

# **Maybank Kim Eng Securities Limited**

Financial statements

31 December 2017



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# Maybank Kim Eng Securities Limited

## GENERAL INFORMATION

### THE COMPANY

Maybank Kim Eng Securities Limited ("the Company") was incorporated under License No. 117/GP-UBCK dated 3 January 2014, which supersedes License No. 71/UBCK-GP granted by the State Securities Commission ("SSC") on 14 December 2007.

The primary activities of the Company are to provide brokerage services, securities trading, underwriting for share issues, custodian services, investment advisory services and margin trading services.

The Company's head office is located at Floor 4A - 15 + 16, Vincom Center Dong Khoi, 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City and its branches are located in Ho Chi Minh City, Ha Noi and other provinces:

- ▶ Cho Lon Branch: Floor 1, 86 Tan Da, Ward 11, District 5, Ho Chi Minh City;
- ▶ Phu Nhuan Branch: Floor 1, Tan Ha Phan Building, 465 Phan Xich Long, Phu Nhuan District, Ho Chi Minh City;
- ▶ An Giang Branch: Floor 3, Nguyen Hue Shopping Center, 9/9 Tran Hung Dao, My Xuyen Ward, Long Xuyen City;
- ▶ Dong Nai Branch: 249 Ha Huy Giap, Town 4, Quyet Thang Ward, Bien Hoa City, Dong Nai;
- ▶ Ha Noi Branch: Floor 3A - 06, Horison Building, 40 Cat Linh Street, Cat Linh Ward, Dong Da District, Ha Noi.

### Main features of operation of the Company

#### Size of operation

As at 31 December 2017, the Company's charter capital and total assets amounted to VND829,110,000,000 and VND1,430,731,925,304 respectively.

#### Investment target

The principal activities of the Company are to provide brokerage services, securities trading, underwriting for share issues, custodian services, investment advisory services and margin trading services.

#### Investment restrictions

The Company complies with regulations on investments under Article 44 of Circular No. 210/2012/TT-BTC dated 30 November 2012 promulgating the establishment and operation of securities companies and Circular No. 07/2016/TT-BTC dated 18 January 2016 amending and supplementing certain articles of Circular No. 210/2012/TT-BTC.

### BOARD OF MEMBERS

The Board of Members of the Company during the year and at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr Ronnie Royston Fernandiz	Chairman	Appointed on 31 March 2014
Ms Hamidah Binti Moris	Member	Appointed on 13 January 2014
Mr Goh Cho Kiat Jeffrey	Member	Appointed on 13 January 2014
Mr Alexander Panasko	Member	Appointed on 15 August 2016

# Maybank Kim Eng Securities Limited

## REPORT OF MANAGEMENT

### SUPERVISORY BOARD

The Supervisory Board of the Company during the year and at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment/resignation</i>
Mr Mohamad Yasin Bin Abdullah	Chief Supervisor	Appointed on 28 February 2014
Ms Nguyen Tuyet Van	Member	Appointed on 13 January 2014
Ms Nguyen Thuy Nha Thu	Member	Appointed on 24 November 2017
Ms Quach Thanh Bao Tran	Member	Resigned on 13 July 2017

### MANAGEMENT AND CHIEF ACCOUNTANT

Management, Chief Financial Officer and Chief Accountant of the Company during the year and at this date of the report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment/Resignation</i>
Mr Kim Thien Quang	Chief Executive Officer	Appointed on 12 August 2015
Mr Nguyen Van Manh	Deputy General Director	Appointed on 1 September 2010 Resigned on 10 January 2018
Ms Tran Thi Thu Hang	Chief Financial Officer	Appointed on 10 November 2014
Ms Tran Thi Ngoc Huong	Chief Accountant	Appointed on 10 March 2014

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Kim Thien Quang, the Chief Executive Officer.

### AUDITORS

The auditors of the Company are Ernst & Young Vietnam Limited.

# Maybank Kim Eng Securities Limited

## REPORT OF MANAGEMENT

Management of Maybank Kim Eng Securities Limited ("the Company") is pleased to present this report and the Company's financial statements as at and for the year ended 31 December 2017.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management of the Company is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company, of the results of operation, its cash flows and its changes in owner's equity for the year. In preparing those financial statements, management is required to:

- ▶ select suitable accounting policies and apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Management is responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

Management confirmed that the Company has complied with the above requirements in preparing the accompanying financial statements as at and for the year ended 31 December 2017.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of the results of operations, its cash flows and its changes in owner's equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements.

On behalf of management:



Kim Thiên Quang  
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2018

Reference: 60994674/19517603

## INDEPENDENT AUDITORS' REPORT

**To: The Owner of  
Maybank Kim Eng Securities Limited**

We have audited the accompanying financial statements of Maybank Kim Eng Securities Limited ("the Company") as prepared on 12 February 2018 and set out on pages 6 to 45 which comprise the statement of financial position as at 31 December 2017, the income statement, the of cash flow statement and the statement of changes in owners' equity for the year then ended and the notes thereto.

### *Management's responsibility*

The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of the financial statements, and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We concluded our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Auditors' opinion**

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2017, the results of its operations, its cash flows and its changes in owners' equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements.



**Ernst & Young Vietnam Limited**

Trịnh Hoàng Anh  
Deputy General Director  
Audit Practicing Registration  
Certificate No. 2071-2018-004-1

Nguyen Quoc Tuan  
Auditor  
Audit Practicing Registration  
Certificate No. 1841-2018-004-1

Ho Chi Minh City, Vietnam

12 February 2018

# Maybank Kim Eng Securities Limited

STATEMENT OF FINANCIAL POSITION  
for the year ended 31 December 2017

B01-CTCK

Code	Items	Notes	Ending balance VND	Beginning balance VND
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,394,486,773,845</b>	<b>953,096,954,061</b>
<b>110</b>	<b>I. Financial assets</b>		<b>1,390,488,282,251</b>	<b>948,616,585,843</b>
111	1. Cash and cash equivalents	4	54,318,151,865	168,073,202,957
111.1	1.1 Cash		24,318,151,865	13,573,202,957
111.2	1.2 Cash equivalents		30,000,000,000	154,500,000,000
112	2. Financial assets at fair value through profit and loss (FVTPL)	6.1	786,000	25,110,000
114	3. Loans	6.2	1,329,972,478,473	784,301,701,923
116	4. Provision for impairment of financial assets and mortgage assets	6.3	(6,443,557,055)	(13,093,563,871)
117	5. Receivables	7	11,132,948,824	8,494,917,614
117.1	5.1 Receivables from sale of financial assets		518,190,000	-
117.2	5.2 Receivables and accruals from dividend and interest income		10,614,758,824	8,494,917,614
117.4	5.2.1 Accruals for dividend and interest income		10,614,758,824	8,494,917,614
118	6. Advances to suppliers		173,688,009	55,812,000
119	7. Receivables from services provided by the Company	7	981,565,225	563,097,459
122	8. Other receivables	7	409,871,108	196,307,761
129	9. Provision for impairment of receivables		(57,650,198)	-
<b>130</b>	<b>II. Other current assets</b>	<b>8</b>	<b>3,998,491,594</b>	<b>4,480,368,218</b>
131	1. Advances		100,904,123	59,500,000
133	2. Short-term prepaid expenses		3,897,587,471	4,420,868,218
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>36,245,151,459</b>	<b>35,074,700,473</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>11,605,290,189</b>	<b>13,772,696,455</b>
221	1. Tangible fixed assets	9	6,720,697,593	8,671,469,698
222	a. Cost		40,097,244,476	41,548,805,772
223a	b. Accumulated depreciation		(33,376,546,883)	(32,877,336,074)
227	2. Intangible fixed assets	10	4,884,592,596	5,101,226,757
228	a. Cost		24,625,902,235	23,339,357,483
229a	b. Accumulated amortization		(19,741,309,639)	(18,238,130,726)
<b>240</b>	<b>II. Constructions in progress</b>		<b>862,020,400</b>	<b>1,054,828,000</b>
<b>250</b>	<b>III. Other non-current assets</b>		<b>23,777,840,870</b>	<b>20,247,176,018</b>
251	1. Long-term deposits, collaterals and pledges		2,657,337,540	2,590,467,540
252	2. Long-term prepaid expenses	11	1,493,332,926	591,656,738
253	3. Deferred tax assets	12	478,154,238	416,035,574
254	4. Deposits to Settlement Assistance Fund	13	19,149,016,166	16,649,016,166
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,430,731,925,304</b>	<b>988,171,654,534</b>



# Maybank Kim Eng Securities Limited

STATEMENT OF FINANCIAL POSITION (continued)  
for the year ended 31 December 2017

