

Maybank Kim Eng Securities (Thailand) Public
Company Limited
Report and interim financial statements
30 September 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 30 September 2017, and the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2017, and the statement of changes in shareholders' equity and cash flows for the nine-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: 1 November 2017

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of Financial Position

As at 30 September 2017

(Unit: Thousand Baht)

	Note	30 September 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	2	300,186	351,283
Receivables from Clearing House and brokers	3	370,953	740,846
Securities and derivatives business receivables	4	15,285,443	13,972,863
Investments	6	1,920,911	648,876
Loans	23.1	231,917	295,788
Equipment		147,894	191,386
Intangible assets		34,400	42,963
Deferred tax assets		25,392	31,436
Other assets	7	517,900	527,154
Total assets		18,834,996	16,802,595

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 30 September 2017**

(Unit: Thousand Baht)

	Note	30 September 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Liabilities and shareholders' equity			
Liabilities			
Borrowings from financial institutions	8	1,070,000	720,000
Payables to Clearing House and brokers	9	1,655,460	32,441
Securities and derivatives business payables	10	2,364,319	3,493,576
Derivatives liabilities	5	28,436	41,630
Income tax payable		19,752	127,673
Debt issued and borrowings	11, 23.2	8,762,778	6,857,029
Provisions	12, 13	157,426	161,317
Other liabilities	14	280,325	454,578
Total liabilities		14,338,496	11,888,244
Shareholders' equity			
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		813,513	1,231,364
Total shareholders' equity		4,496,500	4,914,351
Total liabilities and shareholders' equity		18,834,996	16,802,595
		-	-

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

Directors

(Unaudited but reviewed)

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of comprehensive income

For the three-month period ended 30 September 2017

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

	Note	2017	2016
Profit or loss:			
Income			
Brokerage fees income	18	441,385	744,751
Fees and service income	19	42,277	16,320
Interest on margin loans		138,920	166,111
Gains and returns on financial instruments	20	91,285	82,411
Other income		10,564	13,816
Total income		<u>724,431</u>	<u>1,023,409</u>
Expenses			
Employee benefit expenses		304,427	365,995
Fees and service expenses		46,303	63,771
Financial costs		84,420	97,149
Bad debt and doubtful accounts (reversal)		6,406	(61)
Other expenses		152,074	135,665
Total expenses		<u>593,630</u>	<u>662,519</u>
Profit before income tax		130,801	360,890
Income tax	21	(26,666)	(74,152)
Profit for the period		<u>104,135</u>	<u>286,738</u>
Other comprehensive income (loss):			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain		-	-
Income tax effect		-	-
Total other comprehensive income not to be reclassified to profit or loss in subsequent period		<u>-</u>	<u>-</u>
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u><u>104,135</u></u>	<u><u>286,738</u></u>
Earnings per share			
Basic earnings per share	22	<u>0.18</u>	<u>0.50</u>

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 nine-month period ended 30 September 2017

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

	Note	2017	2016
Profit or loss:			
Income			
Brokerage fees income	18	1,479,920	1,889,255
Fees and service income	19	192,587	50,302
Interest on margin loans		448,194	519,686
Gains and returns on financial instruments	20	265,928	210,318
Other income		44,076	42,042
Total income		<u>2,430,705</u>	<u>2,711,603</u>
Expenses			
Employee benefit expenses		963,511	937,052
Fees and service expenses		146,753	170,834
Financial costs		269,834	293,093
Bad debt and doubtful accounts (reversal)		12,921	(61)
Other expenses		437,107	399,279
Total expenses		<u>1,830,126</u>	<u>1,800,197</u>
Profit before income tax		600,579	911,406
Income tax	21	(120,467)	(184,888)
Profit for the period		<u>480,112</u>	<u>726,518</u>
Other comprehensive income (loss):			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain		19,175	-
Income tax effect		(3,835)	-
Total other comprehensive income not to be reclassified to profit or loss in subsequent period		<u>15,340</u>	<u>-</u>
Other comprehensive income for the period		<u>15,340</u>	<u>-</u>
Total comprehensive income for the period		<u><u>495,452</u></u>	<u><u>726,518</u></u>
Earnings per share			
Basic earnings per share	22	<u>0.84</u>	<u>1.27</u>

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 nine-month period ended 30 September 2017

