

**DISCOUNTED CASH FLOW VALUATION OF  
MODERNFORM GROUP PUBLIC COMPANY LIMITED**



**A THEMATIC PAPER SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR  
THE DEGREE OF MASTER OF MANAGEMENT  
COLLEGE OF MANAGEMENT  
MAHIDOL UNIVERSITY  
2014**

**COPYRIGHT OF MAHIDOL UNIVERISTY**

Thematic paper  
entitled  
**DISCOUNTED CASH FLOW VALUATION OF  
MODERNFORM GROUP PUBLIC COMPANY LIMITED**

was submitted to the College of Management, Mahidol University  
for the degree of Master of Management  
on  
December 13, 2014



Miss Kwanruthai Thamrakkul  
Candidate

Piyapas Tharavanij,  
Ph.D.  
Advisor

Kaipichit Ruengsrichaiya,  
Ph.D.  
Chairperson

Assoc. Prof. Annop Tanlamai,  
Ph.D.  
Dean  
College of Management  
Mahidol University

Vasan Siraprapasiri,  
M.Sc.  
Committee member

## ACKNOWLEDGEMENTS

This thematic paper would have not been completed without the kind assistance of many people whose names may not be completely mentioned here. Their supports and contributions are greatly appreciated.

I wish to express my deep gratitude to Dr. Piyapas Tharavani, Program Director of Finance Department, for his valuable time to give me an advice for the various sources of useful information for this paper, a constant supervision as well as constructive feedback during the course of valuation subject which immensely enhance the quality of this paper.

I would also like to express my great appreciation towards Ajarn Vasan Siraprasiri for his patient guidance and encouragement throughout the process from data collection until finishing this paper. His suggestions for the modifications led to a great improvement in my valuation report and helped me in the completion of this project.

In addition, I would like to extend my special thanks to my manager, Mr. Christopher Gomez, and my general manager, Mr. Sakchai Supapitak, who gave me flexibility in my working hour arrangement to finish my paper with very much understanding and support.

Special thanks would be given to my friends in 15C and 16A for sharing knowledge and constructive discussion in developing this project and to program coordinators who have been helpful throughout my study.

Last but not least, I would like to extend my deepest gratitude to my family for their support and encouragement as always especially during the preparation of my graduation project.

Kwanruthai Thamrakkul

**DISCOUNTED CASH FLOW VALUATION OF MODERNFORM GROUP  
PUBLIC COMPANY LIMITED**

KWANRUTHAI THAMRAKKUL 5649063

M.M. (Financial Management)

THEMATIC PAPER ADVISORY COMMITTEE: PIYAPAS THARAVANIJ, Ph.D.,  
VASAN SIRAPRAPASIRI, M.Sc., KAIPICHIT RUENGRICHAIYA, Ph.D.

**ABSTRACT**

This study was to assess the value of Modernform Group Public Company Limited, which is one of the major firms in furniture and related product manufacturing industry in Thailand. The objective of this study was to determine the appropriate intrinsic value of the company's equity by using the discounted cash flow method (DCF method) which is based on the underlying fundamental of the company's operation. This method relies on future expectations of free cash flows to the firm discounted back by an appropriated discount rate to value the company at its present value. The research methodology for this study has been done by quantitative method by performing macro-economic analysis, industry analysis, competition analysis, the company's financial statement analysis and valuation. The data was obtained from the company's annual report and from the Stock Exchange of Thailand during the year 2008-2013.

The comparative review of the estimated value of the firm according to the DCF method and the actual market price on a specific date would reveal the over or undervalued stock price and then give a signal to investors on their investing decision.

**KEYWORDS:** Valuation / Discounted cash flow / Free cash flow / Time value of money / Equity value

80 pages



## CONTENTS

	<b>Page</b>
<b>ACKNOWLEDGEMENTS</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>vi</b>
<b>LIST OF FIGURES</b>	<b>viii</b>
<b>CHAPTER I VALUATION</b>	<b>1</b>
1.1 Overview	1
1.2 Highlight	2
1.3 Business description	3
1.3.1 Furniture business	3
1.3.2 35 years of leading in design of residential furniture	7
1.3.3 Innovation of brands and products	8
1.3.4 Business strategies	8
1.3.5 Subsidiaries	9
1.3.6 Revenue structure	11
1.4 Industry overview and competitive positioning	12
1.4.1 Macro-economic analysis	12
1.4.2 Industry analysis	14
1.4.3 Competition analysis	20
1.5 Investment summary	22
1.6 Valuation	25
1.6.1 Discounted cash flow model: FCFE	25
1.6.2 Projected cash flow and assumptions	25
1.7 Financial statement analysis	29
1.7.1 Summary figures from financial statements	29
1.7.2 Common size analysis	30
1.7.3 Trend analysis	33

## CONTENTS (Cont.)

	<b>Page</b>
1.7.4 Financial ratios: Return	35
1.7.5 Financial ratios: Risk	38
1.7.6 Summary of key financial ratios	41
1.8 Investment risks and downside possibilities	41
<b>CHAPTER II DATA</b>	<b>45</b>
2.1 Annual statements of Modernform Group PLC.	45
2.2 Annual statements of Rockworth PLC.	47
2.3 Common size of Modernform Group PLC. and Rockworth PLC.	49
2.4 Trend analysis of Modernform Group PLC.	52
2.5 Projected financial statements of Modernform Group PLC.	54
2.6 Key financial ratios of Modernform Group PLC.	58
2.7 Key financial ratios of Rockworth PLC.	59
2.8 Discounted cash flow valuation	60
2.9 Risk-free rate	61
2.10 Estimated risk premiums	61
2.11 Beta	62
2.12 Bank overdrafts and short-term loans from financial institutions	63
2.13 Stock price data	64
<b>REFERENCES</b>	<b>70</b>
<b>APPENDICES</b>	<b>73</b>
Appendix A: Revenue structure of different business groups	74
Appendix B: Major Shareholders and Free-float	74
Appendix C: Management and Organizational Chart	75
Appendix D: Corporate Governance	76
Appendix E: SWOT analysis	77
Appendix F: Five Forces analysis	79

## LIST OF TABLES

<b>Table</b>	<b>Page</b>
1.1 Financial summary	2
1.2 Total revenue breakdowns	5
1.3 Revenue structure by amount	11
1.4 Summary of economic forecast	12
1.5 Private construction growth (%)	13
1.6 New housing registration units in Bangkok Metropolitan and vicinity	14
1.7 Forecast growth rate of GDP, Private consumption and private investment	19
1.8 Comparative performance of Modernform with peers	22
1.9 Discounted cash flow valuation	28
1.10 Common size income statement	32
1.11 Common size balance sheet	32
1.11 Common size balance sheet (Cont.)	33
1.12 Comparative ROA of Modernform and Rockworth	36
1.13 Comparative ROE of Modernform and Rockworth	36
1.14 Summary of key financial ratios	41
2.1 Income statement of Modernform Group PLC.	45
2.2 Balance sheet of Modernform Group PLC.	46
2.3 Income statement of Rockworth PLC.	47
2.4 Balance sheet of Rockworth PLC.	48
2.5 Common size income statement of Modernform Group PLC. and Rockworth PLC.	49
2.6 Common size balance sheet of Modernform Group PLC. and Rockworth PLC.	50
2.6 Common size balance sheet of Modernform Group PLC. and Rockworth PLC.(Cont.)	51
2.7 Trend analysis income statement of Modernform Group PLC.	52

## LIST OF TABLES (Cont.)

<b>Table</b>	<b>Page</b>
2.8 Trend analysis balance sheet of Modernform Group PLC.	53
2.9 Projected income statements of Modernform Group PLC.	54
2.10 Projected balance sheet of Modernform Group PLC.	55
2.10 Projected balance sheet of Modernform Group PLC.(Cont.)	56
2.11 Projected statement of cash flows of Modernform Group PLC.	57
2.12 Key financial ratios of Modernform Group PLC.	58
2.13 Key financial ratios of Rockworth PLC.	59
2.14 Discounted cash flow valuation	60
2.15 Bank overdrafts and short-term loans from financial institutions	63
2.16 2014 stock price	64
2.17 2013 stock price	65
2.18 2012 stock price	66
2.19 2011 stock price	67
2.20 2010 stock price	68
2.21 2009 stock price	69

## LIST OF FIGURES

<b>Figure</b>	<b>Page</b>
1.1 Overview of Modernform Group	1
1.2 Total revenue and CAGR graph	5
1.3 Revenue from each business	6
1.4 Customer group	6
1.5 The past and the present of Modernform Group	7
1.6 Innovation of brands and products	8
1.7 The Business Structure of the Company Group	10
1.8 Revenue structure by percentage	11
1.9 BOT's sequential quarterly GDP growth projection (% YoY)	13
1.10 Private construction growth (%)	14
1.11 Total operating revenue of furniture industry	15
1.12 Household consumption expenditure growth (%)	16
1.13 Reservation of residence	17
1.14 Bangkok Office Market, 2000-2016F	18
1.15 Movement of sales growth furniture industry	18
1.16 Indicators VS. Sales growth of Modernform Group	19
1.17 Total market shares of furniture and related product in Thailand by total operating revenue in 2013	20
1.18 Backlog information of the major source of revenue	23
1.19 Comparative of MODERN's dividend yield and SET's	24
1.20 Size analysis – Income statement	29
1.21 Size analysis – Assets	30
1.22 Size analysis – Liabilities and equities	30
1.23 CAGR of sales, net profit, cost of sales and selling and administrative expense	34
1.24 CAGR of trade accounts and other receivable and inventories	35

## LIST OF FIGURES (Cont.)

<b>Figure</b>		<b>Page</b>
1.25	Gross profit margin of Modernform VS Rockworth	37
1.26	ROA of Modernform VS Rockworth	37
1.27	ROE of Modernform VS Rockworth	37
1.28	Fixed asset turnover of Modernform VS Rockworth	38
1.29	Total asset turnover of Modernform VS Rockworth	38
1.30	Current ratio and quick ratio of Modernform VS Rockworth	39
1.31	Cash conversion cycle of Modernform	39
1.32	Debt ratio and D/E ratio of Modernform VS Rockworth	40
1.33	Risk matrix table	42
2.1	Risk-free rate	61
2.2	Estimated risk premiums	61
2.3	Beta	62

## CHAPTER I VALUATION

### 1.1 Overview

The overview covers the general information of the company including the company business, major shareholders, and 52-week price performance as follows:

<b>Ticker:</b> MODERN <b>Sector:</b> Home <b>Stock rating:</b> Buy <b>Target price: (THB)</b> 13.57 <b>Close price: (THB) on 22 Oct 2014</b> 10.40 <b>Upside/Down side:</b> +30.50% <b>CG Score:</b> ▲▲▲▲	
<b>Company Information</b> Shares outstanding (mn): 750 Market capitalization (Btmn): 7,800.00 Trading val/day (Btmn): 5.52 Free Float (%): 47.92 Raw beta: 0.343 Adjusted beta: 0.562	<b>Price performance</b> 52 week price range THB 8.00 –12.40 
<b>Major shareholders</b> 1. The Bank of New York Mellon 10.13% 2. The Hongkong and Shanghai Banking Corporation Limited, Fund Services Department 4.82%	

**Figure 1.1 Overview of Modernform Group**

(Source: Setsmart and Bloomberg)

#### Company business

The Company operates a comprehensive furniture business which produces office furnitures workplace, residential exclusive living, life, Modernform kitchen, outdoor furniture Xteria and bathroom furniture Bathique. The products are distributed domestically and internationally with before and after sale services.

## 1.2 Highlight

### Outstanding dividend play with a strong financial health

#### Strong financial position; expected dividend yield at 10% in 2014

A strong financial status of Modernform together with the excess cash from selling of MFEC at a gain of Bt 461 mn resulted in a special dividend of 0.45 Baht/share and an interim dividend of 0.25 Baht/share. With a rising demand in office and residential furniture that leads to a high revenue and backlog altogether with a surge ROE at 30%, we do expect a dividend payment of 0.30 Baht/share for 2H14 performance, bringing about total dividend of 1 Baht/share, yielding 10% dividend p.a. as shown in the *table 1.1 Financial summary*.

**Table 1.1 Financial summary**

	2011A	2012A	2013A	2014F	2015F	2016F
Revenue (Btmn)	2,752	2,946	3,327	3,660	4,135	4,549
Gross Profit (Btmn)	1,086	1,191	1,371	1,437	1,624	1,786
EBIT (Btmn)	503	531	519	1,059	665	725
Net Profit (Btmn)	384	423	426	847	532	580
EPS (Bt)	0.52	0.53	0.57	1.13	0.71	0.77
EPS growth (%)	-7%	2%	7%	99%	-37%	9%
Dividend (Bt)	0.45	0.50	0.55	1.02	0.60	0.66
Dividend yield (%)	8.77%	5.84%	5.55%	9.77%	5.79%	6.3%
Book value (Bt)	3.08	3.20	3.77	3.88	3.99	4.10
PER (x)	9.7	15.31	15.39	14.67	13.46	12.33
PBV (x)	1.85	2.44	2.29	2.68	2.61	2.53
ROE (%)	16.51%	17.29%	15.82%	29.50%	18.01%	19.10%

Remark: EPS growth is very high in 2014 due to extraordinary income of 461 MB from selling MFEC shares.

(Source: From Setsmart and our forecast)

### Superb innovation and design attracts major residential developers

Being in a strong competitive market, Modernform has continuously bringing in creativity and innovation into its products to attract new customers and boost up repurchase rate from loyal customers. Its differentiation strategy with superior design, matching with life style and performance workplace keeps the company being a leader in the residential and office furniture market and attracts major residential developers, thus pushing up the continuously demand from B2B market that would support sustainable growth of revenue in the long term.



### **Bright in earning outlook due to strong delivery volume and backlog on hand**

Modernform has a backlog on hand of Bt 3.1 bn of which 60% will be delivered in 2H14. The residential furniture sales have continually rose up supported by clients from the LH and PS groups and will expand well again after a positive sign of political situation. (KT Zmico, 2014).

#### **Preparing for AEC**

Modernform is preparing to expand its market ahead of the launch of the AEC to Cambodia, Laos, Myanmar and Vietnam. In addition, Modernform joined with “Versalink”, the company from Malaysia, who is the major furniture producer in the country. Lastly, Modernform plans to joint with ITOKI, the company from Japan, to support expanding the company’s market. (KT Zmico, 2014).

### **1.3 Business description**

Modernform Home Decorative Products was established in 1978 as the first company of Modernform Group to import and distribute furniture fittings and accessories from Europe. In 1980, Modernform Group was established as Modernform Furniture to manufacture and distribute office furniture under brand Modernform Workplace and subsequently expanded its business scope to cover residential furniture and kitchen units under brands Modernform Exclusive Living and Modernform Kitchen respectively. In 1990, Modernform Group was restructured and consolidated as one flagship company, Modernform Group and then became a listed company the Stock Exchange of Thailand in 1992 (Wikipedia, Modernform Group).

#### **1.3.1 Furniture business**

These are the main products of the Company and are divided in to 6 groups as follows (Modernform, the company’s annual report (2013). Business Operations of the Company, 16-18):

### **Office furniture products:**

Modernform Workplace products include office desks, shelves, filing cabinets, etc. A portion of Modernform Workplace consumer group includes architects, contractors, interior decorators, and developers. The government sector, hospitals and educational institutes are also another large consumer group.

The ideacoustic by Cylence Modernform is a result of collaboration between Modernform and Siam Fiberglass, Siam Cement Group (SCG) is subsidiary in its construction material business.

### **Residential furniture products:**

Modernform Exclusive Living is luxury, in-style, modern and premium household furniture with elegant design; products include bed sets, closets, dressers, showcases, sideboards, sofas, day beds, and dining table set.

Life by modernform is under the slogan “There is more to life” An ideal customer of the “life by modernform” furniture is the C to B+ group of consumers.

### **Kitchen furniture products:**

Modernform Kitchen is kitchen set which can be fitted to customer’s kitchens according to the available space with classic, contemporary, modern and varying designs.

Kruabaan by modernform Home Kitchen by Modernform has been designed to accommodate heavy Thai-styled cooking. With this in mind, the Home Kitchen by Modernform is tough, resistant to flood, mold and termite and can be fully installed in a short time.

### **Bathroom furniture products “bathique by Modernform”:**

The products included luxurious and premium modern-designed bathroom.

### **Outdoor furniture products “xteria by modernform”:**

Outdoor furniture included coffee set picnic, outdoor lounge, Garden bench, sun beds etc.

### Imported furniture fittings and interior decorative products:

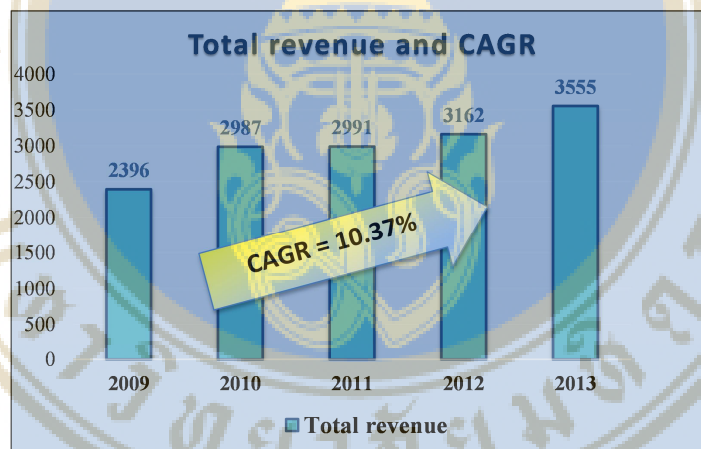
“Home Decorative products” imports furniture fittings from Germany, Italy, Denmark, Spain, Austria, United States of America, China, Singapore and Malaysia for its own furniture production and distribute them throughout the country to other furniture manufacturers and end-users.

**Table 1.2 Total revenue breakdowns**

	2009	%	2010	%	2011	%	2012	%	2013	%	CAGR (%)
Sale income	2,264	94.5%	2,783	93.2%	2,752	92.0%	2,946	93.2%	3,327	93.6%	10.10%
Rental income	67	2.8%	66	2.2%	68	2.3%	70	2.2%	75	2.1%	2.86%
Service income	24	1.0%	47	1.6%	51	1.7%	78	2.5%	92	2.6%	39.92%
Other income	41	1.7%	91	3.0%	120	4.0%	68	2.2%	61	1.7%	10.44%
<b>Total revenue</b>	<b>2,396</b>	<b>100.0%</b>	<b>2,987</b>	<b>100.0%</b>	<b>2,991</b>	<b>100.0%</b>	<b>3,162</b>	<b>100.0%</b>	<b>3,555</b>	<b>100.0%</b>	<b>10.37%</b>

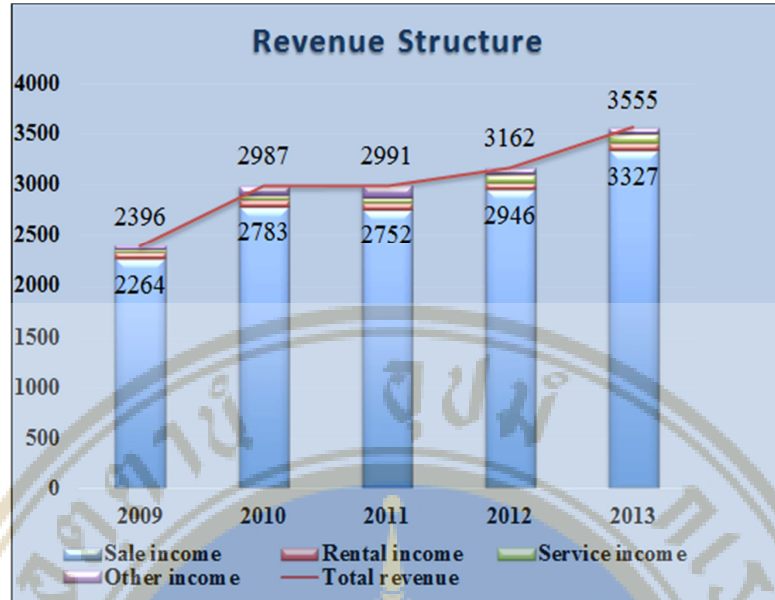
(Source: Modernform, the company's annual report (2009-2013))

The major source of revenue derived from selling furniture and part of furniture. The CAGR of sales and total revenue over the past 5 years was approximately 10.10% and 10.37%, respectively as shown in *figure 1.2 and 1.3* below.



**Figure 1.2 Total revenue and CAGR graph**

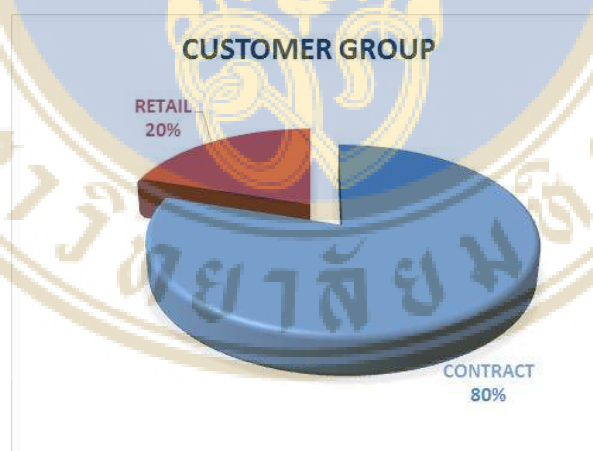
(Source: Modernform, the company's annual report (2009-2013))



**Figure 1.3 Revenue from each business**

(Source: Modernform, the company's annual report (2009-2013))

Modernform primarily distributes their furniture on B2B (Business to business) which generates income around 80% and the other 20% is selling via retail channel (Asia Wealth, (2014)) as shown in the *figure 1.4*.



**Figure 1.4 Customer group**

(Source: Asia Wealth, (2014))

### 1.3.2 35 years of leading in design of residential furniture



**Figure 1.5 The past and the present of Modernform Group**

(Source: The Stock Exchange of Thailand, “The Company’s opportunity day meeting” (Q2’14))

### 1.3.3 Innovation of brands and products



**Figure 1.6 Innovation of brands and products**

(Source: The Stock Exchange of Thailand, “The Company’s opportunity day meeting” (Q2’14).

### 1.3.4 Business strategies

Modernform has a strategy to increase growth rate in both of sales volume and profit so Modernform continues to implement as follows (Modernform, the company’s annual report (2013). Policy and Business Operations, 14-15):

- Manage to strengthen gross profit. Modernform keep maintaining the satisfied margin rate as Modernform has always been known as the leader of introducing new products to the market. MODERN continues to implement “Soulmate” campaign to emphasize the long term partnership with the consumers. Moreover, Modernform continues to implement “Value Engineering” to reduce and maintain effective costing.
- Product development to focus on new innovation to create valuable uniqueness and to maintain our status as a design leader.
- Continue the business alliance strategy for both domestic and overseas market to support company’s growth and strength
- Be Creative, Be Aggressive is the Corporate Theme to strongly promote innovation inside the company workforce and the company always supports employees’ participations in work improvement through brainstorming, implementation and evaluation.

From these strategies, Modernform and subsidiaries keep continuing growth in both sales volume and profits and maintain financial strength with positive retained earnings. And make modernform ready to further growth and further investment in new business.

### **1.3.5 Subsidiaries**

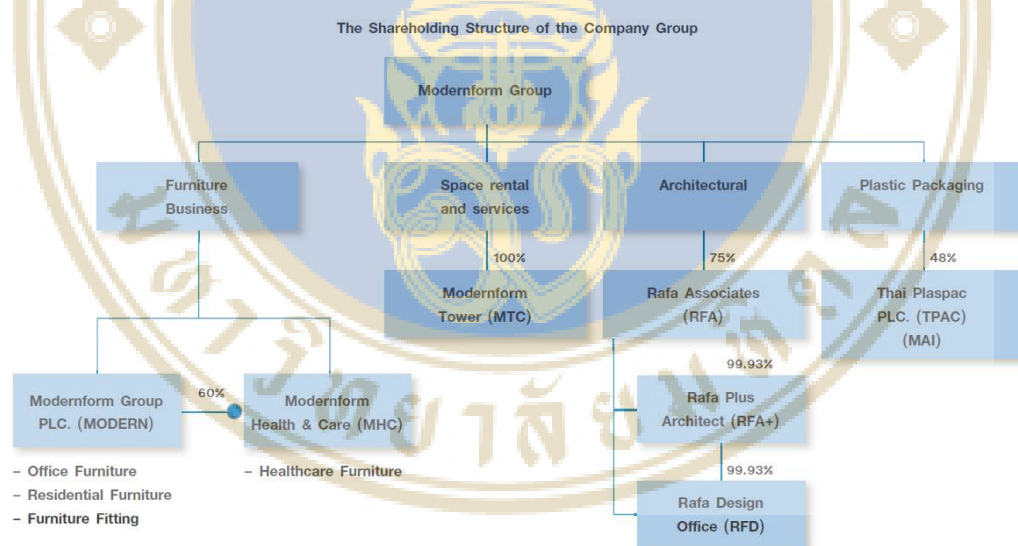
There are 4 subsidiary companies and associated companies under Modernform Group Public Company Limited as following (Modernform, the company’s annual report (2013). Business Operations of the Company, 16-18):

- Modernform Tower Company Limited (MTC) was founded in 1991 by Modernform Group Public Company Limited who invested 100 percent in the company.
- Modernform Health and Care Company Limited (MHC) was founded in 2005 to manufacture, distribute, import, export as well as provide maintenance services to healthcare products for hospital, rehabilitation center and household uses.



- Rafa Associated Company Limited (RFA) was founded in 2006 to provide design consulting services and supervise construction projects and holds shares in limited partnerships, limited companies and public companies (Holdings Company). Modernform Group Public Company Limited holds 75 percent of its registered capital. The company holds common shares in 2 subsidiary and affiliated companies; namely, Rafa Design Office Co., Ltd and Rafa Plus Architect Co., Ltd, all of which are involved in architectural design business.
- Thai Plaspac Public Company Limited main business is to produce plastic bottles and seals as well as plastic parts in various shapes and forms as needed by customers in each industry. Modernform Group Plc held its equity to 48 percent. Thai Plaspac Plc has been listed in the MAI (Market for Alternative Investment) since 2005.

The business structure of the company group was shown in *the figure 1.7*.

