

IMPORTANCE OF CASH FLOW AND NET INCOME:
OPERATING CASH FLOW MEASURES THE QUALITY OF
INCOME

Special Topics in Accounting Paper



BY:

MUHAMMAD IRKA IRFA' DAROJAT (09/288621/EK/17767)

FACULTY OF ECONOMICS AND BUSINESS
GADJAH MADA UNIVERSITY
YOGYAKARTA

ACKNOWLEDGMENT

First of all, I say thank you to Allah SWT because I have been finished this Special Topics Accounting Paper. Furthermore, it was really great to be thought by Mr Taufikur Rahman. I really say thank you to Mr Taufikur who has shared his knowledge in class. He taught us not only the subject, but he also taught integrity, professionalism and honesty. I took notes of his speech in class about this moral taught because becoming an accountant needs good the moral aspect that will determine future career. Hopefully, I can become a lecture who taught values like you. Thank you.

Student

Muhammad Irka Irfa' Darajat
09/288621/EK/17767

OPERATING CASH FLOW MEASURES THE QUALITY OF INCOME

CHAPTER I INTRODUCTION

1.1 Introduction

This is really interesting to prove that operating cash flow can measure the quality of income since the cash from operations is also derived from net income add with the cash inflow from operation in that year. Professor Zaki Baridwan thought that the closer the net income with cash flow from operations, the better the quality of income. Furthermore, it is enthused to calculate the correlation between net income and operating cash flow in LQ 45 companies. Since, LQ 45 is mostly traded by the investors, it should have good quality net income. Mr Taura said that companies listed in LQ45 is mostly traded in capital market. It is interesting to see, there is earning management or not. It can be shown from the operating cash flow, free cash flow and net income as well.

Furthermore if we analyze deeper into free cash flow, we might find different findings. As previous research stated that a firm's market value reflects the collective judgment of the shareholders' expectations of its future cash flows. If the company produces expected cash flows or expectations remain constant, the market value should remain constant. If cash flows, or the expectations, turn out better, market value should rise; if cash flows or the expectations for them turn down, as with Xerox, value should erode. Recasting financial statements into a much more explicit and clear free cash flow format permits one to at least relate the current period's free cash flows to the current market valuation and reach some conclusions regarding those valuations (Howell, 2008).

Free cash flow is the cash that available in the company after they have paid off all their expenses. It has an explanatory for the investors. It gives the real picture of the company earnings. Since, free cash flow excludes the components of capital expenditures. Furthermore, it is taken from Cash flow from operations. It is a key indicator of a company's financial health, because without the ability to generate cash

flows from its operations, a company may not be able to survive in the future: cash flows are the artery of a company.

Furthermore free cash flow is cash flow in excess of that required to fund all projects that have positive net present values when discounted at the relevant cost of capital (Jensen, 1986). The evidence further reveals that FCF becomes an important explanatory variable for stock returns when earnings are transitory. Unfortunately, the amount that a company spends on capital expenditures necessary to maintain current growth is not something that can be determined from the financial statements. Therefore, many analysts revert to using the earlier calculation of free cash flow, using the entire capital expenditure for the period.

Jensen's ¹theory focused on the availability of free cash flow and the agency costs associated with this availability. His theory associated agency costs with free cash flow: if a company has free cash flow, this cash flow may be wasted and, hence, is underutilized – resulting in an agency cost. There has been research and debate as to whether there are truly costs to free cash flow, yet his theory did shift focus away from earnings and towards to the concept of free cash flow.

Free cash flow is important to investors because it have a major effect on the long term. Logically, free cash flow should have the information content for the investors. It predicts the company can continue as a going concern (company anticipates being in operation for at least in a year). It also has a course on whether investors can anticipate being paid dividends in the future, on the stability and possible increase of the market price of the stock. This consideration is important if the investor is planning to sell the stock in the near future at a price equal to or above what he previously paid. Positive or negative cash flow might represent the operational performance of the company. It valued how good the company can generate the cash from operations excluding the capital expenditure such as cash flow from investing and financing. It might be able to value the quality of management.

Xerox Corp. provides a classic example of how potentially misleading accounting profits can be, especially in the context of a troubled company. Management stated in the company's annual report that 1998 was "an excellent year" that the earnings goes up significantly. Throughout 1999, there is a profit warning for the third quarter that stunned Wall Street. In fact, by rearranging the cash flow data to

¹ Michael Jensen, "Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers," American Economic Review,

present it on a “free cash flow” basis, the picture changes dramatically (Howell, 2008). The suggested way to control and monitor using profitability metrics such as ROA², and also NOPAT³.

Radical changes in the energy market since 1973 simultaneously generated large increases in free cash flow in the petroleum industry. It required a major shrinking of the industry. In this environment the agency costs of free cash flow were large, and the takeover market has played a critical role in reducing them. From 1973 to the late 1970's, crude oil prices increased tenfold. They were initially accompanied by increases in expected future oil prices and an expansion of the industry. As consumption of oil fell, expectations of future increases in oil prices fell. Real interest rates and exploration and development costs also increased. As a result the optimal level of refining and distribution capacity and crude reserves fell in the late 1970's and early 1980's, leaving the industry with excess capacity. At the same time profits were high. This occurred because the average productivity of resources in the industry increased while the marginal productivity decreased. Thus, contrary to popular beliefs, the industry had to shrink. In particular, crude oil reserves (the industry's major asset) were too high, and cutbacks in exploration and development (E&D) expenditures were required (Jensen, 1986).

Investor values skeptically earnings, dividends, and asset values when it comes to stock price valuation. Although they are important factors, a company's ability to generate cash will eventually fuel growth in those factors. The existence of differences in accounting practices across the companies can create slight variations in earnings calculations. It makes difficult to track true earnings growth over time and compare figures between firms. Surprisingly, free cash flow measures the cash left after paying capital expenditures and dividends. The components needed to calculate free cash flow are reported in a statement of cash flows that companies are required to file each quarter and fiscal year when filing their income statement and balance sheets. In conclusion, this research will examine the correlation of the free cash flow and the stock prices in 20 publicly traded companies in Indonesia.

