

Maybank Kim Eng Securities (Thailand) Public
Company Limited
Report and interim financial statements
30 September 2018

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 2018, and the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018, 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: 9 November 2018

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of Financial Position

As at 30 September 2018

(Unit: Thousand Baht)

	Note	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	2	550,411	392,929
Receivables from Clearing House and brokers	3	1,262,355	534,234
Securities and derivatives business receivables	4	13,505,530	14,961,661
Investments	6	1,204,227	2,053,895
Loans	24.1	243,161	240,430
Equipment		111,454	132,768
Intangible assets		25,181	31,966
Deferred tax assets		35,939	23,353
Other assets	7	543,815	552,907
Total assets		17,482,073	18,924,143

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 2018

(Unit: Thousand Baht)

	Note	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Liabilities			
Borrowings from financial institutions	8	2,095,000	3,995,000
Payables to Clearing House and brokers	9	21,115	372,485
Securities and derivatives business payables	10	2,193,627	3,424,683
Derivatives liabilities	5	583	31,936
Income tax payable		16,239	57,327
Debt issued and other borrowings	11	8,213,198	5,911,615
Provisions	12	183,797	162,998
Other liabilities	14	272,428	313,082
Total liabilities		12,995,987	14,269,126
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		803,099	972,030
Total shareholders' equity		4,486,086	4,655,017
Total liabilities and shareholders' equity		17,482,073	18,924,143
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The accompanying notes are an integral part of the financial statements.

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Directors
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(Unaudited but reviewed)

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of comprehensive income

For the three-month period ended 30 September 2018

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

	Note	2018	2017
Profit or loss:			
Income			
Brokerage fees income	18	416,404	441,385
Fees and service income	19	25,048	42,277
Interest on margin loans		163,690	138,920
Gains and returns on financial instruments	20	31,492	91,285
Other income		15,708	10,564
Total income		<u>652,342</u>	<u>724,431</u>
Expenses			
Employee benefit expenses		323,033	304,427
Fees and service expenses		45,193	46,303
Financial costs		84,511	84,420
Bad debt and doubtful accounts (reversal)		(7)	6,406
Other expenses	21	130,037	152,074
Total expenses		<u>582,767</u>	<u>593,630</u>
Profit before income tax		69,575	130,801
Income tax	22	(15,191)	(26,666)
Profit for the period		<u>54,384</u>	<u>104,135</u>
Other comprehensive income:			
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>54,384</u></u>	<u><u>104,135</u></u>
Earnings per share			
Basic earnings per share	23	<u>0.10</u>	<u>0.18</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 2018

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

	Note	2018	2017
Profit or loss:			
Income			
Brokerage fees income	18	1,415,979	1,479,920
Fees and service income	19	52,824	192,587
Interest on margin loans		480,405	448,194
Gains and returns on financial instruments	20	211,804	265,928
Other income		48,397	44,076
Total income		2,209,409	2,430,705
Expenses			
Employee benefit expenses		1,020,680	963,511
Fees and service expenses		139,793	146,753
Financial costs		259,631	269,834
Bad debt and doubtful accounts		11,031	12,921
Other expenses	21	382,082	437,107
Total expenses		1,813,217	1,830,126
Profit before income tax		396,192	600,579
Income tax	22	(79,931)	(120,467)
Profit for the period		316,261	480,112
Other comprehensive income:			
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		-	15,340
Other comprehensive income for the period		-	15,340
Total comprehensive income for the period		316,261	495,452
Earnings per share			
Basic earnings per share	23	0.55	0.84

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 2018

(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 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>
Balance as at 1 January 2018	2,854,072	542,790	286,125	972,030	4,655,017
Dividend paid (Note 17)	-	-	-	(485,192)	(485,192)
Profit for the period	-	-	-	316,261	316,261
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	316,261	316,261
Balance as at 30 September 2018	<u>2,854,072</u>	<u>542,790</u>	<u>286,125</u>	<u>803,099</u>	<u>4,486,086</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 2018

(Unit: Thousand Baht)

