

Maybank Kim Eng Securities (Thailand) Public  
Company Limited  
Report and interim financial statements  
31 March 2017

## **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 2017, 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.

Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

EY Office Limited

Bangkok: 26 April 2017

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

**Statement of Financial Position**

**As at 31 March 2017**

(Unit: Thousand Baht)

	Note	31 March 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash and cash equivalents	2	548,500	351,283
Receivables from Clearing House and brokers	3	232,464	740,846
Securities and derivatives business receivables	4	15,672,637	13,972,863
Investments	6	1,866,525	648,876
Loans	23.1	285,107	295,788
Equipment		174,218	191,386
Intangible assets		40,080	42,963
Deferred tax assets		32,140	31,436
Other assets	7	584,346	527,154
<b>Total assets</b>		<b>19,436,017</b>	<b>16,802,595</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 2017**

(Unit: Thousand Baht)

	Note	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	8	665,000	720,000
Payables to Clearing House and brokers	9	827,049	32,441
Securities and derivatives business payables	10	2,844,234	3,493,576
Derivatives liabilities	5	44,821	41,630
Income tax payable		186,122	127,673
Debt issued and borrowings	11, 23.2	9,242,033	6,857,029
Provisions	12, 13	167,796	161,317
Other liabilities	14	829,946	454,578
<b>Total liabilities</b>		<b>14,807,001</b>	<b>11,888,244</b>
<b>Shareholders' equity</b>			
Issued and paid-up share capital			
Ordinary shares	15	2,854,072	2,854,072
Share premium and premium on treasury shares		542,790	542,790
Retained earnings			
Appropriated - statutory reserve	16	286,125	286,125
Unappropriated		946,029	1,231,364
<b>Total shareholders' equity</b>		<b>4,629,016</b>	<b>4,914,351</b>
<b>Total liabilities and shareholders' equity</b>		<b>19,436,017</b>	<b>16,802,595</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 2017**

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

	Note	2017	2016
<b>Profit or loss:</b>			
<b>Income</b>			
Brokerage fees income	18	603,786	606,078
Fees and service income	19	107,195	14,696
Interest on margin loans		160,366	181,043
Gains and returns on financial instruments	20	82,960	52,610
Other income		16,483	16,859
<b>Total income</b>		<b>970,790</b>	<b>871,286</b>
<b>Expenses</b>			
Employee benefit expenses	23.3	352,404	250,386
Fees and service expenses		58,215	57,611
Financial costs		92,079	101,614
Bad debt and doubtful accounts		6,038	-
Other expenses		142,988	136,227
<b>Total expenses</b>		<b>651,724</b>	<b>545,838</b>
<b>Profit before income tax</b>		<b>319,066</b>	<b>325,448</b>
Income tax	21	(62,127)	(65,805)
<b>Profit for the period</b>		<b>256,939</b>	<b>259,643</b>
<b>Other comprehensive income (loss):</b>			
Other comprehensive income (loss) for the period		-	-
<b>Total comprehensive income for the period</b>		<b>256,939</b>	<b>259,643</b>
<b>Earnings per share</b>			
Basic earnings per share	22	0.45	0.45

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 2017**

(Unit: Thousand Baht)

	Issued and paid-up capital	Share premium and premium on treasury share	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2016</b>	2,854,072	542,790	286,125	1,135,929	4,818,916
Total comprehensive income	-	-	-	259,643	259,643
<b>Balance as at 31 March 2016</b>	<u>2,854,072</u>	<u>542,790</u>	<u>286,125</u>	<u>1,395,572</u>	<u>5,078,559</u>
<b>Balance as at 1 January 2017</b>	2,854,072	542,790	286,125	1,231,364	4,914,351
Dividend paid (Note 17)	-	-	-	(542,274)	(542,274)
Total comprehensive income	-	-	-	256,939	256,939
<b>Balance as at 31 March 2017</b>	<u>2,854,072</u>	<u>542,790</u>	<u>286,125</u>	<u>946,029</u>	<u>4,629,016</u>
	-	-	-	-	-

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

(Unaudited but reviewed)