B01-CTCK

Code	Items	Notes	Ending balance VND	Beginning balance VND
<b>300</b>	<b>C. LIABILITIES</b>		<b>464,169,970,505</b>	<b>61,621,134,765</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>464,122,421,743</b>	<b>61,560,169,302</b>
311	1. Short-term borrowings and financial leases		437,150,098,061	44,630,000,000
312	1.1 Short-term borrowings	14	437,150,098,061	44,630,000,000
318	2. Payables for securities transaction activities		634,160	20,894,592
320	3. Short-term trade payables	15	1,085,612,528	51,823,816
321	4. Short-term advances from customers		690,207,000	630,332,000
322	5. Statutory obligations	16	6,327,343,989	5,408,237,398
323	6. Payables to employees		13,677,279,590	7,371,539,738
325	7. Short-term expense payables	17	5,137,899,603	3,445,028,834
329	8. Other current liabilities		53,346,812	2,312,924
<b>340</b>	<b>II. Non-current liabilities</b>		<b>47,548,762</b>	<b>60,965,463</b>
356	1. Deferred tax liabilities	18	47,548,762	60,965,463
<b>400</b>	<b>D. OWNER'S EQUITY</b>	<b>19</b>	<b>966,561,954,799</b>	<b>926,550,519,769</b>
<b>410</b>	<b>I. Owner's equity</b>		<b>966,561,954,799</b>	<b>926,550,519,769</b>
411	1. Contributed capital		829,110,000,000	829,110,000,000
414	2. Capital supplementary reserve		8,245,955,589	6,241,666,840
415	3. Financial reserve		8,245,955,589	6,241,666,841
417	4. Undistributed profit		120,960,043,621	84,957,186,088
417.1	a. Realized profit		120,959,933,341	84,957,186,088
417.2	b. Unrealized profit		110,280	-
<b>440</b>	<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>1,430,731,925,304</b>	<b>988,171,654,534</b>

# Maybank Kim Eng Securities Limited

STATEMENT OF FINANCIAL POSITION (continued)  
for the year ended 31 December 2017

B01-CTCK

## OFF-BALANCE SHEET ITEMS

Code	Items	Notes	Ending balance VND	Beginning balance VND
	<b>A. ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER AGREEMENTS</b>			
005	1. Foreign currencies	20.1		
	USD		209,732	98,241
	SGD		1,403	212
008	2. Financial assets of the Company listed/registered at Viet Nam Securities Depository ("VSD")	20.2	60,000	15,040,000
	<b>B. ASSETS AND PAYABLES UNDER AGREEMENT WITH INVESTORS</b>			
021	1. Investors' financial assets listed/ registered at VSD	20.3	8,259,070,040,000	6,343,004,730,000
021.1	- Unrestricted financial assets		7,564,414,760,000	6,027,124,080,000
021.2	- Restricted financial assets		245,256,540,000	44,194,050,000
021.3	- Mortgage financial assets		310,218,940,000	31,063,600,000
021.5	- Financial assets awaiting lending		139,179,800,000	240,623,000,000
022	2. Investors' non-traded financial assets deposited at VSD	20.4	40,805,870,000	28,779,910,000
022.1	- Unrestricted and non-traded financial assets deposited at VSD		35,307,870,000	28,280,730,000
022.2	- Restricted and non-traded financial assets deposited at VSD		5,498,000,000	499,180,000
023	3. Investors' awaiting financial assets	20.5	135,110,620,000	55,084,470,000

# Maybank Kim Eng Securities Limited

STATEMENT OF FINANCIAL POSITION (continued)  
for the year ended 31 December 2017

B01-CTCK

## OFF-BALANCE SHEET ITEMS (continued)

Code	Items	Notes	Ending balance VND	Beginning balance VND
	<b>B. ASSETS AND PAYABLES UNDER AGREEMENT WITH INVESTORS (continued)</b>			
026	4. Investors' deposits	20.6	463,425,988,233	285,298,816,070
027	4.1 Investors' deposits for securities trading activities managed by the Company		202,457,063,633	196,914,298,070
028	4.2 Investors' collective deposits for securities trading activities		221,431,350,800	74,741,210,925
029	4.3 Investors' deposits for securities transaction clearing and settlement	20.6	39,537,573,800	13,643,307,075
029.1	- Domestic investors' deposits for securities transaction clearing and settlement		38,741,592,088	8,171,590,157
029.2	- Foreign investors' deposits for securities transaction clearing and settlement		795,981,712	5,471,716,918
031	5. Payables to investors – investors' deposits for securities trading activities managed by the Company	20.7	463,424,658,688	285,297,622,723
031.1	5.1 Domestic investors' deposits for securities trading activities managed by the Company		331,459,893,935	122,394,115,849
031.2	5.2 Foreign investors' deposits for securities trading activities managed by the Company		131,964,764,753	162,903,506,874
035	6. Dividend, bond principal and interest payables	20.7	1,329,545	1,193,347

Prepared by:

Reviewed by:

Approved by:



Vo Hong Tuyet Nga  
Accountant



Tran Thi Ngoc Huong  
Chief Accountant



Tran Thi Thu Hang  
Chief Financial Officer



Approved by:

Kim Thúc Quang  
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2018

# Maybank Kim Eng Securities Limited

INCOME STATEMENT  
for the year ended 31 December 2017

B02-CTCK

Code	Items	Notes	Current year VND	Previous year VND
	<b>I. OPERATING REVENUE</b>			
01	1. Revenue from financial assets at fair value through profit and loss (FVTPL)	21.1	6,352,257,247	5,993,747,636
01.1	1.1 Gain from disposal of financial assets at FVTPL		33,274,150	3,082,913
01.2	1.2 Gain from revaluation of financial assets at FVTPL		2,869,000	-
01.3	1.3 Dividend, interest income from financial assets at FVTPL		6,316,114,097	5,990,664,723
03	2. Revenue from loans and receivables	21.1	98,502,018,693	93,115,031,356
06	3. Revenue from brokerage services	21.2	93,352,563,784	62,626,584,525
08	4. Revenue from securities trading advisory services	21.2	6,265,365,000	-
09	5. Revenue from securities custodian services	21.2	3,061,947,143	2,816,060,868
10	6. Revenue from financial advisory services	21.2	-	808,500,000
11	7. Other revenue	21.2	5,572,343,009	5,296,244,494
<b>20</b>	<b>Total operating revenue</b>		<b>213,106,494,876</b>	<b>170,656,168,879</b>
	<b>II. OPERATION EXPENSES</b>			
21	1. Loss from financial assets at fair value through profit and loss (FVTPL)		(2,948,060)	(14,770,423)
21.1	1.1 Loss from disposal of financial assets at FVTPL		(2,948,060)	(12,024,000)
21.2	1.2 Loss from revaluation of financial assets at FVTPL		-	(2,746,423)
24	2. Provision expense for impairment of financial assets, loss from doubtful receivables and borrowing costs of loans	22	(8,140,861,228)	(6,453,452,268)
27	3. Expenses for brokerage services	23	(79,355,064,965)	(65,952,617,866)
29	4. Expenses for securities trading advisory services		(4,699,110,031)	-
30	5. Expenses for securities custodian services		(6,214,356,532)	(4,962,294,517)
31	6. Expenses for financial advisory services		-	(2,158,823,703)
<b>40</b>	<b>Total operating expenses</b>		<b>(98,412,340,816)</b>	<b>(79,541,958,777)</b>
	<b>III. FINANCE INCOME</b>			
41	1. Realized and unrealized gain from changes in foreign exchange rates		28,993,694	91,413,920
42	2. Non-fixed dividend and interest income		2,900,353,855	2,351,384,439
<b>50</b>	<b>Total finance income</b>	<b>24</b>	<b>2,929,347,549</b>	<b>2,442,798,359</b>

# Maybank Kim Eng Securities Limited

INCOME STATEMENT (continued)  
for the year ended 31 December 2017

B02-CTCK

Code	Items	Notes	Current year VND	Previous year VND
	<b>IV. FINANCE EXPENSES</b>			
51	1. Realized and unrealized loss from changes in foreign exchange rates		(20,546,683)	(42,070,504)
<b>60</b>	<b>Total finance expenses</b>		<b>(20,546,683)</b>	<b>(42,070,504)</b>
<b>62</b>	<b>VI. GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>25</b>	<b>(69,879,788,134)</b>	<b>(64,115,474,118)</b>
<b>70</b>	<b>VII. OPERATING PROFIT</b>		<b>47,723,166,792</b>	<b>29,399,463,839</b>
	<b>VIII. OTHER INCOME/(EXPENSES)</b>			
71	1. Other income		2,586,645,453	293,576,012
72	2. Other expenses		-	(42,947,628)
<b>80</b>	<b>Total other operating profit</b>		<b>2,586,645,453</b>	<b>250,628,384</b>
<b>90</b>	<b>IX. PROFIT BEFORE TAX</b>		<b>50,309,812,245</b>	<b>29,650,092,223</b>
91	1. Realized profit		50,309,701,965	29,650,092,223
92	2. Unrealized profit		110,280	-
<b>100</b>	<b>X. CORPORATE INCOME TAX (CIT) EXPENSES</b>	<b>26</b>	<b>(10,298,377,215)</b>	<b>(6,240,799,283)</b>
100.1	1. Current CIT expenses		(10,373,912,580)	(6,649,286,053)
100.2	2. Deferred CIT income		75,535,365	408,486,770
<b>200</b>	<b>XI. PROFIT AFTER TAX</b>		<b>40,011,435,030</b>	<b>23,409,292,940</b>
<b>400</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>40,011,435,030</b>	<b>23,409,292,940</b>

