

UNITED

รายงานประจำปี 2551 ANNUAL REPORT 2008

Securities

Vision & Mission

Our Vision is

“To become a leading securities firm committed to providing excellent full-service investment and financial solutions to clients, enhancing employee’s capability, and creating value for shareholders.”

Mission

Our Mission is to “Create Value”

For our Clients....

.... we provide a stable trading platform, fast and efficient service and a strong balance sheet to minimize any non-market risk.

For our Firm....

.... we use our rich set of business opportunities, our informal, open atmosphere style, and team culture to allow quality people to achieve excellence, and to enjoy everything they do.

For our People....

.... we attract and develop quality people who share our passion for individual excellence and our commitment to teamwork.

For our Shareholders....

.... we are committed to delivering superior shareholders’ returns.

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Message from the Chairman

Contrary to the preceding bullish year, Year 2008 was seen as one of the most volatile years in the Thai stock market history. After moving steadily firmer to retest its yearly high at 886.5pt on 22 May 08, SETI consecutively fell in the second half of the year to retest its yearly low at 380.05pt, posting 57% plunge from its yearly high, on 26 Nov 08. However, SETI saw modest rebound in December climbing back to end at 449.96pt, or 48% lower than the preceding year, thereby contracting market capitalization proportionately.

Such bearish market sentiment was attributable to both negative global and local factors as follows:

- 1) Severe financial crisis that had triggered systemic insolvency of financial institutions in US and Euro area subsequently resulted in global economic slowdown and sharp deterioration of market sentiment in the second half of the year.
- 2) Crude oil prices that nosedived from US\$147 to US\$32 also posted negative impact on energy stocks, of which its sector weighting was highest and more than one-third of the Thai stock market.
- 3) Market sentiment was also hurt by political unrest due to protracted anti-government mass protest led by PAD since late May that had occupied the government house and subsequently laid siege Suvarnabhumi International Airport for a few days early Dec 08.

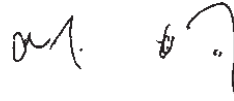
In the big picture, it is expected that year 2009, in particular the first half, would remain a quite volatile for the Thai stock market given the backdrop that more and more countries around the world would officially slipping into technical recession. However, if the world economy sees signs of recovery in the second half of 2009, as most economists expect, investor confidence would likely make a comeback then. Low interest rates, stable politics, and a resumption of the mega-projects that the government would also help attract fund flows back to the market. However, due mainly to market volatility in the first half, average daily market turnover would likely to be thinner to Bt13b in 2009 from Bt16b in 2008.

From the various negative factors mentioned above which had an impact on the securities business had also subsequently resulted in the Company's brokerage fees income reduction from 172m in the year 2007 to 145m in the year 2008. Nevertheless, the Company and its subsidiary still have some gain on fees and service income, gain on trading in securities and interest and dividend income, which had been escalated from 91m in 2007 to 112m in 2008. However, since the allowance for debt and doubtful accounts was set at Baht 96 million, the Company had a net loss of Baht 76 million.

In 2009, the Company's primary aim is to minimize the effects of the current economic downturn for all our stakeholders. This will be achieved by providing a variety of products, offering quality services, while at the same time minimizing operational risks, transactional risks, focus on recovering bad debts and improving risk management as well as minimizing costs. In order to create the income potential of the Company, Derivatives

Agent business was initiated around September, 2008 after acquiring such License from the Securities & Exchange Commission on 13 August, 2008. The Company offers Derivatives trading both through conventional offline and online internet system. Moreover, the Company explores possibility of adding new products and currently it is getting ready to apply for Stock Borrowings & Lending business license.

On behalf of the Board of Directors of United Securities Public Company Limited, I would like to take this opportunity to thank all of the shareholders, customers as well as the management and staff of the Company for their support and contribution throughout the year. The Board of Directors has a strong intention to further improve and develop the Company's business to "create value" to all its stakeholders to fulfill its mission.



Mr. Mitsuji Konoshita

Chairman of the Board of Directors

Executive Summary

- ▶ United Securities Public Company Limited was founded on 1 April 1971 with an initial capital of Baht 500,000 to conduct a securities business. The firm was selected as the Stock Exchange of Thailand's member (SET) No. 38 in 1981 and became a member of the Thai Bond Dealers' Club No. 49 in 1994. In 2001, the Company offered its Initial Public Offering (IPO) shares and was listed in the Stock Exchange of Thailand on 8 August 2001.
- ▶ The Company operates under securities license with 4 types of securities business; namely, Securities Brokerage, Securities Dealing, Investment Advisory and Securities Underwriting. Moreover, the Company also acquired Financial Advisory License from SEC. In 2005, 2 new types of business objectives, namely Derivatives and Securities Borrowing & Lending, were registered to prepare for the Company's future expansion. The Company has acquired Derivatives Broker license from the SEC on 31 July, 2008.
- ▶ In early 2006, Wongkusolkrit group sold its stake in the Company total 42,923,520 shares, or equal to 25.43% of the Company's paid-up capital to A.P.F. Holdings Company Limited which is a company registered in Thailand. After the mandatory tender offer in accordance with the Takeover Rule completed, A.P.F. Holdings had acquired a total of 132,565,419 shares or equal to 78.53% of the Company's total paid up capital and became the Company's new major shareholder while the Company's status remained as a listed company in the Stock Exchange of Thailand.
- ▶ After the new major shareholder coming in, the Company has reorganized its Directors' structure by appointing Mr. Mitsuji Konoshita as Chairman of the Board, Mr. Tatsuya Konoshita as Chairman of the Executive Board and Mr. Jeremy Liau as Managing Director or the highest management.
- ▶ In mid 2008, there was an adjustment of the Company's structure to set up Branch Coordination Division reporting directly to the Executive Director - Thai Marketing while the branches used to be under Marketing team 3. Moreover, on 19 November, 2008, the Company registered a new branch, Wireless Rd. Branch, as its fourth branch in addition to its 3 current branches, namely, Rangsit, Nakornpathom and Nakornsawan Branches.
- ▶ On 10 September, 2008, Mr. Wichien Wattanakun, the Company's Independent Director and Chairman of the Audit Committee had tendered his resignation due to his serious illness. The Company, therefore, appointed Mr. Chokechai Tanpoonsinthana to be the Chairman of the Audit Committee and appointed Dr. Vorapol Socratyanurak who was the Independent Director to become Audit Committee member. Moreover, the Company also appointed a new Independent Director and Audit Committee member, Mr. Sirawat Wanglee, who was approved by the SEC on 1 December, 2008 and registered with the Ministry of Commerce on 4 December, 2008. Hence, as of 31 December, 2008, the Company had total members of Director of 9 out of which 4 members are Independent Directors and Audit Committee members.

- ▶ On 17 January, 2008 the Company had started a joint venture with Mr. Verajet Vongkusolkit and his family to open a subsidiary company, namely United Asset Management Company Limited to undertake Private Fund Management business. The subsidiary company has a registered capital of 25,000,000 Baht with the Company's total investment portion of 51%. In October, 2008 the capital was increased to 40,000,000 Baht. The total size of fund managed was Baht 60-80 million .
- ▶ As of 6 November, 2008, the Company obtained an approval from the SET to execute the Exclusive Cooperation Agreement with Cantor Fitzgerald on 20 November, 2008 which is a foreign broker firm under the supervision of Financial Service Authority, England as well as the member of London Stock Exchange aiming to expand the Company's securities brokerage business base.
- ▶ The significant risk factors of the Company are the risks arising from the main business such as market risk, counter-party risks, credit risks, etc. as well as the risk on Derivatives Agent business. However, the Company had set up effective internal control system and regular improvement of internal operation procedures to facilitate and comply with the financial services pattern provided to be more efficient and to be able to control the risks within acceptable level.
- ▶ As at 31 December, 2008, the Company's capital was registered at Baht 860 million and the paid-up capital at Baht 844 million. The Company's consolidated financial statements ended 31 December 2008 recorded total assets of Baht 1,429 million, total liabilities of Baht 461.6 million and shareholders' equity of Baht 967.9 million.
- ▶ In 2008, the Company's consolidated financial statement showed a net loss of Baht 76.4 million or Baht 0.45 net loss per share (weighted average).

Detail of Company, Branches and Subsidiary Company

Head Office

Company Name	United Securities Public Company Limited
Address	No.1550 Thanapoom Tower, 4-5 th Floor, New Petchburi Road, Makkasan, Rajthewi, Bangkok 10400
Business	Securities Business
Registration No.	No. 0107536001575 (formerly BorMorJor 231)
Home Page	www.unitedsec.com
Telephone No.	(02) 207 0038
Fax No.	(02) 207 0505
Registered Capital	860,000,000 Baht or equals to 172,000,000 shares
Number and Type of Share	Total 168,816,704 common shares at 5 Baht par value or the total paid-up capital of 844,083,520 Baht

Branches

Rangsit Branch	No. 94 Future Park Bldg. PLZ.G.SHP087C Rm., Paholyothin Rd., Prachatipat Sub-district, Thunyaburi District, Pratumnani 12130 Tel : (02) 958 0460 Fax : (02) 958 0640
Nakornsawan Branch	No. 169 Matulee Rd., Paknampo Sub-district, Muang Nakornsawan District, Nakornsawan 60000 Tel : (056) 231 396-400 Fax : (056) 231 391-5
Nakornpathom Branch	No. 401 Tesa Rd., Prapatone Sub-district, Muang Nakornpathom District, Nakornpathom 73000 Tel : (034) 270 451-5 Fax : (034) 213 651-5
Wireless Rd. Branch	87/2 All Seasons Complex, Unit 4 Rm., 35 th fl., Wireless Rd., Lumpini District, Patumwan, Bangkok 10330 Tel : (02) 401 8181 Fax : (02) 401 4198

Subsidiary Company

(Juristic person that US holds over 10% of shares)

Company Name	United Asset Management Company Limited
Address	No. 1550 Thanapoom Tower, 5 th Floor, New Petchburi Road, Makkasan, Rajthewi, Bangkok 10400
Business	Securities Business in the category of Private Fund Management
Telephone No.	(02) 654 7660
Fax No.	(02) 654 7630
Registered Capital	40,000,000 Baht or equals to 400,000 shares
Number and Type of Share	Total 400,000 common shares at 100 Baht par value or the total paid-up capital of 40,000,000 Baht. US holds 204,000 shares which is 51% of the total paid-up shares.

Risk Factors

From the securities business characteristics of the Company there are probably some risk factors which may have some impact on the Company's future operations as follows:

1. Risk as a securities broker

- a) Risk from dependence on Brokerage fee income: The brokerage fee income which accounted for 54.87% of the Company's total revenues in 2008 are inconsistent and are affected by uncontrollable factors such as the currency exchange rate, interest rates, political stability and unexpected changes in the rules and regulations by the government and other related regulators in relation to the Stock Exchange of Thailand which may affect the investment mood of the stock market as the brokerage fee income is dependent upon the trading volume of the Company's customers. In order to reduce this risk, the Company has attempted to take up other possible businesses so that its income will not depend wholly on brokerage fee income, for example, Investment Banking, Financial Advisory business, Securities Underwriter, Debt Instrument Broker Business and Debt Instrument Investment, Unit trust selling agent, Derivatives Agent which is hoped that all these strategies will help reduce the risk and boost income in the long run as well as to create opportunity for the Company's future business expansion while preparing to cope with the future risk which may occur from the liberalization of securities business.
- b) Risk from Branches' Operation: The Company opened a new branch in the end of year 2008, so there were altogether 4 branches namely, Rangsit, Nakornpathom, Nakornsawan and Wireless Road. These four branches have contributed to the income portion of 16.72% of the total trading volume of the Company and have emphasized on the acquisition of new retail customers to expand customer base while trying to retain the existing customer base.
- c) Risk from dependence on high volume customers: In 2008, the top 10 customers had trading volume of 23.02% of the total trading volume of the Company. Therefore, if the Company loses these customers, its brokerage income will be affected. However, to mitigate this risk, the Company is trying to expand the retail customer base. While the Company tries to enlarge its customer base, all efforts will be made to retain existing high volume customers.
- d) Risk from settlement default and bad debt: As of 31 December, 2008, the Company's securities business receivables recorded a total of 546.70 million baht consisting of cash account receivables of 62.28 million baht, credit balance accounts 538.28 million baht and other receivables of 41.32 million baht. The accrued interest receivables was 0.04 million baht and both the securities business receivables and interest receivables were classified as non-performing loan for 130.50 million baht or 20.23% of the total securities business receivables. 98.93 million Baht of 130.50 million Baht non-performing loans aforementioned was put under allowance for doubtful account. Although the

Company has set up the allowance for doubtful account in full, it also has the policy to minimize the risk that arisen from settlement default and bad debts by emphasizing on the process of screening of new customers and the fixing of appropriate trading line to be in accordance with the collateral or the financial status of the customers as well as the reviewing of the customers' financial status and monitoring of their trading line usage very closely.

2. Risk of granting credit for securities purchasing

At present, the Company has provided credit service for the customers under Credit Balance System for securities purchasing and the total volume from credit balance accounts was 13,131.64 million baht or 21.99% of the total trading volume of the Company. There were altogether 179 credit balance accounts with the total credit line of 5,153 million baht and the total credit balance accounts of 538 million baht. The source of fund of the Company came from the shareholder's equity of 468.27 million baht and borrowings of 70.00 million baht. The Credit Balance System is under strict governance of the Risk Management Committee who are responsible for the determination and revision of credit line measures, collateral evaluation and the determination of restricted securities list, etc. for risk prevention.

3. Risk from Securities Dealing on Debt Instrument Trading

The Company has engaged in Debt Instrument Trading which includes Bill of Exchange and Debentures, the business of which was able to earn income of about 12.45% of the total income of the Company. However, there is a credit risk here from the issuer of the Bill of Exchange or Debentures. Therefore, the issuer was accurately evaluated in term of debt payment capability and rating of the debentures. As for the Bill of Exchange, the Company set up trading limit of B/E for each customer as well as the aval limit of each bank. Moreover, the auditing system was also set up to investigate the aval process.

4. Risk from Derivatives Service

The Company has acquired derivatives agent license from the SEC and registered as a member of the Thailand Futures Exchange Public Company Limited (TFEX) and the Thailand Clearing House (TCH). Since 22 September, 2008, the derivatives service has been operated and contributed the derivatives trading fee as additional income to the Company.

The Company has the policy to manage the risk arisen from customers' derivatives trading by determining the strict process since account opening and continuous monitoring of their trading periodically.

5. Operational Risk

Operational risk may arise from the internal operational procedures, human error, Information Technology or any external events which may affect the Company's income and capital including its reputation and reliability.

The Company had set up effective internal control system and regular improvement of internal operation procedures to facilitate and comply with the provided financial services pattern to be more efficient and to be able to control the risks within the acceptable level.

6. Impact from the Company's Subsidiary Investment

Risk may arise from investment in term of joint venture to open up a subsidiary company to undertake private fund business by investing 51% of the registered capital of 40 million Baht. However, the Company has prepared in all aspects such as marketing, financing, risk management as well as the various supporting systems and personnel for the subsidiary company to prevent possible risks.

7. Risk from dominance by the major shareholder

As of 31 December, 2008, the A.P.F. Holdings Co., Ltd. is the Company's major shareholder holding 78.59% of the total paid-up capital common shares of the Company. As a consequence of holding over 75% of the shares, the major shareholder is able to control or dominate the shareholder's resolution in the shareholders' meeting especially the appointment of Directors or any other proposed matters which require majority vote. Therefore, the other shareholders shall have the risk of not being able to gather the votes in order to oppose the matters proposed by the major shareholder. However, from the total of 9 members of the Board of Directors, there are only 2 directors representing the major shareholders and the rest are 3 Executives and 4 independent directors of which all of the 4 are also the Audit Committee who have responsibilities to govern and examine and at the same time, provide advice on the Company's operations. To a large extent this ensures transparency and fair treatment to all shareholders

Significant Development

For the past 3 years, the Company has significant changes and development which can be summarized as follows:

In 2006 In early 2006, Wongkusolkrit, the former major shareholder group, decided to sell its stake in the Company total 42,923,520 shares, or equal to 25.43% of the Company's paid-up capital to A.P.F. Holdings Company Limited which is a company registered in Thailand. After the mandatory tender offer in accordance with the Takeover Rule completed, A.P.F. Holdings had acquired a total of 132,565,419 shares or equal to 78.53% of the Company's total paid up capital and became the Company's new major shareholder while the Company's status remained as a listed company in the Stock Exchange of Thailand.

In addition, in March, 2006, after the new major shareholder coming in, the Company has reorganized its Directors' structure by appointing Mr. Mitsuji Konoshita as Chairman of the Board, Mr. Tatsuya Konoshita as Chairman of the Executive Board and Mr. Jeremy Liao as Managing Director or the highest management in order to replace the resigned directors, i.e. Mr. Vitoon Wongkusolkrit, Mr. Kulvat Janvatanavit, Mrs. Wilaiwan Tantitham and Mr. Verajet Vongkusolkrit

In 2007 There was a change in Managing Director - Securities Marketing Head. Miss Suthida Chirapatsakul had resigned from the Company on 15 June and Mr. Yothin Viriyenawat was promoted in replacement taking the position of Executive Director - Thai Marketing.

During the year, the Company closed altogether 10 branches to reduce costs and re-align the Company's business focus. Consequently, as at the end of the year 2007, the Company had total 3 branches, namely Rangsit, Nakhon Pathom and Nakhon Sawan. However, at the end of 2008, the Company opened 1 new branch at Wireless Road, All Seasons Building, to be the 4th branch.

In 2008 On 17 January, 2008 the Company had started a joint venture with Mr. Verajet Vongkusolkrit and his family to open a subsidiary company, named United Asset Management Company Limited to undertake Private Fund Management business. The subsidiary company has an initial registered capital of 25,000,000 Baht being the Company's total investment of 51%. In October, its registered capital has been increased to 40,000,000 Baht and the size of fund managed is 60-80 million Baht.

As of 31 July, 2008, the Company obtained Derivatives Broker License from the SEC and commenced its Derivatives trading service since October. Moreover, during the year, the Company had started to prepare documents and run testing for back office system for Stocks Borrowings & Lending business to be ready to apply for the License from the SEC and expected to apply in the first quarter of 2009.

On 10 September, 2008, the Company's Independent Director and Chairman of the Audit Committee had tendered his resignation due to his serious illness. The Company, therefore, selected new Chairman of the Audit Committee from the existing Audit Committee member and appointed another existing Independent Director to become Audit Committee member. Moreover, one new Independent Director and Audit Committee member was appointed to replace the resigned director so that as of 31 December, 2008, the Company had total members of Director of 9 out of which 4 members are Independent Directors and Audit Committee members.

As of 6 November, 2008, the Company obtained an approval from the SET to execute the Exclusive Cooperation Agreement with Cantor Fitzgerald on 20 November, 2008 which is a foreign broker firm under the supervision of Financial Service Authority, England as well as the member of London Stock Exchange aiming to expand the Company's securities brokerage business base.

The Company's Business and Objectives

The Company is licensed to perform 4 types of securities businesses, i.e. Securities Brokerage, Securities Dealing, Investment Advisory and Underwriting business. As at the end of 2008, the Company has 4 branches, namely, Rangsit, Nakornpathom, Nakornsawan and Wireless Road Branches and has Cantor Fitzgerald as an Exclusive Partner. Moreover, the Company also provides Internet Trading services and its Investment Banking Department provides the financial advisory services which was licensed by the SEC. Such services comprise of financial advisory services including advising on merges & acquisitions, fund raising by issuing various kinds of financial instrument such as common and preferred stocks, bonds, debenture with warrant, etc. and listing them in the Stock Exchange of Thailand as well as the Market for Alternative Investment (MAI) according to the license provided. Moreover, the Company also has securities dealing business in debt instrument trading in which it also contributed to the Company's income in addition to the securities brokerage income which is the principal income of the Company. In addition, the Company also acts as a selling agent of unit trusts representing altogether 14 asset management companies so that the customers will have a wide variety to choose to invest and it also provides more investment channel for them.

Moreover, in the year 2008, the Company has started its Derivatives business services and at the moment, it is in the process of preparing documents to apply for Stocks Borrowings & Lending license from the SEC in which the service is expected to be ready within the year 2009.

In mid 2008, the Company had started a joint venture with Mr. Verajet Vongkusolkrit and his family to open a subsidiary company, named United Asset Management Company Limited to undertake Private Fund Management business. The Company holds a stake of 51% of the paid-up capital. As of 31 December, 2008 the subsidiary company had a registered and paid-up capital of 40,000,000 Baht. The total size of fund under management was Baht 60-80 million.

Income Structure of the Company

Income	31 December 2006		31 December 2007		31 December 2008*	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
1. Securities Business Income						
Brokerage Fees	197.22	74.16	171.94	63.05	145.70	55.26
Fee and Service	9.88	3.71	13.09	4.80	19.45	7.38
Gain(loss) on Trading in Securities	6.58	2.48	8.34	3.06	1.17	0.44
Interest & dividend on securities investment	28.32	10.65	24.56	9.01	44.26	16.79
Interest on loan	21.50	8.08	44.77	16.42	47.05	17.84
Total Securities Business Income	263.50	99.08	262.70	96.34	257.63	97.71
2. Other Income	2.43	0.92	9.98	3.66	6.05	2.29
Total Income	265.93	100.00	272.68	100.00	263.68	100.00

* Remark : The data for 2008 was derived from consolidated financial statement which the Company has done for the first year after having subsidiary company.

Business Goals

In 2009, the Company's primary aim is to minimize the effects of the current economic downturn for all our stakeholders. This will be achieved by providing a variety of products, offering quality services, while at the same time minimizing operational risks, transactional risks and costs. The Company's business goals are as follows.

1. Securities Brokerage Service: In 2008, due to the adverse market situation, the Company suffered some bad debts on its margin loans. This resulted in a loss to the Company. In 2009, US will focus on recovering this bad debts and improving risk management.
2. Investment Banking: The Company remains very much focused in its financial advisory service as well as the securities underwriting business as these are considered an important strategy which will support the Company's securities business. In addition, other investment banking transactions pursued by the Company include merges and acquisitions and rehabilitation advisory service.

The Company also pays attention to other businesses ranging from trading debt instruments to being a sales agent of investment units and seeking other business opportunities required by the authorities for a comprehensive service and to increase the non-brokerage income to no less than 15 per cent of the total revenues.

3. Securities Analysis: The Company's objective is to create quality stock analysis reports that respond to various types of customers. In this area, the Company has also started producing research reports as well as Japanese website targeted at the Japanese investors.
4. Support Services: The Company continues to pay attention to system development work especially those concerning information technology for service excellence and to accommodate new competitions and transaction to be seen in the future.

