

ANNUAL REPORT 2012

ASIASOFT CORPORATION PUBLIC COMPANY LIMITED

9 U.M. TOWER, ROOM 9/283-5, 28TH FLOOR, RAMKHAMHAENG ROAD, SUANLUANG, BANGKOK 10250



12 YEARS OF SUCCESS

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1. MESSAGE FROM OUR CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Over these twelve years, our strong portfolio of successful business has reflected our outstanding commitment to responsible business practices and operations. All the valuable experiences that we have been stockpiling, plus a high level of dedication from all the different parts of the company to achieving our targets and goals, affirm continuity in development of our business performance, which not merely underlines our leadership in the online entertainment industry, but also express, in return, our sincere gratitude to our customers for their constant faith in us.

It is our firm belief that, for our company to enhance customer loyalty, consistently high quality professional services and easy access to those services are of particular importance. We do our utmost to deliver only a large selection of top-notch quality products and prompt services, using cutting-edge technology to fulfill all the customer requirements, plus a great collaboration with business counterparts to create and enhance a one-stop service experience. The past year was exceptional as we continued to offer more new products and services. The world-renowned Diablo III and World of Warcraft from Blizzard Entertainment are some examples of fun and excitement now available in the region. To have more ways to communicate with our customers at all levels, we created our own online radio station labeled Playpark Radio, and produced online game-related TV shows to be aired on a cable channel. In addition, the merger with CIB Development Sdn. Bhd. (CIB) underscored our No. 1 position in Malaysia whereas the joint venture with Trilight Cove Enterprises Ltd. maximized our rapid expansion in the Indochina markets, especially in Vietnam, Myanmar and Cambodia. Most recently, we registered a new company – Playcybergames Co., Ltd., to proactively promote the MOBA games in these promising markets.

In alignment with our business capability and performance improvement, we continue to take our corporate social responsibilities very seriously. Education and youth campaigns, for example, are our priorities as we have launched the Gamers Love Dad campaign, which has been organized annually for 7 consecutive years, raising a total of just over 51 million baht donated to many foundations under the royal patronage, as well as other foundations for children and education. For social and environmental concerns, we have initiated the AS Volunteers project, which is designed to raise awareness among consumers and employees regarding social responsibilities. Also, we have collaborated with the Ministry of Culture, providing support to promote one of the government's projects entitled the White Cyber Café, which is poised to turn an Internet café nationwide into a better and safer place for kids to play and hang out.

Due to the preparation for the entry into the ASEAN Community, several firms are currently changing their policies in pursuit of new business opportunities, but Asiasoft has long realized the importance of this regional market – which has a total population of over 600 million, in terms of its potential. At the same time, we have recognized the importance of online business which is now seeking growth not only domestically but also regionally. Online business has no boundaries as well as it is a free market, and because of these features, many companies are greatly interested in investing in the ASEAN market. For Asiasoft, we have already laid a firm foundation in this region.

Our achievements are the excellent results of the commitment and teamwork of our people. On this note, we would like to thank all the colleagues for the hard work and unwavering dedication to continuous service improvement. We would like to especially thank all the customers for the constant support in using our services. We would also like to thank all the shareholders for the unstinting support and confidence in the management team. We promise, from now on, to continue to conduct business based on integrity, transparency and operational excellence for the benefit of stakeholders and customers at large in accordance with contribution to sustainable social development and growth.



Mr. Tan Tgow Lim
Chairman



Mr. Pramoth Sudjitporn
Chief Executive Officer

2. REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Asiasoft Corporation Public Company Limited consists solely of three independent directors with the qualifications set forth by the Securities & Exchange Commission i.e. Mr. Chalermphong Jitkuntivong as Chairman of the Audit Committee, Mrs. Monluedee Sookpantararat and Mr. Thanwa Loahasiriwong, as Audit Committee Member.

The Audit Committee has always performed its work in accordance with duties and responsibilities that assigned by the Board of Director and under the charter of Audit Committee that comply with the best practice guidelines for audit committee, relative Rules and Regulations of the Stock Exchange of Thailand.

During the year 2012, the Audit Committee met totally 7 times together with the Management, the Account and Finance Department, Outsourced Internal Audit and the external auditors every quarter depending on the relevant agenda which can be concluded as follows:

1. Ensure accurate and adequate financial reports.

To review the quarterly and yearly company's financial statements together with the external auditors and the Management by questioning, discussing and advising on certain issues and matters relating to the company's financial reports. In addition, the Audit Committee held the meeting with external auditors without management 1 times in order to grant external auditors the opportunity to express any problems and recommendation.

The Audit Committee is of the opinion that the financial statements of the company and its subsidiaries were prepared in accordance with generally accepted accounting standards and were presented accurately and fairly with adequate information disclosure.

2. Ensure suitable and efficient internal control and internal audit systems as well as to review the independence of internal audit office.

To review internal audit systems, approve the structure of the internal audit plans, acknowledge the result of auditing including the evaluation of the adequacy of the company's internal control system together with Outsourced Internal Audit.

The Audit Committee is of the opinion that the company has appropriate and adequate internal control and audit systems.

3. Ensure compliance with laws pertaining to securities and the stock exchange, regulations of the Stock Exchange of Thailand, Securities and Exchange Commission and laws concerning company business.

The Audit Committee is of the opinion that the company has complied with relevant rules and regulations that concerning company business.

4. Consider, elect and nominate the company's auditors.

To propose the company's Board of Directors to recommend at the shareholders' meeting the appointment of external auditors from Ernst & Young Office Limited as the Company's auditors for fiscal year 2013 because they are independent auditors with the authority, duties, and responsibilities set forth by the Securities and Exchange Commission.

5. Consider the transactions with related parties and transactions with conflict of interest in line with relevant legislations and regulations.

To review process, practice, regulations and articles of association of the Company in order that the approved transactions and disclosure comply with the rules or notification of the Stock Exchange of Thailand as accurate and complete.

The Audit Committee is of the opinion that the transactions to be in order and are in the best interest of the company with adequate information disclosure.

6. Self-Assessment.

The Audit Committee conducted collective self-assessment in order to guide the performance of the Audit Committee in accordance with the entire scope of responsibilities or not. The Self-Assessment showed that the Audit Committee performed mainly of their duties in accordance with the entire scope of responsibilities.

7. Others:

7.1 Reviewing the information disclosed to the Stock Exchange of Thailand and the Securities and Exchange commission, as disclosed in the Company's annual report year 2012 (Form 56-2) and in the annual information disclosure form as at December 31, 2012 (Form 56-1).

7.2 Reporting the Audit Committee's activities to the Board of Directors periodically.

7.3 Reviewing the Charter of Audit Committee for ensuring the Charter of Audit Committee is update and suitable for the Organization Environment.

7.4 The record of attendance of the Audit Committee members is summarized as follows:

List of Audit Committee

Number of Attendance / Total Meeting (Times) Year 2012

1. Mr. Chalermphonng Jitkuntivong	7/7
2. Mrs. Monluedee Sookpantarat	7/7
3. Mr. Thanwa Laohasiriwong	7/7

On behalf of the Audit Committee



(Mr. Chalermphonng Jitkuntivong)
Chairman of the Audit Committee
8 February 2013

3. GENERAL INFORMATION

General Information (As of 31 December 2012)

Company Name	Asiasoft Corporation Public Company Limited
Type of Business	Providing online entertainment services as an online game operator in Thailand, Singapore, Malaysia, Vietnam, Indonesia, Philippines and Southeast Asia, including distributing PC Games
Head Office	No. 9, UM Tower, Room 9 / 283 – 5, 28th Floor Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Registered Number	0107550000050
Telephone	66 2769 8888
Facsimile	66 2717 4251
Website	www.asiasoft.co.th and www.asiasoft.net
Registered Capital	307,407,762 Baht divided into 307,407,762 ordinary shares with a par value of Baht 1 each.
Paid-up Capital	307,407,762 Baht divided into 307,407,762 ordinary shares with a par value of Baht 1 each.

Companies in which the Company hold 10% or more of shares (As of 31 December 2012)

Company Name	PlayPark Company Limited
Type of Business	Web portals for online games and web advertisement services
Head Office	No. 9, UM Tower, Room 9/286 – 7, 28th Floor Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4251
Website	www.playpark.com
Registered Capital	5,000,000 Baht divided into 50,000 ordinary shares with a par value of Baht 100 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.

Company Name	Asiasoft International Company Limited
Type of Business	Investment Arm (Holding Company)
Head Office	No. 9, UM Tower, Room 9/161, 16th Floor Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4251
Registered Capital	112,000,000 Baht divided into 1,120,000 ordinary shares with a par value of Baht 100 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.

Company Name	A Capital Company Limited
Type of Business	Investment Arm (Holding Company)
Head Office	No. 9, UM Tower, Room 9/283 – 5, 28th Floor Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4251
Registered Capital	20,000,000 Baht divided into 200,000 ordinary shares with a par value of Baht 100 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.

Company Name	Funbox Company Limited
Type of Business	Online Games Business Services
Head Office	No. 1168/15, 17, Lumpini Tower, Rama 4 Road, Tungmahamek, Sathorn, Bangkok, 10120
Telephone	66 2343 1000
Facsimile	66 2679 8772
Website	www.funbox.co.th
Registered Capital	40,000,000 Baht divided into 400,000 ordinary shares with a par value of Baht 100 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital held by A Capital Company Limited.

Company Name	Thaiware Communication Company Limited
Type of Business	Developing computer software, implement computer system and web advertising services.
Head Office	No. 69/6 Tung Hua Pug Building, B Tower, 4th Floor, Room No.3, Soi Suksa Wittaya, Silom Road, Silom Sub-district, Bang Rak District, Bangkok
Telephone	66 2635 0744
Facsimile	66 2635 0745
Website	www.thaiware.com
Registered Capital	1,500,000 Baht divided into 150,000 ordinary shares with a par value of Baht 100 each. All shares have been issued and fully paid up.
Shareholding Status	40% of registered capital held by A Capital Company Limited.

Company Name	Cybergames Corporation Company Limited
Type of Business	Providing games through the communications and network system services via internet and web advertising services.
Head Office	No. 9, UM Tower, Room 9/245, 24th Floor Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2717 3515
Facsimile	66 2717 4254
Website	www.thaicybergames.com
Registered Capital	1,000,000 Baht divided into 100,000 ordinary shares with a par value of Baht 100 each. All shares have been issued and fully paid up.
Shareholding Status	30% of registered capital held by A Capital Company Limited.

Company Name	Playcybergames Company Limited
Type of Business	Online Games Business Services
Head Office	No. 9, UM Tower, Room 9/244, 24th Floor Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2717 3515
Facsimile	66 2717 4254
Website	www.playcybergames.com
Registered Capital	20,000,000 Baht divided into 2,000,000 ordinary shares with a par value of Baht 10 each. All shares have been issued and fully paid up.
Shareholding Status	59.99% of registered capital.

Company Name	Asiasoft Online PTE. LTD.
Type of Business	Online Games Business Services and distributing PC Games.
Office	No. 5 Tampines Central 1 #04-01 Tampines Plaza, Singapore 529541
Telephone	+65 6825 8506
Facsimile	+65 6782 7462
Registered Capital	2,000,000 Singapore Dollar, all shares have been issued and fully paid up.
Shareholding Status	100% of registered capital held by Asiasoft International Company Limited.

Company Name	AS Online SDN. BHD.
Type of Business	Online Games Business Services and distributing PC Games.
Office	Suite 21.01, Level 21, Menara IGB, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
Telephone	+603 2287 1503
Facsimile	+603 2287 1500
Registered Capital	5,000,000 RM.
Paid-up Capital	4,000,000 RM, all shares have been issued and fully paid up.
Shareholding Status	100% of registered capital held by Asiasoft International Company Limited.

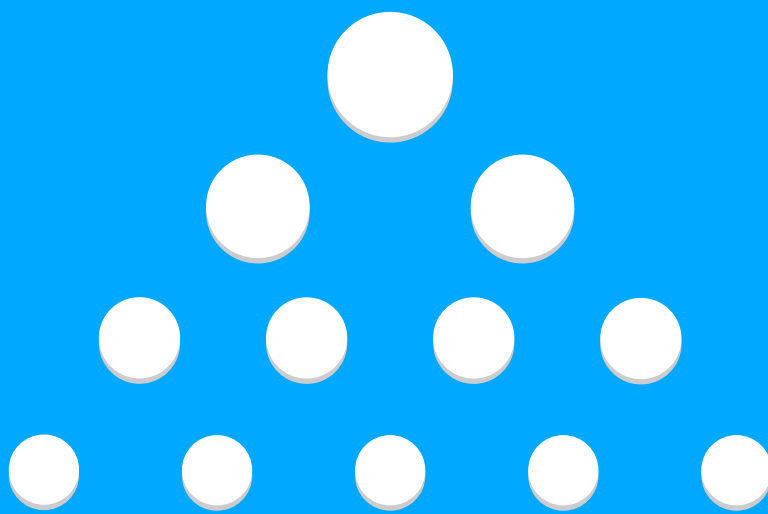
Company Name	PT. Asiasoft
Type of Business	Online Games Business Services
Office	Cyber Building 6th floor, Jl. Kuningan Barat No.8, Jakarta 12710 the Republic of Indonesia
Telephone	+622 1529 05201
Facsimile	+622 1529 05202
Registered Capital	1,750,000 US Dollar
Paid-up Capital	1,000,000 US Dollar, all shares have been issued and fully paid up.
Shareholding Status	79.90% of paid-up capital held by Asiasoft International Company Limited.

Company Name	CIB Development Sdn. Bhd.
Type of Business	Online Games Business Services
Office	Suite 6.05-6.07, 6th Floor, Menara Summit, Persiaran Kewajipan USJ 1, 47600 UEP Subang Jaya, Selangor, Malaysia
Telephone	+603 8023 8315
Facsimile	+603 8023 7830
Registered Capital	1,000,000 RM
Paid-up Capital	1,000,000 RM, all shares have been issued and fully paid up.
Shareholding Status	61.68% of paid-up capital.

Company Name	Trilight Cove Enterprises Ltd.
Type of Business	Online Games Business Services in Indochina region
Office	Porcullis TrustNet Chambers, P.O.Box 3444, Road Town, Tortola, British Virgin Islands.
Telephone	+65 6825 8506
Facsimile	+65 6782 7462
Registered Capital	1,000,000 US Dollar
Paid-up Capital	1,000,000 US Dollar, all shares have been issued and fully paid up.
Shareholding Status	60.00% of paid-up capital held by AS Online Sdn. Bhd.

Reference Persons

Registrar	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand
Telephone	0 2229 2800
Facsimile	0 2654 5427
Auditors	Mr. Supachai Panyawattano CPA License No. 3930 Ernst & Young Office Limited 33rd Floor, Lake Rajada Office Complex, 193/136-7 Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	0 2264 0777
Facsimile	0 2264 0789



BOARD OF DIRECTORS



Mr. Tan Tgow Lim

Chairman

Educational Background

Business Administration, Cambridge GCE Ordinary Level
Presbyterian Boys School in Singapore

Work Experiences

- Chairman Asiasoft Corporation Public Company Limited
- Director Asiasoft International Company Limited
- Director Asiasoft Online Pte. Ltd.
- Director AS Online Sdn. Bhd.
- Director PT. Asiasoft
- Director CIB Development Sdn. Bhd.
- Director Trilight Cove Enterprises Ltd.

Training Program organized by Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP 50/2006)

Illegal Record in past 10 years

-none-



Mr. Pramoth Sudjitporn

Vice Chairman

Educational Background

Bachelor of Business Administration, Bangkok University

Work Experiences

Present

- Vice Chairman, Chief Executive Officer and Chairman of Executive Committee
Asiasoft Corporation Public Company Limited
- Director A Capital Company Limited

Former

- Director Asiasoft Online Pte. Ltd.

Training Program organized by Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP 50/2006)

Illegal Record in past 10 years

-none-



Mr. Lertchai Kanpai

Director

Educational Background

Bachelor of Laws, Ramkhamhaeng University

Work Experiences

- Director and Managing Director
Asiasoft Corporation Public Company Limited
- Director Asiasoft International Company Limited
- Director PlayPark Company Limited
- Director A Capital Company Limited
- Director Funbox Company Limited

Training Program organized by Thai Institute
of Directors Association (IOD)

Director Accreditation Program (DAP 51/2006))

Illegal Record in past 10 years

-none-



Mr. Surasak Khaoroptham

Director

Educational Background

MBA, Business Administration, Major in Finance,
University of Pennsylvania – the Wharton School.
MSC (Engineering), Science in Industrial & Operations
Engineering,
Major in Operations Research,
University of Michigan – Ann Arbor.
Bachelor Degree, Electrical Engineering,
King Mongkut Institute of Technology Ladkrabang.

Work Experiences

- Director Asiasoft Corporation Public Company Limited
- Managing Director Private Equity (Thailand) Company Limited

- Director SNC Former Public Company Limited
- Director Mermaid Maritime Public Company Limited
- Director and Compensation Committee Member
Somboon Advance Technology Public Company Limited
- Director Altus Advisory Company Limited
- Director Nok Airlines Company Limited

Training Program organized by Thai Institute of Directors Association (IOD)

Directors Accreditation Program (DAP 9/2004)

Illegal Record in past 10 years

-none-



Mr. Chalermphonng Jitkuntivong

Independent Director and Chairman of the Audit Committee

Educational Background

Master of Laws, Cornell University, USA
Barrister at laws (Thai Bar)
Bachelor of Laws (Hons.), Chulalongkorn University
Graduate Diploma in Business Laws, Thammasat University

Work Experiences

- Director, Independent Director and Chairman of the Audit Committee
Asiasoft Corporation Public Company Limited
- Attorney Domnarn Somgiat & Boonma Law Office Limited

Training Program organized by Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP 53/2006)
Understanding the Fundamental of Financial Statements (UFS 9/2007)

Specific Knowledge or Expertise

- Law

Illegal Record in past 10 years

-none-

Business Relationship with the Company

-none-



Mr. Thanwa Laohasiriwong

Independent Director and Audit Committee Member

Educational Background

Bachelor Degree, Computer Engineering,
King Mongkut Institute of Technology Ladkrabang.

Work Experiences

Present

- Director, Independent Director and Audit Committee Member Asiasoft Corporation Public Company Limited
- Independent director and Member of Audit Committee EASY BUY Public Company Limited
- Independent Director and Audit Committee Communication & System Solution Public Company Limited
- Columnist Prachachart Turakij Newspaper

Former

- Managing Director IBM Thailand Company Limited

- Director and Country Manager, System and Technology Group IBM Thailand Company Limited
- Director IBM Solution Delivery Company Limited

Training Program organized by Thai Institute of Directors Association (IOD)

Director Certification Program (DCP 43/2004)

Specific Knowledge or Expertise

- Computer

Illegal Record in past 10 years

-none-

Business Relationship with the Company

-none-



Mrs. Monluedee Sookpantararat

Independent Director and Audit Committee Member

Educational Background

- Master's Degree in Accounting, Thammasat University
- Graduate Diploma in Auditing, Thammasat University
- Bachelor's Degree in Accounting with 2nd class honors, and Major in Accounting, Thammasat University
- "Directors Diploma" for the Directors Certification Program with reference to fellow Member 11/2003
- "The Certificate of Completion" for the Directors Certification Program Class 31/2003
- Certified Public Accountant, Thailand License No.4020

Work Experiences

Present

- Director, Independent Director and Audit Committee Member Asiasoft Corporation Public Company Limited
- Visiting Lecturer Faculty of Commerce and Accountancy, Thammasat University
- Visiting Lecturer Faculty of Accountancy, Bangkok University
- Independent Director and Audit Committee Member Plan B Media Company Limited
- Director Wave Entertainment Public Company Limited

Former

- Chief Financial Officer Group of Wave Entertainment Public Company Limited
- Group Financial Controller Wave Media World Company Limited
- Audit Manager Ernst & Young Office Limited

Training Program organized by Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP 31/2003)
- Director Diploma Award (Fellow Member) Class 11/2003
- Director Accreditation Program (DAP 34/2005)
- Audit Committee Program (ACP 23/2008)

Specific Knowledge or Expertise

Accounting, Reviewing Accounting and Internal Audit

Financial Statements Review Experience

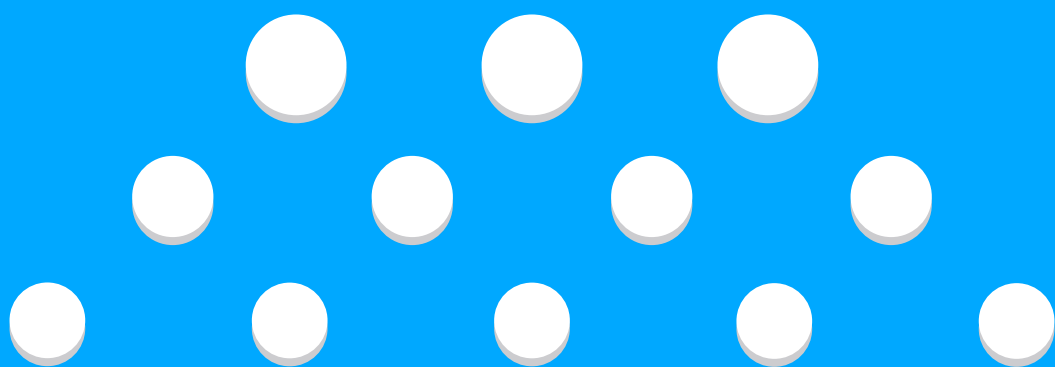
- 1987 – 1996 as the Auditor of Ernst & Young Office Limited
- 1997 – 2011 as the Director and Chief Financial Officer of Group of Wave Entertainment Public Company Limited

Illegal Record in past 10 years

– none –

Business Relationship with the Company

– none –



MANAGEMENT



Mr. Goh Kian Khoon (Mr. Kenny Goh)

Chief Financial Officer

Educational Background

The Association of Chartered Certified Accountants (ACCA), Singapore

Work Experiences

Present

- Chief Financial Officer Asiasoft Corporation Public Company Limited

Former

- Deputy Managing Director Asiasoft Online Pte. Ltd.
- Director Cherubim Exchange Pte. Ltd.

Training Program organized by Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP 101/2013)

Illegal Record in past 10 years

– none –



Mr. Kittipong Prucksa-aroon

Deputy Managing Director

Educational Background

BBA, Assumption University

Work Experiences

Present

- Deputy Managing Director
Asiasoft Corporation Public Company Limited

Former

- Assistant Vice President / Director
MFEC Public Company Limited
- Executive Director
Advance Intelligence Modernity Company Limited
- Deputy Managing Director
Asys Computer Company Limited
- General Manager
Advanced Research Group Company Limited

Training Program organized by Thai Institute of Directors Association (IOD)

- Successful Formulation & Execution of Strategy Class 13/2011

Specific Knowledge or Expertise

- Business Management

Illegal Record in past 10 years

- none -



Miss Laddawan Pattanapornnarnan

Deputy Managing Director

Educational Background

MBA, Assumption University

Bachelor of Accounting, Thammasat University

Work Experiences

Present

- Deputy Managing Director
Asiasoft Corporation Public Company Limited

Former

- Assistant Director
Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd.

Training Program organized by Thai Institute of Directors Association (IOD)

- none -

Specific Knowledge or Expertise

- Accounting and Finance

Illegal Record in past 10 years

- none -



Mr. Chatchawan Triamvicharnkul

Deputy Managing Director

Educational Background

MBA. in Finance, National Institute Development Administration
Graduate Diploma in Auditing, Chulalongkorn University
B.B.A. in Accounting, Ramkhamhaeng University

Work Experiences

Present

- Deputy Managing Director
Asiasoft Corporation Public Company Limited
- Director Playcybergames Company Limited

Former

- Head of Corporate Finance Group
TT&T Public Company Limited
- Head of Internal Auditor and secretary to
the Audit Committee TT&T Public Company Limited

Training Program organized by Thai Institute of

- Director Accreditation Program (DAP 20/2004)
- Audit Committee Program (ACP 2/2004)

Specific Knowledge or Expertise

- Accounting, Finance, Auditing and Internal Audit

Illegal Record in past 10 years

– none –



Mr. Vinai Vimukti

Deputy Managing Director

Educational Background

Master of Science, Illinois Institute of Technology
Bachelor of Science, Kasetsart University

Work Experiences

Present

- Deputy Managing Director
Asiasoft Corporation Public Company Limited

Former

- Advisor IT
Bangkok Insurance Public Company Limited
- President
Firstech Solution Company Limited

Training Program organized by Thai Institute of Directors Association (IOD)

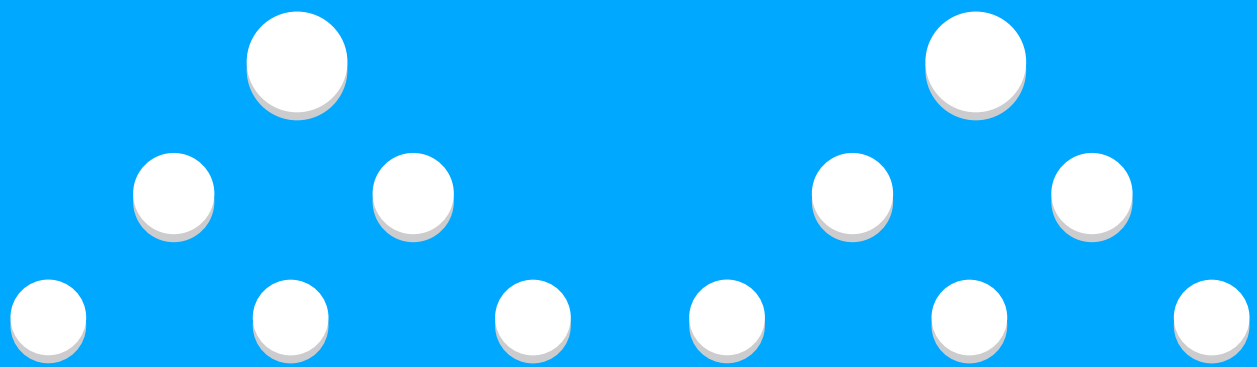
– none –

Specific Knowledge or Expertise

- Information Technology

Illegal Record in past 10 years

– none –



SUBSIDIARY'S MANAGEMENT



Mr. Pote Punsiripote
General Manager
FunBox Co.,Ltd.



Mr. Pipat Rungruang
Chief Executive Officer
Playcybergames Co., Ltd.



Mr. Gerry Wai Ung
Managing Director
Asiasoft Online Pte. Ltd.

Mr. Keith Long
Country Manager
AS Online SDN.BHD.