Operating cash flow help to identify the relationship between accounting income and cash flows. By making the statement of cash flows, we can derive the relationship between accounting income and cash flows. By removing the accruals

² Return on Asset

³ Net Operating Profit After Tax

from Income statement, we will get the operating cash flow. The operating cash flow will be similar to the permanent income. Moreover, the bigger gap between the net income and cash flows shows bad quality of net income. The cash from operating are coming from sales of goods or services, from interest and dividend receives. Thus are used to pay suppliers and employees. Other components are net income, depreciation, accounts payable and account receivables. Furthermore, the amount of account payable increase will reduce the amount of the operating cash flows. Otherwise, the amount of the account payable decrease, it will increase the amount of the operating cash flows. The amount of account receivable increase will reduce the amount of cash.

Ultimately, bills, investment, debts, dividends etc. are paid with cash, not earnings. If a firm does not generate sufficient cash in the course of its business, it will face extinction. FASB discussion memorandum suggested that cash flow data are useful supplemental disclosure because they (1) provide feedback on actual cash flows, (2) help to identify the relationship between accounting income and cash flow (3) provide information about the quality of income (4) improve comparability of information in financial reports (5) Aid in assessing flexibility and liquidity (6) Assist in predicting future cash flows.

SFAS No.95's flexibility in allowing either the direct or indirect method creates confusion.

“The complicated adjustment required by the indirect method are hard for the reader to understand and...provide corporate managers more leeway for manipulating the statement of cash flow...In many cases, these adjustment cannot be reconciled to observed changes in balance sheet accounts...”

Some of the research say that operating cash flow have significant impact to the stock prices, while some does not. Not related result find that only simultaneously have significant correlation, but not partially. Furthermore, the operating cash flow is related to the dividends. Since the dividend is the amount of money paid by the company to investors (part of the cost that should be paid to get the capital). That dividend based on the cash flow available in that year actually. In fact, the cash information is represented in the cash flow from operations. The company might not pay dividend although they have high operating cash flow. Part of the reason is that the company wants to expand the business by using cash available. That accounts will be retained earnings in the statement of financial position.

Furthermore, free cash flows should be the center of major financial statement analysis, and may be directly related to current market valuations to determine if the current free cash flows support current market values. Paying attention to free cash flows also requires forming a new set of parameter that have a cash and value orientation. Management teams and investors who hold the new cash, value-oriented statements and associated measure will find that they have new insights into their businesses and investments.

1.2 Problem Statement

The problems in this research are described in the following:

- (1) How big the correlation of the free cash flow and the stock price in Indonesian capital market.
- (2) Is it true that Free Cash flow have more information content rather than the Net Income?

1.3 Research Purposes

The purposes of this research are:

- (1) Find the correlation between operating cash flow and the LQ45 stock prices in Indonesia
- (2) Find better information sources for stock valuation whether using operating cash flow or net income

1.4 Research Benefit

The research hopefully brings the benefit for:

- (1) Manager: the result of this paper will be the consideration for the company to pay more attention on the disclosure of operating cash flow since it might have information content to investors.
- (2) Investor: the result will be useful for investor to value the company more accurately and precisely using net income and operating cash flow.
- (3) Indonesian Stock Exchange: the result will be the consideration for IDX to issue new public policies.
- (4) Indonesian Accounting Association: the result can improve the determination of new accounting standard in Indonesia.

1.5 Research Content

This research contains 5 chapters with the systematic orders and the following explanation:

Chapter I : Introduction

This section describes the background of the problem, the formulation of the problem, research objectives, and benefits of the research.

Chapter II : Literature Review

This section describes the basic theory and concepts relevant to this study, a review of previous research, and the formulation of hypotheses.

Chapter III : Research Methodology

This section describes the research method that includes samples and populations, methods of data collection, definition of variables, and analysis used in this study.

Chapter IV : Research Analysis

This section describes the data analysis, discussion of results of data processing, and analysis of the results of hypothesis testing.

Chapter V : Conclusion

This section describes the conclusions, study limitations, and suggestions for further research.

CHAPTER II

LITERATURE REVIEW

2.1 Cash Flow

A company's cash flow statement reports the sources and uses of cash. On the cash flow statement, cash flow is the sum of total operating, investing, and financing activities plus any foreign exchange effects. Cash from operations represents how much cash is generated or consumed producing and selling the goods and services of the firm. Cash from investing deals with the cash used in infrastructure and includes the purchase and sale of long-term investments and property, plant and equipment. Finally, cash from financing deals with the capital funding of the firm and takes inflows from additional borrowing, repayment of debt, dividend payments, and equity financing into account. Cash flows have been estimated a number of ways, which adds to the confusion about how we should value a company. Consider the simplest form of cash flow, which is the earnings before depreciation and amortization, EBDA. This cash flow is sometimes referred to as the accounting cash flow because before we had the statements of cash flow or the older, funds flow statement, EBDA was often used as a quick estimate of cash flow. The calculation is simple and only requires information from the income statement:

$$(EQ 1) EBDA = \text{Net income} + \text{depreciation} + \text{amortization}$$

The valuation of a company requires discounting the future cash flow to the present. The cash flows that we use in this valuation are forecasted free cash flows. The model that we use to determine a value today depends on the assumptions regarding the growth of the free cash flows. Assume r indicate the appropriate cost of capital, g represent the estimated growth rate and t indicate the period. The value of a firm is calculated by choosing the appropriate model:

Growth assumption	Model	General formula
No growth	Perpetuity	Value = $\frac{FCF}{r}$
Constant growth	Gordon growth model	Value = $\frac{FCF_1}{r - g}$
Non-constant growth	Discounted cash flow	Value = $\sum_{t=1}^{\infty} \frac{FCF_t}{r}$

2.1.1 Operating activities

Amount of cash flows arising from operational activities indicate the performance of company generating sales. It is purely cash coming not from investing or financing even derivatives. This operating cash number comes from company main activities. It is an indicator that determines whether the operating company can generate enough cash flow to repay loans, maintain the operating capability of the enterprise, pay dividends and make new investments without relying on external sources of financing. Information about the specific components of cash flows historically along with other information useful in predicting future cash flows. Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the company. Therefore, the cash flow is generally derived from transactions and other events that affect the determination of net profit or loss.

2.1.2 Investing activities

The separate disclosure of cash flows arising from investing activities is important because the cash flows reflect the cash receipts and disbursements in connection with resources aimed at generating income and future cash flows.

