

ABSTRACT

There was one lesson to be learned from the past economic crises that financial disaster, to a large extent, were the horrible consequences of several factors such as deterioration in financial information reporting system, irregular accounting practice, and speculative nature of the market players. The issue was that in nursing financial system back to health required not only strong policies from the government sector to govern the system but also collaboration from investors to utilize financial data properly. As seen, ignorance of fundamental information pushed the investors toward risk. The underlying motivation of this study was then to increase awareness of fundamental analysis. To accomplish that, this research aims to clarify the ambiguity in the role of fundamental financial data in equity investment. The achievement helped to cast light on whether the SET players traded the media and publishing securities regarding fundamental data disclosed on the firm's financial statements. To gain insight in such phenomenon, the primary task was to determine the relationship between fundamental financial variables and market value of equity.

Financial data pertaining to the variables of interest were gathered from the database of the Bloomberg Finance L.P. The final dataset contained the balance panel data of 100 firm-year observations, which derived from the time series data spanning 2004 to 2008 of 20 different SET firms listed under the Thailand media and publishing industry. Descriptive statistics was employed to describe the data characters while inferential statistics was adopted to draw the statistical implications from the estimated model. The residual income model was applied as the theoretical base to formulate the conceptual model and the regression analysis was used to study the relationship between the variables of interest, where The Fixed Effect Least-Squares method was exploited to estimate an empirical Model.

The result revealed that change in equity prices was found to be statistically significant and positively associated with the change in net operating working capital, investment in non-core business, and capital structure, while it is statistically significant and negatively associated with change in the book equity. In addition, equity price reactions to changes of other financial variables of interest i.e. net income, dividend, capital expenditure, and debt service capability were found to be statistically insignificant. These findings implied that, in addition to intangible factors, such as creative contents, artists, intellectual properties and the like, which were commonly realized as the value drivers, fundamental financial factors

played the key role for the SET players in shaping the prices of the media and publishing equity.

As the results signified that the SET players took account of financial statement data, thus, standard setters should encourage the listed firm to disclose more fundamental information since the transparency and accuracy of the data directly affected the SET investors. On the other hand, the firms' managements jumped into a chance to employ these data to attract funds from the investors; this, consequently, maximized their firms' values. Most importantly, the investors were recommended to take a great care when looking into financial statement data. They needed to enhance their knowledge relating to fundamental analysis rather than relying only on analysts, rating agencies, or technical analysis.

Furtherance studies could be conducted in several ways including alteration of variables of interest to intangible factors, for example, management team, human (artist), intellectual factors, and ethical standard; conducting the survey to see how the market perceived the usefulness and transparency of the corporate and accounting report.