Mr. Quach Quang Dong

Managing Director

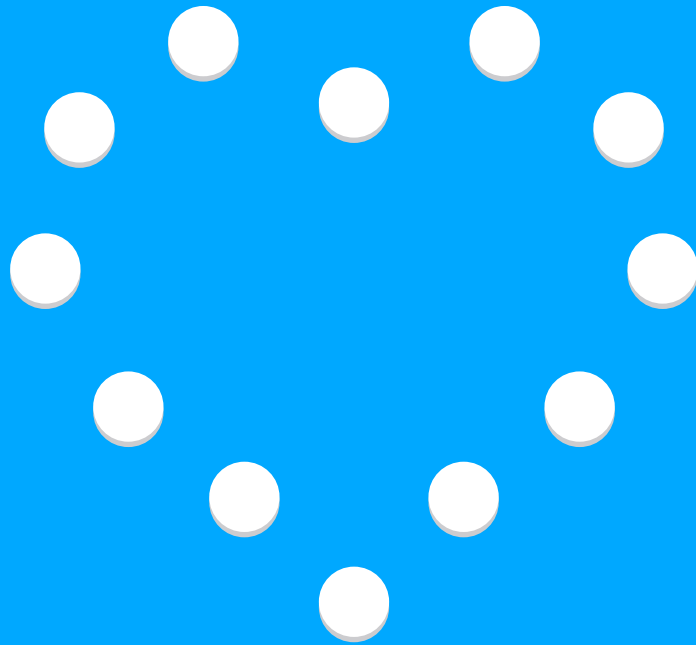
Trilight Cove Enterprises Ltd.

Mr. Suyudi Koeswanto

Managing Director

PT. Asiasoft

Mr. Ku Foo Keong
Chief Executive Officer
CIB Development SDN. BHD.



CORPORATE SOCIAL RESPONSIBILITY

6. CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

In spite of being positioned as today's leader in online entertainment in Southeast Asia, Asiasoft Corporation Plc. still continues taking part in education enhancement and development at large. In working towards this mission, we have always been determined to promote effective time management, quality leisure time spending, and social and environmental awareness among teenagers. We have also exercised our strong experience and expertise in information technology to transform our society in a new digital era into a world of infinite knowledge. With our strong commitment to Corporate Social Responsibility (CSR): "There is nothing better than creating more sustainable benefits to the community through our collective knowledge and experience", we have established three significant approaches to community revitalization: the education and youth program, the social and environmental program, and the program to enhance government activities.

Education and Youth Program



The Gamers Love Dad Campaign

The Gamers Love Dad campaign, which has been organized annually for 7 consecutive years, which is designed to gamers can be a part of help to social by buying the special items in games. All money raised, without any deductions, went to some projects and foundations for children and youth under the Royal Patronage, as well as other prestigious foundations for children

The Gamers Love Dad campaign has been organized on during the month of December every year. It also served as a platform for online gamers to pay their respect and loyalty to His Majesty the King, and buy game items. The seventh Gamers Love Dad collected a total of 9,700, 000 baht (nine million seven hundred thousand only) in sponsorship. Since 2006 until the present time a total of just over 51 million baht donated to many foundations under the royal patronage, as well as other foundations for children and education



Computers for Children

Education development and learning capability enhancement are crucial contributions to achieving a better quality of life for our offspring. Bearing this notion in mind, Asiasoft has so far sponsored plenty of activities and campaigns which were organized to help enhance skills, knowledge and education opportunities for youngsters, hoping this will facilitate knowledge generation and give rise to sustainable social development.



Asiasoft Opens House Project

As always, Asiasoft offers great opportunities for teenagers, teachers, students, and government officials. It acts as a knowledge center for learning about management and operations of online and website business. It also serves as a platform for exchanging online business information and delivering technology visions to the public.

Social and Environmental Program



Gamers can do 'Milk for Children'

Asiasoft Corporation Plc. has become a part of helping the Foundation for Slum Child Care (FSCC). Some Children grow up without access to proper care, nourishment or basic education. They are exposed to assault and abuse, both mentally and physically, in an environment where drugs and crime are prevalent. We and our volunteer employers also joined a Lunch Party with the children and also donated some milk powers and toys to the foundation at Baan Sau Yai in Pracha-u-thit community, one of Daycare Centres

Government support Program



Safe & Clean internet cafe

Asiasoft Corporation Plc. joined to support the Department of Cultural Promotion, Ministry of culture in the special internet café project named "Ran Game See Khao" (Safe & Clean internet café). This project will help parents to take care children when they stay in the internet café for playing game or use computer in that place. The members of internet café project controlled by Department of Cultural Promotion will get the special benefit from publisher and reward from Ministry of culture.

7. HIGHLIGHT EVENTS IN YEAR 2012

Thailand :: :: ::



January

- Launched Camon Hero
- Thailand Game Prize 2012 Awards :
Best Corporate Social Responsibility :
6th Gamers Love Dad from Thailand Game Show 2012
- Thailand Game Prize 2012 Awards The most popular
online game service provider from Thailand Game Show 2012
- Thailand Game Prize 2012 Awards :
The most game gamers have been waiting for :
Dragon Nest from Thailand Game Show 2012



February

- Launched service payment @Cash for game RIFT Digital Editions
from Trion World
- King Naresuan Online official launched



March

- Acquires CIB Development Sdn.Bhd. in Malaysia
- Launched Dragon Nest



April

- Annual General Meeting of Shareholders for 2012



May

- Acquired distribution rights for Diablo3 from Blizzard Entertainment
- Awarded the 11th Most visited website from Truehits.net Web Award 2011 to www.playpark.com
- Awards for the 17th Most visited website from Truehits.net Web Award 2011 to www.asiasoft.co.th
- Launched Sudden attack Season II



June

- Asiasoft Game Fest 2012 at PHITSANULOK and CHIANG MAI



July

- Launched Fashion Dream : the first Facebook game from Playpark
- Launched EverPlanet
- Asiasoft Game Fest 2012 At NAKHON RATCHASIMA and CHON BURI



August

- Asiasoft Allstar Battle 2012
- Launched Counter-Strike ONLINE



September

- Launched Sheep Farm : the first Web Games from Playpark
- Launched Football City Stars
- Launched SuperStar : the first karaoke game in Thailand
- E-Sports World Class 2012 by PlayFPS
- Launched World Of Warcraft : Mist Of Pandaria



October

- Playpark FanFest 2012
- Launched Elsword
- Awarded BEST CASUAL MUSIC GAME :
Audition from Bangkok International Game Festival 2012
- Awarded BEST MMORPG :
Dragon Nest from Bangkok International Game Festival 2012





November

- “Blizzard Team” First Thailand Fan Meeting”
- Launched @Cash Plus : Payment On Demand with Tesco Lotus
- Launched Star Project



Singapore & Malaysia :: :: :: ::



February

- MapleSEA expands to Philippines



May

- Official Launch of Diablo 3



June

- MapleSEA celebrates its 7th Anniversary



September

- Launched Mahjong Hime



December

- Official launched of the world's first English service for Ragnarok Online 2: Legend of the Second

Philippines :: :: ::



April

- Sudden Attack Awareness Campaign. Installation of Sudden Attack Posters Metrowide.



September

- Signed All Serve and Philportal as official PlayFPS activation partner.



October

- AVA Online Awareness Campaign & FreePlay
- PlayFPS Elites Competition (Qualifiers)



November

- Availability of @Cash on LoadCentral, PH's biggest E-Pin Distributor



December

- PlayFPS Elites Competition (Final Qualifiers)

Vietnam



January

- Yulgang official launched

February

- GetAmped II in celebration of its 2th anniversary



April

- Shinobi official launched
- 6th “De Nhat Quan Doan” tournament of 3k



July

- 9 Dragons official launched



October

- Cosmic Break official launched
- Big Offline GetAmped World ever



November

- 9 Dragon Offline “12 Town”
- Yulgang 1st Big Offline



December

- 3 Kingdoms in celebrations of its 6th anniversary

Online Games Launch In Thailand 2012

Online Games Launch In Thailand 2012



Camon Hero



Dragon Nest



King Naresuan Online



Sudden Attack Season 2



FashionDream



EverPlanet



Counter Strike Online



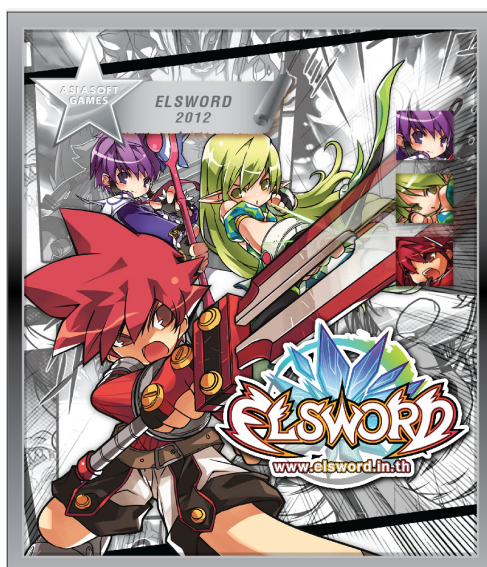
Sheep Farm



Football City Stars



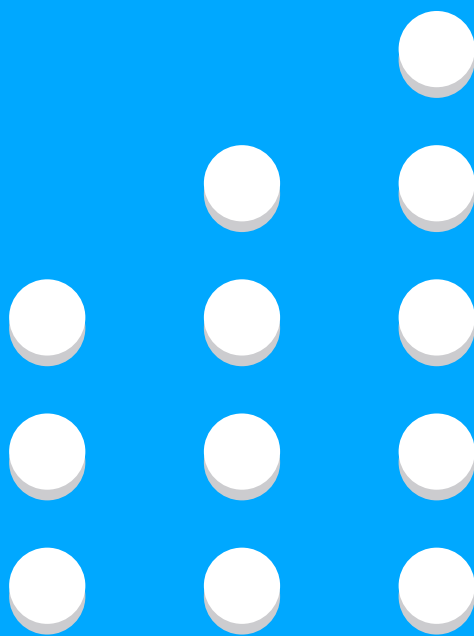
SuperStar



Elsword



Star Project



ANNUAL REPORT

8. Financial Highlight

	2012	2011	2010
Income Statement (Baht Million)			
Revenue from Sales and service income - net	2,016	1,638	1,512
Gross Profit	847	737	730
Net income before interest expenses and corporate income tax	391	365	367
Net Profit	303	296	264
Balance Sheet (Baht Million)			
Assets	1,990	1,869	1,770
Liabilities	613	550	497
Shareholders' Equity	1,377	1,319	1,273
Stock			
Paid-up Capital (Million Shares)	307	316	314
Par Value (Baht)	1	1	1
Earning per share (Baht)	0.99	0.97	0.87
Dividend per share (Baht)	1.00	0.76	0.84
Key Ratios			
Net Profit Margin (%)	15.40%	17.60%	17.18%
Return on Assets (%)	15.75%	16.29%	15.24%
Return on Equity (%)	22.55%	22.88%	21.05%
Debt Equity Ratio	0.44	0.42	0.39

9. Nature of Business

9.1 History and Major Developments

Asiasoft Corporation Public Company Limited (the “Company” or “AS”) was formerly called B.M. Media (Thailand) Co., Ltd. The Company was incorporated on 20 September 2001, with the registered capital of Baht 5.0 million as a distributor of PC games by co-founders of the Company, Mr. Pramoth Sudjitporn, Mr. Sherman Tan and Mr. Lertchai Kanpai, have long experience in the entertainment software business.

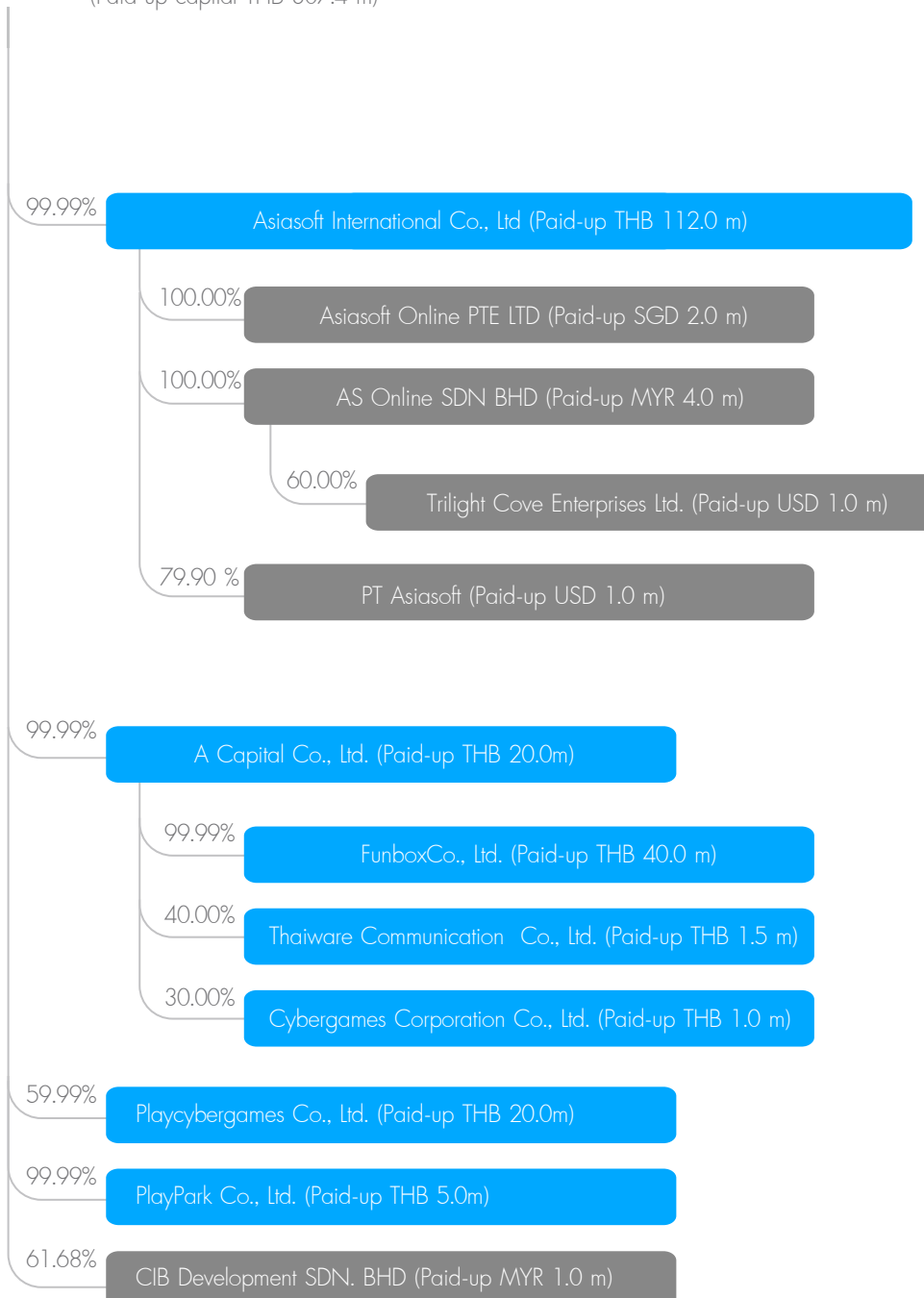
In 2003, the Company began online game service business in Thailand by launching “Ragnarok Online” licensed from Gravity Corporation, South Korea. It was localized into Thai language to serve Thai gamers. This game was an immense success, with the highest Peak Concurrent Users of over 110,600. This was a major step forward, which made the Company widely known as one of the leading online game operators in Thailand. In 2004-2005, the company restructured its shareholding within the Group through the purchase of shares from its major shareholders to clarify the Group’s operating structure, save costs, and enhance the efficiency of the Group’s management. At the currently, the Asiasoft Group (the “Group”) comprises of 13 companies, as follows.



Shareholder Structure :

1. Founders	71.13%
2. Asia Investment Partners Limited	9.76%
3. Free Float	18.59%

(Paid-up capital THB 307.4 m)



● Thailand

● Overseas

The Group's main business is in online entertainment, as detailed below.

Company	Country	Main business
1. Asiasoft Corporation Plc. ("AS")	Thailand	Online game services business and distribution of games in Thailand
2. Asiasoft International Co., Ltd. ("ASI")	Thailand	Investment arm in overseas
3. PlayPark Co., Ltd. ("PlayPark")	Thailand	Web portals for online games and web advertisement services through its web site "www.playpark.com"
4. A Capital Co., Ltd. ("A Capital")	Thailand	Investment arm in Thailand
5. FunBox Co.,Ltd. ("FunBox")	Thailand	Online game services business in Thailand
6. Thaiware Communication Co., Ltd. ("Thaiware")	Thailand	Exchange of information and distribution of software and IT service including software download on the website "www.thaiware.com"
7. Cybergames Corporation Co., Ltd. ("TCG")	Thailand	Game provider under its private LAN called TCG network
8. Asiasoft Online PTE. LTD. ("ASO")	Singapore	Online game services and providing in Singapore in online game service as well as distributing prepaid cards in Singapore
9. AS Online SDN. BHD. ("ASM")	Malaysia	Online game services and providing in Malaysia in online game service as well as distributing of prepaid cards in Malaysia
10. PT Asiasoft ("ASID")	Indonesia	Online game services in Indonesia
11. CIB Development SDN BHD("CIB")	Malaysia	Online game services in Malaysia
12. Playcybergames Co., Ltd. ("PCG")	Thailand	Online game services in Thailand
13. Trilight Cove Enterprises Ltd.("TLC")	British Virgin	Online game services on Indochina including Vietnam, Myanmar and Cambodia

For the online game service in Vietnam, the Company has sub-licensed the right to CONG TY TNHH CHAU A MEM ("CTCM"), a Vietnamese Company to provide online game services in Vietnamese market under "AsiaSoft" since 2004. Recently, Company invest 60% of Trilight Cove Enterprises Ltd. with Vietnamese partner through ASM, our subsidiary of the company to support the service of online games in Indochina region including Vietnam, Myanmar and Cambodia.

9.2 Overview of the Group's Business

Nature of the Group's Business

The Group is a leading provider of online entertainment service in Southeast Asia relating to online games, with the largest market share based on concurrent users (CCU) from online games in Thailand Singapore and Malaysia and the eighth largest market share in Vietnam in 2012 (Source: Internal Research). The company was ranked number three in terms of market share but after acquired CIB Development SDN BHD in Feb 2012, company obtains the largest market share in Malaysia based on CCU. The Group's launch of "Ragnarok Online" in Thailand in 2007 was an immense success, with the highest number of Peak Concurrent Users of over 110,600. As of 31st December 2012, there are total of 61 online game titles available in 6 countries: Thailand (35 games), Singapore (8 games), Malaysia (20 games), Indonesia (3 games) Philippines (3 games) and Indochina (Vietnam, Cambodia, Myanmar 6 games). During the past 3 years, the provision of online game services generated the Group's main income, accounting for 82 % of the Group's total income.

The online services are operated through subsidiaries companies in each country. Each subsidiary will have its own server to provide services to gamers in each country and to efficiently accommodate a large number of gamers using the services simultaneously.

The Group generates income from the online game business from the sales of @Cash, 1-2 Call, @CashPlus and Truemoney to gamers who use the cards to add air time, to exchange for points or virtual money to buy in-game items. @CashPlus is only available through electronic vouchers, but obtains both types of prepaid card and electronic for @Cash card, 1-2 Call and Truemoney. For prepaid cards, they are distributed through Internet cafés and convenient stores such as 7-Eleven, BIG C, Tesco Lotus and True Shop/True Move. The electronic cards are available through various systems such as 7-Eleven or e-pay terminals, mobile phones and the Group's online payment systems @Shop. Payments may be made by cash, money transfer or credit cards. For 1-2 Call, @CashPlus and Truemoney which are sold by distributors such as 7-Eleven, BIG C, Tesco Lotus, Lotus Express, and True Shop. The @Cash, 1-2 Call, @CashPlus and Truemoney can be used for all online games in each company within the Group. Moreover, the prepaid @Cash cards can also be used for others' online games that are the Group's business alliances. In addition, in order to provide support to the online game services, the Group has established game information centre to answer technical questions and questions relating to playing instructions through its call centre and via email 24 hours a day as well as through the Counter Service "@Club".

As of 31st December 2012, the Group was granted the rights to service online games totalling 61 online game titles in 6 countries, as follows.

Online game	Type of Game ^a	Type of revenue model ^b
1. Ragnarok Online	MMORPG	Hybrid Sale Item Sale
2. Maple Story	MMORPG	Item Sale
3. Yulgang	MMORPG	Item Sale
4. Granado Espada	MMORPG	Item Sale
5. CABAL	MMORPG	Item Sale
6. Ghost Online	MMORPG	Item Sale
7. 12 Sky 2	MMORPG	Item Sale
8. Atlantica	MMORPG	Item Sale
9. Rohan	MMORPG	Item Sale
10. 8inw	MMORPG	Item Sale
11. Chosen	MMORPG	Item Sale
12. AIKA	MMORPG	Item Sale
13. Chinese Hero Online	MMORPG	Item Sale
14. Gangza	MMORPG	Item Sale
15. God of Emperor	MMORPG	Item Sale
16. LostSaga	MMORPG	Item Sale
17. Grand Chase	MMORPG	Item Sale
18. Dragon Nest	MMORPG	Item Sale
19. King Naresuan Online	MMORPG	Item Sale
20. Q Tales	MMORPG	Item Sale
21. Ever Planet	MMORPG	Item Sale
22. HY2 Online	MMORPG	Item Sale
23. Mahjong Hime	MMORPG	Item Sale
24. Sheng Mo Online	MMORPG	Item Sale
25. Elsword	MMORPG	Item Sale
26. Risk Your Life Online	MMORPG	Item Sale
27. Water Fairy Online	MMORPG	Item Sale
28. Tian Long Ba Bu Online	MMORPG	Item Sale
29. Chinese Paladin Online	MMORPG	Item Sale
30. Finding Neverland Online	MMORPG	Item Sale
31. Wang Dao Online	MMORPG	Item Sale
32. Kung Fu Hero Online	MMORPG	Item Sale
33. HE2 Online	MMORPG	Item Sale
34. Ten Online	MMORPG	Item Sale
35. Loong	MMORPG	Item Sale
36. 3Kingdom	MMORPG	Item Sale
37. Brawl Busters	MMORPG	Item Sale
38. Ninedragon	MMORPG	Item Sale

Online game	Type of Game ^a	Type of revenue model ^b
39. Gigaslave	Casual	Item Sale
40. Audition	Casual	Item Sale
41. GetAmped	Casual	Item Sale
42. Freestyle Street Basketball	Casual	Item Sale
43. GetAmped 2	Casual	Item Sale
44. Super Dance Online	Casual	Item Sale
45. Free Jack	Casual	Item Sale
46. Football City Star	Casual	Item Sale
47. Super Star	Casual	Item Sale
48. Star Project	Casual	Item Sale
49. Sudden Attack	FPS	Item Sale
50. S4League	FPS	Item Sale
51. Counter Strike Online	FPS	Item Sale
52. Crazy Shooter Online	FPS	Item Sale
53. AVA	FPS	Item Sale
54. Mission Against Online	FPS	Item Sale
55. Pocket Ninja	Web	Item Sale
56. Sheep Farm	Web	Item Sale
57. Fashion Dream	Web/Facebook	Item Sale
58. Ming Dynasty Online	Web	Item Sale
59. Ming Chao Chuan Qi Online	Web	Item Sale
60. Hero Online	Web	Item Sale
61. Bubble Ninja	Web	Item Sale
Total 61 Games		

Remarks : ^a MMORPG is a game which can serve a large number of gamers playing simultaneously. These gamers can have spontaneous interaction with each other through the server system/
Casual Game is a game with cute, colourful characters, which gamers do not have to spend a lot of time and develop skills to play the games.

^b **Air Time Sale** is a revenue model charging of game services according to playing time,
Item sale is a revenue model charging of game services through the sale of in-game items
hybrid sale is a combination of above revenue models.

A1. Massively Multiplayer Online Role-Playing Game (“MMORPG”)

MMORPG is an online game which can serve a large number of gamers simultaneously and every gamer can have interaction with each other in real time (Real Time Interaction), which enables the gamers to compete or be friend with others as in real life. The story of the games is mostly about action adventures to defend oneself or war adventure, with the following general characteristics :

- Gamers play one or more of the characters in the game simultaneously, using the Multi Character Control System: MCC). Each character has a continuous role and different strength and weakness
- Gamers can increase the level and collect various items such as weapons or points to increase the strength of the character and differentiate itself from other characters and can also exchange and trade in-game items.
- The life of the characters will be based on events or stories that occur in real life such as weddings, accepting other characters as disciples or masters, forming a group to fight against opponents etc.
- There is no winning or losing in the game but the game will continue its story endlessly.
- Most gamers are loyal to the game, partly due to the nature of the game which requires a considerable amount of time to move to the next level in the game.

A2. Casual Game

Casual Game is an online game with cute, colourful cartoon characters. A Casual Game is normally relatively easy to play. Gamers do not need a large amount of time or skills to play and can usually finish the game in a short period of time, thus making the game suitable for relaxation Online Game Service Fee.

At present, the Group charges fee for the online game services through the following 2 methods:

A3. First Person Shooting

First Person Shooting is an online game emphasizing in shooting by using gun mainly and easily play, splitting in two teams and helping each other to finish each part by limited of time.

A4. Web –based Game

Web-based game is an online game where player can enjoy on each browser without downloading any programme.

The Group’s income also comes from @Café membership fees collected from Internet cafes in Thailand for the right to provide the Group’s online and PC game services to their customers in the shops. Moreover, the Group also operates related businesses such as the advertising in online game website and website game portals www.playpark.com, www.playthai.co.th, www.playfps.com, www.thaiware.com, and www.thaicybergames.com.

9.3 Structure of the Group's Income

The Group's main income by type of business can be divided into 3 main types, as follows.

Type of Revenue	2010		2011		2012	
	Baht Million	%	Baht Million	%	Baht Million	%
1. Revenue from online game service	1,358	88	1,516	90	1,662	82
2. Revenue from distribution business	127	8	92	5	277	14
3. Other income	55	4	77	5	77	4
Total Revenues	1,540	100	1,685	100	2,016	100

The Group's revenues can be classified by geographical area into 2 types as follows.

Type of Revenue by geographical areas	2010		2011		2012	
	Baht Million	%	Baht Million	%	Baht Million	%
1. Revenue from operation in Thailand	1,083	70	1,113	66	1,155	57
2. Revenue from overseas operation	457	30	572	34	861	43
Total	1,540	100	1,685	100	2,016	100

9.4 Products and Services

The Group engages in online entertainment services, dividing into 2 main services, online game services and game distribution. Detail of online game services are as follows :

Online Game services

Online game is served on Internet and gamers can compete and chat with other gamers in the game spontaneously through the server system on which the main game programme and gamers' information are stored. Online game operators shall provide services to gamers whose computers have the client programme installed and are connected to the Internet and the gamers register to play games through the online games' web site. However, online games do not include games which operate on LAN system.