2.1.3 Financing activities

The separate disclosure of cash flows arising from financing activities is important because is useful in predicting claims on future cash flows by the suppliers of the company's capital. According to Statement of Financial Accounting Standards No. 2 (IAI, 2007), information about a company's cash flow is useful to users of financial statements as a basis for assessing the company's ability to generate cash and cash equivalents and assess the needs of the company to use the cash flow. In the process of economic decision making, users need to evaluate the company's ability to generate cash and cash equivalents as well as the certainty of placement.

2.2 Information content of accounting earnings and market value of firm

The issue that different groups such as investors, shareholders, managers, employees and the government concentrate on and use profit has led to profit being introduced as a fundamental concept in accounting. So, profit is one of the most important financial information reported by companies. In fact, investors and many other users of accounting information consider profit as an important source of information to evaluate the performance of companies and regard it as one of the main components regarding pricing of stocks. Results of the first study that carried out in the area of the usefulness of accounting information by Ball and Brown showed that the securities market price reacted to announcement of net profit. In this context Penman et al (2007) state that if accounting earnings is able to predict the company's value it has a good quality.

2.3 Classification of accruals to current and non-current

Financial analysts think that operating cash flows relative to earnings are a better measure for assessing the financial performance of business units because operating cash flows are less subject to distortion. So, the main question that arises is that whether accruals increase or decrease the ability of earnings in measuring company performance. It is predicted that accruals increase the ability of earnings in measuring the company performance in market (stock returns). Accordingly, the current and non-current accruals can also have different effects on firm value and performance.

2.4 Relationship between Earnings and its Components and Market Value of Firms

It is necessary to decompose earnings information to components of cash and current, non-current accruals. Particularly that such concept is useful to predict future cash flow and value the companies. Krishnan and Kumar (2008) show that there is a different relationship between cash flow and accruals in high and low levels of investment opportunities; therefore value of cash flow and accruals can be different among companies. Barreto et al (2001) state that the value relevance of earnings is not different on cash flow and it is dependent on financial reporting and other institutional

factors. Also, some studies considered value relevance of cash and accruals in terms of effect on stock returns. Therefore, there are still conflicting results about separation of value of accruals and cash flow. In researches on value relevance, evaluation and efficiency models have been complementary and advantages and disadvantages of valuation have been expressed by different researchers. Saeed Akbar et al (2011) in a study state that operational cash flow or accruals have information related to profit. Mamoun L.B. (2011) compared the predictive ability of operating cash flow to profit in Jordan stock market. The period of his study was 2009 to 2011.

2.5 Efficient Market Hypothesis

The efficient market hypothesis was first expressed by Louis Bachelier and emerged as a prominent theoretic position in the mid-1960s. In general form, the hypothesis states that the price of a security at time t fully reflects all the available information at time $t-1$. The early literature on the efficient markets hypothesis was primarily concerned with whether market participants can make any extra normal profits by taking advantage of the information embedded in the market. EMH theory were further developed by Eugene Fama. It works with his famous efficient capital markets review published in 1970. The majority of early studies based on return-forecasting regressions provided empirical evidence in support for the efficient markets model, and the dominance of the efficient markets model in the literature continued until the late 1970s.

2.5.1 Weak Form

In this form, the information set is just historical prices.

2.5.2 Semi-strong Form

The concern of semi-strong form tests is whether prices efficiently adjust to other information that is obviously publicly available (e.g. announcements of annual earnings, stock splits, etc.) are considered.

2.5.3 Strong Form

Strong form tests concerned with whether given investors or groups have monopolistic access to any information relevant for price formation. Fama concluded from his tests that prices seem to efficiently adjust to obviously publicly available information in weak and semi-strong form markets. Only limited evidence against the

hypothesis in the strong form tests, i.e., monopolistic access to information about prices does not seem to be a prevalent phenomenon in the investment community (Fama 1970).

According to the efficient market hypothesis, stock prices always —fully reflectl available information. However, this definition is too general for any empirically testable implications (Fama 1970). Fama listed three models developed by previous studies, which specified the definition in more detail.

2.6 The Random Walk Model

The Random Walk Model assumes that the current price of a security —fully reflectsl available information implies that successive price changes (or more usually, successive one-period returns) are independent. In addition, successive changes (or returns) are identically distributed.

2.7 Signaling Theory

This is consistent with the signaling theory that shows the trend of information asymmetry between company owners and investors. Internal party companies in general have more information about the real condition of the company and its prospects in the future, compared with external parties. This information asymmetry can be minimized to reveal as much information. The information disclosed is information that is expected to show the actual condition of the company. Reporting cash flows, in addition to other reports, is an effort to minimize information asymmetry. Statement of cash flows can be used as an alternative information in assessing the company's performance and prospects, as income has a great chance to practice manipulation untouched. If you look at the importance of cash flow information for users of financial statements, the reporting of cash flows expected to be responded by the market.

2.8 Capital Markets

Capital markets (capital market) is a market for a variety of long-term financial instruments that can be traded, either debt securities (bonds), equities (stocks), mutual funds, derivatives and other instruments. The capital market is a means of financing for companies and other institutions (eg, government), and as a means for investing activities. Thus, capital market infrastructure to facilitate various

trading activities and other related activities (www.idx.co.id). Law No. Capital Market. 8 of 1995 on Capital Markets defines capital market as activity is concerned with the public offering and trading of securities, public companies relating to the issuance of securities, as well as institutions and professions related to the effect.

According Martono and Harjito (2004), capital markets (capital market) is a market where long-term funds both debt and equity trading. Long-term funds are realized in the form of tradable securities. Securities traded in the capital market has matured over the years and there have not matured. Long-term funds that are traded in the form of debt is usually in the form of bonds (bond), while the long-term funding is in the form of ordinary share capital (common stock) and preferred stock (preferred stock). In the narrow sense, Capital markets is a place (in the physical sense) which organized securities (securities) are traded, then called the stock exchange (stock exchange).

2.9 Effect of Operating Cash Flow on Stock Price

Meythi (2006) test whether there is a positive effect of operating cash flow to the stock price to earnings persistence as an intervening variable. The sample using purposive sampling method. The samples used were 100 companies listed on the JSE in the period 1999-2002. The study tested the hypothesis with multiple regression analysis method. Research results showed no effect of operating cash flow to the stock price to earnings persistence as an intervening variable.

