

Maybank Kim Eng Securities (Thailand) Public  
Company Limited  
Report and interim financial statements  
31 March 2015

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Maybank Kim Eng Securities (Thailand) Public Company Limited

I have reviewed the accompanying statement of financial position of Maybank Kim Eng Securities (Thailand) Public Company Limited as at 31 March 2015, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 14 May 2015

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Statement of Financial Position**

**As at 31 March 2015**

		(Unit: Thousand Baht)	
	Note	31 March 2015	31 December 2014
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash and cash equivalents	2	221,133	249,174
Deposits at financial institutions	3	3,523	3,522
Receivables from Clearing House	4	895,870	3,155,813
Securities and derivatives business receivables	5	15,489,763	15,746,287
Investment	8	82,471	405,768
Loans to employees under welfare program		310,101	312,027
Equipment		274,404	274,035
Intangible assets		51,172	53,378
Property foreclosed		15,886	9,887
Deposits		48,213	46,470
Deferred tax assets		39,590	29,874
Other assets	9	376,090	326,617
<b>Total assets</b>		<b>17,808,216</b>	<b>20,612,852</b>

The accompanying notes are an integral part of the financial statements.

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Statement of Financial Position (continued)**

**As at 31 March 2015**

(Unit: Thousand Baht)

	Note	31 March 2015 (Unaudited but reviewed)	31 December 2014 (Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	10	870,000	3,334,000
Payables to Clearing House		5,008	2,223
Securities and derivatives business payables	11	3,318,172	4,989,075
Derivatives liabilities	7	14,504	22,051
Debt issued and borrowings	12	7,393,388	6,334,718
Provisions	13	152,580	143,644
Income tax payable		326,971	225,998
Accrued expenses		335,795	584,486
Liabilities under financial lease agreements		22,241	15,053
Dividend payable		916	916
Other liabilities		119,822	76,456
<b>Total liabilities</b>		<b>12,559,397</b>	<b>15,728,620</b>
<b>Shareholders' equity</b>			
Share capital			
Registered			
572,250,000 ordinary shares of Baht 5 each		2,861,250	2,861,250
Issued and fully paid-up			
570,814,500 ordinary shares of Baht 5 each		2,854,072	2,854,072
Share premium		523,571	523,571
Premium on treasury shares		19,219	19,219
Retained earnings			
Appropriated - statutory reserve	15	286,125	286,125
Unappropriated		1,565,832	1,201,245
<b>Total shareholders' equity</b>		<b>5,248,819</b>	<b>4,884,232</b>
<b>Total liabilities and shareholders' equity</b>		<b>17,808,216</b>	<b>20,612,852</b>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Statement of comprehensive income**

**For the three-month period ended 31 March 2015**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2015	2014
<b>Profit or loss:</b>			
<b>Income</b>			
Brokerage fee	16	901,991	476,181
Fee and service income		95,103	8,534
Gain on investments		31,518	1,050
Gain (loss) on derivatives		(30,440)	501
Interest and dividends		92,086	82,917
Interest on credit balance accounts		186,571	131,010
Other income		14,051	6,704
<b>Total income</b>		<b>1,290,880</b>	<b>706,897</b>
<b>Expenses</b>			
Financial costs		134,916	89,553
Fee and service expenses		66,060	41,176
Operating expenses			
Personnel expenses	20	463,333	269,530
Premises and equipment expenses		91,467	80,335
Taxes and duties		9,488	7,345
Directors' remuneration	17	1,210	3,000
Information and technology		7,429	8,074
Other expenses		60,011	47,583
Total operating expenses		632,938	415,867
Reversal of bad debt and doubtful accounts		(369)	(102)
<b>Total expenses</b>		<b>833,545</b>	<b>546,494</b>
<b>Profit before income tax expenses</b>		<b>457,335</b>	<b>160,403</b>
Income tax expenses	18	(92,748)	(32,538)
<b>Profit for the periods</b>		<b>364,587</b>	<b>127,865</b>
<b>Other comprehensive income:</b>			
Other comprehensive income for the periods		-	-
<b>Total comprehensive income for the periods</b>		<b>364,587</b>	<b>127,865</b>
<b>Earnings per share</b>			
Basic earnings per share			
Profit for the period	19	0.64	0.22