Business Characteristics of each Service

(1) Business Characteristics

The characteristics of each of the Company's business are classified as follows:

Securities Broker Business

Market share value of the Company for the past 3 years from 2006 to 2008 are shown in the table below:

Table of Market Share Value

Securities Trading Volume	2006	2007	2008
SET (Million Baht)	3,983,676	4,271,819	3,981,230
US (Million Baht)	79,273	69,890	59,718
US Market share (%)	0.99%	0.82%	0.75%

Source : SET Market Analysis and Reporting Tool (Setsmart)

New Securities Customer Policy

It is the Company's policy to welcome all types of customer both retail and institutional which consists of domestics as well as foreigners. At present, however, most of our customers are retail customers and we have set up the screening of new customers policy according to the rules and regulations of the SEC and the SET while focusing on minimizing the Company's risk. In addition, the Company also has the policy not to open an account or to do any business with the customer or its ultimate beneficial owner or its ultimate controlling person who violate or co-operate in the violation of the Anti-Money Laundering Act including those customers who refuse to supply significant information or documents so that the Company is not able to identify their true identity. This is to prevent the Company from being the channel of money laundering or to unknowingly give the financial support to the terrorist which is in compliance to the SEC's notification and to comply to the Anti-Money Laundering Act.

In addition, in the year 2008, the Company had additionally set up Company's rule regarding the procedure in opening securities accounts of the customers particularly on the inspection of the important documents submitted for new accounts opening application such as the duplicate copy of ID card or passport or other ID documentations, the copy of bank passbook or other financial documents. In order to prevent the forge of documents submitted for new account opening, documents submitted for new account opening, the original the original copy of the said documents should also be presented to the Company's Investor Contact or other staff who goes for account opening for comparison to ensure that the duplicate copies which the customers has signed in verification of true copy are not fraud and that the customer opening the account is the same person appeared in the documents. This is to comply with the Know Your Customer and Customer Due Diligence rule which was guided by the Association of Securities Companies.

Moreover, in case of the new customer who wishes to trade through internet system but provides no reference from any individual or any company that is known to the Company, initially, such customer needs to trade on Cash Balance system which limited the trading line at the amount of cash deposited in order to assess the settlement and trading behavior of such customer.

Loan for Securities Trading Policy

Since 26 June, 2002, the Company has provided loan to customers in form of Credit Balance under Credit Balance Financing project. The amount of initial margin rate has been set up in relation to the securities types which have different degrees of risk in which will be announced occasionally as appropriate. The Company will set up the list of securities which are qualified to be put as collaterals. Followings are the policies to be considered before granting Credit Balance to customers:

1. Marketing staff should know their customers in person so that they can evaluate the investment objectives, financial position or limitations as well as the basic investment knowledge of their customers clearly.
2. Determine appropriate maximum limit of credit line of each customer under a certain period of time. The Credit Balance Line and the credit line for stock borrowings for short sale should be approved under one maximum total credit line for the same customers.
3. Disclose the relationships between marketing staff and the customers or between the Company and the customers to notify the Company's compliance to the Code of Ethics like that of a professional company, and which is considered to be a provision in the Compliance manual to be strictly obeyed.
4. Approved authority of the credit line is dependant on the Executive Board.
5. The marketing staff have to certify that the person who makes the buying and selling decision is the eligible person and not a nominee and that the payment should be settled by that particular person. The Company is therefore, forbidden to approve any credit line to the nominee of other persons intentionally or unintentionally.
6. In opening a securities trading account, the customers have to make deposit in cash first before trading can be made at the amount not less than the initial margin regulated by the Stock Exchange of Thailand (at present it is 50%).
7. The Company is forbidden to approve for any margin on securities trading to the customers exceeding their purchasing limit during a certain period.
8. Purchases exceeding the purchasing limit can be allowed only if the customers increase their collaterals amount, either by cash or securities, to the amount not less than the initial margin of the exceeded volume purchased before purchasing can be done.

9. The Company will set up the marginable list of securities (including those right offering shares of the listed companies), initial margin rate, maintenance margin rate and the minimum requirement rate for each securities in writing at least once a month.
10. In case the customers' equity falls below that of the Maintenance Margin, written notice will be sent to inform them to fill in the collateral on the next working day so that the customers' equity is not lower than the Maintenance Margin.
11. In case the equity of any customer has decreased to be equivalent to or lower than the Maintenance Margin, the Risk Management Dept. is responsible in monitoring and informing the Investor Contact to ask the customer to place more collaterals and to force sell on the next working day so that the equity of the customer rises to over the Maintenance Margin. On the settlement due date, if the equity of the customer is equal to or lower than the minimum requirement value again, the Risk Management Dept. has to force sell until the equity is higher than the Maintenance Margin. Moreover, the Risk Management Dept. has to control the margin loan for any securities concentrated above 85% level of MAX X (the concentration level of securities set by the Company) by increasing the level of the former Maintenance Margin from which force selling is exercised at 25% to 30% for the customers' account that has the stock values in MAX X total from 80% of the aggregate stock values of the customers in order to be able to make faster force selling.
12. Interest on margin loan should be charged to the customers and the Company will also pay interest to the customers calculated on collaterals remaining in their margin loan account base on the daily outstanding amount under the agreed rate. The settlement of interest will be done by adjusting the margin level of each customer at least once a month.
13. Report on the outstanding balance and monthly interest settlement on margin loan account will be sent to inform the customers at least once a month.

Moreover, the risk control criteria of the loan for securities trading concentrating on only a particular security was set up by the Risk Management Committee and which the Risk Control Dept. will be responsible for the monitoring of such risk.

Securities Trading Credit Line Approval Policy

The Company has set up the securities trading credit line approval authority for new customers and the review of the credit line (which already includes all types of accounts for each customer), the net settlement approval (per client), the changing of order (per transaction) and the transferring of error into the Company's portfolio (per transaction) by appointing the authorized signers as showed in Table No. 1 which was reviewed and updated effective 9 July, 2007. And updated the short sell approval line effective 7 August, 2007 as showed in Table No. 2 below:

Table 1 The Approval Authorities of Securities Business

Authorities of Securities Business	1. New account opening and review of the credit line (included all types of each client's trading accounts)						2. Net settlement (per client)						3. Changing of order (per transaction)					4. The Company's error portfolio (per transaction)						4.3 Transferring the difference to the Company's portfolio	
	4.1 With a square			4.2 With deficit																					
	Not exceed 2 MN Bht	Not exceed 4 MN Bht	Not exceed 6 MN Bht	Not exceed 20 MN Bht	Not exceed 100 MN Bht	Exceed 100 MN Bht	Not exceed 2 MN Bht	Not exceed 4 MN Bht	Not exceed 6 MN Bht	Not exceed 15 MN Bht	Not exceed 100 MN Bht	Exceed 100 MN Bht	Not exceed 2 MN Bht	Not exceed 4 MN Bht	Not exceed 6 MN Bht	Not exceed 15 MN Bht	Exceed 15 MN Bht	Not exceed 2 MN Bht	Not exceed 4 MN Bht	Not exceed 6 MN Bht	Not exceed 15 MN Bht	Exceed 15 MN Bht	Not exceed 30,000 Bht		Exceed 30,000 Bht (R)
Head of Risk Dept.	☑	☑	☑	☑	*	*	☑	☑	☑	☑	*	*	☑	☑	☑	☑	*	☑	☑	☑	☑	*	*	*	*
Manager / Assistant Vice President	✓	*	*	*	*	*	✓	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Vice President / Senior Vice President	✓	✓	*	*	*	*	✓	✓	*	*	*	*	✓	✓	*	*	*	✓	✓	*	*	*	*	*	*
Executive Vice President / First Executive Vice President	✓	✓	✓	*	*	*	✓	✓	✓	*	*	*	✓	✓	✓	*	*	✓	✓	✓	*	*	*	*	*
Senior Executive Vice President	✓	✓	✓	Co-sign appro	*	*	✓	✓	✓	Co-sign appro	*	*	✓	✓	✓	Co-sign appro	*	✓	✓	✓	Co-sign appro	*	Co-sign appro	Co-sign appro	Co-sign appro
Executive Director / Management Director	✓	✓	✓	Co-sign appro	*	*	✓	✓	✓	Co-sign appro	*	*	✓	✓	✓	Co-sign appro	✓	✓	✓	✓	Co-sign appro	✓	Co-sign appro	Co-sign appro	Co-sign appro
Executive Board	✓	✓	✓	✓	✓	*	✓	✓	✓	✓	✓	*													
Board of Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓													

Remarks :

- ☑ means Head of Risk Management Department co - sign with the authorized signer.
- * means The initial approval of the authorized signer required the approval of the higher authorities.
- ✓ means The approval of the authorized signer.
- Co-sign appro means Co-signing of the authorized signers.
- (R) means Head of the Marketing summarizes the transactions to be acknowledged by Board of Directors.

Table 2 The Approval Line for Short Sell Transactions

Marketing staff should get approval for their customers' short sell transactions from the authorized signers showed in the table below:

Position	not exceeding	not exceeding 10	not exceeding 15	not exceeding 20	exceeding 20
	5 MN	MN	MN	MN	MN
Manager/Assistant Vice President	✓	*	*	*	*
Vice President/ Senior Vice President	✓	*	*	*	*
Executive Vice President/ First Executive Vice President	✓	✓	*	*	*
Senior Executive Vice President	✓	✓	✓	*	Co-approval
Executive Director - Thai Marketing/Managing Director	✓	✓	✓	✓	

Remark ✓ means the transaction can be approved by the Department Head

* means the Department Head can only acknowledge but cannot approve the transaction

Settlement Control Policy

The Company has set up a strictly control policy over the customers' settlement in order to comply with the rules and regulations of SET as follows:

Payment for securities purchased should be settled on time. Late payment or cheque default cases will be followed up by the Company's marketing officer in order to urge the customers to make payment either by cash or by depositing into the Company's account and to warn them to be more careful in the future. Late payment or late submission of share certificates will subject to a fine. And if the late payment of any customer happens 3 times in a year, then the account will be considered for closing. The Risk Control Dept. will be the one who proposes the default on settlement cases for prior approval by the Risk Management Committee.

Securities Dealing

The Company runs Securities Dealing business and the Executive Committee was assigned to establish a policy and control the Company's investment. The Company has invested in securities for both equity and debt instruments of the securities listed in the Stock Exchange of Thailand, securities listed in the Market for Alternative Investment (MAI), securities registered in the Thai Bond Market Association (ThaiBMA) and non-registered securities such as the Bill of Exchange which was aval or guaranteed payment by commercial banks. However, due to the fluctuation of the stock market, economic situation and instability of politics, the Company has carefully rationalized in its investment. In addition, the Company has not focused in equity instruments since 2005. For the securities dealing of debt instruments, the Company has expanded the volume of such business which has been a type of business that could earn more profits other than the main income from brokerage fees.

Unit Trust Selling Agent

The Company is a unit trust selling agent for 14 asset management companies in order to provide services for the investors who would like to invest in unit trust so that they could have various alternatives of such investment. Besides, this business could meet the investors' requirements and be another channel of investment for the customers.

Investment Banking Business

In 2008, the Company provided financial advisory service to A.P.F. Holdings Co., Ltd. to serve its intention to acquire assets and increase returns for its investment under the name of "Project Evergreen" and received a fee of 16.85 million baht and the advisory services on setting up of Accounting system under the name of "Project Accent" and received a fee of 2.32 million baht. The Company also provided source of fund advisory service for Group Lease Pcl. and received a fee of 0.05 million baht.

Derivatives Business

As of 13 August, 2008, the Company obtained Derivatives license from the SEC and applied for TFEX membership as well as TCH and had started the service since September, 2008. The underlying assets offered are SET50 Index Futures, SET50 Index Options and Stock Futures of PTT, PTTEP and ADVANC. The Company offers both trading through conventional offline and online internet system.

In addition, TFEX is going to start Gold Futures trading in Feb, 09. Gold Futures is one of the underlying assets which investors could trade both upward and downward trends. With the prominent character that allows to either long or short with leverage, the gold price movement which might possibly move in a different direction with the equity price movement makes Gold Futures an interesting alternative investment tool to making profit and hedging of the portfolio risk. It is easy and convenient for the investor to trade Gold Futures through electronic system of TFEX and having TCH as settlement guarantor and the SEC as a regulator governing the TFEX and its members, the investors can guarantee that the trading is done transparently.

(2) Market Outlook and Competition

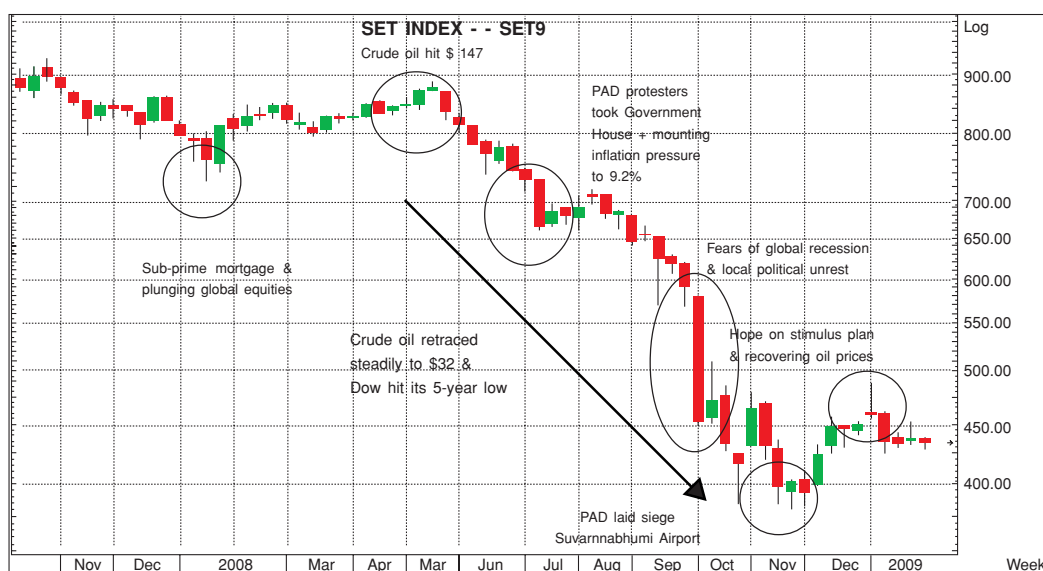
Thai Stock Market in 2008

Contrary to the preceding bullish year, Year 2008 was seen as one of the most volatile years in the Thai stock market history. After moving steadily firmer to retest its yearly high at 886.5pt on 22 May 08, SETI consecutively fell in the second half of the year to retest its yearly low at 380.05pt, posting 57% plunge from its yearly high, on 26 Nov 08. However, SETI saw modest rebound in December climbing back to end at 449.96pt, or 48% lower than the preceding year, thereby contracting market capitalization proportionately.

Such bearish market sentiment was attributable to both negative global and local factors as follows:

- 1) Severe financial crisis that had triggered systemic insolvency of financial institutions in US and Euro area subsequently resulted in global economic slowdown and sharp deterioration of market sentiment in the second half of the year.

- 2) Crude oil prices that nosedived from US\$147 to US\$32 also posted negative impact on energy stocks, of which its sector weighting was highest and more than one-third of the Thai stock market.
- 3) Market sentiment was also hurt by political unrest due to protracted anti-government mass protest led by PAD since late May that had occupied the government house and subsequently laid siege to Suvarnabhumi international airport for a few days early Dec 08.



Thai Stock Market Outlook in 2009

In the big picture, we expect that year 2009, in particular the first half, would remain a quite volatile for the Thai stock market given the backdrop that more and more countries around the world would officially slipping into technical recession.

However, impacts to the Thai economy this time would be quite different from what had seen after 1997 crisis. At that time, Thailand was severely impacted by similar problems resulting from economic bubbles that most advanced economies have been facing right now.

Given the fact that exports were accounting for more than 60% GDP, Thailand would hardly escape from repercussion of waning demand due to global recession. However, plunging oil and capital goods imports would help more or less insulate the Thai economy from such external shocks. Current account balance as percentage of GDP is expected to reverse from -0.1% in 2008 to 0.9% in 2009, according to the latest NESDB forecast.

In our view, if the world economy sees signs of recovery in the second half of 2009, as most economists expect, investor confidence would likely make a comeback then. Low interest rates, stable politics, and a resumption of the mega-projects that the government would also help attract fund flows back to the market.

However, due mainly to market volatility in the first half, average daily market turnover would likely to be thinner to Bt13b in 2009 from Bt16b in 2008.

Competition in Securities Business

In Nov 2006, SEC approved the blueprint for the liberalization of securities business licensing within five years, giving lead time for securities firms to prepare themselves for international competition.

Starting from Jan 2012, SEC will accept unlimited applications for new securities companies, providing that the applicants meet the requirements for each category of licenses being sought for. License fee for full services and boutique services are set at Bt20m and Bt5m, respectively.

Furthermore, SEC will replace current “multiple licenses” with “single license” that will allow license holders to engage in a full range of securities business. Applicants who seek to engage in a specific category of securities businesses, e.g. debt, derivatives, and asset management, will also be able to apply for “boutique services” license. However, only full services providers are allowed to do stock broking business.

To allow lead time for adjustments, SEC Board also approved a temporary extension of the current minimum brokerage fee for another three years and set at timeframe for the liberalization of brokerage fees within five years, as follows:

- ▶▶ During the first three years, from Jan 2007 to Dec 2009, current minimum stock brokerage fee of 25 basis points will apply.
- ▶▶ During the next two years, from Jan 2010 to Dec 2011, stock brokerage fee will be based on a sliding scale where fee will be lower as trading volume increases. Once trading volume reaches a certain level, the fee will become negotiable.
- ▶▶ From Jan 2012 onwards, securities brokerage fees will be fully negotiable.
- ▶▶ Notwithstanding the aforesaid brokerage fee liberalization, starting Jan 2007, the minimum internet trading fee shall be set at 60% of normal stock brokerage fee or a minimum of 15 basis points.

Average Daily Turnover (Bt)	Increment value in each step (Bt)	Brokerage fee (%)
$X \leq 1,000,000$	1,000,000	≥ 0.25
$1,000,000 < X \leq 10,000,000$	9,000,000	≥ 0.22
$10,000,000 < X \leq 20,000,000$	10,000,000	≥ 0.18
$X > 20,000,000$	$> 20,000,000$	Negotiable

To fulfill Thai capital market with full services and comply with international standard, SEC has set up Thailand Futures Exchange (TFEX) in 2006 to provide new financial instruments for investor to well-manage their risks and add more products into the market such as SET50I ETF, SET 50I Futures and SET50I Options, Gold Futures, Stock Futures, and etc.

In view of this, we expect that:

- ▶▶ Price competition among securities firms in the next few years will become fiercer again. In response to this, securities firms must diversify their revenues sources other than conventional brokerage commission.

- ▶ More financial instruments with increasing varieties and complexity, e.g. futures, options, ETF and so forth, would be available in the Thai capital market thereby creating new opportunities for traders and new risk management tools for investors.
- ▶ Starting from Jan 2012, providers of full services and boutique services must have a minimum paid-up capital of Bt500m and Bt100m, respectively. However, many stock brokers still have paid-up capital less than the aforementioned. Ones with paid-up capital less than the threshold must either recapitalize or merge with others to meet this new rule.

Brokers Ranking by Market Share in 2007-2008

2007			2008		
Rank	Broker	%	Rank	Broker	%
1	KIMENG	8.10	1	KIMENG	8.18
2	ASP	5.74	2	PHATRA	5.96
3	PHATRA	5.63	3	ASP	5.38
4	CS	5.23	4	CS	4.81
5	SCBS	5.04	5	ZMICO	4.60
6	UBS	4.70	6	BFITSEC	4.04
7	KGI	4.18	7	TNS	3.98
8	BLS	3.68	8	BLS	3.97
9	BFITSEC	3.51	9	UBS	3.86
10	AYS	3.50	10	AYS	3.81
11	TNS	3.49	11	KGI	3.75
12	ZMICO	3.05	12	SCBS	3.64
13	CLSA	3.04	13	PST	3.17
14	TSC	3.01	14	MACQ	2.85
15	DBSV	2.84	15	CNS	2.67
16	JPM	2.79	16	TSC	2.62
17	MACQ	2.67	17	JPM	2.49
18	ASL	2.47	18	CLSA	2.48
19	CNS	2.45	19	ACLS	2.36
20	PST	2.39	20	ASL	2.31
21	ACLS	2.34	21	TRINITY	2.23
22	UOBKHST	2.12	22	DBSV	2.14
23	TRINITY	2.11	23	FINANSA	1.72
24	FINANSA	1.71	24	UOBKHST	1.67
25	SICSEC	1.53	25	SICSEC	1.50
26	BTSEC	1.50	26	KS	1.47
27	KKS	1.36	27	AIRA	1.43
28	GLOBLEX	1.35	28	FES	1.43
29	FES	1.30	29	GLOBLEX	1.40
30	KS	1.06	30	KKS	1.31
31	IVG	1.03	31	SCIBS	1.07
32	AIRA	0.94	32	KTBS	1.06
33	SYRUS	0.89	33	SYRUS	0.98
34	SCIBS	0.86	34	BTSEC	0.91
35	US	0.82	35	IVG	0.87
36	KTBS	0.73	36	MERCHANT	0.77
37	MERCHANT	0.64	37	US	0.75
38	CIMB-GK	0.22	38	CIMB-GK	0.34

Source : Stock Exchange of Thailand

Competition in Investment Banking Business

Competition in the Investment Banking business and the securities underwriting business will become fiercer in the future as several securities companies especially medium to small companies start to focus more on these businesses. As such the Company will be very selective in the areas where we offer our services and the clients which we service.

Regarding target customers, the Company focuses both on listed customers in the stock exchange and companies in general which want to mobilize funds from both equity and money market. We aim to win new underwriting deals and at the same time focus on customers who may need financial advisory services for other non-securities businesses such as financial restructuring and merges and acquisitions.

(3) Procurement of Products or Services

Sources of Capital

For the past 3 years the Company had engaged mostly in short term loan from local financial institution as well as the shareholders' equity as the source of capital. The capital was utilized on investment in debt instrument and loan for securities trading and the rest was used as working capital. The loan from other financial institution, if any, would be short term. The sources of capital policy is to choose the source which is more suitable in relation to the business activities and its objectives and which will not affect the ratio between total liabilities and shareholders' equity as well as the NCR ratio.

Securities Trading Loan Policy

In 2008, the Company had allowed securities trading loan under the Credit Balance system. Towards year end, the total Credit Balance line was 5,153 million baht with the total outstanding balance of 538 million baht. The Company exercises the greatest care when extending credit under the Credit Balance system.

The Maintenance of Net Capital Rule

The Company will maintain its Net Capital Rule (NCR) to be up to the Securities & Exchange Commission's standard on a daily basis. The types of assets and the capital of the Company will be evaluated everyday in order to control the Company's NCR to be in line with the standard rate and in a timely manner. The NCR as of FY2008 year end was 94.90% of general liabilities.

Research & Development

For the past year, it was another year that the Company continued to concentrate on information technology system development so as to meet the investors' demands as well as to support the Company's various business and services such as Derivatives service. There have been 3 new underlying assets launched; SET50 Index Futures, SET50 Index Options and Single Stock Futures, which the investors can trade via trading programs namely "Streaming-D" and "OneClick". The Company also extensively developed the securities trading systems via internet for more efficient and better service, details of which are as follows:

1. Securities Trading

As the Company launched the Derivatives service since September 2008, it had developed its systems in accordance with the official standard imposed by the controlling authorities in order to support all products of Thailand Futures Exchange PCL. (TFEX), which are Futures and Options. Presently, there are 3 underlying assets; SET50 Index Futures, SET50 Index Options and Single Stock Futures, that the Company provides 2 trading platforms for investors which are traditional trading (Marketing Officer) and internet trading. Also the reports of derivatives analysis are arranged and posted on the Company's website for investors' convenience.