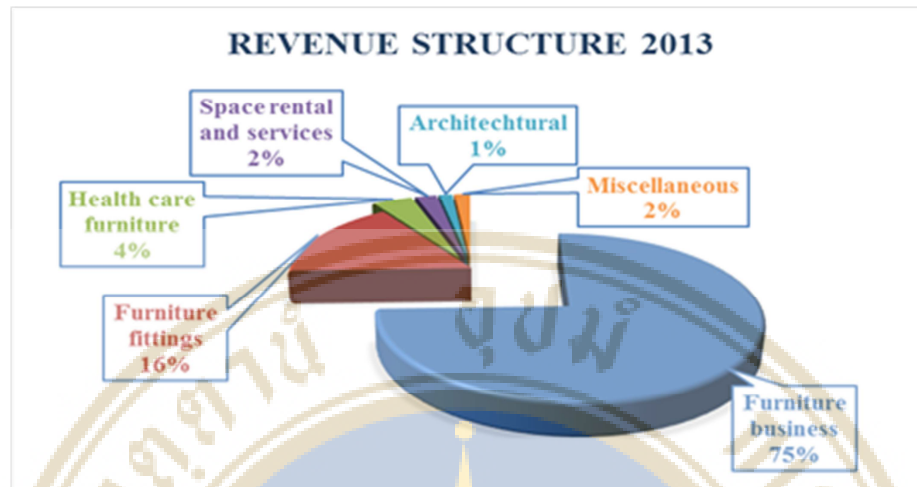


**Figure 1.7 The Business Structure of the Company Group**

(Source: Modernform, the company's annual report (2013). Policy and Business Operations, 14-15)



### 1.3.6 Revenue structure



**Figure 1.8 Revenue structure by percentage**

(Source: Modernform, the company's annual report (2013). Business Operations of the Company, 16-18)

**Table 1.3 Revenue structure by amount**

	2013
Furniture business	2,649
Furniture fittings	585
Health care furniture	143
Space rental and services	75
Architectural	47
Miscellaneous	57
<b>Total</b>	<b>3,556</b>

(Source: Modernform, the company's annual report (2013). Business Operations of the Company, 16-18)

## 1.4 Industry overview and competitive positioning

### 1.4.1 Macro-economic analysis

#### Slowing GDP growth is a downside risk

**Table 1.4 Summary of economic forecast**

Economic Forecasts (YOY)(%)	2013	2014F			2015F		
		Mar-14	Jun-14	Sep-14	Mar-15	Jun-15	Sep-15
GDP growth	2.9	2.7	1.5	1.5	4.8	5.5	4.8
Private Consumption Expenditure	0.3	0.3	0.2	1.1	4.6	4.7	4.0
Government Consumption Expenditure	4.9	2.9	3.5	4.5	2.4	3.7	2.9
Private Investment	-2.8	-0.5	-2.6	-2.8	10.2	11.2	10.2
Public Investment	1.3	1.7	1.1	3.3	2.7	9.7	9.9
Nominal Export in USD	-0.2	4.5	3.0	0.0	6.5	6.0	4.0
Nominal Import in USD	-0.4	3.0	-3.6	-6.8	7.5	12.0	9.5
Headline Inflation	2.2	2.5	2.6	2.2	2.3	2.5	2.1
Core Inflation	1.0	1.5	1.7	1.6	1.3	1.4	1.3

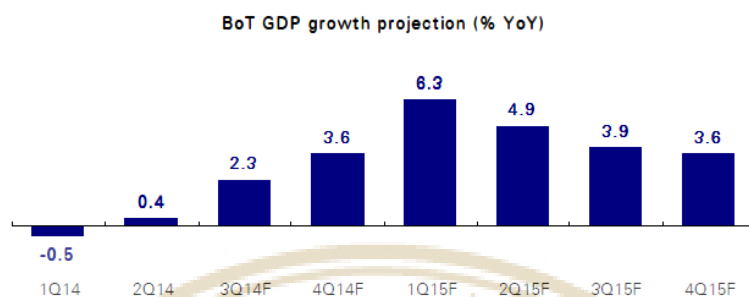
(Source: Bank of Thailand, monetary policy report (September 2014), NESDB, and TISCO Economic Strategy Unit)

In the year 2014 we expected that GDP would be highly increased as a consequence of the military intervention in May but the actual GDP growth rate is lower than the forecast. Therefore, the central bank decided to maintain 2014 forecast of GDP growth at 1.5% by offsetting an under expected GDP growth with an increase in consumption and investment.

In 3Q15 the forecast of GDP growth was cut from 5.5% to 4.8% because exports are expected to slow down and some businesses are likely to further delay their investment in order to wait and see a positive signal from a recovery in an export sector.

#### GDP Forecasts next year

The Bank of Thailand forecasted that GDP growth will be strong in 1H15 as shown in the *figure 1.9* because of strengthening fiscal boost and better economic outlook which will drive the overall economy and support business expansion. (Bank of Thailand, monetary policy report (September 2014) and TISCO Economic Strategy Unit, Special issue (October 1, 2014), 2-3).



**Figure 1.9 BOT's sequential quarterly GDP growth projection (%YoY)**

(Source: Bank of Thailand and TISCO Economic Strategy Unit)

### Private construction growth

The core business of Modernform is producing and distributing furniture mainly through housing projects of which its major customers are real estate companies ranging from medium to high end including LH, AP, SIRI, PS, etc. In addition, the company also has another portion of revenue from office furniture market. As both portions of revenue rely heavily on the growth of property development sector, we obtained private construction growth as part of our analysis to foresee the future growth of the company.

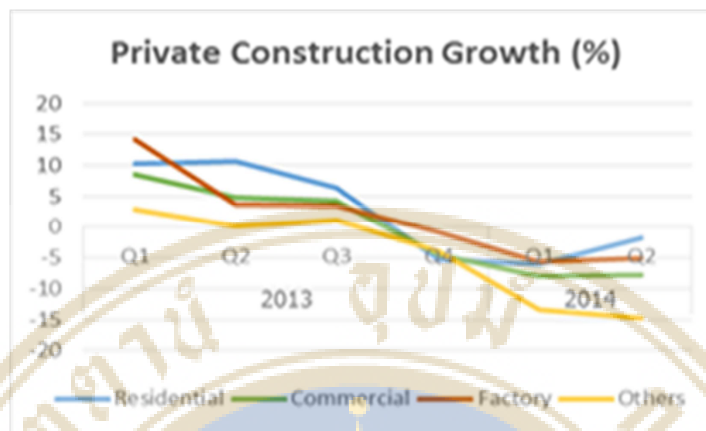
**Table 1.5 Private construction growth (%)**

	2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2
Residential	10.3	10.7	6.4	-5.3	-6.1	-1.7
Commercial	8.5	4.9	4.3	-4.4	-8	-7.7
Factory	14.1	3.6	3.5	-0.8	-5.7	-5
Others	2.9	0.1	1.2	-3.9	-13.3	-14.8
Total	8.9	7.1	4.8	-4.5	-7.8	-5.2

(Source: NESDB, Gross Domestic Product (Q3'2014), Gross Fixed Capital Formation, 28)

Referring to *the table 1.5*, in Q2'14 private construction dropped by 5.2%, better than a 7.8% drop in the previous quarter as a result of upward trend of overall economy in response to changes in political situation that come up with a positive sign. The private construction growth reflects a recovery demand in residential,

commercial building and factory construction as shown in upward graphs in *the figure 1.10*.



**Figure 1.10 Private construction growth (%)**

(Source: NESDB, Gross Domestic Product (Q3'2014), Gross Fixed Capital Formation, 28)

## 1.4.2 Industry analysis

### Real estate

**Table 1.6 New housing registration units in Bangkok Metropolitan and vicinity**

	2012	2013	2014	2014	2014	2014	2014	Cumulative
			Apr	May	June	July	August	from Jan
New Housing (in Bangkok Metropolitan and Vicinity.)	125,002	132,302	10,773	12,136	8,003	10,602	....	61,711
(units)	(52.7)	(5.8)	(-7.1)	(-35.1)	(-19.6)	(-23.1)		(-14.6)
Housing Project	23,174	37,577	1,963	2,754	2,868	2,894	....	17,936
	(-14.2)	(62.2)	(-25.1)	(-24.8)	(-14.8)	(-33.1)		(-11.3)
Apartments and Condominiums	78,391	71,440	6,985	7,410	2,895	5,355	....	29,679
	(125.7)	(-8.9)	(-7.0)	(-43.3)	(-39.4)	(-30.3)		(-24.5)
Self-Built Housing	23,437	23,285	1,825	1,972	2,240	2,353	....	14,096
	(16.4)	(-0.6)	(24.4)	(-0.2)	(23.1)	(31.4)		(10.8)

*(Figures in parentheses represent the percentage changes from the same period of the previous year.)* *(P = Preliminary)*

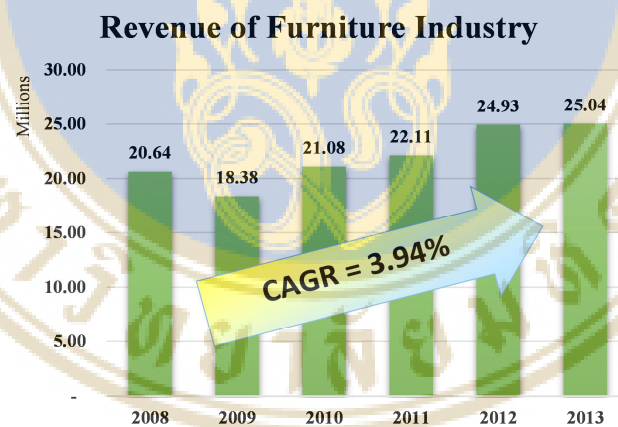
(Source: Bank of Thailand, real estate indicator (2014))

We referred to the statistics of new housing registration units from real estate sector according to *the table 1.6* for an industry analysis due to the fact that Modernform's revenue from residential and office furniture is the biggest portion of the total revenue, of which 80% derived from housing and condominium projects and

20% from retail customers and the major customers are in Bangkok Metropolitan and vicinity area (Asia Wealth, 2014). Hence, these numbers were used to analyze trend of real estate sector.

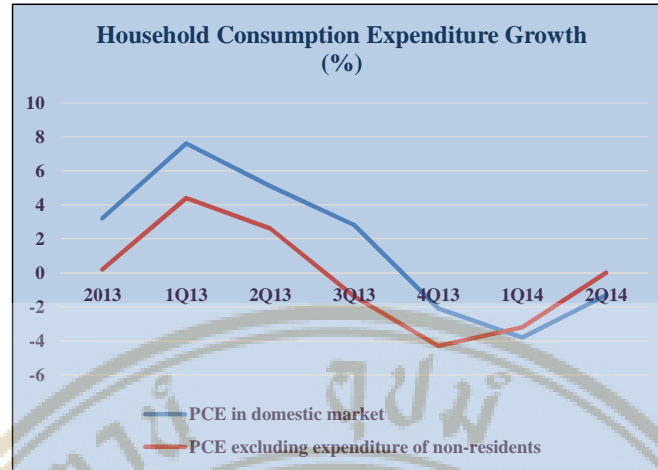
From the table above, we can see that after a military intervention in May the number of apartment and condominium units has slightly increased a few months after that because of an increase in consumer's confidence about the political situation which would have a positive impact to the economy. As a consequence, they have more confidence in their decisions to purchase a residence.

An increasing in the number of new housing registration units implies a positive benefit to Modernform as more orders are expected to flow in from the partners in housing projects as well as from retail customers who have more purchasing power as indicated by an increase in household consumption growth in *the figure 1.12*. Furthermore, many residential developers who are Modernform's partners try to capture an opportunity of high growth economy in other big city areas by expanding their investment projects to cover those provinces and this potential would be beneficial to Modernform.



**Figure 1.11 Total operating revenue of furniture industry**

(Source: EMIS, furniture and related product manufacturing industry in Thailand, (2009-2013))

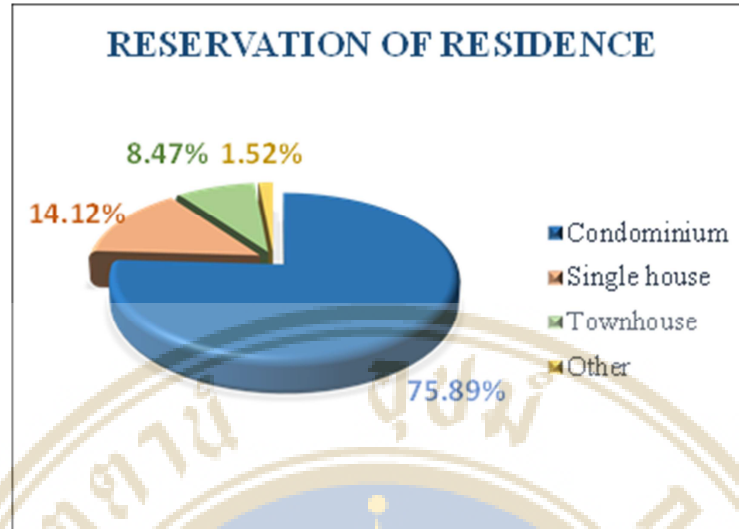


**Figure 1.12 Household consumption expenditure growth (%)**

(Source: NESDB, *Gross Domestic Product (Q3'2014), Household consumption expenditure*, 26)

#### **Strong growth in the year 2015**

Even though property development sector was impacted by a political crisis and labor shortage during the first half of 2014 which caused a reservation of residence dropped by 21%, it was recovered in 3Q14, increasing 20-25% from 2Q14 in residence. It was estimated that in 4Q14 the reservation of residence will likely to increase but the estimated overall growth in 2014 would be around 5%. The record from "Home and Condo shows 31<sup>th</sup>", which was held in October 2014 reported that a demand for residence increased by 20% from the previous fair which drove up the confidence of the property developers that the next year will be the golden year of real estate sector (iBiz channel, Home and Condo shows 31<sup>th</sup> (2014)). *The figure 1.13* below shows the proportion of reservation of residence in "Home and Condo shows 31<sup>th</sup>" event.



**Figure 1.13 Reservation of residence**

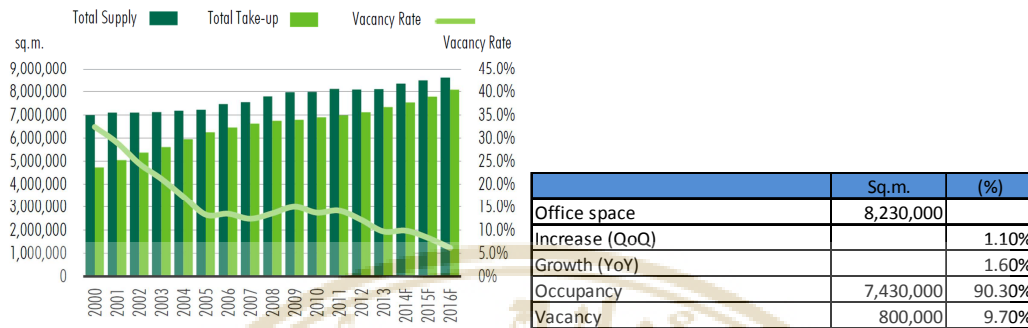
(Source: iBiz channel, Home and Condo shows 31th (2014))

#### **Bangkok Office Market**

Besides residential, Modernform also has other revenue portion from an office market. From CBRE market view, Quarter 2'2014 as shown in the *figure 1.14*, the total office supply in Bangkok increased to 8.2 million square metres., a 1.1% increase Q-o-Q and a 1.6% increase Y-o-Y. The overall vacancy rate was 9.7% in Q2 2014, rising by 0.5 percentage points Q-o-Q but dropping by 1.4 percentage points Y-o-Y. This is the first quarter that vacancy rose after falling for ten consecutive quarters since Q3 2011 but this was due to an increase in supply which is expected to be occupied over the next two quarters. It is expected that the situation of tight supply and falling vacancy rates will continue so rents are expected to increase further in the future (CBRE Research, Thailand (2014), Bangkok Office Market View Q2 2014)). This situation would add more opportunities for revenue growth for Modernform as well.



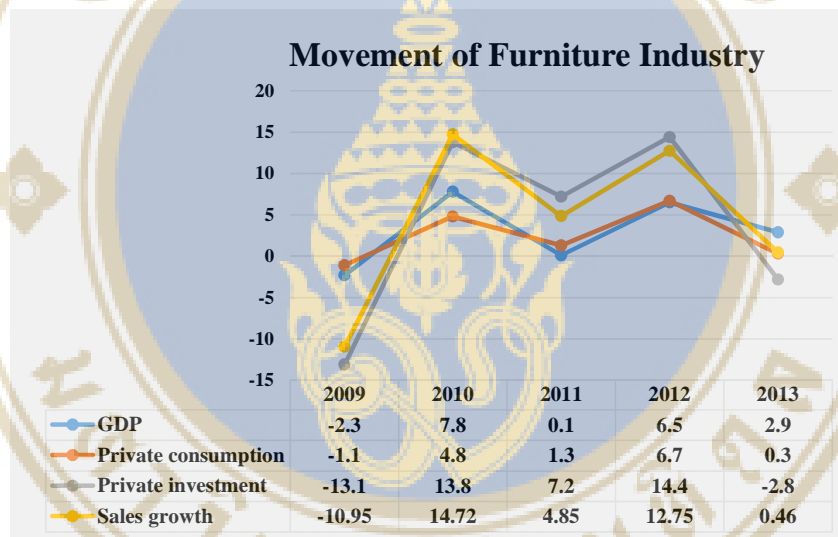
**Figure 3: Bangkok Office Market, 2000-2016F**



**Figure 1.14 Bangkok Office Market, 2000-2016F**

(Source: CBRE Research, Thailand (2014), Bangkok Office Market View Q2 2014)

**Movement of sales growth in furniture industry**

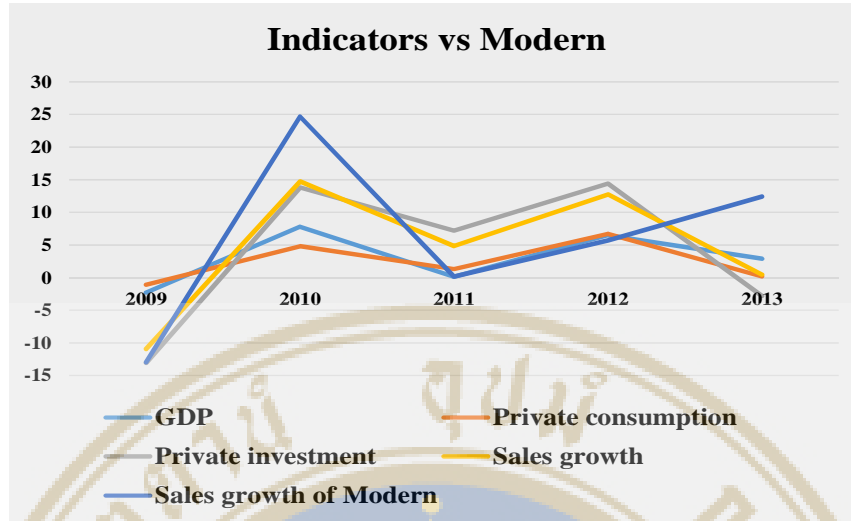


**Figure 1.15 Movement of sales growth furniture industry**

(Source: NESDB, Economic Outlook, Thai Economic Performance (2009-2013) and EMIS, furniture and related product manufacturing industry in Thailand, (2009-2013))

From graph above in the figure 1.15, we can see the trend that when GDP, private consumption and private investment have movement, sales growth of furniture and related product manufacturing also moves in the same direction. The figure 1.16 incorporates sales growth of Modernform into the graph to show the comparative movement with those indicators.





**Figure 1.16 Indicators VS. Sales growth of Modernform Group**

(Source: NESDB, Economic Outlook, Thai Economic Performance (2009-2013), EMIS, furniture and related product manufacturing industry in Thailand, (2009-2013), and Modernform, the company's annual report (2009-2013))

**Table 1.7 Forecast growth rate of GDP, Private consumption and private investment**

	2014F	2015F
GDP	1	3.5-4.5
Private consumption	0.7	2.6
Private investment	-1	4.8

(Source: NESDB, Economic Outlook, Thai Economic Performance in Q3 and Outlook for 2014-2015, 1)

Based on an industry analysis, we expected that a furniture and related product manufacturing industry will perform well in the continuing year as the forecast GDP, private consumption and investment in year 2015 according to the table 1.7 are expected to increase highly. As a consequence, we also predicted that sales growth of Modernform will be increased following the above mentioned indicators but to the higher extent because it is currently a market leader in a furniture and related product manufacturing industry. In our opinion, Modernform has a great potential to generate sales growth around 13 percent in 2015 owing to the launch of AEC.

### 1.4.3 Competition analysis

Over the years past, furniture industry has been developed for new products and new designs that mix between modern technology and contemporary design which are useful for customers and match with the needs of the target market. Furniture industry has been grown following a growth in real estate sector such as hotel, residence, office. For example, an increase in new home will drive a demand on furniture, decoration and interior design. The demand on residence is driven by an increase in purchasing power of people. The higher the furniture sector grows, the more competitors will join in this market. The total market share of furniture and related product in Thailand by total operating revenue in 2013 was shown in *the figure 1.17*.

Owing to the fact that the furniture market is growing following to house and condominium sector growth, furniture companies try to compete in the market by making a strategic alliance with residential developers. There are a number of furniture and related product manufacturing companies in the market but Modernform has 2 important competitors which are Index living mall and S.B. furniture. Since these 2 competitors are not listed in the stock exchange of Thailand (SET), we used the best available competitor in SET, Rockworth, for our financial analysis.



**Figure 1.17 Total market shares of furniture and related product in Thailand by total operating revenue in 2013**

(Source: EMIS, furniture and related product manufacturing industry in Thailand, (2013))

### **Rockworth**

Rockworth Public Company Limited is Thailand's leading manufacturer, distributor and marketer of quality Office Systems Furniture. Established since 1972 to meet the emerging demands of companies in need of specialist design and superior quality in office furniture, the Rockworth name has since become recognized and respected throughout the region, famous for everything from design concepts to after-sales service. The company now has more than 700 dedicated employees and serves clients through a global network of authorized dealers in 22 countries (Rockworth, Corporate overview).

### **SB Furniture**

Thailand's leading furniture brand providing Modern Italian Style, provides a wide range of product lines for home including furniture for the bedroom, living room, home entertainment units, home office, kitchen etc. There are 50 distribution channels, SB Design Square, SB Furniture showroom and Konzept Furniture showroom, which cover greater Bangkok and a further 200 dealers nationwide as well as exports to 40 overseas countries (Superbrandsmena, SB furniture market).

### **Index Furniture**

Index Living Mall is a Thailand-based furniture retailer owned by Index Interfurn Group. With a concept of a "special mall" entirely devoted to displaying and selling the company's furniture. The company has 8 branches in Bangkok and 9 branches elsewhere in Thailand (Wikipedia, Index living mall).

## Modernform ranks high in overall performance

**Table 1.8 Comparative performance of Modernform with peers**

(Unit: Million Baht)

Year 2013	Modernform	Index Living Mall	S.B.Furniture	Rockworth
Total Operating Revenue	3,528	7,674	4,443	793
Operating profit (EBIT)	491	396	251	22
Net Profit(Loss)	420	362	162	-8
Total Assets	4,234	9,419	3,710	792
Return on Assets (ROA)	9.93	3.84	4.38	-1.06
Return on Equity (ROE)	14.87	10.81	20.66	-2.11
Operating Profit Margin	14.13	3.55	-5.04	8.99
Debt to equity	0.498	1.815	3.719	0.994

ROA = Net profit/Total Asset

ROE = Net profit/Shareholders' equity

Note: T A and E use ending balance not average

(Source: EMIS, furniture and related product manufacturing industry in Thailand, Quick comparables, (2013))

From the table 1.8 above, it shows that in general Modernform has a higher performance than competitors when comparing the ratios among them. Although Modernform did not generate the highest operating revenue, it can generate the highest net profit. Comparing ROA and ROE, Modernform can generate the return on asset and equity higher than competitors except for S.B. Furniture that can generate ROE higher than Modernform. Modernform also has a higher operating profit margin which means that the company can generate profit from an operation better than competitors. Moreover, it also has lower debt, indicating a low opportunity to bankrupt. All in all, Modernform in general has the best performance among peers.

## 1.5 Investment summary

### Focusing on niche market

The company can respond to the customer's needs and produce customized furniture for customers' requirement. Moreover, Modernform has a further advantage on brand royalty from customers because they trust in Modernform brand. Customer target group of Modernform is in middle to high level such as LH, SPALI, SIRI and PS etc. of which sales growth of Modernform could follow an expansion of housing and condominium project.

### High amount of backlog and continuously flow in orders

Modernform has a Bt 3.1 bn backlog of which around 60-70% of income is expected to be received in this year. A long term relationship with contract partners together with a premium quality with the state-of-the-art design and function continuously drive more orders from existing customers and creating more demand from new customers. In addition, a rising demand in furniture would also support an increase in architectural income from subsidiary especially from project customers. *The figure 1.18 shows the backlog information of the major sources of revenue.*



**Figure 1.18 Backlog information of the major sources of revenue**

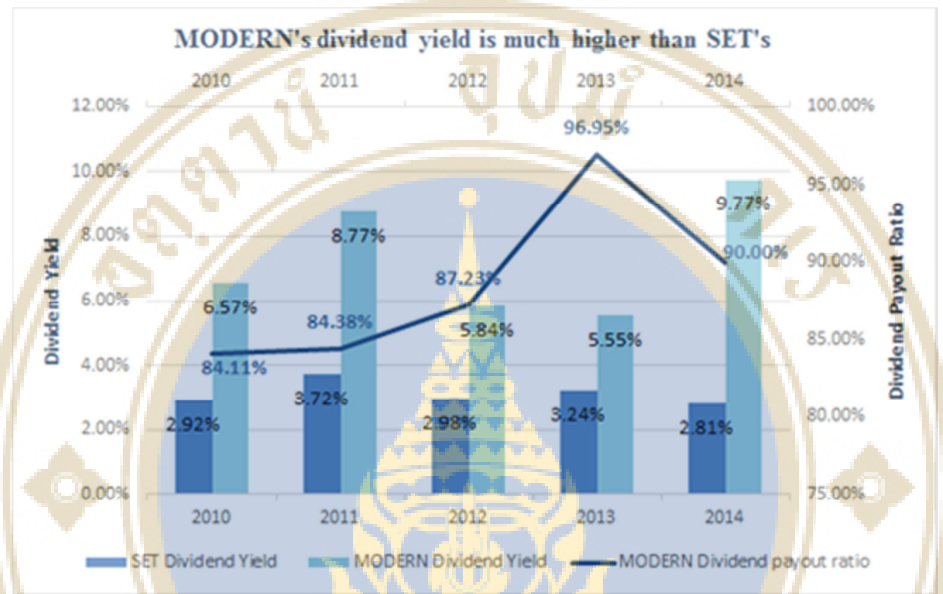
(Source: The Stock Exchange of Thailand, “The Company’s opportunity day meeting” (Q2’14))

### Positive operating cash flow with low debt ratio

High gross profit margin on an average of 39% with EBIT margin around 15-16% would yield a positive operating cash flow to the company. The company financial leverage is quite low with a 33% debt ratio. Only 0.3% of total assets represent an interest-bearing debt and the company finances most of its assets by internally generated fund. Hence, the company is quite healthy with low solvency risk.

### Several sources of income drive dividend payment higher

Modernform receives revenue from several sources as we have already mentioned in revenue structure section which allows the company to pay high dividend over many years in the past. The dividend yield is always much higher than SET's and the average dividend payout ratio of Modernform over the past 5 years is around 86%, reaching the peak in 2013 at 97% as shown in *the figure 1.19*.