Prepared by:

Reviewed by:

Approved by:

Approved by:



Vo Hong Tuyet Nga  
Accountant



Tran Thi Ngoc Huong  
Chief Accountant



Tran Thi Thu Hang  
Chief Financial  
Officer



Trần Văn Quang  
Chief Executive  
Officer

Ho Chi Minh City, Vietnam

12 February 2018

# Maybank Kim Eng Securities Limited

STATEMENT OF CASH FLOWS  
for the year ended 31 December 2017

B03b-CTCK

Code	Items	Notes	Current year VND	Previous year VND
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>1. Net profit before tax</b>		<b>50,309,812,245</b>	<b>29,650,092,223</b>
<b>02</b>	<b>2. Adjustments for:</b>		<b>3,824,015,942</b>	<b>3,825,664,723</b>
03	- Depreciation and amortization	9,10	4,899,622,666	5,714,261,617
04	- Addition of provisions		1,878,906,660	2,900,452,954
06	- Interest expenses	22	6,261,954,568	3,552,999,314
07	- Profits from investing activities		(9,078,967,952)	(7,702,944,996)
08	- Accrued interest receivables	7	(137,500,000)	(639,104,166)
<b>10</b>	<b>3. Increase in non-cash expenses</b>		<b>-</b>	<b>667,333</b>
17	Other loss		-	667,333
<b>18</b>	<b>4. Decrease in non-cash income</b>		<b>(89,514,453)</b>	<b>(182,276,012)</b>
	Gain from revaluation of financial assets at FVTPL		(2,869,000)	-
21	Other gain		(86,645,453)	(182,276,012)
<b>30</b>	<b>5. Changes in working capital</b>		<b>(566,001,461,302)</b>	<b>(125,805,250,132)</b>
31	Decrease/(increase) in FVTPL financial assets		27,193,000	(23,524,300)
33	(Increase)/decrease in loans		(554,142,039,828)	(68,557,748,129)
35	Increase in receivables from sale of financial assets		(518,190,000)	-
36	Increase in receivables and accruals from dividend and interest income		(1,982,341,210)	(458,249,502)
37	Increase in receivables from services rendered by the Company		(418,467,766)	(336,605,405)
39	(Increase)/Decrease in other receivables		(213,563,347)	1,041,615,780
40	(Increase)/decrease in other assets		(1,844,062,606)	471,912,665
41	Increase/(decrease) in accrued expenses (excluded interest expenses)		1,756,905,473	(146,941,426)
42	(Decrease)/increase in prepaid expenses		(378,395,441)	743,443,821
43	Corporate income tax paid	16	(12,529,814,950)	(4,687,282,917)
44	Interest paid		(6,325,989,272)	(3,119,346,739)
45	Increase/(decrease) in trade payables		1,033,788,712	(1,741,145,691)
46	Decrease in accruals for employees' benefits		-	(73,666,864)
47	Increase/(decrease) in statutory obligations (excluded CIT paid)		3,137,127,625	(4,167,257,172)
48	Increase/(decrease) in payables to employees		6,305,739,852	(1,841,142,331)
50	Increase/(decrease) in other payables		90,648,456	(41,237,684,054)
52	Other payments for operating activities		-	(1,671,627,868)
<b>60</b>	<b>Net cash used in operating activities</b>		<b>(511,957,147,568)</b>	<b>(92,511,101,865)</b>



# Maybank Kim Eng Securities Limited

STATEMENT OF CASH FLOWS (continued)  
for the year ended 31 December 2017

B03b-CTCK

Code	Items	Notes	Current year VND	Previous year VND
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
61	Purchase and construction of fixed assets,		(2,539,408,800)	(2,121,432,954)
62	Proceed from disposal of fixed assets, investment properties and other long-term assets		86,645,453	182,276,012
65	Interest and dividends received		8,134,761,762	8,129,392,308
<b>70</b>	<b>Net cash from investing activities</b>		<b>5,681,998,415</b>	<b>6,190,235,366</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
73	Drawdown of borrowings	14	1,676,166,149,874	473,838,025,072
73.2	Others		1,676,166,149,874	473,838,025,072
74	Repayment of borrowings	14	(1,283,646,051,813)	(455,208,025,072)
74.3	Others		(1,283,646,051,813)	(455,208,025,072)
<b>80</b>	<b>Net cash from financing activities</b>		<b>392,520,098,061</b>	<b>18,630,000,000</b>
<b>90</b>	<b>NET DECREASE IN CASH DURING THE YEAR</b>		<b>(113,755,051,092)</b>	<b>(67,690,866,499)</b>
<b>101</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>4</b>	<b>168,073,202,957</b>	<b>235,764,069,456</b>
101.1	Cash		13,573,202,957	30,764,069,456
101.2	Cash equivalents		154,500,000,000	205,000,000,000
<b>103</b>	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>4</b>	<b>54,318,151,865</b>	<b>168,073,202,957</b>
103.1	Cash		24,318,151,865	13,573,202,957
103.2	Cash equivalents		30,000,000,000	154,500,000,000



# Maybank Kim Eng Securities Limited

STATEMENT OF CASH FLOWS (continued)  
for the year ended 31 December 2017

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## CASH FLOWS FROM BROKERAGE AND TRUST ACTIVITIES OF THE CUSTOMERS

Code	Items	Notes	Current year VND	Previous year VND
	<b>I. Cash flows from brokerage and trust activities of the customers</b>			
01	1. Cash receipt from disposal of securities on behalf of customers		22,273,445,636,128	14,874,519,889,063
02	2. Cash payment for acquisition of securities on behalf of customers		(22,899,933,587,785)	(14,833,194,707,879)
07	3. Cash receipt for settlement of securities transactions of customers		26,178,875,677,584	16,813,262,343,131
08	4. Cash payment for settlement of securities transactions of customers		(25,371,218,078,939)	(16,743,468,258,322)
11	5. Custodian fee paid		(3,042,474,825)	(2,812,234,843)
20	<b>Net increase/(decrease) in cash during the year</b>		<b>178,127,172,163</b>	<b>108,307,031,150</b>
30	<b>II. Cash and cash equivalents of the customers at the beginning of the year</b>	20.6	<b>285,298,816,070</b>	<b>176,991,784,920</b>
32	1. The investors' deposits managed by the Company		196,914,298,070	104,755,870,834
34	2. The investors' collective deposits for securities trading activities		74,741,210,925	30,167,024,115
35	3. The investors' deposits for securities transaction clearing and settlement		13,643,307,075	42,068,889,971
40	<b>III. Cash and cash equivalents of the customers at the end of the year</b>	20.6	<b>463,425,988,233</b>	<b>285,298,816,070</b>
42	1. Investors' deposits managed by the Company for securities trading activities		202,457,063,633	196,914,298,070
43	2. Investors' collective deposits for securities trading activities		221,431,350,800	74,741,210,925
44	3. Investors' deposits for securities transaction clearing and settlement		39,537,573,800	13,643,307,075

Prepared by:

Reviewed by:

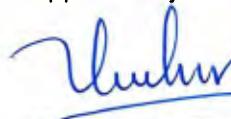
Approved by:



Vo Hong Tuyet Nga  
Accountant



Tran Thi Ngoc Huong  
Chief Accountant



Tran Thi Thu Hang  
Chief Financial Officer



Approved by:



Kim Thien Quang  
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2018



# Maybank Kim Eng Securities Limited

STATEMENT OF CHANGES IN OWNER'S EQUITY  
for the year ended 31 December 2017

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ITEMS	Beginning balance		Increase/(decrease)				Ending balance	
	1 January 2016 VND	1 January 2017 VND	Previous year		Current year		31 December 2016 VND	31 December 2017 VND
			Increase VND	Decrease VND	Increase VND	Decrease VND		
A	1	2	3	4	5	6	7	8
<b>I. CHANGES IN OWNER'S EQUITY</b>								
1. Contributed capital	829,110,000,000	829,110,000,000	-	-	-	-	829,110,000,000	829,110,000,000
2. Capital supplementary reserve	5,071,202,193	6,241,666,840	1,443,665,509	(273,200,862)	2,004,288,749	-	6,241,666,840	8,245,955,589
3. Financial reserve	5,071,202,194	6,241,666,841	1,443,665,509	(273,200,862)	2,004,288,748	-	6,241,666,841	8,245,955,589
4. Undistributed profit	63,888,822,442	84,957,186,088	23,409,292,940	(2,340,929,294)	40,011,435,030	(4,008,577,497)	84,957,186,088	120,960,043,621
- Realized profit	63,888,822,442	84,957,186,088	23,409,292,940	(2,340,929,294)	40,011,324,750	(4,008,577,497)	84,957,186,088	120,959,933,341
- Unrealized profit	-	-	-	-	110,280	-	-	110,280
<b>TOTAL</b>	<b>903,141,226,829</b>	<b>926,550,519,769</b>	<b>26,296,623,958</b>	<b>(2,887,331,018)</b>	<b>44,020,012,527</b>	<b>(4,008,577,497)</b>	<b>926,550,519,769</b>	<b>966,561,954,799</b>