The online game business is the main source of the Group's income, accounting for 84 % of the Group's total income in 2012. The Group operates its business on a comprehensive basis to enable the efficient providing of online game services to gamers in each country, from acquiring game licenses, marketing and establishing game information centre and payment channels. Another important task is to prepare the computer system for the provision of services, including the server system, computer equipment and software, client programmes as well as creating websites for online games. Each company in each country has its own separate server system. As of 31st December 2012, the Group provides online game services in total of 61 games in 6 countries, as follows:

Service countries	Number (games)	Online games for which services are provided as of 31st December 2012
Thailand	35	Ragnarok, Yulgang, 3Kingdoms, Audition, Granado Espada, Cabal, Ghost Online, FreeStyle Street Basketball, 12 Sky 2, Atlantica, Grand Chase, Rohan, 8 inw, AIKA, Gigaslave, Gangza, AVA, God of Emperor, LostSaga, Pocket Ninja, S4League, Free Jack, Dragon Nest, King Naresuan Online, Q Tales, Fashion Dreaan, Ever Planet, Counter Strike Online, HY2 Online, Sheep Farm, Majong Hime, Football City Star, Super Star, Elsword and Star Project
Singapore	8	Maple Story, Audition, Getamped, Cabal, AIKA, AVA, 3Kingdom and Majong Hime
Malaysia	20	SMO, RYL, PKO, WFO, SDO, CSO, TLBB, MAT, LOONG, CPO, FNO, WDO, MING, MCCQ, KFH, HE2, TEN, HERO, Sudden Attack and QTO
Indochina	6	GetAmped, 3 Kingdom, Bubble Ninja, Ninedragon, GetAmped 2 and Chosen
Indonesia	3	AVA, AIKA and Brawl Busters
Philippines	3	AVA, Sudden Attack and Maple Story

Note: Some games were served in more than one country

In order to support online gamers, the Group has established game information centre to answer technical questions and playing instructions through its call centre and via email 24 hours a day as well as through the Counter Service “@Club” where the company has increase of latency of @Club by opening @Club at the Esplanade Ratchada for customers who want to contact in person. This service allows gamers to enjoy playing games uninterruptedly and continuously. The close contact between the Group and gamers through such information centre allows the Group to follow gamers’ playing behaviour on a continuous basis, thereby enabling the Group to understand and provide services to target customers and promptly satisfy their individual needs.

The Group also operates related businesses to support the online game services. Such as, www.playpark.com, a game portal web site which allows gamers to connect to other games, including online and PC games. Moreover, it is a venue for game download and a gamer community centre to exchange data, pictures and opinions. It is also a source of information relating to technology and lifestyle products as well as a platform for the launch of new games. In addition, gamers can listen to playpark radio online via the internet 24 hours through (<http://music.playpark.com/radio>) and watch Cable TV under “OH My Game” Program which viewer can also watch through YouTube.

In year 2012, the company has established new branch office in Philippine through its subsidiary, Asiasoft Pte Ltd. Singapore as the company believe in the potential of gaming market in Philippine where people use English as their First language with population around 80 Million people. Company doesn’t incur much of investment cost due to using its own existing content and resource.

The Group also established a new company called “PlayCybergame Ltd” for online game service in Thailand with paid-up capital 20 Million Baht. The company holds 60% of registered capital and plan to launch its first online game in MOBA type which is popular at Internet Café during 2012. Currently, the company has not yet provided any games in MOBA type.

In term of revenue, the Group currently charges gamers as follows:

1. Air Time Sale : Gamers pay fee for the online game service according to playing time in the game, mainly used for MMORPG. Currently, only Ragnarok Online game is under this model which contributes very small amount of the total revenue in 2012.
2. Item Sale : This method usually allows gamers to play the game for free of charge in order to sell in-game items such as weapons, clothes and accessories to gamers who will decide whether or not to buy the items. The sold items are considered as the Group’s income. However, their price will vary depending on each country in which services are provided, marketing policies in the relevant period, and the number of offered items. The offered items in package will be at a lower price.

At present, revenue model of online game services around the world has changed from Air Time sale to Item Sale. The reason is that once gamers play games for free first, there is high possibility that they will be attracted, and thus will increase the opportunity of the Group for higher income through the sale of in-game items

9.5 Distribution and distribution channels

9.5.1 Marketing activities

The Group has been operating under the trade name “Asiasoft” from the beginning of its operation in 2001. The name has become widely known among gamers throughout the region as the leader in the online game market including ability of selecting good games, to maintain its customer base as well as the reliability of its server system in providing services.

Marketing activities are an important strategy for effective communication with customers regarding the services and online games offered by the Group. Moreover, they provide a means for creating awareness among customers of online games as an inexpensive and convenient daily entertainment. In addition to the launch of new games, the Group’s marketing activities also aim at strengthening the Group’s market position, organizational image and social responsibility. The Group also regularly conducts a market survey in order to understand needs and behaviour of gamers, which are the basis for effective marketing strategies leading to highest customer satisfaction. In addition, the Group conducts marketing activities in conjunction with distributors and Internet cafés to create understanding about online games, services, and pricing strategies of the Group.

The Company opened @club at Esplanade Ratchada, not only for customer’s service i.e. gamers, internet café member, but @Club also has enough space for marketing activities, launch of new products and new games, including being a centre for game training or game introduction. In addition it is well fit to do marketing activities with business partners such as Coca-Cola, Nokia, and 3BB.

In 2012, Company produced TV program called “Oh My Game (OMG)” in Cable TV Channel, the main purpose of OMG is to introduce Asiasoft’s games. It’s on air on Gang Cartoon channel every Saturday from 22.00 to 22.30 p.m. and rerun on every Wednesday from 12.00 to 12.30 p.m.

9.5.2 Distribution

In providing online game services, the Group distributes @Cash prepaid cards for the payment of online game service fee, and also cooperate with AIS, TescoLotus and True to distribute 1-2 call, @CashPlus and Truemoney as additional payment channel. The Group believes that effective distribution channel assist the company to access the Group’s target customers effectively.

9.5.2.1 Distribution of @Cash prepaid cards

The Group distributes @Cash prepaid cards which are used for paying the online game service fees. When gamers buy a card, they will receive a serial number and password for registration for air time, or exchange for points or to be used as virtual money to buy in-game items which are used for every game in each country. Each card will have a maximum lifetime of 90 days (for Thailand) and 365 days (for Singapore and Malaysia) from the date of registration. Moreover, the virtual money in the card can also be used to play and buy items from other game publishers that are the Group’s alliance.

The distribution of @Cash is operated through 2 channels as follows:

1. Through the distributors Most prepaid plastic @Cash cards are distributed through the distributors, which account for only 1% of the total sales of @Cash cards in 2012. Most distributors were converted to electronic card systems.

- 7-Eleven convenient stores: the cards are sold directly to customers at the 7-Eleven stores locating throughout the country.
- Computer and game shops such as the network of shops which sell games and related products, game products and computer equipment wholesalers. Such distributors may sell @Cash cards directly to gamers through their own shops or resell to retailers who then sell the cards to gamers.
- Internet cafés: where computer provide and Internet connection services. The @Cash cards are sold to gamers to play games in the Internet cafes.

2. Through electronic mean The Group began selling electronic @Cash cards since 2008. Where, electronic @Cash cards can be purchased by cash, money transfer, or credit cards through the electronic system, as described below.

9.5.2.2 Distribution of 1-2 Call, @CashPlus and True Money Cash Card

The company increased its distribution channels through AIS, True and Tesco Lotus, where gamers can top up money to play our game by using 1-2 Call, True Money and @CashPlus through electronic system as following

Thailand :

- Web sites: including the Group's web sites @Shop and @Cash Online (for @Cafe members only).
- Mobile phones: @Cash on Mobile is the sale of electronic @Cash cards via mobile phones and gamers pay by sending an SMS through AIS network for prepaid system
- @Cash on E-Pay: This is an electronic payment system. Gamers make payment through the terminal and receive vouchers to pay online game service fee.
- 1-2-Call Cash Card: This is another distribution channel that the company joint with AIS, the leader in mobile phone operator. Gamers can buy 1-2-Call prepaid card which "@" symbol at the Conner. The card can be used the same as @Cash card. The group started this service in September 2010.
- TrueMoney Cash Card: This is a new distribution channel that company joint with True Corp. Gamers can buy TrueMoney card at Trueshop/Truemove and 7-11 Eleven. This new service has started in September 2012.
- @CashPlus Card: This is new distribution channel that company joint with Tesco Lotus, where gamer receive serial code to top up game, and price start from 50-10,000 Baht. Gamer can buy @CashPlus at Tesco Lotus or Lotus Express. This new service has started in September 2012.

Malaysia :

- Online Credit Card: This is the sale of electronic @Cash cards through https://passport.asiasoftsea.com/general/ap_landing.aspx or www.paypal.com where payment are made through credit cards.
- MOL e-Pin: gamers can purchase electronic @Cash prepaid cards through MOL e-Points at the authorized shops or makes an online payment at www.offgamers.com or through authorized shops with E-Pay symbol.
- Mobile Phone: @Cash on Mobile is the sale of electronic @Cash through mobile phone in Malaysia where gamer makes a payment through Maxis Network systems.

Singapore :

- S.A.M Kiosk e-Pin: gamers can purchase electronic @Cash prepaid cards through the automatic S.A.M. machines and through AXS Auto machine.
- Mobile Phone: @Cash on Mobile is the sale of electronic @Cash through mobile phone in Singapore where gamer makes a payment through SingTel, Star Hub and GX.
- MOL e-Pin: this is a payment system in Singapore, which electronic @Cash prepaid cards can be purchased through MOL e-Points, Enets and PayPal at the authorized shops.
- A Global Game Concept: @Global Games allows players in South East Asia to play in the same server, encouraging cross-countries friendships and competition among gamers by holding SEA Online Games Tournaments. Players are also able to purchase @Cash in South East Asia through all of Asiasoft's wide range payment systems.

Indonesia :

- Uni-Pin: gamers can purchase Uni-Pin prepaid cards through authorized shops, "Indomaret" a convenient store whose branches locating throughout the country.
- @Cash Prepaid Card is distributed through our authorized shops.

Philippines :

- MOL e-Pin: gamers can purchase electronic @Cash prepaid cards through MOL e-Points at the authorized shops or makes an online payment at www.offgamers.com or through authorized shops with E-Pay symbol @Cash Prepaid Card which is distributed through our authorized shops.
- Online Credit Card: This is the sale of electronic @Cash cards through https://passport.asiasoftsea.com/general/ap_landing.aspx or www.paypal.com where payment are made through credit cards.

Diagram exhibits the distribution of @Cash prepaid cards

Gamers can pay for the online game service fees by purchasing @Cash prepaid cards either in a form of plastic cards from the distributors or in electronic form from the various electronic systems as shown in the diagram below.

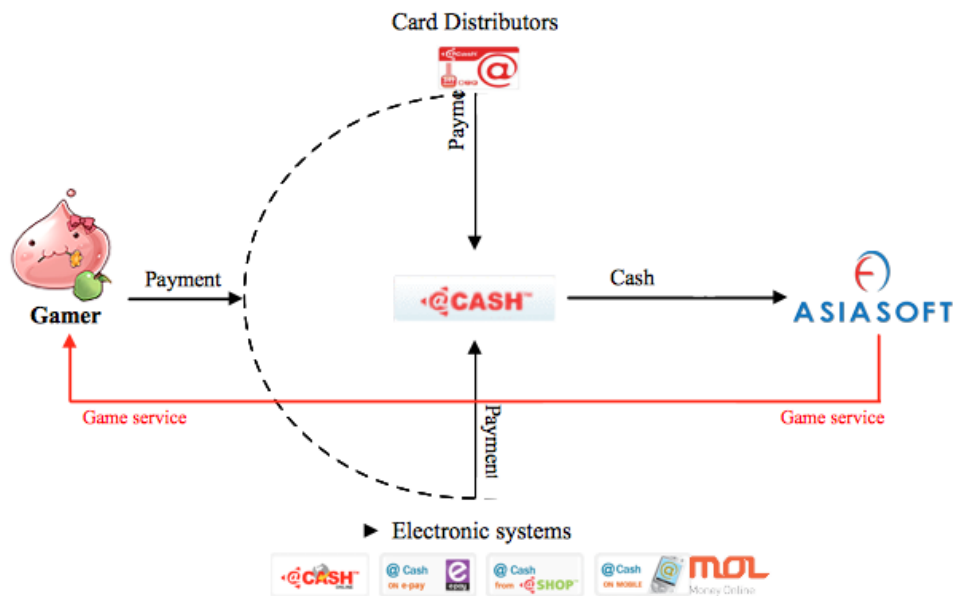
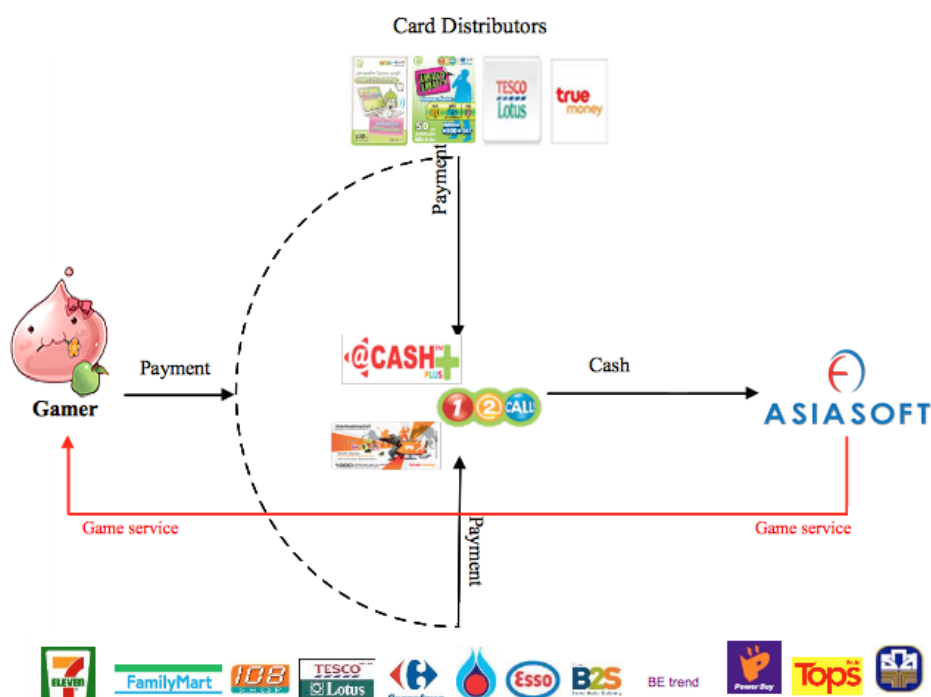


Diagram exhibits the distribution of 1-2-Call, @CashPlus and TrueMoney

In 2010, the company added the channel of payment through 1-2 call cash card and In 2012, distributed to new channel of payment @CashPlus and TrueMoney, which allows gamers to pay for online game service as shown in the diagram below.



Competition strategies

Diversification of investment to countries with high growth potential

At present, the Group diversifies its investment in the online game business in 6 Southeast Asian countries, Thailand, Singapore, Malaysia, Indonesia, Philippines and Indochina (Vietnam, Myanmar, Cambodia) to reduce risks from operating only in Thailand or one particular country. The Group deploys regional management strategies which help to reduce operating costs from purchasing licenses fees of games in packages, computers and related equipment. The Group also shares resources, i.e. human resource, knowledge, technology, and work experiences which are key of success for the group to penetrate each market.

Increasing the number of online games and continuously updating version for existing games

As of 31st December 2012, the Group provides online game services in total of 61 games in 6 countries, The Group cooperates with game developers and game publishers to improve the features and contents of the Group's online games to consistently updated. In addition, the Group plans to provide services for new games in each country to satisfy customers' needs in terms of design, graphics, and technology.

Strengthening its market position

The Group uses 3 main strategies to strengthen its market position, differentiate it from competitors and maintain its market leadership in the region.

- Offering top online games which are well-known and popular in foreign markets

The Group believes that online games that are well-known and popular in foreign markets have outstanding features both in terms of design and contents, which would increase the chance for the Group's success in marketing such games to customers in each target country.

- Direct marketing activities with target customers

By using registered user base, the Group has a strong starting point for its direct marketing activities to continuously maintain and expand the Group's customer base. Such direct marketing activities include the launch and introduction of new games, the promotion of online game playing through various in-game activities such as in-game competition and special seasonal activities as well as out-of-game activities such as meetings and parties among gamers, letters introducing new games and the Group's support of social activities etc.

- Increasing the number to expand the distribution channels

The Group plans to increase the number of distributors of @Cash prepaid cards and online products, such as guide book and item package, to cover more wide-ranging distribution channels. In 2010, the company also added new distribution channel as mentioned above and this would increase the Group's advantages over its competitors in maintaining the Group's existing customer base and increasing new customer base. In addition, the Group also improved the electronic distribution channels in order to reduce the Group's operating cost in the future. Moreover, the expanded distribution network can promote marketing activities including distribution of posters and advertisement for penetrating to end customers.

Marketing activities to stimulate the sale of in-game items

Most of online games service operated by the Group through the sale of in-game items, the Group focuses on direct marketing activities with gamers to encourage them to purchase in-game items regularly such as selling in-game item package in each month, establishing Item Shop and Item Mall on web sites and sending newsletter and SMS to gamers etc.

Efficient online game information centre

Online game information centre provides an important service which enables gamers to play games smoothly and continuously, resulting in game loyalty and increased playing time and opportunity to sell item sales. Currently, the Group provides game information through its call centre, e-mail and Live Chat throughout 24 hours as well as through the Counter Service @Club for customers who contact the information centre in person. The Group aims to improve the quality of the information service and obtain adequate personnel and equipment to meet the needs of customers which expect to increase in the future. The group obtained ISO9001: 2008 for service.

Development of the server system for the online game service

The Group believes that a good server system enables gamers to interact with one another smoothly, continuously and rapidly, which is very important for online game playing. Therefore, the Group has continuously improved the server system's capability and increased the size of its communication circuit to accommodate the increasing number of gamers. As a result, the Group is able to provide efficient services in terms of consistent and adequate speed of the network connection, with fewer errors and information losses, which consequently reduces the chance of service disruption. In addition, the Group has constantly improved the information security system to prevent gamers' information and secrets from being stolen. The group obtained ISO/IEC 27001:2005 (Information Security Management System: ISMS).

ISO/IEC 27001:2005 is a standard defined by the famous and reliable international ISO (The International Organization for Standardization) and IEC (The International Electrotechnical Commission), which defined as the management security to intelligence that organizations be provided with customers inside and outside the organization.

The benefit from ISO/IEC 27001:2005:

- Customer data and systems that provide secured information to be accurate and always available, which causes satisfaction to customers.
- Ensuring that the company can conduct the service and business smoothly and continuously for both customer and business partners.

Appropriate and competitive online game service fee

It is the Group's policy to set up the online game service fees at the rates that appropriate for customers in each country. For most of its services, the Group allows customers to play games for free and charges for its service through the sale of in-game items to increase the competitiveness of the Group with other operators in the same industry and in other entertainment industries. At the same time, such rates must produce a good return for the Group. However, the Group does not have a price war policy.

9.6 Industry Trends and Competition

Online Games Market

Overview of Southeast Asia Online Games Market

The Southeast Asian region is the target market for the online entertainment services of the Group, which consist of 6 countries: Thailand, Singapore, Malaysia, Indonesia, Philippines, and Vietnam. IDC Partners, the leader and expert in Games Market Intelligence in China and Southeast Asia estimated that total market value of Baht 12,213 million in 2012 and estimated market value in 2014 of Baht 14,925 million. Due to social network such as Facebook and Twitter number of internet users to jumped rapidly in this year. The number of internet users should eventually related to number of gamers. Meanwhile, the cost of high-speed internet is getting cheaper. These are all supporting factors to growth of the industry in the region.

Moreover, operators in the online games industry enjoy a number of advantages over operators in other online entertainment industries such as PC games, arcade games, movies, music, and karaoke, as follows:

- **Online games are cheaper and easily accessible**

Online games can be played anywhere with the Internet connection. The majority of gamers in this region play online games in Internet cafes, as it is inexpensive, convenient, and it is also meeting place for gamers. However, most people in Singapore play online games on their own computer due to the advanced Internet network in Singapore. Compared to other entertainment services, cost of playing online games is still lower, and, tendency of gamers in Thailand, Malaysia and Indonesia playing game at home continues to grow compared to the past.

- **The majority of online gamers use the services on a continuous basis**

Due to the nature of online game playing, which promotes relationship through competition or contact with other gamers who are in different places at the same time, especially MMORPG games, in which each game plays a different role in a team and helps each other complete the mission in the game, so gamers find online games more entertaining and interesting. Moreover, gamers have to take a lot of time to develop their skills in the games in order to be the winner, thereby increasing gamers' relationship to the games.

- **Higher Internet and broadband penetration rates continued to expand the pool of gamers in the region.**

Similarly, higher PC penetration rates due to lower PC prices and better PC specifications also boosted the market. In Thailand, the Internet service provider has to compete in speed of Internet resulting in decreasing Internet cost while the speed increases.

- **Low level of piracy problem**

The piracy problem of music, PC games, computer programmes and other entertainment products is a major and unsettled problem for operators in this region and has so much impact on their operations that some operators have been driven out of business. On the other hand, there is less piracy problem for online game operators because the main components of online games programme are contained in the servers of the operators, which gamers cannot access. Moreover, the client programme, which is a programme for installing on the gamers' computers for their first time plays, is inexpensive. Therefore, the piracy problem of online game is not as severe as in the case of other copyrighted work in the form of CDs, DVDs or cartridges, which can be easily copied and distributed.

Overview of online game industry in Thailand, Singapore, Malaysia, Vietnam, Indonesia and Philippines

The Group provides online game services in 6 countries: Thailand, Singapore, Malaysia, Vietnam, Indonesia and Philippines. The online game industry in these countries is growing at a high rate. In the past, most online game operators were small operators offering a limited number of online games, mostly MMORPG games, and charged for their services through air time sale. However, today the competition in the industry is growing rapidly due to the entrance of large operators and the continuous launch of new online games. Furthermore, the change in the revenue model from air time sale to free playing but paid for in-game items, has contributed to the greater intensity of competition in the online game market.

The online game licensing fees are an important operating cost for operators in this business. At present, most game operators in the above countries normally acquire licenses of online games that are popular and/or successful in other countries from game developers or game publishers in foreign countries rather than developing the games themselves. However, online game operators began to develop their own games in order to reduce the increasing cost of licensing.

1. Industry trends and competition in the online gaming market of Thailand

The market value of Thailand's online game is more than Baht 4 billion in 2012 (Source: Company's data) Thailand's online game market is highly competitive and there were 8 new companies open in 2012, providing the total publisher of 41 and 165 games in service which increased from 129 games in 2011.

Major contributing factors to the growth of the online game business in Thailand

- Growth of broadband Internet service

In the past 3-4 years, the broadband Internet service business currently has been growing rapidly due to intense competition among the service providers both in terms of the services and price. Currently, the service fee for the 10 Mbps/second speed is around Baht 599 per month, which is quite low. Therefore, the broadband Internet service has been widely adopted. As online game playing requires speed for downloading data and to make the game more enjoyable, the availability of broadband Internet service has increased interest in online game playing as well as the accessibility of online games to new customers.

- Variety of available online games

In the recent period, online game operators have launched new online games which have variety of both features and contents. This variety enhances the enjoyment of online game playing, increasing gamers' choices and attracting a number of targeted customers to try online games.

- More VASs. As competition becomes more intense over the next few years, support services will become a key factor in retaining gamers and reducing subscriber migration. SPs are looking to enhance the customer experience through 24-hour call center services, regular content updates, road shows and other social events, as well as promotional campaigns through the various media channels. Online gaming SPs are expected to offer more of such VASs to meet gamer expectations.

- Set up a Sport Game Association to promote online gaming market

In the past, playing games on computers are often considered as a cause of youngster misbehaviour and social problems. Currently, gaming is described under sport category, called Electronic Sports or E-Sports by the International Olympic Committee (IOC). It was believed that playing sport game computer is a way to develop the sport industry. As a result, competition in game computers or E-Sport games were continuously arranged in both locally and internationally. Most popular competitions are in the form of online game. This is a source of the idea for the formation of the Sport Game Association in Thailand. To effectively manage, control and supervision,

as well as to promote and encourage Thai game athletes to compete in world level. If this concept can occur like what actually happened in South Korea, it will enable the Thai game online market to grow. Especially, when a youth or any other people who are interested in playing games, turn to play more and more to develop their skills so they can enter into the competition. This will eventually increase number of online gamers in Thailand.

2. Industry trends and competition in the online gaming market in Singapore

Continuous growth due to network and infrastructure system in Singapore has dramatically progress to support new games that need high technology. Government in Singapore has a policy to push forward to be a hub for new publishers from abroad to distribute and invest their games to Southeast Asia. In addition, now social game is very popular in Singapore that is the key for developer to concentrate on developing of online game.

3. Industry trends and competition in the online gaming market in Malaysia

In 2012, 45% of gamers in Malaysia played MMORPG, followed by FPS and Casual of 37% and 18% respectively. There were 35 publishers and 132 games at the end of 2012.

Major contributing factors to the growth of the online game business in Singapore and Malaysia

- More frequent updates of existing games or new game launches. With the free-to-play model being dominant in the market, it will be more challenging for SPs to retain current gamers. SPs will need to constantly upgrade existing games or offer new virtual items for sale to attract gamers to return to the game.
- Cheaper and more advanced communication network

The internet and wireless communication network in Singapore is highly advanced, which contributes to the growth of online gaming business and caters for future development of both online games and mobile games. Furthermore, the service fee of broadband internet in Singapore continues to decrease, which has resulted in higher usage of broadband internet by both new and existing internet users. The rate of broadband internet usage in Singapore is therefore continuously increasing.

4. Industry trends and competition in the online gaming market in Vietnam

There was not much movement in Vietnamese Online gaming market in 2012 due to the Government did not give license for new games in the last few years. The permission for new games launch is still under consideration and control by the Government.

At the end of 2012, there were around 36 publishers operating 142 games. Many Gamers in Vietnam interested in Web game followed by Casual game and MMORPG.

Major contributing factors to the growth of the online game business in Vietnam

- Internet penetration and broadband access. Internet adoption in Vietnam is growing at a robust pace. Dial-up connections are no longer popular and are used mostly in the underdeveloped regions of Vietnam. Instead, broadband connections with higher transfer speeds and stable quality have become increasingly widespread. Greater Internet penetration and faster connections will continue to expand the online gaming market in Vietnam.