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

**Cash flows statement**

**For the three-month period ended 31 March 2017**

	(Unit: Thousand Baht)	
	2017	2016
<b>Cash flows from operating activities</b>		
Profits before income tax	319,066	325,448
Adjustments to reconcile profit before income tax to net cash provided by (paid for) operating activities		
Depreciation and amortisation	24,692	26,080
Bad debt and doubtful accounts	6,038	-
Realised gain on revaluation of investments	(17,980)	(1,427)
Gain on sales and written-off of equipment	(856)	(76)
Unrealised (gain) loss on revaluation of exchange rate	(5,315)	22,622
Unrealised (gain) loss on revaluation of derivatives assets and liabilities	19,400	(18,877)
Financial costs	92,079	101,614
Interest income	(216,666)	(236,812)
Amortisation of prepaid personnel expenses	27,552	29,067
Provisions for long-term employee benefits	6,479	6,478
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>254,489</b>	<b>254,117</b>
(Increase) decrease in operating assets		
Receivables from Clearing House and brokers	488,777	(505,703)
Securities and derivatives business receivables	(1,696,506)	(515,481)
Investments	(1,199,517)	(131,717)
Loans	10,681	9,902
Other assets	(98,209)	(140,894)

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

(Unaudited but reviewed)

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

**Cash flows statement (continued)**

**For the three-month period ended 31 March 2017**

	(Unit: Thousand Baht)	
	2017	2016
Increase (decrease) in operating liabilities		
Payables to Clearing House and brokers	794,608	2,054
Securities and derivatives business payables	(649,493)	1,056,638
Derivative liabilities	2,831	19,796
Other liabilities	(163,570)	(194,303)
Cash received (paid) from operating activities	(2,255,909)	(145,591)
Cash paid for interest	(60,982)	(75,796)
Cash paid for income tax	(4,382)	(1,345)
<b>Net cash used in operating activities</b>	<b>(2,321,273)</b>	<b>(222,732)</b>
<b>Cash flows from investing activities</b>		
Cash received (paid) from investing activities		
Cash paid for purchases of equipment	(2,830)	(15,249)
Proceeds from disposals of equipment	1,293	78
Cash paid for purchases of intangible assets	(4,393)	(8,275)
Cash paid for purchase held-to-maturity investments	(1)	(1)
Cash received from interest	220,825	202,866
<b>Net cash provided by investing activities</b>	<b>214,894</b>	<b>179,419</b>
<b>Cash flows from financing activities</b>		
Cash received (paid) from financing activities		
Cash received from borrowings from financial institutions	19,955,000	18,031,000
Cash paid for borrowings from financial institutions	(20,010,000)	(17,493,000)
Cash received from other borrowings	6,660,294	5,111,583
Cash paid for other borrowings	(4,300,000)	(5,180,000)
Cash paid for liabilities under finance lease agreements	(1,698)	(1,107)
<b>Net cash provided by financing activities</b>	<b>2,303,596</b>	<b>468,476</b>
<b>Net increase in cash and cash equivalents</b>	<b>197,217</b>	<b>425,163</b>
Cash and cash equivalents at the beginning of the period	351,283	384,171
<b>Cash and cash equivalents at the ending of the period</b>	<b>548,500</b>	<b>809,334</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 2017**

**1. General information**

**1.1 Corporate information**

Maybank Kim Eng Securities (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Maybank Kim Eng Holdings Limited, which is incorporated in Singapore. The ultimate parent company of the Group is Malayan Banking Berhad, which is incorporated in Malaysia. The Company has licenses for securities business, which are securities brokerage, securities trading, underwriting, investment advisory, corporate finance advisory, securities registrar, derivatives brokerage and securities borrowing and lending.

The Company's registered office is located at No. 999/9 The Offices at Central World Building, 20th - 21st Floor, Rama 1 Road, Pathumwan, Bangkok. As at 31 March 2017, the Company has 57 branches in Bangkok and upcountry (31 December 2016: 60 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 2016) "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 (version 2) No. SorThor. 22/2559 dated 2 June 2016.

The interim financial statements are intended to provide additional information 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 interim financial statements in Thai language.

**1.3 New financial reporting standards**

During the period, The Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. 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.

**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 2016, except for the changes in accounting policies as a result of the adoption of revised, as discussed in Note 1.3 to the interim financial statements.