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Statement of changes in shareholders' equity**

**For the three-month period ended 31 March 2015**

(Unit: Thousand Baht)

	Share capital	Share premium	Premium on treasury shares	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2014</b>	2,854,072	523,571	19,219	286,125	1,592,697	5,275,684
Total comprehensive income for the period	-	-	-	-	127,865	127,865
<b>Balance as at 31 March 2014</b>	<u>2,854,072</u>	<u>523,571</u>	<u>19,219</u>	<u>286,125</u>	<u>1,720,562</u>	<u>5,403,549</u>
<b>Balance as at 1 January 2015</b>	2,854,072	523,571	19,219	286,125	1,201,245	4,884,232
Total comprehensive income for the period	-	-	-	-	364,587	364,587
<b>Balance as at 31 March 2015</b>	<u>2,854,072</u>	<u>523,571</u>	<u>19,219</u>	<u>286,125</u>	<u>1,565,832</u>	<u>5,248,819</u>
	-	-	-	-	-	-

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Cash flow statement**

**For the three-month period ended 31 March 2015**

	(Unit: Thousand Baht)	
	2015	2014
<b>Cash flows from operating activities</b>		
Profit before income tax expenses	457,335	160,403
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	24,781	18,792
Amortisation of prepaid personal expenses	26,798	26,942
Reversal of bad debt and doubtful accounts	(369)	(102)
Gains on revaluation of investments	(13,813)	(1,479)
Unrealised (gains) losses on revaluation of derivatives liabilities	(28,051)	1,810
Unrealised gains on revaluation of foreign receivables and payables	-	(297)
(Gains) losses on sales and written-off of premises and equipment	16	(121)
Retirement benefit	8,686	5,867
Financial cost	134,607	89,298
Amortised interest expense of financial lease	308	255
Doubtful accounts - other receivables (reversal)	25,000	(30)
Interest income	(277,170)	(215,720)
Cash paid for interest	(108,517)	(70,770)
Cash paid for income tax	(1,491)	(921)
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>248,120</b>	<b>13,927</b>
Decrease (increase) in operating assets		
Deposits at financial institutions	(1)	(2)
Receivables from Clearing House	2,259,943	(914,214)
Securities and derivatives business receivables	260,554	879,718
Investments	337,110	(554)
Loans to employees under welfare program	1,926	16,854
Deposits	(1,743)	(144)
Other assets	(84,235)	(114,746)
Increase (decrease) in operating liabilities		
Payables to Clearing House	2,785	(63,891)
Securities and derivatives business payables	(1,670,903)	(147,232)
Derivative liabilities	20,504	(3,370)
Accrued expenses	(249,131)	(275,541)
Other liabilities	43,366	61,695
<b>Net cash flows from (used in) operating activities</b>	<b>1,168,295</b>	<b>(547,500)</b>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Cash flow statement (continued)**

**For the three-month period ended 31 March 2015**

	(Unit: Thousand Baht)	
	2015	2014
<b>Cash flows from investing activities</b>		
Cash received from interest	250,474	218,625
Proceeds from disposals of equipment	30	126
Cash paid for purchases of equipment	(11,532)	(44,776)
Cash paid for purchases of intangible assets	(1,601)	(12,327)
<b>Net cash flows from investing activities</b>	<b>237,371</b>	<b>161,648</b>
<b>Cash flows from financing activities</b>		
Cash received from borrowings from financial institutions	21,859,000	16,635,000
Cash paid for borrowings form financial institutions	(24,323,000)	(16,385,000)
Cash received from other borrowings	4,541,564	4,566,507
Cash paid for other borrowings	(3,510,000)	(4,858,000)
Cash paid on principal of long-term lease	(1,271)	(1,195)
<b>Net cash flows used in financing activities</b>	<b>(1,433,707)</b>	<b>(42,688)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(28,041)</b>	<b>(428,540)</b>
Cash and cash equivalents as at 1 January	249,174	872,971
<b>Cash and cash equivalents as at 31 March</b>	<b>221,133</b>	<b>444,431</b>

The accompanying notes are an integral part of the financial statements.