Ekawati (2006) calculated the effect of cash flow information operations, investment cash flow and financing cash flow on stock prices at different stages of the life cycle of different companies. Sampling was purposive sampling method. The sample used was 278 companies from across industry sectors are listed on the JSE during the years 1990 to 2003 by using time series data so that there are 2320 firm-year observations, less data is incomplete and outlier. Data analysis model that is used is the multiple linear regression model using pooled cross-sectional regression.

2.10 Relationship between Earnings Components and Market Value of Firms

It is important to know earnings information to components of cash and current, non-current accruals. Particularly that such concept is useful to predict future cash flow and valuate the companies. Krishnan and Kumar (2008) show that there is a different relationship between cash flow and accruals in high and low levels of

investment opportunities; therefore value of cash flow and accruals can be different among companies. Barreto et al (2001) state that the value relevance of earnings is not different on cash flow and it is dependent on financial reporting and other institutional factors. Also, some studies considered value relevance of cash and accruals in terms of effect on stock returns. Therefore, there are still conflicting results about separation of value of accruals and cash flow. In researches on value relevance, evaluation and efficiency models have been complementary and advantages and disadvantages of valuation have been expressed by different researchers. Saeed Akbar et al (2011) in a study state that operational cash flow or accruals have information related to profit. Mamoun L.B. (2011) compared the predictive ability of operating cash flow to profit in Jordan stock market. The period of his study was 2009 to 2011.

2.11 Free Cash Flow

Free cash flow is cash flow in excess of that required to fund all projects that have positive net present values. Moreover, free cash flow is taken from operating cash flow which exclude the amount of accruals recorded. Not all firms have free cash flow; growth firms in particular often have more good projects than they can finance. Free cash flow can be returned in the amount of dividend, stock repurchased and debt retirement. Since, we have to know that the problem of excess amount of cash will caused low rate of return, less monitoring management by capital market, less pressure to operate firm profitably, negative NPV investment projects, firm may become a takeover target. The value of the firm is obtained by discounting the free cash flow to the firm at the weighted average cost of capital. Embedded in this value are the tax benefits of debt (in the use of the after-tax cost of debt in the cost of capital) and expected additional risk associated with debt (in the form of higher costs of equity and debt at higher debt ratios). Just as with the dividend discount model and the FCFE model, the version of the model used will depend upon assumptions made about future growth (Inselbag, 2008).

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Type

This research is classified as causality research. It attempts to find the correlation between variables. This study classified into causality research, this study conducted an experiment in predicting the effect of one variable with another variable (Cooper and Schindler, 2008: 144), then the description reveals large or small an influence or relationship between variables is expressed in the figures. This study examined the correlation between operating cash flow and net income influence the LQ 45 Stock price.

3.2 Populations and Sample

Population is a collection of elements that are used to test a hypothesis and then drawn some conclusions (Cooper and Schindler, 2008: 374). Populations tend to have a number of data sources and the quality of certain characteristics (Nawawi, 2003: 141). This study uses a population of most traded company included in LQ 45 listed (publicly traded) in the Indonesia Stock Exchange in January 2008-2012 as found in Osiris, Yahoo Finance, and IDX

Engineering sample selection in this study was nonprobability sampling; the method used is based on the sample selection aims judgment (purposive sampling). Samples was determined based on availability of the data concerning to researchers and particular criteria (Cooper and Schindler, 2008:397). In this method, the researchers first identify all the characteristics of the population to be studied and studied the characteristics, and then assign the sample is based on his own judgment. The population is still manufacturing industry issuers listed on the Stock Exchange until the end of December 2012, there were 45 listed companies, then samples taken 20 companies of the total population of the manufacturing industry. Panel Data processing methods processed the samples. The present study is based on applied objective and its data are collected by ex post facto approach (through the past information) and the method of data collection is descriptive – correlative because its main purpose is to determine the existence, degree and type of relationship between test variables. Statistical community of this study is all non-financial companies

(manufacturing) listed on Indonesian Stock Exchange from 2008 until the end of 2012. The samples studied in this research have been selected by screening method and according to the following criteria: (1) Complete information of all studied companies should exist during two years prior to time domain of the present study; (2) The companies should not have changed their financial year during the study period; (3) The type of companies' activity should be productive, therefore, financial, investment institutions, banks, insurance firms, leasing and holding companies have not considered in the sample. (4) In order to increase comparability the end of companies' fiscal year should be on March

3.3 Types and Sources of Data

The data presented is stated as the fact that researchers from the research environment. Most data reflect the truth is the data that is closest to the phenomenon. The data used in this study is secondary data, secondary data has at least an interpretation of events that is stored in the form of data records (Cooper and Shindler, 2008:92), which samples the issuer's annual report including the use of other supporting data sources through: a textbook, articles, resources and the official website of the scientific journal, official website of stock price, official website of the sample companies.

The type of data in this study belong to a kind of documentary data, which include historical reports (Indriantoro and Supomo, 2002: 146). Secondary data is data source obtained indirectly through intermediaries media that processed the data derived from Indonesian Capital Market Directory, published by the Institute for Economic and Finance Research (ECFIN), for 2008-2012 obtain data from Net Income, Cash Flow from Operations (CFO) is obtained from OSIRIS 2008-2012 in FEB library. Stock return data in 2008, 2009, 2010, 2011, 2012 obtained from yahoofinance.com.

3.4 Definition and Measurement of Variables

3.4.1 Dependent Variables

The dependent variable is often also called output variables, criteria, consequently. The dependent variable is a variable that is affected (Sugiyono, 2004: 33). The dependent variables used in hypothesis is the return of the shares represented in 2008-2012. Calculate stock returns in n using Total Return (Rn) (Hartono, 2006).

3.4.2 Independent Variables

This variable is often referred to as the stimulus variables, predictors, and antecedent. Independent variable is a variable that affects or is the cause of the change of 1 dependent variable (Sugiyono, 2004:33). Independent variable in this research is net income and free cash flow with the following model.

$$\text{Stock Price} = \text{NI} + \text{FCF}$$

3.4.3 Control Variables

Control variable is a variable that is used to help interpret the relationship between variables (Cooper and Schindler, 2008: 701). In this study, the hypothesis 1 using the control variables is: total return in 2012, 2011, 2010, 2009, 2008. In calculating their return using the formula.