	2018	2017
Cash flows from operating activities		
Profits before income tax	396,192	600,579
Adjustments to reconcile profit before income tax to net cash provided by (paid for) operating activities		
Depreciation and amortisation	62,464	72,952
Bad debt and doubtful accounts	11,031	12,921
Unrealised gain on revaluation of investments	(100,124)	(8,489)
Loss on sales and written-off of equipment	229	4,436
Unrealised (gains) loss on revaluation of exchange rate	25	(8,995)
Unrealised (gains) loss on revaluation of derivatives assets and liabilities	144,041	(17,705)
Financial costs	259,631	269,833
Interest income	(612,999)	(614,925)
Amortisation of prepaid personal expenses	102,060	82,140
Provision for long-term employee benefits	22,896	16,717
Profit from operating activities before changes in operating assets and liabilities	285,446	409,464
(Increase) decrease in operating assets		
Receivables from Clearing House and brokers	(861,391)	399,159
Securities and derivatives business receivables	1,446,870	(1,325,941)
Investments	950,203	(1,261,538)
Loans	(2,731)	63,871
Other assets	(82,449)	(95,317)

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 2018

(Unit: Thousand Baht)

	2018	2017
Increase (decrease) in operating liabilities		
Payables to Clearing House and brokers	(351,370)	1,623,019
Securities and derivatives business payables	(1,231,467)	(1,131,266)
Derivative liabilities	(42,223)	(25,285)
Provisions	(2,097)	(1,433)
Other liabilities	(39,579)	(171,564)
Cash received (paid) from operating activities	69,212	(1,516,831)
Cash paid for interest	(168,284)	(169,252)
Cash received from interest	601,252	637,796
Cash paid for income tax	(133,605)	(226,179)
Net cash flows provided by (used in) operating activities	368,575	(1,274,466)
Cash flows from investing activities		
Cash received (paid) from investing activities		
Cash paid for purchases of equipment	(31,738)	(23,826)
Proceeds from disposals of equipment	89	1,369
Cash paid for purchases of intangible assets	(2,837)	(6,370)
Net cash flows used in investing activities	(34,486)	(28,827)
Cash flows from financing activities		
Cash received (paid) from financing activities		
Cash received from borrowings from financial institutions	32,927,000	43,385,000
Cash paid for borrowings from financial institutions	(34,827,000)	(43,035,000)
Cash received from debt issued and other borrowings	18,153,501	29,489,983
Cash paid for debt issued and other borrowings	(15,940,677)	(27,670,000)
Cash paid for liabilities under finance lease agreements	(4,239)	(4,484)
Dividend paid	(485,192)	(913,303)
Net cash flows provided by (used in) financing activities	(176,607)	1,252,196
Net increase (decrease) in cash and cash equivalents	157,482	(51,097)
Cash and cash equivalents at the beginning of the period	392,929	351,283
Cash and cash equivalents at the ending of the period	550,411	300,186

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 periods ended 30 September 2018

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 2018, the Company has 44 branches in Bangkok and upcountry (31 December 2017: 47 branches).

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 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

(a) Financial reporting standards that became effective in the current year

During the period, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

(b) Financial reporting standards that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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 2017, 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.

(Unaudited but reviewed)

2. Cash and cash equivalents

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Cash, short-term fixed deposits and short-term certificates of deposit maturing with 3 months from date of acquisition	1,633,256	5,027,153
Less: Cash deposits held for customers	(1,082,845)	(4,634,224)
Cash and cash equivalents	<u>550,411</u>	<u>392,929</u>

Supplemental cash flows information

	(Unit: Thousand Baht)	
	30 September 2018	30 September 2017
Non-cash items:		
Purchase of equipment and intangible asset on credit	303	3,494

3. Receivables from Clearing House and brokers

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Receivables from Clearing House	1,746,724	1,049,366
Receivables from foreign brokers	704,012	450,224
Less: Receivables from Clearing House held for customers	(519,686)	(529,833)
Less: Receivables from foreign brokers held for customers	(668,695)	(435,523)
Receivables from Clearing House and brokers	<u>1,262,355</u>	<u>534,234</u>

(Unaudited but reviewed)

4. Securities and derivatives business receivables

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Securities business receivables		
Cash accounts	1,478,569	3,096,000
Credit balance accounts	11,641,759	11,586,009
Receivables under securities borrowing and lending		
business	291,554	171,312
Other receivables	300,333	301,163
Total securities business receivables	13,712,215	15,154,484
Add: Accrued interest receivables	65,299	63,529
Less: Allowance for doubtful accounts	(272,380)	(261,566)
Securities business receivables	13,505,134	14,956,447
Derivatives business receivables		
Derivatives business receivables	396	5,214
Other receivables	287	350
Less: Allowance for doubtful accounts	(287)	(350)
Derivatives business receivables	396	5,214
Securities and derivatives business receivables	13,505,530	14,961,661

4.1 Non-accrued securities business receivables

As at 30 September 2018, the Company has other receivables (included accrued interest receivables) with book values totaling Baht 315 million from which it has ceased recognising income (31 December 2017: Baht 316 million).