2. Internet Trading Service

The Company has added several usage functions to facilitate investors and to support the increasing number of customers. For example, the E-Report on securities trading history of 12 months, the Self-Force-Change PIN before sending the first trading order, and the Change Default Account to specify customer's account for trading on website, etc. All functions are provided in both Thai and Japanese languages. In addition, the Company has also enhanced other systems as follows;

- 1) Developing and adjusting website as well as publicizing the information and services to the investors and customers
- 2) Preparing the Multi-Market system in order to support the securities and derivatives trading via internet named "Streaming Plus" program. Settrade has developed the program during the year 2008, and the Company has started the program testing since December 2008 and expected to be live in the beginning of the year 2009. Such program can support both stock and derivatives markets with higher efficiency for the real time news update.
- 3) Preparing and testing the systems for the Credit Balance Internet Trading to serve the Company's credit balance customers. Regarding the sending trading orders via internet, the Company importantly aims on consistency, security and speed of the systems. Existing credit balance customer who meets the required qualifications can also apply for such internet service.

3. Additional Derivatives Trading System Development to support the increasing amount of transactions. The related customer service support functions on Clearing/Settlement covering the business operation as well as the trading limit controlling system, etc. are also developed.
4. Additional System Preparation to support the Stock Borrowing and Lending (SBL) business and the short selling of securities in order to fully serve investors. As a result, the investor can also short sell through cash account in addition to the margin account. This service is scheduled to be launched in 2009.
5. System Establishment to comply with the Computer Related Crime Act B.E. 2550 by regulating all of the Company's employees to acknowledge the computer usage rules via internet, arranging the user identity verification system, keeping all usage log files and printing report as well as making the encryption for data accuracy.

Apart from the various system development previously mentioned, the Company also developed the Data Centre in order to comply with the international standard namely "TIA 942 Telecommunications Infrastructure Standard" which is an absolute infrastructure and main system development project such as Electricity System, Telephone System, Cabling System, Raised Floor System, Clean Agent Fire Suppression System, Fire Compartment, Access Control System, etc. The first phase was completed in February, 2008 and the second phase comprising Water Leak Detection System, High Sensitive Smoke Detect System (HSSD), etc. was completed in July, 2008. As a result, the Data Centre has full capacity to support future business expansion on the universal basis of safety and standard.

Utilization of Assets

The Company and its subsidiary company has its office situated at Thanapoom Tower Building, 4-5th Floors, No. 1550 New Petchburi Road, Rajthevee, Bangkok 10400 by renting the building from Western Property Co., Ltd. The list of Companies major assets as at 31 December 2008 are as follows:

Items	Remaining useful lives (period)	Book Value (Baht)	Rights Characteristics	Collateral/ Commitment from the loan Contract
Premises improvement	1-58	11,640,598	Owner	none
Vehicles	45	945,710	Owner	none
Office Equipment	1-60	1,941,767	Owner	none
Office Furniture	3-60	5,807,217	Owner	none
Computer	1-56	2,702,117	Owner	none
Office furniture & equipment under installation	-	537,212	Owner	none
Total		23,574,621		

Classification of Assets and Allowance for Doubtful Accounts Policy

The Company has laid down its policy on assets classification and provisions in accordance with the SEC's Rules. Debts especially on margin loan were classified as doubtful loss, doubtful debt or substandard debt. The doubtful loss debt is identified as the loan balance which after every efforts of collection, the debt still remains unpaid. The substandard debt means the loan balance which is not higher than the collateralized portion of loans and the doubtful debt is the debt which the loan balance is higher than the collateralized portion of the value of debt.

With such classification of assets, the Company has set up a policy for the Allowance for Doubtful Accounts to be 100% of the uncollateralized portion of the value of debts.

The Unrecognizing of Revenue Policy

Unsettled transactions will not be recognized as company's revenue if they were not settled within 3 months and the Company will set up the allowance for doubtful debts amount in the rate not less than 100 % of the loan balance for the uncollateralized portion of the value of debts.

The Allowance for Impairment of Assets Policy

The Company has set up an allowance for impairment of assets policy by estimating its asset whether there was an indication that such asset might be impaired. The Company would compare the book value with the asset's recoverable amount. When the book value exceeded its recoverable amount, the Company would set up the allowance for impairment of assets. An asset's recoverable amount was the higher of fair value less costs to sell and value in use. However, the Company considered the allowance for impairment of its assets in the case that there was an indication that such asset might be impaired in accordance with the General Accounting Standard No. 36 concerning the Impairment of Assets.

Investment in Subsidiary and Merged Company Policy

The Company has set up an investment in subsidiary and merged company policy for the purpose of expansion of its business, spread the risk by diversifying its investment including consideration on benefit obtained from efficient use of existing resources and also consideration on appropriate rate of return depending on type of businesses. For the management policy, it mainly considered on shareholders' benefits in general.

Moreover, the decision of designated persons and its numbers to join in the management of such subsidiary and merged company will be considered on a case by case basis with the partners.

As for United Asset Management Co., Ltd., which is the Company's subsidiary company was established by a joint investment between the Company and Mr. Verajet Vongkusolkit and his family in the proportion of 51 : 49, respectively. Such company has one designated person from the major shareholder as the Chairman of the Board and Mr. Verajet as a Director and Managing Director with one former management staff of the Company as a director and Deputy Managing Director. United Asset Management Co., Ltd. has the objective to undertake Private Fund management business. At present, the Company has no merged company.

Future Projects

In 2009, the Company will pursue the following projects:

1. Upgrade the Company's IT systems and security. US believes that in order to serve our customers well, transactional risk should be minimized.
2. Explore possibility of adding new products like Derivatives and Securities Borrowings & Lending (SBL).

Litigation

The significant litigation cases which are still in process between the Company and its customers as of 31 December 2008 are reported as follows :

Litigation Category / No. of Litigant	Descriptions / Stage
<p>1. More than 5 per cent of shareholders' equity as of 31 December, 2007 (means the case with capital amount exceeds 52 million baht)/1 case</p>	<p><u>Mrs. Duangporn Oonsiri</u></p> <p>The Company filed a lawsuit against Mrs. Duangporn as a bankruptcy case to the Central Bankruptcy Court in Black Docket Case Number 157/2544 on 5 March 2001. The debt in question was a loan she had borrowed to buy the stocks. The total claim amount including the interest was Baht 118,657,596.09. On 11 January 2002, the Court declared the client bankrupt in Red Docket Case No. 390/2544.</p> <p>At present, the case is being closed since the Official Receiver has asked the Court to issue an order to temporarily close the case.</p>
<p>2. More than 10 million baht/1 case</p>	<p><u>Sahaviriya City Public Company Limited</u></p> <p>On 3 December 2001, the Company applied for debt repayment in its debt-restructuring case under Red Docket Case No. 992/2544 to which the Court had issued an order to rehabilitate the business on 26 October 2001. The case involved debts incurred from debentures worth Baht 27,117,203.29 (divided into a principal of Baht 18 million and interest up to the day the Court issued a rehabilitation order worth Bath 9,117.203.29). On 30 August 2002, the Court approved the rehabilitation plan and appointed Churchill Prize Planner Co Ltd as the plan administrator.</p> <p>At present, the Court sentenced the debtor an absolute receiving order on 20 Nov, 2007 as the plan was unsuccessful and the period of the plan has ended so the Company had claimed over the debtor's property from the Legal Execution Dept.</p>
<p>3. United Securities was the defendant/2 cases</p>	<p>1. <u>Mr. Supachai Chitvisuthipong</u></p> <p>Mr. Supachai filed a complain against the Company at the Civil Court on 17 September, 2001 as 2nd defendant for being accountable for its employee who had transferred the customer's shares to other person without consent. The capital amount is 3,301,317 baht.</p> <p>At present, the case is being Appealed.</p> <p>2. <u>Mrs. Saranporn or Sarankorn Promwan</u></p> <p>Mrs. Saranporn, the Company's former employee, filed a complaint against the Company claiming compensation for unjust termination of THB 13,358,427.47 at the Central Labor Court on Nov 17, 2006. The Court, on Aug 14, 2007, had read the judgment, being Red Case No. 4176/2007, ordering the Company to pay her in the sum of THB 4,000,000 together with interest rate of 7.5% per annum accruing from the prosecution date until the payment date. The Company lodged the appeal to the Supreme Court since Nov 27, 2007.</p> <p>At present, the case is under the Supreme Court process.</p>

Executive's Comment:

The Company's executives are of the opinion that these litigations will have no effect to the Company since it has already set aside a full amount of reserves for possible loan loss and provision for liabilities from the litigations for all of these cases.

Capital Structure and Major Shareholders

Company's Capital

In 2008, there has not been any changes in the Company's capital. As of 31 December, 2008, the Company's capital was registered at 860,000,000 Baht and the paid up capital was 844,083,520 Baht which was divided into a total common share of 168,816,704 shares at 5 Baht par value and listed in the Stock Exchange of Thailand.

Major Shareholders

The names and the share holding ratio of the top 10 shareholders as at 31 December 2008 are listed below:

	Names of Shareholders	Nationality	Amount held	%
1.	A.P.F. Holdings Co., Ltd. ¹	Thai	132,670,619	78.59
2.	Mr. Sitthichai Limpowan	Thai	4,299,300	2.55
3.	Mrs.Sirada Limpowan	Thai	3,768,900	2.23
4.	Thai NVDR Co., Ltd.	Thai	2,314,000	1.37
5.	Mr. Prateep Mahakitsiri	Thai	710,000	0.42
6.	Mr. Kiat Srijomkwan	Thai	700,000	0.41
7.	Ms. Patumporn Chirarattanapichet	Thai	563,100	0.33
8.	Mrs. Panya Chinrattana	Thai	506,400	0.30
9.	Mr. Sanit Dusadeenode	Thai	505,000	0.30
10.	Mrs. Tanida Pothichan	Thai	493,900	0.29

Remark : The updated shareholders' list can be viewed at www.unitedsec.com before the AGM of the year 2009

Remark¹ : As of 31 December, 2008 the paid-up capital of A.P.F.Holdings Co., Ltd. was Baht 281,000,000. The shareholders' structure is as follows:

1. A.P.F. Capital Company Limited (49%)
 - 1.1 A.P.F. Capital Company Limited carries the business of investment both inside and outside The Stock Exchange of Thailand having as of 31 December, 2008 the registered and paid-up capital of Baht 10,000,000 held by Mr. Somyod Sutheerapornchai (99.99%), Mr. Anek Arampanich (0.1116%), and Mr. Phongsak Thongluang (0.1111%)
2. Mr. Mitsuji Konoshita (20.28%)
3. Mr. Osamu Shigematsu (19.93%)
4. Mr. Kenji Tanaka (8.97%)
5. Sanwa World Service Company Limited (1.82%)
6. Mr. Anek Arampanich (0.00007%)
7. Mr. Phongsak Thongluang (0.00003%)

The Dividend Payment Policy

The Company has a policy to pay dividend to the shareholders approx. 75% from the net profit of the fiscal year. The subsidiary company's dividend policy is to pay approximately not exceeding 75% from the net profit of the fiscal year.

Management Structure

The Company had established various boards, i.e. the Board of Directors, Board of Executive Directors and Audit Committee to assist in its policy setting, controlling and managing toward the Company's goals and direction. Moreover, various sub-committees had also been established to assist the Board of Executive Directors in providing useful data necessary for the Board's policy revision, details of which are as follows:

A. Board of Directors

In the year 2008, the Board of Directors consisted of 9 members and some directors have held the position of Independent Director, Audit Committee Member or Executive Director as follows:

- | | | |
|----|-------------------------------|--|
| 1. | Mr. Mitsuji Konoshita | Chairman of the Board |
| 2. | Mr. Chokechai Tanpoonsinthana | Independent Director/Chairman of Audit Committee |
| 3. | Mr. Vikit Kachonnarongvanich | Independent Director/Audit Committee member |
| 4. | Dr.Vorapol Socratyanurak | Independent Director/Audit Committee member |
| 5. | Mr. Sirawat Wanglee* | Independent Director/Audit Committee member |
| 6. | Mr. Jeremy Liau | Director/Executive Director /Managing Director
(highest management) |
| 7. | Mr. Tatsuya Konoshita | Director/Chairman of the Executive Board |
| 8. | Miss Tippranee Chatmanop | Director/Executive Director |
| 9. | Mr. Yothin Viriyenawat | Director/Executive Director |

The Company Secretary is Ms. Siriphen Pongchairerks.

Remarks : * newly appointed on 4 December, 2008 as a Director in replacement of Mr. Wichien Wattanakun who resigned on 10 September, 2008.

The Authorized Directors

As at 31 December, 2008, the authorized Directors who sign on behalf of the Company consists of Mr. Tatsuya Konoshita and Mr. Jeremy Liau jointly sign with the Company seal or either Mr. Tatsuya Konoshita or Mr. Jeremy Liau jointly sign with Mr. Yothin Viriyenawat or Ms. Tippranee Chatmanop with the Company seal.

Duties and Responsibilities of the Board of Directors

- To carry out the duties in compliance with the laws, the Company's objectives and the Company's Articles of Association as well as the shareholders' resolutions which are lawful.
- To determine the Company's objectives, directions, policies, plans and budget. To supervise the management of the Company's Executive Board to be in accordance with the assigned policies except for the following activities which require the resolutions from the shareholders: Capital increase or decrease, issuing of debenture, the purchasing or selling, transferring of Company's business or the transferee of other business or the merging with other business, the amendment of the Memorandum & Articles of Association and the remuneration of the Directors.

3. To regularly follow up the Company's operations and to be aware of its compliance to the provisions and the regulations specified in the related contracts of the Company which leads to the effectiveness of the Company's operations.
4. To utilize knowledge, ability and experiences useful for the Company's business operations in order to determine the Company's strategies, administration, resources utilization as well as determination of business operation standard.
5. To appoint the Executive Board and the Chairman of the Executive Director and empower them to have the authority to control and manage the Company's business according to the objectives, directions, policies, plans and budget which approved by the Board of Directors.
6. To appoint the various sub-committees as appropriate or deemed necessary including the setting up of their duties in order to support the Board of Directors' functions such as the Audit Committee, the Remuneration Committee, Nominating Committee, etc.
7. To specify the authorized signatory of the Company including the signing conditions so that it is not against with the Company's Articles of Association.
8. To approve or ratify for approval of securities trading line for the customers, the investment limit and credit line for the customers who wish to trade debt instrument for the amount which exceeds the approval limit of the Executive Board.
9. To approve the appointment, transfer and dismissal of the employee in management level, the Managing Director (or other position name which equals to the highest executive of the Company) and the Chairman of the Executive Board
10. To approve the disclosure of the Company's financial statement and ensure the correctness and completeness of information after audited by the Audit Committee.
11. To attend the Board of Directors' Meeting and the Annual General Meeting of Shareholders including the Extraordinary Meeting of Shareholders (if any) or any other meetings relating to the Company's operations
12. To consider together with the Management in determining the remunerations for the Board of Directors in order to propose for final approval from the shareholders meeting.
13. To determine policies, standard of performance evaluation and remunerations of the Managing Director (or the highest executive of the Company) and the Chairman of the Executive Board without the Executive Directors and the evaluated persons present in the meeting.
14. To inform the Company immediately if the Director has any conflict of interest in the contracts made with the Company or the changing of the holding amount of the Company's or its affiliates' shares or debentures.

15. To ensure that the Company has efficient risk management systems
16. To monitor the related or the conflict of interest transactions to ensure that they are processed in compliance with the relevant laws and prescribed procedures based on Arm-Length Basis so that it contributes to the maximum benefits for the Company.
17. To ensure that the Company has an effective internal control system.
18. To carry out self-assessment of the Board of Directors annually and summarize the result in the Corporate Governance section of the Annual Report

B. The Board of Executive Directors

As for the Executive Committee's structure, in addition to the Executive Directors who were officially appointed by the Board of Directors, there were 3 more Executive Board members in management level including in the Executive Committee. These members will help supply important operational information to the Committee in order to support the efficiency of the Executive Committee.

As of 31 December, 2008, the members of Executive Committee comprised of:

<u>Name</u>	<u>Position</u>
1. Mr. Tatsuya Konoshita	Chairman of the Executive Board
2. Mr. Jeremy Liau	Executive Director/Managing Director (highest management)
3. Mr. Yothin Viriyenawat	Executive Director
4. Ms. Tippranee Chatmanop	Executive Director
5. Mr. Porntep Tavornwisudhikul	Executive Director - Marketing 3
6. Mr. Choakdee Chinthammitre	Executive Vice President - Marketing 2
7. Mrs. Paleerat Numnonda	Vice President - Operations

Duties and Responsibilities of the Executive Committee

1. To screen and submit to the Board of Directors for approval on the Company's yearly budget allocations as proposed by the management. This includes the authority to approve the changing or increasing in the yearly budget expenditure but the changing will finally be submitted to the Board of Directors for acknowledgement in the next meeting.
2. To approve the expenses which is above the approval limit granted to the Chairman of the Executive Board and Managing Director and to be able to determine the Chairman of the Executive Board and Managing Director's expenditure's limit.
3. To approve the significant investment fund which are already inclusive in the approved yearly budget or those generally agreed upon by the Board of Directors.
4. To approve the customers' account opening for securities trading and other related activities in concern for the limit of not exceeding 100 million baht and able to authorize other person to do so under its scope of authority.

5. To approve the credit line for the company's trading party on debt instrument trading not exceeding 400 million Baht and subjected to an annual revision every January.
6. To approve on the investment policy concerning business expansion as well as the merger plan with other company and which to be proposed to the Board of Directors Meeting for considerations on the next meeting.
7. To approve the appointment of the authorized signers of the Company's cheques or other financial documents as well as the signing of other documents on shares, debenture, contracts, accounting / financial documents and other general documents
8. To act as a consultant to the management concerning the Financial, Marketing, Personnel Policies and any other activities.
9. To approve the promotion, transfer or lay off of the employees under management level up to Vice President level.

Nevertheless, the above authorization should be exercised within the Board of Directors' approval and the Board of Executive Directors should not involve in the approval of those matters which have personal conflict of interest either to the Company or its subsidiary and each member has to disclose such items, if any, to the Board of Directors for consideration.

Any matters other than those mentioned above should not be done by the Board of Executive Directors except under prior consent or the authorization from the Board of Directors' decision on a case-by-case basis.

One of the most important sub-committee that was set up to assist the work of the Executive Committee was the Risk Management Committee.

Risk Management Committee:

As the Company gives much importance on its risk management, the Risk Management Committee was set up to assist the Executive Committee in managing the various risks from the Company's business. Risk Management Committee is responsible in setting up clear risk management policy and guidelines in writing governing the various kinds of business of the Company including the determining of the responsibilities of each related departments so that the staff is able to follow and to determine the risk management procedure as operation guideline as well as to monitor the risk's status to be able to handle the arising risks in time.

Risk Management Committee's structure consisted of Managing Director as Chairman and the Head of Business Support, Thai Marketing, Business Development, Research, Operations and Accounting & Finance as members with the Head of Risk management Dept. as member and secretary to the Committee.

C. Audit Committee

In 2008, there was a slightly change in the Audit Committee's structure caused by the resignation of the Chairman of the Audit Committee, Mr. Wichien Wattanakun, on 10 Sept 2009 due to his illness. Consequently, the Board appointed Mr. Chokechai Tanpoonsinthana as the Chairman of the Audit Committee in replacement and appointed Dr. Vorapol Socratyanurak, the current Independent Director as Audit Committee member. In addition, it also appointed Mr. Sirawat Wanglee a new Independent Director and an additional Audit Committee member which was effective on 4 Dec. 2009. Consequently, as of 31 Dec. 2008, the Audit Committee consisted of altogether 4 Independent Directors which was more than one third of the total number of the Board members of 9 persons, as follows :

1. Mr. Chokechai Tanpoonsinthana Chairman of the Audit Committee
2. Mr. Vikit Kachonnarongvanich Audit Committee member
3. Dr. Vorapol Socratyanurak Audit Committee member
4. Mr. Sirawat Wanglee Audit Committee member

Mr. Chamnan Chairsicholsin, Senior Vice President - Compliance & Internal Audit Department, is the Secretary to the Audit Committee.

The Audit Committee members who possess the knowledge and experiences in auditing financial statement of the Company are Mr. Chokechai Tanpoonsinthana, Mr. Vikit Kachonnarongvanich and Mr. Sirawat Wanglee. Their related educational background and working experiences can be viewed in "Profile of Board of Directors and Executives for the year 2008".

Definition of Independent Director

Independent Director means Director who has no power of management, not participating in regular administration, not being an employee or a person with power of management in parent company or affiliate or having relationship with the Company's auditor or lawyer or being a cousin of the executives or major shareholders of the Company including holding shares of the Company lower than 0.05% of total shares with voting right. The definition follows the SEC and SET's criteria and better than the Best Practice qualification concerning the share holding of the Company which set at lower than 5%. For the procedure of nomination of independent director, it will be the same procedure for nomination of the other directors (please see Nomination of directors and executives).

Duties and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process to ensure accuracy and adequacy.
2. To ensure that the Company has a suitable and efficient internal control system and internal audit system and also ensure the independency of the Compliance & Internal Audit Department and to approve the appointment, transfer or employment termination of the head of the Department or other related Department.

3. To review the performance of the Company to ensure compliance with the securities and exchange laws, regulations of the Exchange or laws relating to the Company's business.
4. To consider, select, nominate, and recommend remunerations of the Company's external auditor and to participate in the meeting with the external auditor without the Company's management at least once a year.
5. To ensure that the connected transaction or transaction that may lead to conflict of interest has been done in compliance to the laws and regulations of the SET so as to ensure that they are justified and contribute to the best interest of the Company.
6. To prepare a report of the Audit Committee and disclose it in the annual report of the Company, and have such a report signed by the Chairman of the Audit Committee. Such report should contain at least the information regulated by the SET.
7. To review and adjust the Audit Committee Charter annually so that it is compatible with the Company's changing environment.
8. To perform any other duties assigned by the Board of Directors agreeable by the Audit Committee.

D. The Executives

As of 31 December, 2008 consists of the followings :

- | | |
|------------------------------------|---|
| 1. Mr. Jeremy Liau | Managing Director (highest management) |
| 2. Mr. Tatsuya Konoshita | Chairman of the Executive Board / SEVP Business Development |
| 3. Miss Tippranee Chatmanop | Executive Director - Business Support |
| 4. Mr. Yothin Viriyenawat | Executive Director - Thai Marketing |
| 5. Mr. Porntep Tavoravisuthikul | Executive Director - Marketing 3 |
| 6. Mr. Kriengsak Aramsirichareon | Senior Executive Vice President - Marketing 1 |
| 7. Mr. Choakdee Chinthammitr | Senior Executive Vice President - Marketing 2 |
| 8. Mrs. Arada Lertpinyopab | Senior Executive Vice President - Marketing 3 |
| 9. Mr. Namchai Taecharattaviroj | Senior Executive Vice President - Research |
| 10. Miss Sirsunan Kongtragoolpitug | Vice President - Accounting & Finance Dept. |

Remark : Executives include Managing Director (highest management) and the first 4 rankings executives following the Managing Director and all positions in equivalent to the fourth executive level including Accounting & Finance Manager whose position is equal to department head level or higher.