**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Notes to interim financial statements**

**For the three-month period ended 31 March 2015**

**1. General information**

**1.1 Corporate information**

Maybank Kim Eng Securities (Thailand) Public Company Limited (“the Company”) is a public limited company incorporated and domiciled in Thailand. Its parent company is Maybank Kim Eng Holdings Limited, which is incorporated in Singapore. The parent company of the Group is Mayban IB Holdings Sdn Bhd, which is incorporated in Malaysia. The Company has licenses for securities business, which are brokering, trading, underwriting, investment advisory, corporate finance advisory, securities registrant, TFEX and securities borrowing and lending.

The Company's registered office is located on 999/9 the Offices at Central World, 20th - 21st and 25th Floor, Rama 1 Road, Pathumwan, Bangkok. As at 31 March 2015, the Company has 57 branches in Bangkok and upcountry (31 December 2014: 57 branches).

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2014) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements and the presentation of the financial statements has been made in compliance with requirement of the notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies No. SorThor/Kor/Nor. 53/2553 dated 15 December 2010.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

### **1.3 New financial reporting standards**

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 1 January 2015. 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. However, some of these standards involve changes to key principles, which are summarised below:

#### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company already recognise actuarial gains and losses immediately in other comprehensive income.

#### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's financial statements.

### **1.4 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014.

(Unaudited but reviewed)

## 2. Cash and cash equivalents

	(Unit: Thousand Baht)	
	31 March 2015	31 December 2014
Cash on hand	608	608
Current deposits and savings deposits	5,057,938	6,272,081
Total cash and cash equivalents	5,058,546	6,272,689
Less: Cash deposits held for customers	(4,837,413)	(6,023,515)
Total cash and cash equivalents - net	221,133	249,174

## 3. Deposits at financial institutions

	(Unit: Thousand Baht)	
	31 March 2015	31 December 2014
	Over 3 months - 1 year	
Fixed deposits	10,115,004	9,226,003
Deposits with restriction	3,519	3,519
Total deposits at financial institutions	10,118,523	9,229,522
Less: Cash deposits held for customers	(10,115,000)	(9,226,000)
Total deposits at financial institutions - net	3,523	3,522

As at 31 March 2015, fixed deposits of Baht 4 million (31 December 2014: Baht 4 million) are pledged as collateral to local banks for letter of guarantees.

## 4. Receivables from Clearing House

	(Unit: Thousand Baht)	
	31 March 2015	31 December 2014
Receivables from Clearing House	1,206,313	3,496,189
Receivables from foreign securities company	99,926	497,961
Less: Receivables from Clearing House held for customers	(410,369)	(838,337)
Total receivables from Clearing House - net	895,870	3,155,813

(Unaudited but reviewed)

## 5. Securities and derivatives business receivables

	(Unit: Thousand Baht)	
	31 March 2015	31 December 2014
<u>Securities business receivables</u>		
Cash accounts	2,632,287	2,551,023
Credit balance accounts	12,729,845	12,946,271
Receivables under securities borrowing and lending business		
- Guarantee deposit receivables	-	15,755
- Securities borrowing receivables	63,859	168,413
Other receivables		
- Overdue customers' accounts	245,391	245,785
Total securities business receivables	15,671,382	15,927,247
Add: Accrued interest receivables	78,001	74,341
Less: Allowance for doubtful accounts	(259,675)	(259,640)
Securities business receivables and accrued interest receivables - net	15,489,708	15,741,948
<u>Derivatives business receivables</u>		
Derivatives business receivables	110	4,798
Less: Allowance for doubtful accounts	(55)	(459)
Derivatives business receivables - net	55	4,339
Total securities and derivatives business receivables - net	15,489,763	15,746,287

**5.1** As at 31 March 2015, the Company had other receivables with book values totaling Baht 260 million from which it has ceased recognising income (31 December 2014: Baht 260 million).