(Unaudited but reviewed)

4.2 Classification of securities and derivatives receivables

As at 30 September 2018 and 31 December 2017, the Company has classified securities 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 2018			31 December 2017		
	Debt balance	Allowance for doubtful accounts	Net debt balance after allowance for doubtful accounts	Debt balance	Allowance for doubtful accounts	Net debt balance after allowance for doubtful accounts
Normal Debts	13,463,391	-	13,463,391	14,907,899	-	14,907,899
Sub-standard Debts	42,139	-	42,139	53,762	-	53,762
Doubtful Debts	272,667	(272,667)	-	261,916	(261,916)	-
Total	<u>13,778,197</u>	<u>(272,667)</u>	<u>13,505,530</u>	<u>15,223,577</u>	<u>(261,916)</u>	<u>14,961,661</u>

As at 30 September 2018, 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 2017: Baht 255 million).

4.3 Allowance for doubtful accounts

(Unit: Thousand Baht)

	For the nine-month period ended 30 September 2018	For the year ended 31 December 2017
Balance - beginning of the period/year	261,916	248,323
Add: Doubtful accounts	11,615	13,698
Less: Reversal of doubtful accounts	(584)	(105)
Less: Write-off bad debts	(280)	-
Balance - end of the period/year	<u>272,667</u>	<u>261,916</u>

(Unaudited but reviewed)

5. Derivatives assets and derivatives liabilities

(Unit: Thousand Baht)

	30 September 2018		
	Fair value		Notional amount
	Assets	Liabilities	
Trading derivatives			
Derivatives warrants	-	583	6,675
Futures ⁽¹⁾	-	-	1,273,019
Derivatives assets and derivatives liabilities	<u>-</u>	<u>583</u>	<u>1,279,694</u>

⁽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 2018, fair value of derivative liabilities - futures is Baht 127 million.

(Unit: Thousand Baht)

	31 December 2017		
	Fair value		Notional amount
	Assets	Liabilities	
Trading derivatives			
Derivatives warrants	-	31,936	182,298
Future ⁽¹⁾	-	-	1,944,169
Derivatives assets and derivatives liabilities	<u>-</u>	<u>31,936</u>	<u>2,126,467</u>

⁽¹⁾ The future are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level. Fair value of outstanding future at the end of year included in "Receivables from Clearing House and brokers". As at 31 December 2017, fair value of derivative assets - future is Baht 7 million.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	30 September 2018		31 December 2017	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
Trading securities				
Equity securities	1,021,227	1,191,350	1,971,689	2,041,277
Add: Allowance for revaluation	170,123		69,588	
Trading securities	1,191,350		2,041,277	
Held-to-maturity securities				
Government bonds	5,200,000	5,180,837	2,500,000	2,490,711
Fixed deposits	6,000,003	6,000,003	2,500,003	2,500,003
Certificates of deposit	-	-	2,210,000	2,210,000
Deposits with restriction	3,527	3,527	3,525	3,525
Less: Accumulated amortisation	(19,860)		(10,129)	
Less: Investments held for customers	(11,180,140)		(7,199,871)	
Held-to-maturity securities	3,530		3,528	
General investments				
Equity securities	24,010		23,753	
Less: Allowance for impairment	(14,663)		(14,663)	
General investments	9,347		9,090	
Investments	1,204,227		2,053,895	

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

(Unit: Thousand Baht)

	30 September 2018			
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	5,180,140	-	-	5,180,140
Fixed deposits	6,000,003	-	-	6,000,003
Deposits subject to restriction	3,527	-	-	3,527
Less: Investments held for customers	(11,180,140)	-	-	(11,180,140)
Total	3,530	-	-	3,530

