

Asiasoft Corporation - AS

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

Closing Price

Bt14.10

12-month target price

Bt18 (+27.7%)

BUY

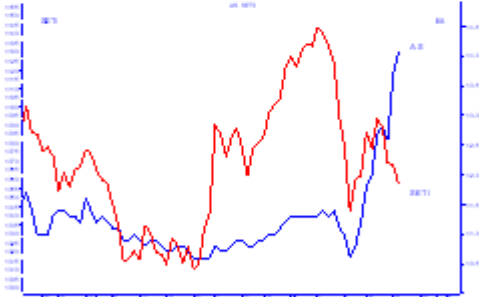
(Unchanged)

Price

Last Price	14.10
52wk High (23/08/2011)	14.10
52wk Low (24/01/2011)	9.70
Shares Outstanding (mil)	315.91
Market Cap (Btm)	4,454.30
Avg. Daily Turnover (Btm)	3.77
Free float (%)	18.45
PE (X)	13.56
PB (X)	3.31

Price performance %

	1M	3M	6M
Absolute	25.9%	23.7%	38.2%
Relative	31.6%	23.4%	31.5%



Major Shareholders (11/05/11)

	%
1 Mr.Pramote Sutjitporn	41.72
2 Asia Investment Partners Ltd.,	9.54
3 Mr. Tan Tgow Lim	9.39

CG Report - 2010



More aggressive in new game launches, Indonesia seen as key growth driver in 2012

- Online game maker AS posted 2Q11 revenue growth of 15.06% YoY. Much of the top-line growth came from overseas operations. Net profit for the quarter rose 13.39% YoY to Bt83.77m. Following results announcement, AS declared a 1H11 dividend of Bt0.413/share. The stock will trade ex-dividend (XD) on Aug 26, 2011.
- AS plans to launch 11 more games in 2H11 after the release of seven games in 1H11. Two to three acquisition deals are also likely to be concluded in 2H11. In addition AS has launched new services and products as part of its efforts to broaden its revenue base. The Indonesian market would be a key driver of growth for AS in 2012. For investment in Vietnam, AS is still awaiting legal and regulatory clearance from the Vietnamese government.
- We revise upwards our 2011 net profit outlook for AS to Bt327.10m and the profit figure should rise to Bt406.09m in 2012. Rolling forward our valuation to 2012 to reflect strong growth prospects, we raise our price target for AS to Bt18/share based on a P/E multiple of 14x. We maintain a 'BUY' rating on AS.

2Q11 net profit up 13.39% YoY

Online game maker AS posted 2Q11 revenue growth of 15.06% YoY to Bt407.62m as online game revenue jumped 14.09% YoY. Revenue from domestic operations rose 4.40% YoY as six new game titles were released in 1H11. Revenue from overseas operations leapt 36.32% YoY thanks to the release of a new game title in 1H11. Strong revenue growth was due chiefly to the 'Maple Story' side-scrolling multiplayer online game, which became all the rage in Singapore with upgrade patches. Offline game revenue plunged 41.49% YoY after the expiry of the World of Warcraft license. Especially from overseas operations, there was no revenue from offline games. Costs shot up 24.31% YoY on higher license fees along with an increased number of game titles and further software and network investment. SG&A expenses edged up 8.25% YoY. Other income rose on higher internet ad revenue. Net profit for the quarter grew 13.39% YoY and 19.69% QoQ to Bt83.77m. In 1H11, net profit rose 12.46% YoY to Bt153.75m. Following results announcement, AS declared a 1H11 dividend of Bt0.413/share. The stock will trade ex-dividend (XD) on Aug 26 and the dividend is scheduled to be paid on Sep 9, 2011.

More aggressive in new game launches, acquisition plan likely to be concluded in 2H11

This year AS plans to launch 16 game titles, the highest number since its inception for both local and overseas markets in Thailand, Malaysia and Singapore and the number will rise to 18 if two more games to be released in Indonesia are

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	20.43	4.47	3.36
12/09 A	178	0.60	0.58	4.03	14.27	23.50	4.11	3.50
12/10 A	264	0.84	0.84	4.06	21.63	16.79	5.97	3.47
12/11 E	327	1.04	1.04	4.26	25.04	13.56	7.38	3.31
12/12 E	406	1.29	1.29	4.53	29.38	10.93	9.15	3.11

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Sansiri - SIRI

included. Seven game titles were already released in 1H11. Six out of seven games were launched in Thailand and the other game in overseas market. In 2H11 AS plans to release seven more games in Thailand and four new games in overseas markets. Efforts to release up to 13 games in Thailand aim at boosting market share, diversifying games across all client segments and barring competitors. In addition, AS has a plan to drive growth through acquisitions. In Mar 2011, AS acquired a 40% stake in Thaiware Communication Co, the owner of the web site Thaiware.com as part of its plan to explore new opportunities and expand into other related businesses, and boost revenue from internet advertisements. Currently there are a number of deals under negotiations in 2H11 to acquire both local and overseas online game businesses as well as other related businesses, which could generate revenues for AS. Two to three deals are likely to be concluded in 2H11. The investment is estimated to range between Bt300m-Bt400m. It is also expected that the acquisitions will help boost the bottom-line by at least 10%.

New services and products to be added

AS has added new services for its clients as part of its efforts to broaden its revenue base through membership cards and bonuses for game shops and gamers, such as TCG members for game shops, ID bonuses for clients, and first person shooter (FPS) members with annual membership fees of Bt300. In addition, AS has joined hands with Facebook to offer the @cash payment service for gamers to buy credits in Facebook games. The service has been well received by gamers and beyond the company's expectations. In the future, AS may possibly team up with Google and others in the same way as Facebook. For offline game distribution, AS is currently in talks with Blizzard, the world's biggest video game publisher. Earlier AS was a distributor of the World of War Craft, Diablo III and Starcraft II for Blizzard.

Indonesia seen as key growth driver in 2012, investment in Vietnam likely to be concluded

AS has already completed the establishment of its subsidiary in Indonesia under the name 'PT Asiasoft' and two game titles AIKA and Alliance of Valiant Arms (AVA) are scheduled to be released in Nov 2011. The Indonesian market is expected to have 10m gamer IDs, taking the group's total gamer IDs to 50m. Even though the size of the online game market in Indonesia remains small, the growth rate is however high. AS also expects the Indonesian market to contribute about 30% of the group's total revenue in 2012. For investment in Vietnam, AS is still awaiting legal and regulatory clearance from the Vietnamese government. If thing moves in the positive direction, AS will invest in Vietnam. The size of the online game market in Vietnam is bigger than Thailand. Currently AS has sub-licensed to its trading partner in Vietnam. The Philippines is expected to be the next market for AS.

Earnings upgrade for 2011, 'BUY' rating with 2012 price target of Bt18/share

We keep our 2011 revenue forecast of Bt1,765.76m for AS but effective expense controls prompt us to raise our 2011 net profit outlook for AS to Bt327.10m from a previous view of Bt317.55m. Looking ahead into 2012, the Indonesian market would be a key driver of growth for AS. Even though the acquisition plan is not yet built into the forecast, we expect AS to achieve 2012 total revenue and net profit of Bt2,145.17m and Bt406.09m respectively. Rolling forward our valuation to 2012 to reflect strong growth prospects, we raise our price target for AS to Bt18/share based on a P/E multiple of 14x. We maintain a 'BUY' rating on AS.

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

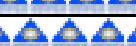
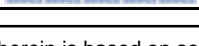
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Results Presentation

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.