**2. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	31 March 2017	31 December 2016
Cash, short-term fixed deposits and short-term certificates of deposit maturing with 3 months from date of acquisition	5,035,254	2,900,146
Less: Cash deposits held for customers	(4,486,754)	(2,548,863)
Cash and cash equivalents	<u>548,500</u>	<u>351,283</u>

**3. Receivables from Clearing House and brokers**

	(Unit: Thousand Baht)	
	31 March 2017	31 December 2016
Receivables from Clearing House	970,534	1,480,499
Receivables from foreign brokers	230,735	297,861
Less: Receivables from Clearing House held for customers	(759,952)	(750,475)
Less: Receivables from foreign brokers held for customers	(208,853)	(287,039)
Receivables from Clearing House and brokers	<u>232,464</u>	<u>740,846</u>

**4. Securities and derivatives business receivables**

	(Unit: Thousand Baht)	
	31 March 2017	31 December 2016
<u>Securities business receivables</u>		
Cash accounts	3,399,565	3,165,840
Credit balance accounts	12,072,229	10,579,464
Receivables under securities borrowing and lending business	137,946	167,623
Other receivables	245,872	246,486
Total securities business receivables	15,855,612	14,159,413
Add: Accrued interest receivables	70,291	60,986
Less: Allowance for doubtful accounts	(254,061)	(247,958)
Securities business receivables	15,671,842	13,972,441
<u>Derivatives business receivables</u>		
Derivatives business receivables	795	422
Other receivables	300	365
Less: Allowance for doubtful accounts	(300)	(365)
Derivatives business receivables	795	422
Securities and derivatives business receivables	15,672,637	13,972,863

**4.1** As at 31 March 2017, the Company had other receivables with book values totaling Baht 260 million from which it has ceased recognising income (31 December 2016: Baht 260 million).

**4.2** As at 31 March 2017 and 31 December 2016, 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:

(Unaudited but reviewed)

(Unit: Thousand Baht)

	31 March 2017			31 December 2016		
			Net debt balance after Allowance for doubtful accounts			Net debt balance after allowance for doubtful accounts
	Debt balance	Accounts	accounts	Debt balance	Accounts	accounts
Normal Debts	15,612,578	-	15,612,578	13,960,763	-	13,960,763
Sub-standard Debts	64,175	(4,116)	60,059	16,246	(4,146)	12,100
Doubtful Debts	250,245	(250,245)	-	244,177	(244,177)	-
Total	<u>15,926,998</u>	<u>(254,361)</u>	<u>15,672,637</u>	<u>14,221,186</u>	<u>(248,323)</u>	<u>13,972,863</u>

As at 31 March 2017, receivables classified as sub-standard debts and doubtful debts approximately Baht 255 million is the Company's receivables before Kim Eng Holdings Limited (currently, Maybank Kim Eng Holdings Limited) became a shareholders and management of the Company in 1998 (31 December 2016: Baht 255 million).

#### 4.3 Allowance for doubtful accounts

(Unit: Thousand Baht)

	For the three-month period ended 31 March 2017	For the year ended 31 December 2016
Balance - beginning of the period/year	248,323	248,281
Add: Doubtful accounts	6,105	192
Less: Reversal of doubtful accounts	(65)	(150)
Less: Bad debt recovery	(2)	-
Balance - end of the period/year	<u>254,361</u>	<u>248,323</u>

(Unaudited but reviewed)

## 5. Derivatives assets and derivatives liabilities

(Unit: Thousand Baht)

31 March 2017

	Fair value		Notional amount
	Assets	Liabilities	
<b><u>Trading derivatives</u></b>			
Derivatives warrants	-	32,865	750,300
Futures <sup>(1)</sup>	-	-	1,765,495
Forward contract	-	11,956	1,002,440
<b>Total</b>	-	44,821	3,518,235

<sup>(1)</sup> The Futures are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level on settlement date, fair value of outstanding Futures at the end of period included in "Receivables from Clearing House and brokers". As at 31 March 2017, fair value of derivative assets - Futures is Baht 20 million.

(Unit: Thousand Baht)

31 December 2016

	Fair value		Notional amount
	Assets	Liabilities	
<b><u>Trading derivatives</u></b>			
Derivatives warrants	-	32,146	216,206
Futures <sup>(1)</sup>	-	-	540,518
Forward contract	-	9,484	1,002,440
<b>Total</b>	-	41,630	1,759,164

<sup>(1)</sup> The Futures are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level on settlement date, fair value of outstanding Futures at the end of period included in "Receivables from Clearing House and brokers". As at 31 December 2016: fair value of derivative assets - Futures is Baht 39 million.

