

## Asiasoft Corporation - AS

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

**BUY**

**Closing Price**

**Bt10.20**

12-month target price

**Bt14 (+37.3%)**

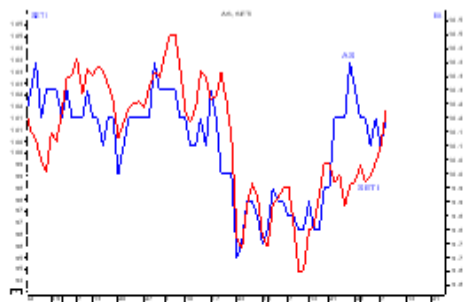
**(Unchanged)**

### Price

Last Price 10.20  
52wk High (26/10/2010) 11.20  
52wk Low (08/03/2010) 6.00  
Shares Outstanding (mil) 314.31  
Market Cap (Btm) 3,205.97  
Avg. Daily Turnover (mil) 1.29  
Free float (%) 18.24  
PE (X) 10.20  
PB (X) 2.45

### Price performance %

	1M	3M	6M
Absolute	3.6%	0.0%	2.0%
Relative	0.0%	0.6%	-8.2%



Major Shareholders (31/08/10)		%
1	Mr. Pramote Sutitporn	41.81
2	Asia Investment Partners Ltd.,	9.57
3	Mr. Tan Tgow Lim	9.41

### CG Report - 2010



### 4Q10 profit below forecast on provision charges but outlook bright in 2011

- Online game maker AS posted a 4Q10 revenue gain of 15.42% YoY boosted by growth from both domestic and overseas operations. Net profit for the quarter rose 8.04% YoY to Bt69.22m but the profit figure fell short of our forecast of Bt76.55m due to a Bt9m provision for doubtful debt in Vietnam.
- For the full year 2010, AS reported a record net profit of Bt264.47m. Following results announcement, AS declared a 2H10 dividend of Bt0.412/share, bringing the full-year dividend to Bt0.842/share. The stock will trade ex-dividend (XD) on May 6, 2011.
- We leave our 2011 net profit outlook for AS unchanged at Bt313.87m. AS will take a more aggressive approach this year with a plan to double new game launches to 14 from seven. In addition, AS has set up a new subsidiary in Indonesia which is expected to become operational in 2Q11. We reiterate a 'BUY' stance on AS with a price target of Bt14/share.

### 4Q10 profit below forecast on provision charges

AS, Thailand's leading online multi-player game provider reported a 4Q10 revenue growth of 15.42% YoY to Bt438.15m on the back of a 19.30% YoY rise in online game revenue. In this period, revenue from domestic operations jumped 23.64% YoY, helped a new game launch in 4Q10 and revenue contribution from three new games released over the course of the year. Revenue from overseas operations rose 11.58% YoY thanks to a new game launch in 4Q10 and revenue contribution from two new games released over the course of the year. Offline game revenue however plummeted 65.13% YoY following the expiry of the World of Warcraft license. Costs edged up 20.30% YoY. SG&A expenses also shot up 25.04% YoY on marketing expenses for new game launches, a Bt9m provision for doubtful debt in Vietnam and employee bonus expenses. Net profit for the quarter grew 8.04% YoY to Bt69.22m. The profit figure lagged our forecast of Bt76.55m due to the provision for doubtful debt in Vietnam. In this period, net profit from domestic operations plunged 20.38% YoY to Bt61.84m while overseas operations swung to a net profit of Bt7.37m from a year-ago loss of Bt13.61m.

For the whole of 2010, revenue leapt 4.35% YoY to Bt1,511.83m. Costs and expenses were well controlled as a restructuring of its overseas subsidiaries helped bring down expenses. Net profit for the full year 2010 therefore jumped 48.17% YoY to Bt264.47m. Following results announcement, AS declared a 2H10 dividend of Bt0.412/share, bringing the full-year dividend to Bt0.842/share. The dividend figures translate into a 100% payout ratio. The stock will trade ex-dividend (XD) on May 6, and the dividend is scheduled to be paid on May 23, 2011.