(Unit: Thousand Baht)

	Issued and paid-up capital	Share premium and premium on treasury shares	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2016	2,854,072	542,790	286,125	1,135,929	4,818,916
Dividend paid (Note 17)	-	-	-	(879,054)	(879,054)
Profit for the period	-	-	-	726,518	726,518
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	726,518	726,518
Balance as at 30 September 2016	<u>2,854,072</u>	<u>542,790</u>	<u>286,125</u>	<u>983,393</u>	<u>4,666,380</u>
Balance as at 1 January 2017	2,854,072	542,790	286,125	1,231,364	4,914,351
Dividend paid (Note 17)	-	-	-	(913,303)	(913,303)
Profit for the period	-	-	-	480,112	480,112
Other comprehensive income for the period	-	-	-	15,340	15,340
Total comprehensive income for the period	-	-	-	495,452	495,452
Balance as at 30 September 2017	<u>2,854,072</u>	<u>542,790</u>	<u>286,125</u>	<u>813,513</u>	<u>4,496,500</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 nine-month period ended 30 September 2017

	(Unit: Thousand Baht)	
	2017	2016
Cash flows from operating activities		
Profits before income tax	600,579	911,406
Adjustments to reconcile profit before income tax to net cash provided by (paid for) operating activities		
Depreciation and amortisation	72,952	77,624
Bad debt and doubtful accounts (reversal)	12,921	(61)
Unrealised (gain) loss on revaluation of investments	(8,489)	15,609
(Gain) loss on sales and written-off of premises and equipment	4,436	(932)
Unrealised gains on revaluation of exchange rate	(8,995)	(5,113)
Unrealised gains on revaluation of derivatives assets and liabilities	(17,705)	(11,427)
Financial costs	269,833	293,093
Interest income	(614,925)	(679,792)
Amortisation of prepaid personal expenses	82,140	77,532
Long-term employee benefits	16,717	19,436
Profit from operating activities before changes in operating assets and liabilities	409,464	697,375
(Increase) decrease in operating assets		
Receivables from Clearing House and brokers	399,159	(250,461)
Securities and derivatives business receivables	(1,325,941)	1,782,436
Investments	(1,261,538)	(28,036)
Loans	63,871	15,170
Other assets	(95,317)	(217,528)

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 nine-month period ended 30 September 2017

	(Unit: Thousand Baht)	
	2017	2016
Increase (decrease) in operating liabilities		
Payables to Clearing House and brokers	1,623,019	(66,145)
Securities and derivatives business payables	(1,131,266)	836,955
Derivative liabilities	(25,285)	13,588
Provisions	(1,433)	-
Other liabilities	(171,564)	(84,623)
Cash received (paid) from operating activities	(1,516,831)	2,698,731
Cash paid for interest	(169,252)	(202,231)
Cash received from interest	637,796	675,036
Cash paid for income tax	(226,179)	(216,702)
Net cash flows provided by (used in) operating activities	(1,274,466)	2,954,834
Cash flows from investing activities		
Cash received (paid) from investing activities		
Cash paid for purchases of equipment	(23,826)	(30,466)
Proceeds from disposals of equipment	1,369	976
Cash paid for purchases of intangible assets	(6,370)	(10,459)
Net cash flows used in investing activities	(28,827)	(39,949)
Cash flows from financing activities		
Cash received (paid) from financing activities		
Cash received from borrowings from financial institutions	43,385,000	46,226,000
Cash paid for borrowings from financial institutions	(43,035,000)	(47,276,000)
Cash received from debt issued and other borrowings	29,489,983	14,161,136
Cash paid for debt issued and other borrowings	(27,670,000)	(14,890,000)
Cash paid for liabilities under finance lease agreements	(4,484)	(3,366)
Dividend paid	(913,303)	(879,054)
Net cash flows provided by (used in) financing activities	1,252,196	(2,661,284)
Net increase (decrease) in cash and cash equivalents	(51,097)	253,601
Cash and cash equivalents at the beginning of the period	351,283	384,171
Cash and cash equivalents at the ending of the period	300,186	637,772

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 and nine-month period ended 30 September 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 30 September 2017, the Company has 47 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)	
	<u>30 September 2017</u>	<u>31 December 2016</u>
Cash, short-term fixed deposits and short-term certificates of deposit maturing with 3 months from date of acquisition	3,895,593	2,900,146
Less: Cash deposits held for customers	<u>(3,595,407)</u>	<u>(2,548,863)</u>
Cash and cash equivalents	<u>300,186</u>	<u>351,283</u>