3.4.4 Moderating variable

Moderating variable is the variable that will strengthen or weaken the relationship between the independent variable on the dependent variable (Ghozali, 2009:199).

3.5 Method of Data Analysis

3.5.1 Linear Regression

Statistical analysis was used to determine R square to find the significance correlation between net income and operating cash flow, operating cash flow and stock price, net income and stock price

3.5.2 Normality Test Data

Normality test aims to test whether the regression model, or residual confounding variable has a normal distribution. T test and F assumes that residual values follow a normal distribution. If consumed is violated, the statistical test to be invalid. This study uses the Kolmogorov-Smirnov test, by testing whether the residual is normally distributed. Residual value is said to be normally distributed if more than 5% (Ghozali, 2009).

3.5.3 Assumptions Classical Test

Testing regression models through several stages, after the normality test of data regression models also need to be tested in order to meet the criteria of the

classical assumptions BLUE (Best Linear Unbiased Estimator) (Gujarati, 2004: 563).

Classical assumption test in this study:

a. Test Multicollinearity

Multicollinearity test aims to test whether the regression model found a correlation between the independent variables (independent). Good regression models should not occur in the correlation between the independent variables. The method used in this research is to measure the presence of multicollinearity using the VIF (Variance Inflation Factors), and tolerance: with $(1-R)^2 = \text{Tolerance}$. Both of these measures indicate which of each independent variable is explained by the other independent variables. Cut-off value which is commonly used to indicate the presence of multicollinearity are tolerance values <0.10 or equal to $\text{VIF} > 10$ (Gujarati, 2004: 362).

b. Test Autocorrelation

Autocorrelation test aims to test whether the linear regression model is no correlation between the error in period t with error in period $t-1$ (previous). If there is a correlation, then there is a problem called autocorrelation. Autocorrelation arises because sequential observations over time are related to each other. Good regression models are models that are free of autocorrelation. This study uses the Durbin Watson test to detect autocorrelation.

(c) Test heteroscedasticity

Heteroscedasticity test aims to test whether the regression model occurs in difference residual variance from one observation to another observation. If the residual variance from one observation to the other observation is remains and if it is called different homoscedasticity called heteroscedasticity. In this study heteroscedasticity tested using the test Glejser. Glejser proposes to regressing the absolute value of residuals against independent variables (Gujarati, 2004): If a statistically significant independent variables affect the dependent variable, then there is an indication heteroscedasticity, with a probability of significance at the 5% level of confidence.

CHAPTER IV
ANALYSIS AND DISCUSSION

4.1 Sample Description

The selection of the sample in this study begins with determining population-adjusted kriteris certain criteria set by the author in order to obtain a set of samples, with the following explanation: (1) This study uses a population of manufacturing industry companies mostly traded (LQ45) in the Indonesia Stock Exchange in January 2012 as contained in yahoofinance.com (2) The company has a complete financial data in the form of Net Income, Cash From Operation, and Return in 2002-2008.

4.2 Normal test

Descriptives			Statistic	Std. Error
	Mean		1206959.2857	67330.73706
		Lower	1042206.9073	
	95% Confidence Interval for	Bound		
	Mean	Upper	1371711.6642	
		Bound		
	5% Trimmed Mean		1218924.8175	
	Median		1220131.0000	
VAR00001	Variance		31733997072.905	
	Std. Deviation		178140.38586	
	Minimum		829679.00	
	Maximum		1.37E+006	
	Range		539181.00	
	Interquartile Range		128133.00	
	Skewness		-1.940	.794
	Kurtosis		4.441	1.587
	Mean		365270.0000	81414.61581
		Lower	166055.6117	
	95% Confidence Interval for	Bound		
	Mean	Upper	564484.3883	
		Bound		
VAR00003	5% Trimmed Mean		363981.0556	
	Median		406121.0000	
	Variance		46398377677.333	
	Std. Deviation		215402.82653	
	Minimum		103145.00	

	Maximum		650596.00	
	Range		547451.00	
	Interquartile Range		440901.00	
	Skewness		.135	.794
	Kurtosis		-1.753	1.587
	Mean		217028.7143	49403.58308
		Lower	96142.5014	
	95% Confidence Interval for	Bound		
	Mean	Upper	337914.9272	
		Bound		
	5% Trimmed Mean		217173.4603	
	Median		220836.0000	
VAR00005	Variance		17084998149.571	
	Std. Deviation		130709.59471	
	Minimum		73305.00	
	Maximum		358147.00	
	Range		284842.00	
	Interquartile Range		262434.00	
	Skewness		-.033	.794
	Kurtosis		-2.522	1.587
	Mean		608246.2857	105007.65552
		Lower	351301.8090	
	95% Confidence Interval for	Bound		
	Mean	Upper	865190.7625	
		Bound		
	5% Trimmed Mean		601577.2063	
	Median		541206.0000	
VAR00007	Variance		77186254030.571	
	Std. Deviation		277824.14227	
	Minimum		304331.00	
	Maximum		1.03E+006	
	Range		727874.00	
	Interquartile Range		503399.00	
	Skewness		.544	.794
	Kurtosis		-1.337	1.587
	Mean		244054.8571	175609.34763
		Lower	-185645.7368	
	95% Confidence Interval for	Bound		
	Mean	Upper	673755.4510	
VAR00009		Bound		
	5% Trimmed Mean		264350.1190	
	Median		222305.0000	
	Variance		215870500830.476	

	Std. Deviation		464618.66173	
	Minimum		-666209.00	
	Maximum		789004.00	
	Range		1455213.00	
	Interquartile Range		454916.00	
	Skewness		-1.228	.794
	Kurtosis		2.618	1.587
	Mean		128060.8571	23073.31782
		Lower	71602.4823	
	95% Confidence Interval for	Bound		
	Mean	Upper	184519.2320	
		Bound		
	5% Trimmed Mean		126016.1190	
	Median		105291.0000	
VAR00011	Variance		3726645967.810	
	Std. Deviation		61046.26088	
	Minimum		69624.00	
	Maximum		223303.00	
	Range		153679.00	
	Interquartile Range		117145.00	
	Skewness		.785	.794
	Kurtosis		-1.145	1.587
	Mean		321366.4286	49301.22133
		Lower	200730.6858	
	95% Confidence Interval for	Bound		
	Mean	Upper	442002.1713	
		Bound		
	5% Trimmed Mean		318722.0317	
	Median		323841.0000	
VAR00013	Variance		17014272971.952	
	Std. Deviation		130438.77097	
	Minimum		188072.00	
	Maximum		502260.00	
	Range		314188.00	
	Interquartile Range		268162.00	
	Skewness		.283	.794
	Kurtosis		-1.848	1.587
	Mean		475390.8571	122848.32988
		Lower	174791.8229	
	95% Confidence Interval for	Bound		
VAR00015	Mean	Upper	775989.8914	
		Bound		
	5% Trimmed Mean		475967.2302	