(Unaudited but reviewed)

**6. Investments****6.1 Cost value and fair value**

(Unit: Thousand Baht)

	31 March 2017		31 December 2016	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
<b>Trading securities</b>				
Equity securities	1,847,879	1,853,908	648,362	636,260
Add (less): Allowance for revaluation	6,029		(12,102)	
Trading securities	1,853,908		636,260	
<b>Held-to-maturity securities</b>				
Government bonds	11,129,000	11,093,886	10,019,000	9,989,363
Fixed deposits	1,500,003	1,500,003	1,500,003	1,500,003
Certificates of deposit	-	-	1,900,000	1,900,000
Deposits with restriction	3,524	3,524	3,523	3,523
Less: Accumulated amortisation	(35,327)		(30,238)	
Less: Investments held for customers	(12,593,673)		(13,388,762)	
Held-to-maturity securities	3,527		3,526	
<b>Other investments</b>				
Other securities - ordinary shares	23,753		23,753	
Less: Allowance for impairment	(14,663)		(14,663)	
Other investments	9,090		9,090	
<b>Investments</b>	<b>1,866,525</b>		<b>648,876</b>	

**6.2 Investments in deposits at financial institutions and investments in debt securities classified by remaining periods of contracts**

(Unit: Thousand Baht)

	31 March 2017			
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	11,093,673	-	-	11,093,673
Fixed deposits	1,500,003	-	-	1,500,003
Deposits subject to restriction	-	-	3,524	3,524
Less: Investments held for customers	(12,593,673)	-	-	(12,593,673)
<b>Total</b>	<b>3</b>	<b>-</b>	<b>3,524</b>	<b>3,527</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	31 December 2016			Total
	Within 1 year	1 - 5 years	No maturity	
Government bonds	9,988,762	-	-	9,988,762
Fixed deposits	1,500,003	-	-	1,500,003
Certificates of deposit	1,900,000	-	-	1,900,000
Deposits subject to restriction	-	-	3,523	3,523
Less: Investments held for customers	(13,388,762)	-	-	(13,388,762)
<b>Total</b>	<b>3</b>	<b>-</b>	<b>3,523</b>	<b>3,526</b>

## 7. Other assets

(Unit: Thousand Baht)

	31 March 2017	31 December 2016
	Prepaid expenses	308,898
Clearing fund	129,760	126,394
Accrued income	36,047	53,218
Deposits	49,227	48,661
Property foreclosed	15,887	15,887
Others	44,527	15,481
<b>Total</b>	<b>584,346</b>	<b>527,154</b>

## 8. Borrowings from financial institutions

As at 31 March 2017 and 31 December 2016, borrowings from financial institutions comprise only domestic borrowings in Baht currency are classified as follows:

(Unit: Thousand Baht)

	Interest rate per annum (percent)	31 March 2017		Total
		Remaining period to maturity		
		At call	Within 1 year	
<b>Financial institutions</b>				
Promissory notes	1.85	665,000	-	665,000
<b>Total</b>		<b>665,000</b>	<b>-</b>	<b>665,000</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	31 December 2016			
	Interest rate per annum (percent)	Remaining period to maturity		
		At call	Within 1 year	Total
<b>Financial institutions</b>				
Promissory notes	1.85	720,000	-	720,000
<b>Total</b>		<u>720,000</u>	<u>-</u>	<u>720,000</u>

#### 9. Payables to Clearing House and brokers

(Unit: Thousand Baht)

	31 March 2017	31 December 2016
Payables to Clearing House	803,339	23,649
Payables to foreign brokers	23,710	8,792
Payables to Clearing House and brokers	<u>827,049</u>	<u>32,441</u>

#### 10. Securities and derivatives business payables

(Unit: Thousand Baht)

	31 March 2017	31 December 2016
Cash accounts	2,692,794	3,310,844
Guaranteed deposit payables	4,169	2,898
Payables under securities borrowing and lending business	147,271	179,834
Securities and derivatives business payables	<u>2,844,234</u>	<u>3,493,576</u>



(Unaudited but reviewed)

## 11. Debt issued and other borrowings

As at 31 March 2017 and 31 December 2016, debt issued and borrowings are classified as follows:

(Unit: Thousand Baht)

	31 March 2017			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		Within 1 year	1 - 5 years	
<b>Debt issued and other borrowings</b>				
Bills of exchange	1.55 - 1.85	8,255,873	-	8,255,873
Subordinated loan	1% above cost			
	of funds	-	986,160	986,160
Debt issued and other borrowings		<u>8,255,873</u>	<u>986,160</u>	<u>9,242,033</u>