(Unaudited but reviewed)

**5.2** As at 31 March 2015 and 31 December 2014, the Company has classified securities business receivables and derivatives business receivables, in accordance with the relevant notification issued by the Office of the Securities and Exchange Commission. The classification is as follows:

(Unit: Thousand Baht)

	31 March 2015		
	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	15,489,396	-	15,489,396
Sub-standard Debt	9,181	(8,814)	367
Doubtful Debt	250,916	(250,916)	-
Total	<u>15,749,493</u>	<u>(259,730)</u>	<u>15,489,763</u>

(Unit: Thousand Baht)

	31 December 2014		
	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	15,745,957	-	15,745,957
Sub-standard Debt	9,169	(8,839)	330
Doubtful Debt	251,260	(251,260)	-
Total	<u>16,006,386</u>	<u>(260,099)</u>	<u>15,746,287</u>

## **6. Allowance for doubtful accounts**

(Unit: Thousand Baht)

	For the three-month period ended 31 March 2015	For the year ended 31 December 2014
Balance - beginning of the period/year	260,099	259,801
Add (less): Doubtful accounts	(369)	442
Less: Reversal of doubtful accounts	-	(144)
Balance - end of the period/year	<u>259,730</u>	<u>260,099</u>

(Unaudited but reviewed)

## 7. Derivatives assets and derivatives liabilities

(Unit: Thousand Baht)

31 March 2015

	Fair value		Notional amount
	Assets	Liabilities	
<b>Trading derivatives</b>			
Future contracts	-	-	23,451
Derivatives warrants	-	14,504	150,152
<b>Total derivatives assets and derivatives liabilities</b>	-	14,504	173,603

(Unit: Thousand Baht)

31 December 2014

	Fair value		Notional amount
	Assets	Liabilities	
<b>Trading derivatives</b>			
Future contracts	-	-	344,267
Derivatives warrants	-	22,051	383,310
<b>Total derivatives assets and derivatives liabilities</b>	-	22,051	727,577

## 8. Investments

(Unit: Thousand Baht)

	31 March 2015		31 December 2014	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
<b>Trading securities</b>				
Equity securities				
Listed securities	69,422	65,342	406,531	388,639
Total	69,422		406,531	
Less: Allowance for revaluation	(4,080)		(17,892)	
<b>Trading securities - net</b>	65,342		388,639	
<b>Other investments</b>				
Other securities - ordinary shares	31,791		31,791	
Less: allowance for impairment	(14,662)		(14,662)	
<b>Net other investments</b>	17,129		17,129	
<b>Total investments - net</b>	82,471		405,768	

(Unaudited but reviewed)

**8.1 Investments subject to restrictions**

(Unit: Thousand Baht)

	31 March 2015		31 December 2014	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
Securities placed with court for stay execution	7,622	15,849	7,622	16,009
<b>Total</b>	<b>7,622</b>	<b>15,849</b>	<b>7,622</b>	<b>16,009</b>

**9. Other assets**

(Unit: Thousand Baht)

	31 March 2015	31 December 2014
Clearing fund	102,399	99,717
Accrued income	57,290	37,771
Prepaid expenses	110,489	123,758
Others	105,912	65,371
<b>Total</b>	<b>376,090</b>	<b>326,617</b>

**10. Borrowings from financial institutions**

As at 31 March 2015 and 31 December 2014, borrowings from financial institutions comprising only domestic borrowing in Baht currency are classified as follows:

(Unit: Thousand Baht)

	31 March 2015			
	Interest rate per annum (percent)	Remaining period to maturity		
		At call	Within 1 year	Total
<b>Financial institutions</b>				
Promissory notes	2.05 - 2.10	870,000	-	870,000
<b>Total borrowings from financial institutions</b>		<b>870,000</b>	<b>-</b>	<b>870,000</b>

(Unit: Thousand Baht)

	31 December 2014			
	Interest rate per annum (percent)	Remaining period to maturity		
		At call	Within 1 year	Total
<b>Financial institutions</b>				
Promissory notes	2.30 - 2.70	3,334,000	-	3,334,000
<b>Total borrowings from financial institutions</b>		<b>3,334,000</b>	<b>-</b>	<b>3,334,000</b>

(Unaudited but reviewed)

**11. Securities and derivatives business payables**

(Unit: Thousand Baht)