	Median		654141.0000	
	Variance		105641985080.810	
	Std. Deviation		325026.12984	
	Minimum		49522.00	
	Maximum		890885.00	
	Range		841363.00	
	Interquartile Range		525834.00	
	Skewness		-.209	.794
	Kurtosis		-2.006	1.587
	Mean		4168.7143	51554.78157
		Lower	-121981.2917	
	95% Confidence Interval for	Bound		
	Mean	Upper	130318.7203	
		Bound		
	5% Trimmed Mean		3679.5159	
	Median		16046.0000	
VAR00017	Variance		18605268515.905	
	Std. Deviation		136401.13092	
	Minimum		-185296.00	
	Maximum		202439.00	
	Range		387735.00	
	Interquartile Range		250312.00	
	Skewness		-.234	.794
	Kurtosis		-.551	1.587
	Mean		128218.8571	22710.95782
		Lower	72647.1453	
	95% Confidence Interval for	Bound		
	Mean	Upper	183790.5690	
		Bound		
	5% Trimmed Mean		128224.0635	
	Median		146765.0000	
VAR00019	Variance		3610513236.810	
	Std. Deviation		60087.54644	
	Minimum		38932.00	
	Maximum		217412.00	
	Range		178480.00	
	Interquartile Range		87480.00	
	Skewness		-.142	.794
	Kurtosis		-.431	1.587
	Mean		314255.0000	65768.65015
VAR00021	95% Confidence Interval for	Lower	153324.9105	
	Mean	Bound		

		Upper Bound	475185.0895	
	5% Trimmed Mean		312824.2222	
	Median		367628.0000	
	Variance		30278607401.333	
	Std. Deviation		174007.49237	
	Minimum		111732.00	
	Maximum		542532.00	
	Range		430800.00	
	Interquartile Range		313779.00	
	Skewness		-.039	.794
	Kurtosis		-2.130	1.587
	Mean		-1266.8571	19521.90850
		Lower Bound	-49035.2464	
	95% Confidence Interval for Mean	Upper Bound	46501.5321	
		Bound		
	5% Trimmed Mean		574.1587	
	Median		8007.0000	
VAR00023	Variance		2667734380.143	
	Std. Deviation		51650.11501	
	Minimum		-87391.00	
	Maximum		51719.00	
	Range		139110.00	
	Interquartile Range		102513.00	
	Skewness		-.776	.794
	Kurtosis		-.353	1.587
	Mean		314255.0000	65768.65015
		Lower Bound	153324.9105	
	95% Confidence Interval for Mean	Upper Bound	475185.0895	
		Bound		
	5% Trimmed Mean		312824.2222	
	Median		367628.0000	
VAR00025	Variance		30278607401.333	
	Std. Deviation		174007.49237	
	Minimum		111732.00	
	Maximum		542532.00	
	Range		430800.00	
	Interquartile Range		313779.00	
	Skewness		-.039	.794
	Kurtosis		-2.130	1.587
VAR00027	Mean		-1266.8571	19521.90850

		Lower	-49035.2464	
	95% Confidence Interval for	Bound		
	Mean	Upper	46501.5321	
		Bound		
	5% Trimmed Mean		574.1587	
	Median		8007.0000	
	Variance		2667734380.143	
	Std. Deviation		51650.11501	
	Minimum		-87391.00	
	Maximum		51719.00	
	Range		139110.00	
	Interquartile Range		102513.00	
	Skewness		-.776	.794
	Kurtosis		-.353	1.587
	Mean		35620.4286	8605.69349
		Lower	14563.0552	
	95% Confidence Interval for	Bound		
	Mean	Upper	56677.8020	
		Bound		
	5% Trimmed Mean		35045.4206	
	Median		29225.0000	
VAR00029	Variance		518405723.619	
	Std. Deviation		22768.52485	
	Minimum		14200.00	
	Maximum		67391.00	
	Range		53191.00	
	Interquartile Range		50805.00	
	Skewness		.847	.794
	Kurtosis		-1.202	1.587
	Mean		144631.8571	46149.91981
		Lower	31707.0714	
	95% Confidence Interval for	Bound		
	Mean	Upper	257556.6429	
		Bound		
	5% Trimmed Mean		144258.3968	
	Median		171565.0000	
VAR00031	Variance		14908705691.810	
	Std. Deviation		122101.21085	
	Minimum		17412.00	
	Maximum		278574.00	
	Range		261162.00	
	Interquartile Range		239956.00	
	Skewness		-.125	.794

	Kurtosis		-2.567	1.587
	Mean		171409.5714	52607.88042
		Lower	42682.7254	
	95% Confidence Interval for	Bound		
	Mean	Upper	300136.4175	
		Bound		
	5% Trimmed Mean		172673.3571	
	Median		181858.0000	
VAR00033	Variance		19373123574.952	
	Std. Deviation		139187.36859	
	Minimum		-1180.00	
	Maximum		321251.00	
	Range		322431.00	
	Interquartile Range		285329.00	
	Skewness		-.126	.794
	Kurtosis		-2.297	1.587
	Mean		33898.7143	15086.35874
		Lower	-3016.2757	
	95% Confidence Interval for	Bound		
	Mean	Upper	70813.7043	
		Bound		
	5% Trimmed Mean		32677.9603	
	Median		12510.0000	
VAR00035	Variance		1593187539.238	
	Std. Deviation		39914.75340	
	Minimum		138.00	
	Maximum		89633.00	
	Range		89495.00	
	Interquartile Range		83063.00	
	Skewness		.651	.794
	Kurtosis		-1.816	1.587
	Mean		61375.8571	14782.13069
		Lower	25205.2864	
	95% Confidence Interval for	Bound		
	Mean	Upper	97546.4279	
		Bound		
	5% Trimmed Mean		61204.8968	
VAR00037	Median		68032.0000	
	Variance		1529579715.143	
	Std. Deviation		39109.84167	
	Minimum		19256.00	
	Maximum		106573.00	
	Range		87317.00	