3. Receivables from Clearing House and brokers

	(Unit: Thousand Baht)	
	<u>30 September 2017</u>	<u>31 December 2016</u>
Receivables from Clearing House	879,162	1,480,499
Receivables from foreign brokers	257,510	297,861
Less: Receivables from Clearing House held for customers	<u>(515,985)</u>	<u>(750,475)</u>
Less: Receivables from foreign brokers held for customers	<u>(249,734)</u>	<u>(287,039)</u>
Receivables from Clearing House and brokers	<u>370,953</u>	<u>740,846</u>

(Unaudited but reviewed)

4. Securities and derivatives business receivables

	(Unit: Thousand Baht)	
	30 September 2017	31 December 2016
<u>Securities business receivables</u>		
Cash accounts	3,819,934	3,165,840
Credit balance accounts	11,297,219	10,579,464
Receivables under securities borrowing and lending business	67,051	167,623
Other receivables	300,620	246,486
Total securities business receivables	15,484,824	14,159,413
Add: Accrued interest receivables	60,546	60,986
Less: Allowance for doubtful accounts	(260,750)	(247,958)
Securities business receivables	15,284,620	13,972,441
<u>Derivatives business receivables</u>		
Derivatives business receivables	823	422
Other receivables	421	365
Less: Allowance for doubtful accounts	(421)	(365)
Derivatives business receivables	823	422
Securities and derivatives business receivables	15,285,443	13,972,863

- 4.1 As at 30 September 2017, the Company had other receivables (included accrued interest receivables) with book values totaling Baht 315 million from which it has ceased recognising income (31 December 2016: Baht 260 million).

(Unaudited but reviewed)

- 4.2** As at 30 September 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:

(Unit: Thousand Baht)

	30 September 2017			31 December 2016		
			Net debt balance after			Net debt balance after
	Allowance for doubtful Debt balance	allowance for doubtful Accounts	allowance for doubtful accounts	Allowance for doubtful Debt balance	allowance for doubtful Accounts	allowance for doubtful accounts
Normal Debts	15,231,690	-	15,231,690	13,960,763	-	13,960,763
Sub-standard Debts	70,589	(16,836)	53,753	16,246	(4,146)	12,100
Doubtful Debts	244,335	(244,335)	-	244,177	(244,177)	-
Total	15,546,614	(261,171)	15,285,443	14,221,186	(248,323)	13,972,863

As at 30 September 2017, receivables classified as sub-standard debts and doubtful debts totalling Baht 255 million is the Company's receivables before Kim Eng Holdings Limited (Current name is 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 nine-month period ended 30 September 2017	For the year ended 31 December 2016
Balance - beginning of the period/year	248,323	248,281
Add: Doubtful accounts	12,953	192
Less: Write-off of doubtful accounts	(40)	-
Less: Reversal of doubtful accounts	(65)	(150)
Balance - end of the period/year	261,171	248,323

(Unaudited but reviewed)

5. Derivatives assets and derivatives liabilities

(Unit: Thousand Baht)

30 September 2017

	Fair value		Notional amount
	Assets	Liabilities	
<u>Trading derivatives</u>			
Derivatives warrants	-	7,341	566,200
Futures ⁽¹⁾	-	-	1,928,264
Forward contract	-	21,095	1,002,440
Total	-	28,436	3,496,904

⁽¹⁾ The futures are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level. Fair value of outstanding futures at the end of period included in "Receivables from Clearing House and brokers". As at 30 September 2017, fair value of derivative assets - futures is Baht 69 million.