**Figure 1.19 Comparative of MODERN's dividend yield and SET's**

(Source: Setsmart, Modernform, the company's annual report (2010-2013) and our forecast)

### Joint venture supports strong competition

Modernform always seeks for an opportunity to expand their business and support the company strong growth in the future. The company plans to register for a joint venture with ITOKI who is the famous company from Japan which could expand their market to overseas and publish the Modernform brand to overseas market. Moreover, the company also invests in Versa link who is the furniture company from Malaysia by buying 5% of Versa link's shares in order to become a partner with them and use Versalink to fight with Malaysian furniture exporter to support a strong competitive market in both Thailand and Malaysia.



### **Corporate Governance is very good**

Modernform was classified as a “Very Good” corporate governance company which has score 4 out of 5 (Setsmart). Owing to very good corporate governance, the company runs the business in the right ways that support an ability to improve value and competitiveness that leads to a sustainable growth.

## **1.6 Valuation**

To determine the appropriated intrinsic value of MODERN, this paper applies discounted cash flow model: FCFF to value the stock.

### **1.6.1 Discounted cash flow model: FCFF**

DCF is considered to be the most reasonable method to determine the value of the stock because it was calculated from the fundamental of the company operation by projecting the free cash flow from operation adjusted with the change in depreciation expense and net working capital and then discounted by WACC to come up with the net present value of the total expected cash flows. The target price from DCF valuation is 13.57 Baht per share so our recommendation is to buy this stock.

### **1.6.2 Projected cash flow and assumptions**

The key assumptions in cash flow projection and terminal value are as follows:

#### **Revenue growth rate:**

As the revenue of MODERN around 90% came from office and residential furniture business including furniture fittings of which 80% came from the contract, we estimated the percentage of growth in sales from an average growth rate for the registration units of new housing in Bangkok Metropolitan and vicinity for housing project and apartments and condominium at 10% for the year 2014 and 2016 to 2018 and 13% for 2015 which is the year that the company plans to expand the business for AEC as well as strategic alliance with partners such as Itoki. The management expected the revenue growth rate in 2015 to be 15% but we use 13% for conservative

purpose. As the firm is expected to grow fast in 2015, it becomes more difficult to maintain the high growth rate, so we considered using the average CAGR over the past 5 years at the rate of 10% as a basis to estimate the growth rate for the year 2016-2018.

**Proportionated cost of sales and selling and administrative expense to sales:**

The forecast figures of cost of sales and selling and administrative expense were calculated by averaging the percentage of these items to sales over the past 5 years at the rate around 61%, 21% and 9%, respectively.

**Change in net working capital and investment in net fixed assets:**

The estimated net working capital was mainly based on the average percentage of net working capital to sales while the depreciation expense is estimated from the proportion of the depreciation expense to average gross fixed assets. The forecast gross fixed assets came from the average of the historical percentage growth in gross fixed assets adjusted with a slightly increase in percentage to support the plan to expand the business.

**Terminal value:**

We determine the terminal growth rate by referring to the average nominal GDP growth rate from NESDB (real GDP adjusted with inflation) for the past 5 years which is approximately 5.28%, together with the average CAGR over the past 5 years of a furniture and related product manufacturing industry which is around 3.94%. Therefore, we expected that in the long run the growth rate in a furniture business could be less than the overall growth of GDP for Thailand due to an increase in competition from new entrants. We also consider the terminal growth rate from the consensus and average out to come up with the rate at 2.5%.

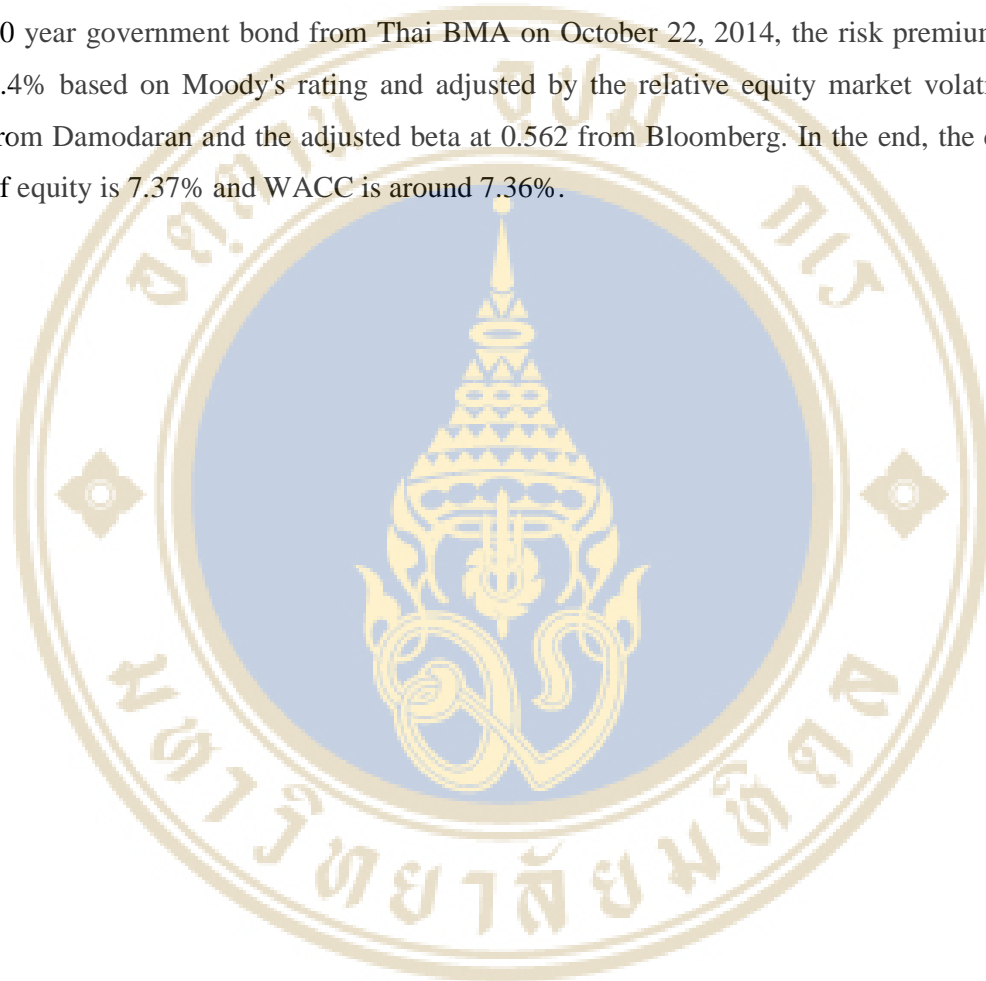
**Weighted average cost of capital:**

We use the weighted average of the market value of equity and book value of debt to calculate WACC for MODERN. The cost of debt was determined by



obtaining the weighted average cost of debt from the notes to financial statement of bank overdraft, trust receipt and short term loan and then weighted the average principal with an interest rate related to each type of interest-bearing debt. The cost of debt after tax that was used in the calculation of WACC is at the rate of 4.07% ( $5.09\% * (1-0.2)$ ).

In part of the cost of equity, we obtained the risk-free rate at 3.21% from 10 year government bond from Thai BMA on October 22, 2014, the risk premium at 7.4% based on Moody's rating and adjusted by the relative equity market volatility from Damodaran and the adjusted beta at 0.562 from Bloomberg. In the end, the cost of equity is 7.37% and WACC is around 7.36%.



**Table 1.9 Discounted cash flow valuation**

Unit: Million Baht

Free Cash Flow to Firm	2014F	2015F	2016F	2017F	2018F
EBIT	995	596	650	709	774
Tax on EBIT (20%)	(199)	(119)	(130)	(142)	(155)
NOPAT (Net operation profit after taxes)	796	477	520	567	619
Add: Depreciation	108	111	114	116	119
+/- Change in net working capital	(61)	(206)	(162)	(172)	(190)
+/- Investment in gross fixed asset	(56)	(57)	(59)	(60)	(62)
Free cash flow to firm	787	324	413	451	487
Terminal value of firm					10,266
Net cash flow	787	324	413	451	10,753
Total firm value	9,225				
Excess cash	965				
Enterprise value	10,190				
Value of debt	11				
Value of equity	10,179				
Share price (THB)	13.57				
Net working capital	1,288	1,349	1,555	1,717	1,889
Discount rate	7.36%	Please see assumption used in WACC table			
Terminal Growth	2.50%	Based on estimated GDP growth rate from the consensus.			

Weight Average Cost of Capital	
Risk-free rate (Rf)	3.21%
Risk premium (Rm - Rf)	7.40%
Adjusted Beta (b)	0.562
<b>CAPM (Ks)</b>	<b>7.37%</b>
<b>Cost of debt (Kd)</b>	<b>5.09%</b>
<b>Tax rate</b>	<b>20.00%</b>
Value of debt (Million Baht)	11
Value of equity (Million Baht)	7,800
<b>Weight of Debt (Wd)</b>	<b>0.14%</b>
<b>Weight of Equity (We)</b>	<b>99.86%</b>
<b>WACC</b>	<b>7.36%</b>

(Source: Modernform, the company's annual report (2008-2013) and our forecast)

## 1.7 Financial statement analysis

### 1.7.1 Summary figures from financial statements

For Income statements of MODERN, revenue from sales is 3,327 MB and net profit is 426 MB. Cost of sales and selling and administrative expense represent around 1,956 MB and 1,055 MB, respectively. The gross profit represents around 1,371 MB.

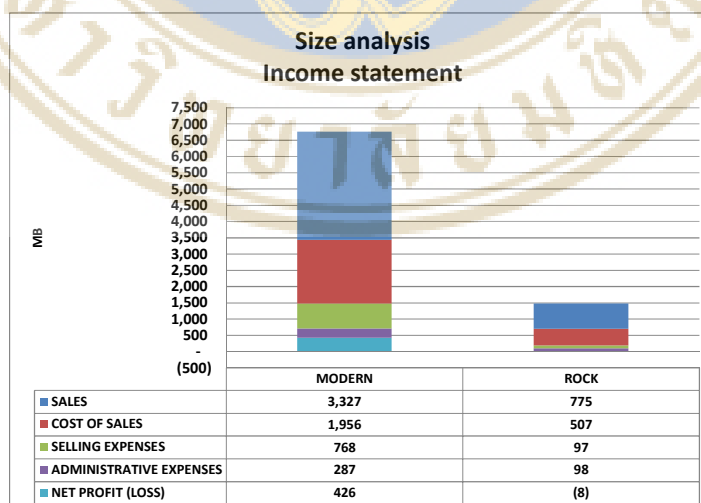
The company has total assets of 4,234 MB, total liabilities of 1,407 MB and total shareholders' equity of 2,827 MB.

Total assets compose of current assets 2,569 MB and non-current assets 1,665 MB. The major items of assets are inventories, trade and other receivables, property, plant and equipment including investment properties, and available-for-sale investment.

Total liabilities compose of current liabilities 1,282 MB and non-current liabilities 125 MB. The major liabilities come from customer deposits 741 MB and trade and other payables 445 MB.

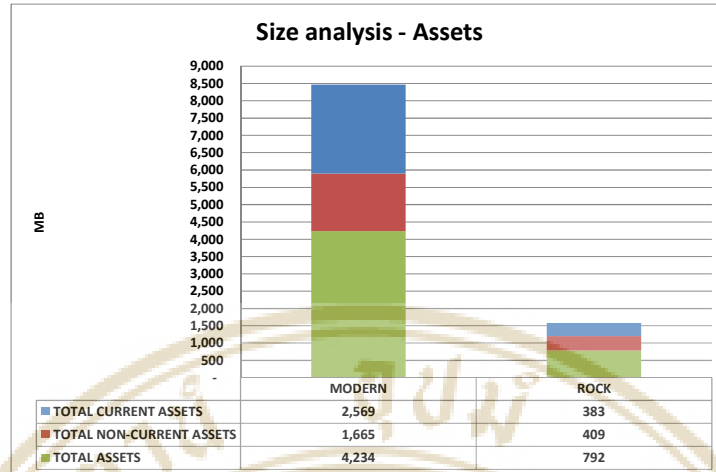
The major items in total shareholders' equity are unappropriated retained earnings followed by issues and paid up share capital and share premium.

From the graph below, MODERN's size is bigger than ROCK in every aspect.



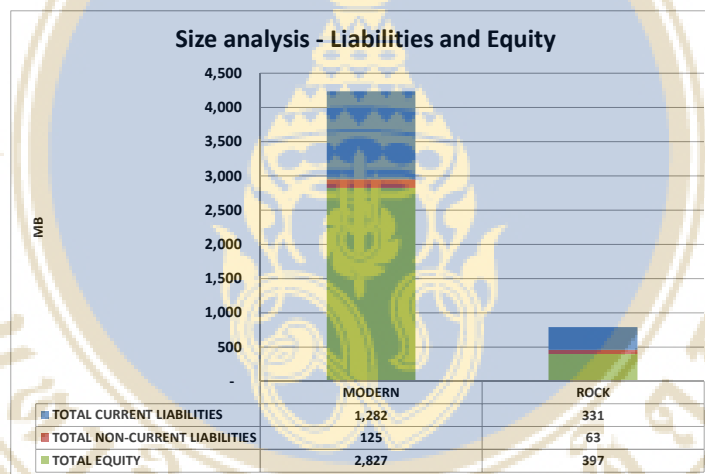
**Figure 1.20 Size analysis – Income statement**

*(Source: Modernform and Rockworh, the company's annual report (2013))*



**Figure 1.21 Size analysis – Assets**

*(Source: Modernform and Rockworh, the company's annual report (2013))*



**Figure 1.22 Size analysis – Liabilities and equities**

*(Source: Modernform and Rockworh, the company's annual report (2013))*

## 1.7.2 Common size analysis

### Income statement

Total revenues compose of sales income 93.6%. The remaining revenues from rental income, service income and other income totally accounted for 3.7% of total revenues.

Cost of sales and selling and administrative expense represents around 58.8% and 31.7% of sales, respectively. The gross profit and net profit is about 41.2% and 12.8% of sales.

### **Balance sheet**

Total assets compose of current assets 60.7% and non-current assets 39.3%. The major items in assets are inventory and trade accounts and other receivable, representing 28.6% and 23.1% respectively followed by property, plant and equipment including investment properties at 17.2% and available-for-sales investment at 13.6%.

Total liabilities and equities compose of total liabilities 33.2%, of which 30.3% is current liabilities and 3.0% is non-current liabilities, and total equities 66.8%, of which unappropriated retained earnings are 20.7% followed by issued and paid-up capital at 17.7% and share premium at 17.3%. The major items in current liabilities are trade accounts and other payable and customer deposits, which represents 10.5% and 17.5%, respectively.

### **Comparing with competitors**

For income statement, MODERN has lower proportion of cost of sales than ROCK, implying that ROCK might be less efficient than MODERN in terms of cost management. As a consequence, gross profit of MODERN is higher than ROCK. On the other hand, MODERN has more proportion of selling expense than ROCK which indicates that MODERN spent more in selling expenses in order to boost up sales. All in all, MODERN is better off in terms of net profit as it can generate net profit significantly higher than ROCK in 2013.

On assets side, MODERN has more proportion of trade accounts and other receivable and inventory while less proportion of property plant and equipment than ROCK. On liabilities and equities side, MODERN financed its assets with less proportion of debt than ROCK thus it is less risky in terms of financial leverage.

**Table 1.10 Common size income statement**

	MODERN		ROCK	
	2013		2013	
	(MB)		(MB)	
SALES	3,327	100.0%	775	100.0%
OTHER INCOME	228	6.9%	19	2.4%
<b>TOTAL REVENUES</b>	<b>3,556</b>	<b>106.9%</b>	<b>793</b>	<b>102.4%</b>
<b>EXPENSES</b>				
COST OF SALES	1,956	58.8%	507	65.5%
COST OF SERVICES	60	1.8%	-	0.0%
SELLING EXPENSES	768	23.1%	97	12.5%
ADMINISTRATIVE EXPENSES	287	8.6%	98	12.6%
OTHER EXPENSES	26	0.8%	51	6.6%
<b>TOTAL EXPENSES</b>	<b>3,098</b>	<b>93.1%</b>	<b>753</b>	<b>97.2%</b>
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES</b>	<b>458</b>	<b>13.8%</b>	<b>40</b>	<b>5.2%</b>
SHARES OF PROFITS FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	61	1.8%	(19)	-2.4%
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES</b>	<b>519</b>	<b>15.6%</b>	<b>22</b>	<b>2.8%</b>
FINANCE COSTS	(5)	-0.2%	(14)	-1.8%
<b>PROFIT (LOSS) BEFORE INCOME TAX EXPENSES</b>	<b>513</b>	<b>15.4%</b>	<b>8</b>	<b>1.0%</b>
INCOME TAX EXPENSES	(87)	-2.6%	(16)	-2.1%
<b>NET PROFIT (LOSS)</b>	<b>426</b>	<b>12.8%</b>	<b>(8)</b>	<b>-1.1%</b>

(Source: Modernform and Rockworth, the company's annual report (2013))

**Table 1.11 Common size balance sheet**

	MODERN		ROCK	
	2013		2013	
	(MB)		(MB)	
<b>CURRENT ASSETS</b>				
CASH AND CASH EQUIVALENTS	313	7.4%	14	1.8%
TRADE ACCOUNTS AND OTHER RECEIVABLE	977	23.1%	143	18.0%
INVENTORIES	1,210	28.6%	117	14.8%
OTHER CURRENT ASSETS	70	1.6%	109	13.7%
<b>TOTAL CURRENT ASSETS</b>	<b>2,569</b>	<b>60.7%</b>	<b>383</b>	<b>48.3%</b>
<b>NON-CURRENT ASSETS</b>				
AVAILABLE-FOR-SALE INVESTMENT	576	13.6%	5	0.7%
INVESTMENT PROPERTIES - NET	247	5.8%	62	7.8%
PROPERTY, PLANT AND EQUIPMENTS - NET	481	11.4%	313	39.6%
OTHER NON-CURRENT ASSETS	361	8.5%	29	3.6%
<b>TOTAL NON-CURRENT</b>	<b>1,665</b>	<b>39.3%</b>	<b>409</b>	<b>51.7%</b>
<b>TOTAL ASSETS</b>	<b>4,234</b>	<b>100.0%</b>	<b>792</b>	<b>100.0%</b>

**Table 1.11 Common size balance sheet (Cont.)**

	MODERN		ROCK	
	2013		2013	
	(MB)		(MB)	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
TRADE ACCOUNTS AND OTHER PAYABLE	445	10.5%	71	9.0%
CUSTOMER DEPOSITS	741	17.5%	11	1.4%
OTHER CURRENT LIABILITIES	96	2.3%	249	31.5%
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,282</b>	<b>30.3%</b>	<b>331</b>	<b>41.8%</b>
LONG-TERM LOANS	-	0.0%	29	3.7%
PROVISION FOR LONG-TERM EMPLOYEE BENEFITS	122	2.9%	31	3.9%
OTHER NON-CURRENT LIABILITIES	3	0.1%	4	0.5%
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>125</b>	<b>3.0%</b>	<b>63</b>	<b>8.0%</b>
<b>TOTAL LIABILITIES</b>	<b>1,407</b>	<b>33.2%</b>	<b>395</b>	<b>49.9%</b>
ISSUED AND PAID-UP SHARE PREMIUM	750	17.7%	200	25.2%
RETAINED EARNINGS (DEFICIT) - UNAPPROPRIATED	876	20.7%	168	21.1%
OTHER	429	10.1%	30	3.8%
<b>EQUITY ATTRIBUTABLE TO THE OWNER OF THE COMPANY</b>	<b>2,789</b>	<b>65.9%</b>	<b>397</b>	<b>50.1%</b>
NON-CONTROLLING INTERESTS	38	0.9%	-	0.0%
<b>TOTAL EQUITY</b>	<b>2,827</b>	<b>66.8%</b>	<b>397</b>	<b>50.1%</b>
<b>TOTAL LIABILITIES AND TOTAL EQUITY</b>	<b>4,234</b>	<b>100.0%</b>	<b>792</b>	<b>100.0%</b>

(Source: Modernform and Rockworth, the company's annual report (2013))

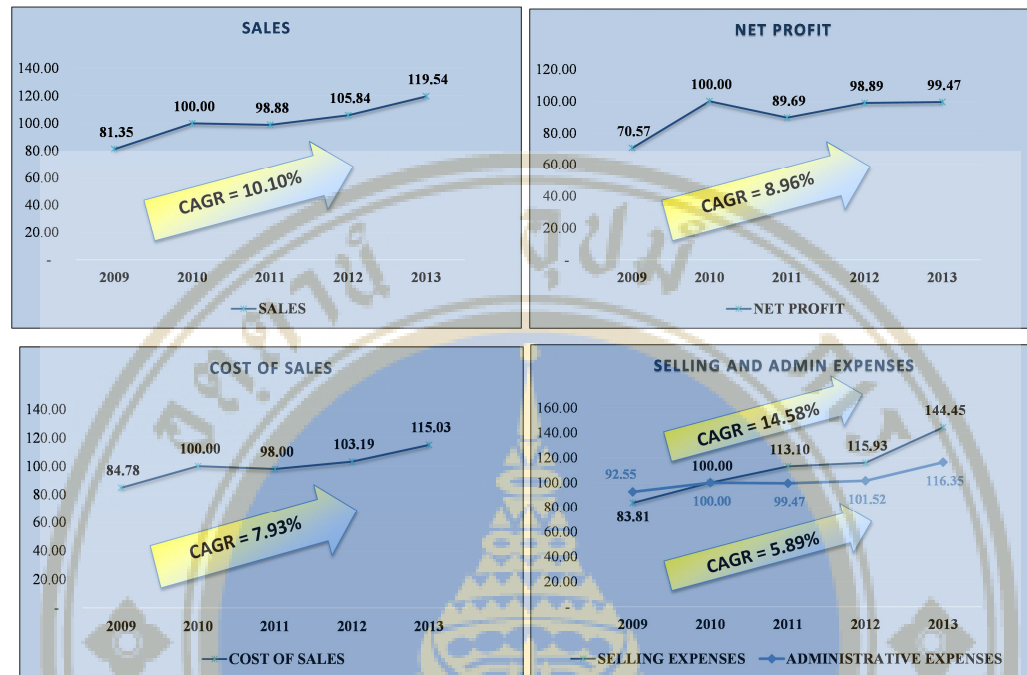
### 1.7.3 Trend analysis

#### Income statement

Over the past 5 years, the CAGR of sales was approximately at the rate of 10.10%. Revenue from sales increased because the delivery of project in 2013 from the backlog of orders was higher than last year due to a rising in demand for residence and office furniture mainly from residential projects. The trend of cost of sales, selling and admin expense are increasing in relation to an increase in sales. However, for cost of sales, when looking together with the common size percentage, the proportion of cost of sales to sales slightly decreased from last year owing to economies of scales in cost management. Selling and administrative expense increased mainly from a rising in salary and wages and other employee benefits, an increase in transportation and installation expenses due to the delay of a delivery and installation requested by the property developers as a consequence of political instability. An increase in selling



expenses also includes an increase in advertising expense as the company tried to drive sales volume by spending more in advertising in television media to promote brand recognition. The CAGR of net profit is about 8.96% over the past 5 years.

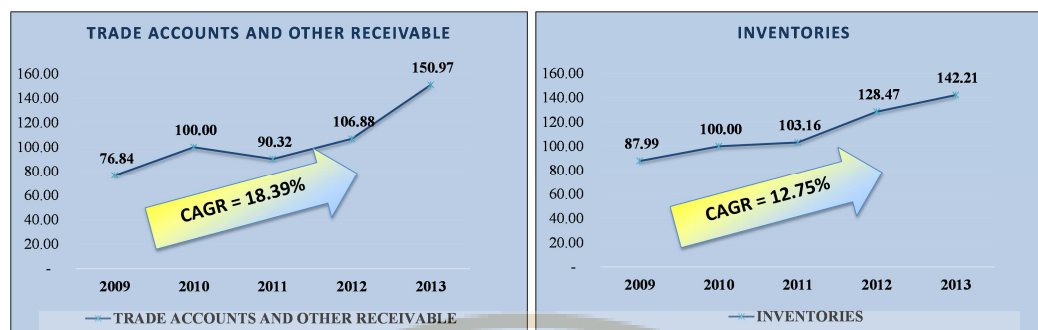


**Figure 1.23 CAGR of sales, net profit, cost of sales and selling and administrative expense**

(Source: Modernform, the company's annual report (2009-2013))

### Balance sheet

Trade accounts and other receivable, inventory and customer deposits significantly increase following an increase in sales, but a delay in delivery of inventory at the end of the year from political situation also brought about a delay in turning the customer deposits into revenue. Available-for-sales-investment had largely increased because of a reclassification of an investment in MFEC from investment in associates.



**Figure 1.24 CAGR of trade accounts and other receivable and inventories**

(Source: Modernform, the company's annual report (2009-2013))

Trade accounts and other payable also increase in relation to an increase in purchase to support an increase in sales.

Issued and paid-up capital decreased because the company sold 30,000,000 units of treasury stocks and reduced its paid up share capital by 50,000,720 shares of treasury stock from the share repurchase program. Other reserves also decrease as the company no longer requires maintaining the reserve for treasury stocks. Unappropriated retained earnings increased following a reversal of appropriated retained earnings for treasury stocks.

#### 1.7.4 Financial ratios: Return

Gross profit margin is on a rising trend, reaching the new high at 41% in 2013, which indicates that the company's ability to generate profit before SG&A expense from selling goods and rendering service has continuously improved over the past years. From the graph of gross profit margin of MODERN is higher than ROCK around 7%.

ROA of MODERN at 11% is significantly higher than ROCK, implying that the company's ability to manage the business operation is better than its competitor in spite of a slightly decrease almost 2% YOY. The profit margin is higher than ROCK around 10%. The tax efficiency of MODERN is also higher than ROCK, while ROCK is better off in terms of asset turnover. A slightly decrease in ROA came mainly from an increase in proportion of trade and other receivables and inventories to sales which caused total asset turnover to be lower than prior year.

**Table 1.12 Comparative ROA of Modernform and Rockworth**

<b>ROA</b>		<b>MODERN</b>					<b>ROCK</b>
		2009A	2010A	2011A	2012A	2013A	2013A
Profit Margin	%	12%	15%	13%	14%	12%	2%
Tax Efficiency	x	1.18	1.07	1.10	1.04	1.04	(1.31)
Asset Turnover	x	0.73	0.90	0.89	0.87	0.85	0.98
ROA	%	10%	14%	13%	13%	11%	-3%

**(Note: ROA = EBIT (1-Implied tax rate)/Avg Total asset).**

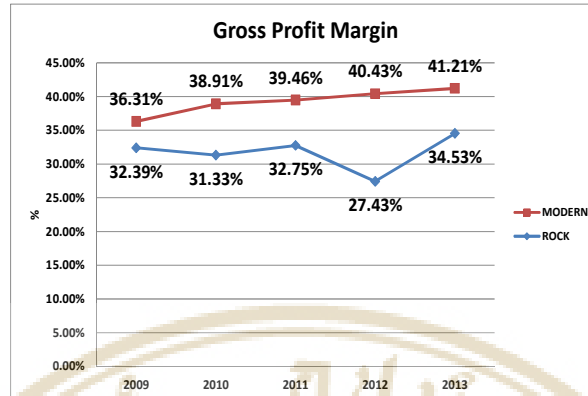
*(Source: Modernform and Rockworth, the company's annual report (2009-2013))*

ROE of MODERN is at 16%, moving in the same direction as an ROA. In 2013 the ROE of MODERN is higher than ROCK about 18%, indicating that the company can generate more return to common shareholders than its competitors although it is slightly decrease by 1% YOY as a consequence of a decrease in ROA. The earnings leverage shows that the company is good in managing its financial costs as the ratio is consecutively very close to 1, which means that the NOPAT is very close to the net income due to a small amount of financial cost. The capital structure leverage of MODERN is also slightly increased from 1.38x to 1.45x as it has more liabilities than last year from an increase in customer deposits and higher trade and other payables.