Please see details of the Company's Directors and executives and controlling person concerning the updated education record, training of directors' skill, working experiences and record of breaches of laws (if any) in "Profile of Board of Directors and Executives for the year 2008".

The Authorities and Responsibilities of Managing Director (highest management)

1. To adopt the Company's policy from the Board of Directors and Executive Board and carry out the set policies.
2. To set up annual plans and budget of the Company for the Executive Board to consider before proposing for final approval from the Board of Directors.
3. To develop management strategies of the Company concerning financial, marketing, human resources and other operations, etc.
4. To control and monitor the operations of all departments so that they are in line with the set strategies and time frame including the solving of emerging problems which are beyond the authorization of each department head.
5. To follow up and evaluate the operation result against the set plan and report them to the Executive Board and Board of Directors as well as the Company's performance as a whole for the Board's acknowledgement.
6. To approve the new opening of securities trading accounts for the customers and other business in relation to the securities business as well as underwriting business or other business of the Company and also able to appoint the attorney to do so in accordance to the set authorization.
7. To approve the expenses or assets purchasing, etc. within the pre-determined amount set by the Executive Board or the Board of Directors and in accordance with the Company's Power of Attorney.
8. To act as the Company's authorized signatory according to the signing condition set by the Company.
9. To utilize his full capacity and experiences to benefit the Company's operations in order to increase the Company's profits and growth.
10. To approve the promotion, transfer and termination of employment of the staff up to Managing Director, division head level.
11. To prepare and propose the annual bonus allocation for the Company's employees to the Board of Directors for approval after the pre-approval of the Executive Board.
12. To carry out the duties in compliance with the laws, Company's objectives and the Company's Articles of Association as well as the shareholders' resolution with honesty, integrity, responsibility and care for best interest of the Company.

Nomination of Directors and Executives

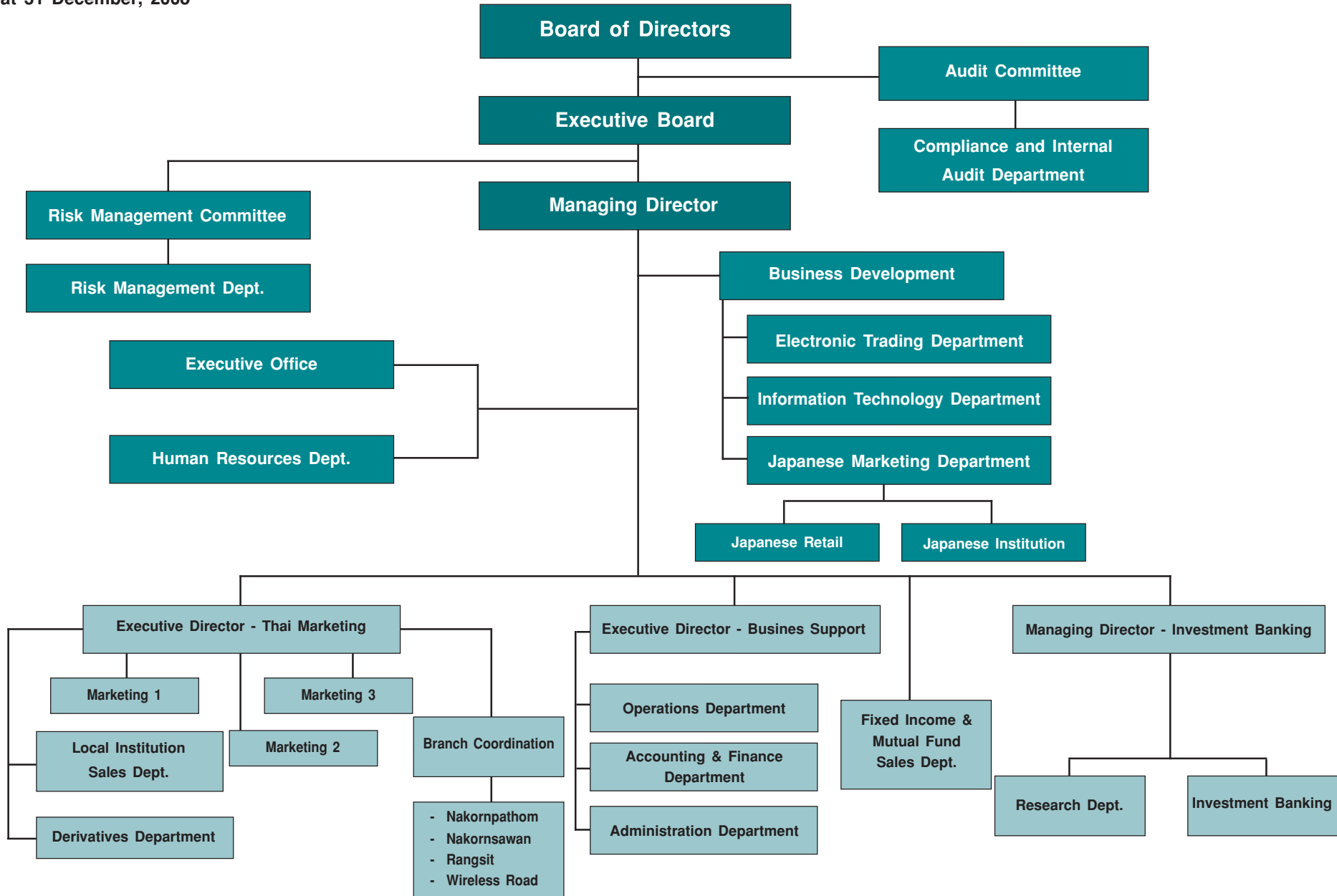
The Company has not officially set up its Nomination Committee, however, in practice, every director can help recruiting sound candidates by nominating them to the Board of Directors for further consideration and selection for the positions of directors, independent directors and members of the Audit Committee where candidates will be proposed and seek approval from the Board of Directors' Meeting or the Shareholders' Meeting, as the case may be. Moreover, since 2006, the Company's minor shareholders have been able to nominate appropriate names for directors through the Company's website which build-up another sources for the Company. In addition, personal data of directors could also be found by searching in the SEC and IOD's websites.

In case of a vacancy in the Board of Directors for reasons other than the expiration of the director's term of office, the Board of Directors shall elect a person who has the qualifications and who possesses no prohibited characteristics under Section 68 of the Public Limited Companies Act B.E.2535 as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces. The resolution of the Board of Directors under the said election shall be by a vote of not less than three quarters of the number of directors remaining. Otherwise, the election shall be brought into the shareholders' meeting and the vote should be no less than three quarters of the present shareholders who have the right to vote and with the majority shares by counting one share for one vote and by voting one by one, individually.

As for the management position of the Company, it is, however, the duty of Executive Directors to nominate the potential candidates who can be either internal staff (through promotion) or outsiders, whose names will be submitted to the Executive Board of Directors' Meeting for selection and for further approval by the Company's Board of Directors.

Organization Chart

as at 31 December, 2008



Profiles of Board of Directors and Executives of year 2008

Name/Position	Age	Education	% Share held	Work Experience in the last five years		
				Period	Position	Organization
1. Mr. Mitsuji Konoshita Chairman of the Board (non-authorized) * being the elder brother of Mr. Tatsuya Konoshita	42	Bachelor of Laws, Osaka University	-0-	2008-Present 2008-Present 2008-Present 2007-Present 2007-Present 2006-Present 2006-Present 2005-Present 2004-Present 2000-Present	Director Director Director Director Chairman of the Board Director Chairman of the Board Director Director Director	P.P. Coral Resort Co., Ltd. A.P.F. International Insurance Co., Ltd. A.P.F. International Co., Ltd. A.P.F. Hospitality Co., Ltd. Group Lease PCL. A.P.F. Management Co., Ltd. United Securities PCL. A.P.F. Holdings Co., Ltd. Sanwa Techno Co., Ltd. Sanwa World Service Co., Ltd.
2. Mr. Choekchai Tanpoonsinthana Independent Director (non- authorized) / Chairman of the Audit Committee	61	- Mater of Science (Civil Engineering), University of Wisconsin (Madison Campus), USA. - MBA (Quantitative Analysis & Finance) University of Wisconsin (Madison Campus) USA - Certificate from Thai Institute of Directors Association : Program - DCP 3/2000	-0-	Sep 08-Present Oct 07-Present 2004-Sep 08 2003-Present 2000-Present	Independent Director / Chairman of Audit Committee Independent Director / Audit Com. Member / Nomination and Remuneration Com. Member Independent Director / Audit Committee Member Independent Director / Chairman of Audit Committee Independent Director / Audit Committee Member	United Securities PCL. Thai Agro Energy PCL. United Securities PCL. Advance Information Technology PCL. Thai Stanley Electric PCL.
3. Dr. Vorapol Socratyanurak Independent Director (non- authorized) / Audit Committee Member	54	- Ph.D. Finance, Wharton School, University of Pennsylvania, USA - Certificate from Thai Institute of Directors Association : Program - DAP, 1/2003 - DCP, 42/2004 - Chairman 2000, 10/2004 - Audit Committee, 6/2005 - Compensation Committee, 1/2006	-0-	2001-Present 2000-Present 1999-Present 1980-Present	Chairman of Investment Advisory Board Independent Director / Audit Committee Member Independent Director / Audit Committee Member Instructor - Finance	Thai Red Cross Society United Securities PCL. Jasmin International PCL. National Institute of Development Administration (NIDA)

Name/Position	Age	Education	% Share held	Work Experience in the last five years		
				Period	Position	Organization
4. Mr. Vikit Kachonnarongvanich Independent Director (non-authorized) / Audit Committee	51	- MBA Accounting, Thammasat University - Certificate from Thai Institute of Directors Association : Program - DCP, 22/2002 - Role of Chairman, 12/2005 - Compensation Committee, 1/2006 - Additional Training at the Stock Exchange of Thailand : Program - MIP (2005) Subject - Introduction to Derivatives (DR1) - Analysis of Derivatives (DR2) - Practice guide on derivatives (DRG)	-0-	2007-Present 2006-Present 2004-Apr 08 2004-2006 1999-2007	Chief Executive Officer Independent Director/Audit Committee Member Independent Director/Chairman of Audit Committee Managing Director - Brokerage Business Independent Director/Audit Committee Member	Talomsin Plastic Co., Ltd. United Securities PCL. Pharma Cosmet Co., Ltd. Siam City Securities PCL. Univentures PCL.
5. Mr. Sirawat Wanglee Independent Director (non-authorized) / Audit Committee	37	- MBA Business Administration, University of North Carolina at Chapel Hill, USA	-0-	2008-Present 2008-Present 2001-Aug 05	Independent Director/Audit Committee Member Director Fiscal Analyst - Energy Sector	United Securities PCL. Veerawong Co., Ltd. State Enterprise Policy Office (SEPO), Ministry of Finance
6. Mr. Jeremy Liau Director (authorized) / Executive Director and Managing Director (highest executive) Authorized to sign for and on behalf of the Company	40	- BBA Finance, University of Notre Dame, USA - Certificate from Thai Institute of Directors Association : Program - DAP, 67/2007	-0-	2006-Present 2002-2006	Director/Executive Director/ Managing Director - Investment Banking Director - Corporate Advisory/ Mergers & Acquisitions	United Securities PCL. Rabobank International, Singapore

Name/Position	Age	Education	% Share held	Work Experience in the last five years		
				Period	Position	Organization
7. Mr. Tatsuya Konoshita Director (authorized) / Chairman of the Executive Board and Senior Executive Vice President - Business Development Authorized to sign for and on behalf of the Company * being the younger brother of Mr. Mitsuji Konoshita.	37	- BA Literature, Osaka University	0.09	2006-Present	Director/Chairman of the Executive Board and Senior Executive Vice President - Business Development	United Securities PCL.
				2005-2006	Chairman of the Executive Officer	Bangkok Station Network Co., Ltd. (Thailand)
				1998-2005	Director	Sanwa Home Service Co., Ltd. (Japan)
8. Mr. Yothin Viriyenawat Director (authorized) / Executive Director - Thai Marketing Authorized to sign for and on behalf of the Company	42	- BBA Marketing, Dhurakij Pundit University - Certificate from Thai Institute of Directors Association : Program - DAP, 64/2007	-0-	2007-Present	Director/Executive Director - Thai Marketing	United Securities PCL.
				2006-2007	Senior Executive Vice President - Marketing 1	United Securities PCL.
				2004-2005	Executive Vice President - Marketing 30, 99, Foreign and Institution Marketing, Electronic Trading Dept., Marketing 80, 90, 55 and Had Yai Branch	United Securities PCL.
				2003-2003	Senior Vice President - Marketing 30, Electronic Trading Dept., Foreign and Institution Marketing	United Securities PCL.
9. Ms. Tippranee Chatmanop Director (authorized) / Executive Director - Business Support Authorized to sign for and on behalf of the Company	49	- MBA Business Administration, Kasetsart University - Certificate from Thai Institute of Directors Association : Program - DAP, 1/2003	-0-	2007-Present	Director/Executive Director - Business Support	United Securities PCL.
				2002-2007	Senior Executive Vice President - Business Support	United Securities PCL.

Name/Position	Age	Education	% Share held	Work Experience in the last five years		
				Period	Position	Organization
10. Mr. PorntepThawornwisuttikul Executive Director - Marketing 3 Division	45	- BBA (Marketing), Dusit Rajabhat University	-0-	Aug08-Present 2002-Mar08	Executive Director - Marketing 3 First Executive Vice President - Marketing 3	United Securities PCL. United Securities PCL.
11. Mr. Kriengsak Aramsirijareon Executive Vice President - Marketing 1 Division	43	- MBA Business Administration, Kasetsart University	-0-	2008-Dec08 2003-2008	Executive Vice President - Marketing 1 Senior Vice President - Investment	United Securities PCL. United Securities PCL.
12. Mr. Choakdee Chinthammitr Executive Vice President - Marketing 2 Division	40	- BBA Finance, Assumption University	-0-	2008-Present 1993-2008	Executive Vice President - Marketing 2 Vice President - Marketing 2	United Securities PCL. United Securities PCL.
13. Ms. Arada Letpinyopap Executive Vice President - Marketing 3 Division	41	- BBA Management, Phetchaburi Rajabhat University	-0-	2008-Present 2001-2008	Executive Vice President - Marketing 3 Vice President - Marketing 3	United Securities PCL. United Securities PCL.
14. Mr. Namchai Techaratanawiroj Executive Vice President - Research Department	48	- MBA. Economics, Thammasat University	-0-	2004-Present 2002-2008	Executive Vice President - Research Dept. Senior Vice President	United Securities PCL. SICCO Securities PCL.
15. Ms. Srisunan Kongtragoolpitug Vice President - Accounting and Finance	34	- MBA Finance, Thammasat University	-0-	2007-Present 1996-2007	Vice President - Accounting and Finance Audit Manager	United Securities PCL. Ernst & Young Office Ltd.

Positions Held in the Company, Subsidiary and Related Companies of the Board of Directors of the Company and Subsidiary

Company	US	Subsidiary	Related Companies									
		United Asset Management	Sanwa World Service	Sunwa Techno	A.P.F. Holdings	A.P.F. Management	A.P.F. Hospitality	A.P.F. Capital	A.P.F. International	A.P.F. International Insurance	Group Lease	PP Coral Resort
Mr. Mitsuji Konoshita	x		/ //	/	/	/	/		/	/	x	/
Mr. Chokechai Tanpoonsinthana	/											
Mr. Vikit Kachonnarongvanich	/											
Dr. Vorapol Socatayanurak	/											
Mr. Sirawat Wanglee	/									/*		
Mr. Jeremy Liau	//											
Mr. Tatsuya Konoshita	//											
Mr. Yothin Viriyenawat	//											
Ms. Tippranee Chatmanop	//											
Mr. Somyod Sutteerapornchai		x //						/		/		
Mr. Verajet Vongkusolkit		//										
Mrs. Suwanna Sungkamekha		//										

Remark / means Director x means Chairman //means Executive Director /* means spouse of Director being the Director

Management Remunerations

A. Remunerations in monetary terms

Board of Directors: For the year ended 31 December 2008, the monetary remunerations of the Board of Directors and Audit Committee consisted of monthly meeting allowances and bonus for the performance of 2007 as follows:

▶ Monthly Meeting Allowances

Chairman of the Board received Baht 25,000 per month and other Directors Baht 20,000 per month. Chairman of Audit Committee received Baht 20,000 per month and Audit Committee member Baht 15,000 per month.

▶ Bonus for FY 2007

The non-executive Directors and Audit Committee received the bonus equaled to 2 months meeting allowance stated above each and the Audit Committee received bonus from both positions.

The table showing yearly monetary remunerations of the Board of Directors and Audit Committee for 2008 is as follows:

Name	Position	Meeting Allowances		Bonus	Total
		Board of Directors	Audit Committee		
1. Mr. Mitsuji Konoshita	Chairman of the Board	300,000	-	50,000	350,000
2. Mr. Wichien Wattanakun**	Independent Director/Chairman of Audit Committee	160,000	160,000	80,000	400,000
3. Mr. Chokechai Tanpoonsinthana	Independent Director/Chairman of Audit Committee	240,000	195,000	70,000	505,000
4. Mr. Vikit Kachonnarongvanich	Independent Director/Audit Committee member	240,000	180,000	70,000	490,000
5. Mr. Vorapol Socratianurak	Independent Director/Audit Committee member	240,000	45,000	40,000	325,000
6. Mr. Tatsuya Konoshita	Director/Executive Director	240,000	-	-	240,000
7. Mr. Jeremy Liau	Director/Executive Director	240,000	-	-	240,000
8. Mr. Yothin Viriyenawat*	Director/Executive Director	240,000	-	-	240,000
9. Ms. Tippranee Chatmanop	Director/Executive Director	240,000	-	-	240,000
10. Mr. Sirawat Wanglee*	Independent Director/Audit Committee member	20,000	15,000	-	35,000
Total Remunerations		2,160,000	595,000	310,000	3,065,000

Remark : * Appointed during the year ** Resigned during the year

Executives: Monetary remunerations of the Company's executives consisted of salaries and bonuses which varied according to the Company's profit of the previous year. In 2008, there were 10 executives; namely, the Managing Director and the first four rankings of executives following the Managing Director (highest management) and all positions in equivalent to the fourth executive level, excluding Accounting and Finance head, were paid for a total of Baht 34.25 million and In April, 2008, there was 1 executive resigned from the Company.

B. Other Remunerations

- ▶ Contributions to the Provident Fund: The Company paid a total of Baht 769,081.101.03 worth of contributions into the provident fund for the 10 executives in 2008.
- ▶ Insurance given to directors and executives: The Company bought Baht 50 million worth of insurance from Muang Thai Insurance Co., Ltd. to provide erroneous coverage for its directors and/or executives. The insurance premium for the year 2008 was Baht 300,000 per annum (coverage during 1 Oct. 08 - 30 Sept. 09).

Shareholding of the Board of Directors and Executives

As of 31 December, 2008, there was only 1 director, namely Mr. Tatsuya Konoshita who held a stake of 156,700 of the Company's share or equal to 0.09%.

Corporate Governance and Internal Control

Corporate Governance

As the Company is one of the listed companies in the Stock Exchange of Thailand, we are well aware of the importance of having good corporate governance. Such governance includes the awareness of rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency and the responsibilities of the Board in which the Company has implemented in accordance to the Principles of Good Corporate Governance for Listed Companies 2006 recommended by the SET in order to convince the shareholders, investors and other stakeholders and all relevant parties of the Company's credibility for better improvement and growth of the Company as follows:

1. Rights of shareholders

The Annual General Meeting (AGM) for the year 2008 was arranged in compliance to the related laws and the recommended best practice of the Principles of Good Corporate Governance for Listed Companies 2006 especially for the rights of shareholders aspect. The shareholders had adequately and equally received relevant information such as the meeting date, time and venue as well as the agenda together with the Board's opinion and other related information which needed the decision in a timely manner according to the regulations. Such information was posted on www.unitedsec.com 30 days in advance of the meeting date. The notice of the AGM was sent 14 days prior to the meeting date even though there was no special agenda. Shareholders were provided as much time as needed to ask any questions or make any suggestions in which the important comments were recorded in the minutes. The invitation letter and documents were produced in Thai as well as English and the meeting was also conducted bilingually for better understanding and did not prevent the shareholders from studying the Company's information and all of the shareholders, Thai as well as foreigners, are given sufficient, equitable information and enough time to study the information before attending the Meeting as well as having full opportunity to express their opinions in the Meeting.

However, on the meeting date, the Chairman of Audit Committee, Mr. Wichien Wattanakun, was absent due to his serious illness and he was admitted in the hospital but all other directors were present including the executive directors, audit committee members and the representatives from the Company's external auditor.

2. Equitable Treatment of Shareholders

Equitable treatment of shareholders was implemented in arranging of the AGM 2008. The minor shareholders were able to propose the Meeting agenda or nominate qualified candidates for the Company's Director position to replace the Directors who were retired by rotation by an advance submission during 1 Oct, 2007 till 31 Dec, 2007. However, for the past year, neither special agenda nor nomination of Directors was submitted for the Board's consideration. In addition, proxy form B together with business return mail

envelop were enclosed with the invitation letter so that the shareholders who could not attend the Meeting himself could be able to grant proxy to others to come to the Meeting and vote on his behalf or the proxy may be granted to the Company's Independent Directors without any cost on mailing the proxy back or any other costs. However, even though voting cards were provided for every agenda, the voting method was to use the voting card only for those who disapproved and abstain voting only. As there was nobody disapproved or abstained voting including the election of Directors agenda, there was no voting card collected. For next year, the Company plans to improve such voting method so that all shareholders have to submit their voting card especially in this agenda.

Moreover, the Company set up rules to prevent the abusive self-Dealing of Directors and executives as well as the staff in the departments which could access to the Company's financial information before it was disclosed to the public such as Accounting & Finance Dept., Executive Office and Compliance & Internal Audit Dept. The Company's securities was put under watched list on every 15th date of each month following the last month of each quarter until the financial statement of the Company was disclosed to the public. For the past year, all Directors, executives and the said staff had strictly complied to the rule in which there was no trading transaction of the Company's securities during the restricted period.

3. Role of Stakeholders

The Company emphasized the importance on ensuring that all of the stakeholders are well taken care of and treated right according to the related laws or agreement made with the Company. The Company stated those practices in the "Ethical Practices of Executives and Staff of the Company" guideline which stated various practices in which executives and staff should do towards the Company's different stakeholders such as the shareholders, customers, employees, creditors and suppliers including competitors and society as a whole.