Prepared by:



Vo Hong Tuyet Nga  
Accountant

Reviewed by:



Tran Thi Ngoc Huong  
Chief Accountant

Approved by:



Tran Thi Thu Hang  
Chief Financial Officer



Kim Thien Quang  
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2018

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2017

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## 1. CORPORATE INFORMATION

Maybank Kim Eng Securities Limited (the Company) was incorporated under the Law on Enterprise of Vietnam pursuant to the License No. 117/GP-UBCK dated 3 January 2014 which supersedes License No. 71/UBCK-GP granted by the State Securities Commission ("SSC") on 14 December 2007.

The Company's head office is located at Floor 4A-15+16, Vincom Center Dong Khoi, 72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, and its branches are located in Ho Chi Minh City, Hanoi and other provinces.

The Company has 168 employees as at 31 December 2017 (31 December 2016: 173 employees).

### *Main features of operation of the Company*

#### *Size of operation*

As at 31 December 2017, the Company's charter capital and total assets amounted to VND829,110,000,000 and VND1,430,731,925,304 respectively.

#### *Investment target*

The primary activities of the Company are to provide brokerage services, securities trading, underwriting for share issues, custodian services, investment advisory services and margin trading services.

#### *Investment restrictions*

The Company complies with regulations on investments under Article 44 of Circular No. 210/2012/TT-BTC dated 30 November 2012 promulgating the establishment and operation of securities companies and Circular No. 07/2016/TT-BTC dated 18 January 2016 amending and supplementing certain articles of Circular No. 210/2012/TT-BTC.

## 2. BASIS OF PREPARATION

### 2.1 *Applied accounting standards and system*

The financial statements of the Company expressed in Vietnam dong ("VND") are prepared in accordance with Vietnamese Enterprise Accounting System, the accounting regulation and guidance applicable to securities companies as set out in Circular No. 210/2014/TT-BTC dated 30 December 2014, Circular No. 334/2016/TT-BTC dated 27 December 2016 amending, supplementing and replacing Appendices No. 02 and No. 04 of Circular No. 210/2014/TT-BTC, Circular No. 146/2014/TT-BTC dated 6 October 2014 providing guidance on financial regime applicable to securities companies and asset management companies and other Vietnamese Accounting Standards promulgated by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 2. BASIS OF PREPARATION (continued)

### 2.1 *Applied accounting standards and system* (continued)

Items or balances required by Circular 334/2016/TT-BTC dated 27 December 2016 and Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance that are not shown in these financial statements indicate nil balance.

### 2.2 *Applied accounting documentation system*

The Company's applied accounting documentation system is the General Journal system.

### 2.3 *Fiscal year*

The Company's fiscal year starts on 1 January and ends on 31 December.

### 2.4 *Accounting currency*

The Company maintains its accounting records in Vietnam Dong (VND).

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 *Statement on the compliance with vietnamese accounting standards and systems*

The Board of Management confirms that the Company has complied with the Vietnamese Accounting Standards and Vietnamese Enterprise Accounting Systems in preparing the financial statements.

Accordingly, the accompanying statement of financial position, income statement, statement of cash flows, statement of change in owners' equity and notes to the financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### 3.2 *Changes in accounting policies and disclosures*

On 20 November 2015, the National Assembly of Vietnam promulgated the Law on Accounting No. 88/2015/QH13 ("the Accounting Law 2015"). The Accounting Law 2015 allows certain assets and liabilities whose value frequently varies in line with market fluctuation to be subsequently measured following fair value basis, provided that the fair value of these assets and liabilities can be reliably determined. The Accounting Law 2015 has taken effective since 1 January 2017.

Accordingly, certain financial assets are recognized as follows:

- Financial assets at fair value through profit and loss (FVTPL): are initially recognized at cost. After initial recognition, financial assets at FVTPL are recognised at fair value. Any difference (gain or loss) arising from the revaluation of financial assets at FVTPL shall be recognised in the income statement.

The Company applied the fair value basis retrospectively and restated the corresponding figures accordingly.

### 3.3 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value

Cash deposited by customers for securities trading and cash deposited by securities issuers are presented on the off-balance sheet.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4 Financial assets at fair value through profit and loss (FVTPL)**

Financial assets recognized at fair value through profit and loss are financial assets that satisfy either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
  - there is evidence of a recent actual pattern of short-term profit-taking; or
  - it is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).
- b) Upon initial recognition, a financial asset is designated by the entity as at fair value through profit and loss as it meets one of the following criteria:
  - The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the asset or recognising gains or losses on a different basis; or
  - The assets and liabilities are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets at FVTPL are initially recognized at cost (acquisition cost of the assets excluding transaction cost arising from the purchase) and subsequently recognized at fair value.

Increase in the difference arising from revaluation of financial assets at FVTPL in comparison with the previous period is recognized into the income statement under "Gain from revaluation of financial assets at FVTPL". Decrease in the difference arising from revaluation of financial assets at FVTPL in comparison with the previous period is recognized into the income statement under "Loss from revaluation of financial assets at FVTPL".

Transaction costs relating to the purchase of the financial assets at FVTPL are recognized when incurred as expenses in the income statement.

**3.5 Loans**

Loans are non-derivative financial assets with fixed or identifiable payments and not listed on the market, with the exceptions of:

- a) The amounts the entity has the intent to immediately sell or will sell in a near future which are classified as assets held for trading, and like those which, upon initial recognition, the entity categorized as such recognized at fair value through income statements;
- b) The amounts categorized by the entity as available for sale upon initial recognition; or
- c) The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorized as available for sale.

Loans are recognized initially at cost. After initial recognition, held-to-maturity financial investments are subsequently measured at amortized cost using the effective interest rate ("EIR").

Amortized cost of loans is the amount at which the financial asset is measured at initial recognition minus (-) principal repayments, plus (+) or minus (-) the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility (if any).

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Fair value/market value of financial assets

Fair value/market value of the securities is determined as follows:

- ▶ For securities listed on Hanoi Stock Exchange and Ho Chi Minh City Stock Exchange, their market prices are their closing prices on the trading day preceding the date of setting up the provision.
- ▶ For securities registered for trading on UPCOM, their market prices are their closing prices on the trading day preceding the date of setting up the provision.
- ▶ For the delisted securities and suspended trading securities from the sixth day afterward, their prices are the book value at the latest financial report date.
- ▶ The market price for unlisted securities and securities unregistered for trading used as a basis for setting up the provision is the average of actual trading prices quoted by 3 securities companies conducting transactions at the latest date preceding the revaluation date.

For provision purpose, market value is determined in accordance with the Circular No.146/2014/TT-BTC.

**For securities which do not have reference price from the above sources, the impairment is determined based on the financial performance and the book value of securities issuers as at the assessment date.**

### 3.7 Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- ▶ The rights to receive cash flows from the asset have expired;
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
  - The Company has transferred substantially all the risks and rewards of the asset, or
  - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The continued participant in transferred assets in the form of guarantee will be recognized at smaller value between the initial carrying value of the assets and the maximum amount that the Company is required to pay.



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Reclassification of financial assets***Reclassification when selling financial assets other than FVTPL*

When selling financial assets other than FVTPL, securities companies are required to reclassify those financial assets to financial assets at FVTPL. The difference arising from the revaluation of financial assets AFS which recognized in "Gain/(loss) from revaluation of financial assets AFS" will be recognized as corresponding revenue or expenses at the date of reclassification of financial assets AFS.

*Reclassification due to change in purpose or ability to hold*

Securities companies are required to reclassify financial assets to their applicable categories if their purpose or ability to hold has changed, consequently:

- ▶ Non-derivative financial assets at FVTPL or financial assets that are not required to classify as financial asset at FVTPL at the initial recognition can be classified as loans and other receivables or as cash and cash equivalents if the requirements are met. The gains or losses arising from revaluation of financial assets at FVTPL prior to the reclassification are not allowed to be reversed.

Due to changes in purposes or ability to hold, some HTM investments are required to be reclassified into AFS financial assets. The difference arising from revaluation between carrying value and fair value are recognized under "Gain/loss from revaluation of assets at fair value" in Owners' equity.