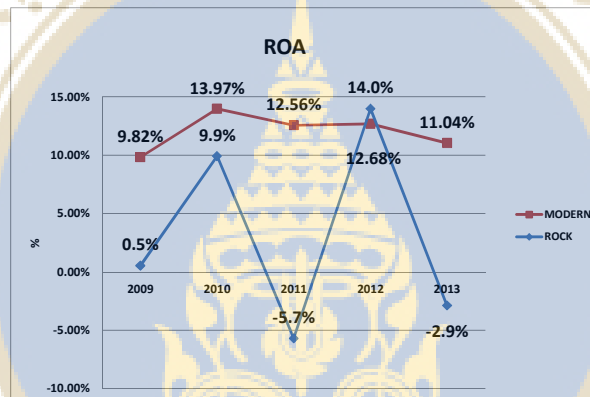
**Table 1.13 Comparative ROE of Modernform and Rockworth**

<b>ROE</b>		<b>MODERN</b>					<b>ROCK</b>
		2009A	2010A	2011A	2012A	2013A	2013A
ROA	%	10%	14%	13%	13%	11%	-3%
Earning Leverage	x	0.99	0.99	0.99	0.99	0.99	0.37
Capital Structure Leverage	x	1.23	1.27	1.33	1.38	1.45	2.31
ROE		12%	18%	17%	17%	16%	-2%

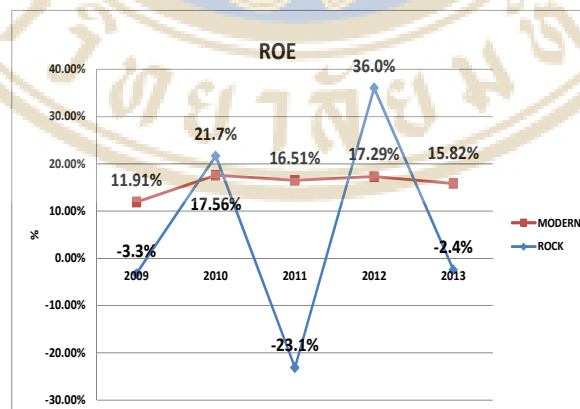
*(Source: Modernform and Rockworth, the company's annual report (2009-2013))*



**Figure 1.25 Gross profit margin of Modernform VS Rockworth**  
 (Source: Modernform and Rockworth, the company's annual report (2009-2013))

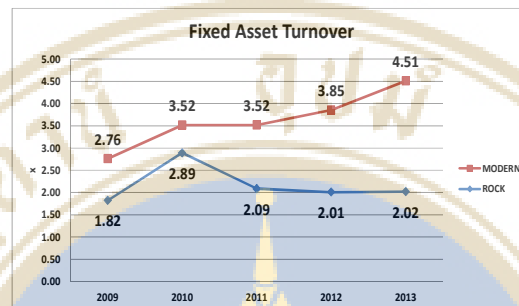


**Figure 1.26 ROA of Modernform VS Rockworth**  
 (Source: Modernform and Rockworth, the company's annual report (2009-2013))

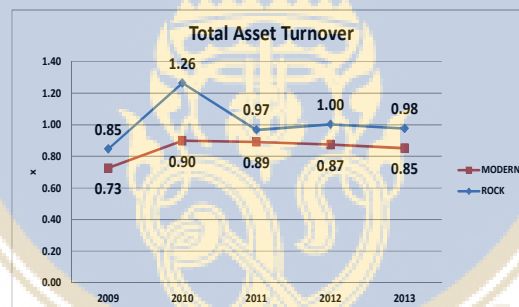


**Figure 1.27 ROE of Modernform VS Rockworth**  
 (Source: Modernform and Rockworth, the company's annual report (2009-2013))

Fixed assets turnover of MODERN at 4.51x is more than double higher than ROCK as MODERN is more efficient in using fixed assets to generate sales. However, MODERN is less efficient than competitors in terms of total asset turnover (MODERN:0.85x ;ROCK: 0.98x) because of the high amount of inventories and trade accounts and other receivables.



**Figure 1.28 Fixed asset turnover of Modernform VS Rockworth**  
(Source: Modernform and Rockworth, the company's annual report (2009-2013))



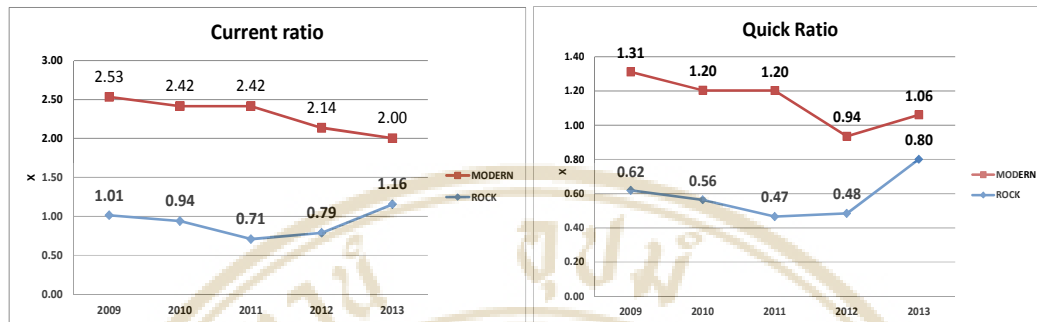
**Figure 1.29 Total asset turnover of Modernform VS Rockworth**  
(Source: Modernform and Rockworth, the company's annual report (2009-2013))

### 1.7.5 Financial ratios: Risk

#### Short-term liquidity risk

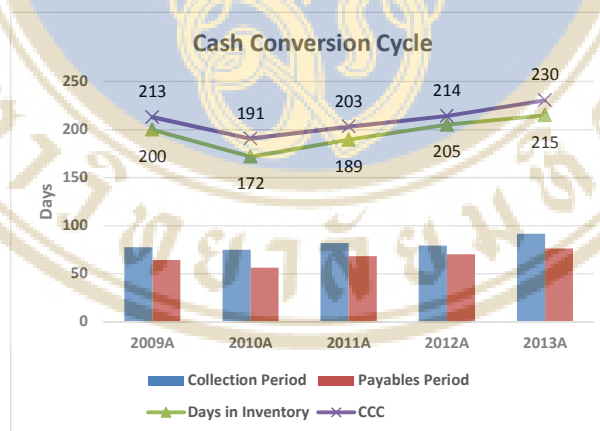
Current ratio and quick ratio of MODERN imply that the company does not have a liquidity problem as the company's current assets is still much higher than its current liabilities (Current ratio = 2.00 times; Quick ratio = 1.06 times in 2013) even though both ratios are on a decreasing trend which indicates that the company is less liquid than before. On the other hand, both ratios of ROCK moved on a downward until 2011 and started to improve in 2012 to 2013 due to a decrease in accounts and

other payables and a repayment of current portion of long term loan at the end of 2013.



**Figure 1.30 Current ratio and quick ratio of Modernform VS Rockworth**  
 (Source: Modernform and Rockworth, the company's annual report (2009-2013))

Cash conversion cycle of MODERN is significantly longer than ROCK approximately 138 days, indicating that the average number of days after paying to suppliers and collecting cash from customers is longer for MODERN than ROCK. The major contributor came from a very long inventory conversion period and partly from the longer DSO of MODERN. Therefore, MODERN has higher risk than its competitors in this area.

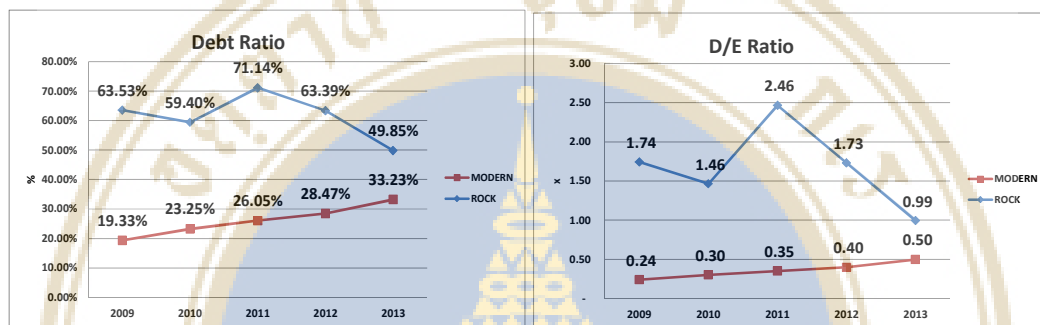


**Figure 1.31 Cash conversion cycle of Modernform**  
 (Source: Modernform, the company's annual report (2009-2013))

### Long-term solvency risk

Debt ratio of MODERN keeps increasing over time signaling an increase in long term risk to meet its obligation. However, the current debt ratio around 33% is still considered very low leverage and hence subject to low risk. The higher debt ratio on the other hand could help boost up the ROE.

Debt to Equity ratio of MODERN is around 0.50x. However, of 100% of the total liabilities, the company has interest-bearing debt only 0.86% which is considered very low solvency risk.



**Figure 1.32 Debt ratio and D/E ratio of Modernform VS Rockworth**

(Source: Modernform and Rockworth, the company's annual report (2009-2013))

A very high interest coverage ratio of MODERN at 86.50x indicates that the company has no risk to meet an interest expense when it becomes due.



### 1.7.6 Summary of key financial ratios

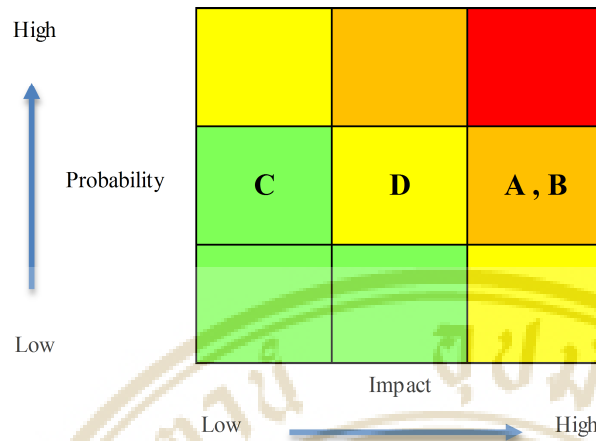
**Table 1.14 Summary of key financial ratios**

Key Financial Ratio	MODERN	ROCK
	2013A	2013A
Current Ratio (x)	2.0	1.16
Quick Ratio (x)	1.06	0.8
Acc Receivable Turnover (x)	3.99	4.92
Collection Period (days)	92	74
Inventory Turnover (x)	1.7	4.13
Days in Inventory (days)	215	88
Payables Turnover (x)	4.8	5.24
Payables Period (days)	76	70
Cash Conversion Cycle (days)	230.36	92.86
Gross Profit Margin (%)	41.21%	34.53%
EBIT Margin (%)	14.60%	2.76%
EBITDA Margin (%)	17.33%	8.23%
Net Profit Margin (%)	12.80%	-1.08%
ROA (%)	11.04%	-2.89%
ROE (%)	15.82%	-2.44%
Debt Ratio (%)	33.23%	49.85%
Debt to Equity Ratio (x)	0.5	0.99
Interest Coverage Ratio (x)	86.5	1.58
P/E (x)	15.39	11.98
P/BV(x)	2.29	1.58

*(Source: Modernform and Rockworth, the company's annual report (2013))*

### 1.8 Investment risks and downside possibilities

The company has set up risk management measures, scopes and practices for executives and staff to comply with to minimize potential business risks. In 2014, the company evaluated possible risks that could occur and may affect our operations as follows (Modernform, the company's annual report (2013). Risk Factors, 19-20):



**Figure 1.33 Risk matrix table**

(Source: Modernform, the company's annual report (2013). Risk Factors, 19-20, and our estimation of risk level)

#### **Risk from economic instability and expansion of real estate industry**

**(A)**

As the main source of income of the company came from domestic, the risk that has a major impact would be an economic in country as the sluggish consumption will have a negative effect on sales of Modernform. However, the company expects the Thai economy will continue to grow from the recovery of the world economy. In addition, employment rates remain healthy while the local money market is quite relaxed due to low interest rates which should increase consumption and private sector investments. At the other front, the public sector is spending in mega infrastructure projects is likely to increase which should slow down the fall of domestic spending by a certain degree. This however is subject to how long the current political instability will last. Moreover, Modernform has subsidiaries that are currently generating incomes from a variety of businesses and gathering with incomes from subsidiaries, the company is able to minimize some business cyclical risks as each industry has its own different business cycle. We considered that an unstable economic is an important risk that we concern the most because it has a direct impact on sales growth of the company. In our opinion, this risk is moderate to high level.

**Competition risk (B)**

At present, various businesses that we run witness fierce competitions both in terms of pricing and increasing manufacturers, distributors or new players. Yet, we are able to develop sophisticated products, select and import unique items that answer the desires of our customers, deliver quality services and continue to improve our sales, production and service processes. Thus, it helped us to be a leader in each market we are in and reduced competition risk. However, the barriers to entry in a furniture market is quite moderate to low especially if either direct and indirect competitors can develop a new technology to produce a furniture at lower cost with competitive quality, the company might lose market share and it would definitely affect the profitability. Therefore, we weigh competitor risk at moderate to high level.

**Risks on raw material (C)**

The Company set a policy on consumption of high proportion of local high-quality raw materials. Their prices are moving along with the markets. Although the material prices increase sharply, there are a number of manufacturing plants. Therefore, the Company mitigates risks by comparing prices from several suppliers before ordering. In addition, with high volume of raw materials used, the Company wields bargaining power in negotiation with the manufacturing plants for the best conditions. It always monitors price movement. The fittings and supplies used in furniture production, such as finishing foil, hinges, drawer tracks, locks and other hardware items are mostly imported. Prices may fluctuate in response to foreign manufacturers or currency exchange rates, however, in recent periods such problems have not arisen as the Company imports its own fittings and supplies. As such, large order volumes placed enabled the Company to have high bargaining power and gain discounts from the foreign producers. Furthermore, the Company is aware of price changes several months in advance, allowing it sufficient time to adjust costs and prices accordingly. Due to the fact that Modernform has high bargaining power and not rely heavily on one supplier, we conclude that this risk is at moderate to low level.

**Risk of inability to outsource on production (D)**

Currently the machine capacity of Modernform is around 90 % and the company did not plan to expand the factory or invest more in machine so they outsource the production around 20% in order to maintain profit margin about 37-38%. We considered this risk at moderate level because the company can manage the production volume by planning production volume that requires outsource in advance.



## CHAPTER II

### DATA

#### 2.1 Annual statements of Modernform Group PLC.

**Table 2.1 Income statement of Modernform Group PLC.**

Items	Yearly/2008	Yearly/2009	Yearly/2010	Yearly/2011	Yearly/2012	Yearly/2013
	(31/12/2008)	(31/12/2009)	(31/12/2010)	(31/12/2011)	(31/12/2012)	(31/12/2013)
	'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht
<b>INCOME STATEMENT</b>						
<b>REVENUES</b>						
SALES	2,676,435.00	2,264,173.00	2,783,324.00	2,752,041.00	2,945,836.00	3,327,296.00
OTHER INCOME						
RENTAL INCOME	65,451.00	67,153.00	65,989.00	67,861.00	69,694.00	74,544.00
SERVICES INCOME	-	24,117.00	47,153.00	51,682.00	78,398.00	92,394.00
DIVIDEND INCOME	-	-	-	-	26,141.00	27,981.00
GAIN ON DISPOSAL OF INVESTMENTS	-	-	34,021.00	-	-	-
GAIN ON DISPOSAL OF INTANGIBLE ASSETS	-	11,193.00	-	-	-	-
GAIN ON FAIR VALUE ADJUSTMENTS OF INVESTMENTS	-	-	-	63,701.00	-	-
OTHER INCOMES - OTHERS	12,443.00	29,741.00	56,961.00	56,493.00	42,242.00	33,480.00
<b>TOTAL REVENUES</b>	<b>2,754,329.00</b>	<b>2,396,377.00</b>	<b>2,987,448.00</b>	<b>2,991,778.00</b>	<b>3,162,311.00</b>	<b>3,555,695.00</b>
<b>EXPENSES</b>						
COST OF SALES	1,652,921.00	1,441,627.00	1,700,396.00	1,666,307.00	1,754,582.00	1,956,043.00
COST OF SERVICES	-	13,094.00	24,383.00	25,391.00	41,230.00	60,010.00
SELLING EXPENSES	327,787.00	445,803.00	531,901.00	601,564.00	616,637.00	768,329.00
ADMINISTRATIVE EXPENSES	378,731.00	228,064.00	246,415.00	245,107.00	250,149.00	286,710.00
OTHER EXPENSES	12,887.00	6,573.00	9,170.00	11,860.00	16,718.00	26,452.00
<b>TOTAL EXPENSES</b>	<b>2,372,326.00</b>	<b>2,135,161.00</b>	<b>2,512,265.00</b>	<b>2,550,229.00</b>	<b>2,679,316.00</b>	<b>3,097,544.00</b>
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES</b>	<b>382,003.00</b>	<b>261,216.00</b>	<b>475,183.00</b>	<b>441,549.00</b>	<b>482,995.00</b>	<b>458,151.00</b>
SHARES OF PROFITS FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	115,464.00	111,090.00	103,600.00	62,110.00	48,986.00	60,728.00
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES</b>	<b>497,467.00</b>	<b>372,306.00</b>	<b>578,783.00</b>	<b>503,659.00</b>	<b>531,981.00</b>	<b>518,880.00</b>
FINANCE COSTS	(13,910.00)	(5,248.00)	(5,547.00)	(5,425.00)	(4,933.00)	(5,410.00)
<b>PROFIT (LOSS) BEFORE INCOME TAX EXPENSES</b>	<b>483,557.00</b>	<b>367,058.00</b>	<b>573,236.00</b>	<b>498,234.00</b>	<b>527,048.00</b>	<b>513,470.00</b>
INCOME TAX EXPENSES	(99,735.00)	(64,766.00)	(144,881.00)	(114,035.00)	(103,460.00)	(87,374.00)
<b>NET PROFIT (LOSS)</b>	<b>383,822.00</b>	<b>302,292.00</b>	<b>428,355.00</b>	<b>384,199.00</b>	<b>423,588.00</b>	<b>426,096.00</b>
PROFIT (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	382,511.00	299,524.00	427,377.00	373,541.00	410,025.00	420,490.00
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1,311.00	2,768.00	978.00	10,658.00	13,563.00	5,606.00
BASIC EARNINGS PER SHARE (UNIT : BAHT)	4.60	3.74	5.60	0.52	0.57	0.57
DILUTED EARNINGS PER SHARE (UNIT : BAHT)	4.60	-	-	0.52	0.57	0.57
<b>OTHER COMPREHENSIVE INCOME</b>						
NET PROFIT (LOSS)	-	-	-	384,199.00	423,588.00	426,096.00
UNREALISED GAINS (LOSSES) ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	-	-	-	1,609.00	124,254.00	3,101.00
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME	-	-	-	-	-	620.00
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>385,808.00</b>	<b>547,842.00</b>	<b>423,615.00</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375,150.00</b>	<b>534,279.00</b>	<b>418,009.00</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,658.00</b>	<b>13,563.00</b>	<b>5,606.00</b>

(Source: Modernform, the company's annual report (2008-2013) and setsmart website)

**Table 2.2 Balance sheet of Modernform Group PLC.**

Items	Yearly/2008	Yearly/2009	Yearly/2010	Yearly/2011	Yearly/2012	Yearly/2013
	(31/12/2008)	(31/12/2009)	(31/12/2010)	(31/12/2011)	(31/12/2012)	(31/12/2013)
	'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
CASH AND CASH EQUIVALENTS	130,480.00	265,666.00	123,602.00	145,163.00	101,144.00	312,520.00
CURRENT INVESTMENTS	-	-	-	89,318.00	9,596.00	10,030.00
TRADE ACCOUNTS AND OTHER RECEIVABLE	465,063.00	497,288.00	647,189.00	584,519.00	691,691.00	977,031.00
INVENTORIES	829,397.00	748,871.00	851,085.00	877,954.00	1,093,413.00	1,210,358.00
PREPAYMENTS	14,584.00	21,835.00	48,209.00	24,917.00	14,458.00	16,546.00
OTHER CURRENT ASSETS - OTHERS	18,893.00	18,827.00	25,477.00	24,564.00	33,730.00	42,959.00
<b>TOTAL CURRENT ASSETS</b>	<b>1,458,417.00</b>	<b>1,552,487.00</b>	<b>1,695,562.00</b>	<b>1,746,435.00</b>	<b>1,944,032.00</b>	<b>2,569,444.00</b>
<b>NON-CURRENT ASSETS</b>						
AVAILABLE-FOR-SALE INVESTMENT	13,407.00	19,587.00	24,490.00	351,274.00	578,665.00	575,564.00
INVESTMENT IN ASSOCIATES	678,661.00	732,003.00	451,938.00	240,147.00	269,933.00	326,646.00
INVESTMENT PROPERTIES - NET	-	-	-	282,053.00	264,559.00	246,910.00
PROPERTY, PLANT AND EQUIPMENTS - NET	839,923.00	800,306.00	782,790.00	499,318.00	483,797.00	481,291.00
GOODWILL - NET	-	10,167.00	10,167.00	10,167.00	10,167.00	10,167.00
INTANGIBLE ASSETS - NET	6,812.00	5,296.00	4,185.00	4,155.00	4,012.00	3,879.00
LEASEHOLD RIGHT - NET	37,090.00	17,965.00	23,786.00	11,196.00	9,098.00	6,224.00
OTHER NON-CURRENT ASSETS	31,182.00	33,244.00	25,633.00	14,560.00	11,523.00	13,994.00
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,607,075.00</b>	<b>1,618,568.00</b>	<b>1,322,989.00</b>	<b>1,412,870.00</b>	<b>1,631,754.00</b>	<b>1,664,675.00</b>
<b>TOTAL ASSETS</b>	<b>3,065,492.00</b>	<b>3,171,055.00</b>	<b>3,018,551.00</b>	<b>3,159,305.00</b>	<b>3,575,786.00</b>	<b>4,234,119.00</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS	57,358.00	24,880.00	34,374.00	2,245.00	66,199.00	11,089.00
TRADE ACCOUNTS AND OTHER PAYABLE	220,365.00	259,602.00	294,539.00	336,959.00	418,727.00	444,720.00
CUSTOMER DEPOSITS	137,726.00	196,027.00	164,936.00	302,544.00	334,037.00	741,227.00
ADVANCES AND SHORT-TERM LOANS	-	-	-	-	-	-
RELATED PARTIES	-	-	-	400.00	-	-
CORPORATE INCOME TAX PAYABLE	40,862.00	36,976.00	98,627.00	57,729.00	58,897.00	55,155.00
ACCRUED EXPENSE	30,745.00	31,003.00	38,359.00	-	-	-
OTHER CURRENT LIABILITIES - OTHERS	63,716.00	64,520.00	70,634.00	22,504.00	32,421.00	29,957.00
<b>TOTAL CURRENT LIABILITIES</b>	<b>550,772.00</b>	<b>613,008.00</b>	<b>701,469.00</b>	<b>722,381.00</b>	<b>910,281.00</b>	<b>1,282,148.00</b>
<b>NON-CURRENT LIABILITIES</b>						
PROVISION FOR LONG-TERM EMPLOYEE	-	-	-	100,114.00	107,780.00	122,462.00
DEFERRED TAX LIABILITIES	-	-	-	-	-	2,529.00
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,114.00</b>	<b>107,780.00</b>	<b>124,991.00</b>
<b>TOTAL LIABILITIES</b>	<b>550,772.00</b>	<b>613,008.00</b>	<b>701,469.00</b>	<b>822,495.00</b>	<b>1,018,061.00</b>	<b>1,407,139.00</b>
<b>SHAREHOLDERS' EQUITY</b>						
<b>SHARE CAPITAL</b>						
REGISTERED	892,000.00	892,000.00	892,000.00	892,000.00	859,647.00	809,646.00
ISSUED AND PAID-UP	832,354.00	832,354.00	832,354.00	832,354.00	800,001.00	750,000.00
SHARE PREMIUM	733,567.00	733,566.00	733,566.00	733,566.00	733,567.00	733,567.00
TREASURY STOCKS PREMIUM	-	-	-	-	-	145,956.00
TREASURY SHARES	(44,853.00)	(92,635.00)	(425,326.00)	(425,326.00)	(332,690.00)	-
RETAINED EARNINGS (DEFICIT)						
APPROPRIATED						
STATUTORY RESERVES - THE COMPANY	90,000.00	90,000.00	90,000.00	90,000.00	90,000.00	90,000.00
- THE SUBSIDIARY	-	-	-	-	22,414.00	22,836.00
OTHER RESERVES	44,853.00	92,635.00	425,326.00	425,326.00	332,690.00	-
RETAINED EARNINGS (DEFICIT) -	829,990.00	861,457.00	616,142.00	565,280.00	661,251.00	875,816.00
OTHER COMPONENTS OF SHAREHOLDER'S	22,801.00	27,604.00	30,975.00	91,340.00	215,593.00	170,564.00
<b>EQUITY ATTRIBUTABLE TO THE OWNER OF</b>	<b>2,508,712.00</b>	<b>2,544,981.00</b>	<b>2,303,037.00</b>	<b>2,312,540.00</b>	<b>2,522,826.00</b>	<b>2,788,739.00</b>
NON-CONTROLLING INTERESTS	6,008.00	13,066.00	14,045.00	24,270.00	34,899.00	38,241.00
<b>TOTAL EQUITY</b>	<b>2,514,720.00</b>	<b>2,558,047.00</b>	<b>2,317,082.00</b>	<b>2,336,810.00</b>	<b>2,557,725.00</b>	<b>2,826,980.00</b>
<b>TOTAL LIABILITIES AND TOTAL EQUITY</b>	<b>3,065,492.00</b>	<b>3,171,055.00</b>	<b>3,018,551.00</b>	<b>3,159,305.00</b>	<b>3,575,786.00</b>	<b>4,234,119.00</b>

(Source: Modernform, the company's annual report (2008-2013) and setsmart website)