	31 March 2015	31 December 2014
Securities business payables - cash accounts	3,243,070	4,782,034
Payables under securities borrowing and lending business	75,102	194,249
Guarantee deposit payables	-	12,792
<b>Total securities and derivatives business payables</b>	<b>3,318,172</b>	<b>4,989,075</b>

**12. Debt issued and borrowings**

As at 31 March 2015 and 31 December 2014, debt issued and borrowings are classified as follows:

(Unit: Thousand Baht)

	31 March 2015				Total
	Interest rate per annum (percent)	Remaining period to maturity			
		At call	Within 1 year	More than 1 year	
<b><u>Other borrowings and debt issued</u></b>					
Bill of exchange	2.25 - 2.90	-	4,993,388	-	4,993,388
Bond	3.14	-	-	1,400,000	1,400,000
Subordinated loan	1% above cost of funds	-	-	1,000,000	1,000,000
<b>Total other borrowings and debt issued</b>		-	4,993,388	2,400,000	7,393,388

(Unit: Thousand Baht)

	31 December 2014				Total
	Interest rate per annum (percent)	Remaining period to maturity			
		At call	Within 1 year	More than 1 year	
<b><u>Other borrowings and debt issued</u></b>					
Bill of exchange	2.45 - 2.92	-	3,934,718	-	3,934,718
Bond	3.14	-	-	1,400,000	1,400,000
Subordinated loan	1% above cost of funds	-	-	1,000,000	1,000,000
<b>Total other borrowings and debt issued</b>		-	3,934,718	2,400,000	6,334,718



**13. Provisions**

(Unit: Thousand Baht)

	Obligations	Long-term employee benefits	Decommissioning	Total
Balance as at 1 January 2014	26,327	75,778	4,389	106,494
Increase during the year	-	37,150	-	37,150
Balance as at 31 December 2014	26,327	112,928	4,389	143,644
Increase during the period	1,656	7,280	-	8,936
Balance as at 31 March 2015	27,983	120,208	4,389	152,580

Obligations comprised the obligations of the Company to Nithipat Capital Public Co., Ltd., (“Nithipat”), the former parent company, of approximately Baht 11 million in case that Nithipat cannot collect their securities debts which have not been transferred as mentioned in the Asset Transfer Letter dated 14 August 1996. Additional provision is set up for the notification of approximately Baht 16 million from a customers’ account of Yuanta Securities (Thailand) Limited demanding the Company to pay for damage claims from the event occurred before the customer was transferred to the Company.

**14. Provisions for long-term employee benefits**

Provision for long-term employee benefits, which is compensations on employees’ retirement, as at 31 March 2015 and 31 December 2014, was as follows:

(Unit: Thousand Baht)

	31 March 2015	31 December 2014
<b>Defined benefit obligation at beginning of period/year</b>	124,198	98,318
Current service cost	4,496	11,180
Interest cost	1,373	4,043
Benefits paid during the period/year	(1,406)	(4,005)
Actuarial losses	-	14,662
Defined benefit obligation at end of period/year	128,661	124,198
Unrecognised transitional provisions	(8,453)	(11,270)
<b>Provisions for long-term employee benefits at end of period/year</b>	<b>120,208</b>	<b>112,928</b>

As at 31 March 2015, the Company recognised Baht 48 million of such long-term employee benefit liabilities and Baht 8 million remains unrecognised as a result of gradual recognition of liability in the transition period over the five-year period.

(Unaudited but reviewed)

Long-term employee benefit expenses included in the profit or loss for the three-month periods ended 31 March 2015 and 2014 was as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2015	2014
Current service cost	4,496	3,049
Interest cost	1,373	-
Transitional liability recognised during the periods	2,817	2,818
Total	8,686	5,867

The Company recognised these expenses in operating expenses.

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company as at 31 March 2015 amounted to Baht 15 million (31 December 2014: Baht 15 million).

The principal actuarial assumptions used to calculate the defined benefit obligations as at actuarial date are summarised below.