Conso' Ending	Profits (Btm)	EPS (Bt)	DPS (Bt)	BV (Bt)	ROE (%)	P/E (x)	Yield (%)	P/BV (x)
12/08 A	185	0.69	0.63	4.20	22.32	14.78	6.18	2.43
12/09 A	178	0.60	0.58	4.03	14.27	17.00	5.69	2.53
12/10 A	264	0.84	0.84	4.06	21.63	12.14	8.25	2.51
12/11 E	314	1.00	0.95	4.16	24.36	10.20	9.31	2.45
12/12 E	350	1.11	1.06	4.37	26.13	9.19	10.39	2.33

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## Asiasoft Corporation - AS

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### **More aggressive approach in 2011 with plan to double new game launches to 14**

This year, AS plans to double new game launches to 14 from seven last year. Of the total, 12 new games will be released in Thailand and four new games in Singapore and Malaysia. Note that some game titles will be launched in both Thailand and overseas markets. To widen its reach from multi-player games to new game categories with high growth potential, AS will introduce first personal shooting (FPS) games where it has a low market share in this segment compared to its competitors. In Singapore and Malaysia, AS also plans to launch Chinese-language games to better meet demand of online game players in these markets, a move that could help improve market share. In 1Q11 to date AS has already launched three new games: (1) Gangza, (2) AIKA and (3) Chinese Hero in Thailand.

### **Establishment of new subsidiary in Indonesia to operate online game services, budget earmarked for acquisitions**

In addition, AS has set up a new subsidiary in Indonesia to operate online game services, through a joint venture with local Indonesian partners. AS holds a 80% interest in the JV with an investment of US\$1m. The JV is expected to start operations and launch its first game title in 2Q11. Note that Indonesia has about 30m Internet users, of which 35% are believed to be online game players. Indonesia is also viewed as one of the region's largest and fastest growing online game markets given its vast population of 243m and up to 20,000 Internet cafes. The investment in Vietnam has however hit a delay due to legal problems. If the Vietnam investment is successful, we believe it could be another main revenue contributor for AS. In the future, AS plans to make foray into the Philippines. In addition to expansion of customer base into overseas markets, AS has earmarked an investment budget of Bt100m to acquire prospective online game, software, and web-related companies and expand into mobile and social gaming platforms including iPhone, BlackBerry and Google's Android operating system.

### **2011 estimates unchanged**

New game launches and new investment in Indonesia are expected to help boost revenues for AS. Risk however persists as to whether new game titles will gain popularity. For this reason, we leave our 2011 revenue view for AS unchanged at Bt1,632.31m. We also keep our 2011 net profit outlook for AS at Bt313.87m. Key factors to watch are the success of new game launches and the investment in Indonesia. Note that AS has already made provisions cover 90% or Bt15.50m of trade receivables in Vietnam. If it is necessary to take more provisions, the impact should however be minimal. The provision will also be reversed if AS could successfully negotiate to convert debt into equity. Our price target for AS is unchanged at Bt14/share, based on a P/E of 14x. We reiterate a 'BUY' stance on AS.

## Asiasoft Corporation - AS

AS (Btm)	4Q10	3Q10	4Q09	YoY+/-	QoQ+/-	2010	2009	YoY+/-
Sales and service	438.15	359.21	379.61	15.42%	21.98%	1,511.83	1,448.84	4.35%
Cost of sales and service	232.51	188.15	193.28	20.30%	23.58%	793.47	822.59	-3.54%
Gross profit	205.64	171.07	186.34	10.36%	20.21%	718.35	626.26	14.71%
SG&A	114.17	94.23	91.30	25.04%	21.16%	378.86	374.23	1.24%
Operating profit	91.48	76.84	95.04	-3.74%	19.05%	339.49	252.03	34.70%
Other incomes	12.89	4.28	0.94	1265.15%	201.24%	27.78	23.82	16.64%
EBIT	104.36	81.12	95.98	8.74%	28.66%	367.27	275.85	33.14%
Interest exp	0.12	0.14	0.18	-33.15%	-11.51%	0.57	2.25	-74.87%
EBT	104.24	80.98	95.80	8.82%	28.72%	366.71	273.60	34.03%
Financial cost	35.02	22.44	31.73	10.38%	56.10%	102.23	95.11	7.5%
EAT	69.22	58.54	64.07	8.04%	18.24%	264.47	178.49	48.17%
Minority interest	0.00	0.00	0.00	0.00%	0.00%	0.00	0.00	0.00%
Net profit	69.22	58.54	64.07	8.04%	18.24%	264.47	178.49	48.17%
EPS (Bt)	0.22	0.19	0.21	6.09%	18.24%	0.84	0.60	41.43%
Cost of sales/sales	53.07%	52.38%	50.91%	4.23%	1.31%	52.48%	56.78%	-7.56%
SG&A/sales	26.06%	26.23%	24.05%	8.34%	-0.67%	25.06%	25.83%	-2.98%
Gross margin	46.93%	47.62%	49.09%	-4.38%	-1.45%	47.52%	43.22%	9.93%
Operating profit margin	20.88%	21.39%	25.03%	-16.61%	-2.40%	22.46%	17.40%	29.09%
Net profit margin	15.80%	16.30%	16.88%	-6.39%	-3.07%	17.49%	12.32%	42.00%
<b>Balance Sheet</b>								
Total assets	1,769.75	1,705.67	1,700.32	4.08%	3.76%	1,769.75	1,700.32	4.08%
Total liabilities	497.08	429.52	460.46	7.95%	15.73%	497.08	460.46	7.95%
Paid-up (m shrs) - Par Bt1*	314.31	313.64	299.35	5.00%	0.21%	314.31	299.35	5.00%
Total equities	1,272.66	1,276.14	1,239.86	2.65%	-0.27%	1,272.66	1,239.86	2.65%
D/E (x)	0.39	0.34	0.37	5.17%	16.05%	0.39	0.37	5.17%
BV (Bt)	4.05	4.07	4.14	-2.24%	-0.49%	4.05	4.14	-2.24%