**3.9 Receivables**

Receivables are recorded at cost.

Receivables are subject to review for impairment based on their overdue status or estimated loss arising from undue debts of corporate debtors who have bankruptcy or are under liquidation; or of individual debtors who are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Increases or decreases to the provision balance are recorded as "General and administrative expenses" in the income statement.

The Company has made provision for doubtful receivables in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC amending and supplementing Circular 228/2009/TT-BTC. Accordingly, the provision rates for overdue receivables are as follows:

<i>Overdue period</i>	<i>Provision rate</i>
From over six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and above	100%

**3.10 Fixed assets**

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed asset comprises of its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the income statement as incurred.

When fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the income statement.



# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.11 Depreciation and amortization

Depreciation and amortization of tangible fixed assets and intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Office equipment	5 years
Transportation and vehicles	6 years
Other tangible assets	5 years
Computer software	5 years

### 3.12 Operating lease

Whether an agreement is determined as a property lease agreement depends on the nature of the agreement at the beginning; whether the implementation of the agreement depends on the use of a certain asset and whether the agreement includes clauses on the use rights of the asset.

Rentals respective to operating leases are charged to the income statement on a straight-line basis over the term of the lease.

### 3.13 Prepaid expenses

Prepaid expenses included short-term and long-term prepaid expenses on the statements of financial position and be allocated in the prepaid period matched with its economic benefits.

The following types of expenses are recorded as prepaid expenses to allocate from 1 to 35 months in income statement:

- ▶ Office improvement expenses;
- ▶ Office rental; and
- ▶ Office tools expenses.

### 3.14 Borrowings

Borrowings are announced and presented by the original principals at the end of the accounting period.

### 3.15 Payables and accrued expenses

Payables and accrued expenses are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

### 3.16 Employee benefits

#### 3.16.1 Post employment benefits

Post-employment benefits are paid to retired employees of the Company by the Social Insurance Agency, which belongs to the Ministry of Labor and Social Affairs. The Company is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 18% of an employee's basic salary and allowance on a monthly basis. Under Decision 595/2017/QĐ-BHXH, the contributed rate applying from 1 June 2017 is 17.5%. The Company has no further obligation to fund the post-employment benefits of its employees, other than the liability to pay Social Insurance Agency on a monthly basis.

#### 3.16.2 Unemployment allowance

According to prevailing regulations, the Company is required to pay the unemployment insurance at 1% of salary fund of employees who engage in the unemployment insurance program and to deduct 1% from each employer's basic salary to contribute to the Unemployment Insurance Fund.

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.17 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates of commercial banks at transaction dates. At the end of the year, monetary balances denominated in foreign currencies are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly.
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the revaluation of monetary accounts denominated in foreign currencies at the end of the year are taken to the income statement.

### 3.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of receipts or receivables less trade discount, concessions and sales return. The following specific recognition criteria must also be met before revenue is recognised:

#### *Revenue from brokerage services*

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

#### *Revenue from trading of securities*

Revenue from trading of securities is determined by the difference between the selling price and the weighted average cost of securities sold.

#### *Interest income*

Revenue is recognized on accrual basis (taking into account the effective yield on the asset) unless collectability is in doubt.

#### *Dividends*

Income is recognized when the Company's entitlement as an investor to receive the dividend is established, except for dividend received in shares which only the number of shares is updated.

#### *Other revenues from rendering services*

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion.

Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

#### *Other income*

Revenues from irregular activities other than turnover-generating activities are recorded to other incomes as stipulated by VAS 14 – "Revenue and other income", including: Revenues from asset liquidation and sale; fines paid by customers for their contract breaches; collected insurance compensation; collected debt which had been written off and included in the preceding period expenses; payable debts which are now recorded as revenue increase as their owners no longer exist; collected tax amounts which now are reduced and reimbursed; and other revenues.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.19 *Borrowing costs*

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they incur, except to the extent that they are capitalized.

#### 3.20 *Corporate income tax*

##### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the report date.

Current income tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

##### *Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Previously unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.21 Owner's equity*****Contributed capital from shareholders***

Contributed capital from stock issuance is recorded in account charter capital at par value.

***Undistributed profit***

Undistributed profit comprises of realized and unrealized undistributed profit.

Unrealized profit of the period is the difference between gain and loss arising from revaluation of financial assets at FVTPL or other financial assets through profit and loss in the income statement.

Realized profit during the period is the net difference between total revenue and income, and total expenses in the income statement of the Company, except for gain or loss arisen from revaluation of financial assets recognized in unrealized profit.

***Reserves***

According to Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, securities companies are required to make appropriation of profit after tax to the following reserves:

	<u>Percentage of profit after tax</u>	<u>Maximum balance</u>
Charter Capital Supplementary Reserve	5%	10% of charter capital
Operational risk and finance Reserve	5%	10% of charter capital

Other reserves are created in accordance with the owner's decision.

These reserves are created annually based on the annual income statement.

**3.22 Appropriation of net profits**

Net profit after tax is available for appropriation to the owner after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 4. CASH AND CASH EQUIVALENTS

	Ending balance VND	Beginning balance VND
Cash		
- Cash on hand	31,623,972	35,305,202
- Cash at banks for operation of the Company	24,261,361,151	3,433,507,467
- Cash for securities transaction clearing and settlement	25,166,742	10,104,390,288
Cash equivalents		
- Term deposits with maturity of 3 months or less	30,000,000,000	154,500,000,000
<b>Total</b>	<b>54,318,151,865</b>	<b>168,073,202,957</b>

Cash equivalent is term deposit at Banks with interest rate of 5.5% per annum.

## 5. VALUE AND VOLUME OF TRADING RESULTS IN THE YEAR

	Current year		Previous year	
	Trading volume (unit)	Trading value (VND)	Trading volume (unit)	Trading value (VND)
a. Trading results of the Company (Shares)	383,210	20,100,977,450	26,028	869,491,210
b. Trading results of the investors (Shares)	3,011,941,428	53,670,189,845,619	2,265,277,580	33,379,420,207,800
<b>Total</b>	<b>3,012,324,638</b>	<b>53,690,290,823,069</b>	<b>2,265,303,608</b>	<b>33,380,289,699,010</b>

## 6. FINANCIAL ASSETS

### 6.1 Financial assets at fair value through profit and loss (FVTPL)

	Ending balance		Beginning balance	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Listed shares	675,720	786,000	27,868,720	25,110,000
<b>Total</b>	<b>675,720</b>	<b>786,000</b>	<b>27,868,720</b>	<b>25,110,000</b>

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 6. FINANCIAL ASSETS (continued)

### 6.2 Loans

	Ending balance VND			Beginning balance VND		
	Cost	Provision	Fair value	Cost	Provision	Fair value
1. Margin loans	1,240,230,340,446	4,821,431,022	1,235,408,909,424	728,711,279,667	3,000,174,560	725,711,105,107
2. Advances to customers	88,120,011,994	-	88,120,011,994	45,497,032,945	-	45,497,032,945
3. Other loans	1,622,126,033	1,622,126,033	-	10,093,389,311	10,093,389,311	-
	<b>1,329,972,478,473</b>	<b>6,443,557,055</b>	<b>1,323,528,921,418</b>	<b>784,301,701,923</b>	<b>13,093,563,871</b>	<b>771,208,138,052</b>

Other loans are the loans under the business cooperation contracts secured by portfolio of securities or assets of investors. In accordance with the regulations of State Securities Commission of Vietnam, the Company has ceased these transactions since 7 July 2012. The above-mentioned receivables are related to doubtful debts of the Company arising in 2010. The Company has fully provided for these doubtful debts consistent with the accounting policies of the Company.

#### Determining the fair value of financial assets

The fair value of financial assets was reflected at the value that the financial assets are traded in the prevailing transactions between involved parties, excluding the cases that financial assets are sold or liquidated.

The Company uses the following methods and assumptions to estimate fair value:

- ▶ The fair value of listed shares is determined based on the quoted market price at the balance sheet date.
- ▶ The fair value of term deposits, deposit loans, cash advances of selling securities and other loans approximates their carrying value, which is cost less provision, due to short-term maturities of these instruments.