All stakeholders mentioned above are within the Company's concern to ensure that their basic rights are preserved and well taken care of in accordance to the related laws, rules and regulations. The Company will always operate on honesty, justice, lawful and in compliance to the related regulations for the most benefit of the Company's shareholders and responsible for the services quality rendered to the customers based on their satisfactory standard and within the scope of the SEC and SET's regulations. Employees are ensured to receive sound welfare and benefits. Agreements made with creditors and suppliers are strictly followed. Competitors are treated in relevant to the international standard and within the laws of business competition boundary without a tort of secret or a fraud of trade secret of the competitors. Finally, the Company takes care and supports social activities in order to help support the underprivileged in society.

In 2008, the Company followed all the said policies. Throughout the year, there has not been any complain about unqualified services from the customers nor any dispute with the competitors. The Company has carried out its operations on honesty and compliance to the laws and regulations. During the year, the Company has not been fine by any regulator for breaches of the rules and regulations.

There has not been any social responsibilities policy set up formally, especially concerning the environment or society, as the nature of our business does not have any impact on the environment or the society status. However, the Company normally allocates a sum of budget each year to arrange or participate in social support activities. As for the year 2008, however, due to the bad economic situation that raised up the employees' cost of living, the Company had initiated Staff Loan and Scholarship for Staff's Children Projects in order to help release the staff's expenses realizing that employees are the most important resources of the Company. Their better livings will contribute to their efficiencies which will also result in the betterment of the Company as a whole.

4. Disclosure and Transparency

The Company's disclosure policy is to disclose clear, accurate, sufficient and timely information, both financial and non-financial, to all concerns in relation to the rules set by the SET and SEC and with transparency that is able to be inspected. The Company's information will be disclosed through the Company's annual report and the important information will be disclosed through the SET's electronic system (ELCID) and also posted on the Company's website under "US News" topic. Such information which will be updated regularly including the Company's quarterly financial information which was disclosed within the regulated schedule. The said financial statements were prepared by the Certified Public Accountant who has no relationship whatsoever with the Company and in accordance with the generally accepted accounting standard. Before each disclosure, the financial statement has been reviewed and audited by the Company's Audit Committee who is the Company's Independent Director and the Board of Directors.

Besides financial information, other significant non-financial information was also disclosed such as related party transactions, list of top 20 shareholders of each quarter, Board of Directors' and Audit Committee's Charter and other Board's resolutions. In addition, 30 days in advance of the AGM FY2008, the AGM documents were disclosed so that the shareholders were able to study the information before the meeting date. There was also an announcement to allow the minor shareholders to submit the proposal for special agenda and nominate qualified candidates for Directors position in advance to be considered in the AGM. All information disclosed was put in both Thai and English languages and posted on the Company's website and the news was also disclosed on the SET's electronic system to ensure the shareholders of its clear, accurate and sufficiency of the information and to provide sufficient time for them to study the information in each agenda before attending the Meeting by themselves or by granting

a proxy to attend the Meeting or to vote on their behalf. Other information which was not able to be put on the Company's website such as remunerations policy as well as types of remunerations was included in the Form 56-1 and the annual report of the Company.

The Company had not officially set up an Investor Relations Dept. as it is still small. Nevertheless, shareholders or other investors may reach the Company or view interesting securities analysis reports by visiting www.unitedsec.com under the topic of "Daily Stocks Analysis" and the Company's executives may always be reached at e-mail address : IR@unitedsec.com.

5. Responsibilities of the Board

The Company focuses significantly on the role, duties and responsibilities of the Board of Directors as being the one who determines policies and direction of the Company and reveals them to the management who uses them as a direction in operating the Company's businesses towards profit achievement for the benefit of the shareholders. Therefore, the Board's structure and qualifications including the efficiency in carrying out the duties are the important factors that the Company always concerns. Self-assessment result of the Board of Directors for the year 2008 showed that more than 90% of the Board members quite agreed to fully agreed that the Board's structure, qualifications, roles duties and responsibilities, the Board Meeting arrangement, duty performing, relationship with the management and development of the Board itself and the executives were carried out fairly to extremely well.

As for the Board of Directors' structure of 2008, the Company's Board of Directors consisted of 9 members, namely, 4 executive directors, 1 non-executive director, and 4 Independent Directors / Audit Committee or more than one-third of all directors whereby the Chairman of the Board represents the shareholder, is the non-executive Director and is not the same person as the Managing Director or the highest management of the Company to assure that the Board can actively perform its duties as shareholders' representative and a balance of power is properly exercised. The Board does believe that the Company's Board of Directors' composition is appropriate in terms of number of member compared to the Company's size. The qualifications of the Board especially the Audit Committee members of which 3 out of the 4 members are experts in Accounting field supplemented with long working experiences in finance & securities fields. In addition, the other Independent Director is an economics and social academician. Executive Directors of the Company are equipped with various fields of experiences such as securities marketing, Investment Banking, Finance & Banking and Accounting which are valuable to the ideas and suggestions made for decision making to the Board. Each Director is able to devote his time fully well on carrying out their duties as there is no one being a director of other organization (except subsidiary companies) more than 5 organizations.

Audit Committee was the only sub-committee officially set up by the Company without setting up the Nomination and Compensation Committees as the Company is still small with little number and turnover of directors. However, in practice, each and every director is able to nominate high caliber candidates for the Company's directors, Independent Directors as well as Audit Committee members to the Board of Directors' Meeting for consideration and to be approved from the shareholders' meeting as the case may be. As for the determination of remunerations, the Board of Directors will set up the remunerations for the Company's executives and the Board's remunerations will be approved by the shareholders in the AGM.

The Company arranges its Board of Directors Meeting and Audit Committee Meeting regularly on a monthly basis at least once a month. Before the meeting date, the directors will receive the agenda and documents about 3-7 days in advance which is a sufficient time for the members to study and prepare for the meetings. In 2008, the Company arranged 15 meetings for Board of Directors and 12 meetings for the Audit Committee in which the Board agreed that it is appropriate and sufficient to oversee that the Company's operations has been running successfully.

The meeting attendance of each director is tabled below:

Name	Office Term Period	Time Participate/Total Meetings (times)	
		Board of Directors Meeting	Audit Committee Meeting
1. Mr. Mitsuji Konoshita	2006-2009	5/15	-
2. Mr. Chokechai Tanpoonsinthana	2006-2009	14/15	12/12
3. Mr. Vikit Kachonnarongvanich	2006-2009	14/15	12/12
4. Dr. Vorapol Socratyanurak**	2008-2011	13/15	3/3
5. Mr. Sirawat Wanglee*	Dec 08-Apr 10	0/1	0/1
6. Mr. Tatsuya Konoshita	2008-2010	8/15	-
7. Mr. Jeremy Liao	2008-2010	15/15	-
8. Mr. Yothin Viriyenawat	2008-2011	13/15	-
9. Ms. Tippranee Chatmanop	2008-2011	12/15	-

* Appointed during the year on 4 Dec, 08 to replace Mr. Wichien Wattanakun who resigned on 10 Sept, 08

** Appointed an Audit Committee member on 14 Sept, 08

In each Board of Directors' Meeting, there are regular agendas. Besides the certifying of previous minutes, they are : 1. a report on securities market outlook of the previous month in order to acknowledge the movement of the market as well as the positive and negative factors affecting the market, both local and foreign. 2. a report on the Company's performance and the comparison of actual income and expenses against the set budget. 3. the summary of Executive Committee's

minutes which divided into matters for acknowledgement and matters required further approval from the Board of Directors including the report on each business units' performance of the previous month which might as well served as a form of monitoring of the Company's management operations efficiency. 4. a summary of Audit Committee's minutes of the monthly meeting which consists of the auditing results in terms of compliance to the rules and regulations of the regulators and the Company's rules as well as internal control and various risk done by the Compliance & Internal Audit Dept. and 5. Update the Company's securities holding of Directors and Executives. Moreover, in December meeting of each year or in January the latest, there will be an agenda to consider the setting up of the Company's plans and budgets for the coming year in order to determine the Company's objectives, policies and business direction,

The Executive Board was set up which consists of Chairman of the Executive Board, the Managing Director and the top management from the Company's core departments, namely, Marketing (front office) and Business Support (back office) in order to help screening the information to facilitate the Board of Directors decision making or it is able to make its own decision concerning the normal business operations of the Company which is in line with pre-determine and approval authority and Company's direction. In 2008, the Executive Committee had arranged altogether 25 meetings to discuss and approve various operation matters. In addition, the Executive Committee has set up Risk Management Committee, Human Resources Committee, Back Office Committee, IT Working Group and Related Party Transaction Working Group as working groups to handle the related matters and in the year 2008, the Risk Management Committee had arranged 41 meetings. And the Related Party Transaction Working Group was set up in August, 2008 and arranged 2 meetings to consider the related party transactions.

As for the development of Directors' qualifications, the Company encourages all Directors to participate in at least one basic course held by the Thai Institute of Directors Association (IOD). And in early 2009, the Managing Director (the highest management) had already taken the DCP course. However, the remaining 2 foreign Directors of the Company had not yet been in any of the courses as the course needs to be conducted in English for them. Unfortunately, they had not been able to join as they often been abroad while courses in English had not been arranged so often.

Internal Control

The Board of Directors' Meeting No. 1/2009 held on 19 January, 2009 had evaluated and agreed that the Company had had sufficient internal control for the operations of the year 2008 which summarized under 5 main categories as follows:

1. Organization and environment

The Company set up sound organization structure and environment in order to facilitate the efficient internal control system by creating pleasant atmosphere or factors to encourage all staffs to realize the necessity of having internal control system and it was successful as expected. During the past year, the Board of Directors had set the Company's directions from past records and projections which were also disclosed to the staffs as a guideline before starting the new year's operation every year. And the management had used such direction as a monitoring and performance assessment guideline by comparing the actual with the budget and presented in the Board of Directors' meeting each month. Moreover, for better achievement, the budgets were regularly revised whenever there was a significant factor affect them. Regarding the structure of the Company, it had reorganized the Thai Marketing Department by establishing the Branch Coordination Division separated from the Marketing Dept. in order to create a clear commanding line as well as the efficient coordination between branches and head office.

Furthermore, the Company had arranged 12 additional rules for the improvement of securities business and the operation manual for derivatives business, which the Company had newly obtained the license from the SEC. And the Ethical Practice of Management and Staff handbook is under revision.

2. Risk Management

The Risk Management Committee is responsible for risk monitoring and regular evaluating of all types of the Company's business both internal and external risk factors such as economics, politics, law, etc., including their impact and possibility as well as the setting up of risk prevention rules to minimize them to within the acceptable limit.

The Company categorizes the risks according to its type of businesses, namely the risk as a securities broker, risk of granting credit for securities purchasing, risk from securities dealing on debt instrument trading risk from underwriting and risks from other future businesses including the operational risk. In this regard, the Executive Committee and the Risk Management Committee are responsible for the risk management controlling appropriately with the changing situations while the Risk Management Department is responsible for the monitoring, evaluating and risks reporting. In 2008, the Company had credit balance debtors undergoing the loss from securities trading which created debt repayment problems. The Company had tried to improve its risk management measures by being stricter in granting credit for securities trading and by requesting the debtors to pledge their properties such as land with structure as a guarantee for debts. However, since the value of collaterals did not cover the outstanding debts, the Company had to set up the allowance for doubtful accounts for the debt amounts which exceeded the collaterals.

The Company informed regarding the measures and the risk management operation rules, both new and updated versions, to all concerned employees to acknowledge in writing whenever there is some amendments. The Compliance and Internal Audit Department is responsible for the monitoring and controlling of all Departments of the Company to ensure the compliance with the risk management policy imposed.

3. Management task of the Executives

The Company has set up authority and ranking for approving transactions. Responsibilities were segregated clearly to prevent conflict of interest. And in order to create the checks and balances system as well as to prevent the fraud or damages to the customers' assets, the Company had imposed the rules regarding the segregation of duties between front office (Marketing) and back office (Operations).

Regarding the rules and procedures concerning connected transaction, to comply to the Securities and Exchange Act (No.4) B.E. 2551, the Board of Directors had approved in principle that it must be a transaction with the same commercial terms as those an ordinary person would get from any unrelated counterparty under the similar circumstances on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person. The Compliance and Internal Audit Department, responsible for the controlling of the Company's operation to comply with the relevant laws, giving consultant and training to the executives and staffs regarding the compliance and regulations pertinent to the business as well as receiving complaints from the customers, is independent and it reports directly to the Audit Committee.

4. Information System and Communications

Sufficient information is supplied to the Board of Directors to facilitate decision making and usually contains sufficient details so that the shareholders are able to evaluate the efficiency of the Board. Accounting documents are carefully kept in proper categories.

5. Follow up System

The Company's Board of Directors always follows up the management's operations and compares them to the set target. Should there be any out of target, the marketing strategies will be adjusted while the follow up system continues and adapted in accordance to the changing situation in order that errors are corrected in time. In this regard, the Compliance and Internal Audit Department reports the auditing result to the Audit Committee every month and the Chairman of the Audit Committee presents the report to the Board of Directors. When significant defect is found, not waiting until the Audit Committee's Meeting date, head of the Compliance and Internal Audit Department as a secretary of the Audit Committee will report to and ask opinion from all Audit Committee's members in order to inform the executives to solve the problem immediately. The secretary of the Audit Committee is responsible for the follow up and report the progress of the defect's improvement to the Audit Committee. Subsequently, the Chairman of the Audit Committee will report such issue to the Board of Directors.

The Board of Directors considered that the internal control system concerning the above measures is sufficient and appropriate to the Company's business.

Human Resources

As of 31 December 2008, the Company had a total headcount of 170 persons which can be categorized below:

1. Marketing group (front office staff)	76 persons
2. Investment Banking group	2 persons
3. Operations group (back office staff)	84 persons
4. Others	8 persons

There were 4 branches of which 22 persons were the branches' staff .

The overall remunerations of the employees categorized by types of remunerations are shown in the table below:

Types of Remunerations (Unit : Baht)	Year 2006	Year 2007	Year 2008
Salary	100,209,795.67	97,047,745.12	92,902,516.66
Bonus	9,661,200.55	12,722,473.69	9,665,739.30
Contribution on Provident Fund	3,381,848.94	3,432,588.98	3,530,931.92
Marketing Incentive	33,148,928.25	28,846,736.18	27,055,867.34
Others	10,354,943.46	275,160.75	625,936.50
Total	156,756,716.87	142,324,704.72	133,780,991.72

Human Resources Management Policy and Human Resources Management System

In realizing the importance of educating the employees, the Company provides the employees both from front and back offices in different levels with useful training courses organized by outside institution and focused on training courses which could mainly improve skill, knowledge and ability to work.

In 2008, as the Company had initiated the Derivatives Agent business, the employees were encouraged to increase their knowledge and understanding in Derivatives business and were sent for training and examination on the Introduction to Derivatives and Practice Guide on Derivatives Courses in order to be well prepared to provide services to the customers.

In addition, the Company also has a policy to enhance good human relationships among employees. United Family Day and New Year Party were arranged to provide opportunity for the employees and their family to join in the activities in order to promote their loves and understanding as well as relationships among the employees, themselves and between their own families.

Promotion of Better Life Quality and Job Security

As quality of work always comes from happy employees who feel secured in their jobs, aside from developing the capability of its human resources and its human resources management system, the Company also pursues a policy to promote better quality of life and to boost the feeling of job security. In each year, the Company has co-operated with the Western Property Co., Ltd., the landlord of its head office building, on the fire drill project and also sending the Company's representative to join a training course about knowledge of earthquake.

Moreover, in order to take good care of employees' quality of life, the Company set up special leaves with pay in addition to the leaves stipulated by law, other than the normal personal leave as follows:

- ▶▶ Leave for preparation when employees' family members passed away: Employees could take leave for 5 working days (family members include employees' parents, spouses' parents, spouses and children including brothers and sisters of full blood or brothers and sisters of half blood)
- ▶▶ Leave for taking care of spouse when delivery a child for male employees: They could take leave for 3 working days.
- ▶▶ Leave for dharma practice: Employees could take leave once a year and not over 5 working days/ time/ calendar year. In addition, the Company has supported them the actual cost incurred from such dharma practice but not exceeding THB 1,000/ person/ time.

Related Transactions

In the years 2008 and 2007 United Securities Pcl. and its subsidiary had significant related transactions with the related parties which was additionally disclosed in the Notes to Financial Statement of the Company as of 31 December, 2008 classified under type of business income transactions as follows:

1. Brokerage Fee Income

Related Parties	Relationships	Amount of Transactions	
		2007	2008
1. TME Capital Co., Ltd.*	Having a common Director with US's subsidiary	-	2,606,533.50
2. City Holding Co., Ltd.*	Having a common Director with US's subsidiary	-	332,645.00
3. Ufinves Co., Ltd.*	Having a common Director with US's subsidiary	-	776,395.00
4. Mr. Verajet Vongkusolkit*	Being the Director of US's subsidiary	-	139,691.80
5. A.P.F. Management Co.,Ltd.	Being the Company whose shares were held by US's major shareholder, APF Holdings and there is one joint Director - Mr. Mitsuji Konoshita	359,718.75	112,590.00
6. A.P.F. International Insurance Co., Ltd.	Being the Company whose shares were held by US's major shareholder's subsidiary, APF International and there is one joint Director - Mr. Mitsuji Konoshita	-	112,490.00
7. Mr. Santi Janvatanavit	Being the father of Mrs.Suwanna Sankamekha who is the management and director of US's subsidiary	18,386.84	109,128.20
8. Mr. Samart Chiradamrong	Being Director of Group Lease Pcl. which has a Director in common - Mr. Mitsuji Konoshita	8,398.23	21,825.25
9. Mr. Jeremy Liau	Being US's Director and Management	-	17,775.68
10. Mr. Satoshi Ueda	Being Director of A.P.F.Management Co.,Ltd. which has A.P.F.Holding Co.,Ltd. as a major shareholder.	27,619.62	10,685.71
11. Mr. Sirawat Wanglee	Being US's Independent Director	-	4,193.95
12. Ms. Boon Chia Pei	Being the spouse of Mr.Jeremy Liau - US's Director and Management	2,284.75	3,074.90
13. Mr. Tatsuya Konoshita	Being US's Director and Management	1,558.76	-
14. Ms. Srisunan Kongtragoolpitag	Being US's management	-	100.00
Total		417,966.95	4,247,128.99

Remark : - The Brokerage fee rate charged to all related parties was the market rate which was normally charged to other ordinary customers, i.e. at 0.25% of trading volume.

- In 2007 the Company had no subsidiary company

* As of 31 Dec, 07 the Company and such person / company has not yet been a related party

2. Financial Advisory Fee Income

Related Parties	Relationships	Amount of Transactions	
		2007	2008
1. A.P.F. Holdings Co., Ltd.	Being US's major shareholder	14,000,000.00	19,170,000.00
2. Group Lease Pcl.	Being the Company whose shares were held by US's major shareholder's subsidiary, APF Management and has a Director in common, Mr. Mitsuji Konoshita	-	500,000.00
3. A.P.F. Management Co.,Ltd.	Being the Company whose shares were held by US's major shareholder, APF Holdings and there is one joint Director - Mr. Mitsuji Konoshita	1,082,277.22	-
4. A.P.F. International Insurance Co., Ltd.	Being the Company whose shares were held by US's major shareholder's subsidiary, APF International and there is one joint Director - Mr. Mitsuji Konoshita	-	30,000.00
5. Mr. Jeremy Liao	Being US's management and Director	-	6,250.00
6. Mr. Sirawat Wanglee	Being US's Director	-	1,041.67
Total		15,082,277.22	19,707,291.67

Remark : The Financial Advisory Fee rate charged was the agreed rate stated in the FA Contract.

3. Rent and Services Received

Related Parties	Relationships	Amount of Transactions	
		2007	2008
1. Bangkok Station Network Co.,Ltd.	Being the Company whose shares were held by US's major shareholder, APF Holdings	2,097,688.93	274,347.00
Total		2,097,688.93	274,347.00

Remark : Being the fee for renting the Company's office space. The rental fee rate charged was the agreed rate stated in the rental Contract.

4. Interest Received and Fee Received

Related Parties	Relationships	Amount of Transactions	
		2007	2008
1. A.P.F.Hospitality Co., Ltd.	Being the Company whose shares were held by US's major shareholder, APF Holdings and has a Director in common, Mr. Mitsuji Konoshita	-	17,685,958.92
2. Group Lease Pcl.	Being the Company whose shares were held by US's major shareholder's subsidiary, APF Management and has a Director in common, Mr. Mitsuji Konoshita	7,118,910.29	1,542,823.90
3. A.P.F. Management Co.,Ltd.	Being the Company whose shares were held by US's major shareholder, APF Holdings and has a Director in common, Mr. Mitsuji Konoshita	-	46,027.40
Total		7,118,910.29	19,274,810.22

Remark : Being the rates which were normally charged to normal customers, i.e. interest rate 7.12-9.15% p.a.

5. Rent and Services Paid

Related Parties	Relationships	Amount of Transactions	
		2007	2008
1. Bangkok Station Network Co.,Ltd.	Being the Company whose shares were held by US's major shareholder, APF Holdings	280,270.92	469,165.38
2. Sanwa World Service Co.,Ltd.	Being the shareholder of US's major shareholder, APF Holdings and has a Director in common, Mr. Mitsuji Konoshita	-	18,171.00
3. Asukano Foods (Thailand) Co., Ltd.	Being the Company whose shares were held by US's major shareholder, APF Holdings	-	1,313.96
Total		280,270.92	488,650.34

Remark : Being the rates which were normally charged to normal customers.

6. Selling of Assets

Related Parties	Relationships	Amount of Transactions	
		2007	2008
Mr. Tatsuya Konoshita	Being the Company's Director and Management	3,100,000	-
Total		3,100,000	-

Remark : Being the selling of the Company's resigned Director's car at the selling price of which higher than the market price

Necessity and the Justification of Related Transactions

The abovementioned related transactions are somewhat necessary and justified to serve the highest benefit of the Company and in which the Independent Directors believe to be the characteristics of normal business or supporting of normal business that the Company has received or paid in fair market price and thus proves the justification of the transactions.

Methods/Process of the Approval for Related Transactions

Since August, 2008, the Board of Directors' had resolved to approve in principle for the Company's management to be able to make approval on related party transactions provided that the type of transactions are normal or supported normal businesses of the Company. And such transactions should also have a normal commercial terms that a normal person will do with other unrelated party which is in compliance to the newly amended Securities & Exchange Act (No 4) B.E. 2551. In addition, the Board also appointed Related Party Transaction Working Group to be responsible to pre-determine the appropriateness of such transactions or whether the terms are justified. The Working Group will receive the information concerning the transactions together with the credit analysis from the Risk Management Dept., evaluate them and provide additional opinions whether such transactions are in line with the approved principle and should

be approved or not and determine the size of the transactions whether they should be approved by the Executive Committee or the Board of Directors or by the shareholders. Those transactions shall be disclosed to the public correctly and completely according to the SEC's regulations and all transactions will appear in the Company's audited financial statement notes.