(Unit: Thousand Baht)

31 December 2016

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

⁽¹⁾ The futures are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level. 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)

	30 September 2017		31 December 2016	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
Trading securities				
Equity securities	1,909,898	1,908,293	648,362	636,260
Less: Allowance for revaluation	(1,605)		(12,102)	
Trading securities	1,908,293		636,260	
Held-to-maturity securities				
Government bonds	4,550,000	4,533,059	10,019,000	9,989,363
Fixed deposits	2,500,003	2,500,003	1,500,003	1,500,003
Certificates of deposit	2,210,000	2,210,000	1,900,000	1,900,000
Deposits with restriction	3,525	3,525	3,523	3,523
Less: Accumulated amortisation	(17,915)		(30,238)	
Less: Investments held for customers	(9,242,085)		(13,388,762)	
Held-to-maturity securities	3,528		3,526	
General investments				
Equity securities	23,753		23,753	
Less: Allowance for impairment	(14,663)		(14,663)	
General investments	9,090		9,090	
Investments	1,920,911		648,876	

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

(Unit: Thousand Baht)

	30 September 2017			
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	4,532,085	-	-	4,532,085
Fixed deposits	2,500,003	-	-	2,500,003
Certificates of deposit	2,210,000	-	-	2,210,000
Deposits subject to restriction	3,525	-	-	3,525
Less: Investments held for customers	(9,242,085)	-	-	(9,242,085)
Total	3,528	-	-	3,528

(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)
Total	3,526	-	-	3,526

7. Other assets

(Unit: Thousand Baht)

	30 September 2017	31 December 2016
	Prepaid expenses	244,619
Clearing fund	137,335	126,394
Accrued income	29,129	53,218
Deposits	49,792	48,661
Property foreclosed	15,887	15,887
Others	41,138	15,481
Total	517,900	527,154

8. Borrowings from financial institutions

As at 30 September 2017 and 31 December 2016, borrowings from financial institutions comprise only domestic borrowings in Baht currency which are classified as follows:

(Unit: Thousand Baht)

	30 September 2017			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		At call	Within 1 year	
Financial institutions				
Promissory notes	1.85 - 1.90	1,070,000	-	1,070,000
Total		1,070,000	-	1,070,000

(Unaudited but reviewed)

11. Debt issued and other borrowings

As at 30 September 2017 and 31 December 2016, debt issued and borrowings are classified as follows:

(Unit: Thousand Baht)

	30 September 2017			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		Within 1 year	1 - 5 years	
<u>Debt issued and other borrowings</u>				
Bills of exchange	1.55 - 1.75	7,780,264	-	7,780,264
Subordinated loan	1% above cost			
	of funds	-	982,514	982,514
Debt issued and other borrowings		<u>7,780,264</u>	<u>982,514</u>	<u>8,762,778</u>

(Unit: Thousand Baht)

	31 December 2016			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		Within 1 year	1 - 5 years	
<u>Debt issued and other borrowings</u>				
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 for	Decommissioning	Total
	long-term employee benefits	cost	
Balance at 1 January 2016	146,051	4,389	150,440
Increase during the year	<u>10,877</u>	-	<u>10,877</u>
Balance at 31 December 2016	156,928	4,389	161,317
Decrease during the period	<u>(3,891)</u>	-	<u>(3,891)</u>
Balance at 30 September 2017	<u>153,037</u>	<u>4,389</u>	<u>157,426</u>

(Unaudited but reviewed)

13. Provisions for long-term employee benefits

As at 30 September 2017 and 31 December 2016, provision for long-term employee benefits are as follows:

(Unit: Thousand Baht)

	For the nine-month period ended 30 September 2017	For the year ended 31 December 2016
Defined benefit obligation at beginning of period/year	156,928	146,051
Current service cost	11,298	19,473
Interest cost	5,419	6,441
Actuarial (gains) losses		
Demographic assumption changes	(13,233)	-
Financial assumptions changes	28,698	-
Experience adjustments	(34,640)	-
Benefits paid during the period/year	(1,433)	(15,037)
Defined benefit obligation at end of period/year	<u>153,037</u>	<u>156,928</u>

Long-term employee benefit expenses included in the profit or loss for the three-month and nine-month periods ended 30 September 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016
Current service cost	3,766	4,868	11,298	14,605
Interest cost	1,806	1,610	5,419	4,831
Total	<u>5,572</u>	<u>6,478</u>	<u>16,717</u>	<u>19,436</u>

14. Other liabilities

(Unit: Thousand Baht)

	30 September 2017	31 December 2016
Accrued expenses	204,943	374,195
Dividend payables	916	916
Others	74,466	79,467
Total	<u>280,325</u>	<u>454,578</u>

