

(Form 56-1)

2009 Annual Report

Ended as at 31 December, 2009

United Securities Public Company Limited

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1550 Thanapoom Bldg. 4th-5th fl. New Petchburi Road, Makkhasan, Rajthwee, Bangkok 10400

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Section 1
Executive Summary

According to the Notification of Capital Market Supervisory Board TorChor 11/2552 Re: Rules, Conditions and Procedures for Disclosure of Information Relating to Financial Status and Operating Result of Issuing Company (Codified) (4681), this topic has been cancelled.

SECTION 2
Securities Issuer Company

Head Office

Company Name	United Securities Public Company Limited
Address	No.1550 Thanapoom Tower, 4-5th Floor, New Petchburi Road, Makkasan, Rajthawi, 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	168,816,704 common shares which are total number of outstanding shares of the business, par value of 5 Baht/share, 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, Patumtani 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., 35th fl., Wireless Rd., Lumpini District, Patumwan, Bangkok 10330 Tel: (02) 401 8181 Fax : (02) 401 4198

Subsidiary Company

(Juristic person whose over 10% of shares is held by US)

Company Name	United Asset Management Company Limited
Address	No.1550 Thanapoom Tower, 5th Floor, New Petchburi Road, Makkasan, Rajthewi, Bangkok 10400
Business	Securities Business in the category of Private Fund Management and Investment Advisory
Telephone No.	(02) 654 7660
Fax No.	(02) 654 7630
Registered Capital	53,000,000 Baht or equals to 530,000 shares (as at 27/01/10)
Number and Type of Share	530,000 common shares which are total number of outstanding shares of the business, par value of 100 Baht/share, total paid-up capital of 53,000,000 Baht US holds 57.36% of outstanding shares of the business

Other References

Ordinary Shares Registrar	Thailand Securities Depository Co., Ltd. SET Building 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	- Kritnin Co., Ltd. No. 29, Vanissa Building, fl. 2, Room B, Soi Chidlom Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 - Pravit Jarupawong Law Office 90/399 Soi Songsa-ard, Vibhavadi-Rangsit Road Jompol, Jatujak, Bangkok 10900 - U.B. Accounting and Law Co., Ltd. 16/69/70 Moo 8, Pibulsongkram Road Suanyai, Muang, Nontaburi 11000 - FBLP Legal Ltd. Silom Complex Building, fl.14 191 Silom Road, Bangrak, Bangkok 10500

2.1 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 60.18% of the Company's total revenues in 2009 are inconsistent and are affected by uncontrollable factors such as the market situation, 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 market sentiment 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, 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 and brokerage fee which had been changed to commission sliding scale.

b) Risk from dependence on major customers: In 2009, the top 10 customers had trading volume of 41.20% 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.

c) Risk from settlement default and bad debt from securities broker business: As of 31 December, 2009, the Company's securities business receivables recorded a total of 432.07 million baht consisting of cash account receivables of 73.91 million baht, credit balance accounts 379.38 million baht and other receivables of 74.27 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 121.10 million baht or 22.98% of the total securities business receivables. The 121.10 million Baht non-performing loan aforementioned was classified as doubtful account for 95.53 million Baht and the Company has already set up the allowance for such doubtful account in full. At present, although it is under prosecution process, the Company might not get back the completed repayment amount.

In addition, the Company has set up 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 financial status of the customers or

their ability to settle debts as well as the reviewing of the customers' financial status and monitoring of their trading line usage very closely.

2. Risk of granting credit on Credit Balance 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 11,275.65 million baht or 17% of the total trading volume of the Company. There were altogether 164 credit balance accounts with the total credit line of 4,492.90 million baht and as of the end of 2009, the total credit balance accounts recorded the outstanding of 379.38 million baht. The source of fund of the Company came wholly from the shareholder's equity.

The risk factors from granting credit on Credit Balance came significantly from the screening of customers, determining of credit line and evaluating of collaterals, determining of restricted securities list (marginable securities) as well as the monitoring of the concentration of the collaterals in which the Company, particularly, the Risk Management Committee has set up measure and policy in order to protect and minimize such risks.

3. Risk from Securities Dealing on Debt Instrument Trading

The Company engages in Debt Instrument Trading which includes Bill of Exchange and Debentures, the business of which was able to earn income of about 20.81% 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 Agent Service

In 2009, the Company acquired revenues from Derivatives business through TFEX for approximately 1.29% of total revenues. Despite the insignificant portion, the Company has set up strict risk management process to manage the risk arisen from customers' derivatives trading such as call margin and forced close in compliance to the time and condition set by the regulators strictly.

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 investment on subsidiary company

In 2009, The Company's subsidiary company, United Advisory Management Co.'s (UAM) performance had a net loss of 18.85 million Baht. The Company is at a risk of not receiving return from investment within a short period as Advisory Management business normally needs longer time to build company's track records to be acceptable from the clients. However, UAM not only has been operating for a little over one year only but also has many competitors which have a competitive advantage on having longer historical track records. Therefore, UAM may need quite longer time to prove its performance.

7. Risk from dominance by the major shareholder

As of 31 December, 2009, the A.P.F.Holdings Co., Ltd. group 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

2.2 Business Characteristics

(1) Significant Changes & Development

In 2009, the Company has no significant change in business characteristics, internal control structure or shareholding structure. However, the Company restructured the Marketing Division by transferring Marketing 3 Team to Marketing 2 Team in April 2009, and merged the Local Institutional Sales Department to the Japanese Institution Department in 2010 for proper and better management.

(2) The Company's Business

The Company is licensed to perform 4 types of securities businesses, i.e. Securities Brokerage, Securities Dealing, Investment Advisory and Securities Underwriting business. As at the end of 2009, 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 service 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 15 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. In addition, the Company has started its Derivatives Agent business services since 2008.

During 2009, United Asset Management Company Limited, the Company's subsidiary, which is a joint venture with Mr. Verajet Vongkusolkrit and his family in order to undertake Private Fund Management business, has acquired both Thai and Japanese high net worth Individual and institutional clients. Some of the clients are from APF Group and securities companies in Japan. Even though United Asset Management Co., Ltd. may not be as competitive as other asset management companies with longer time of track record as it has started the operations for only one year, the Company believes that there will be more incoming funds from Japan resulted by the proof of 2009 performance. In order to expand the income channel, UAM had applied for Investment Advisory license from the Ministry of Finance in which at present the license has been approved and the business had started since 12 November, 2009.

Income Structure of the Company

Income	31 December 2007*		31 December 2008		31 December 2009	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
1. Securities Business Income						
Brokerage Fees	171.94	63.05	145.70	55.26	148.63	60.18
Fee and Service	13.09	4.80	19.45	7.38	4.34	1.76
Gain(loss) on Trading in Securities	8.34	3.06	1.17	0.44	20.28	8.21
Interest & dividend on securities investment	24.56	9.01	44.26	16.79	35.93	14.55
Interest on loan	44.77	16.42	47.05	17.84	32.30	13.08
Total Securities Business Income	262.70	96.34	257.63	97.71	241.48	97.78
2. Other Income	9.98	3.66	6.05	2.29	5.47	2.22
Total Income	272.68	100.00	263.68	100.00	246.95	100.00

* Remark : The data for 2007 was derived from separated financial statement