5. Industry trends and competition in the online gaming market in Indonesia

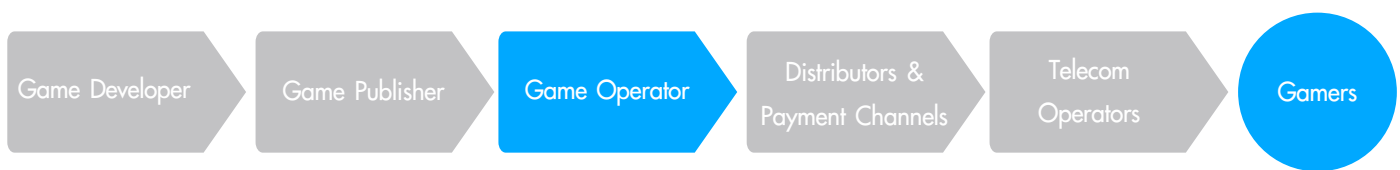
In 2012, the competition in Indonesia is very fierce. There were 35 publishers operating 95 games, compared to 29 publishers operating 76 games in 2011. 51% of Gamers in Indonesia played FPS, followed by MMORPG and Casual Game 34 and 15 respectively.

9.7 Procurement of online game services

a. Overview of the online game business

The online game business consists of 5 main parties, as shown in the picture below. First, the Game Developer designs and develops games and then sells the license of the game itself or appoints a Game Publisher to find a market and sell the license of the games to Game Operators in each country. The Group is one of the Game Operator.

Diagram showing the overview of parties in the online game business



In general, when a Game Operator has bought a license of a game, the Game Operator will prepare a Data Center for the installation of a server to provide online game services and will usually collect the service fee from gamers through the sale of prepaid cards. The Internet Service Providers (ISPs) will rent out the internet bandwidth for communicating among the servers of the Game Operator, Internet Cafes and directly with gamers.

b. The Group's operating procedures for the provision of online game services

To procure a game to provide services in each country, the Group appoints Game Manager team to be responsible for the procurement and preparation of services. Each team will be responsible for one game. There are 6 steps in the preparation procedures of the Group, as follows.

1. Selection of online games



2. Negotiation and purchase of online game license



3. Preparation of online game service system



4. Distribution of client programme



5. Opening for service



6. Publicity and advertisement

1. Selection of online games

Firstly, the team selects interesting games from various sources, for instance, games that are popular in foreign countries. Games will be selected on the basis of their contents, which are considered suitable for the customer groups and the culture of each country. In addition, they must have the following basic qualities:

- 1.1 Having creative design and content suitable for the target customer groups and not containing violence and sexually explicit content;
- 1.2 The online game programmes are compatible with the target customers' computers;
- 1.3 Licensing fee is appropriate helping the Group to generate profit from the games;
- 1.4 Having interesting features and contents which differ from those of other games available in the market at the time.

2. Negotiation and purchase of online game licens

The team will negotiate the price and conditions of the game license and then enter into a contract with the Game Developer or Game Publishers.

3. Preparation of online game service system

3.1 Equipment and computer programmes : The Group will prepare the server system and computer equipment which meet the specification required by the Game Developer. In this regard, the number of servers required to support the online game services will be estimated by the Group. The Game Developer will then install the online game programmes prior to the opening of the game services at a later stage.

3.2 Client Programme : The Game Manager will modify and improve the Client Programme which is a programme to be installed on gamers' computers before their first time plays, including translate the language in the game into the local language (Game Localisation).

3.3 Making web sites : The Game Manager will create web sites for online games as a source of information for gamers regarding playing instructions, making payments and problem solving. They are also an advertising medium for the Group.

3.4 Service management system: The Game Manager will prepare the computer system for the management of game services as Game Master in order to control the online game playing and facilitate and solve problems for gamers.

4. Distribution of Client Programme

The Group will distribute the client programme through the various distribution channels to ensure that it reaches all gamers. Such distribution channels include free downloads from game web sites, giveaways with various game magazines and sales in package with game manuals and @Cash prepaid cards. In addition, the client programme is also sent to Internet cafes that are members of @Cafe without any additional charge.

5. Opening for service

When all has been prepared, the Group will begin the operation of the online game, which is divided into 4 stages, as follows.

5.1 Internal Test: The Game Manager and staff of the Group will test the online game from the server to find any errors and correct them prior to the release of the game.

5.2 Closed Beta: The game is open for free trials by a limited number of gamers who have registered to try the game through the web site in order to find any errors.

5.3 Open Beta: The game is open for free trials by an unlimited number of gamers who have registered to try the game through the web site in order to find any errors in providing services to a large number of gamers simultaneously.

5.4 Commercial launch: After the game has been tested, the Group will open the game for service to the general gamers at a specified service rate.

6. Publicity and advertisement

The group will publicize and advertise the game to cause awareness about the launch of the game, which is divided into 4 stages, as follows.

6.1 Pre-Marketing: This involves the introduction of the game on game portals, online game web sites, game magazines and information technology magazines.

6.2 Launching: This involves advertising on game portals and online game web sites and sending letters introducing the game to customers.

6.3 Developing: The focus is on out-of-game activities in the mass media such as television and newspaper, advertisement boards and Internet cafes, as well as in-game activities such as in-game competition.

6.4 Maturing: The focus is on marketing activities and publicity in the game as well as activities through distributors of @Cash prepaid cards and Internet cafes.

c. Online game licensing fees

In providing online game services, the Group acquires game licenses from several Game Developers or Game Publishers in foreign countries to provide services as the sole operator in a specific territory at the rate agreed upon by the parties. Most of the agreements have a term of 2 - 4 years from the commercial launch with the right to renew at the same price and under the same conditions. In this regard, the Game Developers/Game Publishers may terminate the agreements in case of breach of the agreements by the Group and/or the Group facing financial difficulty, insolvency, inability to launch online game services in a specific time etc. The license fee of online game can be divided into 4 main types, as follows.

1. Initial licensing fee, which is a fixed sum to be paid at the date of signing the agreement or within a specified period.
2. Monthly royalty fee, which varies according to the amount of gross profit from the provision of game services in each month. Some agreements may specify the minimum guarantee which must be paid within a specified period.
3. Annual royalty fee, which varies according to the amount of gross profit from the provision of game services in each year over and above the monthly royalty fee.
4. Success fee payable when the Group's revenue from the game reaches the specified level.

The type and amount of licensing fee payable as well as the payment period will depend upon the negotiation between the Group and the Game Developer or Game Publisher.

10. Risk Factors

10.1 Risks from external factors

10.1.1 Risks from changes in the laws and regulatory requirements regarding state control

Currently, online game business in Thailand is regulated by the Ministry of Culture, the Ministry of Information and Communication Technology, and Department of Intellectual Property, the Ministry of Commerce. The Ministry of Culture governs on the game operating license and examines the game content before the launch of the game into the market. Department of Intellectual Property, the Ministry of Commerce also governs an issuance of copyright code (DIP code) to copyright owner for game disc production. Ministry of Information and Communication Technology released Computer Related Crime Act. B.E. 2550 (2007) for the regulation and computer related crime protection. The Ministry of Culture is working on the game credit rating for the appropriateness of the game. Last year, “the white game project” was arranged for the promotion and control of the online game industry for the Thai society. On the other hand, regulation relating to online game industry in Singapore is not as strictly as or regulated as much as in Thailand. The online game market in Malaysia is relatively new; therefore, government regulation affecting online game industry and internet cafés is not clearly stated to regulate the internet cafe for internet using or providing online game service. However, changes in government regulation relating to online game industries or more restriction concerning game playing could have a material and adverse affect on the Group’s business, financial condition and results of operations in the future. In Vietnam, government still control over the media sector and the law strictly governs the online game business, especially for the restriction for foreign investment in Vietnam. Currently, the company is in the process of setting up a company in Vietnam and considers on the appropriate time to enter into the Vietnamese market.

10.1.2 Risks from strong competition and increase of new online game operators

At present, the competitiveness of the online game market in Thailand, Singapore, Malaysia, and Vietnam is increasing as a lot of new comers enter into the markets and introduce a wide range of online games to customers. The trend of increasing in number of publishers and incoming of oversea publishers, tends to continue due to the high growth and profitability of the online game industry. However, the company as a market leader in the region that cover all games genre with experience more than 10 years compared to its competitors, Currently, there were no any publisher who cover all games genre and being leader in the region market. The company focus on the changing trends in Gaming industry and cognitive development team in the market to increase competitiveness.

10.2 Business risks

10.2.1 Risks from the failure of the game launched to the market which the licenses were already bought by the company group

For the publishing of the online game, the initial investment is substantially high, the investment includes license fee, servers and related computer equipments, as well as the marketing expenses. If the revenues generated from operating of the online games do not cover those costs or revenue does not meet the expectation, it will have a negative impact to the operating result and profit of the Group in the future. Consequently, the Group may consider to write-off its deferred licensed fee of any particular game in full amount if tendency of the revenue generating from that game is continuously declined, which will directly affected the Group’s results of operations and profit in such accounting period.

In order to increase its opportunity for operational success, the Group will use its experience as well as carefully study game content and do market analysis of target gamers before making a decision to invest in new online games. In addition, the Group has a clear policy to diversify its source of revenue into various license online games by launching more online games in each country. Currently, as of 31 December 2012 the Group has offered a total 61 online game titles in 6 countries, 35 titles in Thailand, 8 titles in Singapore, 20 titles in Malaysia, 3 titles in Indonesia, 3 titles in Philippine and 6 titles in Indochina (Vietnam, Myanmar and Cambodia) and continuously launch new online games in the future.

10.2.2 Risks from unsuccessful selling in-game virtual items

In the past, the Group's revenues were mainly derived from the air time sale of its online games almost all of its. However, its revenue at present mostly comes from the sales of in-game virtual items and increasing revenue from this will continue in the future. This was partly due to the gamers in online game market changing their behaviours towards free-to-play online games and purchases the in-game items whenever desire. Moreover, the online game operators believe that charging service only through selling in-game items would attract more gamers. Consequently, the Group may have risk of declining service revenue generating from selling in-game items due to the intensive competition in free-to-play online game business model. In addition, if a large number of gamers playing online game but do not buy in-game items continuously, the Group's business, financial condition and results of operations may be adversely affected in the future. However, various characters and features in online games will encourage gamers to buy in-game items in order to differentiate playing feature, appearance and competition from other gamers. Thus, the Group believes that the offensive marketing and direct activities to target gamers group will stimulate and attract online gamers to buy in-game items continuously.

10.2.3 Risk from natural disaster

The natural disaster from flooding in 2011 caused the damage to household's properties and affected many provinces in Thailand. The internet café which are members of company were also affected. If the government cannot find way to solve this problem in a longer term, the company is at risk from reducing the revenue generating from those internet café members who may discontinue their membership to reduce their cost.

10.2.4 Risks from dependence on a few of internet service providers

The Group currently provides online game services by renting the Internet Data Center (IDC) for the installation of its server system, and bandwidth from a few Internet Service Providers (ISPs). For the services in Thailand, the Group rents IDC from True Internet Data Center Co., Ltd. , CAT Telecom Public Company Limited and TT&T Subscriber Services Co.,Ltd. and rents bandwidth from True Internet Data Center Co., Ltd. In Singapore, the company rents the server from Equinix Singapore Pte. Ltd and StarHub Ltd and rents bandwidth from StarHub Ltd and Singtel. In Malaysia, the company rents the server from Extreme Broadband Sdn Bhd and rents bandwidth from Global transit communication. The contract was made on a short term basis and can be renewed. If such service providers are unable to provide good quality for internet services or discontinue their operations, the Group's online game services would be adversely affected. Moreover, the system failure may decrease the gamers' enjoyment and satisfaction in playing the online games and thereby affecting the Group's reputation and results of operations in the future.

The ISPs referred to above are among the biggest providers in their respective country, with the backup and security systems, which meet international standards. The group company added more IDC in both local and overseas to reduce the risk on the dependency of existing IDC if service was interrupted.

10.2.5 Risks from not being a copyright owner and/or developer of online games

In providing online game services, the Group buys copyrights of games from the copyright owners who are developers or distributors of online games in foreign countries to provide online game services in a specific territory for approximately 2-3 years from the commencement of its commercial launch at the fee rate agreed upon with the copyright owners. The copyright owners provide support in various aspects of the game services such as improvement of program, creating patch file, solving bugs etc. The Group may face risks if any licensed games that the Group operates are terminated or not renewed at the acceptable price and under acceptable conditions. There is also a risk of the copyright owners being unable to provide assistance or technical support to the Group to enable the Group to provide good quality services to gamers, which may affect the Group's business, financial condition and results of operations in the future. In order to reduce such risks, the Group has a policy of procuring copyrights from various developers or distributors of online games, whose reputation is widely recognized. The agreement with the copyright owners will specify a renew term and conditions as the same in order to retain benefit from such right while the games are still popular, in which MMORPG games and Casual Games have the useful economic life by contract of 2-3 years.

10.2.6 Risks from online games copyright violations

At present, some operators illegally import online game programmes whose copyrights have been granted to the Group, install them in their servers and provide services of such games through their own network at a lower fee service rate. This may result in the loss of some of revenue. However, the services provided through the piracy servers are normally poor in quality both in terms of speed and ability to accommodate a large number of players simultaneously. Moreover, players can only play the games on the network of servers in which the games have been illegally installed and cannot play them on the Group's network. Therefore, there are only a limited number of players in the community on such illegal network. Furthermore, operators violating copyright cannot solve the bugs in the game programs or technical problems that arise and therefore their services are not popular amongst game players. Therefore, the Group believes that the loss of part of income from such copyright violations will not materially affect the Group's financial condition. In order to reduce the impact of such problems, the Group set up a team to investigate and proceed legal action against copyright violators.

10.3 Risks from the majority shareholders' influence on the policy and management of the Group

After this offer of newly issued ordinary shares to the public, the shareholding proportion of Mr. Pramoth Sudjitporn's group, the Group's majority shareholder, become 66.08 % of the total paid-up capital (Detail as of 28 November 2012), which enable them to control the votes in the passing of all resolutions in the meeting of shareholders, except special resolutions which, according to the law, require a vote of three fourths in value of shares held by those present and eligible to vote. Therefore, other shareholders may not be able to gather votes to provide a counterbalance to the majority shareholders. Moreover, the majority shareholders have the power to manage the Group, with 3 of them being directors out of a total of 7 directors. Plus, 1 director who was elected by shareholders. The Company has appointed 3 independent directors who are outsiders to scrutinise the management of the executives and to look after the interest of the minority shareholders.

11. Shareholding Structure and Management

Company's Securities

As of 31 December 2012, the Company's registered capital was Baht 307,407,762, divided into 307,407,762 ordinary shares with a par value of Baht 1.00 each, of which Baht 307,407,762 is paid-up capital, divided into 307,407,762 ordinary shares with a par value of Baht 1.00 each.

Share Repurchase for Financial Management

The Board of Directors' Meeting, No. 6/2008, held on November 13, 2008 has solved the approval of the share repurchase program for financial management purposes, manage and maximize the benefits of Company's excess liquidity and increase return on equity (ROE) and earnings per share (EPS), as summarized as follows:

1. The maximum amount for the share repurchase is 85 million baht.
2. Number of shares to be repurchased 8,500,000 shares (at par value of 1.00 baht each) or equal to 2.83% of the total of paid-up capital.
3. The repurchase period will be started from December 1, 2008 to May 31, 2009.
4. Period for the resale of share is from December 1, 2009 to May 31, 2012

As of 22nd May 2009, the Company repurchased the share in the amount of 8,500,000 shares which was 59,632,271.42 Baht in total.

As of 14th June 2012, the Board of Directors Meeting of Asiasoft Corporation Public Company Limited No.5/2012 passed the resolution to approve the reduction of the authorized capital and paid-up capital of the Company by written off the 8,500,000 outstanding treasury stocks of the Company that have not been sold because the Company has strong financial liquidity and for the benefit of shareholders, the Company did not sell the treasury stock of 8,500,000 shares until the end of Share Purchase Scheme which was on 31st May 2012. The Company has registered the reduction of authorized capital and paid-up capital at the Commercial Registration Department, Ministry of Commerce, on 21st June 2012.

Company's Shareholders

As of the latest book closing date, 28 November 2012, Top Eleven Company's shareholders were as follows:

Names of Shareholders	No. of Shares	% Holding
1. Mr. Pramoth Sudjitporn ^a	131,121,400	42.654
2. Mr. Tan Tgow Lim ^b	30,023,300	9.767
3. Asia Investment Partners Limited ^c	30,000,000	9.759
4. Miss Saowalak Jitsamrit ^a	27,000,000	8.783
5. Mr. Lertchai Kanpai	15,509,500	5.045
6. Miss Seet Jing Huan, Jennifer ^c	15,000,000	4.880
7. Mr. Somsak Tiraganan	2,974,500	0.968
8. Mrs. Supranee Srisuta	2,281,300	0.742
9. Mr. Nives Hemwachirakarn	2,000,000	0.651
10. Mr. Chaiyan Jitpuentham	2,000,000	0.651
11. Mr. Rungsak Kumsirirakul	1,600,000	0.520

Remarks :

^a Mr. Pramoth Sudjitporn is a spouse with Miss Saowalak Jitsamrit.

^b Mr. Tan Tgow Lim is a spouse with Miss Seet Jing Huan, Jennifer.

^c Being company for investment in Lombard Asia III Fund, which support and manage by Lombard Investment, Inc., head office at San Francisco, USA.

Moreover, Asia Investment Partners Limited is the company for investment which was hold the whole shares by Lombard Asia III Fund, having head office at Hong Kong, Lombard Asia III Fund has emphasize to invest in Thailand and other countries in Southeast Asia and has policy to invest in long-term shares in potential competitive company. Unit holders of such fund are famous institution investor such as the California Public Employees' Retirement System (CalPERS), Asian Development Bank, International Finance Corporation of the World Bank Group, and Fund of Funds which established by CDC Group PLC.

List of major shareholders who, according to their conducts, were able to assert their influences towards the management policy and operation procedure of the company with ulterior motives (Shareholding groups or shareholders who owned over 10% and holding position as the company's director or sending representative as the company's director), are Mr. Pramoth Sudjitporn's Group and Mr. Tan Tgow Lim's Group.

Management Structure

The Company's management consists of the Board of Directors, the Executive Committee, the Audit Committee and Management as detailed below:

Board of Directors

As of 31 December 2012, the Company's Board of Directors had 7 members, all of whom have attended the Thai Institute of Directors' training programmes, as follows :

Name	Position	at the meeting during 2012
1. Mr. Tan Tgow Lim	Chairman of the Board	7/8
2. Mr. Pramoth Sudjitporn	Vice Chairman of the Board	8/8
3. Mr. Lertchai Kunpai	Director	7/8
4. Mr. Surasak Khaoropham	Director	8/8
5. Mr. Chalermphong Jitkuntivong	Independent Director and Chairman of the Audit Committee	8/8
6. Mrs. Monluedee Sookpantararat	Independent Director and the Audit Committee Member	8/8
7. Mr. Thanwa Laohasiriwong	Independent Director and the Audit Committee Member	8/8

Mrs. Monluedee Sookpantararat the Audit Committee Member has adequate expertise and experience to review creditability of the financial reports.

Miss Nuntaporn Sangduen is the Secretary to the Board.

Authorized Directors to bind the Company pursuant to its Certificate of Incorporation:

Mr. Pramoth Sudjitporn signs signature together with Mr. Lertchai Kunpai or Mr. Tan Tgow Lim and affix the company seal.

The principal power, duties and responsibilities of the Board of Directors

1. Overseeing, monitoring and managing the Company's operations to ensure that they are carried out pursuant to the law, the Company's objectives and the Company Charter and are in line with resolutions adopted at shareholder meetings on the basis of good corporate governance principles, and ensuring that action taken is in line with the rules and regulations prescribed by the SET and the SEC.
2. Determining or revising the list of authorized directors to bind the Company.
3. Setting policies, strategies and direction for the Company's operations and supervising the management to ensure effective and efficient implementation of the designated policies to create highest economic benefits to its shareholders and for the Company's sustained development.

4. Making decisions on important matters such as business plans, budgets, major investment projects, management authority and any other matters prescribed by law.
5. Appointing any sub-committee(s) or individual(s) e.g. Executive Committee, Audit Committee and Managing Director, to help in the monitoring, follow-up and supervision of the Company's management on matters which are substantial within the Board's jurisdiction. This includes evaluation of performance and determination of remuneration for the members of those sub-committee(s) or individual(s), or delegation of authority of any duration as is deemed expedient. Such authority may, however, be terminated, revoked, modified or revised by the Board.
6. Taking action to ensure that there is an efficient and effective system in place for internal control/internal audit and risk management and monitoring and following up those issues on a regular basis.
7. Preparing the Board's Annual Report(s) and taking charge of preparing and disclosing financial statements to give its shareholders information on the Company's financial status and its performance in the preceding year.

However, delegation of authority to the above sub-committee(s) or individual(s) shall not include any delegation of authority which will empower any of them to authorise a transaction between the Company or any of its subsidiaries and the above sub-committee(s) or individual, or their authorised representative with a possible conflict of interest of any kind. In addition, the Company is required to ask for prior approval from the Company's shareholders regarding the Company's entering into a connected party transaction and acquisition or disposal of its material assets in accordance with the SET applicable regulations. If any director or individual may have a conflict of interest (as stipulated in Notification(s) of the SEC and/or the SET), that director(s) or individual(s) shall not have a right to vote or be authorized to approve that transaction in any way.

Moreover, the Board has delegated authority to any of the above sub-committee(s) or individual(s) to execute transactions concerning the Company's operations and investment in its normal course of businesses in which the scope of authority and financial limits, at each level, are clearly defined. Such delegation of authority may not be made without setting a financial limit.

Audit Committee

As of 31 December 2012, the Audit Committee had 3 members as follows :

Name	Position	at the meeting during 2012
1. Mr. Chalermphong Jitkuntivong	Independent Director and Chairman of the Audit Committee	7/7
2. Mrs. Monluedee Sookpantararat	Independent Director and the Audit Committee Member	7/7
3. Mr. Thanwa Laohasiriwong	Independent Director and the Audit Committee Member	7/7

Mr. Chalermchai Duphatsakul is Secretary to the Audit Committee.

The principal power, duties and responsibilities of the Audit Committee

1. to review the Company's financial reporting process to ensure that it is accurate and adequate;
2. to review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. to review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. to consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. to review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. to prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information :
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflicts of interests,
 - (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. to perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

Executive Committee

As of 31 December 2012, the Executive Committee had 3 members as follows :

Name	Position	at the meeting during 2012
1. Mr. Pramoth Sudjitporn	Chairman of the Executive Committee	3/3
2. Mr. Lertchai Kanpai	Executive Committee Member	3/3
3. Miss Arunee Poontawee	Executive Committee Member	3/3

Note: As of 27 February 2013, the Board of Directors Meeting of Asiasoft Corporation Public Company Limited No.2/2013 passed the resolution to appoint the Executive Committee as follows:

- | | |
|---------------------------|-------------------------------------|
| 1. Mr. Pramoth Sudjitporn | Chairman of the Executive Committee |
| 2. Mr. Tan Tgow Lim | Executive Committee Member |
| 3. Mr. Kian-Khoo Goh | Executive Committee Member |

The principal power, duties and responsibilities of the Executive Committee

1. Planning and determining policies, direction and strategies for the Company's operations to keep them in line with the targets set by the Board for further submission to the Board for approval.
2. Determining business plans, budgets and principles governing the operations to keep them in line with the targets set by the Board. It is also authorised to supervise and monitor the Company's operations to ensure that they are in line with the policies, business plans and business strategies approved by the Board, subject to the laws, any conditions, the relevant rules and regulations and the Company's Charter.
3. Determining the Company's organizational structure, management authority, remuneration policy and salary structure, as well as appointing, employing, re-locating, terminating, and determining salaries, remuneration and bonus for employees at executive levels.
4. Taking any action in the normal course of the Company's business such as the purchase of goods or licenses or investment in properties which exceed Baht 20 million but not exceeding Baht 40 million per each contract.
5. Undertaking financial transactions with banks/financial institutions pertaining to the opening of accounts, lending and borrowing, procurement of credit lines, pledges, mortgages, provision of collateral/security including the purchase/sale and registration of title over land in the normal course of its operations, as considered appropriate, which does not exceeding Baht 40 million.
6. Considering the Company's profits and loss so as to recommend to the Board whether an interim or annual dividend should be declared.
7. Delegating authority to one or several individuals to act on its behalf on any matter, as considered appropriate, under the supervision of the Executive Committee and for such period as it deems fit. Such authority may, however, be terminated, revoked, modified or revised by the Executive Committee.
8. Carrying out other duties as may be assigned from time to time by the Board.

In no circumstance will the above authorisation empower the Executive Committee or its authorised representative to authorise any transaction between the Company or any of its subsidiaries and the Executive Committee or their authorised representative with a possible conflict of interest of any kind. However, this rule may be waived if the authorisation involves a transaction which is entered into on an arms' length basis in the normal course of the Company's business and is within the specified scope of the Executive Committee's power and/or its authorised financial limit, subject to the criteria, terms and procedure under the Company's articles of association and the applicable rules of the SEC.

Moreover, the Board may revise, where necessary or appropriate, any of the Executive Committee's duties and responsibilities.

Management (according to the definition of the SEC and the SET)

As of 31 December 2012, the Company's Management consisted of 6 executives as follows:

Name	Position
1. Mr. Pramoth Sudjitporn	Chief Executive Officer
2. Mr. Lertchai Kanpai	Managing Director
3. Mr. Kittipong Prucksa-aroon	Deputy Managing Director
4. Miss Laddawan Pattanapornan	Deputy Managing Director
5. Mr. Chatchawan Triamvicharnkul	Deputy Managing Director
6. Mr. Vinai Vimukti	Deputy Managing Director

The principal power, duties and responsibilities of Chief Executive Officer

1. Supervising, monitoring and approving transactions/matters pertaining to the normal course of the Company's business and that of its subsidiaries to ensure that they remain in line with the Board's policies and decisions. It is also authorised to delegate authority, as considered appropriate, to the Managing Director, executives or one or several individuals in the Company and its subsidiaries to take any action relating to the Company's regular and daily operations and those of its subsidiaries.
2. Taking action and managing operations/activities involving the administration of the Company and its subsidiaries.
3. Taking any action in the normal course of the Company's business or that of its subsidiaries such as the purchase of goods and licenses, and investment in properties which does not exceed Baht 20 million per each contract, and delegating authority for payments to personnel at executive levels in the Company and its subsidiaries to purchases, contractual hire/employment for properties and services for the benefit of the Company and its subsidiaries.
4. Delegating authority to the Managing Director, employees at the executive level or one or several individuals in the Company and its subsidiaries to take any action considered appropriate on behalf of the Chief Executive Officer (the CEO), discharging specific duties (such as purchases, employment, payment) under the CEO's supervision and within the timeframe the CEO sets. Such delegation of authority may be terminated, revoked, revised or modified by the CEO.
5. Taking action on behalf of and representing the Company and its subsidiaries to third parties in matters relating and beneficial to the Company and its subsidiaries.
6. Appointing advisors in various areas necessary for the operations of the Company and its subsidiaries within the budgetary framework authorised each year by the Board.
7. Carrying out any other duties which may be assigned to them from time to time by the Board or the Executive Committee.