(Unit: Thousand Baht)

	31 December 2016			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		Within 1 year	1 - 5 years	
<b>Debt issued and other borrowings</b>				
Bills of exchange	1.65 - 1.80	5,864,989	-	5,864,989
Subordinated loan	1% above cost			
	of funds	-	992,040	992,040
Debt issued and other borrowings		<u>5,864,989</u>	<u>992,040</u>	<u>6,857,029</u>

## 12. Provisions

(Unit: Thousand Baht)

	Provisions		Total
	long-term employee benefits	Decommissioning cost	
Balance as at 1 January 2016	146,051	4,389	150,440
Increase during the year	<u>10,877</u>	-	<u>10,877</u>
Balance as at 31 December 2016	156,928	4,389	161,317
Increase during the period	<u>6,479</u>	-	<u>6,479</u>
Balance as at 31 March 2017	<u>163,407</u>	<u>4,389</u>	<u>167,796</u>

(Unaudited but reviewed)

### 13. Provisions for long-term employee benefits

As at 31 March 2017 and 31 December 2016, provision for long-term employee benefits are as follows:

	(Unit: Thousand Baht)	
	For the three-month period ended 31 March 2017	For the year ended 31 December 2016
<b>Defined benefit obligation at beginning of period/year</b>	156,928	146,051
Current service cost	4,869	19,473
Interest cost	1,610	6,441
Benefits paid during the period/year	-	(15,037)
<b>Defined benefit obligation at end of period/year</b>	<b>163,407</b>	<b>156,928</b>

Long-term employee benefit expenses included in the profit or loss for the three-month periods ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Current service cost	4,869	4,868
Interest cost	1,610	1,610
Total	<b>6,479</b>	<b>6,478</b>

### 14. Other liabilities

	(Unit: Thousand Baht)	
	31 March 2017	31 December 2016
Accrued expenses	186,322	374,195
Dividend payables	543,190	916
Others	100,434	79,467
Other liabilities	<b>829,946</b>	<b>454,578</b>

(Unaudited but reviewed)

## 15. Share capital

	31 March 2017		31 December 2016	
	Number of share	Amount	Number of share	Amount
	(Thousand share)	(Thousand Baht)	(Thousand share)	(Thousand Baht)
Issued share capital				
(Par value at Baht 5 each)	572,250	2,861,250	572,250	2,861,250
Paid-up share capital				
(Par value at Baht 5 each)	570,815	2,854,072	570,815	2,854,072

## 16. 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 profit 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.

## 17. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividend for the operating result as from 1 January 2016 to 31 December 2016	Annual General Meeting of the shareholders on 30 March 2017	542	0.95
		<u>542</u>	<u>0.95</u>

The Company paid such dividends on 18 April 2017.

## 18. Brokerage fees

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Brokerage fees from securities business	567,369	558,658
Brokerage fees from derivatives business	36,417	47,420
Total	<u>603,786</u>	<u>606,078</u>

(Unaudited but reviewed)

## 19. Fees and service income

(Unit: Thousand Baht)

For the three-month periods ended 31 March

	2017	2016
Underwriting fee	78,520	-
Financial advisory	24,550	8,750
Securities borrowing and lending	2,470	4,112
Others	1,655	1,834
<b>Total</b>	<b>107,195</b>	<b>14,696</b>

## 20. Gains and returns on financial instruments

(Unit: Thousand Baht)

For the three-month periods ended 31 March

	2017	2016
Gains on investments	2,332	5,384
Gains (losses) on derivatives	19,957	(8,175)
Interest and dividend income	60,671	55,401
<b>Total</b>	<b>82,960</b>	<b>52,610</b>

## 21. Income tax

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 for the three-month periods ended 31 March 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

For the three-month periods ended 31 March

	2017	2016
<b>Current income tax:</b>		
Interim corporate income tax	62,831	69,322
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(704)	(3,517)
<b>Income tax expense reported in profit or loss</b>	<b>62,127</b>	<b>65,805</b>

**22. Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

**23. Related party transactions**

During the three-month periods ended 31 March 2017 and 2016, the Company had significant business transactions with the following related parties.