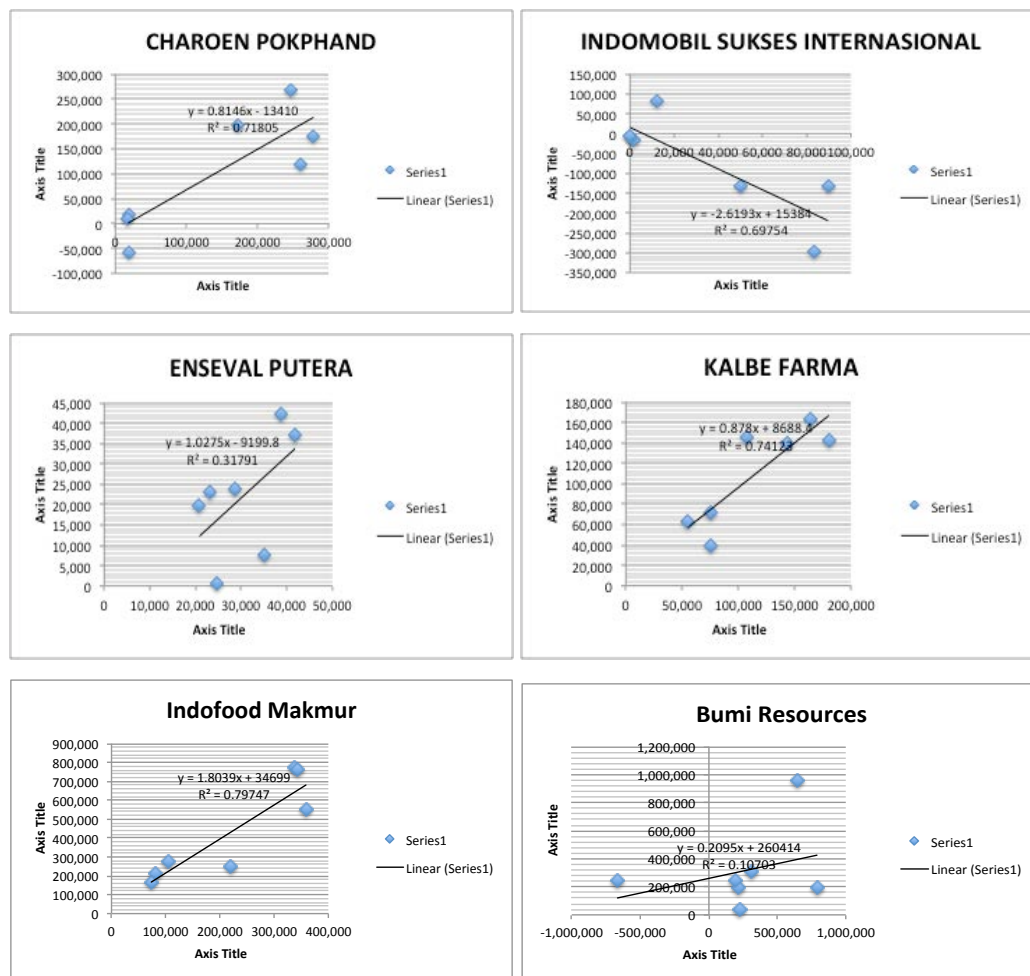
	Interquartile Range		83124.00	
	Skewness		-.035	.794
	Kurtosis		-2.369	1.587
	Mean		264043.7143	61974.42934
		Lower	112397.7487	
	95% Confidence Interval for	Bound		
	Mean	Upper	415689.6799	
		Bound		
	5% Trimmed Mean		262264.9603	
	Median		292197.0000	
VAR00039	Variance		26885809246.238	
	Std. Deviation		163968.92769	
	Minimum		65721.00	
	Maximum		494384.00	
	Range		428663.00	
	Interquartile Range		291842.00	
	Skewness		.079	.794
	Kurtosis		-1.746	1.587
	Mean		114166.0000	18360.10629
		Lower	69240.4383	
	95% Confidence Interval for	Bound		
	Mean	Upper	159091.5617	
		Bound		
	5% Trimmed Mean		113785.3333	
	Median		107487.0000	
VAR00041	Variance		2359654520.667	
	Std. Deviation		48576.27529	
	Minimum		55223.00	
	Maximum		179961.00	
	Range		124738.00	
	Interquartile Range		88413.00	
	Skewness		.211	.794
	Kurtosis		-1.875	1.587
	Mean		30402.5714	3084.03113
		Lower	22856.2191	
	95% Confidence Interval for	Bound		
	Mean	Upper	37948.9238	
VAR00043		Bound		
	5% Trimmed Mean		30299.9127	
	Median		28602.0000	
	Variance		66578736.286	
	Std. Deviation		8159.57942	