The CEO will report directly to the Executive Committee. He or she must act in accordance with the guidelines and policies set by the Executive Committee.

Moreover, the CEO will have no authority to take any action or be involved in any transaction or matter between the Company or any of its subsidiaries and the CEO or his/her authorised representative with a possible conflict of interest of any kind. However, this rule may be waived if the authorisation involves a transaction which is to be undertaken on an arms' length basis in the normal course of the Company's business within the scope of his/her powers and/or financial limit set by the Board subject to the criteria, terms and procedure under the Company's articles of association and the applicable rules of the SEC.

The principal power, duties and responsibilities of the Managing Director

1. Supervising, monitoring and authorising matters pertaining to the normal course of the Company's operations to ensure they remain in line with the policies set by the CEO. The Managing Director is also authorised to delegate authority to executives or one or several individuals to take any action involving the Company's regular operations as he or she sees fit.
2. Undertaking action and managing operations/activities involving the general administration of the Company's affairs.
3. Employing, appointing, re-locating, dismissing and terminating Company employees below the executive level as well as determining and adjusting their remuneration and bonuses, together with appointing individual(s) to represent the Employer on the Company's Provident Funds Committee.
4. Authorising action in the normal course of the Company's operations such as the purchase of goods and licenses, and investment in properties which does not exceed Baht 10 million per each contract, and delegating the authority for payments to Company's executives to purchases, contractual hire/employment for property and services for the benefit of the Company.
5. Delegating authority to employees at the executive level or to one or several individuals to take any action considered appropriate on behalf of the Managing Director in order to discharge specific duties on his or her behalf (such as purchases, employment, payment) under his or her supervision and within the timeframe that he or she sets. Such delegation of authority may be terminated, revoked, revised or modified by the Managing Director.
6. Issuing orders, rules, announcements and memoranda to ensure that work is carried out pursuant to the Company's policies and in its interests and for the sake of maintaining order within the organisation.
7. Taking action on behalf of and representing the Company to third parties in matters relating and beneficial to the Company.
8. Carrying out any other duties which may be assigned from time to time by the CEO.

The Managing Director will come under the CEO's jurisdiction and will report directly to him or her. The Managing Director will act in accordance with guidelines and policies set by the CEO. Moreover, the Managing Director will have no authority to take any action in or relating to transactions or matters between the Company or any of its subsidiaries and the Managing Director or their authorised representative with a possible conflict of interest of any kind. However, this rule may be waived if the authorisation involves a transaction which is undertaken on an arms' length basis in the normal course of the Company's business and is within the scope of its powers and/or the financial limit set by the CEO, subject to the criteria, terms and procedure under the Company's articles of association and the applicable rules of the SEC.

Company Secretary

The Board of Directors' Meeting No. 5/2008 held on 13th August 2008 has the resolution to appoint Mr. Chalermchai Duphatsakul as the Company Secretary with effective on 13th August 2008 and has the rights, duties and responsibilities in accordance with the laws as summarized following:

1. Prepare and keep the following documents:
 - (a) a register of directors;
 - (b) a notice for calling director meeting, a minute of meeting of the board of directors and an annual report of the company;
 - (c) a notice for calling shareholder meeting and a minute of shareholders' meeting;
2. Keep reports of conflict of interest which are reported by a director or management;
3. Perform any other acts as specified in the notification of the Capital Market Supervisory Board.

Mr.Chalermchai Duphatsakul graduated Bachelor of Laws with 2nd class honors, Thammasat University and passed Training Program organized by Thai Institute of Directors Association (IOD) i.e. Company Secretary Program (CSP27/2008) and Effective Minute Taking Program (EMT11/2008).

Recruitment of Directors and Executives

Currently, the Company has no Nominating Committee for selecting directors. This matter is therefore left to the Board, which will select individuals and propose them to the shareholders based on a variety of factors such as their educational background, competencies and business experience. They must also be qualified under the Public Limited Companies Act, B.E. 2535, Notification of the SEC and other relevant laws. Director selection will be made by majority vote at shareholder meetings in accordance with the following criteria and procedure:

1. A shareholder will be entitled to one vote for each share.
2. The vote to select directors will be done on an individual basis.
3. The person with the most votes will be selected as a director. If there is more than one vacancy, the persons with the most votes in descending order will be selected as directors. Where there is a tie, the Chair of the shareholder meeting has a casting vote.

Directors will be in office for a term of 3 years. At each Annual General Shareholders Meeting, one-third of the Board will retire with those who have been longest in office retiring first. A retiring director may be re-appointed for another term.

Executive Remuneration

Monetary Remuneration

1. Directors' Remuneration :

Director (Unit : Baht)	2012	
	Remuneration	Meeting Allowance
1. Mr.Tan Tgow Lim	360,000.00	-
2. Mr. Pramoth Sudjitporn	240,000.00	-
3. Mr. Lertchai Kanpai	240,000.00	-
4. Mr. Chalermphong Jitkuntivong	240,000.00	240,000.00
6. Mrs. Monluedee Sookpantararat	240,000.00	180,000.00
7. Mr. Surasak Khaoroptham	240,000.00	-
8. Mr. Thanwa Laahasiriwong	240,000.00	180,000.00
Total	1,800,000.00	600,000.00

2. Remuneration of Executive Committee and Management :

Unit : Baht	2012	
	Persons	Remuneration ^a
Executives ^b	9	16,579,570.15 ^c

Remarks :

^a Comprising salaries, bonus, contributions to Social Security Funds and Provident Funds, overtime payments, and welfare benefits.

^b As defined by the SEC and the SET, and includes Mr. Pramoth Sudjitporn, as the CEO and Mr. Lertchai Kanpai as the Managing Director.

^c Remuneration were calculated by the actually work days, some management has resigned from the Company during the year.

Human Resources

The number of employees and remuneration for the Group of Company (excluding directors and executives) as of the end of year 2012 is detailed below :

Number of Employees	As of 31 December 2012		Total
	Company	Subsidiaries ^a	
Online Games Project	104	93	197
Business Development	4	8	11
IT	87	44	131
Accounts & Finance	23	12	35
Sales	38	20	58
Marketing	80	40	120
Corporate Service	199	42	241
Executive Office	1	4	5
Internal Control Office	3	0	3
Publishing	0	0	0
Investment Relation	3	0	3
Others	0	4	4
Total	542	266	808

Employees' Remuneration (Baht Million)	Year 2012
Salaries	261.92
Bonus	61.76
Others ^b	45.69
Total	369.37

Remarks :

^a Including ASO, ASI, ASM, PlayPark, Funbox, PT.Asiasoft, CIB, TLC.

^b Comprises of contributions to the social security funds and provident funds, social welfare, overtime, commissions and allowances.

Since it commenced operations, there has been no labour dispute within the Group.

Policy on Human Resources Development

The Company places great importance on personnel development with a view to equipping its employees with the right knowledge, skills and competencies to carry out their duties and strengthen the Company for further prosperity. It is the Company's policy to arrange training for employees by providing both in-house and external training courses, particularly with its suppliers, who are online game developers. This will help enhance employees' knowledge of IT, computer games and others. Employees also learn on-the-job as it is the Company's policy to transfer knowledge and skills among its employees while they work.

Corporate Governance

The Board is aware of its role, duties and responsibilities towards the Company and its shareholders and has already approved written policies pertaining to supervision and monitoring of its operations. Criteria and operating guidelines have been set, in line with Principles of Good Corporate Governance of the SET to support the Good Corporate Governance in practice. Moreover, the Company must comply with the various rules and regulations prescribed by the SEC and the SET in every respect and review its governance policies and evaluate the result pursuant to those policies at least once a year.

On 20 June 2007, the Board of Directors Meeting No.1/2007 resolved to create policies on the supervision of its operations, which will be used as guidelines. They can be divided into 5 sections, as follows:

1. The Rights of Shareholders

The rights of shareholders covers a variety of rights such as the right to purchase, sell or transfer shares, the right to share in the Company's profits, the right to attend shareholder meetings, and the right to express an opinion and to participate in making important decisions in the Company. Such decisions include the selection of directors, approval of major transactions with a potential impact on the Company's direction, and revisions of the Company's Memorandum and Articles of Association.

It is the Company's policy to promote and facilitate the shareholders' exercise of their various rights, by such means as the following:

- Distribute information concerning shareholder meetings on the Company's website before sending out paper documents, and elaborating on the rights of shareholders in attending the meeting and voting.
- Where a shareholder cannot attend the meeting in person, he or she is given the opportunity to appoint an independent director or any individual as his or her proxy at the meeting by using any of the forms of proxy sent by the Company together with the convening notice for the meeting.
- Before a scheduled meeting date, shareholders are given the opportunity to send their opinions, recommendations and questions by e-mail to the Investment Relations Officer or the Board Secretary.
- The Company will arrange an appropriate time-slot for shareholders to make their comments and recommendation or raise questions freely on any agenda item before a resolution is adopted on that item. Adequate information has already been provided to shareholders for these meetings and the Company will arrange to have available staff who are well informed in each area under question, under the Board's supervision, to respond to any questions or doubts raised from the floor.
- All directors will attend the meeting so that shareholders may ask for further details or information on any relevant issues.

2. Equitable Treatment of Shareholders

It is the Company's policy to treat all shareholders equally and protect their rights in the interest of strengthening equitable treatment particularly for minority shareholders. For instance:

- Shareholders will be given equal opportunities and facilities. No action will be taken that will limit, violate or diminish their rights.
- The right to vote at meetings will be determined by the number of shares held by each shareholder at the rate of one vote for one share.

- Independent directors are assigned to take care of minority shareholders who may make recommendations, comments or complaints to them. These independent directors will give appropriate consideration to each issue. For example, in the case of complaints, they will establish the facts and decide a suitable remedy. In the case that the independent directors consider that the recommendation has significant impact on those with vested interests or on the Company's operations in general, that issue will then be submitted to the shareholder meeting for the shareholders' consideration.
- Shareholders will be encouraged to exercise their rights. For example, minority shareholders will be given the opportunity to add agenda items before the scheduled meeting date or to nominate directors. The agenda, however, may not be expanded without prior notice to shareholders.
- The Board has taken measures against insider trading by relevant parties including directors, executives, employees and employees of the Group involved with that information (including the spouses and non sui-juris children of those individuals).

3. Role towards stakeholders

The Company takes seriously the rights of all stakeholders such as customers, suppliers, employees or shareholders as well as the public and society overall. They will be treated by the Board in accordance with their rights, conditions, legal requirements and various related rules and regulations. Action will also be taken for co-operation between these various stakeholders according to their roles and duties to ensure smooth operations with stability and equitable returns for all parties.

To ensure that stakeholders receive their due, the Company has established an operating guideline in its Code of Conduct for Employees. The Code of Conduct has been distributed on the Company's website and internal communications media such as the Intranet and the PR Board. The directors, executives and employees at every level must adhere closely to the Code of Conduct in their work. In addition, channels have been opened for stakeholders to communicate with, and comment or provide information to the Board through independent directors.

- Shareholders : In its determination to achieve good performance, stable growth and competitiveness for the Company in the face of current and future risks, and to create added value for its shareholders in the long-term, it is the Company's duty to disclose information for the sake of equity and transparency such that it will endeavour to protect the Company's property and to preserve its good reputation to the best of its ability.
- The Company's Board of Directors : The Board is aware of the rights of all stakeholders and the action to be taken to treat all fairly and equitably.
- Employees : Employees are a valuable asset of the Company. Therefore the Company recruits people with the relevant skills and experience to ensure the Company's growth and satisfy its requirements. Human resource development is ongoing to ensure that staff competencies are maintained at a high level and that staff are appropriately and competitively compensated vis-à-vis leading companies. Moreover, the Company is focused on building up and reinforcing a good working culture and environment and treating its employees fairly on an equal basis. The Company looks after employees' security and welfare through its Provident Funds and its provision of loans to employees, arrangements for fire-drills, provision of safety/security systems etc.
- Customers : The Company focuses on customer satisfaction with its workforce of quality staff and excellent service together with its readiness to meet their demands. Customers are treated respectfully and responsibly and care is taken to keep information from them confidential. Customer feedback is encouraged with staff specifically assigned to receive complaints.

- Suppliers : The Company takes care to treat its suppliers in line with commercial terms and contractual obligations. Action is taken within a framework of fair competition avoiding cheating behavior.
- Competitors : The Company functions within a framework of fair competition and has always avoided dishonest measures that try to eliminate competitors.
- Communities, Society and the Environment : Fully cognizant of its role as a part of society with a commitment for its wellbeing, public activities are supported in the interest of developing communities and the Environment. Its on-line games services are provided with a serious commitment to Society as it is the Company's policy to provide games with suitable content without violence and with appropriate warnings in its games and advertisements. Seminars are arranged to encourage players to spend their time appropriately and to play their games properly. The Company is the first on-line games operators in Thailand to provide an age-classification for each game in accordance with the State's age-classification policy. It also makes a Game Master available for each game in order to check and monitor gamers' various activities in the games and to ensure that no violence, gambling or other inappropriate activity is involved. Moreover, its on-line games services help to build gamers' computer skills and expand the internet usage and internet network infrastructure, enabling the public to easily access data and various information. In addition, online games developed by the Group have contributed to the development of Thailand's R & D in software and animation.

4. Disclosure and Transparency

Beside making complete and timely financial disclosure or disclosure of other information to the public via various channels in strict compliance with the law, the Company shall also make the following disclosures to show the transparency of its operations :

- Disclosure of information concerning performance by various sub-committees such as the frequency of their meetings.
- Disclosure of guidelines in recruiting directors, relevant evaluation guidelines and evaluation of the Board's performance.
- Disclosure of remuneration policies for directors and high-level executives as well as the form, manner and amount of remuneration received by each member of the various sub-committees.
- Disclosure of policies created for protection of the environment and in support of society, and the results of their implementation.
- Report on policies of corporate governance and their implementation.
- Opportunity for the public to raise any concern/query via the Investment Relations Officer.

5. Responsibilities of the Board, its structure and various sub-committee

The Board's Structure

The vision outlined by the Group is that: "We are determined to maintain our leadership in Online Entertainment Services involving online games in the South East Asian Region, with a focus on providing efficient services, developing our personnel to support the services and expanding investment to other high potential countries in the Region, under a transparent and accountable management pursuant to the principles of Good Corporate Governance". To realize this vision, the Board strives to maintain the highest ethical standards within the framework of the law, the Company's objectives and its Charter as well as resolutions adopted at shareholder meetings with commitment, honesty, integrity and prudence in line with good operating practice so as to deliver highest economic value to the Company and maximum stability to shareholders.

The Company's Board of Directors comprises of people who have knowledge, skills and experience drawn from a variety of professions in the areas of PC games, online business, finance, marketing, law, management and other fields beneficial to the Company's work. The Board is free to decide in the best interests of the Company and its shareholders overall. This Board has played a part in determining (or approving) the Company's Vision, Mission, Strategies, Targets, Business Plans and Budgets as well as supervising the performance of its management to ensure effective implementation of the Business Plans and Budgets for the greatest economic benefit for the Company and maximum stability for the shareholders. Action has also been taken to ensure that there is a process for regular evaluation of the adequacy of internal control, internal audit, risk management, financial reporting and follow-up of performance.

Currently, the Company's Board of Directors comprises of 7 members, 3 of whom are executive and 4 are non-executive. Three members of the Board are independent directors which, therefore, exceeds one-third of the Board thereby giving an appropriate balance vis-à-vis executive directors. The Board has set up 2 sub-committees to help supervise operations of the Group, i.e. the Executive Committee and the Audit Committee which consists of 3 independent directors with a term of office of up to 3 years. The duties and responsibilities of those Committees have been expressly defined at previous shareholder meetings.

The Company has clearly separated the duties and responsibilities of its Board and senior executives. While the Board's duty is to establish policies and supervise performance of high level executives pursuant to those policies, it is the duty of high-level executives to administer the Company's affairs in various areas to ensure that these policies are implemented appropriately. The Chairman of the Board and the Chief Executive Officer must be two different individuals to ensure that there is a clear separation between the determining of supervisory policies and the administration of regular affairs. However, both of them will be representatives of majority shareholder groups, albeit different groups, which together constitute the Company's founders.

Remuneration for Directors and Executives

The Company has a policy of determining remuneration for its directors, both in monetary and non-monetary terms, openly and transparently. The remuneration shall be submitted for approval to the annual general meeting of shareholders. Criteria governing remuneration of directors are as follows:

- Appropriate and commensurate with the duties and responsibilities of each director.
- At a level capable of attracting and retaining quality directors with suitable ability and knowledge.
- Clear, transparent and easily comprehensible.
- Comparable to the remuneration of directors in the same or similar industry(ies).

The remuneration for executives will be determined by the Board, both in monetary and non-monetary terms, in line with the Company's performance and each executive's performance. They will be set at such rates as are adequately attractive to retain quality senior executives and shall be comparable to rates of other companies in the same grade or operating in the same line of business.

Board Meetings

Board meetings will be convened and conducted pursuant to the Company's Charter, the laws governing public companies and the rules and regulations of the SET with special meetings to be convened, where necessary.

The Chairman of the Board, as chairman of the meeting, will support the exercise of prudent discretion and will allow enough time for the meeting to ensure that major problems may be submitted and discussed by management with due diligence. An invitation to the meeting, together with the agenda items and supporting documents, will be sent to the Board at least 7 days before the meeting. All directors will be required to attend every Board meeting except in the case of an emergency. Minutes of the meeting will be properly and correctly recorded by the Company and will be accessible by shareholders for verification.

Report from the Board of Directors

The Board will be responsible for preparing the Company's financial statements including the Consolidated Financial Statements for the Company and its subsidiaries and the Financial Information to be presented in the Annual Report. Those financial statements will be prepared pursuant to the accounting standard generally accepted in Thailand based on appropriate, acceptable and consistency accounting policies. Discretion and care will be exercised to ensure that the Notes to the Financial Statements disclose adequate vital information.

Self-Evaluation by the Board/Committee Members

To enhance the efficiency of performance by its various Committees, arrangements are made by the Company to have members of each Committee evaluate their own overall performance so that they can together appraise and look at their performance and problems. Following this evaluation, the Board will analyse their performance and determine measures which will improve the Committees' efficacy.

Development of Directors and Executives

The Company will support the attendance of its Board and senior executives at training courses which will be beneficial to their performance and will enable them to exchange opinions, on a regular basis, with Board members and senior executives of other organisations. Such courses include those arranged by the Company's employee training unit, units under the State's jurisdiction and independent entities such as Thai Institution of Directors. It is an SEC requirement that directors of listed companies attend at least one of these courses, e.g. Director Certification Programme (DCP), Director Accreditation Programme (DAP) and Audit Committee Programme (ACP) so that knowledge and experience gained can be used for the Company's further development.

Investor Relations

The Board takes care that adequate information is disclosed to its shareholders, investors and other relevant parties. That disclosure must be correct, complete, transparent, comprehensive and on-time pursuant to Good Corporate Governance principles. It must include financial reports, operating results and other related information as well as information which may have an impact on the pricing of its securities. Information and various newsletters will be distributed, through channels set up by the SET and the SEC including the Company's own website (www.asiasoft.co.th or www.asiasoft.net) and will help ensure that investors, shareholders and related parties can use the information in their investment decisions. The Company plans to set up an Investor Relations Unit to monitor and provide information and newsletters, and to answer queries raised by shareholders, investors, analysts and the public in general.

Monitoring the Use of Inside Information (Inside Trading)

The Company has introduced a policy and measures to prevent the use of inside information which has not yet been disclosed to the public, for personal gain and securities trading:

1. Directors, executives, employees and workers within the Group must keep Company information and other inside information confidential.
2. Directors, executives, employees and employees within the Group may not disclose any confidential information or other inside information about the Group, or use it for their own gains or those of others, whether directly or indirectly, and whether or not it is for compensation.
3. Directors, executives, employees and workers within the Group may not buy or sell, transfer or accept the transfer of the Company's securities through the use of confidential or inside information about the Group, or take any other action using that confidential or inside information which would cause the Group to suffer a loss, whether directly or indirectly.

Directors, executives, employees and workers of the Group who work in a unit which has acquired inside information should avoid buying or selling the Company's securities for 1 month before disclosure of its financial statements to the public.

This provision includes the spouses and non sui-juris children of directors, employees and workers of the Group. It is a serious offence to breach this provision.

4. Directors and executives are required to report to the SEC any change in their holding of securities or that of their spouse and non sui-juris children.

The Company will take disciplinary action against any of its directors, executives, employees and workers who breaches or fails to comply with the Company policy. The disciplinary action begins with a written notice and is followed by salary cut(s), unpaid temporary suspension from work and dismissal from employment, depending on the severity of the offence and the provisions in the Company's Charter informing all directors, executives, employees and workers of the disciplinary action.

Moreover, each director and executive has acknowledged in writing his or her duty to report his or her holding of the Company's securities and those held by his or her spouses and non sui-juris children, and to report any change in such holdings to the SEC and the SET pursuant to section 59 and the penalty prescribed by section 275 of the Securities and Exchange Act, B.E. 2535.

On the subject of providing supporting data to its affiliates, the Company has prescribed procedures to prevent information leaking, such as requesting a signed Confidentiality

Internal Control and internal Audit

The Company's Board of Directors and Audit Committee assessed the Company's internal control systems by following the internal control system adequacy assessment form. They concluded that the Company's internal control system is adequate and proper for the Company's business, free from any material defect and can prevent the Company's or subsidiaries' properties from misuse or unauthorized use of the management. The Board of Directors and the Audit Committee also emphasized the Company's enhancement of its corporate governance in accordance with the SET's 2006 good corporate governance principles for listed companies.

1. Internal Control

The Company has strongly emphasized the efficiency of its internal control systems at both the management and the operational levels with the aim to prevent or reduce possible risks. In this regard, the Company prepared a compliance manual to specify the duties, responsibilities and powers of staff and management, and to clearly separate the duties of operators, controllers and assessors from one another so as to create a proper system of checks and balances. Additionally, the Company hire Outsourcing Internal Audit to audit and assess the Company's internal control systems and to ensure that the Company's major activities and significant financial activities are performed in accordance with the stipulated rules with maximum efficiency and to check the Company's compliance with related laws and regulations (Compliance Control). To ensure that the Outsourced Internal Audit are independent and able to perform its supervisory duty, the Board of Directors requires that the Outsourced Internal Audit report the audit results directly to the Audit Committee and that the Outsourcing Internal Audit must be assessed its performance by the Audit Committee.

In the Meeting of the Company's Board of Directors No. 2/2013 held on 27 February 2013 and attended by all members of the Audit Committee, the Board considered and prepared the Company's internal control system adequacy assessment form. After assessing the Company's internal control system in 5 areas, namely (1) organization and environment, (2) risk management, (3) management supervision, (4) information and communication, and (5) follow-up and assessment, the Board was informed that the Audit Committee was of the same opinion as the external auditor and the auditor. Both parties have opinion that the Company's internal control systems are adequate and proper for its business. So far, neither the Company nor the auditor has found any crucial defects in the internal control systems which could materially affect the Company's financial condition or the auditor's opinion of the financial statements. The Company has also designed its internal control systems to conform with those suggested by the SET and with the international internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission or COSO. Summarized details of the Company's internal control system are set out below.

1) Organization and Environment

The Company has set up control systems for the work of the finance and accounts, operations, organization, and personnel departments based on the good corporate governance principles and policies.

2) Risk Management

The Company always takes into consideration the risk factors that are now encountered or expected to be encountered for analyzing and estimating impacts and chances of those risks as well as formulating countermeasures to prevent and manage those risks. The Company then prepares risk management reports to its management and follows up regularly.

3) Management Supervision

The Company provides supervisory tools to its management through its development of various systems, including an application of ISO 9001:2000 quality management system for online game service provider to the Company's quality management system, customer service and other activities. This supervisory tools emphasis on information's reliability, the protection of Company's properties and compliance with internal and external rules and regulations as well as information security.

4) Information and Communication

The Company emphasizes on information systems and communication channels both inside and outside the Company by providing an intranet system and a website to serve all-level communication.

5) Follow-up and Assessment

The Company assesses staff performance twice a year. It also informs its operating results on a quarterly basis at an executive meeting and staff meeting.

2. Internal Audit

The Outsourced Internal Audit have been established to bolster the Audit Committee's confidence in the supervision and review of the accuracy of the financial reports, the adequacy of information disclosure, the transparency of information, internal control and risk management. It focuses on having a preventive and creative audit policy and adheres to audit guidelines of international standard and good corporate governance principles. The audit system is developed in consistence with the fast pace environment of the Company's business in order for the Company to have a transparent, auditable and reliable image.

2.1 Medium term plan To set up an acceptable audit standard, the internal control office emphasizes effective and preventive systems by utilizing advance tools and technology, preparing manual and develop audit standard for each system, utilizing computer system to support the audit process as well as setting up principles and alarm for the audit process

2.2 Quality assurance The Company has principles and guidelines for preparing itself for internal assessment and external assessment to ensure the effectiveness and efficiency in real practice and meet all objectives

2.3 Development of IT audit To create good control and audit system which benefit the Company, the Company has improved preventive efficiency of its computer system by developing web application such as @Café which is a system to store database of Internet Café members of the Company including membership renewal and agreement issuance to its members. This tool was created for preventive audit system to reduce unintentional errors.

Dividend Payment Policy

In general, if Asiasoft Group has no funding requirement for additional investment or business expansion and has sufficient cash flow, Asiasoft Group has a policy to pay dividend to shareholders of the Company and its subsidiaries of at least 30.0% of net profit of each company (according to each company's financial statements) after deducting corporate income tax, legal reserves and other necessary reserves on quarterly basis. The first to third dividend payment shall be paid as an interim dividend and the fourth dividend payment shall be paid as an annual dividend. Nevertheless, this dividend payment rate may be changed depending on the necessity and appropriateness, given that this change must provide the highest benefit to the shareholders. A resolution of the Company's Board of Directors regarding the dividend payment must be proposed to the Shareholder Meeting for approval, except for an interim dividend payment, which the Board of Directors may approve and then report to the next Shareholder Meeting.