(Unaudited but reviewed)

(Unit: Thousand Baht)

	31 December 2017			
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	2,489,871	-	-	2,489,871
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	(7,199,871)	-	-	(7,199,871)
Total	3,528	-	-	3,528

7. Other assets

(Unit: Thousand Baht)

	30 September 2018	31 December 2017
	Prepaid expenses	222,302
Clearing fund	155,908	141,434
Accrued income	45,040	36,454
Deposits	45,828	48,255
Property foreclosed	15,887	15,887
Others	58,850	104,926
Other assets	543,815	552,907

8. Borrowings from financial institutions

As at 30 September 2018 and 31 December 2017, borrowings from financial institutions comprise only domestic borrowings in Baht currency which are classified as follows:

(Unit: Thousand Baht)

	30 September 2018			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		At call	Within 1 year	
Promissory notes	1.85 - 1.90	2,095,000	-	2,095,000
Borrowings from financial institutions		2,095,000	-	2,095,000

(Unit: Thousand Baht)

	31 December 2017			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		At call	Within 1 year	
Promissory notes	1.85 - 2.20	3,995,000	-	3,995,000
Borrowings from financial institutions		3,995,000	-	3,995,000

(Unaudited but reviewed)

9. Payables to Clearing House and brokers

(Unit: Thousand Baht)

	30 September 2018	31 December 2017
Payables to Clearing House	-	354,335
Payables to foreign brokers	21,115	18,150
Payables to Clearing House and brokers	<u>21,115</u>	<u>372,485</u>

10. Securities and derivatives business payables

(Unit: Thousand Baht)

	30 September 2018	31 December 2017
Cash accounts	1,916,232	3,245,348
Guaranteed deposit payables	2,070	-
Payables under securities borrowing and lending business	275,325	179,335
Securities and derivatives business payables	<u>2,193,627</u>	<u>3,424,683</u>

11. Debt issued and other borrowings

As at 30 September 2018 and 31 December 2017, debt issued and borrowings are classified as follows:

(Unit: Thousand Baht)

	30 September 2018			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		Within 1 year	1 - 5 years	
Bills of exchange	1.70 - 1.75	7,213,198	-	7,213,198
Debenture	1.90	1,000,000	-	1,000,000
Debt issued and other borrowings		<u>8,213,198</u>	<u>-</u>	<u>8,213,198</u>

(Unit: Thousand Baht)

	31 December 2017			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		Within 1 year	1 - 5 years	
Bills of exchange	1.50 - 1.65	5,911,615	-	5,911,615
Debt issued and other borrowings		<u>5,911,615</u>	<u>-</u>	<u>5,911,615</u>

12. Provisions

(Unit: Thousand Baht)

	Provisions for		Total
	long-term employee benefits	Decommissioning cost	
Balance at 1 January 2017	156,928	4,389	161,317
Increase during the year	1,681	-	1,681
Balance at 31 December 2017	158,609	4,389	162,998
Increase during the period	20,799	-	20,799
Balance at 30 September 2018	179,408	4,389	183,797

13. Provisions for long-term employee benefits

As at 30 September 2018 and 31 December 2017, provision for long-term employee benefits are as follows:

(Unit: Thousand Baht)

	For the nine-month period ended	For the year ended
	30 September 2018	31 December 2017
Defined benefit obligation at beginning of period/year	158,609	156,928
Current service cost	19,051	15,063
Interest cost	3,845	7,226
Actuarial (gains) losses		
Demographic assumption changes	-	(13,233)
Financial assumptions changes	-	28,698
Experience adjustments	-	(34,640)
Benefits paid during the period/year	(2,097)	(1,433)
Defined benefit obligation at end of period/year	179,408	158,609

(Unaudited but reviewed)

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2018	2017	2018	2017
Current service cost	6,350	3,766	19,051	11,298
Interest cost	1,282	1,806	3,845	5,419
Total	<u>7,632</u>	<u>5,572</u>	<u>22,896</u>	<u>16,717</u>

14. Other liabilities

(Unit: Thousand Baht)

	30 September 2018	31 December 2017
Accrued expenses	210,276	244,649
Liabilities under finance lease agreements	10,043	14,282
Others	52,109	54,151
Other liabilities	<u>272,428</u>	<u>313,082</u>

15. Share capital

	30 September 2018		31 December 2017	
	Number of share	Amount	Number of share	Amount
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

(Thousand share) (Thousand Baht) (Thousand share) (Thousand Baht)

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.