Policy on Future Related Transactions

It is evident that the existing related transactions will continue in the future especially transactions on brokerage fee, Interest and fees, financial advisory fee, rental fee as well as other services fees. Those related transactions would be controlled to be done under normal business conditions commercial terms and at normal market price similarly to the ordinary customers. In order to do so, the Independent Directors or the Audit Committee or the company's Internal Auditor or any other independent specialist (if needs be) will be assigned to examine and analyze or comments on the justification of the price and the transactions.

In approving the Company's future related transactions, the abovementioned process will be applied. In addition, disclosure of such transactions should be done in compliance with the set regulations and all related party transactions will appear in the Company's audited financial statement notes. Moreover, those management or directors who have or tends to have any conflict of interest in any of the transactions are not allowed to participate in the voting of that case and that they are asked to leave the meeting room for transparency.

Independent Directors' Opinion on Related Transactions

To : Shareholders

The Audit Committee, on behalf of the Company's Independent Directors of United Securities Public Company Limited, has considered, reviewed and hereby given the opinion of the related transactions for the year 2008 as follows:

1. Interest income from Bill of Exchange of 19.3 million Baht was the income from purchasing the Bill of Exchange from the company which has the parent company in common with the Company, in which the discount rate and fee are the same as generally charged in the industry.
2. The brokerage fee income earned from the Company's major shareholder, related companies (having shareholders and/or Directors in common), including Directors and spouses, management and management's close relatives of the Company in the amount of 4.2 million Baht were charged at the normal commission rate which was the same rate as charged to ordinary customers.
3. The financial advisory fee income of 20.9 million Baht earned from providing financial advisory service and advisory services on setting up of Accounting system to the Company's major shareholder for 19.2 million baht and from the financial advisory services provided to the company which has the parent company in common for 0.5 million baht together with the advisory service on setting up Accounting system, IT system and Corporate Governance system to the Company's subsidiary company for 1.2 million baht by which the fees were charged at the rate specified in the engagement letter.
4. Rental and office service fees of 1.0 million Baht were received from the Company's subsidiary for 0.7 million baht and from the office service fees from the company which shares were held by the Company's major shareholder for 0.3 million baht by which the rate charged was the same rate as being paid to the lessor.
5. Service expenses of 0.5 million baht was incurred by engaging the company which shares were held by the Company's major shareholder to produce public relations book and translations at the same rate which was charged to normal customers.
6. Sales of equipment of 0.2 million baht received from selling office equipment and supplies to the Company's subsidiary at the rate specified in the engagement letter.

The abovementioned related transactions were deemed true, which were arisen from the normal business operations, reasonable and were disclosed the completed information in accordance with the regulations prescribed by the Capital Market Supervisory Board.

Please be informed accordingly.

Best regards,



(Mr. Chokechai Tanpoonsinthana)
Independent Director



(Dr. Vorapol Socatiyanurak)
Independent Director



(Mr. Vikit Kachonnarongvanich)
Independent Director



(Mr. Sirawat Wanglee)
Independent Director

Financial Status and Performance

Financial Statement: Summary of the Company's financial status and its operations for the past 3 years

(a) Independent Auditor

In the year 2006, the Company appointed Ernst & Young Office Limited, the same Office as the previous years, as independent auditor but the auditing team had changed to be as follows :

Mr. Sophon	Permsirivallop	CPA No. 3182
Ms. Sumalee	Reevarabundit	CPA No. 3970
Ms. Vissuta	Chariyathanakorn	CPA No. 3853

And in the year 2008 and 2009, the Company also appointed the same Office as independent auditor and there was an additional CPA in the team from the year 2006 as follows:

Ms. Nongluk	Poomnoi	CPA No. 4172
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(b) Report of Independent Auditor

For the past 3 years, the company's financial statements had been given an unqualified opinion from the Independent Auditor every year.

Table below summarizes the Company and consolidated financial statement

(Unit: Baht)

	2006	2007	2008*
Financial status			
Cash and Cash equivalents	66,675,926	24,030,561	22,113,151
Long-term deposits at financial statement	58,008,140	63,143,926	63,004,436
Net investment on securities	344,633,104	341,108,001	694,288,549
Receivable to clearing house	13,626,020	45,059,480	22,843,481
Securities and derivatives business receivable	723,745,465	889,413,707	644,939,704
Allowance for doubtful accounts	(9,753,971)	(2,097,682)	(98,235,040)
Securities and derivatives receivable, net	713,991,494	887,316,025	546,704,664
Total Assets	1,264,130,654	1,406,096,870	1,429,538,887
Domestic borrowing	70,204,210	80,009,431	70,000,000
Payable to clearing house	28,374,259	-	20,500
Securities and derivatives business payable	106,226,937	138,231,039	58,031,414
Liabilities under commercial paper sold	-	99,968,657	296,057,065
Total Liabilities	235,945,059	362,617,518	461,648,098
Paid up share capital	844,083,520	844,083,520	844,083,520
Retained earnings	115,709,971	130,006,641	41,779,989
Shareholders equity	1,028,185,595	1,043,479,352	955,263,583
Operating result			
Securities business income	263,501,569	262,688,724	257,621,567
Securities business expenses	14,831,356	19,198,731	32,940,712
Bad debts and doubtful accounts	109,351	(4,062,319)	96,137,358
Net Securities business income after bad debt and doubtful accounts	248,560,862	247,552,312	128,543,497
Other income	2,425,788	9,989,856	6,055,399
Operating expenses	269,968,235	242,493,042	217,981,273
Net Income (loss)	(18,981,585)	15,049,126	(76,409,483)
Basic earning (loss) per share	(0.11)	0.09	(0.45)

* The 2008 is shown the consolidated financial statement which was prepared for the first time after having subsidiary company.

- (c) Significant Financial Ratio which reflects the Company's financial Status and Securities Business Operation Results.

(Unit : Percentage)

Financial Ratios	2006	2007	2008*
Profitability Ratio			
Gross Profit Margin	94.37	94.24	49.90
Net Profit Margin	(7.14)	5.52	(29.98)
Return on Equity	(1.83)	1.45	(8.00)
Return on Investment	18.46	9.59	4.39
Efficiency Ratio			
Return on Assets	(1.48)	1.32	(5.39)
Assets Turnover	0.25	0.20	0.19
Financial Ratio			
Liquid assets to Loan	1.78	1.09	1.22
Performing assets to Loan	15.91	15.35	17.73
Liquid Assets to Total Assets	9.86	6.02	6.00
Performing Assets to Total Assets	88.83	87.36	86.64
Debt to Equity	0.23	0.35	0.48
Dividend Payment	-	-	
Other Ratios			
Net Investment in Securities to total Assets	27.26	24.26	48.57
Net Capital Ratio (based on SEC's Net Capital Rules)	370.22	230.20	94.90

Management Discussions and Analysis of Consolidated Financial Statements

1. Operation Overview During the Past Year

In 2008, the situation of securities trading in the stock exchange was highly volatile, which had been influenced by both domestic and international factors. For example, the financial crisis in USA which affected the domestic stock exchange, the inconsistency of the world oil price and Thai political problems which affected the securities business and resulting to a decline of the Company's brokerage income from Baht 172 million in 2007 to Baht 145 million in 2008. Nevertheless, the Company and its subsidiary still have some gain on fees and service income, gain on trading in securities and interest and dividend income, which had been escalated from Baht 91 million in 2007 to Baht 112 million in 2008. However, since the allowance for debt and doubtful accounts was set at Baht 96 million, the Company had a net loss of Baht 76 million.

2. Operation Results

Incomes

In 2008, the Company's brokerage incomes dropped by 15.70% compared to the year 2007, resulting from the decrease in the total securities trading volume in the stock exchange as a whole and also the dropping of Company's trading volume, thus making the Company's market share declined from 0.82% in 2007 to 0.75% in 2008. The fees and service income in 2008 was Baht 19.45 million rose by Baht 6.36 million due to the increase in advisory fee and interest income on margin loan amounted Baht 47.051 million in 2008, improved by Baht 2.28 million resulted from the increase in interest rate on margin loan.

Expenses

Total expenses of the Company and its subsidiary for the year 2008 was Baht 347.06 million increased from Baht 255.12 million in 2007 or increased 36.04% due to the allowance for doubtful accounts amounted Baht 96.17 million. Without the mentioned allowances, the Company and its subsidiary's total expense would decrease Baht 4.2 million which was mainly resulted from the Company's attempt to reduce expenses.

Net Income (Loss)

Because of the allowance for doubtful accounts set in 2008, the Company and its subsidiary had operated a net loss of Baht 76.41 million, comparing to a net profit of Baht 15.05 million in 2007.

3. Financial Status

Total Assets

In 2008, the Company and its subsidiary had total assets of Baht 1,429 million rose by Baht 23 million or 1.64% from the previous year resulted from 50.9% increase in the investment in securities and 38.4% decrease in securities business receivables.

Investment in Securities

The Company's and its subsidiary's net investment in securities for the year 2008 was Baht 694.29 million rose by 50.9% from the previous year and 99.93% and 97.70% of the investment were in short-term debt securities in 2008 and 2007, respectively.

Net Securities Business Receivables

The net securities business receivables declined from Baht 887.32 million in 2007 to Baht 546.71 million in 2008. Such declining was due to the decrease in receivables on margin loans by Baht 247.45 million and the decrease in receivables on cash accounts from Baht 101.55 million in 2007 to Baht 65.28 million in 2008. The receivables on cash accounts occurred by the overdue settlement later than 3 working days after trading date and their overdue balances from securities cash accounts would change in accordance with securities trading value of the last 3 working days which was the normal changes of securities business and the bad debts and doubtful accounts increased to Baht 98.24 million in 2008 or an increase of Baht 96.14 million which resulted from the debts and doubtful accounts provision policy as mentioned below.

The policy on provision for bad debts and doubtful accounts for securities business receivables which should be settled within 3 days was set according to the amount which were expected to be uncollectible by setting aside the allowance for doubtful debts every month at 100% of the debts not fully covered by collaterals otherwise such allowance will not be necessary.

Liquidity

Regarding the liquidity for the year 2008, the Company and its subsidiary had a net cash flows decreased by Baht 1.92 million resulting from the use in operating activities by Baht 29.04 million, mostly being used in the investment in securities by earning more interest in return. The cash flows from the investment activities dropped by Baht 28.74 million resulting from the investment in computers and the Thailand Future Exchange member fees while the cash flows from financing activities dropped by Baht 2.2 million resulting from the dividend payment, the loan repayment and the receivable from minor shareholders of the subsidiary.

Sources of Capital

Liabilities

In 2007 and 2008, there were short-term loans of Baht 80.01 million and Baht 70.00 million, respectively for settlement with the Thailand Securities Depository Co., Ltd. and for working capital of the firm. Such borrowing was paid back in full.

The net capital ratio of the Company as at December 31, 2008 was 94.90% which considerably exceeded the 7% of minimum rate regulated by the SEC.

Shareholders' Equity

The shareholders' equity of the Company and its subsidiary for the year 2008 was Baht 955.26 million decreased from Baht 1,043.48 million in 2007 resulting from the net loss from operating results in 2008.

4. Significant Factors that influence the Future Operations and Financial Status

The significant factors that may influence the Company's future operation and financial status are economic and political stabilities of Thailand which impact not only on the investment decision of the investors but also on the stock market as a whole. And while the competition in securities business is still fierce, all aforementioned factors may also have considerable influence on profits and financial status of the company.

The Company has realized on such problems and prepared to expand its customer base and to invest more in debt instrument in order to earn sufficient income to continue growing in this business.

Auditor's Remunerations

From the past fiscal year, the Company and its subsidiary had paid the following fees:

- ▶▶ Audit fee: Baht 1,100,000 and the out-of-pocket expenses of Baht 23,141.
- ▶▶ Non-audit fee : -None-

Report of Audit Committee

The Company's Audit Committee consists of 4 Independent Directors, namely Mr. Chokechai Tanpoonsinthana as Chairman of the Audit Committee, Dr. Vorapol Socratyanurak, Mr. Vikit Kachonnarongvanich and Mr. Sirawat Wanglee as Audit Committee members. The starting date of each Director is as follows:

<u>Name</u>	<u>Position</u>	<u>Starting Date</u>
Mr. Chokechai Tanpoonsinthana*	Chairman of the Audit Committee	14 September, 2008
Dr. Vorapol Socratyanurak	Audit Committee member	14 September, 2008
Mr. Vikit Kachonnarongvanich	Audit Committee member	31 August, 2006
Mr. Sirawat Wanglee	Audit Committee member	1 December, 2008

* Being the Audit Committee member since 26 April, 2004 and was appointed Chairman of the Audit Committee to replace Mr. Wichien Wattanakun who resigned from the Company

The Senior Vice President of Compliance & Internal Audit Department acts as the Secretary to the Audit Committee.

In 2008, the Audit Committee arranged altogether 12 meetings and has followed the Audit Committee Charter significantly summarized as follows:

Financial Statement Auditing The Audit Committee has audited the Company's financial statements of the year 2008 and found out that the financial statement of the Company and its subsidiary were done correctly and in compliance to the generally accepted auditing standards without any corrections which were significantly affected the financial statement. The drafting and disclosing process of the financial report has done correctly and completely and within the timeframe which meet with the requirement of the SET and the SEC.

Related Party Transactions The Audit Committee has reviewed the related party transactions which may have some conflict of interest between the related persons and the Company. It was found out that the related party transactions were done under normal commercial terms.

Risk Management System The Audit Committee has reviewed the risk management policy, criteria and scope as well as the result of the risk management operations in the year 2008 and found out that the Company's risk management still needs to be improved to be more efficient especially the risk concerning the credit granting for securities trading to the customers.

Internal Control System The Audit Committee has reviewed the effectiveness of the Company's internal control system from the auditing report of the Company as of the year 2008 and found out that the Company's internal control system is appropriate and sufficiently effective.

In addition to the abovementioned, the Audit Committee has carefully selected and proposed to appoint the Company's external auditor together with their remunerations, reviewed and improved the Audit Committee's Charter so that it is updated and appropriate for the Company's environments while complying with the regulations set by the related regulators. Moreover, the Company's securities business was also audited and monitored to ensure that it complied to the securities and exchange laws as well as the notifications and other related rules.



(Mr. Chokechai Tanpoonsinthana)

Chairman of the Audit Committee
United Securities Public Company Limited

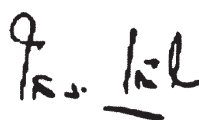
Auditor's Report and Financial Statements

To the Shareholders of United Securities Public Company Limited

I have audited the accompanying consolidated balance sheet of United Securities Public Company Limited and its subsidiary as at 31 December 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate balance sheets of United Securities Public Company Limited as at 31 December 2008 and 2007, the related separate statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the management of the Company and its subsidiary as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Securities Public Company Limited and its subsidiary as at 31 December 2008, and the results of their operations and cash flows for the year then ended, and the financial position of United Securities Public Company Limited as at 31 December 2008 and 2007, the results of its operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.



(Sophon Permsirivallop)

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok : 19 February 2009

Balance sheets

United Securities Public Company Limited and its subsidiary

As at 31 December 2008 and 2007

(Unit : Baht)

	Note	Consolidated		
		financial statements	Separate financial statements	
		2008	2008	2007
Assets				
Cash and cash equivalents	6	22,113,151	1,815,670	24,030,561
Long-term deposits at financial institutions	7	63,004,436	63,004,436	63,143,926
Investments in debt and equity securities, net	8, 22	694,288,549	694,288,549	341,108,001
Investment in subsidiary	9	-	20,399,900	-
Receivables from Clearing House	10	22,843,481	22,843,481	45,059,480
Securities and derivatives business receivables, net	11, 12	546,704,664	546,704,664	887,316,025
Premises improvement and equipment, net	13	23,574,621	22,833,226	20,469,689
Intangible assets, net	14	25,489,121	20,613,172	5,235,356
Other assets, net	15, 22	31,520,864	30,837,107	19,733,832
Total assets		1,429,538,887	1,423,340,205	1,406,096,870

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

Balance sheets (continued)

United Securities Public Company Limited and its subsidiary

As at 31 December 2008 and 2007

(Unit : Baht)

	Note	Consolidated		
		financial statements	Separate financial statements	
		2008	2008	2007
Liabilities and shareholders' equity				
Liabilities				
Domestic borrowings		70,000,000	70,000,000	80,009,431
Payables to Clearing House		20,500	20,500	-
Securities and derivatives business payables		58,031,414	58,031,414	138,231,039
Liabilities under commercial papers sold	8.7	296,057,065	296,057,065	99,968,657
Corporate income tax payable		-	-	1,786,126
Accrued expenses		21,310,097	20,431,969	26,707,776
Provision for liabilities from litigations	24.5	8,855,571	8,855,571	8,687,907
Liabilities under hire purchase agreements	16	-	-	159,566
Other liabilities	22	7,373,451	7,422,702	7,067,016
Total liabilities		461,648,098	460,819,221	362,617,518
Shareholders' equity				
Share capital				
Registered				
172,000,000 ordinary shares of Baht 5 each				
		860,000,000	860,000,000	860,000,000
Issued and paid-up				
168,816,704 ordinary shares of Baht 5 each				
		844,083,520	844,083,520	844,083,520
Premium on ordinary shares		53,226,981	53,226,981	53,226,981
Revaluation deficit on investments	8.3	-	-	(10,883)
Retained earnings				
Appropriated				
Statutory reserve				
	17	16,173,093	16,173,093	16,173,093
Unappropriated				
		41,779,989	49,037,390	130,006,641
Equity attributable to the parent's shareholders		955,263,583	962,520,984	1,043,479,352
Minority interest - equity attributable to minority shareholders of subsidiary		12,627,206	-	-
Total shareholders' equity		967,890,789	962,520,984	1,043,479,352
Total liabilities and shareholders' equity		1,429,538,887	1,423,340,205	1,406,096,870



(Jeremy Kim San Liao)
Director



(Tippranee Chatmanop)
Director

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

Income statements

United Securities Public Company Limited and its subsidiary

For the years ended 31 December 2008 and 2007

(Unit : Baht)

	Note	Consolidated		
		financial statements	Separate financial statements	
		2008	2008	2007
Revenues				
Brokerage fees				
Brokerage fees from securities business		145,388,353	145,388,353	171,937,914
Brokerage fees from derivatives business		309,798	309,798	-
Fees and service income	18, 22	19,445,659	19,223,023	13,085,251
Gain on trading in securities	8.4	1,170,868	1,170,868	8,339,617
Interest and dividend	8.8, 22	44,255,484	43,824,349	24,555,613
Interest on margin loans		47,051,405	47,051,405	44,770,329
Other income	22	6,055,399	7,988,670	9,989,856
Total revenues		263,676,966	264,956,466	272,678,580
Expenses				
Expenses on borrowing		19,635,271	19,635,271	6,581,270
Fees and service expenses		13,305,441	12,555,921	12,617,461
Bad debts and doubtful accounts (reversal)	12	96,137,358	96,137,358	(4,062,319)
Operating expenses				
Personnel expenses		145,607,794	136,608,939	153,969,881
Premises and equipment expenses		53,181,786	51,303,586	60,815,451
Taxes and duties		1,585,246	1,581,489	2,598,257
Directors' remuneration	20, 22	3,129,000	3,065,000	2,975,000
Provision for liabilities from litigation		167,664	167,664	4,307,020
Other expenses		14,309,783	13,053,320	15,317,107
Total operating expenses		217,981,273	205,779,998	239,982,716
Total expenses		347,059,343	334,108,548	255,119,128
Income (loss) before income tax		(83,382,377)	(69,152,082)	17,559,452
Corporate income tax		-	-	(2,510,326)
Net income (loss) for the year		(83,382,377)	(69,152,082)	15,049,126
Net income (loss) attributable to:				
Equity holders of the parent		(76,409,483)	(69,152,082)	15,049,126
Minority interests of the subsidiary		(6,972,894)		
		(83,382,377)		
Earnings per share				
21				
Basic earnings (loss) per share				
Net income (loss) attributable to equity holders of the parent		(0.45)	(0.41)	0.09
Weighted average number of ordinary shares (shares)		168,816,704	168,816,704	168,816,704

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

Cash flow statements

United Securities Public Company Limited and its subsidiary

For the years ended 31 December 2008 and 2007

(Unit : Baht)

	Consolidated		
	financial statements	Separate financial statements	
	2008	2008	2007
Cash flows from operating activities			
Net income (loss) before tax	(83,382,377)	(69,152,082)	17,559,452
Adjustments to reconcile net income (loss) before tax to net cash provided by (paid from) operating activities			
Depreciation and amortisation	14,297,451	13,449,076	17,718,916
Bad debts and doubtful accounts (reversal)	96,137,358	96,137,358	(4,062,319)
Loss on impairment of other investments (reversal)	7,391,284	7,391,284	(9,306)
Gain on sales of premises improvement and equipment	(1,063,044)	(1,063,044)	(3,255,840)
Written-off premises improvement and equipment and intangible assets	29,951	29,951	2,198,128
Provision for liabilities from litigations	167,664	167,664	4,307,020
Interest and dividend	(44,255,484)	(43,824,349)	(24,555,613)
Expenses on borrowing	19,635,271	19,635,271	6,581,270
Income from operating activities before changes in operating assets and liabilities	8,958,074	22,771,129	16,481,708
Decrease (increase) in operating assets			
Long-term deposits at financial institutions	139,490	139,490	(5,135,786)
Short-term investments	(360,560,949)	(360,560,949)	3,779,040
Receivables from Clearing House	22,215,999	22,215,999	(31,433,460)
Securities and derivatives business receivables	244,474,003	244,474,003	(169,262,212)
Other assets	(11,577,302)	(10,893,564)	900,991
Increase (decrease) in operating liabilities			
Payables to Clearing House	20,500	20,500	(28,374,259)
Securities and derivatives business payables	(80,199,625)	(80,199,625)	32,004,102
Liabilities under commercial papers sold	200,000,000	200,000,000	100,000,000
Accrued expenses	(11,874,917)	(12,753,045)	8,462,790
Other liabilities	146,869	196,120	(1,261,171)
Cash flows from (used in) operating activities	11,742,142	25,410,058	(73,838,257)
Cash received from interest	43,489,123	43,057,988	23,144,693
Cash paid for expenses on borrowing	(23,550,973)	(23,550,973)	(6,638,640)
Cash paid for income tax	(2,637,095)	(2,637,076)	(724,200)
Net cash flows from (used in) operating activities	29,043,197	42,279,997	(58,056,404)

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

Cash flow statements (continued)

United Securities Public Company Limited and its subsidiary

For the years ended 31 December 2008 and 2007

(Unit : Baht)