## 2.2 Annual statements of Rockworth PLC.

**Table 2.3 Income statement of Rockworth PLC.**

Items	Yearly/2008	Yearly/2009	Yearly/2010	Yearly/2011	Yearly/2012	Yearly/2013
	(31/12/2008)	(31/12/2009)	(31/12/2010)	(31/12/2011)	(31/12/2012)	(31/12/2013)
	'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht
<b>INCOME STATEMENT</b>						
<b>REVENUES</b>						
SALES AND SERVICE INCOME	962,607.00	541,695.00	851,726.00	683,358.10	751,157.06	774,555.54
OTHER INCOME	9,832.00	4,420.00	5,792.02	11,821.50	141,958.15	18,871.61
INTEREST INCOME	1,425.00	610.00	313.64	407.36	-	-
GAIN ON FOREIGN CURRENCY EXCHANGE	5,675.00	743.00	-	1,380.05	-	-
GAIN ON DISPOSAL OF FIXED ASSETS	-	-	-	4,446.13	-	-
OTHER INCOMES - OTHERS	2,732.00	3,067.00	5,478.38	5,587.96	141,958.15	18,871.61
<b>TOTAL REVENUES</b>	<b>972,439.00</b>	<b>546,115.00</b>	<b>857,518.02</b>	<b>695,179.60</b>	<b>893,115.21</b>	<b>793,427.15</b>
<b>EXPENSES</b>						
COST OF SALE AND COST OF SERVICES	695,930.00	366,231.00	584,904.77	459,546.98	545,117.71	507,092.23
SELLING EXPENSES	89,064.00	69,124.00	71,986.22	72,611.68	106,604.38	96,836.73
ADMINISTRATIVE EXPENSES	136,152.00	104,015.00	107,253.19	111,362.27	108,689.00	97,710.76
OTHER EXPENSES	-	-	1,619.49	75,095.69	11,335.67	51,318.62
LOSS ON FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES	-	-	-	-	-	3,062.00
BAD DEBT AND DOUBTFUL ACCOUNTS	-	-	-	-	-	28,007.34
IMPAIRMENT LOSS OF INVESTMENTS	-	-	-	-	-	20,249.28
OTHER EXPENSES - OTHER	-	-	1,619.49	75,095.69	11,335.67	-
<b>TOTAL EXPENSES</b>	<b>921,146.00</b>	<b>539,370.00</b>	<b>765,763.67</b>	<b>718,616.62</b>	<b>771,746.76</b>	<b>752,958.34</b>
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES</b>	<b>51,293.00</b>	<b>6,745.00</b>	<b>91,754.35</b>	<b>(23,437.02)</b>	<b>121,368.45</b>	<b>40,468.81</b>
SHARES OF LOSSES FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	-	(3,321.00)	(3,827.51)	(16,781.54)	(16,568.62)	(18,573.53)
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES</b>	<b>51,293.00</b>	<b>3,424.00</b>	<b>87,926.84</b>	<b>(40,218.56)</b>	<b>104,799.83</b>	<b>21,895.28</b>
FINANCE COSTS	(17,103.00)	(11,180.00)	(13,558.13)	(16,487.63)	(15,797.75)	(13,876.01)
<b>PROFIT (LOSS) BEFORE INCOME TAX EXPENSES</b>		<b>(7,756.00)</b>	<b>74,368.71</b>	<b>(56,706.19)</b>	<b>89,002.08</b>	<b>8,019.27</b>
INCOME TAX EXPENSES	(10,402.00)	-	(17,910.61)	-	-	(16,410.74)
<b>NET PROFIT (LOSS)</b>	<b>23,788.00</b>	<b>(7,756.00)</b>	<b>56,458.10</b>	<b>(56,706.19)</b>	<b>89,002.08</b>	<b>(8,391.47)</b>
PROFIT (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	23,788.00	(7,756.00)	56,458.11	(56,706.19)	89,002.08	(8,391.47)
BASIC EARNINGS PER SHARE (UNIT : BAHT)	2.38	(0.78)	5.65	(5.67)	8.90	(0.51)
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>NET PROFIT (LOSS)</b>	-	-	-	<b>(56,706.20)</b>	<b>89,002.08</b>	<b>(8,391.47)</b>
CHANGE IN ASSETS REVALUATION SURPLUS	-	-	-	-	-	17,222.00
UNREALISED GAINS (LOSSES) ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	-	-	-	51.26	32.48	893.73
ACTUARIAL GAINS (LOSSES) ON EMPLOYEE BENEFIT PLANS	-	-	-	-	-	3,827.58
EXCHANGE DIFFERENCES ON TRANSLATING FOREIGN OPERATIONS	-	-	-	(5,854.02)	(1,838.47)	(4,055.90)
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME	-	-	-	-	-	(4,388.66)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	-	-	-	<b>(62,508.96)</b>	<b>87,196.08</b>	<b>5,107.28</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	-	-	-	<b>(62,508.96)</b>	<b>87,196.08</b>	<b>5,107.28</b>

(Source: Rockworth, the company's annual report (2008-2013) and setsmart website)



Table 2.4 Balance sheet of Rockworth PLC.

Items	Yearly/2008	Yearly/2009	Yearly/2010	Yearly/2011	Yearly/2012	Yearly/2013
	(31/12/2008)	(31/12/2009)	(31/12/2010)	(31/12/2011)	(31/12/2012)	(31/12/2013)
	'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
CASH AND CASH EQUIVALENTS	46,471.00	82,747.00	46,351.75	48,282.61	7,070.76	13,993.91
SHORT-TERM INVESTMENTS	3,000.00	-	-	-	-	100,761.30
TRADE ACCOUNTS AND OTHER RECEIVABLE	92,959.00	93,801.00	142,276.88	109,221.29	171,911.70	142,856.29
INVENTORIES	128,735.00	116,687.00	130,818.48	91,382.17	128,113.58	117,441.50
REFUNDABLE VALUE ADDED TAX	21,794.00	32.00	-	-	-	-
PREPAYMENTS	-	-	-	7,851.02	-	-
OTHER CURRENT ASSETS - OTHERS	7,081.00	5,936.00	7,306.73	10,848.25	-	-
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>28,875.00</b>	<b>5,968.00</b>	<b>7,306.73</b>	<b>18,699.27</b>	<b>24,584.11</b>	<b>7,843.31</b>
<b>TOTAL CURRENT ASSETS</b>	<b>300,040.00</b>	<b>299,203.00</b>	<b>326,753.84</b>	<b>267,585.34</b>	<b>331,680.15</b>	<b>382,896.31</b>
<b>NON-CURRENT ASSETS</b>						
RESTRICTED BANK DEPOSITS	20,613.00	20,613.00	16,500.00	16,523.14	16,718.00	16,500.00
AVAILABLE-FOR-SALE INVESTMENTS	92.00	205.00	252.90	201.64	5,234.12	5,266.55
INVESTMENT IN ASSOCIATES	-	10,943.00	46,769.66	49,491.70	42,878.71	-
LONG-TERM INVESTMENTS	-	-	-	-	1,500.00	1,500.00
INVESTMENT PROPERTIES - NET	-	-	-	62,447.00	64,982.00	61,920.00
PROPERTY, PLANT AND EQUIPMENTS - NET	299,527.00	294,329.00	294,884.76	297,323.43	322,894.23	313,281.76
INTANGIBLE ASSETS - NET	-	-	-	-	-	2,953.19
LEASEHOLD RIGHT - NET	9,834.00	7,847.00	5,860.11	7,731.50	5,569.27	3,407.04
DEPOSITS	9,361.00	6,901.00	16,659.01	3,797.88	2,618.02	4,384.76
<b>TOTAL NON-CURRENT ASSETS</b>	<b>339,427.00</b>	<b>340,838.00</b>	<b>380,926.44</b>	<b>437,516.29</b>	<b>462,394.35</b>	<b>409,213.30</b>
<b>TOTAL ASSETS</b>	<b>639,467.00</b>	<b>640,041.00</b>	<b>707,680.28</b>	<b>705,101.63</b>	<b>794,074.50</b>	<b>792,109.61</b>
<b>CURRENT LIABILITIES</b>						
BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS	21,288.00	90,000.00	99,047.09	136,696.28	222,235.56	209,165.36
LIABILITIES UNDER TRUST RECEIPTS	10,731.00	4,551.00	10,536.54	-	-	-
TRADE ACCOUNTS AND OTHER PAYABLE	121,612.00	103,012.00	122,183.65	148,959.28	118,513.82	71,009.01
ADVANCES AND SHORT-TERM LOANS RELATED PARTIES	-	20,000.00	20,000.00	30,101.92	20,067.94	-
CURRENT PORTION OF LONG-TERM LOANS	44,531.00	40,926.00	44,045.24	58,033.64	51,034.86	21,487.17
CURRENT PORTION OF LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS	1,118.00	743.00	924.17	2,028.38	1,707.86	2,022.23
ADVANCES RECEIVED FROM CUSTOMERS	33,068.00	9,979.00	13,309.15	-	-	11,214.47
CORPORATE INCOME TAX PAYABLE	9,227.00	-	15,848.45	-	-	10,375.69
ACCRUED EXPENSE	17,631.00	23,773.00	16,056.44	-	-	-
OTHER CURRENT LIABILITIES - OTHERS	3,629.00	1,990.00	5,679.70	2,261.62	6,712.41	6,189.29
<b>TOTAL CURRENT LIABILITIES</b>	<b>262,835.00</b>	<b>294,974.00</b>	<b>347,630.43</b>	<b>378,081.12</b>	<b>420,272.45</b>	<b>331,463.22</b>
<b>NON-CURRENT LIABILITIES</b>						
LONG-TERM LOANS	131,179.00	109,801.00	71,192.55	92,281.66	48,377.82	28,941.13
LIABILITIES UNDER FINANCIAL LEASE AGREEMENT	2,078.00	1,833.00	1,557.67	2,294.12	3,028.46	2,834.99
PROVISION FOR LONG-TERM EMPLOYEE BENEFITS	-	-	-	28,938.31	31,693.26	30,682.47
DEFERRED TAX LIABILITIES	-	-	-	-	-	956.44
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>133,257.00</b>	<b>111,634.00</b>	<b>72,750.22</b>	<b>123,514.09</b>	<b>83,099.54</b>	<b>63,415.03</b>
<b>TOTAL LIABILITIES</b>	<b>396,092.00</b>	<b>406,608.00</b>	<b>420,380.65</b>	<b>501,595.21</b>	<b>503,371.99</b>	<b>394,878.25</b>
<b>SHAREHOLDERS' EQUITY</b>						
<b>SHARE CAPITAL</b>						
REGISTERED	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	200,000.00
ISSUED AND PAID-UP	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	200,000.00
<b>RETAINED EARNINGS</b>						
APPROPRIATED	-	-	-	-	-	-
STATUTORY RESERVES - THE COMPANY	4,505.00	4,505.00	7,519.52	7,519.53	10,000.00	10,000.00
RETAINED EARNINGS (DEFICIT) - UNAPPROPRIATED	80,600.00	70,344.00	123,787.89	79,584.22	166,105.83	167,500.73
OTHER COMPONENTS OF EQUITY	58,270.00	58,584.00	55,992.22	16,402.67	14,596.68	19,730.63
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	243,375.00	233,433.00	287,299.63	203,506.42	290,702.51	397,231.36
<b>TOTAL EQUITY</b>	<b>243,375.00</b>	<b>233,433.00</b>	<b>287,299.63</b>	<b>203,506.42</b>	<b>290,702.51</b>	<b>397,231.36</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>639,467.00</b>	<b>640,041.00</b>	<b>707,680.28</b>	<b>705,101.63</b>	<b>794,074.50</b>	<b>792,109.61</b>

(Source: Rockworth, the company's annual report (2008-2013) and setsmart website)

## 2.3 Common size of Modernform Group PLC and Rockworth PLC.

**Table 2.5 Common size income statement of Modernform Group PLC and Rockworth PLC.**

Items	MODERN					ROCK
	2009	2010	2011	2012	2013	2013
<b>INCOME STATEMENT</b>						
<b>REVENUES</b>						
SALES	94.5%	100.0%	100.0%	100.0%	100.0%	100.0%
OTHER INCOME						
RENTAL INCOME	2.8%	2.4%	2.5%	2.4%	2.2%	0.0%
SERVICES INCOME	1.0%	1.7%	1.9%	2.7%	2.8%	0.0%
DIVIDEND INCOME	0.0%	0.0%	0.0%	0.9%	0.8%	0.0%
GAIN ON DISPOSAL OF INVESTMENTS	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%
GAIN ON DISPOSAL OF INTANGIBLE ASSETS	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
GAIN ON FAIR VALUE ADJUSTMENTS OF	0.0%	0.0%	2.3%	0.0%	0.0%	0.0%
OTHER INCOMES - OTHERS	1.2%	2.0%	2.1%	1.4%	1.0%	2.4%
<b>TOTAL OTHER INCOME</b>	<b>5.5%</b>	<b>7.3%</b>	<b>8.7%</b>	<b>7.3%</b>	<b>6.9%</b>	<b>2.4%</b>
<b>TOTAL REVENUES</b>	<b>100.0%</b>	<b>107.3%</b>	<b>108.7%</b>	<b>107.3%</b>	<b>106.9%</b>	<b>102.4%</b>
<b>EXPENSES</b>						
COST OF SALES	63.7%	61.1%	60.5%	59.6%	58.8%	65.5%
COST OF SERVICES	0.6%	0.9%	0.9%	1.4%	1.8%	0.0%
SELLING EXPENSES	19.7%	19.1%	21.9%	20.9%	23.1%	12.5%
ADMINISTRATIVE EXPENSES	10.1%	8.9%	8.9%	8.5%	8.6%	12.6%
OTHER EXPENSES	0.3%	0.3%	0.4%	0.6%	0.8%	6.6%
<b>TOTAL EXPENSES</b>	<b>94.3%</b>	<b>90.3%</b>	<b>92.7%</b>	<b>91.0%</b>	<b>93.1%</b>	<b>97.2%</b>
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND</b>	<b>11.5%</b>	<b>17.1%</b>	<b>16.0%</b>	<b>16.4%</b>	<b>13.8%</b>	<b>5.2%</b>
SHARES OF PROFITS FROM INVESTMENTS	-4.9%	3.7%	2.3%	1.7%	1.8%	-2.4%
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND</b>	<b>16.4%</b>	<b>20.8%</b>	<b>18.3%</b>	<b>18.1%</b>	<b>15.6%</b>	<b>2.8%</b>
FINANCE COSTS	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-1.8%
<b>PROFIT (LOSS) BEFORE INCOME TAX EXPENSES</b>	<b>16.2%</b>	<b>20.6%</b>	<b>18.1%</b>	<b>17.9%</b>	<b>15.4%</b>	<b>1.0%</b>
INCOME TAX EXPENSES	-2.9%	-5.2%	-4.1%	-3.5%	-2.6%	-2.1%
<b>NET PROFIT (LOSS)</b>	<b>13.4%</b>	<b>15.4%</b>	<b>14.0%</b>	<b>14.4%</b>	<b>12.8%</b>	<b>-1.1%</b>

(Source: Modernform and Rockworth, the company's annual report (2009-2013) and setsmart website)

**Table 2.6 Common size balance sheet of Modernform Group PLC and Rockworth PLC.**

Items	MODERN					ROCK
	2009	2010	2011	2012	2013	2013
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
CASH AND CASH EQUIVALENTS	8.4%	4.1%	4.6%	2.8%	7.4%	1.8%
CURRENT INVESTMENTS	0.0%	0.0%	2.8%	0.3%	0.2%	12.7%
TRADE ACCOUNTS AND OTHER RECEIVABLE	15.7%	21.4%	18.5%	19.3%	23.1%	18.0%
INVENTORIES	23.6%	28.2%	27.8%	30.6%	28.6%	14.8%
PREPAYMENTS	0.7%	1.6%	0.8%	0.4%	0.4%	0.0%
OTHER CURRENT ASSETS - OTHERS	0.6%	0.8%	0.8%	0.9%	1.0%	0.0%
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>1.3%</b>	<b>2.4%</b>	<b>1.6%</b>	<b>1.3%</b>	<b>1.4%</b>	<b>1.0%</b>
<b>TOTAL CURRENT ASSETS</b>	<b>49.0%</b>	<b>56.2%</b>	<b>55.3%</b>	<b>54.4%</b>	<b>60.7%</b>	<b>48.3%</b>
<b>NON-CURRENT ASSETS</b>						
RESTRICTED BANK DEPOSITS	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%
AVAILABLE-FOR-SALE INVESTMENT	0.6%	0.8%	11.1%	16.2%	13.6%	0.7%
INVESTMENT IN ASSOCIATES	23.1%	15.0%	7.6%	7.5%	7.7%	0.0%
LONG-TERM INVESTMENTS						0.2%
INVESTMENT PROPERTIES - NET	0.0%	0.0%	8.9%	7.4%	5.8%	7.8%
PROPERTY, PLANT AND EQUIPMENTS - NET	25.2%	25.9%	15.8%	13.5%	11.4%	39.6%
GOODWILL - NET	0.3%	0.3%	0.3%	0.3%	0.2%	0.0%
INTANGIBLE ASSETS - NET	0.2%	0.1%	0.1%	0.1%	0.1%	0.4%
LEASEHOLD RIGHT - NET	0.6%	0.8%	0.4%	0.3%	0.1%	0.4%
OTHER NON-CURRENT ASSETS	1.0%	0.8%	0.5%	0.3%	0.3%	0.6%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>51.0%</b>	<b>43.8%</b>	<b>44.7%</b>	<b>45.6%</b>	<b>39.3%</b>	<b>51.7%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(Source: Modernform and Rockworth, the company's annual report (2009-2013) and setsmart website)

**Table 2.6 Common size balance sheet of Modernform Group PLC and Rockworth PLC.(Cont.)**

Items	MODERN					ROCK
	2009	2010	2011	2012	2013	2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS	0.8%	1.1%	0.1%	1.9%	0.3%	26.4%
TRADE ACCOUNTS AND OTHER PAYABLE	8.2%	9.8%	10.7%	11.7%	10.5%	9.0%
CUSTOMER DEPOSITS	6.2%	5.5%	9.6%	9.3%	17.5%	1.4%
CURRENT PORTION OF LONG-TERM LOANS	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%
CURRENT PORTION OF LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
ADVANCES AND SHORT-TERM LOANS RELATED PARTIES	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CORPORATE INCOME TAX PAYABLE	1.2%	3.3%	1.8%	1.6%	1.3%	1.3%
ACCRUED EXPENSE	1.0%	1.3%	0.0%	0.0%	0.0%	0.0%
OTHER CURRENT LIABILITIES - OTHERS	2.0%	2.3%	0.7%	0.9%	0.7%	0.8%
<b>TOTAL CURRENT LIABILITIES</b>	<b>19.3%</b>	<b>23.2%</b>	<b>22.9%</b>	<b>25.5%</b>	<b>30.3%</b>	<b>41.8%</b>
<b>NON-CURRENT LIABILITIES</b>						
LONG-TERM LOANS	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%
LIABILITIES UNDER FINANCIAL LEASE	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%
PROVISION FOR LONG-TERM EMPLOYEE DEFERRED TAX LIABILITIES	0.0%	0.0%	3.2%	3.0%	2.9%	3.9%
DEFERRED TAX LIABILITIES	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>0.0%</b>	<b>0.0%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>8.0%</b>
<b>TOTAL LIABILITIES</b>	<b>19.3%</b>	<b>23.2%</b>	<b>26.0%</b>	<b>28.5%</b>	<b>33.2%</b>	<b>49.9%</b>
<b>SHAREHOLDERS' EQUITY</b>						
<b>SHARE CAPITAL</b>						
<b>REGISTERED</b>						
ISSUED AND PAID-UP	26.2%	27.6%	26.3%	22.4%	17.7%	25.2%
SHARE PREMIUM	23.1%	24.3%	23.2%	20.5%	17.3%	0.0%
TREASURY STOCKS PREMIUM	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%
TREASURY SHARES	-2.9%	-14.1%	-13.5%	-9.3%	0.0%	0.0%
RETAINED EARNINGS (DEFICIT) APPROPRIATED						
STATUTORY RESERVES - THE COMPANY	2.8%	3.0%	2.8%	2.5%	2.1%	1.3%
- THE SUBSIDIARY	0.0%	0.0%	0.0%	0.6%	0.5%	0.0%
OTHER RESERVES	2.9%	14.1%	13.5%	9.3%	0.0%	0.0%
RETAINED EARNINGS (DEFICIT) - OTHER COMPONENTS OF SHAREHOLDER'S	27.2%	20.4%	17.9%	18.5%	20.7%	21.1%
<b>EQUITY ATTRIBUTABLE TO THE OWNER OF NON-CONTROLLING INTERESTS</b>	<b>0.9%</b>	<b>1.0%</b>	<b>2.9%</b>	<b>6.0%</b>	<b>4.0%</b>	<b>2.5%</b>
<b>TOTAL EQUITY</b>	<b>80.3%</b>	<b>76.3%</b>	<b>73.2%</b>	<b>70.6%</b>	<b>65.9%</b>	<b>50.1%</b>
<b>TOTAL LIABILITIES AND TOTAL EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(Source: Modernform and Rockworth, the company's annual report (2009-2013) and setsmart website)

## 2.4 Trend analysis of Modernform Group PLC.

**Table 2.7 Trend analysis income statement of Modernform Group PLC.**

Items	2009	2010	2011	2012	2013
	%	%	%	%	%
<b>INCOME STATEMENT</b>					
<b>REVENUES</b>					
SALES	81.35	100.00	98.88	105.84	119.54
OTHER INCOME					
RENTAL INCOME	101.76	100.00	102.84	105.61	112.96
SERVICES INCOME	51.15	100.00	109.60	166.26	195.95
DIVIDEND INCOME	-	-	-	100.00	107.04
GAIN ON DISPOSAL OF INVESTMENTS	-	100.00	-	-	-
GAIN ON DISPOSAL OF INTANGIBLE ASSETS	100.00	-	-	-	-
GAIN ON FAIR VALUE ADJUSTMENTS OF INVESTMENTS	-	-	100.00	-	-
OTHER INCOMES - OTHERS	52.21	100.00	99.18	74.16	58.78
<b>TOTAL REVENUES</b>	<b>80.21</b>	<b>100.00</b>	<b>100.14</b>	<b>105.85</b>	<b>119.02</b>
<b>EXPENSES</b>					
COST OF SALES	84.78	100.00	98.00	103.19	115.03
COST OF SERVICES	53.70	100.00	104.13	169.09	246.11
SELLING EXPENSES	83.81	100.00	113.10	115.93	144.45
ADMINISTRATIVE EXPENSES	92.55	100.00	99.47	101.52	116.35
OTHER EXPENSES	71.68	100.00	129.33	182.31	288.46
<b>TOTAL EXPENSES</b>	<b>84.99</b>	<b>100.00</b>	<b>101.51</b>	<b>106.65</b>	<b>123.30</b>
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES</b>	<b>54.97</b>	<b>100.00</b>	<b>92.92</b>	<b>101.64</b>	<b>96.42</b>
SHARES OF PROFITS FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	107.23	100.00	59.95	47.28	58.62
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES</b>	<b>64.33</b>	<b>100.00</b>	<b>87.02</b>	<b>91.91</b>	<b>89.65</b>
FINANCE COSTS	94.61	100.00	97.80	88.93	97.53
<b>PROFIT (LOSS) BEFORE INCOME TAX EXPENSES</b>	<b>64.03</b>	<b>100.00</b>	<b>86.92</b>	<b>91.94</b>	<b>89.57</b>
INCOME TAX EXPENSES	44.70	100.00	78.71	71.41	60.31
<b>NET PROFIT (LOSS)</b>	<b>70.57</b>	<b>100.00</b>	<b>89.69</b>	<b>98.89</b>	<b>99.47</b>

(Source: Modernform, the company's annual report (2009-2013) and setsmart website)

**Table 2.8 Trend analysis balance sheet of Modernform Group PLC.**

Items	2009	2010	2011	2012	2013
	%	%	%	%	%
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
CASH AND CASH EQUIVALENTS	214.94	100.00	117.44	81.83	252.84
CURRENT INVESTMENTS	-	-	100.00	10.74	11.23
TRADE ACCOUNTS AND OTHER RECEIVABLE	76.84	100.00	90.32	106.88	150.97
INVENTORIES	87.99	100.00	103.16	128.47	142.21
PREPAYMENTS	45.29	100.00	51.69	29.99	34.32
OTHER CURRENT ASSETS - OTHERS	73.90	100.00	96.42	132.39	168.62
<b>TOTAL CURRENT ASSETS</b>	<b>91.56</b>	<b>100.00</b>	<b>103.00</b>	<b>114.65</b>	<b>151.54</b>
<b>NON-CURRENT ASSETS</b>					
AVAILABLE-FOR-SALE INVESTMENT	79.98	100.00	1,434.36	2,362.86	2,350.20
INVESTMENT IN ASSOCIATES	161.97	100.00	53.14	59.73	72.28
INVESTMENT PROPERTIES - NET	-	-	100.00	93.80	87.54
PROPERTY, PLANT AND EQUIPMENTS - NET	102.24	100.00	63.79	61.80	61.48
GOODWILL - NET	100.00	100.00	100.00	100.00	100.00
INTANGIBLE ASSETS - NET	126.55	100.00	99.28	95.87	92.69
LEASEHOLD RIGHT - NET	75.53	100.00	47.07	38.25	26.17
OTHER NON-CURRENT ASSETS	129.69	100.00	56.80	44.95	54.59
<b>TOTAL NON-CURRENT ASSETS</b>	<b>122.34</b>	<b>100.00</b>	<b>106.79</b>	<b>123.34</b>	<b>125.83</b>
<b>TOTAL ASSETS</b>	<b>105.05</b>	<b>100.00</b>	<b>104.66</b>	<b>118.46</b>	<b>140.27</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS	72.38	100.00	6.53	192.58	32.26
TRADE ACCOUNTS AND OTHER PAYABLE	88.14	100.00	114.40	142.16	150.99
CUSTOMER DEPOSITS	118.85	100.00	183.43	202.53	449.40
ADVANCES AND SHORT-TERM LOANS	-	-	-	-	-
RELATED PARTIES	-	-	100.00	-	-
CORPORATE INCOME TAX PAYABLE	37.49	100.00	58.53	59.72	55.92
ACCRUED EXPENSE	80.82	100.00	-	-	-
OTHER CURRENT LIABILITIES - OTHERS	91.34	100.00	31.86	45.90	42.41
<b>TOTAL CURRENT LIABILITIES</b>	<b>87.39</b>	<b>100.00</b>	<b>102.98</b>	<b>129.77</b>	<b>182.78</b>
<b>NON-CURRENT LIABILITIES</b>					
PROVISION FOR LONG-TERM EMPLOYEE	-	-	100.00	107.66	122.32
DEFERRED TAX LIABILITIES	-	-	-	-	100.00
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>100.00</b>	<b>107.66</b>	<b>124.85</b>
<b>TOTAL LIABILITIES</b>	<b>87.39</b>	<b>100.00</b>	<b>117.25</b>	<b>145.13</b>	<b>200.60</b>
<b>SHAREHOLDERS' EQUITY</b>					
<b>SHARE CAPITAL</b>					
REGISTERED	100.00	100.00	100.00	96.37	90.77
ISSUED AND PAID-UP	100.00	100.00	100.00	96.11	90.11
SHARE PREMIUM	100.00	100.00	100.00	100.00	100.00
TREASURY STOCKS PREMIUM	-	-	-	-	100.00
TREASURY SHARES	21.78	100.00	100.00	78.22	-
RETAINED EARNINGS (DEFICIT)					
APPROPRIATED					
STATUTORY RESERVES - THE COMPANY	100.00	100.00	100.00	100.00	100.00
- THE SUBSIDIARY	-	-	-	100.00	101.88
OTHER RESERVES	21.78	100.00	100.00	78.22	-
RETAINED EARNINGS (DEFICIT) -	139.81	100.00	91.75	107.32	142.15
OTHER COMPONENTS OF SHAREHOLDER'S	89.12	100.00	294.88	696.02	550.65
<b>EQUITY ATTRIBUTABLE TO THE OWNER OF</b>	<b>110.51</b>	<b>100.00</b>	<b>100.41</b>	<b>109.54</b>	<b>121.09</b>
NON-CONTROLLING INTERESTS	93.03	100.00	172.80	248.48	272.27
<b>TOTAL EQUITY</b>	<b>110.40</b>	<b>100.00</b>	<b>100.85</b>	<b>110.39</b>	<b>122.01</b>
<b>TOTAL LIABILITIES AND TOTAL EQUITY</b>	<b>105.05</b>	<b>100.00</b>	<b>104.66</b>	<b>118.46</b>	<b>140.27</b>

(Source: Modernform, the company's annual report (2009-2013) and setsmart website)

## 2.5 Projected financial statements of Modernform Group PLC.

Table 2.9 Projected income statements of Modernform Group PLC.