\* exclude treasury share

## **Bangkok Branches**

### **Head Office**

11<sup>st</sup> Fl., Unit 1102, 14<sup>th</sup> Fl., Unit 1404  
and 15<sup>th</sup> Fl., Vorawat Bldg.,  
849 Silom Rd. Silom,  
Bangrak, Bangkok 10500  
**Tel :** 0 2635 1700 , 0 2268 0999  
**Fax :** 0 2635 1615

### **Yaowarat Branch**

19<sup>th</sup> Fl., Kanchanadhat Bldg.,  
308 Yaowarat Rd., Jakawat,  
Sampantawong, Bangkok 10100  
**Tel :** 0 2622 7833 , 0 2226 2777  
**Fax :** 0 2622 7844

### **Hua Lumphong Branch**

4<sup>th</sup> Fl., Tang Hua Pak Bldg.,  
320 Rama 4 Rd., Mahaprutharam,  
Bangrak, Bangkok 10500  
**Tel :** 0 2639 1200  
**Fax :** 0 2639 1340-1

### **Pinklao Branch**

Central Plaza Pinklao  
Office Building Tower Bldg.,  
7/3 Baromrajachonnane Road  
Arunamarin Bangkoknoi  
Bangkok 10700  
**Tel :** 0 2884 7333  
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## **Provincial Branches**

### **Khon Kaen Branch**

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359/2 Mittapap Rd., Naimuang,  
Muang , Khon Kaen 40000  
**Tel :** 0 4332 5044-8  
**Fax :** 0 4322 5687

### **Khon Kaen-Rim Bueng Branch**

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52 Rop Bueng Rd., Nai Muang,  
Muang , Khon Kaen 40000  
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**Fax :** 0 4322 6796

### **Suratthani Branch**

62/9 Donnok Rd., Talad,  
Muang Suratthani, Suratthani 84000  
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**Fax :** 077 206 151

### **Srinakarindr Branch**

17<sup>th</sup> Fl., Modernform Tower,  
699 Srinakarindr Rd., Suan Luang,  
Suan Luang, Bangkok 10250  
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**Fax :** 0 2722 8343

### **Bangkapi Branch**

8<sup>th</sup> Fl., The Mall Office Tower-Bangkapi  
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Bangkapi, Bangkok 10240  
**Tel :** 0 2363 3263  
**Fax :** 0 2363 3275

### **Rangsit Branch**

G Fl., Room#PLZ.G.SHP065A  
Future Park Rangsit  
94 Paholyothin Rd., Prachathipat,  
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### **Viphavadi Branch**

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333 Soi Chuaypuang, Viphavadi-  
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Bangkok 10900  
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### **Bangkapi 2 Branch**

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### **Asoke Branch**

17<sup>th</sup> Fl., Room no. 1703 Serm-Mit Tower  
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**Fax :** 0 0 2261 1328

### **Phisanulok Branch**

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Muang, Phisanulok 65000  
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**Fax :** 0 5524 5082

### **Chonburi Branch**

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Muang Chonburi 20000  
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**Fax :** 0 3827 5168

### **Laemchabang Branch**

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Sriracha, Chonburi 20110  
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**Fax :** 0 3849 3125

### **Had Yai Branch**

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55 Ratyindee Rd., Had Yai,  
Had Yai, Songkla 90110  
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**Fax :** 0 7422 0908

### **Had Yai-Petkasem Branch**

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607 Petkaseam Rd., Had Yai,  
Had Yai, Songkla 90110  
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### **Chumporn Investor Center**

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#### Phillip Commodities (HK) Ltd

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#### Sydney Office

#### Intersuisse Ltd





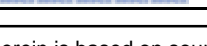
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## Results Presentation

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

The disclosure of the survey result of the Thai Institute of Directors Association (IOD) regarding corporate governance is made pursuant to the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative disclosed to the public and able to be accessed by a general public investor. The results, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that data. Phillip Securities (Thailand) of securities company does not confirm nor certify the accuracy of such survey result.