	Consolidated		
	financial statements	Separate financial statements	
	2008	2008	2007
Cash flows from investing activities			
Cash paid for purchase of investment in subsidiary	-	(20,399,900)	-
Cash received from dividend	1,407,600	1,407,600	1,133,900
Proceeds from sales of equipment	1,478,276	1,478,276	11,247,638
Cash paid for purchase of premises improvement and equipment	(14,578,055)	(13,612,621)	(3,450,214)
Cash paid for purchase of intangible assets	(17,041,928)	(11,541,643)	(3,325,506)
Net cash flows from (used in) investing activities	(28,734,107)	(42,668,288)	5,605,818
Cash flows from financing activities			
Increase (decrease) in domestic borrowings	(10,009,431)	(10,009,431)	9,805,221
Dividend paid	(11,817,169)	(11,817,169)	-
Proceed from paid-up share capital from minority shareholders of subsidiary	19,600,100	-	-
Net cash flows from (used in) financing activities	(2,226,500)	(21,826,600)	9,805,221
Net decrease in cash and cash equivalents	(1,917,410)	(22,214,891)	(42,645,365)
Cash and cash equivalents at beginning of the year	24,030,561	24,030,561	66,675,926
Cash and cash equivalents at the end of the year (Note 6)	22,113,151	1,815,670	24,030,561
Supplemental cash flows information			
Non-cash items			
Increase in revaluation surplus in investments	10,883	10,883	244,631
Purchase of premises improvement and equipment that has not yet been paid	6,481,348	6,481,348	-

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

Statements of changes in shareholders' equity

United Securities Public Company Limited and its subsidiary

For the years ended 31 December 2008 and 2007

(Unit : Baht)

Consolidated financial statements								
Equity attributable to the parent's shareholders								
Note	Ordinary shares	Premium on ordinary shares	Revaluation surplus (deficit) on investments	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiary	Total
				Appropriated - statutory reserve	Unappropriated			
	844,083,520	53,226,981	(10,883)	16,173,093	130,006,641	1,043,479,352	-	1,043,479,352
	Income recognised directly in equity:							
	Investments in available-for-sale securities							
	Transferred to income statement on disposals							
8.3	-	-	10,883	-	-	10,883	-	10,883
	-	-	10,883	-	-	10,883	-	10,883
	Net income recognised directly in equity							
	Net loss for the year							
	-	-	-	-	(76,409,483)	(76,409,483)	(6,972,894)	(83,382,377)
	-	-	10,883	-	(76,409,483)	(76,398,600)	(6,972,894)	(83,371,494)
	Total income and expenses for the year							
	Dividend paid							
23	-	-	-	-	(11,817,169)	(11,817,169)	-	(11,817,169)
	Payment for paid-up share capital of subsidiary by minority shareholders							
	-	-	-	-	-	-	19,600,100	19,600,100
	844,083,520	53,226,981	-	16,173,093	41,779,989	955,263,583	12,627,206	967,890,789

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

Statements of changes in shareholders' equity

United Securities Public Company Limited and its subsidiary

For the years ended 31 December 2008 and 2007

(Unit : Baht)

	Note	Separate financial statements					Total
		Ordinary shares	Premium on ordinary shares	Revaluation surplus (deficit) on investments	Retained earnings		
					Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2006		844,083,520	53,226,981	(255,514)	15,420,637	115,709,971	1,028,185,595
Income recognised directly in equity:							
Investments in available-for-sale securities							
Gain recognised in shareholders' equity	8.3	-	-	244,631	-	-	244,631
Net income recognised directly in equity		-	-	244,631	-	-	244,631
Net income for the year		-	-	-	-	15,049,126	15,049,126
Total income for the year		-	-	244,631	-	15,049,126	15,293,757
Unappropriated retained earnings							
transferred to statutory reserve	17	-	-	-	752,456	(752,456)	-
Balance as at 31 December 2007		844,083,520	53,226,981	(10,883)	16,173,093	130,006,641	1,043,479,352
		-	-	-	-	-	-
Balance as at 31 December 2007		844,083,520	53,226,981	(10,883)	16,173,093	130,006,641	1,043,479,352
Income recognised directly in equity:							
Investments in available-for-sale securities							
Transferred to income statement on disposals	8.3	-	-	10,883	-	-	10,883
Net income recognised directly in equity		-	-	10,883	-	-	10,883
Net loss for the year		-	-	-	-	(69,152,082)	(69,152,082)
Total income and expenses for the year		-	-	10,883	-	(69,152,082)	(69,141,199)
Dividend paid	23	-	-	-	-	(11,817,169)	(11,817,169)
Balance as at 31 December 2008		844,083,520	53,226,981	-	16,173,093	49,037,390	962,520,984

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

Notes to consolidated financial statements

United Securities Public Company Limited and its subsidiary

For the years ended 31 December 2008 and 2007

1. General information

1.1 United Securities Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is A.P.F. Holdings Company Limited, which registered as a limited company under Thai laws. The Company’s head office is located at 1550, 4th-5th Floor, Thanapoom Tower, New Petchburi Road, Makkasan, Rachathewi, Bangkok. As at 31 December 2008, the Company and its subsidiary had a total of 179 employees (the Company only : 170 employees, 2007 : 176 employees).

During the current year, the Company opened a new branch. As at 31 December 2008, the Company has a total of four branches (2007 : three branches).

The Company operates its business in Thailand and is engaged in the securities business, with the approval of the Ministry of Finance to undertake four types of securities businesses, as follows :

1. Securities brokerage
2. Securities dealing
3. Investment advisory
4. Securities underwriting.

In addition, the Office of the Securities and Exchange Commission granted the Derivatives Agent License to the Company, effective from 31 July 2008.

On 4 September 2008, the Office of the Securities and Exchange Commission granted permission to the Company to operate a futures brokerage business from 22 September 2008 onwards.

On 15 September 2008, Thailand Clearing House Company Limited has allowed the Company, as a member, to commence settlement of futures contracts and other services offered by the Clearing House through the Clearing House system from 22 September 2008 onwards.

On 16 September 2008, Thailand Futures Exchange Public Company Limited granted the Company a broker membership, effective from 22 September 2008 onwards.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These

financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

2. Basis for preparation of the financial statements

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies No. Sor. Thor. Nor. 26/2549 dated 29 June 2006.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements for the year ended 31 December 2008 were prepared for the first time, combining the financial statements of United Securities Public Company Limited (“the Company”) and the following subsidiary company (“the subsidiary”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding as at 31 December 2008	Assets as a percentage to the consolidated total assets as at 31 December 2008	Revenues as a percentage to the consolidated total revenues for the year ended 31 December 2008
		%	%	%	
United Asset Management Company Limited	Private fund management	Thailand	51	1.87	0.25

- b) The subsidiary is fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- f) Minority interests represent the portion of net income or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

- 2.3 The separate financial statements, which present investments in subsidiary presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notifications No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows.

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 31 (revised 2007), TAS 33 (revised 2007) and TAS 49 (revised 2007) are not relevant to the business of the Company, while TAS 25 (revised 2007), TAS 29 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007), TAS 43 (revised 2007) and TAS 51 do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

a) Brokerage fees

Brokerage fees on securities and derivatives trading are recognised as income on the transaction date.

b) Fees and service income

Fees are recognised as income on an accrual basis and service income is recognised when services have been rendered taking into account the stage of completion.

c) Interest on margin loans

Interest is recognised on an accrual basis. Except there is uncertainty as to the collectability of loans and interest, the Company ceases accrual.

The following cases are considered as uncertainty of collectability of loans and interest.

- (1) Loans are not fully covered with collateral.
- (2) Installment loans with repayments scheduled no more than 3 months for each installment, which principal or interest is overdue more than 3 months.
- (3) Installment loans with repayments scheduled no less than 3 months for each installment, unless there is a clear evidence and high degree of certainty that full repayment is recovered.
- (4) Problem financial institutions debtors.
- (5) Other receivables of which interest payment is overdue 3 months or more.

These conditions are based on the guidelines stipulated by the Office of the Securities and Exchange Commission.

d) Gain (loss) on trading in securities

Gain (loss) on trading in securities is recognised as income or expenses on the transaction dates.

e) Interest and dividends on investments in securities

Interest on investments is recognised on an accrual basis based on the effective rate. Dividends on investments are recognised when the right to receive the dividends is established.

f) Expenses

Expenses are recognised on an accrual basis.

4.2 Borrowing cost

Borrowing cost is charged to income on an accrual basis.

4.3 Recognition and amortisation of customer deposits

Cash received from customers of cash balance accounts, credit balance accounts and derivatives trading are recorded as assets and liabilities of the Company for internal control purposes. As at the balance sheet date, the Company excludes these amounts off from both assets and liabilities and presents only assets which belong to the Company.

4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, all bank deposit accounts with an original maturity of three months or less, call notes receivable and term notes receivable with an original maturity of three months or less and not subject to withdrawal restrictions.

4.5 Long-term deposits with financial institutions

Long-term deposits with financial institutions include fixed deposit, investments in promissory notes issued by financial institutions with an original maturity more than three months and deposits used as collateral.

4.6 Investments in debt and equity securities

- a) Investments in securities held for trading are stated at fair value. Gains or losses arising from changes in the carrying amounts of securities are included in determining income.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).
- e) Investment in subsidiary is accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value of the balance sheet date.

Loss on impairment (if any) of investments in available-for-sale securities, debt securities expected to be held to maturities and other investments are included in the income statements.

The Company treats available-for-sale securities, held-to-maturities debt securities and other investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

The weighted average method is used for computation of the cost of investments.

In the event of the Company reclassifies investments in securities, such investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as surplus (deficit) from change in the value of investments in shareholders' equity and amortised over the remaining period to maturity of the debt securities, depending on the type of investment which is reclassified.

4.7 Receivables from Clearing House

Receivables from Clearing House comprises the net receivable at Thailand Securities Depository (TSD) in respect to securities trades which settlement is made through TSD and the net receivable at Thailand Clearing House (TCH) including cash collateral pledged with TCH for derivatives trading.

4.8 Securities and derivatives business receivables and allowance for doubtful accounts

Securities and derivatives business receivables are the net balances after deducting allowance for doubtful accounts, and include accrued interest receivables. Securities business receivables comprise cash accounts, margin accounts, guarantee deposits receivable, as well as other receivables such as overdue cash accounts, and receivables which are the subject of legal proceedings, are undergoing restructuring or are being settled in installments.

The Company has provided an allowance for doubtful accounts based on a review of debtor's repayment capability, taking into consideration risk in recovery and value of collateral. An allowance will be set aside for doubtful debts not fully covered by collateral and/or debtors which are expectable not to be recovered in full. Such debt classifications and allowance are in accordance with guidelines laid down in the Notification of the Office of the Securities and Exchange Commission and other relevant factors.

- a) Assets classified as doubtful loss are to satisfy the following criteria: -
- (1) Loan balances which the Company has already made every effort to collect, but which remain unpaid and which the Company has already written off in accordance with tax law.
 - (2) Loan balances which the Company has forgiven.
- b) Doubtful debt is defined as the uncollateralised portion of the value of a debt which meets the following criteria: -
- (1) General loans, problem financial institution loans, and other loans for which the collateral value is less than the loan balance.
 - (2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.
 - (3) Installment loans with repayments scheduled no less frequently than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- c) Substandard debt is defined as the collateralised portion of loans which meet the criteria in b).

Loans classified as doubtful of loss will be written off when identified. Allowance will be set aside for loans classified as doubtful at not less than 100% of the loan balance. These conditions are based on the guidelines stipulated by the Office of the Securities and Exchange Commission.

Allowance for doubtful accounts for securities business receivables are intended to adjust the values of loans and receivables for probable credit losses. The management uses judgment to

establish reserves for estimated losses for each outstanding loan and receivable by taking into account collection risk and the value of the security used as collateral. However, the use of different estimates and assumptions could affect the amounts of allowances for doubtful accounts and adjustments to the allowances may therefore be required in the future.

4.9 Premises improvement and equipment and depreciation

Premises improvement and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation is calculated by reference to their cost on a straight-line basis (except for some parts of premises improvement and computers equipment which are considered to be more efficient early on in their life and are therefore depreciated using the sum-of-the-years digit method) over the following estimated useful lives.

Premises improvement	3, 5 years
Office furniture and equipment	5 years
Computers equipment	3, 5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on office furniture and equipment under installation.

In determining depreciation of premises improvement and equipment, the management is required to make estimates of the useful lives and salvage values of premises improvement and equipment of the Company and its subsidiary and to review estimate useful lives and salvage values when there are any changes.

4.10 Intangible assets and amortisation

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortisation expense is charged as expense in the income statement.

A summary of the intangible assets with finite useful lives is as follows.

- a) Amortisation of the Stock Exchange of Thailand membership fee and futures Exchange membership fee is calculated by reference to their cost on a straight-line basis over estimated useful lives of 5 years.

- b) Amortisation of software is calculated by reference to its costs using the sum-of-the-years - digits method over a useful life of 5 years. However, amortisation of software purchased since 1 December 2005 is calculated by reference to its cost on a straight-line basis over estimated useful lives of 5 years.

No amortisation is provided on software under installation.

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

4.11 Impairment of assets

At each reporting date, the Company and its subsidiary perform impairment reviews in respect of the premises improvement, equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that based on information available, reflects the amount that the Company and its subsidiary could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company and its subsidiary estimate the asset's recoverable amount. An impairment loss recognised in prior periods for an asset shall be reversed.

4.12 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiary, whether directly or indirectly, or which are under common control with the Company and its subsidiary.

They also include enterprises and individuals which directly or indirectly own a voting interest in the Company and its subsidiary that gives them significant influence over the Company and its subsidiary, key management personnel, directors and officers with authority in the planning and direction of the Company and its subsidiary's operations.

4.13 Payables to Clearing House

Payables to Clearing House comprises the net payable to Thailand Securities Depository (TSD) in relation to securities trading which settlement is made through TSD and the net payable to Thailand Clearing House (TCH), which is margin required by TCH for derivatives business.

4.14 Securities and derivatives business payables

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives business with outside parties, such as the net payable balances of cash accounts and securities delivery obligations as a result of short sales.

4.15 Foreign currency

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

4.16 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

4.17 Provisions

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company has contingent liabilities as a result of litigation. The Company's management exercises judgment to assess of the results of the litigation and believes that losses incurred will not exceed the amount of provision for liabilities from litigation recorded in the financial statements. However, actual results could differ from these estimates.

4.18 Income tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are disclosed in accounting policies relating to investments in debt and equity securities, allowance for doubtful accounts, premises improvement and equipment and depreciation, intangible assets and amortisation, provisions, and as additional presented below.

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

6. Cash and cash equivalents

(Unit : Baht)

	Consolidated		
	financial statements	Separate financial statements	
	2008	2008	2007
Cash on hand	40,000	35,000	35,000
Current deposits and saving deposits	10,645,434	9,352,953	13,687,223
Promissory notes with an original maturity of three months or less	255,000,000	236,000,000	240,000,000
Total cash and cash equivalents	265,685,434	245,387,953	253,722,223
<u>Less</u> : Deposits for customers' accounts	(243,572,283)	(243,572,283)	(229,691,662)
Net cash and cash equivalents	22,113,151	1,815,670	24,030,561

7. Long-term deposits at financial institutions

These represent fixed deposits pledged with the banks as collateral for overdraft facilities, to secure a letters of guarantee issued by these banks and as a bond for the postponement of legal execution under a lawsuit, as discussed in Note 24.5 a).

8. Investments in debt and equity securities

8.1 Cost and fair value

(Unit : Baht)

	Consolidated / Separate financial statements			
	2008		2007	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
Short-term investments				
Trading securities				
Debt securities				
Debt securities of private sector	370,823,955	370,823,955	200,710,389	200,710,389
Debt securities, net	370,823,955	370,823,955	200,710,389	200,710,389
Trading securities, net	370,823,955	370,823,955	200,710,389	200,710,389
Available-for-sale securities				
Debt securities				
Debt securities of private sector	323,009,082	323,009,082	132,561,699	132,550,816
<u>Less</u> : Changes in fair value of investment	-	-	(10,883)	-
Debt securities, net	323,009,082	323,009,082	132,550,816	132,550,816
Available-for-sale securities, net	323,009,082	323,009,082	132,550,816	132,550,816
Total short-term investments, net	693,833,037	693,833,037	333,261,205	333,261,205
Long-term investments				
Other investments				
Equity securities				
Other securities	7,996,000	455,512	7,996,000	7,846,796
<u>Less</u> : Allowance for loss on impairment	(7,540,488)	-	(149,204)	-
Other investments, net	455,512	455,512	7,846,796	7,846,796
Held-to-maturity debt securities				
Debt securities				
Debt securities of private sector	8,500,000	-	8,500,000	-
<u>Less</u> : Allowance for loss on impairment	(8,500,000)	-	(8,500,000)	-
Held-to-maturity debt securities, net	-	-	-	-
Long-term investments, net	455,512	455,512	7,846,796	7,846,796
Total investments, net	694,288,549	694,288,549	341,108,001	341,108,001

8.2 As at 31 December 2008 and 2007, the Company's debt securities can be classified by the remaining period to maturity as follows: -

(Unit : Baht)

	Consolidated / Separate financial statements				
	2008				
	Period to maturity				Total
	Within 1 year	1 - 5 years	Over 5 years	No maturity	
Trading securities					
Debt securities of private sector	370,823,955	-	-	-	370,823,955
<u>Add</u> : Allowance for change in valuation	-	-	-	-	-
Net	370,823,955	-	-	-	370,823,955
Available-for-sale securities					
Debt securities of private sector	323,009,082	-	-	-	323,009,082
<u>Less</u> : Allowance for change in valuation	-	-	-	-	-
Net	323,009,082	-	-	-	323,009,082
Held-to-maturity debt securities					
Debt securities of private sector	-	-	-	8,500,000	8,500,000
<u>Less</u> : Allowance for loss on impairment	-	-	-	(8,500,000)	(8,500,000)
Net	-	-	-	-	-
Total debt securities	693,833,037	-	-	-	693,833,037

(Unit : Baht)

	Separate financial statements				
	2007				
	Period to maturity				Total
	Within 1 year	1 - 5 years	Over 5 years	No maturity	
Trading securities					
Debt securities of private sector	200,710,389	-	-	-	200,710,389
<u>Add</u> : Allowance for change in valuation	-	-	-	-	-
Net	200,710,389	-	-	-	200,710,389
Available-for-sale securities					
Debt securities of private sector	132,561,699	-	-	-	132,561,699
<u>Less</u> : Allowance for change in valuation	(10,883)	-	-	-	(10,883)
Net	132,550,816	-	-	-	132,550,816
Held-to-maturity debt securities					
Debt securities of private sector	-	-	-	8,500,000	8,500,000
<u>Less</u> : Allowance for loss on impairment	-	-	-	(8,500,000)	(8,500,000)
Net	-	-	-	-	-
Total debt securities	333,261,205	-	-	-	333,261,205

8.3 Revaluation deficit in investments

(Unit : Baht)

	Consolidated / Separate financial statements	
	2008	2007
Balance - beginning of the year	(10,883)	(255,514)
Changes during the year		
- from disposal	10,883	-
- from revaluation	-	244,631
Balance - end of the year	-	(10,883)

8.4 Gain on trading in securities

(Unit : Baht)

	Consolidated / Separate financial statements	
	2008	2007
Loss on impairment of other investments	(7,405,540)	-
Reversal unrealised loss from impairment of other investments	14,256	9,306
Realised gain on trading in trading securities	8,562,152	8,330,311
Total	1,170,868	8,339,617

8.5 As at 31 December 2008 and 2007, the Company held held-to-maturity debt securities of a company which has problem to repay the debt. Such investment has book value of Baht 8.5 million. The fair value of this investment cannot be calculated. However, the Company set aside fully allowance for impairment of this investment. In addition, as at 31 December 2008 the Company held other investments in equity securities of a company facing problems with respect to its financial position and operating results and with going concern issues amounting to Baht 7.8 million and the Company has set aside allowance for impairment of such investment amounting to Baht 7.4 million.

8.6 During the years, the Company received proceeds from the sale of investments as follows: -

(Unit : Million Baht)

	Consolidated / Separate financial statements	
	2008	2007
Short-term investments		
Trading securities	16,016.3	12,021.9
Available-for-sale securities	1,121.9	306.7
Total	17,138.2	12,328.6

8.7 As at 31 December 2008 and 2007, the Company had investments in available-for-sale securities amounting to Baht 300 million and Baht 100 million, respectively, which were sold with recourse, comprising bills of exchange that carry no acceptance or aval of the financial institutions. The Company recorded liabilities arising from the sales of bills of exchange with recourse under the caption of "Liabilities under commercial papers sold".

8.8 Interest and dividend

The Company and its subsidiary received interest and dividend income classified by type of investments as follows: -

(Unit : Baht)

	Consolidated		
	financial statements	Separate financial statements	
	2008	2008	2007
Interest income from investments in debt securities	31,826,245	31,826,245	12,861,547
Other interest income	11,021,639	10,590,504	10,560,166
Dividend income	1,407,600	1,407,600	1,133,900
Total	44,255,484	43,824,349	24,555,613

9. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements are as follows.

Company's name	Nature of business	Paid-up capital	Percentage of shareholding	Investment - cost method
		Million Baht	%	Million Baht
United Asset Management Company Limited	Private fund management	40	51	20.4

During the current year, the Company incorporated a subsidiary company, United Asset Management Company Limited, in Thailand with a registered capital of Baht 25 million, and holds a 51% stake.

On 16 October 2008, an extraordinary general meeting of the subsidiary's shareholders approved an increase in its registered share capital from Baht 25 million to Baht 40 million, through the issue of 150,000 new ordinary shares with a par value of Baht 100 each to the existing shareholders. The Company exercised its right to purchase the additional shares in proportion to its shareholding. The subsidiary received payment of the additional share capital in October 2008 and registered the increase in its share capital with the Ministry of Commerce on 6 November 2008.

10. Receivables from Clearing House

(Unit : Baht)

	Consolidated / Separate financial statements	
	2008	2007
Receivables from TSD	22,843,481	45,099,480
Receivables from TCH	1,269,450	-
<u>Less:</u> Receivables from TCH for customers' account	(1,269,450)	-
Receivables from TCH, net	-	-
Total	22,843,481	45,099,480

11. Securities and derivatives business receivables

(Unit : Baht)

	Consolidated / Separate financial statements	
	2008	2007
Securities business receivables		
Cash's accounts	65,284,904	101,554,662
Credit balance accounts	538,276,967	785,732,039
Other receivables:		
Installment receivables	39,289,368	-
Receivables subject to legal proceedings	2,026,540	2,026,540
Others	-	63,515
Total securities business receivables	644,877,779	889,376,756
<u>Add</u> : Accrued interest receivables	36,903	36,951
<u>Less</u> : Allowance for doubtful accounts (Note 12)	(98,235,040)	(2,097,682)
Net securities business receivables	546,679,642	887,316,025
Derivatives business receivables		
Derivatives business receivables	25,022	-
Total	546,704,664	887,316,025

11.1 As at 31 December 2008 and 2007, the Company has credit balance accounts and other receivables, including interest receivables, for which it has stopped recognising interest income, of approximately Baht 130.5 million and Baht 2.1 million, respectively.