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 6. FINANCIAL ASSETS (continued)

### 6.3 Provision for impairment of financial assets and mortgage assets

	Current year VND	Previous year VND
Beginning balance	13,093,563,871	10,193,110,917
Addition of provision during the year	1,821,256,462	2,900,452,954
Reversion of provision during the year	(2,500,000,000)	-
Write - off of bad loans	(5,971,263,278)	-
<b>Ending balance</b>	<b>6,443,557,055</b>	<b>13,093,563,871</b>

## 7. RECEIVABLES

	Ending balance VND	Beginning balance VND
Receivables from sale of financial assets	518,190,000	-
Receivables and accruals from dividend and interest income	10,614,758,824	8,494,917,614
- <i>Accrued interest from margin loans</i>	10,319,689,805	7,773,412,377
- <i>Accrued interest from term deposits</i>	137,500,000	639,104,166
- <i>Accrued interest from advances to customers</i>	157,569,019	82,401,071
Receivables from services provided by the Company	981,565,225	563,097,459
- <i>Custodian fees receivable from investors</i>	387,822,747	302,945,301
- <i>Advisory fees receivable</i>	-	66,000,000
- <i>Brokerage fees receivable</i>	593,742,478	194,152,158
Other receivables	409,871,108	196,307,761
<b>Total</b>	<b>12,524,385,157</b>	<b>9,254,322,834</b>

## 8. OTHER CURRENT ASSETS

	Ending balance VND	Beginning balance VND
Advances	100,904,123	59,500,000
Short-term prepaid expenses	3,897,587,471	4,420,868,218
- <i>System maintenance</i>	2,848,926,773	3,169,447,389
- <i>Prepaid rental</i>	252,645,056	252,645,056
- <i>Other short-term prepaid expenses</i>	796,015,642	998,775,773
<b>Total</b>	<b>3,998,491,594</b>	<b>4,480,368,218</b>

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 9. TANGIBLE FIXED ASSETS

	Office equipment VND	Transportation and vehicles VND	Others VND	Total VND
<b>Cost</b>				
Beginning balance	37,529,051,205	3,052,011,905	967,742,662	41,548,805,772
Newly purchased	1,397,116,400	-	-	1,397,116,400
Disposal	(2,791,477,696)	-	(57,200,000)	(2,848,677,696)
Ending balance	36,134,689,909	3,052,011,905	910,542,662	40,097,244,476
<b>Accumulated depreciation</b>				
Beginning balance	(28,976,294,235)	(3,052,011,905)	(849,029,934)	(32,877,336,074)
Depreciation charge	(3,272,466,201)	-	(75,422,304)	(3,347,888,505)
Disposal	2,791,477,696	-	57,200,000	2,848,677,696
Ending balance	(29,457,282,740)	(3,052,011,905)	(867,252,238)	(33,376,546,883)
<b>Net carrying amount</b>				
Beginning balance	8,552,756,970	-	118,712,728	8,671,469,698
Ending balance	6,677,407,169	-	43,290,424	6,720,697,593

The cost of tangible fixed assets that are fully depreciated but still in active use as at 31 December 2017 are VND24,092,684,215 (31 December 2016: VND21,474,234,041).

## Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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**10. INTANGIBLE FIXED ASSETS**

	<i>Computer software</i> <i>VND</i>
<b>Cost</b>	
Beginning balance	23,339,357,483
Increase	1,335,100,000
- <i>Newly purchased</i>	814,260,000
- <i>Transferred from constructions in progress</i>	520,840,000
Disposal	<u>(48,555,248)</u>
Ending balance	<u>24,625,902,235</u>
<b>Accumulated amortization</b>	
Beginning balance	(18,238,130,726)
Amortization charged	(1,551,734,161)
Disposal	<u>48,555,248</u>
Ending balance	<u>(19,741,309,639)</u>
<b>Net carrying amount</b>	
Beginning balance	<u>5,101,226,757</u>
Ending balance	<u>4,884,592,596</u>

The cost of intangible fixed assets that are fully depreciated but in active use as at 31 December 2017 are VND15,105,786,292 (31 December 2016: VND15,154,341,540).

**11. LONG-TERM PREPAID EXPENSES**

	<i>Ending balance</i> <i>VND</i>	<i>Beginning balance</i> <i>VND</i>
Office equipment	<u>1,493,332,926</u>	<u>591,656,738</u>

**12. DEFERRED TAX ASSETS**

	<i>Ending balance</i> <i>VND</i>	<i>Beginning balance</i> <i>VND</i>
<b>Deferred tax assets</b>		
Provision for margin loans	<u>478,154,238</u>	<u>416,035,574</u>

Deferred tax assets pertains to a temporary difference on provision of margin loans between the Company's accounting policies and Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad receivable debts and warranty for products, goods and construction works at enterprises.

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 12. DEFERRED TAX ASSETS (continued)

Movements of the deferred tax assets during the year are as follows:

	<i>Statement of financial position</i>		<i>Income statement</i>	
	<i>Ending balance VND</i>	<i>Beginning balance VND</i>	<i>Current year VND</i>	<i>Previous year VND</i>
<b>Deferred tax assets</b>				
Specific provision for margin loans	<b>478,154,238</b>	<b>416,035,574</b>	<b>62,118,664</b>	<b>416,035,574</b>

## 13. DEPOSITS TO SETTLEMENT ASSISTANCE FUND

Deposits to settlement assistance fund represent amounts deposited at Vietnam Securities Depository.

According to Decision No. 27/QĐ-VSD dated 13 March 2015 issued by the General Director of the Vietnam Securities Depository providing guidance on management and usage of Settlement Assistance Fund, the Company must deposit an initial amount of VND120 million at the Vietnam Securities Depository and pay an addition of 0.01% of the total amount of brokered securities in the previous year, but not over VND2.5 billion per annum.

Movements of the advances to Settlement Assistance Fund during the year are as follows:

	<i>Current year VND</i>	<i>Previous year VND</i>
Beginning balance	16,649,016,166	14,149,016,166
Annual addition	2,500,000,000	2,500,000,000
<b>Ending balance</b>	<b>19,149,016,166</b>	<b>16,649,016,166</b>



## Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**14. SHORT-TERM BORROWINGS**

	<i>Beginning balance</i>	<i>Additional borrowings during the year</i>	<i>Repayment during the year</i>	<i>Ending balance</i>
	<i>VND</i>	<i>VND</i>	<i>VND</i>	<i>VND</i>
<b>Bank loans</b>				
Short-term loans and overdrafts	<b>44,630,000,000</b>	<b>1,676,166,149,874</b>	<b>(1,283,646,051,813)</b>	<b>437,150,098,061</b>

This including short term loans in foreign currency at foreign bank with interest rate from 3.35% per annum to 3.70% per annum which are used to capital supplement for business operations and bank overdraft at domestic bank with interest rate of 6.1% per annum which is secured by the term deposit and used to finance the daily operating activities of the Company.

**15. SHORT-TERM TRADE PAYABLES**

	<i>Ending balance</i>	<i>Beginning balance</i>
	<i>VND</i>	<i>VND</i>
Payables to related parties (Note 27.1)	791,354,375	48,622,671
Other payables	294,258,153	3,201,145
<b>Total</b>	<b>1,085,612,528</b>	<b>51,823,816</b>

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 16. STATUTORY OBLIGATIONS

<i>No.</i>	<i>Items</i>	<i>Beginning balance VND</i>	<i>Payable VND</i>	<i>Paid VND</i>	<i>Ending balance VND</i>
1	Personal income tax	1,308,927,656	30,219,833,293	(28,035,911,970)	3,492,848,979
	- Of the employees	402,349,926	9,202,159,110	(8,726,073,417)	878,435,619
	- Of the investors	906,577,730	21,017,674,183	(19,309,838,553)	2,614,413,360
2	Foreign contractor withholding tax	21,238,965	912,058,973	(822,487,654)	110,810,284
3	Corporate income tax	4,026,578,524	13,623,985,178	(14,982,913,891)	2,667,649,811
	- Of the Company	3,926,710,123	10,373,912,580	(12,529,814,950)	1,770,807,753
	- Of the investors	99,868,401	3,250,072,598	(2,453,098,941)	896,842,058
4	Value added tax	51,492,253	520,399,707	(515,857,045)	56,034,915
	<b>Total</b>	<b>5,408,237,398</b>	<b>45,276,277,151</b>	<b>(44,357,170,560)</b>	<b>6,327,343,989</b>

## Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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**17. SHORT-TERM EXPENSE PAYABLES**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Transaction costs	2,107,472,964	634,138,896
Accrued expenses	1,731,338,143	1,466,750,568
Accrued interest expenses	467,970,076	445,735,908
Professional fees	418,892,500	610,697,500
Custody fees	412,225,920	287,705,962
<b>Total</b>	<b>5,137,899,603</b>	<b>3,445,028,834</b>

**18. DEFERRED TAX LIABILITY**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
<b>Deferred tax liability</b>		
Depreciation of fixed assets	<b>47,548,762</b>	<b>60,965,463</b>

Deferred tax liability pertains to a temporary difference on depreciation rate of fixed assets between the Company's accounting policies and Circular No. 45/2014/TT-BTC dated 25 April 2013 and Decision No. 1173/2013/QĐ-BTC dated 21 May 2013 issued by the Ministry of Finance guiding the management, use and depreciation of fixed assets.