Unit: Million Baht

Income Statement	2008A	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
<b>Revenue</b>											
Sale income	2,676	2,264	2,783	2,752	2,946	3,327	3,660	4,135	4,549	5,004	5,504
Rental income	65	67	66	68	70	75	77	79	82	84	87
Service income	-	24	47	51	78	92	73	83	91	100	110
Other income	12	41	91	120	68	61	99	112	124	136	150
<b>Total revenue</b>	<b>2,753</b>	<b>2,396</b>	<b>2,987</b>	<b>2,991</b>	<b>3,162</b>	<b>3,555</b>	<b>3,910</b>	<b>4,410</b>	<b>4,846</b>	<b>5,324</b>	<b>5,851</b>
<b>Expenses</b>											
Cost of sales	1,653	1,442	1,700	1,666	1,755	1,956	2,223	2,512	2,763	3,039	3,343
Cost of services	-	13	24	25	41	60	40	45	50	55	60
Selling expenses	328	446	532	602	617	768	766	866	953	1,048	1,153
Administrative expenses	379	228	247	245	250	287	329	372	409	450	495
Other expenses	13	6	9	12	17	26	17	20	22	24	26
<b>Total expenses</b>	<b>2,373</b>	<b>2,135</b>	<b>2,512</b>	<b>2,550</b>	<b>2,680</b>	<b>3,097</b>	<b>3,376</b>	<b>3,814</b>	<b>4,196</b>	<b>4,616</b>	<b>5,077</b>
<b>Income before share of income from investments in associated companies, financial cost and corporate income tax</b>	<b>380</b>	<b>261</b>	<b>475</b>	<b>441</b>	<b>482</b>	<b>458</b>	<b>534</b>	<b>596</b>	<b>650</b>	<b>709</b>	<b>774</b>
Share of income from investments in associates	115	111	104	62	49	61	64	69	75	82	89
Extraordinary income	-	-	-	-	-	-	461	-	-	-	-
<b>EBIT</b>	<b>495</b>	<b>372</b>	<b>579</b>	<b>503</b>	<b>531</b>	<b>519</b>	<b>1,059</b>	<b>665</b>	<b>725</b>	<b>791</b>	<b>863</b>
Financial cost	14	5	6	5	5	6	1	-	-	-	-
<b>EBT</b>	<b>481</b>	<b>367</b>	<b>573</b>	<b>498</b>	<b>526</b>	<b>513</b>	<b>1,058</b>	<b>665</b>	<b>725</b>	<b>791</b>	<b>863</b>
Tax expenses	100	65	145	114	103	87	212	133	145	158	173
<b>Net profit</b>	<b>381</b>	<b>302</b>	<b>428</b>	<b>384</b>	<b>423</b>	<b>426</b>	<b>847</b>	<b>532</b>	<b>580</b>	<b>633</b>	<b>690</b>
<b>Dividend (Approved) from notes to F/S</b>	<b>265</b>	<b>240</b>	<b>360</b>	<b>324</b>	<b>369</b>	<b>413</b>	<b>762</b>	<b>452</b>	<b>493</b>	<b>538</b>	<b>587</b>
<b>R/E</b>	<b>116</b>	<b>62</b>	<b>68</b>	<b>60</b>	<b>54</b>	<b>13</b>	<b>85</b>	<b>80</b>	<b>87</b>	<b>95</b>	<b>104</b>

(Source: Modernform, the company's annual report (2008-2013), setsmart website and our forecast)



**Table 2.10 Projected balance sheet of Modernform Group PLC.**

Unit: Million Baht

Balance Sheet	2008A	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	130	266	124	145	101	312	249	273	298	328	360
Current investments	-	-	-	89	10	10	10	10	10	10	10
Trade and other receivables	465	497	647	585	692	977	873	987	1,086	1,194	1,313
Inventories	829	749	851	878	1,093	1,210	1,240	1,401	1,541	1,695	1,864
Prepaid expenses	15	22	48	25	14	17	34	38	42	46	51
Others	19	19	26	25	34	43	38	42	47	51	56
<b>Total current assets</b>	<b>1,458</b>	<b>1,553</b>	<b>1,696</b>	<b>1,747</b>	<b>1,944</b>	<b>2,569</b>	<b>2,443</b>	<b>2,751</b>	<b>3,023</b>	<b>3,324</b>	<b>3,655</b>
<b>Non-current assets</b>											
Available-for-sale investments	13	20	25	351	579	576	550	434	368	297	214
Investments in associate	679	732	452	240	270	327	405	444	487	534	585
Investment properties	-	-	-	598	598	598	-	-	-	-	-
Less: Accumulated depreciation expense	-	-	-	(316)	(334)	(351)	-	-	-	-	-
Investment properties - net	-	-	-	282	264	247	-	-	-	-	-
Property, plant and equipment	2,025	2,076	2,143	1,554	1,591	1,633	2,287	2,344	2,403	2,463	2,524
Less: Accumulated depreciation expense	(1,185)	(1,276)	(1,360)	(1,055)	(1,107)	(1,152)	(1,611)	(1,722)	(1,836)	(1,952)	(2,071)
Property, plant and equipment - net	840	800	783	499	484	481	676	622	567	510	453
Goodwill	-	10	10	10	10	10	10	10	10	10	10
Other intangible assets - net	7	5	4	4	4	4	4	4	4	4	4
Leasehold rights - net	37	18	24	11	9	6	6	6	6	6	6
Other non-current assets	31	33	25	15	12	14	27	31	34	37	41
<b>Total non-current assets</b>	<b>1,607</b>	<b>1,618</b>	<b>1,323</b>	<b>1,412</b>	<b>1,632</b>	<b>1,665</b>	<b>1,677</b>	<b>1,551</b>	<b>1,476</b>	<b>1,399</b>	<b>1,313</b>
<b>Total assets</b>	<b>3,065</b>	<b>3,171</b>	<b>3,019</b>	<b>3,159</b>	<b>3,576</b>	<b>4,234</b>	<b>4,121</b>	<b>4,301</b>	<b>4,499</b>	<b>4,723</b>	<b>4,968</b>

(Source: Modernform, the company's annual report (2008-2013), setsmart website and our forecast)

**Table 2.10 Projected balance sheet of Modernform Group PLC. (Cont.)**

	Unit: Million Baht										
Balance Sheet	2008A	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
<b>Liabilities and shareholders' equity</b>											
<b>Current liabilities</b>											
Bank overdrafts and short-term loans from financial institutions	57	25	34	2	66	11	-	-	-	-	-
Trade and other payables	220	260	295	337	419	445	442	524	569	626	689
Customer deposits	138	196	165	303	334	741	433	490	539	593	652
Advance and short-term loan related party	-	-	-	-	-	-	-	-	-	-	-
Income tax payable	41	37	99	58	59	55	129	81	88	96	105
Accrued expenses	31	31	38	-	-	-	-	-	-	-	-
Other current liabilities	64	64	71	23	32	30	80	90	99	109	120
<b>Total current liabilities</b>	<b>135</b>	<b>613</b>	<b>702</b>	<b>723</b>	<b>910</b>	<b>1,282</b>	<b>1,084</b>	<b>1,185</b>	<b>1,296</b>	<b>1,424</b>	<b>1,566</b>
<b>Non-current liabilities</b>											
Provision for long-term employee benefits	-	-	-	100	108	122	122	122	122	122	122
Deferred tax liabilities	-	-	-	-	-	3	3	3	3	3	3
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>108</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>
<b>Total liabilities</b>	<b>551</b>	<b>613</b>	<b>702</b>	<b>823</b>	<b>1,018</b>	<b>1,407</b>	<b>1,209</b>	<b>1,310</b>	<b>1,421</b>	<b>1,549</b>	<b>1,691</b>
<b>Shareholders' equity</b>											
<b>Share capital</b>											
<b>Registered</b>	<b>892</b>	<b>892</b>	<b>892</b>	<b>892</b>	<b>860</b>	<b>810</b>	<b>810</b>	<b>810</b>	<b>810</b>	<b>810</b>	<b>810</b>
Issued and paid-up	832	832	832	832	800	750	750	750	750	750	750
Share premium	734	734	734	734	734	733	733	733	733	733	733
Treasury stocks premium	-	-	-	-	-	146	146	146	146	146	146
Treasury stocks	(45)	(93)	(425)	(425)	(333)	-	-	-	-	-	-
<b>Retained earnings</b>											
<b>Appropriated</b>											
Statutory reserve - the Company	90	90	90	90	90	90	90	90	90	90	90
- the subsidiary	-	-	-	-	22	23	23	23	23	23	23
Others	45	93	425	425	333	-	-	-	-	-	-
Unappropriated	830	861	616	565	661	876	961	1,040	1,127	1,222	1,326
Other components of shareholders' equity	23	28	31	91	216	171	171	171	171	171	171
<b>Equity attributable to the owners of the Company</b>	<b>2,509</b>	<b>2,545</b>	<b>2,303</b>	<b>2,312</b>	<b>2,523</b>	<b>2,789</b>	<b>2,874</b>	<b>2,953</b>	<b>3,040</b>	<b>3,135</b>	<b>3,239</b>
Non-controlling interests of the subsidiaries	6	13	14	24	35	38	38	38	38	38	38
<b>Total shareholders' equity</b>	<b>2,515</b>	<b>2,558</b>	<b>2,317</b>	<b>2,336</b>	<b>2,558</b>	<b>2,827</b>	<b>2,912</b>	<b>2,991</b>	<b>3,078</b>	<b>3,173</b>	<b>3,277</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,065</b>	<b>3,171</b>	<b>3,019</b>	<b>3,159</b>	<b>3,576</b>	<b>4,234</b>	<b>4,121</b>	<b>4,301</b>	<b>4,499</b>	<b>4,723</b>	<b>4,968</b>

(Source: Modernform, the company's annual report (2008-2013), setsmart website and our forecast)

**Table 2.11 Projected statement of cash flows of Modernform Group PLC.**

Unit: Million Baht

Statement of Cash Flow (Million THB)	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
<b>Cash flow from operating activities</b>										
EBT	367	573	498	526	513	1,058	665	725	791	863
Depreciation and Amortization	105	105	109	95	97	108	111	114	116	119
Change in NOWC	30	(426)	26	(265)	(58)	(722)	(204)	(219)	(233)	(255)
Change in non-current assets	(1)	1	1	3	(2)	(13)	(4)	(3)	(3)	(4)
Change in non-current liabilities	-	-	-	(1)	(1)	-	-	-	-	-
Interest paid	(2)	(2)	(1)	(1)	(1)	(1)	-	-	-	-
Income tax paid	(69)	(83)	(155)	(102)	(101)	(138)	(181)	(138)	(150)	(164)
<b>Total cash from operations</b>	<b>430</b>	<b>168</b>	<b>478</b>	<b>255</b>	<b>447</b>	<b>293</b>	<b>387</b>	<b>479</b>	<b>521</b>	<b>560</b>
<b>Cash from investing activities</b>										
Increase in capital expenditure	(56)	(58)	(109)	(64)	(71)	(56)	(57)	(59)	(60)	(62)
Intangible and other assets	27	(6)	37	3	4	-	-	-	-	-
Increase in investment	(9)	130	(90)	(21)	(3)	446	116	66	71	83
Dividend received	52	288	61	45	33	27	30	32	35	38
<b>Total cash from investing activities</b>	<b>14</b>	<b>354</b>	<b>(101)</b>	<b>(37)</b>	<b>(37)</b>	<b>418</b>	<b>88</b>	<b>39</b>	<b>46</b>	<b>59</b>
<b>Cash from financing activities</b>										
Dividend paid	(220)	(340)	(324)	(326)	(415)	(762)	(452)	(493)	(538)	(587)
(Purchase) Sales of Treasury stocks	(48)	(333)	-	-	271	-	-	-	-	-
Other financing activities	(40)	9	(32)	64	(55)	(11)	-	-	-	-
<b>Total cash from financing activities</b>	<b>(308)</b>	<b>(664)</b>	<b>(356)</b>	<b>(262)</b>	<b>(199)</b>	<b>(773)</b>	<b>(452)</b>	<b>(493)</b>	<b>(538)</b>	<b>(587)</b>
Net change in cash	136	(142)	21	(44)	211	(63)	23	25	30	33
Beginning cash balance	130	266	124	145	101	312	249	273	298	328
Ending cash balance	266	124	145	101	312	249	273	298	328	360

(Source: Modernform, the company's annual report (2009-2013), setsmart website and our forecast)

## 2.6 Key financial ratios of Modernform Group PLC.

Table 2.12 Key financial ratios of Modernform Group PLC.

Key Financial Ratio	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
<b>Liquidity Ratio</b>										
Current Ratio (x)	2.53	2.42	2.42	2.14	2.00	2.25	2.32	2.33	2.33	2.33
Quick Ratio (x)	1.31	1.20	1.20	0.94	1.06	1.11	1.14	1.14	1.14	1.14
Cash Ratio (x)	0.43	0.18	0.20	0.11	0.24	0.23	0.23	0.23	0.23	0.23
<b>Efficiency Ratio</b>										
Total Asset Turnover (x)	0.73	0.90	0.89	0.87	0.85	0.88	0.98	1.03	1.09	1.14
Fixed Asset Turnover (x)	2.76	3.52	3.52	3.85	4.51	5.21	6.37	7.65	9.29	11.43
Acc Receivable Turnover (x)	4.71	4.87	4.47	4.61	3.99	3.96	4.45	4.39	4.39	4.39
Collection Period (days)	78	75	82	79	92	92	82	83	83	83
Inventory Turnover (x)	1.83	2.13	1.93	1.78	1.70	1.81	1.90	1.88	1.88	1.88
Days in Inventory (days)	200	172	189	205	215	201	192	194	194	194
Payables Turnover (x)	5.68	6.49	5.36	5.21	4.80	7.81	5.54	5.31	5.34	5.34
Payables Period (days)	64	56	68	70	76	47	66	69	68	68
Cash Conversion Cycle (days)	212.94	190.58	202.97	214.03	230.36	246.64	207.99	208.73	209.14	209.14
<b>Profitability Ratio</b>										
Gross Profit Margin (%)	36.31%	38.91%	39.46%	40.43%	41.21%	39.26%	39.26%	39.26%	39.26%	39.26%
EBIT Margin (%)	15.53%	19.38%	16.82%	16.79%	14.60%	27.09%	15.07%	14.95%	14.85%	14.75%
EBITDA Margin (%)	19.91%	22.90%	20.46%	19.80%	17.33%	29.85%	17.58%	17.30%	17.04%	16.79%
Net Profit Margin (%)	13.34%	15.38%	13.95%	14.36%	12.80%	23.13%	12.86%	12.74%	12.64%	12.54%
ROA (%)	9.82%	13.97%	12.56%	12.68%	11.04%	20.28%	12.63%	13.17%	13.72%	14.24%
ROE (%)	11.91%	17.56%	16.51%	17.29%	15.82%	29.50%	18.01%	19.10%	20.24%	21.40%
SG&A/Sale	30%	28%	31%	29%	32%	30%	30%	30%	30%	30%
<b>Solvency Ratio</b>										
Debt Ratio (%)	19.33%	23.25%	26.05%	28.47%	33.23%	29.34%	30.46%	31.58%	32.81%	34.04%
Debt to Equity Ratio (x)	0.24	0.30	0.35	0.40	0.50	0.42	0.44	0.46	0.49	0.52
Equity Multiply (x)	1.24	1.30	1.35	1.40	1.50	1.42	1.44	1.46	1.49	1.52
Long Term Debt Ratio (%)	0%	0%	3%	3%	3%	3%	3%	3%	3%	3%
Interest Coverage Ratio (x)	74.40	96.50	100.60	106.20	86.50	1235.49	0.00	0.00	0.00	0.00

Note: ROA = EBIT (1-Implied tax rate)/Avg Total asset

(Source: Modernform, the company's annual report (2009-2013), setsmart website and our forecast)

## 2.7 Key financial ratios of Rockworth PLC.

**Table 2.13 Key financial ratios of Rockworth PLC.**

Key Financial Ratio	2009A	2010A	2011A	2012A	2013A
<b>Liquidity Ratio</b>					
Current Ratio (x)	1.01	0.94	0.71	0.79	1.16
Quick Ratio (x)	0.62	0.56	0.47	0.48	0.80
Cash Ratio (x)	0.28	0.13	0.13	0.02	0.04
<b>Efficiency Ratio</b>					
Total Asset Turnover (x)	0.85	1.26	0.97	1.00	0.98
Fixed Asset Turnover (x)	1.82	2.89	2.09	2.01	2.02
Acc Receivable Turnover (x)	5.80	7.22	5.43	5.34	4.92
Collection Period (days)	63	51	67	68	74
Inventory Turnover (x)	2.98	4.73	4.14	4.97	4.13
Days in Inventory (days)	122	77	88	73	88
Payables Turnover (x)	3.15	5.32	3.10	4.35	5.24
Payables Period (days)	116	69	118	84	70
Cash Conversion Cycle (days)	69	59	38	58	93
<b>Profitability Ratio</b>					
Gross Profit Margin (%)	32.39%	31.33%	32.75%	27.43%	34.53%
EBIT Margin (%)	0.63%	10.25%	-5.79%	11.73%	2.76%
EBITDA Margin (%)	8.57%	14.95%	-0.99%	16.24%	8.23%
Net Profit Margin (%)	-1.4%	6.6%	-8.3%	11.8%	-1.1%
ROA (%)	0.5%	9.9%	-5.7%	14.0%	-2.9%
ROE (%)	-3.3%	21.7%	-23.1%	36.0%	-2.4%
SG&A/Sale	32%	21%	27%	29%	25%
<b>Solvency Ratio</b>					
Debt Ratio (%)	63.53%	59.40%	71.14%	63.39%	49.85%
Debt to Equity Ratio (x)	1.74	1.46	2.46	1.73	0.99
Equity Multiply (x)	2.74	2.46	3.46	2.73	1.99
Long Term Debt Ratio (%)	17%	10%	18%	10%	8%
Interest Coverage Ratio (x)	0.31	6.49	-2.44	6.63	1.58
<b>ROA</b>					
	2009A	2010A	2011A	2012A	2013A
Profit Margin	0.4%	7.2%	-4.1%	10.7%	2.3%
Tax Efficiency	1.43	1.08	1.43	1.30	(1.31)
Asset Turnover	0.85	1.26	0.97	1.00	0.98
ROA	0.5%	9.9%	-5.7%	14.0%	-2.9%
<b>(Note: ROA = EBIT (1-Implied tax rate)/Avg Total asset).</b>					
<b>ROE</b>					
	2009A	2010A	2011A	2012A	2013A
ROA	0.5%	9.9%	-5.7%	14.0%	-2.9%
Earning Leverage (2.27)		0.85	1.41	0.85	0.37
Capital Structure Leverage	2.68	2.59	2.88	3.03	2.31
ROE	-3.3%	21.7%	-23.1%	36.0%	-2.4%

(Source: Rockworth, the company's annual report (2009-2013), setsmart website and our forecast)

## 2.8 Discounted cash flow valuation

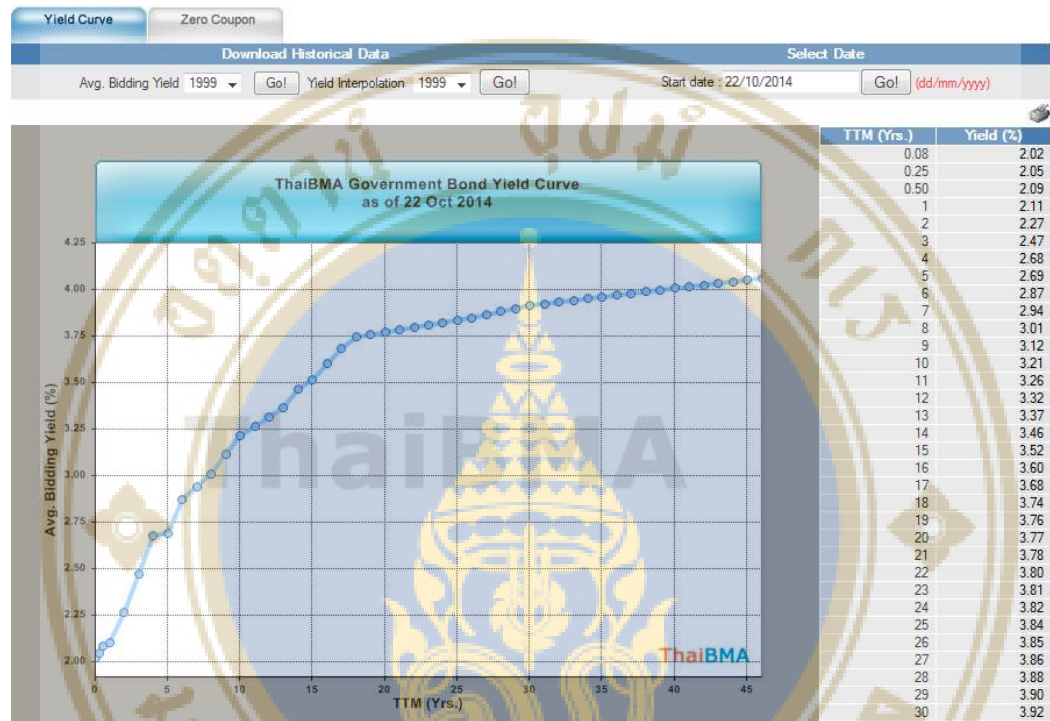
**Table 2.14 Discounted cash flow valuation**

Unit: Million Baht					
Free Cash Flow to Firm	2014F	2015F	2016F	2017F	2018F
EBIT	995	596	650	709	774
Tax on EBIT (20%)	(199)	(119)	(130)	(142)	(155)
NOPAT (Net operation profit after taxes)	796	477	520	567	619
Add: Depreciation	108	111	114	116	119
+/- Change in net working capital	(61)	(206)	(162)	(172)	(190)
+/- Investment in gross fixed asset	(56)	(57)	(59)	(60)	(62)
Free cash flow to firm	787	324	413	451	487
Terminal value of firm					10,266
Net cash flow	787	324	413	451	10,753
Total firm value	9,225				
Excess cash	965				
Enterprise value	10,190				
Value of debt	11				
Value of equity	10,179				
Share price (THB)	13.57				
Net working capital	1,288	1,349	1,555	1,717	1,889
Discount rate	7.36%	Please see assumption used in WACC table			
Terminal Growth	2.50%	Based on estimated GDP growth rate from the consensus.			
Weight Average Cost of Capital					
Risk-free rate (Rf)	3.21%	10-year Government Bond (Source: Thai BMA) at 22/10/14			
Risk premium (Rm - Rf)	7.40%	Based on Moody's rating and adjusted by the relative equity market volatility (Source: Damodaran)			
Adjusted Beta (b)	0.562	Based on Bloomberg raw beta of 0.343 times 0.67 plus 0.33 time 1			
CAPM (Ks)	7.37%				
Cost of debt (Kd)	5.09%				
Tax rate	20.00%				
Value of debt (Million Baht)	11	Debt as of December 31, 2013			
Value of equity (Million Baht)	7,800	Equity as of October 22, 2014			
Weight of Debt (Wd)	0.14%	Book value of debt			
Weight of Equity (We)	99.86%	Market value of the equity			
WACC	7.36%				
	Interest rate	2013	W.A	Before tax	After tax
Bank overdraft	7.41%	Principal	Interest expense	Cost of debt	Cost of debt
Liabilities under trust receipts	7.25%	2,926.00	216.67		
Short term loans from financial institutio	3.50%	1,663.00	120.57		
		6,500.00	227.50		
		11,089.00	564.74	5.09%	4.07%
	Terminal growth rate				
KK Trade	2%				
Phillip Capital	3%				
	5%				
Number of analyst company	2				
Terminal growth	2.5%				

The cost of debt was calculated by weighted average the principal of interest-bearing debts at the end of 2013 with the interest rate related to each type of

interest-bearing debts. The cost of debt after tax that was used in the calculation of WACC is at 4.07%.