11.2 The Company has classified securities business receivables including related accrued interest receivables according to a Notification set out by the Office of the Securities and Exchange Commission. As at 31 December 2008 and 2007, classified securities business receivables are as follows : -

(Unit : Million Baht)

	Consolidated / Separate financial statements					
	2008			2007		
Securities business receivables	Allowance for doubtful accounts set up by the Company	Net securities business receivables after allowance for doubtful accounts	Securities business receivables	Allowance for doubtful accounts set up by the Company	Net securities business receivables after allowance for doubtful accounts	
Normal debts	515	-	515	887	-	887
Substandard debts	32	-	32	-	-	-
Doubtful debts	98	(98)	-	2	(2)	-
Total	645	(98)	547	889	(2)	887

12. Allowance for doubtful accounts

(Unit : Baht)

	Consolidated / Separate financial statements	
	2008	2007
Balance - beginning of the year	2,097,682	9,753,971
<u>Add</u> : Bad debts and doubtful accounts	96,171,597	-
<u>Less</u> : Bad debt written-off	-	(3,593,970)
Reversal of bad debts and doubtful accounts	(34,239)	(4,062,319)
Balance - end of the year	98,235,040	2,097,682

13. Premises improvement and equipment

(Unit : Baht)

	Consolidated financial statements				
	Premises improvement	Office furniture and equipment	Motor vehicles	Office furniture and equipment under installation	Total
Cost					
31 December 2007	21,890,266	63,351,263	7,051,799	241,700	92,535,028
Additions	9,122,109	3,803,055	123,977	1,551,229	14,600,370
Disposals	(3,748,725)	(1,302,982)	(2,881,195)	-	(7,932,902)
Write-off	-	(11,813,274)	-	-	(11,813,274)
Transfers	435,923	819,794	-	(1,255,717)	-
31 December 2008	27,699,573	54,857,856	4,294,581	537,212	87,389,222
Accumulated depreciation					
31 December 2007	15,696,659	50,383,551	5,985,129	-	72,065,339
Depreciation for the year	3,865,464	6,958,960	244,935	-	11,069,359
Depreciation on disposals	(3,503,148)	(1,133,329)	(2,881,193)	-	(7,517,670)
Depreciation on write-off	-	(11,802,427)	-	-	(11,802,427)
31 December 2008	16,058,975	44,406,755	3,348,871	-	63,814,601
Net book value					
31 December 2007	6,193,607	12,967,712	1,066,670	241,700	20,469,689
31 December 2008	11,640,598	10,451,101	945,710	537,212	23,574,621
Depreciation for the year					
2007					16,212,792
2008					11,069,359

(Unit : Baht)

	Separate financial statements				
	Premises improvement	Office furniture and equipment	Motor vehicles	Office furniture and equipment under installation	Total
Cost					
31 December 2007	21,890,266	63,351,263	7,051,799	241,700	92,535,028
Additions	8,847,014	3,112,716	123,977	1,551,229	13,634,936
Disposals	(3,748,725)	(1,302,982)	(2,881,195)	-	(7,932,902)
Write-off	-	(11,813,274)	-	-	(11,813,274)
Transfers	435,923	819,794	-	(1,255,717)	-
31 December 2008	27,424,478	54,167,517	4,294,581	537,212	86,423,788
Accumulated depreciation					
31 December 2007	15,696,659	50,383,551	5,985,129	-	72,065,339
Depreciation for the year	3,826,533	6,773,852	244,935	-	10,845,320
Depreciation on disposals	(3,503,148)	(1,133,329)	(2,881,193)	-	(7,517,670)
Depreciation on write-off	-	(11,802,427)	-	-	(11,802,427)
31 December 2008	16,020,044	44,221,647	3,348,871	-	63,590,562
Net book value					
31 December 2007	6,193,607	12,967,712	1,066,670	241,700	20,469,689
31 December 2008	11,404,434	9,945,870	945,710	537,212	22,833,226
Depreciation for the year					
2007					16,212,792
2008					10,845,320

As at 31 December 2007, net book value of premises improvement and equipment include assets under hire purchase agreements of the Company with net book value amounting to Baht 0.5 million.

As at 31 December 2008, certain premises improvement and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 35.3 million (2007 : Baht 39.2 million).

14. Intangible assets

(Unit : Baht)

	Consolidated financial statements					
	31 December 2008					
Remaining life	Balance beginning of year	Additions	Amortised	Transfer in (out)/ write-off	Balance end of the year	
Copyright fee	1 - 5 years	169,004	575,436	(102,984)	-	641,456
Software	1 - 5 years	5,047,248	6,658,215	(2,003,101)	-	9,702,362
Software under installation	-	19,104	150,000	-	(19,104)	150,000
Future Exchange membership fee	4.7 years	-	15,599,810	(1,039,987)	-	14,559,823
License fee	4.2 years	-	517,500	(82,020)	-	435,480
Total		5,235,356	23,500,961	(3,228,092)	(19,104)	25,489,121

(Unit : Baht)

Separate financial statements						
31 December 2008						
	Remaining life	Balance beginning of year	Additions	Amortised	Transfer in (out)/ write-off	Balance end of the year
Copyright fee	1 - 5 years	169,004	575,436	(102,984)	-	641,456
Software	1 - 5 years	5,047,248	1,675,430	(1,460,785)	-	5,261,893
Software under installation	-	19,104	150,000	-	(19,104)	150,000
Future Exchange membership fee	4.7 years	-	15,599,810	(1,039,987)	-	14,559,823
Total		5,235,356	18,000,676	(2,603,756)	(19,104)	20,613,172

As at 31 December 2008, certain intangible asset items have been fully amortised but are still in use. The original cost of those intangible assets amounted to Baht 12.7 million (2007: Baht 9.0 million).

15. Other assets

(Unit : Baht)

	Consolidated		
	financial statements	Separate financial statements	
	2008	2008	2007
Deposits	5,080,195	5,071,470	5,049,595
Payments for clearing funds	15,812,400	15,812,400	9,484,475
Asset for protecting the clearing system	5,000,000	5,000,000	-
Others	6,021,629	5,346,597	5,593,122
Total	31,914,224	31,230,467	20,127,192
Less : Provision for liabilities from litigation	(393,360)	(393,360)	(393,360)
Total other assets	31,520,864	30,837,107	19,733,832

As at 31 December 2008, the outstanding balance amounting of Baht 0.1 million (2007: Baht 0.1 million) of the other assets included securities which the Company purchased for return to a customer in relation to the litigation as discussed in Note 24.5 a).

16. Liabilities under hire purchase agreements

(Unit : Baht)

	Separate financial statements
	2007
Loans under hire purchase agreements - computers equipment	159,566
Total	159,566

As at 31 December 2007, the current portion of the Company's loans under hire purchase agreements of computers equipment amounted to Baht 0.2 million.

17. Statutory reserve

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

18. Fees and service income

(Unit : Baht)

	Consolidated		
	financial statements	Separate financial statements	
	2008	2008	2007
Underwriting	-	-	652,500
Investment advisory	601,916	601,916	126,132
Financial advisory	16,850,000	16,850,000	10,500,000
Others	1,993,743	1,771,107	1,806,619
Total	19,445,659	19,223,023	13,085,251

19. Provident fund

The Company and its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiary contributed to the fund monthly at the rates of 3% to 6% of basic salary. The fund, which is managed by BT Asset Management Company Limited, will be paid to the employees upon termination in accordance with the fund rules. During the year 2008, the Company and its subsidiary contributed Baht 3,806,412 (the Company only : Baht 3,530,932, 2007 : Baht 3,432,589) to the fund.

20. Directors' remuneration

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive position.

21. Earnings per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares in issue during the year.

22. Related party transactions

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases upon between the Company, its subsidiary and those related parties.

(Unit : Baht)

	Consolidated financial statements	
	2008	Transfer pricing policy
<u>Transactions with related parties</u>		
Brokerage fee	4,247,129	0.15%, 0.20% and 0.25% of trading volume
Advisory fee income	19,707,292	Contract price
Rental and service income	274,347	Contract price and at cost
Service expenses	488,650	Market price
Interest income	19,274,810	7.12% to 9.15% per annum

(Unit : Baht)

	Separate financial statements		
	2008	2007	Transfer pricing policy
<u>Transactions with subsidiary</u>			
Advisory fee income	1,180,000	-	Contract price
Rental and service income	745,289	-	Contract price
Sales of equipment	204,276	-	Contract price
<u>Transactions with related parties</u>			
Brokerage fee	4,247,129	417,967	0.15%, 0.20% and 0.25% of trading volume
Advisory fee income	19,700,000	15,082,277	Contract price
Rental and service income	274,347	2,097,689	Contract price and at cost
Sales of equipment	-	3,100,000	Contract price
Service expenses	488,650	280,271	Market price
Interest income	19,274,810	6,983,516	7.12% to 9.15% per annum (2007 : 8.5% to 9.0% per annum)
Upfront fee	-	135,394	0.5% per annum of bills of exchange

The balances of the accounts as at 31 December 2008 and 2007 between the Company, its subsidiary and those related parties are as follows:

(Unit : Baht)

		Consolidated financial statements		
		2008	2008	2007
Relationship				
Bills of exchange				
Group Lease Plc.	Common shareholder and/or directors	-	-	99,951,653
A.P.F. Hospitality Co., Ltd.	Common shareholder and/or directors	294,560,616	294,560,616	-
Securities and derivatives				
business receivables				
Related persons and related parties	Common shareholder and/or directors	228,689	228,689	173,463
Other receivables				
Bangkok Station Network Co., Ltd.	Common shareholder and/or directors	-	-	32,140
United Asset Management Co., Ltd.	Subsidiary	-	114,932	-
A.P.F. Holdings Co., Ltd.	Parent company	877,400	877,400	253,387
Securities and derivatives				
business payables				
Related persons and related parties	Common shareholder and/or directors	32,051	32,051	320,740
Other payables - deposits and other liabilities				
Bangkok Station Network Co., Ltd.	Common shareholder and/or directors	21,400	21,400	536,445
United Asset Management Co., Ltd.	Subsidiary	-	204,701	-
Related persons and related parties	Common shareholder and/or directors	13,542	-	-

During the year 2008, bills of exchanges - related parties have movements as follow:

(Unit : Baht)

	Consolidated / Separate financial statements			
	2007	Increase	Decrease	2008
Group Lease Plc.				
Principals	100,000,000	130,000,000	(230,000,000)	-
Discount on bill of exchanges	(48,347)	(1,494,477)	1,542,824	-
	99,951,653	128,505,523	(228,457,176)	-
A.P.F. Hospitality Co., Ltd.				
Principals	-	930,000,000	(630,000,000)	300,000,000
Discount on bill of exchanges	-	(24,756,884)	19,317,500	(5,439,384)
	-	905,243,116	(610,682,500)	294,560,616
A.P.F. Management Co., Ltd.				
Principals	-	30,000,000	(30,000,000)	-
Discount on bill of exchanges	-	(46,027)	46,027	-
	-	29,953,973	(29,953,973)	-

Remunerations paid to directors and/or executives

Remunerations paid to directors

During the year 2008, monetary remuneration paid to the Board of Directors consisted of meeting allowances and gratuities amounting to Baht 3.1 million (2007 : Baht 3.0 million).

Remunerations paid to executives

During the year 2008, monetary remuneration in form of salaries and bonuses totalling Baht 34.3 million (2007 : Baht 36.7 million) were paid to eight executives (2007 : seven executives). These comprised executives in the four top ranking positions below the President, including all of the fourth ranked executives except the head of Accounting and Finance.

23. Dividends

(Unit : Baht)

Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2007	Annual General Meeting of the shareholders on 23 April 2008	11,817,169	0.07
Total dividends paid in 2008		11,817,169	0.07

24. Commitments and contingent liabilities

24.1 Commitments relating to operating lease and service agreements

The Company and its subsidiary have entered into several lease agreements in respect of the lease of office building space, motor vehicles and equipment, and several service agreements. The terms of the lease agreements are generally between 1 and 4 years and the terms of the service agreements are generally 1 year. Operating lease and service agreements are non-cancelable.

As at 31 December 2008, future minimum lease and service payments required under these non-cancellable operating leases and service agreements were as follows.

(Unit : Million Baht)

	Consolidated	Separate financial
	financial statements	statements
	2008	2007
Payable within :		
1 year	16.4	16.3
1 to 5 years	14.8	14.8
Total	31.2	31.1

During the year 2008, the Company and its subsidiary recognised rental expenses of Baht 10.7 million (the Company only : Baht 10.4 million).

24.2 Service commitments

- As at 31 December 2008, the Company has a commitment under an on-line securities trading service agreement whereby the Company is charged a fee at rates of 0.02% to 0.05% of its securities trading volume, with the minimum payment being Baht 20,000 per month.

- b) As at 31 December 2008, the Company is required to pay a membership fee to the Stock Exchange of Thailand on a monthly basis of Baht 50,000 and at a rate of 0.005% of the trading volume.
- c) As at 31 December 2008, the Company has obligations to pay service fees to the Thailand Securities Depository Company Limited (TSD), as the Company's Back Office Service Bureau. These are charged at Baht 70,000 per month and certain other fees specified in the agreements. The agreement of derivative business will terminate on 31 December 2009.
- d) As at 31 December 2008, the Company is required to pay a fee to the Office of the Securities and Exchange Commission (SEC) in relation to securities business licensed for Securities brokerage, securities trading, investment advisory and underwriting and the subsidiary is required to pay a fee to the Office of SEC for its fund management license. The fee is charged at a rate of 1% of revenues from the above activities, with a minimum fee of Baht 500,000 per annum per company and a maximum fee of Baht 5,000,000 per annum per company.
- e) As at 31 December 2008, the Company is required to pay contributions to the Compensation Fund for securities Clearing and Settlement, which is overseen by the Thailand Securities Depository Company Limited (TSD), and the Compensation Fund for Derivatives Clearing and Settlement, which is overseen by the Thailand Clearing House Company Limited (TCH), on a monthly basis, at certain rates of its net settlements each month.
- f) As at 31 December 2008, the Company is required to pay a membership fee to Securities Investor Protection Fund (SIPF), which is overseen by the Stock Exchange of Thailand, on a monthly basis, at a rate of 0.0005% of its trading volume.
- g) As at 31 December 2008, the Company is required to pay annual service fees of Baht 500,000 per year to the Thailand Futures Exchange Public Company Limited (TFEX) and has obligations to pay derivative trading fees at rates set by TFEX.
- h) As at 31 December 2008, the Company is committed to pay annual service fees of Baht 300,000 per year to Thailand Clearing House Company Limited (TCH) and has obligations to pay settlement fees at rates set by TCH.

24.3 Guarantees

As at 31 December 2008, there was outstanding bank guarantee of amounting to Baht 64,000 issued by a bank on behalf of the Company in respect of certain performance bonds required in the normal course of business of the Company.

24.4 Contingent liabilities

As at 31 December 2008, the Company has contingent liabilities from securities business customer claims for compensation, amounting to Baht 5.2 million (2007 : Baht 9.5 million). The Company is confident that it will not be obliged to pay such compensation.

24.5 Litigations

a) Litigation against the Company by securities trading customer

The Company was sued by a securities trading customer as second defendant for the return of securities with a monetary value of approximately Baht 3.3 million. During the year 2004, the court found the Company, as employer, jointly responsible with the first defendant. The Company is appealing this judgment in the court of first instance. On 20 December 2005, the court of first instance ordered the Company to place a bond to postpone legal execution. The amount claimed, which included principal and interest, amounts to Baht 4.5 million. The Company has placed fixed deposits as a bond, as discussed in Note 7. As at 31 December 2008, the Company purchased and set aside the Baht 0.1 million of securities (2007 : Baht 0.1 million), as discussed in Note 15, and has set provision of Baht 4.5 million (2007 : Baht 4.4 million) for the liabilities as a result of this litigation.

b) Litigation against the Company by a former staff

In 2006, the Company was sued in the Central Labor Court by a former employee seeking compensation totaling Baht 13 million for unfair dismissal. On 14 August 2007, the Central Labor Court ordered the Company to pay compensation which balance as at 31 December 2008 was approximately Baht 4.4 million (2007 : Baht 4.3 million), including interest to the employee. The Company has set full provision for the liabilities as a result of this litigation but on 27 November 2007 appealed this decision to the Supreme Court. This case is currently under the consideration of the Supreme Court.

25. Financial information by segment

The Company and its subsidiary's business operations involve four principal segments : (1) securities and derivatives brokerage segment, (2) investment banking segment, (3) fund management segment and (4) securities investing segment. These operations are mainly carried on in Thailand. Below is the financial information for the years ended 31 December 2008 and 2007 and as at 31 December 2008 and 2007 of the Company and its subsidiary by segment.

(Unit : Million Baht)

	Securities and derivatives brokerage segment		Investment banking segment		Fund management segment		Securities investing segment		Consolidated financial statements	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenues	146.3	170.9	21.6	15.7	0.7	-	39.3	19.0	207.9	205.6
Segment income (loss)	(64.7)	(22.1)	11.0	3.1	(14.2)	-	17.3	1.7	(50.6)	(17.3)
Unallocated income (expenses) :										
Interest income									47.1	44.8
Other income									8.9	14.1
Operating income									(69.2)	(17.5)
Expenses on borrowing									(19.6)	(6.6)
Corporate income tax									-	(2.5)
Net income (loss)									(83.4)	15.0

(Unit : Million Baht)

	Securities and derivatives brokerage segment		Investment banking segment		Fund management segment		Securities investing segment		Consolidated financial statements	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Premises improvement and equipment and intangible assets, net									
- allocated	23.5	12.3	-	-	5.6	-	1.0	0.6	30.1	12.9
- unallocated									19.0	12.8
Total									49.1	25.7
Unallocated assets									1,380.4	1,380.4
Total assets									1,429.5	1,406.1

26. Financial instruments

26.1 Financial risk management

The Company and its subsidiary's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, long-term deposits at financial institutions, investments in debt and equity securities, receivables from and payables to Clearing House, securities and derivative business receivables and payables, domestic borrowings and liabilities under commercial papers sold. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to investments in debt securities, receivables from Clearing House and securities and derivative business receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of investments in debt securities, receivables from Clearing House and securities and derivative business receivables as stated in the balance sheet.

Interest rate risk

The Company and its subsidiary's exposure to interest rate risk relates primarily to its cash and cash equivalents, long-term deposits at financial institutions, investments in debt securities, securities business receivables, domestic borrowings, securities business payables and liabilities under commercial papers sold. However, since most of the Company and its subsidiary's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2008 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit : Million Baht)

Consolidated financial statements									
As at 31 December 2008									
Outstanding balances of financial instruments								Interest rate	
Floating interest rate	Repricing or maturity dates				Non-performing debt	No interest	Total	(% per annum)	
	At call	Less 1 year	1 - 5 years	Over 5 years				Floating rate	Fixed rate
Financial instruments - assets									
Cash and cash equivalents	0.1	19.0	-	-	-	3.0	22.1	0.5	2.6
Long-term deposits at financial institutions	-	-	63.0	-	-	-	63.0	-	0.25 - 2.88
Investments in debt and equity securities, net	-	-	693.8	-	-	0.5	694.3	-	3.52 - 11.11
Receivables from Clearing House	-	-	-	-	-	22.8	22.8	-	-
Securities and derivatives business receivables	449.1	-	-	-	130.5	65.3	644.9	5.5 - 20	-
Financial instruments - liabilities									
Payables from Clearing House	-	70.0	-	-	-	-	70.0	-	2.90 - 3.05
Securities and derivative business payables	-	-	-	-	-	58.0	58.0	-	-
Liabilities under commercial papers sold	-	-	296.1	-	-	-	296.1	-	5.3 - 6.7

(Unit : Million Baht)

Separate financial statements									
As at 31 December 2008									
Outstanding balances of financial instruments								Interest rate	
Floating interest rate	Repricing or maturity dates				Non-performing debt	No interest	Total	(% per annum)	
	At call	Less 1 year	1 - 5 years	Over 5 years				Floating rate	Fixed rate
Financial instruments - assets									
Cash and cash equivalents	-	-	-	-	-	1.8	1.8	-	-
Long-term deposits at financial institutions	-	-	63.0	-	-	-	63.0	-	0.25 - 2.88
Investments in debt and equity securities, net	-	-	693.8	-	-	0.5	694.3	-	3.52 - 11.11
Receivables from Clearing House	-	-	-	-	-	22.8	22.8	-	-
Securities and derivatives business receivables	449.1	-	-	-	130.5	65.3	644.9	5.5 - 20	-
Financial instruments - liabilities									
Payables from Clearing House	-	70.0	-	-	-	-	70.0	-	2.90 - 3.05
Securities and derivative business payables	-	-	-	-	-	58.0	58.0	-	-
Liabilities under commercial papers sold	-	-	296.1	-	-	-	296.1	-	5.3 - 6.7

Liquidity risk

The maturity dates of financial instruments held as of 31 December 2008, counting from the balance sheet date, are as follows: -

(Unit : Million Baht)

Consolidated financial statements							
Outstanding balances of financial instruments							
	At call	Within 1 year	1 - 5 year	Over 5 years	No maturity	Non performing debt	Total
Financial instruments - assets							
Cash and cash equivalents	22.1	-	-	-	-	-	22.1
Long-term deposits at financial institutions	-	63.0	-	-	-	-	63.0
Investments in debt and equity securities, net	-	693.8	-	-	0.5	-	694.3
Receivables from Clearing House	-	22.8	-	-	-	-	22.8
Securities and derivatives business receivables	449.1	65.3	-	-	-	130.5	644.9
Financial instruments - liabilities							
Payables from Clearing House	70.0	-	-	-	-	-	70.0
Securities and derivative business payables	-	58.0	-	-	-	-	58.0
Liabilities under commercial papers sold	-	296.1	-	-	-	-	296.1

(Unit : Million Baht)

Separate financial statements							
Outstanding balances of financial instruments							
	At call	Within 1 year	1 - 5 year	Over 5 years	No maturity	Non performing debt	Total
Financial instruments - assets							
Cash and cash equivalents	1.8	-	-	-	-	-	1.8
Long-term deposits at financial institutions	-	63.0	-	-	-	-	63.0
Investments in debt and equity securities, net	-	693.8	-	-	0.5	-	694.3
Receivables from Clearing House	-	22.8	-	-	-	-	22.8
Securities and derivatives business receivables	449.1	65.3	-	-	-	130.5	644.9
Financial instruments - liabilities							
Payables from Clearing House	70.0	-	-	-	-	-	70.0
Securities and derivative business payables	-	58.0	-	-	-	-	58.0
Liabilities under commercial papers sold	-	296.1	-	-	-	-	296.1

Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company and its subsidiary consider themselves no foreign currency risk because they have no foreign currency transactions, and no financial assets and liabilities denominated in foreign currencies outstanding at the balance sheet date.

26.2 Fair value of financial instruments

Since the majority of the Company and its subsidiary's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

27. Capital management

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

28. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follow:

(Unit : Baht)

	As reclassified	As previously reported
Accrued expenses	26,707,776	33,031,678
Other liabilities	7,067,016	743,114

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2009.

Other References

Ordinary Shares Registrar	:	Thailand Securities Depository Co., Ltd. SET Building, No. 62 Rachadapisek Rd., Klongteoy, Bangkok 10110
Independent Auditor	:	Mr. Sophon Permsiriwallop CPA. No. 3182 Ernst & Young Office Co., Ltd. 193/136-139 Lake Rachada Complex, fl. 33 Rachadapisek Road, Klong Teoy Bangkok 10110
Legal Advisor	:	-none-
Financial Advisor	:	-none-



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