Movements of the deferred tax liability during the year are as follows:

	<i>Statement of financial position</i>		<i>Income statement</i>	
	<i>Ending balance VND</i>	<i>Beginning balance VND</i>	<i>Current year VND</i>	<i>Previous year VND</i>
<b>Deferred tax liability</b>				
Depreciation of fixed assets	<b>47,548,762</b>	<b>60,965,463</b>	<b>13,416,701</b>	<b>(7,548,804)</b>

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 19. OWNER'S EQUITY

	<i>Contributed capital VND</i>	<i>Capital supplementary reserve VND</i>	<i>Financial reserve VND</i>	<i>Undistributed profit VND</i>	<i>Total VND</i>
<b>Beginning balance</b>	<b>829,110,000,000</b>	<b>6,241,666,840</b>	<b>6,241,666,841</b>	<b>84,957,186,088</b>	<b>926,550,519,769</b>
- Net profit for the year	-	-	-	40,011,435,030	40,011,435,030
- Profit appropriations	-	2,004,288,749	2,004,288,748	(4,008,577,497)	-
<b>Ending balance</b>	<b>829,110,000,000</b>	<b>8,245,955,589</b>	<b>8,245,955,589</b>	<b>120,960,043,621</b>	<b>966,561,954,799</b>



## Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**20. DISCLOSURE OF OFF-BALANCE SHEET ITEMS****20.1 Foreign currencies (VND equivalent)**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
USD	4,754,631,694	2,234,071,686
SGD	23,696,876	3,314,297
<b>Total</b>	<b>4,778,328,570</b>	<b>2,237,385,983</b>

**20.2 Financial assets of the Company listed/registered at Vietnam Securities Depository ("VSD")**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Unrestricted financial assets	<b>60,000</b>	<b>15,040,000</b>

**20.3 Investors' financial assets listed/ registered at VSD**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Unrestricted financial assets	7,564,414,760,000	6,027,124,080,000
- Shares	7,564,414,760,000	6,026,811,080,000
- Corporate bonds	-	313,000,000
Restricted financial assets	245,256,540,000	44,194,050,000
Mortgage financial assets	310,218,940,000	31,063,600,000
Financial assets awaiting lending	139,179,800,000	240,623,000,000
<b>Total</b>	<b>8,259,070,040,000</b>	<b>6,343,004,730,000</b>

**20.4 Investors' non-traded financial assets deposited at VSD**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Unrestricted and non-traded financial assets deposited at VSD	35,307,870,000	28,280,730,000
Restricted and non-traded financial assets deposited at VSD	5,498,000,000	499,180,000
<b>Total</b>	<b>40,805,870,000</b>	<b>28,779,910,000</b>

**20.5 Investors' awaiting financial assets**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Shares	<b>135,110,620,000</b>	<b>55,084,470,000</b>

**20. DISCLOSURE OF OFF-BALANCE SHEET ITEMS (continued)****20.6 Investors' deposits**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Investors' deposits for securities trading activities managed by the Company	202,457,063,633	196,914,298,070
- Domestic investors' deposits	100,326,989,380	52,413,618,296
- Foreign investors' deposits	102,130,074,253	144,500,679,774
Investors' collective deposits for securities trading activities	221,431,350,800	74,741,210,925
- Domestic investors' deposits	192,392,642,012	61,810,100,743
- Foreign investors' deposits	29,038,708,788	12,931,110,182
Investors' deposits for securities transaction clearing and settlement	39,537,573,800	13,643,307,075
- Domestic investors' deposits	38,741,592,088	8,171,590,157
- Foreign investors' deposits	795,981,712	5,471,716,918
<b>Total</b>	<b>463,425,988,233</b>	<b>285,298,816,070</b>

**20.7 Payables to investors**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Payables to investors - Investors' deposits for securities trading activities managed by the Company	463,424,658,688	285,297,622,723
- Domestic investors	331,459,893,935	122,394,115,849
- Foreign investors	131,964,764,753	162,903,506,874
Dividend, bond principal and interest payables	1,329,545	1,193,347
<b>Total</b>	<b>463,425,988,233</b>	<b>285,298,816,070</b>

**20.8 Investors' payables for services provided by the Company**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Custodian fees payables (Note 7)	<b>387,822,747</b>	<b>302,945,301</b>

## Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**21. OPERATING REVENUE****21.1 Dividend, interest income from FVTPL financial assets, loans and receivables**

	Current year VND	Previous year VND
From FVTPL financial assets	6,352,257,247	5,993,747,636
- Interest income from term deposits	6,315,798,097	5,989,834,723
- Dividend for FVTPL financial assets	316,000	830,000
- Others	36,143,150	3,082,913
Loans and receivables	98,502,018,693	93,115,031,356
- Interest from margin loans	95,427,468,134	90,771,444,346
- Interest from advances to customers	3,074,550,559	2,343,587,010
<b>Total</b>	<b>104,854,275,940</b>	<b>99,108,778,992</b>

**21.2 Revenue other than gain/loss from financial assets**

	Current year VND	Previous year VND
Revenue from brokerage services	93,352,563,784	62,626,584,525
Revenue from securities trading advisory services	6,265,365,000	-
Revenue from research services	5,392,343,009	4,930,086,136
Revenue from securities custodian services	3,061,947,143	2,816,060,868
Revenue from financial advisory services	-	808,500,000
Other revenue	180,000,000	366,158,358
<b>Total</b>	<b>108,252,218,936</b>	<b>71,547,389,887</b>

**22. PROVISION EXPENSE FOR IMPAIRMENT OF FINANCIAL ASSETS, LOSS FROM DOUBTFUL RECEIVABLES AND BORROWING COSTS OF LOANS AND RECEIVABLES**

	Current year VND	Previous year VND
Specific provision for margin loans (Note 6.3)	1,821,256,462	2,900,452,954
Provision expense for impairment of other receivables	57,650,198	-
Borrowing costs of loans	6,261,954,568	3,552,999,314
	<b>8,140,861,228</b>	<b>6,453,452,268</b>

**23. EXPENSES FOR BROKERAGE SERVICES**

	Current year VND	Previous year VND
Personel expenses, bonus and welfare expenses	44,787,265,283	34,310,025,156
External services expenses	31,889,047,266	28,513,906,530
Social insurance, health insurance, unemployment insurance and union fee	1,876,170,795	1,993,242,219
Depreciation and amortization expenses	679,121,979	927,859,875
Office supplies expenses	78,243,896	102,472,315
Expenses related to instruments and tools	45,215,746	105,111,771
<b>Total</b>	<b>79,355,064,965</b>	<b>65,952,617,866</b>

## Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**24. FINANCE INCOME**

	<i>Current year VND</i>	<i>Previous year VND</i>
Foreign exchange rate differences	28,993,694	91,413,920
Interest income from demand deposits	2,900,353,855	2,351,384,439
<b>Total</b>	<b>2,929,347,549</b>	<b>2,442,798,359</b>

**25. GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>Current year VND</i>	<i>Previous year VND</i>
Personel expenses, bonus and welfare expenses	40,360,598,445	33,971,660,607
External services expenses	20,837,350,566	20,319,060,607
Depreciation and amortization expenses	4,220,500,687	4,786,401,742
Social insurance, health insurance, unemployment insurance and union fee	4,059,760,238	4,105,583,304
Expenses related to instruments and tools	157,526,119	685,307,863
Office supplies expenses	122,958,079	150,877,398
Others	121,094,000	96,582,597
<b>Total</b>	<b>69,879,788,134</b>	<b>64,115,474,118</b>

**26. CORPORATE INCOME TAX**

The Company has the obligations to pay the Corporate Income Tax ("CIT") at a rate of 20% of taxable profits (2016: 20%).

The Company's tax reporting will be subject to inspection by the tax authorities. Because the application of laws and regulations on taxes on different types of transactions can be interpreted in different ways, the tax amounts presented on the financial statements can be changed by the final decision of the tax authorities.

a. The current corporate income tax provision for the year is presented as below:

	<i>Current year VND</i>	<i>Previous year VND</i>
<b>Profit before tax</b>	<b>50,309,812,245</b>	<b>29,650,092,223</b>
<b>CIT at current tax rate (20%)</b>	<b>10,061,962,449</b>	<b>5,930,018,445</b>
Add:		
- Non-deductible expenses	311,950,131	627,784,495
- Provision for doubtful debts	-	-
- Adjustment of CIT in previous years	-	91,483,113
<b>Estimated current income tax</b>	<b>10,373,912,580</b>	<b>6,649,286,053</b>



# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 26. CORPORATE INCOME TAX (continued)

b. Deferred income tax expenses/(income) during the year are presented as below:

	Current year VND	Previous year VND
Deferred CIT (income)/expenses (Note 18)	(13,416,701)	7,548,804
Deferred CIT income (Note 12)	(62,118,664)	(416,035,574)
<b>Total</b>	<b>(75,535,365)</b>	<b>(408,486,770)</b>

## 27. OTHER INFORMATION

### 27.1 Related party transactions

Significant transactions with related parties during the year are as follows:

Related parties	Relationship	Transactions	Current year VND	Previous year VND
Maybank Kim Eng Holdings Limited	Parent company	Borrowings Accrued interest	226,700,000,000 90,809,339	- -
Maybank International Labuan Branch	Branch of ultimate parent company	Borrowings Borrowings paid Interest paid Accrued interest	1,067,866,000,000 930,812,000,000 3,187,129,428 205,856,295	345,714,000,000 301,084,000,000 1,028,041,700 303,735,908
Maybank Kim Eng Securities Pte. Ltd	Subsidiary of Maybank Kim Eng Holdings	Commission paid Marketing fee paid Brokerage fee received	3,358,258,448 68,667,735 55,207,421	2,813,018,842 845,562,678 343,957,587
Maybank Kim Eng Securities (Thai Land) Public Company Ltd	Subsidiary of Maybank Kim Eng Holdings	Brokerage fee received	1,039,693,906	624,047,788
Malayan Banking Berhad - Ho Chi Minh Branch	Branch of ultimate parent company	Borrowings Borrowings paid Interests paid Interest received Bank fee paid Term deposit	- - - 61,066,347 10,752,500 -	37,474,000,000 52,474,000,000 98,896,456 4,042,177 4,088,595 10,000,000,000
Maybank Kim Eng Research Pte. Ltd	Related party	Research fee received Research fee paid	5,392,343,009 1,006,302,882	2,441,050,141 814,913,393
Malayan Banking Berhad - Hanoi Branch	Branch of ultimate parent company	Swap fee expenses Accrued swap fee expenses	1,784,000,000 132,000,000	827,000,000 142,000,000
Management		Income	4,770,487,029	3,750,294,032

## Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**27. OTHER INFORMATION (continued)****27.1 Related party transactions (continued)**

Significant receivables/(payables) with related parties at the end of the year are as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Maybank Kim Eng Holdings Limited	Parent company	Borrowings	(226,700,000,000)	-
		Accrued interest	(86,268,872)	-
Maybank International Labuan Branch	Branch of ultimate parent company	Borrowings	(181,684,000,000)	(44,630,000,000)
		Interest payables	(205,856,295)	(303,735,908)
Malayan Banking Berhad - Hanoi Branch	Branch of ultimate parent company	Swap fee payables	(132,000,000)	(142,000,000)
May Bank Kim Eng Securities Pte.Ltd	Subsidiary of Maybank Kim Eng Holdings	Commission payables	(791,354,375)	(48,622,671)
Malayan Banking Berhad - Ho Chi Minh Branch	Branch of ultimate parent company	Deposit at bank	-	10,027,868,483
		Accrued interest receivables	-	2,833,333
Maybank Kim Eng Securities (Thai Land) Public Company Ltd	Subsidiary of MBKEH	Trading securities payables	(196,543,410)	(509,580,356)

**27.2 Operating lease commitments**

The Company leases offices for its head office and branches under operating lease agreements. The future minimum lease commitments under the operating lease agreements at the end of the year are as follows:

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Less than 1 year	8,203,832,836	10,463,385,559
From 1 to 5 years	7,404,754,484	9,058,972,381
<b>Total</b>	<b>15,608,587,320</b>	<b>19,522,357,940</b>

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 27. OTHER INFORMATION (continued)

### 27.3 *Purposes and policies of financial risk management*

Financial liabilities of the Company mainly comprised of loans and borrowings, trade payables and other payables. Primary purpose of financial liabilities is to finance main business operation of the Company. The Company possesses loans, receivables from customers and other receivables, cash on hand and short-term deposit incurring directly from business operation of the Company. The Company does not hold or issue any derivative instruments.

The Company is exposed to market risk, credit risk and liquidity risk in its daily operation.

Risk management is integral to the whole business of the Company. The Company has a system of control in place to achieve an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for managing each of these risks which are summarized below.

#### ***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include receivables from securities trading, deposits and available-for-sale investments.

#### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's cooperation contracts, customer receivables, cash and short-term deposits. These investments are mainly short term in nature and they are not held for speculative purposes.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain relevant interest policies, which are favorable for its purposes within its risk management limits.

A sensitivity analysis is not performed for the interest rate risk as the Company's exposure to interest-rate risk is minimal at the reporting date.

#### ***Currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's accounting currency).

Foreign exchange risk of the Company is minimal.

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 27. OTHER INFORMATION (continued)

### 27.3 *Purposes and policies of financial risk management* (continued)

#### *Equity price risk*

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities.

Risk due to uncertainty about values of the investment securities of the Company is not significant.

#### *Credit risk*

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (mainly for margin receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

#### *Bank deposits*

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Company's risk management department in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4. The Company evaluates the concentration of credit risk in respect to bank deposits is low.

#### *Loans and advances to customers*

The Company manages its credit risks via the use of internal control policies, processes and procedures relevant to margin and advance payments to customers. The Company conducts the customer assessment and appraisal for determining credit and advance limits prior to the signing of margin advance payment contracts. Also, the Company periodically examines customers' financial position in order to make appropriate and timely adjustments for margin ratio and credit limits.

The Company regularly monitors the receivables that has not been collected yet. The analysis of the possibility provision is made at the reporting date for each large customers. Moreover, the Company maintains strict control of outstanding receivables and established a credit control department to minimize credit risk. Activities to warning margin call of the customer is made on time and in compliance with the nature of margin trading products.

Due to the aforementioned point of view and the fact that trade receivables are allocated to a diverse amount of customers, there is no significant credit risk.

Apart from financial assets that the Company made provision as mentioned in Note 6, the Company's management assessed that all financial assets are neither past due nor impaired as they are related to recognized and credit worthy counterparties.

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 27. OTHER INFORMATION (continued)

### 27.3 Purposes and policies of financial risk management (continued)

#### Credit risk (continued)

	Neither past due nor impaired VND	Past due but not impaired				Impaired VND	Total VND
		Less than 3 months VND	3 – 6 months VND	6 – 12 months VND	Over 1 year VND		
<b>31 December 2017</b>							
Term deposits	30,000,000,000	-	-	-	-	-	30,000,000,000
Loans	1,323,528,921,418	-	-	-	-	6,443,557,055	1,329,972,478,473
Other financial assets	12,582,772,770	-	-	-	-	115,300,396	12,698,073,166
<b>TOTAL</b>	<b>1,366,111,694,188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,558,857,451</b>	<b>1,372,670,551,639</b>

#### Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulties in meeting financial obligations due to the shortage of funds. The Company's exposure to liquidity risk arises primarily from the mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents and bank loans deemed to be adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 27. OTHER INFORMATION (continued)

### 27.3 Purposes and policies of financial risk management (continued)

#### Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Overdue VND	On demand VND	Up to 1 year VND	1 - 5 years VND	Up to 5 years VND	Total VND
<b>31 December 2017</b>						
<b>Financial assets</b>						
Financial assets at fair value through profit or loss	-	786,000	-	-	-	786,000
Loans	6,443,557,055	-	1,323,528,921,418	-	-	1,329,972,478,473
Receivables from services provided by the Company	-	-	981,565,225	-	-	981,565,225
Other receivables	115,300,396	-	11,601,207,545	-	-	11,716,507,941
Cash and cash equivalents	-	24,318,151,865	30,000,000,000	-	-	54,318,151,865
<b>Total</b>	<b>6,558,857,451</b>	<b>24,318,937,865</b>	<b>1,366,111,694,188</b>	<b>-</b>	<b>-</b>	<b>1,396,989,489,504</b>
<b>Financial liabilities</b>						
Short-term borrowings	-	-	437,150,098,061	-	-	437,150,098,061
Payables from securities transaction activities	-	634,160	-	-	-	634,160
Short-term trade payables	-	-	1,085,612,528	-	-	1,085,612,528
Accrued expenses	-	-	5,137,899,603	-	-	5,137,899,603
Other payables	-	-	53,346,812	-	-	53,346,812
<b>Total</b>	<b>-</b>	<b>634,160</b>	<b>443,426,957,004</b>	<b>-</b>	<b>-</b>	<b>443,427,591,164</b>
<b>Net liquidity difference</b>	<b>6,558,857,451</b>	<b>24,318,303,705</b>	<b>922,684,737,184</b>	<b>-</b>	<b>-</b>	<b>953,561,898,340</b>

# Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017

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## 27. OTHER INFORMATION (continued)

### 27.3 Purposes and policies of financial risk management (continued)

#### *Liquidity risk* (continued)

The Company assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

## 28. EVENT AFTER THE REPORTING DATE

There has been no matter or circumstance that has arisen since the reporting date that has affected or may significantly affect the operations of the Company, the results of its operations or the state of affairs of the Company which is required to be disclosed in the financial statements.

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Vo Hong Tuyet Nga  
Accountant

Reviewed by:



Tran Thi Ngoc Huong  
Chief Accountant

Approved by:



Tran Thi Thu Hang  
Chief Financial  
Officer

Approved by:



Kim Thien Quang  
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2018