<b>Company's name and related person</b>	<b>Relationship</b>
Maybank Kim Eng Holdings Limited	Parent company
Maybank Asset Management (Thailand) Co., Ltd. <sup>(1)</sup>	Fellow subsidiary of the Group
Maybank Kim Eng Securities Pte. Ltd.	Fellow subsidiary
Kim Eng Securities (Hong Kong) Limited	Fellow subsidiary
Maybank Kim Eng Research Pte. Ltd.	Fellow subsidiary
Maybank Kim Eng Securities Limited	Fellow subsidiary
Maybank Investment Bank Berhad	Fellow subsidiary of the Group

<sup>(1)</sup> The Group disposed investment in Maybank Asset Management (Thailand) Co., Ltd. in August 2016, therefore, it is related party until August 2016. Later, it changed the name to Capital Link Fund Management Limited.

Such related parties transactions have been concluded on commercial terms and base agreed upon 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
	2017	2016	
<b><u>Transactions with related parties</u></b>			
<b><u>Brokerage fees income</u></b>			
Maybank Kim Eng Securities Pte. Ltd.	26	11	At normal rate charged to other clients, in accordance with SET's and SEC's notification
Kim Eng Securities (Hong Kong) Limited	2	2	
<b><u>Service income</u></b>			
Maybank Asset Management (Thailand) Co., Ltd.	-	1	In accordance with service agreement
<b><u>Research and advisory service income</u></b>			
Maybank Kim Eng Research Pte. Ltd.	6	6	In accordance with agreement
<b><u>Fees and service expenses</u></b>			
Maybank Kim Eng Securities Pte. Ltd.	1	-	In accordance with agreement
Maybank Investment Bank Berhad	3	-	
<b><u>Brokerage expenses</u></b>			
Maybank Kim Eng Securities Pte. Ltd.	1	-	In accordance with agreement
Maybank Kim Eng Securities Limited	1	-	

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 31 March		Pricing policies
	2017	2016	
<u>Interest expenses on foreign borrowing</u>			In accordance with
Maybank Kim Eng Holdings Limited	8	8	borrowing's agreement
<u>Research and advisory service expenses</u>			In accordance with
Maybank Kim Eng Research Pte. Ltd.	4	4	agreement
<u>Dividend paid</u>			As declared
Maybank Kim Eng Holdings Limited	451	-	
Maybank Kim Eng Securities Pte. Ltd.	1	-	

As at 31 March 2017 and 31 December 2016, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

(Unit: Million Baht)

	31 March	31 December	Pricing Policies
	2017	2016	
<b><u>Transactions with related parties</u></b>			
<u>Securities business receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	236	21	
Kim Eng Securities (Hong Kong) Limited	26	-	
<u>Foreign securities company receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	16	7	
<u>Foreign deposits receivables</u>			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	215	290	Kim Eng Securities Pte. Ltd.
<u>Other receivables</u>			No interest charged
Maybank Kim Eng Research Pte. Ltd.	6	-	
<u>Subordinated loan</u>			In accordance with
Maybank Kim Eng Holdings Limited	986	992	agreement
<u>Securities business payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	84	188	
Kim Eng Securities (Hong Kong) Limited	17	9	
<u>Foreign securities company payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	24	9	
<u>Other payables</u>			No interest charged
Maybank Investment Bank Berhad	4	1	
<u>Accrued expenses</u>			No interest charged
Maybank Kim Eng Research Pte. Ltd.	4	-	
<u>Dividend payables</u>			As declared
Maybank Kim Eng Holdings Limited	451	-	
Maybank Kim Eng Securities Pte. Ltd.	1	-	

(Unaudited but reviewed)

As at 31 March 2017, Maybank Kim Eng Holdings Ltd. guaranteed the overdraft facilities of the Company amounting to Baht 30 million (31 December 2016: Baht 30 million). There is no overdraft outstanding balance as at 31 March 2017 (31 December 2016: Nil).

### 23.1 Loans to employees

As at 31 March 2017, the Company has loans to employees under welfare program amounting to Baht 285 million. The loans charged interest at rate of 1.40 and 2.10 percent per annum (31 December 2016: Baht 296 million, interest at rate 1.40 and 2.10 percent per annum).