## 2.9 Risk-free rate



**Figure 2.1 Risk-free rate**

(Source: Thaibma, Government Bond Yield Curve (TTM 10 years))

## 2.10 Estimated risk premiums

Estimating Country Risk Premiums					
Enter the current risk premium for a mature equity market					
Do you want to adjust the country default spread for the additional volatility of the equity market to get to a country premium?					
If yes, enter the multiplier to use on the default spread (See worksheet for volatility numbers for selected emerging markets)					
				5.00%	Updated January 1, 2014
				Yes	
				1.5	
Country	Region	Local Currency Rating	Rating-based Default Spread	Total Equity Risk Premium	Country Risk Premium
Thailand	Asia	Baa1	1.60%	7.40%	2.40%

**Figure 2.2 Estimated risk premiums**

(Source: Damodaran Online, Estimated country risk premiums updated January 1, 2014)



## 2.11 Beta



Figure 2.3 Beta

(Source: Bloomberg)

## 2.12 Bank overdrafts and short-term loans from financial institutions

**Table 2.15 Bank overdrafts and short-term loans from financial institutions**

(Unit: Thousand Baht)

	Interest rate  (% per annum)	Consolidated		Separate	
		financial statements		financial statements	
		2013	2012	2013	2012
Bank overdrafts	7.38 - 7.43	2,926	2,199	1,047	996
Liabilities under trust receipts	7.25	1,663	-	1,663	-
Short-term loans from financial institutions	3.50	6,500	64,000	-	64,000
<b>Total</b>		<b>11,089</b>	<b>66,199</b>	<b>2,710</b>	<b>64,996</b>

(Source: Modernform, the company's financial statements)

## 2.13 Stock price data

All stock price data have been obtained from Setsmart website as follows:

**Table 2.16 2014 stock price**

Date	Close	Date	Close	Date	Close	Date	Close
30/10/2014	10.30	19/8/2014	9.75	3/6/2014	9.45	14/3/2014	8.90
29/10/2014	10.30	18/8/2014	9.60	2/6/2014	9.45	13/3/2014	8.90
28/10/2014	10.40	15/8/2014	9.50	30/5/2014	9.40	12/3/2014	8.90
27/10/2014	10.40	14/8/2014	9.45	29/5/2014	9.40	11/3/2014	8.85
24/10/2014	10.30	13/8/2014	9.45	28/5/2014	9.35	10/3/2014	8.75
22/10/2014	10.40	8/8/2014	9.50	27/5/2014	9.40	7/3/2014	8.75
21/10/2014	10.30	7/8/2014	9.50	26/5/2014	9.35	6/3/2014	8.75
20/10/2014	10.30	6/8/2014	10.00	23/5/2014	9.35	5/3/2014	8.75
17/10/2014	10.40	5/8/2014	10.00	22/5/2014	9.45	4/3/2014	8.75
16/10/2014	10.40	4/8/2014	9.95	21/5/2014	9.35	3/3/2014	8.75
15/10/2014	10.60	1/8/2014	9.90	20/5/2014	9.30	28/2/2014	8.70
14/10/2014	10.80	31/7/2014	9.95	19/5/2014	9.25	27/2/2014	8.70
13/10/2014	10.70	30/7/2014	9.90	16/5/2014	9.25	26/2/2014	8.65
10/10/2014	10.70	29/7/2014	9.85	15/5/2014	9.20	25/2/2014	8.60
9/10/2014	10.90	28/7/2014	9.80	14/5/2014	9.25	24/2/2014	8.45
8/10/2014	10.60	25/7/2014	9.65	12/5/2014	9.20	21/2/2014	8.40
7/10/2014	10.60	24/7/2014	9.70	9/5/2014	9.25	20/2/2014	8.40
6/10/2014	10.60	23/7/2014	9.80	8/5/2014	9.20	19/2/2014	8.55
3/10/2014	10.80	22/7/2014	9.50	7/5/2014	9.30	18/2/2014	8.45
2/10/2014	10.90	21/7/2014	9.50	6/5/2014	9.30	17/2/2014	8.40
1/10/2014	10.80	18/7/2014	9.50	2/5/2014	9.30	13/2/2014	8.40
30/9/2014	11.20	17/7/2014	9.60	30/4/2014	9.40	12/2/2014	8.35
29/9/2014	10.20	16/7/2014	9.55	29/4/2014	9.35	11/2/2014	8.40
26/9/2014	10.10	15/7/2014	9.60	28/4/2014	9.40	10/2/2014	8.35
25/9/2014	10.10	14/7/2014	9.60	25/4/2014	9.35	7/2/2014	8.30
24/9/2014	10.00	10/7/2014	9.50	24/4/2014	9.50	6/2/2014	8.45
23/9/2014	10.20	9/7/2014	9.35	23/4/2014	9.80	5/2/2014	8.40
22/9/2014	10.30	8/7/2014	9.35	22/4/2014	9.65	4/2/2014	8.40
19/9/2014	10.20	7/7/2014	9.35	21/4/2014	9.75	3/2/2014	8.40
18/9/2014	10.20	4/7/2014	9.30	18/4/2014	9.80	31/1/2014	8.45
17/9/2014	10.20	3/7/2014	9.25	17/4/2014	9.75	30/1/2014	8.40
16/9/2014	10.10	2/7/2014	9.30	16/4/2014	9.75	29/1/2014	8.40
15/9/2014	10.30	30/6/2014	9.45	11/4/2014	9.75	28/1/2014	8.35
12/9/2014	10.20	27/6/2014	9.25	10/4/2014	9.60	27/1/2014	8.30
11/9/2014	10.20	26/6/2014	9.25	9/4/2014	9.60	24/1/2014	8.25
10/9/2014	10.00	25/6/2014	9.25	8/4/2014	9.65	23/1/2014	8.20
9/9/2014	10.10	24/6/2014	9.30	4/4/2014	9.35	22/1/2014	8.20
8/9/2014	10.10	23/6/2014	9.30	3/4/2014	9.30	21/1/2014	8.15
5/9/2014	10.00	20/6/2014	9.30	2/4/2014	9.30	20/1/2014	8.15
4/9/2014	10.00	19/6/2014	9.35	1/4/2014	9.30	17/1/2014	8.35
3/9/2014	10.00	18/6/2014	9.20	31/3/2014	9.15	16/1/2014	8.30
2/9/2014	10.10	17/6/2014	9.25	28/3/2014	9.25	15/1/2014	8.30
1/9/2014	10.10	16/6/2014	9.35	27/3/2014	9.20	14/1/2014	8.35
29/8/2014	10.00	13/6/2014	9.35	26/3/2014	9.10	13/1/2014	8.30
28/8/2014	10.10	12/6/2014	9.40	25/3/2014	9.05	10/1/2014	8.25
27/8/2014	10.00	11/6/2014	9.40	24/3/2014	9.05	9/1/2014	8.20
26/8/2014	10.10	10/6/2014	9.35	21/3/2014	9.00	8/1/2014	8.30
25/8/2014	10.10	9/6/2014	9.35	20/3/2014	9.00	7/1/2014	8.20
22/8/2014	10.00	6/6/2014	9.40	19/3/2014	8.95	6/1/2014	8.10
21/8/2014	10.00	5/6/2014	9.40	18/3/2014	8.90	3/1/2014	8.40
20/8/2014	9.90	4/6/2014	9.45	17/3/2014	8.90	2/1/2014	8.40

Table 2.17 2013 stock price

Date	Close	Date	Close	Date	Close	Date	Close	Date	Close
27/12/2013	8.65	16/10/2013	9.45	7/8/2013	10.40	28/5/2013	10.30	12/3/2013	8.95
26/12/2013	8.90	15/10/2013	9.55	6/8/2013	9.90	27/5/2013	10.50	11/3/2013	8.85
25/12/2013	8.80	14/10/2013	9.50	5/8/2013	9.90	23/5/2013	10.40	8/3/2013	8.90
24/12/2013	8.70	11/10/2013	9.40	2/8/2013	9.95	22/5/2013	10.30	7/3/2013	8.85
23/12/2013	8.60	10/10/2013	9.45	1/8/2013	10.00	21/5/2013	10.20	6/3/2013	8.95
20/12/2013	8.70	9/10/2013	9.50	31/7/2013	9.95	20/5/2013	10.30	5/3/2013	9.00
19/12/2013	8.95	8/10/2013	9.90	30/7/2013	10.00	17/5/2013	10.30	4/3/2013	9.00
18/12/2013	8.90	7/10/2013	9.90	29/7/2013	10.00	16/5/2013	10.20	1/3/2013	8.90
17/12/2013	9.00	4/10/2013	9.80	26/7/2013	9.95	15/5/2013	10.20	28/2/2013	8.70
16/12/2013	8.90	3/10/2013	9.90	25/7/2013	10.00	14/5/2013	10.30	27/2/2013	8.60
13/12/2013	8.90	2/10/2013	9.90	24/7/2013	10.00	13/5/2013	10.20	26/2/2013	8.60
12/12/2013	8.95	1/10/2013	9.75	23/7/2013	10.20	10/5/2013	10.20	22/2/2013	8.70
11/12/2013	9.00	30/9/2013	9.65	19/7/2013	10.10	9/5/2013	10.00	21/2/2013	8.55
9/12/2013	9.00	27/9/2013	9.80	18/7/2013	10.20	8/5/2013	9.95	20/2/2013	8.45
6/12/2013	9.00	26/9/2013	9.65	17/7/2013	10.10	7/5/2013	10.20	19/2/2013	8.70
4/12/2013	9.00	25/9/2013	9.65	16/7/2013	10.10	3/5/2013	10.20	18/2/2013	8.40
3/12/2013	9.00	24/9/2013	9.75	15/7/2013	10.20	2/5/2013	9.75	15/2/2013	8.25
2/12/2013	9.00	23/9/2013	9.75	12/7/2013	10.10	30/4/2013	9.80	14/2/2013	8.25
29/11/2013	9.00	20/9/2013	9.95	11/7/2013	10.00	29/4/2013	9.80	13/2/2013	8.25
28/11/2013	9.00	19/9/2013	9.95	10/7/2013	9.90	26/4/2013	9.85	12/2/2013	8.20
27/11/2013	9.00	18/9/2013	9.85	9/7/2013	9.95	25/4/2013	9.85	11/2/2013	8.20
26/11/2013	8.90	17/9/2013	9.75	8/7/2013	10.10	24/4/2013	9.85	8/2/2013	8.30
25/11/2013	8.95	16/9/2013	9.55	5/7/2013	10.10	23/4/2013	9.90	7/2/2013	8.10
22/11/2013	8.90	13/9/2013	9.45	4/7/2013	10.10	22/4/2013	9.85	6/2/2013	8.20
21/11/2013	9.00	12/9/2013	9.50	3/7/2013	10.10	19/4/2013	9.90	5/2/2013	8.20
20/11/2013	9.00	11/9/2013	9.50	2/7/2013	10.10	18/4/2013	9.95	4/2/2013	8.20
19/11/2013	8.95	10/9/2013	9.50	28/6/2013	10.30	17/4/2013	10.20	1/2/2013	8.10
18/11/2013	9.00	9/9/2013	9.50	27/6/2013	10.20	12/4/2013	10.10	31/1/2013	8.05
15/11/2013	9.05	6/9/2013	9.50	26/6/2013	10.30	11/4/2013	10.20	30/1/2013	8.10
14/11/2013	9.10	5/9/2013	9.50	25/6/2013	10.10	10/4/2013	9.90	29/1/2013	8.05
13/11/2013	9.10	4/9/2013	9.50	24/6/2013	10.20	9/4/2013	10.20	28/1/2013	8.10
12/11/2013	9.00	3/9/2013	9.55	21/6/2013	10.20	5/4/2013	10.30	25/1/2013	8.25
11/11/2013	9.25	2/9/2013	9.50	20/6/2013	10.30	4/4/2013	10.20	24/1/2013	8.25
8/11/2013	9.15	30/8/2013	9.45	19/6/2013	10.30	3/4/2013	10.30	23/1/2013	8.20
7/11/2013	9.15	29/8/2013	9.45	18/6/2013	10.20	2/4/2013	10.30	22/1/2013	8.15
6/11/2013	9.10	28/8/2013	9.40	17/6/2013	10.40	1/4/2013	10.30	21/1/2013	8.05
5/11/2013	9.20	27/8/2013	9.50	14/6/2013	10.40	29/3/2013	10.20	18/1/2013	8.00
4/11/2013	9.10	26/8/2013	9.70	13/6/2013	10.30	28/3/2013	10.20	17/1/2013	7.95
1/11/2013	9.30	23/8/2013	9.65	12/6/2013	10.30	27/3/2013	10.20	16/1/2013	7.90
31/10/2013	9.30	22/8/2013	9.75	11/6/2013	10.20	26/3/2013	9.80	15/1/2013	7.90
30/10/2013	9.20	21/8/2013	9.95	10/6/2013	10.90	25/3/2013	9.35	14/1/2013	7.70
29/10/2013	9.40	20/8/2013	9.95	7/6/2013	10.50	22/3/2013	9.25	11/1/2013	7.65
28/10/2013	9.45	19/8/2013	10.30	6/6/2013	10.20	21/3/2013	9.10	10/1/2013	7.70
25/10/2013	9.40	16/8/2013	10.30	5/6/2013	10.20	20/3/2013	9.05	9/1/2013	7.70
24/10/2013	9.50	15/8/2013	10.30	4/6/2013	10.40	19/3/2013	9.15	8/1/2013	7.70
22/10/2013	9.45	14/8/2013	10.30	3/6/2013	10.40	18/3/2013	9.05	7/1/2013	7.70
21/10/2013	9.45	13/8/2013	10.30	31/5/2013	10.70	15/3/2013	9.30	4/1/2013	7.65
18/10/2013	9.45	9/8/2013	10.60	30/5/2013	10.90	14/3/2013	9.40	3/1/2013	7.70
17/10/2013	9.45	8/8/2013	10.50	29/5/2013	10.90	13/3/2013	9.00	2/1/2013	7.70

Table 2.18 2012 stock price

Date	Close	Date	Close	Date	Close	Date	Close	Date	Close
28/12/2012	7.70	17/10/2012	6.65	8/8/2012	6.35	29/5/2012	6.00	13/3/2012	6.10
27/12/2012	7.70	16/10/2012	6.60	7/8/2012	6.35	28/5/2012	5.85	12/3/2012	6.15
26/12/2012	7.55	15/10/2012	6.60	6/8/2012	6.40	25/5/2012	5.75	9/3/2012	6.25
25/12/2012	7.55	12/10/2012	6.60	3/8/2012	6.40	24/5/2012	5.75	8/3/2012	6.20
24/12/2012	7.45	11/10/2012	6.60	1/8/2012	6.40	23/5/2012	5.75	6/3/2012	6.20
21/12/2012	7.35	10/10/2012	6.55	31/7/2012	6.40	22/5/2012	5.75	5/3/2012	6.20
20/12/2012	7.20	9/10/2012	6.65	30/7/2012	6.40	21/5/2012	5.75	2/3/2012	6.25
19/12/2012	7.20	8/10/2012	6.95	27/7/2012	6.35	18/5/2012	5.85	1/3/2012	6.10
18/12/2012	7.10	5/10/2012	6.90	26/7/2012	6.40	17/5/2012	5.90	29/2/2012	6.10
17/12/2012	7.00	4/10/2012	6.90	25/7/2012	6.35	16/5/2012	5.80	28/2/2012	5.95
14/12/2012	7.00	3/10/2012	6.95	24/7/2012	6.40	15/5/2012	5.85	27/2/2012	5.95
13/12/2012	6.95	2/10/2012	6.95	23/7/2012	6.35	14/5/2012	6.00	24/2/2012	6.00
12/12/2012	7.10	1/10/2012	6.95	20/7/2012	6.40	11/5/2012	6.00	23/2/2012	6.00
11/12/2012	7.05	28/9/2012	6.95	19/7/2012	6.35	10/5/2012	6.25	22/2/2012	6.15
7/12/2012	7.05	27/9/2012	6.95	18/7/2012	6.40	9/5/2012	6.25	21/2/2012	6.10
6/12/2012	7.10	26/9/2012	6.80	17/7/2012	6.35	8/5/2012	6.35	20/2/2012	6.15
4/12/2012	7.05	25/9/2012	6.85	16/7/2012	6.35	4/5/2012	6.35	17/2/2012	6.05
3/12/2012	7.15	24/9/2012	6.85	13/7/2012	6.40	3/5/2012	6.35	16/2/2012	6.10
30/11/2012	7.15	21/9/2012	6.75	12/7/2012	6.35	2/5/2012	6.60	15/2/2012	6.15
29/11/2012	7.20	20/9/2012	6.80	11/7/2012	6.35	30/4/2012	6.60	14/2/2012	6.10
28/11/2012	7.15	19/9/2012	6.75	10/7/2012	6.45	27/4/2012	6.55	13/2/2012	6.15
27/11/2012	7.20	18/9/2012	6.75	9/7/2012	6.30	26/4/2012	6.55	10/2/2012	6.10
26/11/2012	7.15	17/9/2012	6.70	6/7/2012	6.30	25/4/2012	6.60	9/2/2012	6.05
23/11/2012	7.10	14/9/2012	6.65	5/7/2012	6.25	24/4/2012	6.55	8/2/2012	6.15
22/11/2012	7.10	13/9/2012	6.65	4/7/2012	6.25	23/4/2012	6.50	7/2/2012	6.05
21/11/2012	7.15	12/9/2012	6.65	3/7/2012	6.25	20/4/2012	6.60	6/2/2012	6.05
20/11/2012	7.20	11/9/2012	6.55	2/7/2012	6.20	19/4/2012	6.55	3/2/2012	6.05
19/11/2012	7.10	10/9/2012	6.50	29/6/2012	6.10	18/4/2012	6.50	2/2/2012	6.05
16/11/2012	7.00	7/9/2012	6.50	28/6/2012	6.10	17/4/2012	6.45	1/2/2012	6.00
15/11/2012	6.90	6/9/2012	6.50	27/6/2012	6.10	12/4/2012	6.50	31/1/2012	6.00
14/11/2012	6.90	5/9/2012	6.50	26/6/2012	6.05	11/4/2012	6.45	30/1/2012	6.00
13/11/2012	7.00	4/9/2012	6.45	25/6/2012	6.05	10/4/2012	6.50	27/1/2012	5.95
12/11/2012	7.00	3/9/2012	6.45	22/6/2012	6.05	5/4/2012	6.65	26/1/2012	6.00
9/11/2012	6.85	31/8/2012	6.35	21/6/2012	6.10	4/4/2012	6.65	25/1/2012	5.95
8/11/2012	7.00	30/8/2012	6.40	20/6/2012	6.15	3/4/2012	6.70	24/1/2012	5.95
7/11/2012	7.00	29/8/2012	6.40	19/6/2012	6.15	2/4/2012	6.70	23/1/2012	5.80
6/11/2012	6.90	28/8/2012	6.50	18/6/2012	6.00	30/3/2012	6.60	20/1/2012	5.75
5/11/2012	6.90	27/8/2012	6.55	15/6/2012	6.00	29/3/2012	6.45	19/1/2012	5.80
2/11/2012	6.90	24/8/2012	6.50	14/6/2012	6.00	28/3/2012	6.45	18/1/2012	5.70
1/11/2012	6.90	23/8/2012	6.45	13/6/2012	5.95	27/3/2012	6.40	17/1/2012	5.65
31/10/2012	6.85	22/8/2012	6.45	12/6/2012	5.95	26/3/2012	6.40	16/1/2012	5.60
30/10/2012	6.85	21/8/2012	6.40	11/6/2012	5.90	23/3/2012	6.40	13/1/2012	5.65
29/10/2012	6.90	20/8/2012	6.40	8/6/2012	5.90	22/3/2012	6.40	12/1/2012	5.70
26/10/2012	6.75	17/8/2012	6.40	7/6/2012	5.95	21/3/2012	6.45	11/1/2012	5.70
25/10/2012	6.85	16/8/2012	6.30	6/6/2012	5.90	20/3/2012	6.25	10/1/2012	5.65
24/10/2012	6.80	15/8/2012	6.40	5/6/2012	5.90	19/3/2012	6.25	9/1/2012	5.60
22/10/2012	6.75	14/8/2012	6.30	1/6/2012	6.00	16/3/2012	6.25	6/1/2012	5.60
19/10/2012	6.70	10/8/2012	6.25	31/5/2012	6.00	15/3/2012	6.20	5/1/2012	5.65
18/10/2012	6.65	9/8/2012	6.40	30/5/2012	6.00	14/3/2012	6.20	4/1/2012	5.70

Table 2.19 2011 stock price

Date	Close	Date	Close	Date	Close	Date	Close	Date	Close
30/12/2011	5.70	19/10/2011	5.20	10/8/2011	6.40	31/5/2011	5.60	11/3/2011	5.28
29/12/2011	5.70	18/10/2011	5.30	9/8/2011	6.40	30/5/2011	5.60	10/3/2011	5.32
28/12/2011	5.60	17/10/2011	5.25	8/8/2011	6.60	27/5/2011	5.60	9/3/2011	5.35
27/12/2011	5.55	14/10/2011	5.30	5/8/2011	6.55	26/5/2011	5.60	8/3/2011	5.32
26/12/2011	5.50	13/10/2011	5.25	4/8/2011	6.60	25/5/2011	5.60	7/3/2011	5.35
23/12/2011	5.50	12/10/2011	5.30	3/8/2011	6.60	24/5/2011	5.65	4/3/2011	5.38
22/12/2011	5.55	11/10/2011	5.20	2/8/2011	6.60	23/5/2011	5.65	3/3/2011	5.38
21/12/2011	5.60	10/10/2011	5.25	1/8/2011	6.60	20/5/2011	5.60	2/3/2011	5.32
20/12/2011	5.60	7/10/2011	5.35	29/7/2011	6.90	19/5/2011	5.50	1/3/2011	5.30
19/12/2011	5.70	6/10/2011	5.60	28/7/2011	6.80	18/5/2011	5.55	28/2/2011	5.25
16/12/2011	5.65	5/10/2011	5.50	27/7/2011	6.40	13/5/2011	5.70	25/2/2011	5.20
15/12/2011	5.75	4/10/2011	5.45	26/7/2011	6.35	12/5/2011	5.73	24/2/2011	5.05
14/12/2011	5.90	3/10/2011	5.60	25/7/2011	6.20	11/5/2011	5.75	23/2/2011	5.10
13/12/2011	5.90	30/9/2011	5.85	22/7/2011	6.00	10/5/2011	5.50	22/2/2011	5.05
9/12/2011	5.90	29/9/2011	5.80	21/7/2011	5.90	9/5/2011	5.52	21/2/2011	5.05
8/12/2011	5.80	28/9/2011	6.00	20/7/2011	5.85	6/5/2011	5.48	17/2/2011	5.02
7/12/2011	5.85	27/9/2011	5.85	19/7/2011	5.85	4/5/2011	5.68	16/2/2011	5.02
6/12/2011	5.65	26/9/2011	5.50	18/7/2011	5.80	3/5/2011	5.75	15/2/2011	5.00
2/12/2011	5.55	23/9/2011	6.35	14/7/2011	5.80	29/4/2011	5.70	14/2/2011	4.98
1/12/2011	5.45	22/9/2011	6.65	13/7/2011	5.85	28/4/2011	5.70	11/2/2011	5.02
30/11/2011	5.35	21/9/2011	6.80	12/7/2011	5.80	27/4/2011	5.58	10/2/2011	5.02
29/11/2011	5.30	20/9/2011	6.80	11/7/2011	5.75	26/4/2011	5.55	9/2/2011	5.10
28/11/2011	5.30	19/9/2011	6.75	8/7/2011	5.80	25/4/2011	5.52	8/2/2011	5.10
25/11/2011	5.30	16/9/2011	6.80	7/7/2011	5.70	22/4/2011	5.52	7/2/2011	5.10
24/11/2011	5.40	15/9/2011	6.75	6/7/2011	5.75	21/4/2011	5.58	4/2/2011	5.05
23/11/2011	5.30	14/9/2011	6.80	5/7/2011	5.70	20/4/2011	5.58	3/2/2011	5.05
22/11/2011	5.25	13/9/2011	6.80	4/7/2011	5.65	19/4/2011	5.60	2/2/2011	5.05
21/11/2011	5.25	12/9/2011	6.75	30/6/2011	5.60	18/4/2011	5.60	1/2/2011	5.02
18/11/2011	5.30	9/9/2011	6.80	29/6/2011	5.60	12/4/2011	5.52	31/1/2011	5.00
17/11/2011	5.25	8/9/2011	6.90	28/6/2011	5.55	11/4/2011	5.50	28/1/2011	5.10
16/11/2011	5.25	7/9/2011	6.85	27/6/2011	5.55	8/4/2011	5.60	27/1/2011	5.00
15/11/2011	5.15	6/9/2011	6.75	24/6/2011	5.55	7/4/2011	5.48	26/1/2011	5.00
14/11/2011	5.30	5/9/2011	6.80	23/6/2011	5.55	5/4/2011	5.50	25/1/2011	5.00
11/11/2011	5.20	2/9/2011	6.75	22/6/2011	5.55	4/4/2011	5.43	24/1/2011	4.95
10/11/2011	5.20	1/9/2011	6.90	21/6/2011	5.60	1/4/2011	5.43	21/1/2011	4.98
9/11/2011	5.35	31/8/2011	6.80	20/6/2011	5.55	31/3/2011	5.32	20/1/2011	5.05
8/11/2011	5.35	30/8/2011	6.80	17/6/2011	5.55	30/3/2011	5.30	19/1/2011	5.05
7/11/2011	5.35	29/8/2011	6.70	16/6/2011	5.55	29/3/2011	5.32	18/1/2011	5.00
4/11/2011	5.30	26/8/2011	6.85	15/6/2011	5.55	28/3/2011	5.30	17/1/2011	5.00
3/11/2011	5.30	25/8/2011	6.65	14/6/2011	5.55	25/3/2011	5.32	14/1/2011	5.00
2/11/2011	5.30	24/8/2011	6.85	13/6/2011	5.55	24/3/2011	5.32	13/1/2011	4.98
1/11/2011	5.25	23/8/2011	6.80	10/6/2011	5.55	23/3/2011	5.25	12/1/2011	4.93
31/10/2011	5.25	22/8/2011	6.90	9/6/2011	5.50	22/3/2011	5.32	11/1/2011	4.98
28/10/2011	5.25	19/8/2011	6.90	8/6/2011	5.55	21/3/2011	5.28	10/1/2011	5.00
27/10/2011	5.20	18/8/2011	6.80	7/6/2011	5.55	18/3/2011	5.30	7/1/2011	5.00
26/10/2011	5.20	17/8/2011	6.65	6/6/2011	5.70	17/3/2011	5.20	6/1/2011	5.00
25/10/2011	5.10	16/8/2011	6.55	3/6/2011	5.60	16/3/2011	5.23	5/1/2011	5.02
21/10/2011	5.10	15/8/2011	6.55	2/6/2011	5.60	15/3/2011	5.25	4/1/2011	5.00
20/10/2011	5.15	11/8/2011	6.45	1/6/2011	5.60	14/3/2011	5.28		