(Unaudited but reviewed)

17. Dividends

Dividends	Approved by	Dividend paid (Million Baht)	Dividend per share (Baht)
Interim dividends for the operating result as from 1 January 2018 to 30 June 2018	Board of Directors' Meeting on 1 August 2018	228	0.40
Dividends for the operating result as from 1 January 2017 to 31 December 2017	Annual General Meeting of the shareholders on 2 April 2018	257	0.45
Dividend paid for the nine-month period ended 30 September 2018		485	0.85
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

18. Brokerage fees

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Brokerage fees from securities business	376,651	405,583	1,269,960	1,377,306
Brokerage fees from derivatives business	38,353	35,802	126,220	102,614
Other brokerage fees	1,400	-	19,799	-
Brokerage fees	416,404	441,385	1,415,979	1,479,920

(Unaudited but reviewed)

19. Fees and service income

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Underwriting fee	-	35,324	968	136,204
Financial advisory	21,250	3,301	40,400	45,266
Securities borrowing and lending	1,800	1,985	5,273	6,611
Others	1,998	1,667	6,183	4,506
Fees and service income	25,048	42,277	52,824	192,587

20. Gains and returns on financial instruments

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Gains (losses) on investments	(32,221)	109,302	27,556	(52,338)
Gains (losses) on derivatives	15,670	(78,812)	11,130	131,092
Interest and dividend income	48,043	60,795	173,118	187,174
Gains and returns on financial instruments	31,492	91,285	211,804	265,928

21. Other Expenses

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Rental	25,979	27,516	78,596	82,804
Utilities expense	3,903	4,387	11,896	13,270
Maintenance expenses	16,221	16,047	41,940	48,748
Depreciation and amortisation	20,642	23,960	62,464	72,952
Taxes and duties	6,741	5,998	21,648	20,206
Travelling expenses	7,607	7,643	22,970	23,546
Telephone and information service expenses	16,117	15,551	45,009	47,383
Others	32,827	50,972	97,559	128,198
Other Expenses	130,037	152,074	382,082	437,107

22. 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 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax	18,026	23,178	92,272	114,793
Adjustment of income tax expense of previous year	-	-	245	3,465
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,835)	3,488	(12,586)	2,209
Income tax reported in profit or loss	<u>15,191</u>	<u>26,666</u>	<u>79,931</u>	<u>120,467</u>

23. 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.

24. Related party transactions

During the three-month and nine-month periods ended 30 September 2018 and 2017, 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 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

(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		
	30 September		30 September		
	2018	2017	2018	2017	
Transactions with related parties					
<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.	37	21	94	76	
Kim Eng Securities (Hong Kong) Limited	1	1	6	5	
<u>Fee and service income</u>					In accordance with the agreement
Maybank Kim Eng Securities Pte. Ltd.	-	-	1	-	
<u>Research and advisory service income</u>					In accordance with the agreement
Maybank Kim Eng Research Pte. Ltd.	9	8	29	26	
<u>Fees and service expenses</u>					In accordance with the agreement
Maybank Kim Eng Securities Pte. Ltd.	1	1	2	3	
Maybank Investment Bank Berhad	-	-	-	3	
<u>Brokerage fees expenses</u>					In accordance with the agreement
Maybank Kim Eng Securities Pte. Ltd.	1	1	2	2	
Maybank Kim Eng Securities Limited	-	-	1	1	
<u>Interest expenses on foreign borrowings</u>					In accordance with the agreement
Maybank Kim Eng Holdings Limited	-	8	-	24	
<u>Research and advisory service expenses</u>					In accordance with the agreement
Maybank Kim Eng Research Pte. Ltd.	3	3	8	9	
<u>Other expenses</u>					In accordance with the agreement
Maybank Investment Bank Berhad	-	2	-	2	
<u>Dividend paid</u>					As declared
Maybank Kim Eng Holdings Limited	190	309	404	760	
Maybank Kim Eng Securities Pte. Ltd.	-	1	1	2	

(Unaudited but reviewed)

As at 30 September 2018 and 31 December 2017, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