15. Share capital

	30 September 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	Dividend paid (Million Baht)	Dividend per share (Baht)
Interim dividends for the operating result as from 1 January 2017 to 30 June 2017	Board of Directors' Meeting on 31 July 2017	371	0.65
Dividends 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
Dividend paid for the nine-month period ended 30 September 2017		913	1.60
Interim dividends for the operating result as from 1 January 2016 to 30 June 2016	Board of Directors' Meeting on 9 August 2016	428	0.75
Dividends for the operating result as from 1 January 2015 to 31 December 2015	Annual General Meeting of the shareholders on 4 April 2016	451	0.79
Dividend paid for the nine-month period ended 30 September 2016		879	1.54

(Unaudited but reviewed)

18. Brokerage fees

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016
Brokerage fees from securities business	405,583	697,740	1,377,306	1,759,521
Brokerage fees from derivatives business	35,802	47,011	102,614	129,734
Total	<u>441,385</u>	<u>744,751</u>	<u>1,479,920</u>	<u>1,889,255</u>

19. Fees and service income

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016
Underwriting fee	35,324	500	136,204	4,684
Financial advisory	3,301	10,550	45,266	24,750
Securities borrowing and lending	1,985	3,574	6,611	10,131
Others	1,667	1,696	4,506	10,737
Total	<u>42,277</u>	<u>16,320</u>	<u>192,587</u>	<u>50,302</u>

20. Gains and returns on financial instruments

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016
Gains (losses) on investments	109,302	(5,091)	(52,338)	(8,761)
Gains (losses) on derivatives	(78,812)	35,164	131,092	58,118
Interest and dividend income	60,795	52,338	187,174	160,961
Total	<u>91,285</u>	<u>82,411</u>	<u>265,928</u>	<u>210,318</u>

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 and nine-month periods ended 30 September 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax	23,178	76,392	114,793	174,768
Adjustment of income tax expense of previous year	-	-	3,465	15,813
Deferred tax:				
Relating to origination and reversal of temporary differences	3,488	(2,240)	2,209	(5,693)
Income tax expense reported in profit or loss	<u>26,666</u>	<u>74,152</u>	<u>120,467</u>	<u>184,888</u>

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 issue during the period.

23. Related party transactions

During the three-month and nine-month periods ended 30 September 2017 and 2016, the Company had significant business transactions with the following related parties.

Company's name and related person	Relationship
Maybank Kim Eng Holdings Limited	Parent company
Maybank Asset Management (Thailand) Co., Ltd. ⁽¹⁾	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

⁽¹⁾ 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.

(Unaudited but reviewed)

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		For the		Pricing policies
	three-month		nine-month		
	periods ended	periods ended	periods ended	periods ended	
	30 September	30 September	30 September	30 September	
	2017	2016	2017	2016	
<u>Transactions with related parties</u>					
<u>Brokerage fees income</u>					At normal rate charged to other clients which is in accordance with SET's and SEC's notification
Maybank Kim Eng Securities Pte. Ltd.	21	20	76	45	
Kim Eng Securities (Hong Kong) Limited	1	3	5	6	
<u>Service income</u>					In accordance with service agreement
Maybank Asset Management (Thailand) Co., Ltd.	-	-	-	1	
<u>Research and advisory service income</u>					In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	8	7	26	14	
<u>Fees and service expenses</u>					In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	1	2	3	2	
Maybank Investment Bank Berhad	-	-	3	-	
<u>Brokerage fees expenses</u>					In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	1	-	2	1	
Maybank Kim Eng Securities Limited	-	1	1	1	
<u>Interest expenses on foreign borrowing</u>					In accordance with borrowing's agreement
Maybank Kim Eng Holdings Limited	8	8	24	24	
<u>Research and advisory service expenses</u>					In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	3	3	9	9	
<u>Other expenses</u>					In accordance with agreement
Maybank Investment Bank Berhad	2	-	2	-	
<u>Dividend paid</u>					As declared
Maybank Kim Eng Holdings Limited	309	357	760	732	
Maybank Kim Eng Securities Pte. Ltd.	1	1	2	2	

(Unaudited but reviewed)

As at 30 September 2017 and 31 December 2016, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