12. Connected Transactions

Procedure for Approval of Connected Transactions of the Company and Subsidiaries

The Company has set up a procedure in accordance with the relevant SEC notifications to control the Connected Transactions between the Company or its subsidiaries and interested person in the present or in the future. The procedure requires the Audit Committee to comment on the necessity of the transaction and the appropriateness of the transaction price, taking into account that all the conditions must be considered in the ordinary course of business and comparing the price with that offered by third parties. However, if the Audit Committee does not have expertise in the subject matter of the transaction, the Company must provide a comment of independent expert or the Company's auditor on the transaction to support the decision of the Company's Board of Directors, Audit Committee or shareholders, as the case may be. The interested person shall have no right to vote on the transaction. Additionally, the Company shall disclose information on the Connected Transactions and the acquisition or disposal of major assets of the Company and its subsidiaries, in accordance with the rules prescribed by the SEC and SET, including the accounting standard prescribed by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King.



The Connected Transactions between the Company or its Subsidiaries or Related Companies and Interested Parties in 2012 and 2011
(Unit: Baht Million)

Company or Individual / Type of Business	Nature of Relationship	Transaction Description	Transaction Value according to Consolidated Final Statement		Rationale for Transaction
			31 Dec 2011	31 Dec 2012	
Asiasoft International Co., Ltd. (ASI) (Holding Company)	<ul style="list-style-type: none"> A subsidiary in which 99.99% of the shares are held by the Company and has common directors. 	<ul style="list-style-type: none"> Revenues from license fees and services Amount due from and short-term loan Interest income Dividend Income 	0.01 - - -	0.01 - - 94.91	<ul style="list-style-type: none"> ASC charged for the Accounting fee to ASI The outstanding balance for the accounting fee Short term loan from ASC
Asiasoft Online PTE LTD. (ASO) Online game service provider in Singapore and Malaysia	<ul style="list-style-type: none"> A subsidiary in which 99.99% of the shares are held by the Company through ASI and has common directors. 	<ul style="list-style-type: none"> Revenue from distribution income of @-card card Licence and service fee Licence fee and promotion expenses Sales of fixed assets Online Income Transfer of license fees Accounts receivables The Company sold other products to ASO. Loan to a related company The Company has provided Long term loan to ASO for operation Interest income Other receivables from related parties Accrued interest Accounts Payable 	0.05 5.72 1.86 - - - - - - - - - 1.46	0.32 3.40 7.23 - 0.04 1.72 0.12 - - - 10.15 - 1.84	<ul style="list-style-type: none"> The Company sold the products to ASO for use in its business at the price and on the conditions use in the Company's ordinary course of business The revenue for license fee ASO Charged travelling and consulting fee ASC sold the server to ASO ASC Charged online income from ASO ASC transferred license fee to ASO
CIB Development Sdn.Bhd. (CIB) Online game service provider in Singapore and Malaysia	<ul style="list-style-type: none"> A subsidiary in which 61.68% of the shares are held by the Company through ASI and has common directors. 				
Trilight Cove Enterprises Ltd. (TLC)	<ul style="list-style-type: none"> A subsidiary in which 60.00% of the shares are held by the Company through ASI and has common directors. 				

Company or Individual / Type of Business	Nature of Relationship	Transaction Description	Transaction Value according to Consolidated Final Statement		Rationale for Transaction
			31 Dec 2011	31 Dec 2012	
AS Online SDN. BHD. (ASM) Distributor in Malaysia	<ul style="list-style-type: none"> A subsidiary in which 99.99% of the shares are held by the Company through ASI and has common directors. 	<ul style="list-style-type: none"> Online Income Licence and service fee License and promotion expenses Transfer of Licence fee Account receivable The Company sold other products to ASM. Other receivables from related parties Loan to a related company The Company has provided Long term loan to ASM for operation Interest income Accrued Interest Account Payable 	<ul style="list-style-type: none"> - 6.25 0.05 - - 0.04 12.20 0.29 - 0.05 	<ul style="list-style-type: none"> 0.04 0.95 - - 0.01 0.35 1.40 0.14 - - 	<ul style="list-style-type: none"> The Company sold the products to ASM at the price and on the conditions use in the Company's ordinary course of business. The revenue for game and network ASC transferred for the network license fee to ASM
A-Capital Co., Ltd. (Holding Company)	<ul style="list-style-type: none"> A subsidiary in which 99.99% 	<ul style="list-style-type: none"> Revenues from license fees and services Amount due from and short-term loan 	<ul style="list-style-type: none"> 0.01 - 	<ul style="list-style-type: none"> 0.01 - 	<ul style="list-style-type: none"> ASC charged for the Accounting fee to A-capital
CONG TY TNHH CHAU A MEM (CTCM) <ul style="list-style-type: none"> Online game service provider in Vietnam who sub-licensed game from Asiasoft Group only. 	<ul style="list-style-type: none"> A sub-licensee of online games from Asiasoft Group for online game service in Vietnam. 	<ul style="list-style-type: none"> License and services fee Other Income Transfer of license fee Accounts receivables The Company and ASI collected the license fee for online games from CTCM under a sub-license agreement. Other receivables from related parties Online Income Account Payable 	<ul style="list-style-type: none"> 2.99 13.88 1.67 21.56 0.17 - - 	<ul style="list-style-type: none"> 12.98 - - 22.02 - 0.30 0.10 	<ul style="list-style-type: none"> The Company sub-licensed online games to CTCM for online game service in Vietnam ASC transfer game license fee to CTCM) The Company reimbursed all operating expense which had been advanced for CTCM



Company or Individual / Type of Business	Nature of Relationship	Transaction Description	Transaction Value according to Consolidated Final Statement		Rationale for Transaction
			31 Dec 2011	31 Dec 2012	
PlayPark Co., Ltd. • Web portals for online games and web advertisement services.	• A subsidiary in which 99.99% of the shares are held by the Company and has common directors.	<ul style="list-style-type: none"> • License and services fee • Purchase of inventories • Promotion expenses • Account Payable • Amount due from and short-term loans • Interest income 	0.04 - 0.58 0.08 0.006 -	0.04 - 0.16 0.09 - -	<ul style="list-style-type: none"> • Revenue sharing of advertising revenue ,license fee and Accounting fee • PK charged to ASC for guide book for sales • PK charged to ASC for guide book for promotion (Year 2011) , Advertising
Funbox • Online game service provider	• A subsidiary in which 99.99% of the shares are held by the Company through ACapital and has common directors.	<ul style="list-style-type: none"> • Revenue from distribution income of @-card card • Revenues from license fee and service • Promotion expenses • Transfer of license fee • Account receivable • Account Payable from related parties • Other account receivable from related parties • Sales of Fixed Assets • Interest income • Long-term loan to a related company The Company has provided a loan to Funbox for operations. 	4.91 7.88 0.59 5.03 13.26 16.79 4.22 - 0.67 40.50	4.56 3.75 0.66 - 0.80 5.55 0.07 0.09 0.88 43.50	<ul style="list-style-type: none"> • The distribution income for @-cash card to Funbox • ASC charged to FB for advertising. • FB charged license fee for guide book • ASC transfer for license fee to Funbox • ASC sold the server to FB

Company or Individual / Type of Business	Nature of Relationship	Transaction Description	Transaction Value according to Consolidated Final Statement		Rationale for Transaction
			31 Dec 2011	31 Dec 2012	
PT Asiasoft (PT) • Online game service provider in Indonesia	• A subsidiary in which 79.90% of the shares are held by the Company through ASI and has common directors.	<ul style="list-style-type: none"> • Online Income • Promotion expenses • Account receivable from related parties • Account Payable • Long-term loan to a related company The Company has provided a loan to PT for operations. • Interest income • Accrued Interest 	- 0.20 0.02 0.11 6.00 0.02 0.02	0.05 - 6.26 0.10 33.20 0.47 0.42	
Thaiware Communication Co. Ltd. • Service on website	• An associate in which 40% of the shares are held by the company through A-capital	<ul style="list-style-type: none"> • Sales of product • Account Receivable 	0.02 0.01	0.24 0.01	
Cybergames Corporation Co. Ltd • Online game service provider	• An associate in which 30% of the shares are held by the company through A-capital	<ul style="list-style-type: none"> • Revenue from distribution income of @-card card • Sales • Revenues from license fee and service • Promotion expenses • Account receivable • Account Payable • Account Payable from related parties 	0.35 - 0.19 0.72 0.27 1.98 0.37	0.96 0.51 0.87 1.42 0.14 1.09 0.09	
Playcybergames Co. Ltd • Online game service provider	A subsidiary in which 59.99% of the shares are held by the Company and has common directors.	<ul style="list-style-type: none"> • Revenues from license fee and service • Sales of Fixed Assets 	- -	0.05 0.14	

Remarks: : ° Asiasoft Group has a regional purchasing policy. The Company is responsible for purchasing all properties, including online game licenses enabling the Company to purchase at better prices and on better condition than separate purchases by each company.

13. The Auditor's remuneration

In 2011, Deloitte Touche Tohmatsu Jaiyos Audit Co.,Ltd. was the external auditor for the company and its seven subsidiaries. In 2012, Ernst & Young office Limited was the external auditor for the company and its nine subsidiaries. (excluding subsidiary company, namely "Trilight Cove Enterprises Ltd." state in British Vergin Island was audited by Ecovis Assurance LLP, Singapore and its audit expenses amount TH 0.12 MB.) In 2012, KPMG Phoomchai Business Advisory Ltd. has been provided the purchasing price allocation of valuation with service fee amount TH 0.70 MB. The auditors and the audit company have no relationship with the company and the subsidiaries. The following table shows the auditing expenses for the years 2011 and 2012.

Expense Types	2011			2012		
	The Company	Subsidiaries (7)	Total Company and subsidiaries	The Company	Subsidiaries (9)	Total Company and subsidiaries
Audit Fees (THB)						
-Statutory financial statements	556,500.00	2,819,852.44	3,376,352.44	860,000.00	4,768,493.93	5,628,493.93
-Review of interim financial statements (3 quaters)	330,750.00	-	330,750.00	390,000.00	-	390,000.00
Total audit fees	887,250.00	2,819,852.44	3,707,102.44	1,250,000.00	4,768,493.93	6,018,493.93
Other expenses (THB)						
- Deloitte	108,560.00	-	108,560.00	-	-	-
- EY	-	-	-	291,425.00	-	291,425.00
- KPMG	-	-	-	700,000.00	-	700,000.00
Total audit expenses	995,810.00	2,819,852.44	3,815,662.44	2,241,425.00	4,768,493.93	7,009,918.93

14. Statement of the Board of Directors' Responsibilities for the Financial Reporting

The Board of Directors of Asiasoft Corporation Public Company Limited has managed to prepare consolidated and separate financial statements to present the financial positions and operating results of the Company and its subsidiaries, as well as financial information contained in the Company's Annual Report of 2012, which are true and reasonable in accordance with all relevant regulations and legislations.

Directors have their accountability and responsibility on behalf of directors of listed companies for governance and ensuring that the Company's financial reporting present fairly, accuracy, completely, transparency and sufficiency for maintaining the Company's assets and for determining the weak points and material issues. There will also be sufficient disclosures of significant information in notes to financial statements, complied with proper and consistency accounting policies, as well as reasonable and prudent judgment and estimation in accordance with generally accepted accounting standards.

In order for the governance of financial reporting to be efficient, the Company's Board of Directors have set up the Audit Committee, with three independent directors who do not hold any positions on the Executive Board, responsible for supervising the quality of financial reporting and the internal control systems. The supervision of compliance with the internal control system is the duty of the Outsourced Internal Audit that elected by the Audit Committee which report directly to the Audit Committee. The Audit Committee is also in charge with overseeing preparations for the mandated adoption of International Financial Reporting Standards (IFRS). The opinions on the afore-mentioned matters are detailed in the Company's Annual Report.

The Company's Board of Directors' opinion, the consolidated financial statements and the separate financial statements of Asiasoft Corporation Public Company Limited and its subsidiaries of Asiasoft Corporation Public Company Limited, which the Audit Committee has reviewed jointly with the Company's executives and external auditors, Ernst & Young Office Limited, present fairly in all material respects and operational results in accordance with generally accepted accounting standards, proper and consistency accounting policies, sufficient information disclosures and compliance with relevant legislations and regulations, along with prudent and cautious considerations.



Mr. Tan Tgow Lim
Chairman

On behalf of the Board of Directors

15. Management Discussion and Analysis of Financial status and Operating Results

Overview of past operating results

As of 31st December 2012, there were a total of 61 online game titles offered in 8 countries: Thailand (35 games), Singapore (8 games), Malaysia (20 games), Indonesia (3 games), Philippines (3 games), and Indochina consisting of Myanmar, Vietnam and Cambodia (6 games). In the year 2012, revenue was contributed from Thailand and overseas 57% and 43% of total revenue respectively. Revenue came from online game revenue 82%, distribution income 14% and other income 4% of total revenue.

In 2012, the Group generated net profit of Baht 304 million, increasing 3% from the previous year of Baht 296 million, resulted from 42% growth in overseas net profit from Baht 63 million to Baht 89 million. The Group's net profit margin decreased from 18% in 2011 to 15% in 2012. The Improving performance in 2012 came from the increase of new overseas business unit, CIB Development Sdn. Bhd., and good response in sales of offline game, Diablo III including effective selling and administrative expense management. However, net profit in Thailand dropped 8% from Baht 233 million in 2011 to Baht 215 million in 2012 due to increasing in both marketing expenses and the write off of game licenses fee which was acquired long time ago and not suitable for current favour of gamers. The company decided not to launch the game.

Group operating results for the period of 2010-2012

Revenues

The Group's total revenue based on consolidated financial statements for 2010-2012 breakdowns by geographic:

Revenue by Geographic	2010		2011		2012	
	Baht Million	(%)	Baht Million	(%)	Baht Million	(%)
- Thailand	1,083	70	1,112	66	1,155	57
- Overseas	457	30	572	34	861	43
Total Revenue	1,540	100	1,684	100	2,016	100
Growth Rate (%)	5%		9%		20%	

Total revenue in 2012 was Baht 2,016 Baht, increasing 20% from the previous year of Baht 1,684 million. Revenue was contributed from Thailand and overseas of 57% and 43% of total revenue respectively, compared to the previous year of 66% and 34% respectively. Revenue from Thailand grew 4% from Baht 1,112 million in 2011 to Baht 1,155 million in 2012 resulting from success in new games launch, especially MMORPG game, Dragon Nest which become the most successful game launched from the past 5 years, with highest number of players.

Revenue in overseas increased 51% from Baht 572 million in 2011 to Baht 861 million in 2012, resulting from new overseas business unit and sales of offline game as described above.

The Group's total revenue based on consolidated financial statements for 2010-2012 is classified into 3 groups as follows:

Type of Revenue	2010		2011		2012	
	Baht Million	(%)	Baht Million	(%)	Baht Million	(%)
1. Revenue from online game services	1,360	88	1,516	90	1,662	82
2. Revenue from distribution business	124	8	92	5	277	14
3. Other Income	56	4	77	5	77	4
Total Revenue	1,540	100	1,684	100	2,016	100

1. Total revenue 2012 from online game services is 82% of total revenue, 10% growth from Baht 1,516 million the year before to Baht 1,662 million. The revenue increase was from both domestic and overseas as shown below:

By Geographic	2010		2011		2012	
	Baht Million	(%)	Baht Million	(%)	Baht Million	(%)
· Thailand	920	68	962	63	982	63
· Overseas	439	32	554	37	680	37
Total online games services revenue	1,360	100	1,516	100	1,662	100
Growth rate (%)	14%		11%		10%	

Domestic revenue from online game services increased 2% from Baht 962 million in the previous year to Baht 982 million in 2012. Online game services revenue in overseas jumped 23% from Baht 554 million in the previous year to Baht 680 million in 2012 which was partly due to revenue generated from CIB in Malaysia which obtained 19 games.

2. Revenue from distribution contributed 14% of total revenue. Distribution income includes revenue from sales of online and offline products, subscription fee from @café, and distribution income from partners' games. Revenue from distribution business increased 250% from Baht 92 million in the previous year to Baht 277 million in 2012, resulting from both Thailand and overseas, mainly due to good response from Diablo III started selling in the second quarter in 2012.

3. Other income accounting for 4% of total revenue consisted of sub-license fee to Vietnam, advertising revenue, and interest income. Other incomes equalled in the previous year at Baht 77 million.

Net Profit

Net Profit by Geographic	2010		2011		2012	
	Baht Million	Net Profit Margin (%)	Baht Million	Net Profit Margin (%)	Baht Million	Net Profit Margin (%)
- Thailand	247	23	233	21	215	19
- Overseas	17	4	63	11	89	11
Total Net Profit	264	17	296	18	304	15
Growth Rate (%)	49%		12%		3%	

Net profit rose 3% from Baht 296 million last year to Baht 304 million in 2012 mainly due to enhanced performance in overseas from rising of online game services revenue from new business unit of CIB and good respond of offline game sales as described above including managing of SG&A expenses, resulting in stable net profit margin from the previous year at 11%. However, profit from domestic declined from the previous year mainly due to increasing in expenses as described above resulting net profit margin declined from 21% to 19% of total revenues.

Financial Status

Total Asset and Total Liabilities for 2010 – 2012

Assets

Assets of the group consisted of:

(Unit: Baht Million / % of Total Assets)	2010		2011		2012	
	Baht Million	%	Baht Million	%	Baht Million	%
Cash and cash equivalents	571	34	589	31	355	18
Short-term investments	316	16	395	20	254	13
Trade accounts receivable – net	281	16	215	12	263	13
Intangible assets-net and prepaid licenses fees-net	338	19	340	19	544	27
Estimated amount of interest in the net assets value of subsidiary that under purchase cost	-	-	-	-	203	10
Equipment– Net	107	6	125	7	151	8
Others	157	9	205	11	220	11
Total	1,770	100	1,869	100	1,990	100

Total Assets were Baht 1,869 million consisting of:

1. Cash and cash equivalents, including current investment of Baht 609 million or 31% of total assets consisting of funds remaining from the IPO of Baht 65 million and cash from operations Baht 544 million. During 2012, the company paid dividend of Baht 318 million, investment in subsidiaries of Baht 241 million and acquisition of intangible assets of Baht 171 million.
2. Net trade receivables of Baht 263, mainly being the company's dealer.
3. Increase in Intangible assets (net) and prepaid license fees of Baht 544 million, mainly from higher of license fees from a new subsidiary which company invested in 2012.
4. Estimated amount of interest in the net assets value of subsidiary that under purchase cost of Baht 203 million is the difference between the cash payment for purchase of investments and the net assets of the subsidiaries, accounting from company shareholding.
5. Other assets of Baht 220 million consisting of inventory of Baht 21 million, a deposit at bank of Baht 17 million, deferred tax assets of Baht 41 million, investments in associates of Baht 16 million, other current assets of Baht 90 million and other non-current assets of Baht 35 million.

Liabilities

Group's liabilities consisted of:

(Unit: Baht Million / % of Total Liabilities)	2010		2011		2012	
	Baht Million	%	Baht Million	%	Baht Million	%
Deferred revenue airtime card and license fees	240	48	274	50	283	46
Trade accounts and other payable	106	21	145	26	172	28
Other current liabilities	82	17	99	18	101	16
Accrued income tax	55	11	18	3	29	5
Non-current liabilities	14	3	14	3	28	5
Total	497	100	550	100	613	100

Total liabilities as at 2012 were Baht 550 million consisting of:

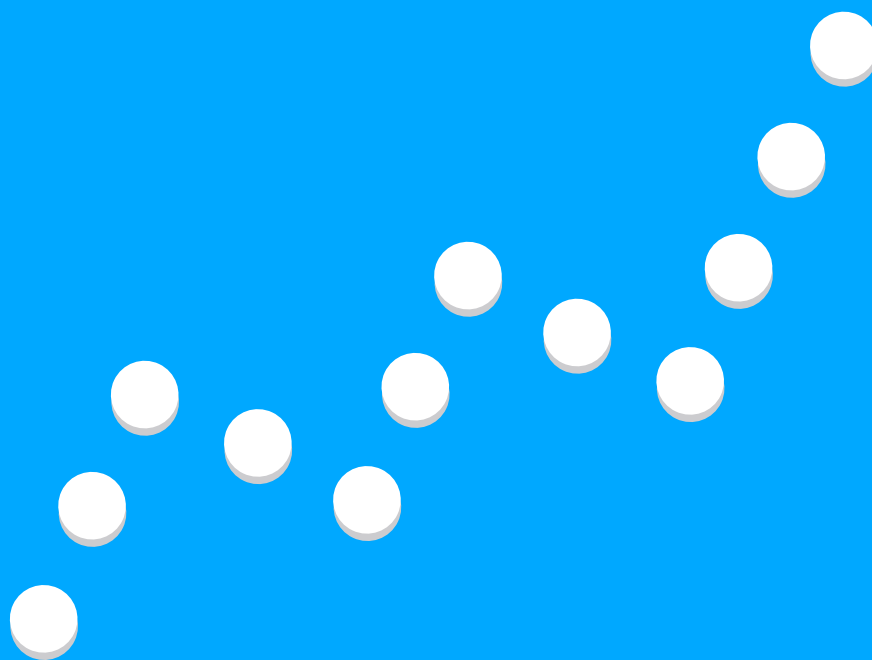
1. Deferred revenue from selling cards and advance license fees in total of Baht 283 million representing 46% of total liabilities
2. Trade account and other payables of Baht 172 million representing 28% of total liabilities, consisting of dealer payable, payable for good production, payable for acquisition of assets, accrued investment cost in total of Baht 109 million and accrued license fee of Baht 63 million
3. Other current liabilities of Baht 101 million representing 16% of total liabilities, consisting of accrued bonus of Baht 45 million, and others liabilities of Baht 55 million including services fees payable, rental and utilities fees payable, etc.
4. Other liabilities of Baht 28 million consisting of deferred tax liabilities of Baht 15 million, provision for long-term employee benefits of Baht 8 million, and others liabilities of Baht 5 million.

Shareholders' Equity

(Unit : Baht Million)	2010	2011	2012
Share capital	316	316	307
Issue and fully paid up	314	316	307
Premium on share capital	797	797	797
Translation adjustments	-4	-6	-8
Retained earnings-Legal reserve	91	91	31
Retained earnings- Unappropriated	134	178	172
Treasury share	-60	-60	-
Non-controlling interests	-	3	78
Total	1,272	1,319	1,377

Total shareholders' equity was Baht 1,377 million increasing Baht 58 million or 4% from the previous year mainly from net profit generated in 2012. In 2012, dividend was paid out from retained earnings in total Baht 318 million as mentioned earlier in cash and equivalent section.

During the years 2012, decreasing of fully paid up share capital from Baht 316 million to Baht 307 million mainly due to write-off Baht 9 million of treasury shares (par value of Baht 1 per share) with total cost of Baht 60 million, which caused a decrease in appropriated retained earnings from Baht 91 million to Baht 31 million.



Report and Financial Statements

31 December 2012

Independent Auditor's Report

To the Shareholders of Asiasoft Corporation Public Company Limited

I have audited the accompanying consolidated financial statements of Asiasoft Corporation Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Asiasoft Corporation Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

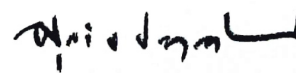
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asiasoft Corporation Public Company Limited and its subsidiaries and of Asiasoft Corporation Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 13 to the financial statements regarding the acquisition of a company. At present, the Company is in the process of assessing the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. My opinion is not qualified in respect of this matter.

Other matter

The consolidated financial statements of Asiasoft Corporation Public Company Limited and its subsidiaries, and the separate financial statements of Asiasoft Corporation Public Company Limited for the year ended 31 December 2011 were audited by another auditor who expressed an unqualified opinion on those statements but drew attention to the adoption of the revised and new accounting standards issued by the Federation of Accounting Professions, under his report dated 27 February 2012.



Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok: 27 February 2013

Asiasoft Corporation Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	7	355,317,524	588,670,255	173,810,165	449,927,026
Current investments	8	253,507,100	394,789,294	250,228,878	394,789,294
Trade and other receivables	6, 9	263,496,786	214,943,200	225,113,166	180,185,620
Short-term loans to related parties	6	-	-	78,100,000	58,700,000
Inventories	10	21,084,842	11,907,309	2,143,475	3,536,167
Prepaid license fees		95,540,931	41,459,846	88,279,595	31,085,709
Other current assets		90,174,378	66,313,701	24,470,435	42,171,560
Total current assets		1,079,121,561	1,318,083,605	842,145,714	1,160,395,376
Non-current assets					
Restricted bank deposits	11	16,465,704	9,630,000	9,955,125	9,630,000
Investments in associates	12	15,898,344	16,347,919	-	-
Investments in subsidiaries	13	-	-	421,384,316	91,761,365
Investment in joint venture	14	-	-	-	-
Equipment	15	151,331,208	124,948,671	75,301,628	76,509,567
Goodwill		7,175,911	7,175,911	-	-
Estimated amount of interest in the net assets value of					
subsidiary that under purchase cost	13	203,143,372	-	-	-
Other intangible assets	16	448,548,425	298,905,103	246,360,668	219,138,994
Deferred tax assets	17	41,006,793	44,825,860	38,360,823	44,061,221
Other non-current assets		27,578,176	49,010,968	22,577,521	37,006,200
Total non-current assets		911,147,933	550,844,432	813,940,081	478,107,347
Total assets		1,990,269,494	1,868,928,037	1,656,085,795	1,638,502,723

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

Asiasoft Corporation Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Liabilities and shareholders' equity					
Current liabilities					
Trade and others payables	6, 18	171,952,679	145,491,185	105,922,143	118,299,729
Deferred revenue and license fees		282,829,339	273,832,580	197,323,459	201,123,494
Current portion of liabilities under finance lease agreements		3,665,054	2,630,716	423,126	1,135,669
Income tax payable		29,121,275	17,976,280	26,758,613	16,677,434
Other current liabilities		100,590,823	98,918,267	54,480,344	46,618,810
Total current liabilities		588,159,170	538,849,028	384,907,685	383,855,136
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		2,225,474	674,950	-	423,126
Deferred tax liabilities	17	14,771,441	5,901,263	-	-
Provision for long-term employee benefits	19	7,803,905	4,977,267	5,447,660	4,415,785
Total non-current liabilities		24,800,820	11,553,480	5,447,660	4,838,911
Total liabilities		612,959,990	550,402,508	390,355,345	388,694,047

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

Asiasoft Corporation Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2012

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Shareholders' equity					
Share capital					
Registered					
307,407,762 ordinary shares of Baht 1 each					
(31 December 2011: 316,000,000 ordinary shares					
of Baht 1 each)					
	20, 21	<u>307,407,762</u>	<u>316,000,000</u>	<u>307,407,762</u>	<u>316,000,000</u>
Issued and fully paid-up					
307,407,762 ordinary shares of Baht 1 each					
(31 December 2011: 315,907,762 ordinary shares					
of Baht 1 each)					
		307,407,762	315,907,762	307,407,762	315,907,762
Share premium		796,833,756	796,833,756	796,833,756	796,833,756
Treasury shares	21	-	(59,621,864)	-	(59,621,864)
Retained earnings					
Appropriated					
Statutory reserve	22	31,600,000	31,600,000	31,600,000	31,600,000
Reserve for treasury shares	21	-	59,621,864	-	59,621,864
Unappropriated		172,369,435	177,459,824	129,888,932	105,467,158
Other components of shareholders' equity		<u>(8,528,957)</u>	<u>(6,359,530)</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the Company		1,299,681,996	1,315,441,812	1,265,730,450	1,249,808,676
Non-controlling interests of the subsidiaries		<u>77,627,508</u>	<u>3,083,717</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>1,377,309,504</u>	<u>1,318,525,529</u>	<u>1,265,730,450</u>	<u>1,249,808,676</u>
Total liabilities and shareholders' equity		<u>1,990,269,494</u>	<u>1,868,928,037</u>	<u>1,656,085,795</u>	<u>1,638,502,723</u>
		-	-	-	-

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

Directors

Asiasoft Corporation Public Company Limited and its subsidiaries
Statements of comprehensive income
For the year ended 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Revenues					
Revenues from sales and services		1,971,941,769	1,637,571,020	1,006,134,889	997,089,599
Dividend income	13	-	-	94,912,000	
Interest income		14,763,633	15,599,689	15,743,250	16,599,083
Other income		29,070,905	31,326,221	24,126,528	25,387,043
Total revenues		2,015,776,307	1,684,496,930	1,140,916,667	1,039,075,725
Expenses					
Cost of sales and services		1,124,353,184	900,575,640	518,541,408	496,541,643
Selling expenses		167,090,574	118,471,431	86,322,417	67,375,001
Administrative expenses		332,944,370	300,484,021	173,351,555	166,117,213
Reversal of loss from impairment of investment	13	-	-	(40,238,635)	-
Total expenses		1,624,388,128	1,319,531,092	737,976,745	730,033,857
Profit before share of profit from investments in associates, finance cost and income tax expenses					
Share of profit from investments in associates		546,425	20,719	-	-
Profit before finance cost and income tax expenses		391,934,604	364,986,557	402,939,922	309,041,868
Finance cost		(242,508)	(373,881)	(58,743)	(178,885)
Profit before income tax expenses		391,692,096	364,612,676	402,881,179	308,862,983
Income tax expenses	17	(82,006,926)	(71,244,349)	(69,407,187)	(82,497,945)
Profit for the year		309,685,170	293,368,327	333,473,992	226,365,038
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currencies		(1,443,100)	(2,261,395)	-	-
Total comprehensive income for the year		308,242,070	291,106,932	333,473,992	226,365,038

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

Asiasoft Corporation Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Profit attributable to:					
Equity holders of the Company		303,961,829	296,414,011	333,473,992	226,365,038
Non-controlling interests of the subsidiaries		5,723,341	(3,045,684)		
		309,685,170	293,368,327		
Total comprehensive income attributable to:					
Equity holders of the Company		301,792,402	294,134,677	333,473,992	226,365,038
Non-controlling interests of the subsidiaries		6,449,668	(3,027,745)		
		308,242,070	291,106,932		
Basic earnings per share					
	25				
Profit attributable to equity holders of the Company		0.99	0.97	1.08	0.74
Weighted average number of ordinary shares (Shares)		307,407,762	306,830,262	307,407,762	306,830,262

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

Asiasoft Corporation Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2012

	Consolidated financial statements										(Unit: Baht)
	Equity attributable to owners of the Company							Other components of equity			
	Issued and paid-up share capital	Share premium	Treasury shares	Retained earnings		Unappropriated	Exchange differences on translating of financial statements in foreign currencies	Total equity attributable to owners of the Company	Equity		
				Statutory reserve	Reserve for treasury shares				attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
Balance as at 1 January 2011	314,310,888	796,833,756	(59,621,864)	31,600,000	59,621,864	133,999,304	(4,080,196)	1,272,663,752	-	1,272,663,752	
Total comprehensive income for the year	-	-	-	-	-	296,414,011	(2,279,334)	294,134,677	(3,027,745)	291,106,932	
Dividends paid (Note 23)	-	-	-	-	-	(252,953,491)	-	(252,953,491)	-	(252,953,491)	
Increased in equity attributable to non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	6,111,462	6,111,462	
Ordinary shares issuance from exercised warrants	1,596,874	-	-	-	-	-	-	1,596,874	-	1,596,874	
Balance as at 31 December 2011	315,907,762	796,833,756	(59,621,864)	31,600,000	59,621,864	177,459,824	(6,359,530)	1,315,441,812	3,083,717	1,318,525,529	
Balance as at 1 January 2012	315,907,762	796,833,756	(59,621,864)	31,600,000	59,621,864	177,459,824	(6,359,530)	1,315,441,812	3,083,717	1,318,525,529	
Total comprehensive income for the year	-	-	-	-	-	303,961,829	(2,169,427)	301,792,402	6,449,668	308,242,070	
Dividends paid (Note 23)	-	-	-	-	-	(317,552,218)	-	(317,552,218)	-	(317,552,218)	
Decrease in treasury shares (Note 21)	(8,500,000)	-	59,621,864	-	-	(51,121,864)	-	-	-	-	
Reversal of reserve for treasury shares (Note 21)	-	-	-	-	(59,621,864)	59,621,864	-	-	-	-	
Increased in equity attributable to non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	68,094,123	68,094,123	
Balance as at 31 December 2012	307,407,762	796,833,756	-	31,600,000	-	172,369,435	(8,528,957)	1,299,681,996	77,627,508	1,377,309,504	

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

Asiasoft Corporation Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2012

Separate financial statements							(Unit: Baht)
	Issued and paid-up share capital	Share premium	Treasury shares	Retained earnings			Total shareholders' equity
				Appropriated		Reserve for treasury shares	
				Statutory reserve			
Balance as at 1 January 2011	314,310,888	796,833,756	(59,621,864)	31,600,000	59,621,864	132,055,611	1,274,800,255
Total comprehensive income for the year	-	-	-	-	-	226,365,038	226,365,038
Dividends paid (Note 23)	-	-	-	-	-	(252,953,491)	(252,953,491)
Ordinary shares issuance from exercised warrants	1,596,874	-	-	-	-	-	1,596,874
Balance as at 31 December 2011	315,907,762	796,833,756	(59,621,864)	31,600,000	59,621,864	105,467,158	1,249,808,676
Balance as at 1 January 2012	315,907,762	796,833,756	(59,621,864)	31,600,000	59,621,864	105,467,158	1,249,808,676
Total comprehensive income for the year	-	-	-	-	-	333,473,992	333,473,992
Dividends paid (Note 23)	-	-	-	-	-	(317,552,218)	(317,552,218)
Decrease in treasury shares (Note 21)	(8,500,000)	-	59,621,864	-	-	(51,121,864)	-
Reversal of reserve for treasury shares (Note 21)	-	-	-	-	(59,621,864)	59,621,864	-
Balance as at 31 December 2012	307,407,762	796,833,756	-	31,600,000	-	129,888,932	1,265,730,450

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

Asiasoft Corporation Public Company Limited and its subsidiaries
Cash flow statements
For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities:				
Profit before income tax	391,692,096	364,612,676	402,881,179	308,862,983
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	159,644,313	133,554,788	91,700,511	87,027,267
Allowance for doubtful accounts	2,397,645	2,642,424	2,095,416	2,642,424
Decrease of inventory to net realisable value (reversal)	(122,023)	2,334,220	(122,023)	2,334,220
Reversal of loss on impairment of prepaid license fees	-	(11,054,253)	-	(11,054,253)
Loss on written-off prepaid license fees	7,918,904	-	7,918,904	-
Reversal of loss on impairment of investment in subsidiary	-	-	(40,238,635)	-
Share of profit from investments in associates	(546,425)	(20,719)	-	-
Loss on impairment of other intangible assets (reversal)	1,758,312	421,716	-	(3,797,946)
Loss on written-off other intangible assets	30,149,527	5,492,344	22,068,696	17,320,024
Dividend income from investment in subsidiary	-	-	(94,912,000)	-
Gain from sales of equipment	(668,030)	(1,218,951)	(749,232)	(1,273,264)
Unrealised (gain) loss on exchange rate	5,860,791	(2,287,061)	3,966,004	(2,368,192)
Provision for long-term employee benefits	2,826,638	4,977,267	1,031,875	4,415,785
Gain from a bargain purchase	(724,944)	-	-	-
Acquisition related cost	823,497	-	-	-
Interest expenses	242,508	373,881	58,743	178,885
Profit from operating activities before changes in operating assets and liabilities	601,252,809	499,828,332	395,699,438	404,287,933
(Increase) decrease in operating assets				
Current investments	141,282,194	(78,760,074)	144,560,415	(99,310,735)
Trade and other receivables	(32,562,907)	87,657,004	(25,318,462)	99,208,794
Inventories	(9,055,509)	(9,376,618)	1,514,714	(1,473,929)
Prepaid license fees	(62,111,588)	34,508,137	(67,550,817)	35,508,614
Other current assets	(37,921,698)	(34,980,505)	(14,775,254)	(17,744,491)
Other non-current assets	21,917,698	(23,754,537)	14,913,586	(16,089,388)
Increase (decrease) in operating liabilities				
Trade and other payables	4,429,477	13,631,953	(12,221,525)	13,868,168
Deferred revenue and license fees	(15,387,544)	16,433,781	(3,800,035)	(19,057,830)
Other current liabilities	(4,420,458)	56,553,722	6,795,471	44,083,924
Cash from operating activities	607,422,474	561,741,195	439,817,531	443,281,060
Interest paid	(242,508)	(373,881)	(58,743)	(178,885)
Income tax paid	(64,858,333)	(98,794,044)	(53,625,610)	(105,639,610)
Net cash from operating activities	542,321,633	462,573,270	386,133,178	337,462,565

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

Asiasoft Corporation Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities:				
Increase in restricted bank deposits	(6,835,704)	-	(325,125)	-
Cash paid for short-term loans to related parties	-	-	(31,200,000)	(24,004,168)
Cash received from repayment of short-term loans to related parties	-	-	11,800,000	28,828,520
Acquisition of equipment	(60,343,413)	(61,391,473)	(30,246,872)	(36,890,101)
Proceeds from sales of equipment	3,808,685	3,677,782	819,866	1,929,851
Acquisition of other intangible assets	(171,256,947)	(134,377,068)	(95,516,001)	(67,634,816)
Cash received from assign other intangible assets to a subsidiary	4,671,385	15,753,600	14,024,627	15,753,600
Cash received from cancellation of license agreements	5,159,295	-	5,159,295	-
Net cash paid for investments in subsidiaries (Note 13)	(240,668,693)	-	(289,384,316)	(31,500,000)
Cash paid for investment in associate	-	(16,327,200)	-	-
Cash received from non-controlling interest of subsidiaries from its share increment	8,000,020	6,111,462	-	-
Dividend received from an associate	996,000	-	-	-
Dividend received from a subsidiary	-	-	72,912,000	-
Net cash used in investing activities	(456,469,372)	(186,552,897)	(341,956,526)	(113,517,114)
Cash flows from financing activities:				
Repayment of liabilities under finance lease agreements	(115,795)	(2,432,307)	(1,135,669)	(2,113,717)
Cash received from ordinary shares issuance for exercised warrants	-	1,596,874	-	1,596,874
Dividends paid	(317,769,307)	(252,953,491)	(317,769,307)	(252,953,491)
Net cash used in financing activities	(317,885,102)	(253,788,924)	(318,904,976)	(253,470,334)
Increase (decrease) in translation adjustment	619,094	(5,712,509)	-	-
Net increase (decrease) in cash and cash equivalents	(231,413,747)	16,518,940	(274,728,324)	(29,524,883)
Unrealised gain (loss) on exchange rate for cash and cash equivalents	(1,938,984)	1,277,023	(1,388,537)	1,277,023
Cash and cash equivalents at beginning of year	588,670,255	570,874,292	449,927,026	478,174,886
Cash and cash equivalents at end of year	355,317,524	588,670,255	173,810,165	449,927,026
	-	-	-	-

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

Asiasoft Corporation Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2012

1. General information

Asiasoft Corporation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distributor and provider of both online and offline game services. The registered office of the Company is 9/283-5, 28th floor, UM Tower Building, Ramkhamhaeng Road, Suanluang, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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 the Thai language financial statements.

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 include the financial statements of Asiasoft Corporation Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country incorporation	Percentage Shareholding 2012	2011
Held by the Company				
A Capital Company Limited	Investment	Thailand	100	100
Asiasoft International Company Limited	Investment	Thailand	100	100
Playpark Company Limited	Entertainment services on websites	Thailand	100	100
Playcybergames Company Limited	Publisher of online games	Thailand	60	-
CIB Development Sdn. Bhd.	Publisher of online games	Malaysia	61.68	-
Held by A Capital Company Limited				
Funbox Company Limited	Publisher of online games	Thailand	100	100
Held by Asiasoft International Company Limited				
Asiasoft Online Pte. Ltd.	Publisher of online games	Singapore	100	100
AS Online Sdn. Bhd. and its subsidiary (Trilight Cove Enterprises Ltd.)	Publisher of online games	Malaysia	100	100
PT. Asiasoft	Publisher of online games	Indonesia	80	80
Held by CIB Development Sdn. Bhd.				
CIB Net Station Sdn. Bhd. and its subsidiary (Chinesego Sdn. Bhd.)	Publisher of online games	Malaysia	100	-

b) Subsidiaries are fully consolidated, 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 subsidiaries are prepared using the same significant accounting policies as the Company.

d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Other comprehensive income" in the consolidated statement of comprehensive income.

e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

During the year 2012, the Company and its subsidiary invested in CIB Development Sdn. Bhd., Playcybergames Co., Ltd. and Trilight Cove Enterprise Ltd. as detailed in Note 13 to the financial statements.

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

3. New accounting standards not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management has assessed the effect of these standards and believes that TAS 20 (revised 2009), TAS 21 (revised 2009) and Accounting Standard Interpretations are not relevant to the business of the Company, while TFRS 8 will not have any significant impact on the financial statements for the year when it is initially applied. However, the Company and its subsidiaries have early adopted TAS 12 Income Taxes before the effective date.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	Effective date
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance, Accounting Standard Interpretation and Financial Reporting Standard Interpretations are not relevant to the business of the Company.

4. Significant accounting policies

4.1 Revenue recognition

Rendering of services

Revenue from online game services is recognised when gamers use the services.

Revenue from licensing game services to game shops is recognised on the straight-line method over the license period.

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost (first-in first-out method) and net realisable.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in unit trusts of open-ended fund are stated at fair value. Changes in the fair value of these unit trusts are recorded in profit or loss.
- c) Investments in joint venture and associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are 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. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value. The weighted average method is used for computation of the cost of investments.

In the event the Company and its subsidiary reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholder's equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Equipment/Depreciation

Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of equipment is calculated by reference to their costs on the straight-line basis over estimated useful lives 3 - 5 years. Depreciation is included in determining income and no depreciation is provided on assets under installation.

4.7 Business combination

Business combinations are accounted for using the purchase method, with the cost of the acquisition being the fair value at the acquisition date of consideration transferred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The acquirer measures the non-controlling interest, if any, in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received in the consolidated financial statements, and as part of the value of the investment in the separate financial statements.

4.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.9 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

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

	Useful lives
Game licenses	Contract period (approximately 2 to 4 years)
Computer software	3 years and 5 years

4.10 Related party transactions

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

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

4.11 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of building or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.12 Foreign currencies

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 end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. 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 the carrying amount.

An impairment loss is recognised in profit or loss.

4.14 Employee benefits

4.14.1 Short-term employee benefits

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

4.14.2 Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss. For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiaries elected to recognise the transitional liability as an expense on a straight-line basis over up to five years from the date of adoption.

4.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Treasury share

Treasury share is stated at cost and presented in statement of financial position as a reduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury share, losses on disposal of treasury share are determined by reference to its carrying amount and are taken to premium on treasury share and retained earnings, consecutively.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Impairment of investment in subsidiary companies

Impairment testing on investments in subsidiary companies requires management to make estimates of the cash flows to be generated by the associated company and to determine an appropriate discount rate to calculate the present value of those cash flows.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and 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.

Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company and its subsidiaries 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 agreed upon between the Company and those related parties.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Revenues from refill card distribution	-	-	5	5
Revenues from license fees and services	-	-	8	20
Revenue from transferring of sub-licenses	-	-	2	5
Dividend income	-	-	95	-
Interest income	-	-	1	1
License fees and management fee	-	-	8	3
<u>Transactions with associated companies</u>				
Revenues from license fees and services	1	1	1	1
<u>Transactions with joint venture</u>				
Prepayment for services	9	-	-	-
<u>Transactions with related parties</u>				
Revenues from license fees and services	13	3	13	3
Other income	-	14	-	14
Revenue from transferring of sub-licenses	-	2	-	2

The above transactions with related parties are priced on the basis of cost plus a mutually agreed margin, except for dividend income which is recorded at the amount declared.

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2012	2011	2012	2011
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiary companies	-	-	18,198	17,576
Associated companies	245	648	245	648
Related companies	22,476	21,729	22,019	21,728
Total	22,721	22,377	40,462	39,952
Less: Allowance for doubtful accounts	(19,400)	(19,400)	(19,400)	(19,400)
Total trade and other receivables - related parties, net	3,321	2,977	21,062	20,552
<u>Short-term loans to related parties</u>				
Subsidiary companies	-	-	78,100	58,700
Total short-term loans to related parties	-	-	78,100	58,700
<u>Trade and other payables - related parties (Note 18)</u>				
Subsidiary companies	-	-	7,585	18,491
Associated companies	1,088	1,981	1,088	1,981
Related companies	101	-	101	-
Total trade and other payables - related parties	1,189	1,981	8,774	20,472

Short-term loans to subsidiary companies

As at 31 December 2012 and 2011, the balance of loans between the Company and those subsidiary companies and the movement are as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
Loans to related parties	31 December 2011	during the year	during the year	31 December 2012
Funbox Co., Ltd.	40,500	4,000	(1,000)	43,500
PT. Asiasoft	6,000	27,200	-	33,200
AS Online Sdn. Bhd.	12,200	-	(10,800)	1,400
Total	58,700	31,200	(11,800)	78,100

Directors and management's benefits

During the year ended 31 December 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2012	2011	2012	2011
Short-term employee benefits	26	29	19	22
Post-employment benefits	-	1	-	1
Total	26	30	19	23

7. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2012	2011	2012	2011
Cash on hand	453	530	89	137
Bank deposits	294,927	224,407	113,784	86,057
Bills of exchange	25,000	41,895	25,000	41,895
Bank of Thailand bonds	34,938	321,838	34,937	321,838
Total	355,318	588,670	173,810	449,927

As at 31 December 2012, bank deposits in saving accounts, fixed deposits, bills of exchange and Bank of Thailand bonds carried interests between 0.25 and 2.73 percent per annum (2011: between 0.25 and 3.75 percent per annum)

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2012	2011	2012	2011
Time deposits	19,083	20,145	18,305	20,145
Treasury bills	-	40,000	-	40,000
Bills of exchange	-	24,200	-	24,200
Investments in trading securities				
- Debt securities - fair value	206,140	264,019	203,640	264,019
- Equity securities - fair value	28,284	46,425	28,284	46,425
Total	253,507	394,789	250,229	394,789

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,261	1,170	2,126	4,715
Past due				
Up to 3 months	1,622	993	1,579	1,626
6 - 12 months	-	277	-	9,361
Over 12 months	19,400	19,400	19,400	19,400
Total trade receivables - related parties	22,283	21,840	23,105	35,102
Less: Allowance for doubtful accounts	(19,400)	(19,400)	(19,400)	(19,400)
Total trade receivables - related parties, net	2,883	2,440	3,705	15,702
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	205,474	164,504	170,502	132,944
Past due				
Up to 3 months	37,708	23,648	7,597	5,537
3 - 6 months	262	867	-	-
6 - 12 months	1,437	-	1,233	-
Over 12 months	1,908	-	1,070	-
Total trade receivables - unrelated parties	246,789	189,019	180,402	138,481
Less: Allowance for doubtful accounts	(2,942)	-	(2,095)	-
Total trade receivables - unrelated parties, net	243,847	189,019	178,307	138,481
Total trade receivables - net	246,730	191,459	182,012	154,183
<u>Other receivables - related parties</u>				
Dividend receivable	-	-	22,000	-
Interest receivable	-	-	422	16
Other receivables	438	536	16,936	4,834
Total other receivables - related parties	438	536	39,358	4,850
<u>Other receivables - unrelated parties</u>				
Interest receivable	1,801	2,727	1,801	2,727
Accrued income	1,942	18,426	1,942	18,426
Other receivables	12,586	1,795	-	-
Total other receivables - unrelated parties	16,329	22,948	3,743	21,153
Total other receivables	16,767	23,484	43,101	26,003
Total trade and other receivables - net	263,497	214,943	225,113	180,186

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Finished goods	24,188	15,099	(3,242)	(3,364)	20,946	11,735
Supplies	139	172	-	-	139	172
Total	24,327	15,271	(3,242)	(3,364)	21,085	11,907

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Finished goods	5,246	6,728	(3,242)	(3,364)	2,004	3,364
Supplies	139	172	-	-	139	172
Total	5,385	6,900	(3,242)	(3,364)	2,143	3,536

11. Restricted bank deposits

These represent fixed deposits of the Company amounting to Baht 7 million which have been pledged with the Revenue Department as collateral for the appeal as described in Note 28.3 to the financial statements. The balances represent fixed deposits of the Company and its subsidiary pledged with the banks to secure credit facilities.

12. Investments in associates

12.1 Details of associates and share of profit / loss

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Cost		Carrying amounts based on equity method		Share of profit/loss from investments in associates during the year	
			2012 (%)	2011 (%)	2012	2011	2012	2011	2012	2011
Thaiware Communication Co., Ltd.	Services on website	Thailand	40	40	4,327	4,327	3,457	3,843	(386)	(484)
Cybergames Corporation Co., Ltd.	Services on network	Thailand	30	30	12,000	12,000	12,441	12,505	932	505
Total					16,327	16,327	15,898	16,348	546	21

During the year, a subsidiary has recognised dividend income from Cybergames Corporation Co., Ltd. amounting to Baht 1 million (2011: nil).

12.2 Summarised financial information of associate

Financial information of the associated companies is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the year ended		Profit (loss) for the year ended	
	31 December		31 December		31 December		31 December		31 December	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Thaiware Communication Co., Ltd.	2	2	4	4	1	-	6	3	(1)	(1)
Cybergames Corporation Co., Ltd.	1	1	4	5	2	3	11	3	3	2

13. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	(Unit: Thousand Baht)						
	Paid-up capital			Cost		Dividend received during the year	
	Currency	2012	2011	2012	2011	2012	2011
A Capital Co., Ltd.	THB	20,000	20,000	20,000	20,000	-	-
Asiasoft International Co., Ltd.	THB	112,000	112,000	112,000	112,000	94,912	-
Playpark Co., Ltd.	THB	5,000	5,000	5,000	5,000	-	-
CIB Development Sdn. Bhd.	RM	1,000	-	277,384	-	-	-
Playcybergames Co., Ltd.	THB	20,000	-	12,000	-	-	-
Total				426,384	137,000	94,912	-
Less: Allowance for impairment loss of investments				(5,000)	(45,239)		
Total investments in subsidiaries - net				421,384	91,761		

Investment in Asiasoft International Company Limited

During the current year, the Company reviewed its assessment of the allowance for impairment loss on investment by engaging an independent appraiser to assess the value of the investment. Based on the result of the valuation, the recoverable amount of the investment is not less than cost of the investment. The Company therefore reversed the allowance for impairment loss of approximately Baht 40 million recorded on the investment in Asiasoft International Company Limited. The Company presented such reversal as a separate item in the separate statement of comprehensive income for the year ended 31 December 2012.

During the current year, the Company earned dividend income of Baht 95 million from Asiasoft International Company Limited. The Company received dividend amounting to Baht 75 million during the current year and the remaining Baht 22 million is expected to be received in the first quarter of 2013. The Company presented the dividend receivable as trade and other receivables in the separate statement of financial position as at 31 December 2012.

Investment in CIB Development Sdn. Bhd.

On 16 January 2012, the Board of Directors of the Company passed a resolution approving the purchase of shares in CIB Development Sdn. Bhd. in Malaysia. Subsequently, on 15 February 2012, the Company entered into the Share Purchase Agreement to purchase 616,807 common shares of CIB Development Sdn. Bhd. from 2 former shareholders (equal to 61.68 percentage of issued and paid-up shares of that company). The Company paid Ringgit 26 million (or Baht 277 million) on 8 May 2012 (the acquisition date) for such business acquisition. The details of the acquisition can be summarised as follows:

- a) The Company purchased 342,270 common shares from Tujuan Motivasi Sdn. Bhd., equal to 34.23% of the issued and fully paid shares.
- b) The Company purchased 274,537 common shares from Choice Heritage Sdn. Bhd., equal to 27.45% of the issued and fully paid shares.

Values of assets acquired and liabilities assumed from CIB Group as at the acquisition date were summarised below.

	(Unit: Thousand Baht)
Cash and cash equivalents	25,511
Trade and other receivables	13,440
Other current assets	17,852
Equipment	25,602
Intangible assets	86,925
Trade and other payables	(12,287)
Other liabilities	(36,291)
Non-controlling interests	(1,722)
Net assets of the subsidiaries	119,030
Net assets of the subsidiaries in the Company's proportion	73,418
Add: Acquisition related cost	823
Add: The difference between the cash payment for purchase of investments and the net assets of the subsidiaries in the Company's proportion	203,143
Cash payment for purchase of investments in subsidiaries	277,384
Less: Cash and cash equivalents of the subsidiaries	(25,511)
Net cash payment for purchase of investments in subsidiaries	251,873

At present, the Company is in the process of assessing the fair value of the assets acquired and liabilities assumed at the acquisition date, in order to allocate costs of the business acquisition to such identifiable items. The assessment process mainly involves the identification and valuation of intangible assets and certain tangible assets. It is to be completed within the period of twelve months from the acquisition date allowed under Thai Financial Reporting Standard 3 (revised 2009) Business Combinations. During the measurement period, if the Company obtains additional facts and circumstances that existed as of the acquisition date, the Company will adjust provisional amounts recognised at the acquisition date, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. At present, the Company recorded the excess of cash paid for the acquisition of CIB Group over its book value attributable to the Company's shareholding as a separate item in the consolidated statement of financial position under the caption of "Estimated amount of interest in the net assets value of subsidiary that under purchase cost".

