

Asiasoft Corporation - AS

Market Stock Exchange of Thailand
Sector Media and Publishing
Reuters AS.BK
Bloomberg AS TB

BUY

(Unchanged)

Closing Price

Bt7.20

12-month target price

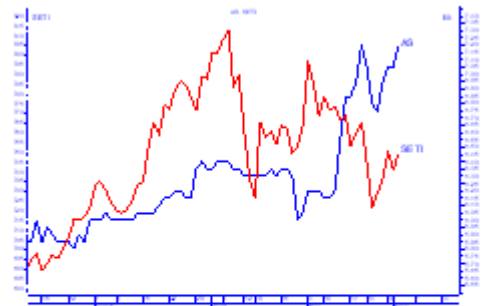
Bt9.50 (+31.9%)

Price

Last Price	7.20
52wk High (29/09/2009)	7.30
52wk Low (28/01/2010)	5.55
Shares Outstanding (mil)	307.85
Market Cap (Btm)	2,216.55
Avg. Daily Turnover (mil)	1.90
Free float (%)	16.46
PE (X)	10.14
PB (X)	1.73

Price performance %

	1M	3M	6M
Absolute	19.0%	20.0%	5.1%
Relative	20.8%	17.8%	-3.0%



Major Shareholders (06/05/10)

	%
1 Mr.Pramote Sutjitporn	42.51
2 Asia Investment Partners Ltd.,	9.74
3 Mr. Tan Tgow Lim	9.59

CG Report - 2009

NA

Strong profit momentum likely to continue in 2Q10 from previous quarter

- Online game firm AS delivered significant profit growth of 121.65% YoY in 1Q10 despite a Bt10m investment impairment charge. If turnaround at its Singaporean and Malaysian subsidiaries keeps gaining steam, a future reversal of impairment is likely.
- Strong profit momentum is likely to continue in 2Q10 from the previous quarter as revenue from domestic operations is expected to remain strong, its Singaporean and Malaysian subsidiaries are turning around and there will be a stream of revenues from the newly launched games.
- The investment in Vietnam is likely to be concluded in Jun 2010. AS also plans to make foray into Indonesia by the end of this year. At home, AS is still on the prowl to acquire more businesses or websites. The investment in the Philippines has been put back to 2011.
- We leave our 2010 net profit outlook for AS unchanged at Bt211.80m. We also maintain a 'BUY' stance on AS with a price target of Bt9.50/share, based on a P/E multiple of 14x.

1Q10 net profit up as much as 121.65% YoY despite Bt10m investment impairment charge

Even though online game firm AS posted a 1Q10 net profit of Bt62.84m, up as high as 121.65% YoY, the profit figure however did not reflect its true operating performance as the results included a Bt10m charge for investment impairment in its Malaysian subsidiary. Stripping out this ex-item, its net profit came out even better. The positive impact from the restructuring of its Singaporean and Malaysian subsidiaries with staff reductions had not yet been felt, as there were still some redundancy expenses in 1Q10. The reduction in personnel expenses is expected to be more evident in 2Q10, which could help its Singaporean and Malaysian units to return to profit. A future reversal of impairment is also likely.

2Q10 profit growth to be driven by strong domestic revenues and turnaround at overseas subsidiaries

AS has hardly felt the negative impact of intense political turbulence in 2Q10 but it appears to reap a little windfall from the situation as people stayed at home in the aftermath of a protest crackdown and the curfew. On this basis, we believe revenue from domestic operations will continue to be strong driven by a full-quarter contribution from the new game title 'Twelve Sky 2', which was launched on Feb 10, 2010. The launch of the new 'Rohan' game has been put off. On the overseas side, revenues from Singapore and Malaysia are likely to improve on the back of revenue contribution from the newly launched games 'Ray City' and

Conso' Ending	Profits (Btm)	EPS (Bt)	DPS (Bt)	BV (Bt)	ROE (%)	P/E (x)	Yield (%)	P/BV (x)
12/07 A	254	1.13	0.78	1.77	70.15	6.37	8.89	4.07
12/08 A	185	0.69	0.63	4.20	22.32	10.43	8.75	1.71
12/09 A	178	0.60	0.58	4.03	14.27	12.00	8.06	1.79
12/10 E	212	0.71	0.64	4.17	16.79	10.14	8.89	1.73
12/11 E	233	0.78	0.70	4.32	17.85	9.23	9.72	1.67

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Asiasoft Corporation - AS

'Monster Forest.' Expenses would remain well under control and no more impairment charges will be taken. Overall, we believe strong profit momentum would continue in 2Q10 from the previous quarter and growth is also likely on a YoY comparison.

Investment in Vietnam likely to be concluded in Jun 2010, foray into Indonesia expected by year-end, AS still on the prowl to buy more businesses at home

Overseas investment plan now becomes clearer. AS expects to acquire a 20% stake in Vietnamese game firm in Jun 2010. Note that current Vietnamese laws limits foreign ownership of its companies to 49%. A foray into Indonesia is expected by the end of the year given a strong growth of its economy and IT industry. The investment in the Philippines has been delayed to 2011 from 1H10. In Thailand, AS is still on the prowl to acquire more businesses or websites with some negotiations currently underway.

2010 net profit outlook unchanged at Bt211.80m

AS plans to launch 14 new games this year. Of the total, eight, four and two new games will be launched in Thailand, Singapore and Malaysia respectively. Overseas expansion is seen as part of its client base expansion strategy. AS has also made a foray into computer security program services to market online anti-virus software 'Kingsoft Internet Security' in Thailand through partnership with Kingsoft Corporation, China's third largest anti-virus software firm with expansion into overseas markets in the pipeline. In addition, AS has also provided sharing of game servers and others through '@ Global Games' to other game firms. In our view, all these factors would bode well for revenues. Expenses would also remain well controlled and are likely to ease back following completion of the restructuring at its Singaporean and Malaysian subsidiaries. We keep our 2010 revenue and net profit forecasts for AS at Bt1,661.13m and Bt211.80m respectively. Our price target of Bt9.50/share is based on a P/E multiple of 14x. We maintain a 'BUY' stance on AS.

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Action & Recommendation

TRADING BUY	: Share price may exceed 10% on the upside over the next 3 months, however longer-term outlook remains uncertain
BUY	: >15% upside from the current price
HOLD	: -10% to 15% from the current price
SELL	: >10% downside from the current price
TRADING SELL	: Share price may exceed 10% on the downside over the next 3 months, however longer-term outlook remains uncertain
Unchanged	: Ratings maintained
Upgrade	: A positive change in ratings
Downgrade	: A negative change in ratings

Results Presentation

Score Range	Number of Logo
Less than 50	No logo given
50 - 59	
60 - 69	
70 - 79	
80 - 89	
90 - 100	

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