,523
Other related parties	NICE D&R	139,548	66,377	-	-
	NICE Data	-	-	141,127	31,236
	NICE Investor Service	116,920	28	117,848	30
	NICE R&C	-	-	-	16,800
	NICE F&I	10,000	-	-	-
	NICE Infra	-	1,870,375	-	1,799,763
	NICE Information & Communication	330,760	2,970	166,839	-
	NICE P&I	7,800	9,240	7,800	14,796
	NICE Payments	16,432	512,518	21,763	428,725
	NICE D&B	835,074	224,617	311,433	246,618

(In a thousand of KRW)	Company	2019		2018	
		Revenue	Expense	Revenue	Expense
	NICE TCM	1,254,572	8,943	1,226,412	2,425
	OKPOS	21,889	40,850	–	–
	Doctor Stech	85,380	–	112,336	3,704
	Moonos	6,302	–	10,399	–
	rePaper	19,920	2,898	–	1,965
	KIS Information & Communication	31,951	6,545	46,559	6,000
	NICE Park Doosan	22,433	–	–	–
Total		2,931,919	6,870,911	2,839,278	6,865,585

3) Significant claim and obligation for the six months ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	Company	2019		2018	
		Claim	Obligation	Claim	Obligation
Holding Company	NICE Holdings	17,955	722,940	3,717	704,005
Other related parties	NICE Investor Service	8,758	–	20,520	–
	NICE CMS	–	–	289	–
	NICE D&R	3,534	18,911	22,118	33,002
	NICE Infra	3,590,582	246,103	3,558,990	650,116
	NICE Information & Telecommunication	43,282	17,931	17,855	17,931
	NICE P&I	–	–	–	24,990
	NICE Payments	735,485	500,134	1,339,049	36,625
	LMS	–	–	144	–
	StoB Network	459,018	116,928	305,220	–
	NICE D&B	465,559	330	34,349	825

(In a thousand of KRW)	Company	2019		2018	
		Claim	Obligation	Claim	Obligation
	KIS Information & Communication	7,866	19,031	13,624	19,031
	NICE TCM	228,051	–	228,148	35,673
	OKPOS	–	–	3,224	–
	Doctor Stech	–	412,200	–	412,200
	rePaper	310,000	310,075	310,000	310,477
	Moonos	–	–	–	76
	NICE Business Platform	105,594	22,000	–	–
	NICE Park Doonsan	1,000,000	–	–	–
Total		6,975,684	2,386,583	5,857,247	2,244,951

4) There is no fixed asset transaction with the related parties as of June 30, 2019, and June 31, 2018

(5) The remuneration of registered directors of the Parent for the six months ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	2019	2018
Wages and salaries	440,000	379,167
Retirement benefit cost	29,806	29,938
Total	469,806	409,105

32. COMMITMENTS AND CONTINGENCIES:

(1) As of June 30, 2019, the Group has been provided with a guarantee amounting to KRW 12,021 million from Seoul Guarantee Insurance Co., Ltd. in relation to fidelity guarantee and performance guarantee, etc.

(2) The group has 3 pending lawsuits as a defendant with an aggregate claim amount. The ultimate outcome of these uncertainties cannot presently be determined. However, management does not

anticipate that the resolution of these matters will have a material impact on the financial position or results of operations of the Group.

(In a thousand of KRW)	Accident #	Plaintiff	Defendant	Litigation Value
Retirement payment claim	Seoul District Court 2018GAHAB37505	In, Myo Silk and 27	NICE Credit Information	418,526
Compensation for damage	Seoul District Court 2018GADAN219089	Park, Gae Nam	NICE Credit Information	425,171
Retirement payment claim	Seoul District Court 2018GADAN236312	Kim, Jung Hee and	NICE Credit Information	134,235

33. NON-CASH TRANSACTIONS:

- (1) The significant non-cash transactions from investing and financing activities that are not included in the separate statements of cash flows for the six months ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	2019	2018
Acquisition of tangible assets by non-cash transactions	(230,194)	88,634
Acquisition of intangible assets by non-cash transactions	347,100	62,930

- (2) Non-cash transactions from finance activities for the six months ended June 30, 2019 and 2018, are as follows:

(In a thousand of KRW)	2018	C/F	Non-cash fluctuation	2019
Cash dividend payable		(11,358,731)	11,358,731	–
Lease liability	–	(1,621,214)	15,722,347	14,101,133
Liability and Capital by Finance activities	–	(12,979,945)	27,081,078	14,101,133

NICE Information Service Co., Ltd.



FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
June 30, 2019 AND 2018

<The End>