Revenue and net profit of CIB group have been included in the consolidated statements of comprehensive income of the Company and its subsidiaries since the acquisition date, and amount to Baht 150 million and Baht 16 million, respectively. (If the business combination had taken place at the beginning of the period, the revenue and net profit of CIB group, amounting to Baht 231 million and Baht 26 million, respectively, would have been included in the consolidated statements of comprehensive income of the Company and its subsidiaries).

Investment in Playcybergames Company Limited

On 6 July 2012, the Company invested in a new subsidiary company named Playcybergames Company Limited, a company incorporated in Thailand in order to operate an online games business. The Company holds 59,998 shares with a par value of 10 Baht each (a total of Baht 599,980), representing 59.99% of the registered capital of such company.

In addition, on 18 September 2012, the subsidiary resolved to approve an increase of Baht 19 million in its authorised capital, from Baht 1 million to Baht 20 million. The Company paid in its share of the additional capital, amounting to Baht 11.4 million, on 5 October 2012.

Investment in Trilight Cove Enterprises Limited

On 12 November 2012, a meeting of the Company's Board of Directors approved investment by AS Online Sdn. Bhd. (a subsidiary company) in a subsidiary company in the British Virgin Islands named Trilight Cove Enterprises Ltd. (TLC), which was incorporated on 17 January 2012. On 1 December 2012, the subsidiary paid for an investment in 600,000 shares with a par value of 1 USD each (a total of 600,000 USD or approximately Baht 18 million), representing 60% of the registered capital of such company.

Values of assets acquired and liabilities assumed from TLC as at the acquisition date were summarised below.

	(Unit: Thousand Baht)
Cash and cash equivalents	29,621
Trade and other receivables	4,931
Equipment	1,134
Intangible assets	4,076
Other assets	2,890
Other liabilities	(10,750)
Net assets of TLC	<u>31,902</u>
Net assets of TLC in the subsidiary's proportion	19,141
Less: Gain from a bargain purchase	<u>(725)</u>
Cash payment for purchase of investment in TLC	18,416
Less: Cash and cash equivalents of TLC	<u>(29,621)</u>
Net cash received from investment in TLC	<u>(11,205)</u>

The Company assessed the fair value of the assets acquired and liabilities assumed at the acquisition date, and concluded that the fair value did not differ from the net book value. The Company recorded the difference between the cash payment made to acquire the investment in TLC and the subsidiary interest in the net book value of TLC as other income in the consolidated statements of comprehensive income of the Company and its subsidiaries in the current year.

Revenue and net profit of TLC have been included in the consolidated statements of comprehensive income of the Company and its subsidiaries since the acquisition date, and amount to Baht 5 million and Baht 0.5 million, respectively. (If the business combination had taken place at the beginning of the period, the revenue and net profit of TLC, amounting to Baht 67 million and Baht 9 million, respectively, would have been included in the consolidated statement of comprehensive income of the Company and its subsidiaries).

14. Investment in joint venture

14.1 Details of investment in joint venture

A subsidiary invested in a 50% interest in a joint venture named “CIB GameOne Limited”, which is incorporated in Malaysia, at a cost of 3 ringgit 3 (or Baht 30) and has made full provision on the investment.

Financial information of the joint venture as at 31 December 2012 and for the year ended is summarised below.

(Unit: Million Baht)			
Total assets	Total liabilities	Total revenues for the year	Net loss for the year
9	22	1	10

14.2 Investment in joint venture with capital deficit

The subsidiary recognised share of losses from investment in joint venture until the value of the investment approached zero. Subsequent losses incurred by those joint venture has not been recognised in the subsidiary’s accounts since the subsidiary has no obligations, whether legal or constructive, to make any payments on behalf of the joint venture. Unrecognised share of losses for the year ended 31 December 2012 amount to Baht 5 million, and the cumulative share of losses up to 31 December 2012 amounted to Baht 6 million.

15. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Building improvement	Servers	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
Cost:						
1 January 2011	14,076	219,477	115,052	26,680	1,732	377,017
Additions/transfer in	11,535	38,466	16,122	422	8,801	75,346
Disposals/transfer out	-	(22,089)	(5,201)	(7,662)	(10,573)	(45,525)
Translation adjustment	114	2,926	1,430	315	40	4,825
31 December 2011	25,725	238,780	127,403	19,755	-	411,663
Additions	2,560	43,336	8,167	4,791	2,773	61,627
Disposals	(368)	(24,174)	(8,381)	(2,050)	-	(34,973)
Acquisitions of subsidiaries during the year	-	27,770	15,852	4,512	-	48,134
Translation adjustment	18	315	184	43	-	560
31 December 2012	27,935	286,027	143,225	27,051	2,773	487,011
Accumulated depreciation:						
1 January 2011	7,869	156,603	89,376	16,408	-	270,256
Depreciation for the year	2,781	27,004	12,747	2,795	-	45,327
Depreciation on disposals	-	(20,891)	(5,005)	(6,598)	-	(32,494)
Translation adjustment	95	2,201	1,268	61	-	3,625
31 December 2011	10,745	164,917	98,386	12,666	-	286,714
Depreciation for the year	4,087	34,434	16,088	3,398	-	58,007
Depreciation on disposals	-	(22,216)	(7,945)	(1,671)	-	(31,832)
Acquisitions of subsidiaries during the year	-	12,899	6,479	2,020	-	21,398
Translation adjustment	53	874	428	38	-	1,393
31 December 2012	14,885	190,908	113,436	16,451	-	335,680
Net book value:						
31 December 2011	14,980	73,863	29,017	7,089	-	124,949
31 December 2012	13,050	95,119	29,789	10,600	2,773	151,331
Depreciation for the year						
2011 (Baht 27 million included in cost of sale and services and the balance in administrative expenses)						45,327
2012 (Baht 37 million included in cost of sale and services and the balance in administrative expenses)						58,007

(Unit: Thousand Baht)

Separate financial statements						
	Building improvement	Servers	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
Cos:						
1 January 2011	11,314	140,410	76,876	18,726	384	247,710
Additions/transfer in	9,185	18,538	12,932	-	8,801	40,271
Disposals/transfer out	-	(20,906)	(3,035)	(5,900)	-	(29,841)
31 December 2011	20,499	138,042	86,773	12,826	-	258,140
Additions	-	20,279	3,783	4,695	2,773	31,530
Disposals	-	(14,911)	(4,866)	(1,252)	-	(21,029)
31 December 2012	20,499	143,410	85,690	16,269	2,773	268,641
Accumulated depreciation:						
1 January 2011	5,740	107,653	54,955	13,618	-	181,966
Depreciation for the year	1,962	13,678	11,153	2,056	-	28,849
Depreciation on disposals	-	(20,314)	(2,971)	(5,900)	-	(29,185)
31 December 2011	7,702	101,017	63,137	9,774	-	181,630
Depreciation for the year	3,124	15,960	11,382	2,202	-	32,668
Depreciation on disposals	-	(14,895)	(4,812)	(1,252)	-	(20,959)
31 December 2012	10,826	102,082	69,707	10,724	-	193,339
Net book value:						
31 December 2011	12,797	37,025	23,636	3,052	-	76,510
31 December 2012	9,673	41,328	15,983	5,545	2,773	75,302
Depreciation for the year						
2011 (Baht 15 million included in cost of sale and services and the balance in administrative expenses)						28,849
2012 (Baht 18 million included in cost of sale and services and the balance in administrative expenses)						32,668

As at 31 December 2012, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 177 million (2011: Baht 157 million) (The Company only: Baht 118 million, 2011: Baht 115 million).

16. Other intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Game licenses	Computer software	Right for use of golf club	Total
Cost:				
1 January 2011	427,106	4,959	-	432,065
Additions	131,125	3,252	-	134,377
Disposals/written-off	(93,163)	(743)	-	(93,906)
Translation adjustment	5,084	7	-	5,091
31 December 2011	470,152	7,475	-	477,627
Additions/transfer in	167,530	31,992	3,727	203,249
Disposals/written-off	(54,908)	-	-	(54,908)
Acquisitions of subsidiaries during the year	140,929	-	-	140,929
Translation adjustment	(150)	(10)	74	(86)
31 December 2012	723,553	39,457	3,801	766,811
Accumulated amortisation:				
1 January 2011	154,672	1,422	-	156,094
Amortisation for the year	87,055	1,172	-	88,227
Amortisation on disposals/written-off	(72,661)	-	-	(72,661)
Translation adjustment	2,802	-	-	2,802
31 December 2011	171,868	2,594	-	174,462
Amortisation for the year	84,518	17,119	-	101,637
Amortisation on disposals/written-off	(14,927)	-	-	(14,927)
Acquisitions of subsidiaries during the year	49,929	-	-	49,929
Translation adjustment	1,031	-	-	1,031
31 December 2012	292,419	19,713	-	312,132
Allowance for impairment loss:				
1 January 2011	3,798	-	-	3,798
Increase during the year	7,140	-	-	7,140
Decrease during the year	(6,718)	-	-	(6,718)
Translation adjustment	40	-	-	40
31 December 2011	4,260	-	-	4,260
Increase during the year	1,758	-	-	1,758
Translation adjustment	113	-	-	113
31 December 2012	6,131	-	-	6,131
Net book value:				
31 December 2011	294,024	4,881	-	298,905
31 December 2012	425,003	19,744	3,801	448,548

(Unit: Thousand Baht)

	Separate financial statements		
	Game licenses	Computer software	Total
Cost:			
1 January 2011	328,520	4,958	333,478
Additions	72,954	2,413	75,367
Disposals/written-off	(105,682)	-	(105,682)
31 December 2011	295,792	7,371	303,163
Additions/transfer in	95,516	31,992	127,508
Disposals/written-off	(49,061)	-	(49,061)
31 December 2012	342,247	39,363	381,610
Accumulated amortisation:			
1 January 2011	89,300	1,422	90,722
Amortisation for the year	57,007	1,172	58,179
Amortisation on disposals/written-off	(64,877)	-	(64,877)
31 December 2011	81,430	2,594	84,024
Amortisation for the year	41,914	17,119	59,033
Amortisation on disposals/written-off	(7,808)	-	(7,808)
31 December 2012	115,536	19,713	135,249
Net book value:			
31 December 2011	214,362	4,777	219,139
31 December 2012	226,711	19,650	246,361

17. Income tax expense

Income tax expenses for the years ended 31 December 2012 and 2011 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current income tax:				
Current income tax charge	74,173	69,995	63,343	68,108
Adjustment in respect of current income tax of previous year	(743)	(8,526)	364	2,407
Deferred tax:				
Relating to origination and reversal of temporary differences	2,973	7,000	(54)	9,208
Effects of changes in the applicable tax rates	5,604	2,775	5,754	2,775
Income tax expense reported in the statement of comprehensive income	82,007	71,244	69,407	82,498

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2012 and 2011

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Accounting profit before tax	391,692	364,613	402,881	308,863
Applicable tax rate	0 - 25 %	15 - 30%	23%	25%
Accounting profit before tax multiplied by applicable tax rate	85,101	91,013	92,663	77,216
Adjustment in respect of current income tax of previous year	(743)	(8,526)	364	2,406
Effects of changes in the applicable tax rates	5,604	2,775	5,754	2,775
Utilisation of previously unrecognised deferred tax assets on impairment loss of investments in subsidiaries	-	-	(9,255)	(5,638)
Effects of:				
Income exempt for tax purpose	(16,063)	(8,389)	(21,228)	-
Others	8,108	(5,629)	1,109	5,739
Total	(7,955)	(14,018)	(20,119)	5,739
Income tax expenses reported in the statement of comprehensive income	82,007	71,244	69,407	82,498

The components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated statements of financial position		(Unit: Thousand Baht) Consolidated statements of comprehensive income	
			2012	2011
	2012	2011	2012	2011
Deferred tax assets				
Allowance for a doubtful account	4,299	4,462	163	(273)
Allowance for obsolescence of inventories	648	774	126	(516)
Allowance for impairment of prepaid license fees	-	-	-	2,764
Allowance for impairment of investment	-	-	-	4,510
Allowance for impairment of other intangible assets	-	-	-	949
Deferred revenue and license fees	42,060	43,050	990	(689)
License costs relating to deferred revenue	(14,906)	(15,200)	(294)	917
Taxable expenses in different periods	7,011	7,306	295	549
Tax losses carried forward	-	1,915	1,915	5,324
Accumulated depreciation - equipment	712	1,504	792	(533)
Employee benefits	1,183	1,015	(168)	(1,016)
Total	41,007	44,826		
Deferred tax liabilities				
Accumulated depreciation - equipment	(14,771)	(5,901)	8,870	(2,211)
Total	(14,771)	(5,901)		
Other item effect to deferred tax				
Acquisition of subsidiaries during the year			(3,685)	-
Translation adjustment			(427)	-
Deferred tax expenses			8,577	9,775
	Separate statements of financial position		(Unit: Thousand Baht) Separate statements of comprehensive income	
			2012	2011
	2012	2011	2012	2011
Deferred tax assets				
Allowance for a doubtful account	4,299	4,462	163	(273)
Allowance for obsolescence of inventories	648	774	126	(516)
Allowance for impairment of prepaid license fees	-	-	-	2,764
Allowance for impairment of investments	1,000	1,150	150	10,247
Allowance for impairment of other intangible assets	-	-	-	949
Deferred revenue and license fees	38,164	43,050	4,886	(757)
License costs relating to deferred revenue	(14,850)	(15,200)	(350)	930
Taxable expenses in different periods	6,368	7,306	938	188
Accumulated depreciation - equipment	1,642	1,504	(138)	(533)
Employee benefits	1,090	1,015	(75)	(1,016)
Total	38,361	44,061		
Deferred tax expenses			5,700	11,983

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

As at 31 December 2012 the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 37 million (2011: Baht 33 million), on which deferred tax assets have not been recognised as the subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

18. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2012	2011	2012	2011
Trade payables - related parties	1,189	1,981	8,774	20,472
Trade payables - unrelated parties	48,742	41,945	1,901	4,620
Accrued license fees	63,084	42,753	52,252	38,958
Other payables	58,938	58,812	42,995	54,250
Total trade and other payables	171,953	145,491	105,922	118,300

19. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2012	2011	2012	2011
Defined benefit obligation at beginning of year	11,701	8,406	10,526	7,638
Current service cost	3,161	2,452	2,026	2,106
Interest cost	543	378	474	344
Actuarial (gain) loss	(2,557)	465	(2,995)	438
Defined benefit obligation at end of year	12,848	11,701	10,031	10,526
Unrecognised transitional provisions	(5,044)	(6,724)	(4,583)	(6,110)
Provisions for long-term employee benefits at end of year	7,804	4,977	5,448	4,416

Long-term employee benefit expenses included in the profit or loss was as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current service cost	3,161	2,452	2,025	2,106
Interest cost	543	378	474	344
Actuarial (gain) loss recognised during the year	(2,557)	465	(2,995)	438
Transitional liability recognised during the year	1,681	1,681	1,528	1,528
Total expenses recognised in profit or loss	<u>2,828</u>	<u>4,976</u>	<u>1,032</u>	<u>4,416</u>
Line items under which such expenses are included in profit or loss				
Cost of sales and services	383	1,422	383	1,422
Selling and administrative expenses	2,445	3,554	649	2,994

Principal actuarial assumptions at the valuation date were as follows:

			(% per annum)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Discount rate	4.5 - 5.8	4.5	4.5	4.5
Future salary increase rate	6 - 7	6	6	6
Staff turnover rate				
(depending on age)	1 - 10	3 - 5	5	5

Amounts of defined benefit obligation for the current and previous two year are as follows:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
Year 2012	12,848		10,031	
Year 2011	11,701		10,526	
Year 2010	8,406		7,638	

20. Share

On 25 April 2012, the Annual General Meeting of the Company's shareholders approved to reduce the registered share capital from Baht 316 million (316 million ordinary shares at a par value of Baht 1 each) to Baht 315.9 million (315.9 million ordinary shares at a par value of Baht 1 each) by cancelling 92,238 ordinary authorised but unissued shares with a par value of Baht 1 each, a total of Baht 92,238, which were previously reserved to accommodate the exercise of warrants, following the expiration of said warrants. The Company registered the reduction of its registered share capital with the Ministry of Commerce on 8 May 2012.

21. Treasury shares and reserve for treasury shares

At the resolutions of the Board of Director's Meeting No. 6/2008 held on 13 November 2008, the Company's directors resolved to approve the share repurchase program for financial management purpose in accordance with the Section 66/1(2) of the Limited Public Company Act (No. 2) B.E. 2544 in the amount not exceeding Baht 85 million. As at 31 December 2011, the number of treasury share is 8.5 million shares (par value of Baht 1 per share) with average cost per at Baht 7 per share, totaling Baht 59.6 million; equal to 2.83% of the total number of paid-up share capital of the Company. The period for the resale of share is from 1 December 2009 to 31 May 2012.

On 14 June 2012, the meeting of the Board of Directors of the Company No. 5/2012 passed a resolution to write off 8.5 million treasury shares amounting to Baht 59.6 million, by decreasing its paid-up share capital, since these treasury shares could not be sold through the Stock Exchange of Thailand between 1 December 2009 and 31 May 2012. On 21 June 2012, the Company registered the decrease in its share capital with the Ministry of Commerce. The difference resulting from the reduction of share capital at par value to write off the treasury shares was recognised as a deduction against retained earnings. The Company reversed the appropriation of retained earnings made for the treasury shares after the write-off and the reduction of paid-up share capital.

22. Statutory reserve

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

23. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Annual dividends for 2010	Annual General Meeting of the shareholders on 28 April 2011	125,993	0.412
Interim dividends of 2011	The Company's Board of Director's Meeting on 10 August 2011	<u>126,960</u>	0.413
Total dividend payment for 2011		<u><u>252,953</u></u>	
Annual dividends for 2011	Annual General Meeting of the shareholders on 25 April 2012	105,441	0.343
Interim dividends for the first quarter of 2011	The Company's Board of Director's Meeting on 10 May 2012	36,889	0.120
Interim dividends for the second quarter of 2011	The Company's Board of Director's Meeting on 8 August 2012	104,518	0.340
Interim dividends for the third quarter of 2011	The Company's Board of Director's Meeting on 12 November 2012	<u>70,704</u>	0.230
Total dividend payment for 2012		<u><u>317,552</u></u>	

24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Salary and wages and other employee benefits	388	338	190	185
Costs of license fees	620	576	313	334
Depreciation	58	46	33	29
Loss on impairment of intangible assets and prepaid license fee	38	30	30	12
Purchases of finished goods	114	13	24	5

25. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

26. Financial information by segment

The businesses of the Company and its subsidiaries mainly involve the 3 business segments in online games, distribution and others, and have geographic segments in Thailand and overseas areas. The financial information of the Company and its subsidiaries by business segment and geographical segment, for the year ended 31 December 2012 and 2011 are as follows:

Business segments

	(Unit: Million Baht)					
	Online games		Distribution		Other	
	2012	2011	2012	2011	2012	2011
Revenue from external customers	1,662	1,516	278	92	32	30
Intersegment revenue	-	-	194	167	6	20
Total revenues	1,662	1,516	472	259	38	50
Segment income	682	664	149	66	17	7
Unallocated income (expenses):						
Interest income						15
Other income						29
Selling expenses						(167)
Administrative expenses						(333)
Corporate income tax						(82)
Non-controlling interests of the subsidiaries						(6)
Profit for the year						3
					848	296
					1,972	1,638
					(200)	(187)
					(200)	(187)
					848	737

Geographical segments

	(Unit: Million Baht)					
	Segment in Thailand		Segment in overseas		Total	
	2012	2011	2012	2011	2012	2011
Revenues	1,120	1,070	852	567	1,972	1,638
Segment income	534	533	314	204	848	737
Assets classified by segments						
Equipment	85	83	66	42	151	125
Intangible assets (excluded goodwill)	265	237	184	62	449	299

Transfer prices between business segments are as set out in Note 6 to the financial statements.

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Tisco Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2012, the Company contributed Baht 3 million (2011: Baht 3 million) to the fund.

The overseas subsidiaries and their employees have jointly established provident funds. During the year 2012, the subsidiaries contributed Baht 18 million (2011: Baht 16 million) to the funds.

28. Commitments and contingent liabilities

28.1 License agreements

The Company and its subsidiaries have entered into software license agreements, agreements licensing it to provide online game services and distribution rights agreements with several local and overseas companies. The Company and its subsidiaries are committed to pay initial license fees, minimum guarantee based on revenue and royalty fees based on revenue as stated in the agreements.

As at 31 December 2012 and 2011, the Company and its subsidiaries are committed to pay initial license fees and minimum guarantee as follows

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Initial license fees	240	196	137	98
Minimum guarantee	110	85	96	71

28.2 Operating lease commitments

The Company and its subsidiaries entered into operating lease agreements related to the rental of office space, warehousing and server storage space, and other agreements. The agreements have 1 - 5 years terms and are renewable.

As at 31 December 2012 and 2011, future minimum lease payments required under these non-cancellable operating lease contracts are as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Payable:				
in up to 1 year	64	88	18	35
In over 1 and up to 5 years	38	29	34	1

28.3 Tax assessment

During 2010, the Company received a value-added tax (VAT) assessment notice from the Revenue Department related to the underpayment of VAT for the years 2005 - 2010. The assessment of the VAT shortfall, together with penalties and surcharges, was approximately Baht 20 million. The Company lodged an appeal with the Revenue Department and this is currently being considered. The Company has placed a fixed deposit account at a bank of Baht 7 million as a bond for the appeal. Based on the opinion of the legal advisor of the Company, the management is confident that no significant losses will be incurred as a result of the tax assessment, and no provision has been made against the contingent liabilities in the accounts.

29. Financial instruments

29.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term loans. 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 trade accounts and other receivable and loans. 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 concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries exposure to interest rate risk relates primarily to its cash at banks, current investments and short-term loans. Most of financial assets and liabilities of the Company and its subsidiaries 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 2012 and 2011 classified by type of interest rate 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.

Consolidated financial statements

As at 31 December

(Unit: Million Baht)

	Fixed interest rates within 1 year		Floating interest rate		Non- interest bearing		Total		Effective interest rate
	2012	2011	2012	2011	2012	2011	2012	2011	(% per annum)
<u>Financial Assets</u>									
Cash and cash equivalent	60	365	155	117	140	107	355	589	0.25 - 3.75
Current investments	223	348	-	-	31	47	254	395	0.32 - 4.02
Trade and other receivables	-	-	-	-	264	215	264	215	-
Restricted bank deposits	16	10	-	-	-	-	16	10	0.32 - 2.60
Investments in associates	-	-	-	-	16	16	16	16	-
	299	723	155	117	451	385	905	1,225	
<u>Financial liabilities</u>									
Trade and other payables	-	-	-	-	172	145	172	145	-
	-	-	-	-	172	145	172	145	

Separate financial statements

As at 31 December

(Unit: Million Baht)

	Fixed interest rates within 1 year		Floating interest rate		Non- interest bearing		Total		Effective interest rate
	2012	2011	2012	2011	2012	2011	2012	2011	(% per annum)
<u>Financial Assets</u>									
Cash and cash equivalent	60	364	114	86	-	-	174	450	0.25 - 3.75
Current investments	222	348	-	-	28	47	250	395	2.74 - 4.02
Trade and other receivables	-	-	-	-	225	180	225	180	-
Short-term loans to related parties	78	59	-	-	-	-	78	59	1.88 - 3.05
Restricted bank deposits	10	10	-	-	-	-	10	10	2.50 - 2.60
Investments in associates	-	-	-	-	421	92	421	92	-
	370	781	114	86	674	319	1,158	1,186	
<u>Financial liabilities</u>									
Trade and other payables	-	-	-	-	106	118	106	118	-
	-	-	-	-	106	118	106	118	

Foreign currency risk

The Company and its subsidiaries exposure to foreign currency risk arises mainly from prepaid license fee and accrued license fee that are denominated in foreign currencies. The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2012	2011	2012	2011	2012	2011
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	6	3	2	1	30.6316	31.6912
Singapore dollar	3	4	2	-	25.0340	24.3854

Foreign currency	Separated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2012	2011	2012	2011	2012	2011
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	5	2	1	1	30.6316	31.6912

In addition, the Company and its subsidiaries are exposed to foreign exchange risk on their investments in overseas subsidiaries. These investments are currently not hedged by derivative financial instruments.

29.2 Fair values of financial instruments

Since the majority of the Company'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 statements of financial position.

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 instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2012, the Group's debt-to-equity ratio was 0.45:1 (2011: 0.42:1) and the Company's was 0.31:1 (2011: 0.31:1).

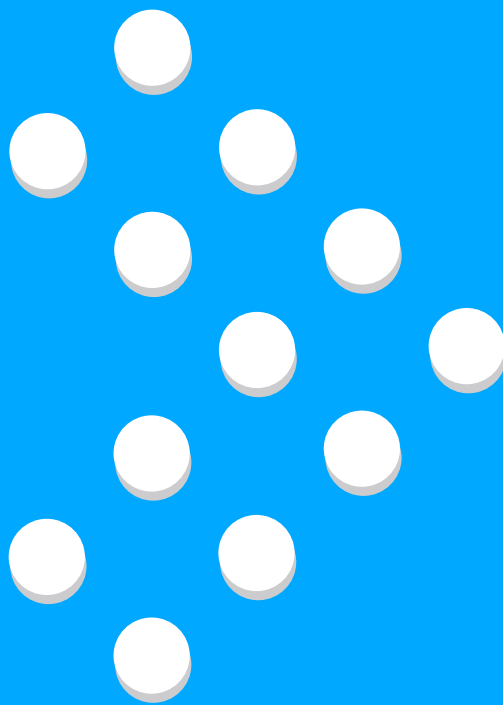
31. Event after the reporting period

On 27 February 2013, a meeting of the Company's Board of Directors passed a resolution to pay a dividend of Baht 1.00 per share, or a total of Baht 307 million, to the shareholders in respect of the 2012 earnings. The Company paid an interim dividend of Baht 0.69 per share during the year 2012, totaling Baht 212 million, and the remaining dividend to be paid is Baht 0.31 per share, totaling Baht 95 million.

The dividend payment will be further proposed to the Annual General Meeting of the Company's shareholders for approval in April 2013.

32. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 27 February 2013.



OUR NEXT STEP

OUR NEXT STEP

Looking ahead, we focus on our mission to accelerate the execution of our business growth while continuing to build on the strength of our new regional platform service. We also aim to bring unique, new gameplay experiences to all the gamers in Southeast Asia with a multitude of high-quality products and value-added services.

Thanks to our accumulated experiences, the readiness of the company, the wider vision of the management, and the hard work and commitment of our people to building on our achievements, we see great potential to become even more successful in the years to come, positioning ourselves as the best and the most competent online entertainment leader in the region.