	30 September 2017	31 December 2016	(Unit: Million Baht) Pricing Policies
<u>Transactions with related parties</u>			
<u>Securities business receivables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	1,125	21	
<u>Foreign securities company receivables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	3	7	
<u>Foreign deposits receivables</u>			
			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	255	290	Kim Eng Securities Pte. Ltd.
<u>Accrued research and advisory income</u>			
			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	26	-	
<u>Securities business payables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	-	188	
Kim Eng Securities (Hong Kong) Limited	15	9	
<u>Foreign securities company payables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	18	9	
<u>Subordinated loan</u>			
			In accordance with agreement
Maybank Kim Eng Holdings Limited	983	992	
<u>Other payables</u>			
			No interest charged
Maybank Investment Bank Berhad	-	1	
<u>Accrued research and advisory expenses</u>			
			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	9	-	
<u>Accrued interest expenses</u>			
			In accordance with borrowing's
Maybank Kim Eng Holdings Limited	8	-	agreement
<u>Accrued expenses</u>			
			No interest charged
Maybank Investment Bank Berhad	2	-	

As at 30 September 2017, Maybank Kim Eng Holdings Limited 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 30 September 2017 (31 December 2016: Nil).

23.1 Loans to employees

As at 30 September 2017, the Company has loans to employees under welfare program amounting to Baht 232 million. The loans charged interest at rate of 1.40 and 2.00 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 30 September 2017 and 31 December 2016, the loan from related party between the Company and the related company and the movement of loans are as follows:

(Unit: Million Baht)

Loan from related party	Relationship	Balance as at 1 January 2017	Increase during the period	Decrease during the period	Gain on exchange rate	Balance as at 30 September 2017
Maybank Kim Eng Holdings Limited	Parent company	992	-	-	(9)	983
Total		992	-	-	(9)	983

(Unit: Million Baht)

Loan from related party	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 and nine-month periods ended 30 September 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 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016
	Management's remuneration			
Short-term employee benefits	26	51	85	139
Post-employment benefits	3	3	7	8
	29	54	92	147

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 nine-month periods ended 30 September 2017 and 2016, respectively.

	(Unit: Million Baht)		
	Securities business segment	Investment banking segment	Total segments
For the nine-month period ended 30 September 2017			
Income			
External customers			
Brokerage fees income	1,480	-	1,480
Fees and service income	11	182	193
Interest on margin loans	448	-	448
Gains and returns on financial instruments	266	-	266
Other income	44	-	44
Total income	2,249	182	2,431
Expenses			
Employee benefit expenses			963
Fees and service expenses			147
Financial costs			270
Bad debt and doubtful accounts			13
Other expenses			437
Total expenses			1,830
Profit before income tax			601
Income tax			(121)
Profit for the period			480

(Unaudited but reviewed)

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total segments
For the nine-month period ended 30 September 2016			
Income			
External customers			
Brokerage fees income	1,889	-	1,889
Fees and service income	15	36	51
Interest on margin loans	520	-	520
Gains and returns on financial instruments	210	-	210
Other income	42	-	42
Total income	2,676	36	2,712
Expenses			
Employee benefit expenses			937
Fees and service expenses			171
Financial costs			293
Other expenses			399
Total expenses			1,800
Profit before income tax			912
Income tax			(185)
Profit for the period			727

The following table presents segment assets of the Company's operating segments as at 30 September 2017 and 31 December 2016.

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
As at 30 September 2017	15,369	3	15,372	3,463	18,835
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 and nine-month periods ended 30 September 2017 and 2016, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

25. Commitments and contingent liabilities

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

	(Unit: Million Baht)	
	<u>30 September 2017</u>	<u>31 December 2016</u>
Payable:		
Up to 1 year	89	104
Over 1 year and up to 5 years	85	130

26. Fair value of financial instruments

As of 30 September 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)			
	<u>30 September 2017</u>			
	Fair value			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value				
Trading securities				
Equity securities	1,908	-	-	1,908
Derivatives assets ⁽¹⁾	-	-	-	-
Financial liabilities measured at fair value				
Derivatives liabilities	7	21	-	28

⁽¹⁾ Fair value of derivatives assets - futures as at 30 September 2017 amounting to Baht 69 million, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input.

(Unaudited but reviewed)

(Unit: Million Baht)

	31 December 2016			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Trading securities				
Equity securities	636	-	-	636
Derivatives asset ⁽¹⁾	-	-	-	-
Financial liabilities measured at fair value				
Derivatives liabilities	32	10	-	42

⁽¹⁾ 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 1 November 2017.