### 23.2 Loan from related party

As at 31 March 2017 and 31 December 2016, the loan from related party between the Company and the related company and the movement of loans is as follows:

(Unit: Million Baht)

Loan from related parties	Relationship	Balance as at 1 January 2017	Increase during the period	Decrease during the period	Gain on exchange rate	Balance as at 31 March 2017
Maybank Kim Eng Holdings Limited	Parent company	992	-	-	(6)	986
Total		992	-	-	(6)	986

(Unit: Million Baht)

Loan from related parties	Relationship	Balance as at 1 January 2016	Increase during the year	Decrease during the year	Gain on exchange rate	Balance as at 31 December 2016
Maybank Kim Eng Holdings Limited	Parent company	1,021	1,000	(1,014)	(15)	992
Total		1,021	1,000	(1,014)	(15)	992

### 23.3 Management's remuneration

During the three-month periods ended 31 March 2017 and 2016, benefits paid to management of the Company, which presented as part of "Employee benefit expenses" are as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 March	
	2017	2016
Management's remuneration		
Short-term employee benefits	33	48
Post-employment benefits	2	3
	35	51

## 24. 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 is organized into business units based on its products and services and have two reportable segments as follows:

- Securities business segment, which provide service according to securities brokering and derivative brokering, securities trading of the Company and securities borrowing and lending.
- Investment banking segment, which provide service according to underwriting, investment advisory 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.

The following tables present revenue and profit information regarding the Company's operating segments for the three-month periods ended 31 March 2017 and 2016, respectively.

	(Unit: Million Baht)		
	Securities business segment	Investment banking segment	Total segments
<b>For the three-month period ended 31 March 2017</b>			
<b>Income</b>			
External customers			
Brokerage fees income	604	-	604
Fees and service income	4	103	107
Interest on margin loans	160	-	160
Gains and returns on financial instruments	83	-	83
Other income	16	-	16
<b>Total income</b>	<u>867</u>	<u>103</u>	<u>970</u>
<b>Expenses</b>			
Employee benefit expenses			352
Fees and service expenses			58
Financial costs			92
Bad debt and doubtful accounts			6
Other expenses			143
<b>Total expenses</b>			<u>651</u>
<b>Profit before income tax</b>			319
Income tax			(62)
<b>Profit for the period</b>			<u>257</u>



(Unaudited but reviewed)

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total segments
<b>For the three-month period ended 31 March 2016</b>			
<b>Income</b>			
External customers			
Brokerage fees income	606	-	606
Fees and service income	6	9	15
Interest on margin loans	181	-	181
Gains and returns on financial instruments	53	-	53
Other income	17	-	17
<b>Total income</b>	<b>863</b>	<b>9</b>	<b>872</b>
<b>Expenses</b>			
Employee benefit expenses			250
Fees and service expenses			58
Financial costs			102
Other expenses			136
<b>Total expenses</b>			<b>546</b>
<b>Profit before income tax</b>			<b>326</b>
Income tax			(66)
<b>Profit for the period</b>			<b>260</b>

The following table presents segment assets of the Company's operating segments as at 31 March 2017 and 31 December 2016.

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
As at 31 March 2017	16,017	7	16,024	3,412	19,436
As at 31 December 2016	14,837	4	14,841	1,962	16,803

#### Geographic information

The Company operates only in Thailand. As a result, all the revenues and assets as reflected in these financial statements pertain exclusive to this geographical reportable segment.

#### Major customers

For the three-month periods ended 31 March 2017 and 2016, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

(Unaudited but reviewed)

## 25. Commitments and contingent liabilities

The Company has the significant outstanding commitments under office space, office equipment, and other service agreements are as follows:

	(Unit: Million Baht)	
	31 March 2017	31 December 2016
Payable:		
Up to 1 year	100	104
Over 1 year and up to 5 years	110	130

## 26. Fair value of financial instruments

As of 31 March 2017 and 31 December 2016, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	31 March 2017			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Trading securities				
Equity securities	1,854	-	-	1,854
Derivatives assets <sup>(1)</sup>	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities	33	12	-	45

<sup>(1)</sup> Fair value of derivatives assets - Futures as at 31 March 2017 amounting to Baht 20 million, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input.

	(Unit: Million Baht)			
	31 December 2016			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Trading securities				
Equity securities	636	-	-	636
Derivatives asset <sup>(1)</sup>	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities	32	10	-	42

<sup>(1)</sup> Fair value of derivatives assets - Futures as at 31 December 2016 amounting to Baht 39 million, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input.

Valuation techniques and inputs used for Level 2 fair value measurement

- A) The fair value of non-marketable derivatives has been determined by using valuation model technique. Most of the inputs used for the valuation are observable in relevant market such as foreign exchange rate.

During the current period, there was no transfer within the fair value hierarchy.

**27. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 26 April 2017.