	31 March 2015	31 December 2014
	(% per annum)	(% per annum)
Discount rate	4.25	4.25
Average future salary increase	5	5
Average turnover rate	0 - 15	0 - 15

## 15. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

(Unaudited but reviewed)

## 16. Brokerage fee

(Unit: Thousand Baht)

For the three-month periods  
ended 31 March

	2015	2014
Brokerage fee from securities business	856,577	425,974
Brokerage fee from derivatives business	45,414	50,207
Total brokerage fee	<u>901,991</u>	<u>476,181</u>

## 17. Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries, bonus, and related benefits payable to executive directors) paid to directors of the Company in accordance with section 90 of the Public Company Limited Companies Act.

## 18. Income tax expenses

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

For the three-month periods  
ended 31 March

	2015	2014
<b>Current income tax:</b>		
Interim corporate income tax charge	102,464	34,077
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(9,716)	(1,539)
<b>Income tax expense reported in profit or loss</b>	<u>92,748</u>	<u>32,538</u>

## 19. Earnings per share

Basic earnings per share is calculated by dividing the net earnings for the period by the weighted average number of ordinary shares held by outside shareholders in issue during the period.

**20. Related party transactions**

During the three-month periods ended 31 March 2015 and 2014, the Company had significant business transactions with the following related parties.

<u>Company's name and related person</u>	<u>Relationship</u>
Maybank Kim Eng Holdings Limited	Parent company
Maybank Asset Management (Thailand) Co., Ltd.	Fellow subsidiary of the Group
Maybank Kim Eng Securities Pte. Ltd.	Fellow subsidiary
Kim Eng Securities (Hong Kong) Limited	Fellow subsidiary
Maybank Kim Eng Investment Limited	Fellow subsidiary
Maybank Kim Eng Research Pte. Ltd.	Fellow subsidiary

Such related parties transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those related parties.

Below is a summary of those transactions.

(Unit: Million Baht)

	For the three-month periods ended 31 March		Pricing policies
	2015	2014	
<b><u>Transactions with related parties</u></b>			
<u>Service income</u>			
			In accordance with agreement
Maybank Asset Management (Thailand) Co., Ltd.	0.3	0.2	
<u>Brokerage fee income</u>			
			At normal rate charged to other clients,
Maybank Kim Eng Securities Pte. Ltd.	13	9	in accordance with SET's and SEC's
Kim Eng Securities (Hong Kong) Limited	1	0.4	notification
<u>Research and advisory service income</u>			
			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	4	-	
<u>Fee and service expenses</u>			
			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	0.9	0.1	
<u>Brokerage expenses</u>			
			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	0.6	0.4	
<u>Rental expenses</u>			
			In accordance with agreement
Maybank Asset Management (Thailand) Co., Ltd.	0.3	0.2	
<u>Interest expenses on borrowings</u>			
			In accordance with borrowings
Maybank Kim Eng Holdings Limited	12	-	agreement
<u>Research and advisory service fee</u>			
			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	3	-	
<u>Consulting service fee</u>			
			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	-	1	

(Unaudited but reviewed)

As at 31 March 2015 and 31 December 2014, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

(Unit: Million Baht)

	31 March 2015	31 December 2014	Pricing Policies
<b><u>Related company</u></b>			
<b><u>Other receivables</u></b>			
			No interest charged
Maybank Asset Management (Thailand) Co., Ltd.	0.1	0.6	
Maybank Kim Eng Research Pte. Ltd.	4	-	
<b><u>Securities business receivables</u></b>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	110	44	
<b><u>Foreign securities company receivables</u></b>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	1	11	
<b><u>Foreign deposits receivables</u></b>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	99	487	
<b><u>Subordinated loan</u></b>			
			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	1,000	1,000	
<b><u>Securities business payables</u></b>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	-	3	
Kim Eng Securities (Hong Kong) Limited	211	206	
<b><u>Foreign securities company payables</u></b>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	5	2	
<b><u>Accrued expenses</u></b>			
			No interest charged
Maybank Kim Eng Research Pte. Ltd.	3	-	

As at 31 March 2015, Maybank Kim Eng Holdings Ltd. guaranteed the overdraft facilities amounting to Baht 30 million (31 December 2014: Baht 30 million). There is no overdraft outstanding balance as at 31 March 2015.

As at 31 March 2015, the Company had loans to employees under welfare program amounting to Baht 310 million. The loans charged interest at rate of 1.72 and 2.65 percent per annum (31 December 2014: Baht 312 million, interest at rate 1.72 and 2.70 percent per annum).