Table 2.20 2010 stock price

Date	Close	Date	Close	Date	Close	Date	Close	Date	Close
30/12/2010	5.08	19/10/2010	4.78	9/8/2010	4.12	27/5/2010	3.48	9/3/2010	3.15
29/12/2010	4.90	18/10/2010	4.82	6/8/2010	4.15	26/5/2010	3.43	8/3/2010	3.15
28/12/2010	4.88	15/10/2010	4.82	5/8/2010	4.15	25/5/2010	3.40	5/3/2010	3.25
27/12/2010	4.90	14/10/2010	4.78	4/8/2010	4.15	24/5/2010	3.43	4/3/2010	3.25
24/12/2010	4.85	13/10/2010	4.75	3/8/2010	4.15	19/5/2010	3.40	3/3/2010	3.18
23/12/2010	4.85	12/10/2010	4.75	2/8/2010	4.15	18/5/2010	3.40	2/3/2010	3.15
22/12/2010	4.85	11/10/2010	4.85	30/7/2010	4.15	17/5/2010	3.35	26/2/2010	3.15
21/12/2010	4.88	8/10/2010	4.85	29/7/2010	4.18	14/5/2010	3.35	25/2/2010	2.95
20/12/2010	4.90	7/10/2010	5.12	28/7/2010	4.12	13/5/2010	3.43	24/2/2010	2.93
17/12/2010	4.88	6/10/2010	5.10	27/7/2010	4.05	12/5/2010	3.40	23/2/2010	2.93
16/12/2010	4.85	5/10/2010	5.00	23/7/2010	4.18	11/5/2010	3.40	22/2/2010	2.95
15/12/2010	4.85	4/10/2010	5.05	22/7/2010	4.15	10/5/2010	3.40	19/2/2010	2.85
14/12/2010	4.88	1/10/2010	5.23	21/7/2010	4.12	7/5/2010	3.38	18/2/2010	2.88
13/12/2010	4.90	30/9/2010	5.25	20/7/2010	4.10	6/5/2010	3.68	17/2/2010	2.85
9/12/2010	4.93	29/9/2010	5.20	19/7/2010	4.10	4/5/2010	3.65	16/2/2010	2.90
8/12/2010	4.93	28/9/2010	5.08	16/7/2010	4.10	30/4/2010	3.60	15/2/2010	2.85
7/12/2010	4.95	27/9/2010	4.95	15/7/2010	4.05	29/4/2010	3.50	12/2/2010	2.88
3/12/2010	4.90	24/9/2010	4.80	14/7/2010	4.00	28/4/2010	3.50	11/2/2010	2.78
2/12/2010	4.93	23/9/2010	4.80	13/7/2010	3.98	27/4/2010	3.43	10/2/2010	2.78
1/12/2010	4.93	22/9/2010	4.70	12/7/2010	3.98	26/4/2010	3.40	9/2/2010	2.78
30/11/2010	4.90	21/9/2010	4.70	9/7/2010	3.95	23/4/2010	3.40	8/2/2010	2.75
29/11/2010	4.82	20/9/2010	4.65	8/7/2010	3.95	22/4/2010	3.40	5/2/2010	2.78
26/11/2010	4.85	17/9/2010	4.68	7/7/2010	3.90	21/4/2010	3.35	4/2/2010	2.78
25/11/2010	4.85	16/9/2010	4.60	6/7/2010	3.90	20/4/2010	3.35	3/2/2010	2.75
24/11/2010	4.82	15/9/2010	4.58	5/7/2010	3.88	19/4/2010	3.22	2/2/2010	2.78
23/11/2010	4.82	14/9/2010	4.60	2/7/2010	3.90	16/4/2010	3.28	1/2/2010	2.75
22/11/2010	4.82	13/9/2010	4.60	30/6/2010	3.88	12/4/2010	3.32	29/1/2010	2.75
19/11/2010	4.80	10/9/2010	4.58	29/6/2010	3.90	9/4/2010	3.38	28/1/2010	2.75
18/11/2010	4.82	9/9/2010	4.55	28/6/2010	3.90	8/4/2010	3.38	27/1/2010	2.78
17/11/2010	4.75	8/9/2010	4.52	25/6/2010	3.90	7/4/2010	3.43	26/1/2010	2.78
16/11/2010	4.82	7/9/2010	4.60	24/6/2010	3.90	5/4/2010	3.43	25/1/2010	2.78
15/11/2010	4.85	6/9/2010	4.68	23/6/2010	3.90	2/4/2010	3.43	22/1/2010	2.80
12/11/2010	4.95	3/9/2010	4.62	22/6/2010	3.90	1/4/2010	3.45	21/1/2010	2.85
11/11/2010	4.80	2/9/2010	4.68	21/6/2010	3.88	31/3/2010	3.40	20/1/2010	2.85
10/11/2010	4.73	1/9/2010	4.65	18/6/2010	3.90	30/3/2010	3.38	19/1/2010	2.88
9/11/2010	4.75	31/8/2010	4.65	17/6/2010	3.90	29/3/2010	3.35	18/1/2010	2.88
8/11/2010	4.75	30/8/2010	4.62	16/6/2010	3.90	26/3/2010	3.32	15/1/2010	2.85
5/11/2010	4.73	27/8/2010	4.60	15/6/2010	3.95	25/3/2010	3.30	14/1/2010	2.85
4/11/2010	4.75	26/8/2010	4.62	14/6/2010	3.93	24/3/2010	3.32	13/1/2010	2.85
3/11/2010	4.78	25/8/2010	4.58	11/6/2010	3.88	23/3/2010	3.32	12/1/2010	2.85
2/11/2010	4.78	24/8/2010	4.55	10/6/2010	3.85	22/3/2010	3.35	11/1/2010	2.82
1/11/2010	4.75	23/8/2010	4.48	9/6/2010	3.80	19/3/2010	3.35	8/1/2010	2.85
29/10/2010	4.78	20/8/2010	4.42	8/6/2010	3.80	18/3/2010	3.35	7/1/2010	2.80
28/10/2010	4.78	19/8/2010	4.40	7/6/2010	3.78	17/3/2010	3.35	6/1/2010	2.82
27/10/2010	4.75	18/8/2010	4.40	4/6/2010	3.72	16/3/2010	3.32	5/1/2010	2.82
26/10/2010	4.78	17/8/2010	4.45	3/6/2010	3.75	15/3/2010	3.25	4/1/2010	2.80
22/10/2010	4.78	16/8/2010	4.35	2/6/2010	3.68	12/3/2010	3.20		
21/10/2010	4.78	11/8/2010	4.18	1/6/2010	3.68	11/3/2010	3.18		
20/10/2010	4.75	10/8/2010	4.15	31/5/2010	3.50	10/3/2010	3.15		



Table 2.21 2009 stock price

Date	Close	Date	Close	Date	Close	Date	Close	Date	Close
30/12/2009	2.78	19/10/2009	2.72	10/8/2009	2.75	28/5/2009	2.58	11/3/2009	2.85
29/12/2009	2.78	16/10/2009	2.75	7/8/2009	2.72	27/5/2009	2.50	10/3/2009	2.80
28/12/2009	2.75	15/10/2009	2.62	6/8/2009	2.72	26/5/2009	2.50	9/3/2009	-
25/12/2009	2.72	14/10/2009	2.75	5/8/2009	2.75	25/5/2009	2.60	6/3/2009	2.85
24/12/2009	2.70	13/10/2009	2.85	4/8/2009	2.68	22/5/2009	2.58	5/3/2009	2.85
23/12/2009	2.70	12/10/2009	2.85	3/8/2009	2.62	21/5/2009	2.58	4/3/2009	2.88
22/12/2009	2.68	9/10/2009	2.95	31/7/2009	2.60	20/5/2009	2.60	3/3/2009	2.85
21/12/2009	2.68	8/10/2009	2.95	30/7/2009	2.58	19/5/2009	2.60	2/3/2009	2.85
18/12/2009	2.70	7/10/2009	2.95	29/7/2009	2.60	18/5/2009	2.60	27/2/2009	2.88
17/12/2009	2.70	6/10/2009	2.93	28/7/2009	2.58	15/5/2009	2.58	26/2/2009	2.85
16/12/2009	2.68	5/10/2009	2.93	27/7/2009	2.60	14/5/2009	2.62	25/2/2009	2.90
15/12/2009	2.70	2/10/2009	2.93	24/7/2009	2.58	13/5/2009	2.68	24/2/2009	2.95
14/12/2009	2.68	1/10/2009	2.93	23/7/2009	2.58	12/5/2009	2.65	23/2/2009	2.90
11/12/2009	2.68	30/9/2009	2.88	22/7/2009	2.58	11/5/2009	2.68	20/2/2009	2.88
9/12/2009	2.65	29/9/2009	2.90	21/7/2009	2.60	7/5/2009	2.68	19/2/2009	2.88
8/12/2009	2.68	28/9/2009	2.93	20/7/2009	2.58	6/5/2009	2.70	18/2/2009	2.90
4/12/2009	2.65	25/9/2009	2.95	17/7/2009	2.60	4/5/2009	2.82	17/2/2009	3.10
3/12/2009	2.65	24/9/2009	3.00	16/7/2009	2.55	30/4/2009	2.82	16/2/2009	2.95
2/12/2009	2.65	23/9/2009	2.95	15/7/2009	2.58	29/4/2009	2.82	13/2/2009	-
1/12/2009	2.62	22/9/2009	2.95	14/7/2009	2.53	28/4/2009	2.85	12/2/2009	3.00
30/11/2009	2.62	21/9/2009	2.88	13/7/2009	2.55	27/4/2009	2.80	11/2/2009	-
27/11/2009	2.58	18/9/2009	2.82	10/7/2009	2.53	24/4/2009	2.78	10/2/2009	-
26/11/2009	2.58	17/9/2009	2.78	9/7/2009	2.55	23/4/2009	2.78	6/2/2009	3.08
25/11/2009	2.60	16/9/2009	2.78	8/7/2009	2.50	22/4/2009	2.80	5/2/2009	-
24/11/2009	2.60	15/9/2009	2.78	3/7/2009	2.50	21/4/2009	2.82	4/2/2009	-
23/11/2009	2.65	14/9/2009	2.78	2/7/2009	2.50	20/4/2009	2.85	3/2/2009	-
20/11/2009	2.65	11/9/2009	2.78	30/6/2009	2.53	17/4/2009	2.78	2/2/2009	-
19/11/2009	2.65	10/9/2009	2.78	29/6/2009	2.50	16/4/2009	2.75	30/1/2009	-
18/11/2009	2.65	9/9/2009	2.78	26/6/2009	2.50	10/4/2009	2.78	29/1/2009	3.03
17/11/2009	2.65	8/9/2009	2.78	25/6/2009	2.49	9/4/2009	2.70	28/1/2009	-
16/11/2009	2.65	7/9/2009	2.80	24/6/2009	2.53	8/4/2009	2.70	27/1/2009	3.05
13/11/2009	2.68	4/9/2009	2.72	23/6/2009	2.48	7/4/2009	2.55	26/1/2009	-
12/11/2009	2.72	3/9/2009	2.72	22/6/2009	2.50	3/4/2009	2.68	23/1/2009	2.98
11/11/2009	2.72	2/9/2009	2.72	19/6/2009	2.50	2/4/2009	2.75	22/1/2009	3.00
10/11/2009	2.72	1/9/2009	2.72	18/6/2009	2.50	1/4/2009	2.78	21/1/2009	3.05
9/11/2009	2.72	31/8/2009	2.72	17/6/2009	2.50	31/3/2009	2.80	20/1/2009	-
6/11/2009	2.72	28/8/2009	2.72	16/6/2009	2.50	30/3/2009	2.82	19/1/2009	-
5/11/2009	2.72	27/8/2009	2.75	15/6/2009	2.53	27/3/2009	-	16/1/2009	-
4/11/2009	2.70	26/8/2009	2.75	12/6/2009	2.60	26/3/2009	2.88	15/1/2009	3.00
3/11/2009	2.65	25/8/2009	2.70	11/6/2009	2.60	25/3/2009	2.90	14/1/2009	3.03
2/11/2009	2.65	24/8/2009	2.70	10/6/2009	2.62	24/3/2009	2.90	13/1/2009	3.03
30/10/2009	2.70	21/8/2009	2.70	9/6/2009	2.62	23/3/2009	2.90	12/1/2009	3.03
29/10/2009	2.70	20/8/2009	2.72	8/6/2009	2.62	20/3/2009	2.90	9/1/2009	3.08
28/10/2009	2.75	19/8/2009	2.70	5/6/2009	2.60	19/3/2009	2.88	8/1/2009	3.08
27/10/2009	2.70	18/8/2009	2.68	4/6/2009	2.53	18/3/2009	2.90	7/1/2009	3.03
26/10/2009	2.70	17/8/2009	2.62	3/6/2009	2.53	17/3/2009	2.82	6/1/2009	3.00
22/10/2009	2.72	14/8/2009	2.62	2/6/2009	2.50	16/3/2009	2.82	5/1/2009	3.00
21/10/2009	2.72	13/8/2009	2.75	1/6/2009	2.50	13/3/2009	2.88		
20/10/2009	2.70	11/8/2009	2.72	29/5/2009	2.50	12/3/2009	2.82		

## REFERENCES

- Asia Wealth (2014), Modernform Group PCL (MODERN), retrieved from  
[http://www.aws.co.th/uploads/researchs/file\\_151751\\_zzkwq.pdf](http://www.aws.co.th/uploads/researchs/file_151751_zzkwq.pdf)
- Bank of Thailand, monetary policy report (September 2014). Cited by TISCO  
 Economic Strategy Unit, Special issue (October 1, 2014), 2-3.
- Bank of Thailand, real estate indicator (2014), retrieved from  
<https://www.bot.or.th/Thai/Statistics/EconomicAndFinancial/Pages/StatPropertyIndicators.aspx>
- CBRE Research, Thailand (2014), Bangkok Office Market View Q2 2014, retrieved  
 from <http://www.cbre.co.th/en/ResearchCentre/Research/Bangkok-Office-MarketView-Q2-2014>
- Damodaran Online, Estimated country risk premiums updated January 1, 2014,  
 retrieved from  
[http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/ctryprem.html](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html)
- EMIS, furniture and related product manufacturing industry in Thailand, (2009-2013))
- EMIS, furniture and related product manufacturing industry in Thailand, Quick  
 comparables, (2013))
- iBiz channel, Home and Condo shows 31th (2014), retrieved from  
<http://www.manager.co.th/ibizchannel/ViewNews.aspx?NewsID=9570000116694>
- KT Zmico (2014), Modernform Group, retrieved from  
<https://globalalliancepartners.s3.amazonaws.com/propositions/37e6d355f1d4989d3831f206c684ab9f.pdf>
- Modernform, the company's annual report (2013). Policy and Business Operations,  
 14-15
- Modernform, the company's annual report (2013). Business Operations of the  
 Company, 16-18

- Modernform, the company's annual report (2013). Risk Factors, 19-20
- Modernform, the company's annual report (2013). Management structure, 22
- Modernform, the company's annual report (2013). Corporate governance, 37
- NESDB, Economic Outlook, Thai Economic Performance in Q1 and Outlook for 2010, 1, retrieved from  
[http://www.nesdb.go.th/Portals/0/eco\\_datos/economic/eco\\_state/1\\_53/Presentation%20Eng%20Q1-2010.pdf](http://www.nesdb.go.th/Portals/0/eco_datos/economic/eco_state/1_53/Presentation%20Eng%20Q1-2010.pdf)
- NESDB, Economic Outlook, Thai Economic Performance in Q4 2011 and Outlook for 2012, 1, retrieved from  
[http://www.nesdb.go.th/Portals/0/eco\\_datos/economic/eco\\_state/4\\_54/Presentation%20Eng%20Q4-2011.pdf](http://www.nesdb.go.th/Portals/0/eco_datos/economic/eco_state/4_54/Presentation%20Eng%20Q4-2011.pdf)
- NESDB, Economic Outlook, Thai Economic Performance in Q1 and Outlook for 2013, 1, retrieved from  
[http://www.nesdb.go.th/Portals/0/eco\\_datos/economic/eco\\_state/1\\_56/Presentation%20Eng%20Q1-2013.pdf](http://www.nesdb.go.th/Portals/0/eco_datos/economic/eco_state/1_56/Presentation%20Eng%20Q1-2013.pdf)
- NESDB, Economic Outlook, Thai Economic Performance in Q3 and Outlook for 2014-2015, 1, retrieved from  
[http://www.nesdb.go.th/Portals/0/eco\\_datos/economic/eco\\_state/3\\_57/PresentationEngQ3-2014.pdf](http://www.nesdb.go.th/Portals/0/eco_datos/economic/eco_state/3_57/PresentationEngQ3-2014.pdf)
- NESDB, Gross Domestic Product (Q3'2014), Household consumption expenditure, 26, retrieved from  
[http://eng.nesdb.go.th/Portals/0/eco\\_datos/account/qgdp/data3\\_14/BookQGDP3-2014-Eng.pdf](http://eng.nesdb.go.th/Portals/0/eco_datos/account/qgdp/data3_14/BookQGDP3-2014-Eng.pdf)
- NESDB, Gross Domestic Product (Q3'2014), Gross Fixed Capital Formation, 28, retrieved from  
[http://eng.nesdb.go.th/Portals/0/eco\\_datos/account/qgdp/data3\\_14/BookQGDP3-2014-Eng.pdf](http://eng.nesdb.go.th/Portals/0/eco_datos/account/qgdp/data3_14/BookQGDP3-2014-Eng.pdf)
- Rockworth, Corporate overview, retrieved from  
[http://www.rockworth.com/corperate\\_overview.php](http://www.rockworth.com/corperate_overview.php)
- Rockworth, the company's annual report (2013)
- Superbrandsmena, SB furniture market, retrieved from  
<http://www.thailand.superbrandsmena.com/pdf/pdf1396936919.pdf>
- Thaibma, Government Bond Yield Curve (TTM 10 years), retrieved from  
<http://www.thaibma.or.th/main.html>

The Stock Exchange of Thailand, “The Company’s opportunity day meeting” (Q2’14),  
retrieved from <http://www.dcs->

[digital.com/setweb/downloads/2557q2/20140911\\_modern.pdf](http://www.dcs-digital.com/setweb/downloads/2557q2/20140911_modern.pdf)

TISCO Economic Strategy Unit, Special issue (October 1, 2014), 2-3.

Wikipedia, Index living mall, retrieved from

[http://en.wikipedia.org/wiki/Index\\_Living\\_Mall](http://en.wikipedia.org/wiki/Index_Living_Mall)

Wikipedia, Modernform Group, retrieved from

[http://en.wikipedia.org/wiki/Modernform\\_Group](http://en.wikipedia.org/wiki/Modernform_Group)





## Appendix A: Revenue structure of different business groups

Product Range/ Business Group	Operated by	Shares (%)	2013		2012		2011	
			Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Furniture Business	Modernform Group Public Company Limited	-						
- Office furniture and Residential furniture			2,649	51	2,208	48	2,066	49
- Furniture fittings :composite stones, carpet tile and engineering wood			585	11	577	13	533	13
- Health Care furniture	Modernform Health & Care Co.,Ltd.	60	143	3	162	4	151	3
Space rental and services	Modernform Tower Co., Ltd.	100	75	2	70	2	68	2
Architectural	Rafa Associates Co., Ltd.	75	47	1	78	2	52	1
Plastic Packaging	Thai Plaspac PLC.	48	1,591	31	1,387	30	1,241	29
Miscellaneous*	-	-	57	1	67	1	122	3
<b>Total</b>			<b>5,147</b>	<b>100</b>	<b>4,549</b>	<b>100</b>	<b>2,992</b>	<b>100</b>

\* Miscellaneous revenues of the Company and subsidiary companies includes gain on sale of investment, service income, gain on sale of asset, sales of raw material scraps and gain on sales of investment in associated company.

(Source: Modernform, the company's annual report (2013). Business Operations of the Company, 16-18)

## Appendix B: Major Shareholders and Free-float

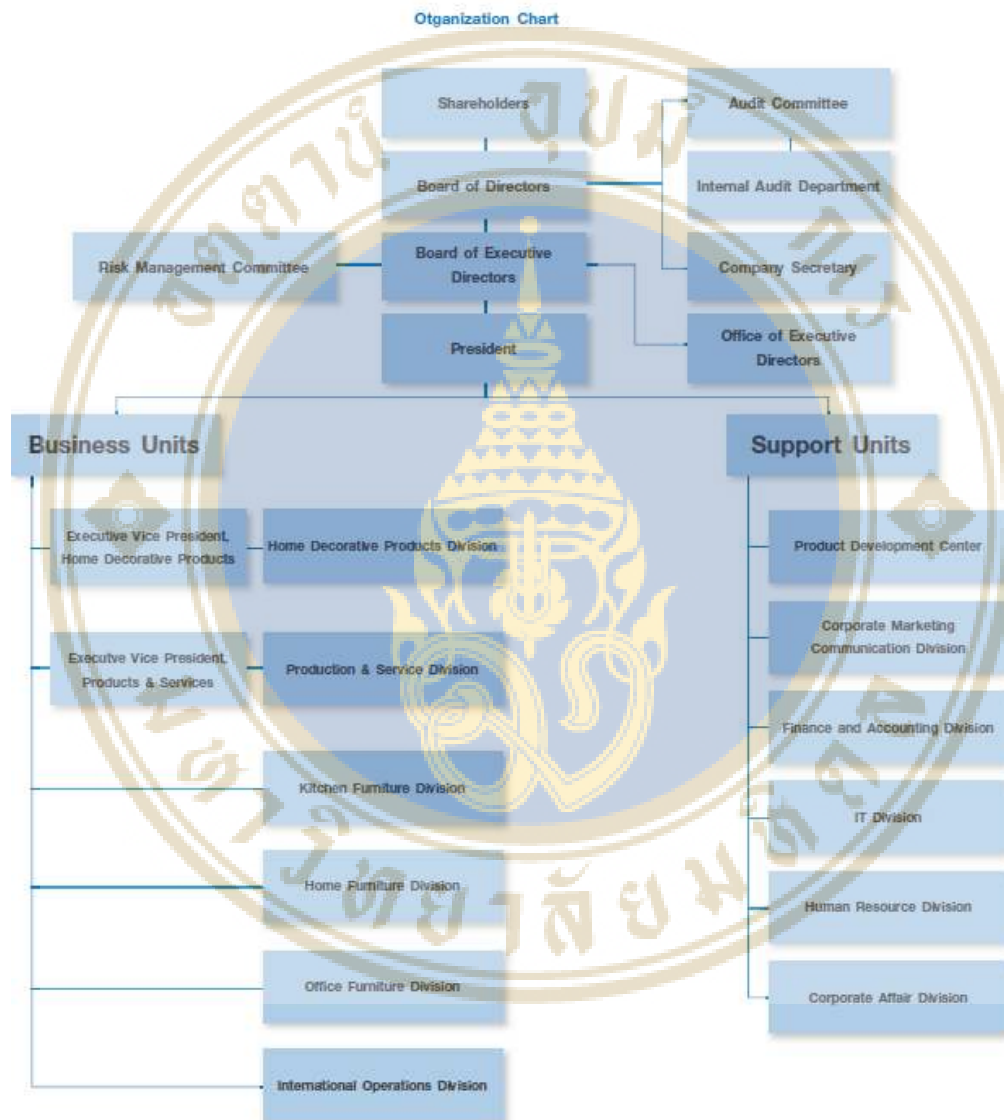
Free Float	13/03/2014	11/03/2013
% / Shareholders	47.92%	45.77%
Foreign Shareholders	19.78 % @ 22/10/2014	Foreign Limit 42.00 %

Top 10 Major Shareholders (@ 20/10/2014)	Share	%
1. THE BANK OF NEW YORK MELLON	76,000,000	10.13
2. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, FUND SERVICES DEPARTMENT	36,174,300	4.82
3. นาย หักษะ บุญยโกดะ	33,846,000	4.51
4. กองทุนเบ็ด กรุงศรีหุ้นระยะยาวปันผล	31,461,900	4.19
5. นาง ชลวิพรรณ วิวัฒนาเกษม	31,101,840	4.15
6. นาย กรวิวุฒิ เนื่องจำนงค์	27,504,000	3.67
7. นาย โยธิน เนื่องจำนงค์	25,746,420	3.43
8. NORTRUST NOMINEES LTD.	22,299,300	2.97
9. นาย ชัยยศ พาทร์	21,219,063	2.83
10. นาง พรพรรณ พาทร์	17,784,029	2.37

(Source: Setsmart as at October 22,2014)

## Appendix C: Management and Organizational Chart

In 2013, the Executive Director Committee still maintained the operational and management structure of 6 independent business units and 6 support units for a more efficient, clear-cut, and flexible chain of command.



(Source: Modernform, the company's annual report (2013). Management structure, 22)



## Appendix D: Corporate Governance

The Company's Board of Directors realize the importance of good corporate governance and believe that good corporate governance is a foundation upon which a good management and efficient operation system. As a result the Company's Board of Directors has adopted the principles of good corporate governance in writing and with consist review. At present the company is using the Corporate Governance Book III and distributed these printed policies to all staff to ensure that they have a written guideline handy for their daily operations and instill the concept and awareness of the company's stand on good corporate governance to each and every one of the company's staff with constant internal audits as a follow-up action.

The Company's Board of Directors evaluated its performance according to the good governance practices in 2013, at 94% covering the following five (5) main principles.

1. Rights of Shareholders
2. Equal Treatment of Shareholders
3. Roles of Stakeholders
4. Disclosure of Information and Transparency
5. Board's Responsibilities

*(Source: Modernform, the company's annual report (2013). Corporate governance, 37)*

## **Appendix E: SWOT analysis**

### **Strengths**

- Modernform has been in furniture industry for 30 years so the company understands the business and the customer needs which lead to create new trend for their products to serve existing and new customers and product by value engineering.
- Modernform is a well-known company and Modernform has strong premium furniture brand that consumers trust and have confidence in this company.
- Modernform gather the specialist who has skills and creative thinking and has labor who handwork skills which make product come out with glamorous.
- Modernform focus on housing product including offices and house project of partners that the company has royalty customers and they continue re-purchase the products because they provide excellent before and after sales service.

### **Weaknesses**

- Occasionally, the company has to produce more which may be due to dealer want to gain order as much as possible from the housing projects. Consequently, excess order causing the excess capacity. And in some cases may result in import inputs cannot be shipped to the following material.
- The company invests advertising a little causing customers do not know the image of Modernform well and including not know how interesting of the products.
- The development of skilled labor in the market today focus on the salary more than focusing on training skill which cause the cost of furniture producing higher.

### **Opportunities**

- Estate industry is likely to increase in rural and head of developed provinces which consumers has purchasing power.

- Modernform receives the benefits from AEC in that many companies will increase their investments in office and factory, which will lead to an increase in the demand for office furniture.

- Economic is likely to recover which will lead the companies to expand their business and rent more space for their office.

### **Threats**

- There are a lot of competitors which they need to join in the housing product.

- Furniture from China and Vietnam can eat market share because they are cheap.

- When AEC begins, more competitors will flow into Thailand.

- Appreciate in currency can reduce the amount of export because products of others seem cheap.

- Political instability

- Slow recovery of major economies such as the US and the EU

- Delayed public sector investments: had a negative impact on the construction delay of major property projects, which affected on furniture delivery, extending the delivery of the Company's products and the booking of revenue.

## **Appendix F: Five Forces analysis**

### **Threat of new entrants**

Furniture industry is the business that new entry is not hard to get in because the product is not a technology item that has to do R&D and demonstration several times to test system and furniture does not have high cost production. However, currently MODERN is the market leader in the premium office furniture in Thailand because they use an idea to creative their product with high quality material.

### **Bargaining power of buyers**

Due to plenty of competitor, buyers have more power than Modernform because they can switch to another company when they do not appreciate with the product. Therefore, Modernform aim to create an idea and innovation for attracting the buyer and taking care customers after selling products.

### **Bargaining power of suppliers**

Currently the proportion domestic material to import material is 70:30. In addition, the Company does not have a sourcing problem because there are plenty of the suppliers who can provide raw materials for the Company. The Company has no dependency of one major supplier up to 30% of the total purchase amount and does not have to enter into long-term agreement with the suppliers.

### **Threat of substitute products**

There is no substitute product to replace furniture excluding product from rival.

### **Competitive rivalry among existing firms**

In this industry, competitive is very strong because there a lot of rival which can separate to several segments and some of them reduce their price to gain more volume sell, some provide their product in packet and set price that consumers can impulse buy. Some try to fight over Modernform's market share.