(Unit: Million Baht)

	30 September 2018	31 December 2017	Pricing Policies
<u>Securities business receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	10	131	
Kim Eng Securities (Hong Kong) Limited	-	37	
<u>Foreign securities company receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	27	3	
<u>Foreign deposits receivables</u>			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	677	447	Kim Eng Securities Pte. Ltd.
<u>Accrued research and advisory income</u>			In accordance with the agreement
Maybank Kim Eng Research Pte. Ltd.	30	47	
<u>Securities business payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	509	18	
Kim Eng Securities (Hong Kong) Limited	11	-	
<u>Foreign securities company payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	21	18	
<u>Foreign deposit payables</u>			No interest charged
Kim Eng Securities (Hong Kong) Limited	7	1	
<u>Accrued research and advisory expenses</u>			In accordance with the agreement
Maybank Kim Eng Research Pte. Ltd.	8	9	
<u>Accrued fees and service expenses</u>			In accordance with the agreement
Maybank Kim Eng Securities Pte. Ltd.	1	-	

As at 30 September 2018, Maybank Kim Eng Holdings Limited guaranteed the overdraft facilities of the Company amounting to Baht 30 million (31 December 2017: Baht 30 million). There is no overdraft outstanding balance as at 30 September 2018 (31 December 2017: none).

24.1 Loans to employees

As at 30 September 2018, the Company has loans to employees under welfare program amounting to Baht 243 million. The loans charged interest at rate of 1.40 and 2.00 percent per annum (31 December 2017: Baht 240 million, interest at rate 1.43 and 2.00 percent per annum).

24.2 Loan from related party

As at 31 December 2017, the loan from related party between the Company and the related company and the movement of loans are as follows: (No movement of loans in the current period).

		(Unit: Million Baht)				
Loan from related party	Relationship	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Gain on exchange rate	Balance as at 31 December 2017
Maybank Kim Eng						
Holdings Limited	Parent company	992	-	(992)	-	-
Total		992	-	(992)	-	-

24.3 Management's remuneration

During the three-month and nine-month periods ended 30 September 2018 and 2017, 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	
	2018	2017	2018	2017
Management's remuneration				
Short-term employee benefits	21	26	79	85
Post-employment benefits	2	3	8	7
Total	23	29	87	92

25. 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.

(Unaudited but reviewed)

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 2018 and 2017, respectively.

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total segments
For the nine-month period ended 30 September 2018			
Income			
External customers			
Brokerage fees income	1,379	37	1,416
Fees and service income	11	41	52
Interest on margin loans	481	-	481
Gains and returns on financial instruments	212	-	212
Other income	48	-	48
Total income	<u>2,131</u>	<u>78</u>	<u>2,209</u>
Expenses			
Employee benefit expenses			1,021
Fees and service expenses			140
Financial costs			259
Bad debt and doubtful accounts			11
Other expenses			382
Total expenses			<u>1,813</u>
Profit before income tax			396
Income tax			(80)
Profit for the period			<u>316</u>

(Unaudited but reviewed)

(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

The following table presents segment assets of the Company's operating segments as at 30 September 2018 and 31 December 2017.

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
Segment assets					
As at 30 September 2018	14,834	7	14,841	2,641	17,482
As at 31 December 2017	15,038	3	15,041	3,883	18,924

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 2018 and 2017, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

26. 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 2018</u>	<u>31 December 2017</u>
Payable:		
Up to 1 year	96	91
Over 1 year and up to 5 years	48	77

27. Fair value of financial instruments

As of 30 September 2018 and 31 December 2017, 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 2018</u>			
	<u>Fair value</u>			
	<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	1,191	-	-	1,191
Financial liabilities measured at fair value				
Derivatives liabilities ⁽¹⁾	1	-	-	1

⁽¹⁾ Fair value of derivatives liabilities - futures as at 30 September 2018 amounting to Baht 127 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 2017			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Trading securities				
Equity securities	2,041	-	-	2,041
Derivatives asset ⁽¹⁾	-	-	-	-
Financial liabilities measured at fair value				
Derivatives liabilities	32	-	-	32

⁽¹⁾ Fair value of derivatives assets - futures as at 31 December 2017 amounting to Baht 7 million, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input.

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 November 2018.