Management's remuneration

During the three-month periods ended 31 March 2015 and 2014, benefits paid to management of the Company, which presented as part of "Personnel expenses", are as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2015	2014
Management's remuneration		
Short-term employee benefits	60,148	41,188
Post-employment benefits	1,863	1,122
	<u>62,011</u>	<u>42,310</u>

**21. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company are organised into business units based on its products and services and have two reportable segments as follows:

- Securities business segment, which provide service according to brokering and derivative brokering and securities borrowing and lending.
- Investment banking segment, which provide service according to underwriting, investment advisory, securities borrowing and lending and corporate finance advisory.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company and its subsidiary income taxes is managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Company's operating segments for the three-month periods ended 31 March 2015 and 2014, respectively.

(Unit: Million Baht)

	Securities		Total segments
	business segment	Investment banking segment	
<b>For the three-month period ended 31 March 2015</b>			
<b>Income</b>			
External customers			
Brokerage fee	900	2	902
Fee and service income	4	91	95
Interest on deposit and credit balance accounts	279	-	279
Other income	15	-	15
<b>Total income</b>	<b>1,198</b>	<b>93</b>	<b>1,291</b>
<b>Expenses</b>			
Financial cost			135
Fee and service expenses			66
Personnel expenses			463
Other expenses			169
<b>Total expenses</b>			<b>833</b>
<b>Profit before income tax expenses</b>			<b>458</b>
Income tax expenses			(93)
<b>Profit for the period</b>			<b>365</b>

(Unit: Million Baht)

	Securities		Total segments
	business segment	Investment banking segment	
<b>For the three-month period ended 31 March 2014</b>			
<b>Income</b>			
External customers			
Brokerage fee	476	-	476
Fee and service income	7	2	9
Interest on deposit and credit balance accounts	214	-	214
Other income	8	-	8
<b>Total income</b>	<b>705</b>	<b>2</b>	<b>707</b>
<b>Expenses</b>			
Financial cost			89
Fee and service expenses			41
Personnel expenses			270
Other expenses			146
<b>Total expenses</b>			<b>546</b>
<b>Profit before income tax expenses</b>			<b>161</b>
Income tax expenses			(33)
<b>Profit for the period</b>			<b>128</b>

(Unaudited but reviewed)

The following table presents segment assets of the Company's operating segments as at 31 March 2015 and 31 December 2014:

(Unit: Million Baht)

Segment assets	Securities	Investment	Total	Unallocated	Total
	business	banking			
	segment	segment	Segments	assets	
At 31 March 2015	16,558	95	16,653	1,155	17,808
At 31 December 2014	19,083	2	19,085	1,528	20,613

## 22. Commitments and contingent liabilities

### 22.1 Significant contingent liabilities are as follows:

- 1) The Company have the significant outstanding commitments under office space, office equipment, and other service agreements are as follows:

(Unit: Million Baht)

	31 March 2015	31 December 2014
Payable:		
In up to 1 year	92	92
In over 1 and up to 5 years	79	84

- 2) As at 31 March 2015 and 31 December 2014, future minimum lease payments required under the finance lease agreements are as follows:

(Unit: Million Baht)

	31 March 2015		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	7	18	25
Deferred interest expenses	(1)	(2)	(3)
Present value of future minimum lease payments	6	16	22

(Unit: Million Baht)

	31 December 2014		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	6	11	17
Deferred interest expenses	(1)	(1)	(2)
Present value of future minimum lease payments	5	10	15



**23. Fair value of financial instruments**

The Company use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

As of 31 March 2015, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Held for trade investments				
Equity instruments	65,342	-	-	65,342
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Derivative warrants	14,504	-	-	14,504

During the current period, there were no transfers within the fair value hierarchy.

**24. Event after the reporting period**

The Annual General Meeting of the shareholders held on 2 April 2015 passed a resolution approving a dividend payment of Baht 0.90 per share, or a total of Baht 514 million. The dividend has been paid on 17 April 2015. Dividend payment will be recorded in the 2nd quarter 2015.

**25. Approval of interim financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 14 May 2015.