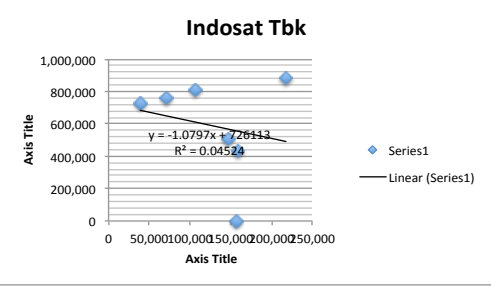
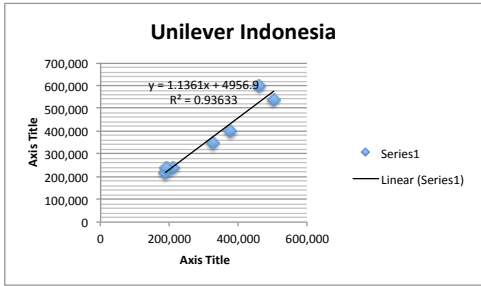
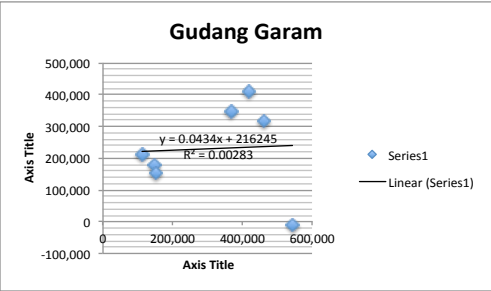
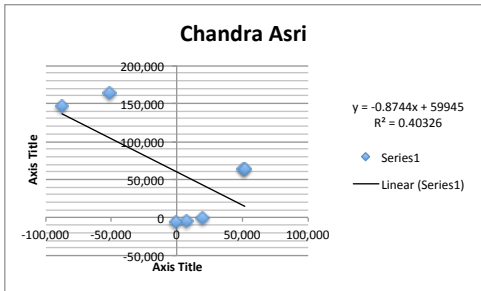
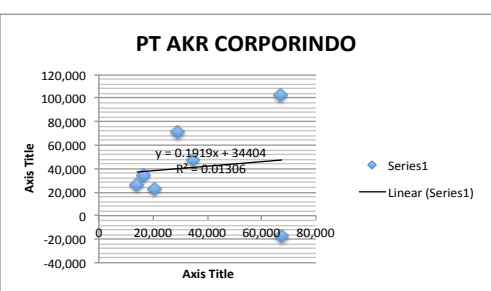
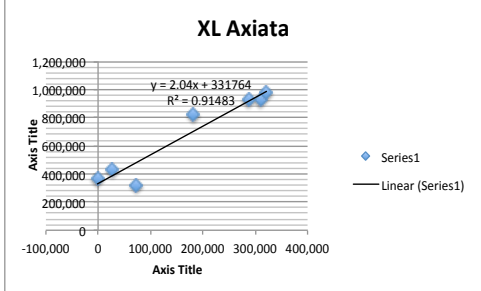
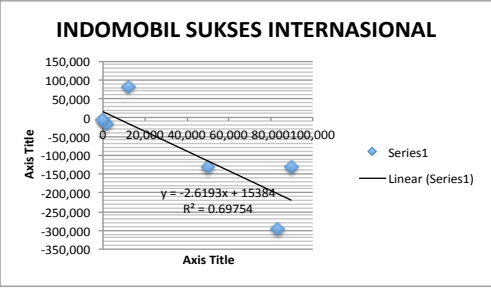
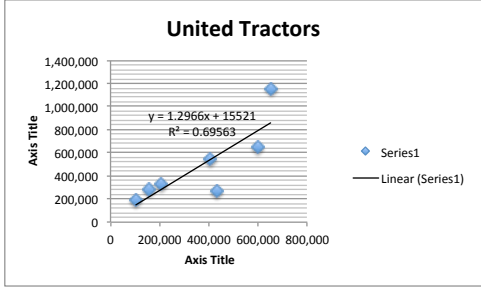
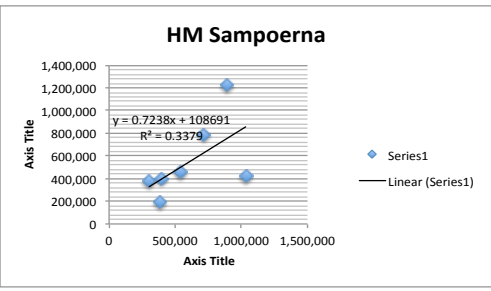
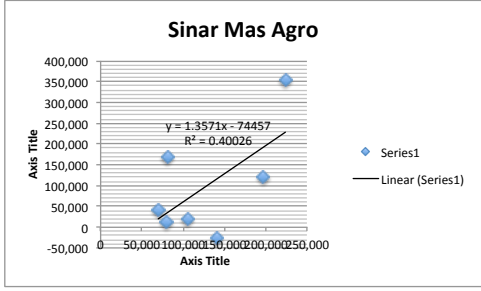
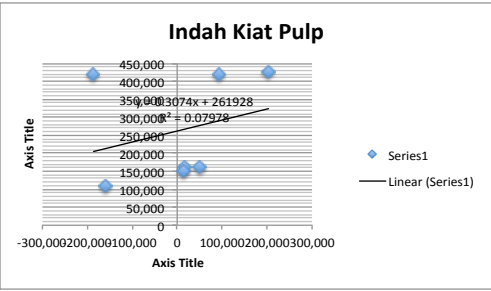
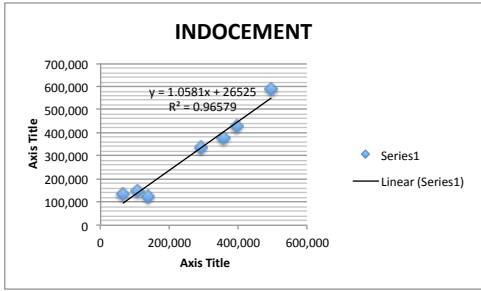
Minimum	20852.00	
Maximum	41801.00	
Range	20949.00	
Interquartile Range	15515.00	
Skewness	.305	.794
Kurtosis	-1.799	1.587

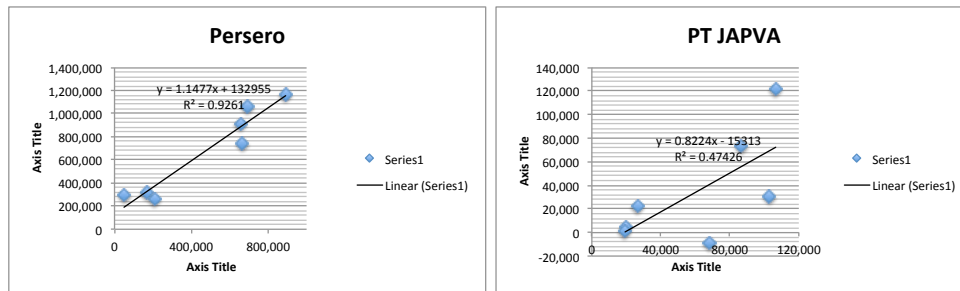
We can see that almost all 20 company's data is normally distributed since the number of kurtosis and skewness is near to 0 or even minus. It is good to use the data to calculate the linest.

4.4 Linear Regression Test

The linear regression below shows the correlation of 20 company's net income and operating cash flow using scatterplot in excell:







I see the gudang garam operating cash flow. It shows the – value in 2011, then in 2012 there is no annual report for Gudang garam independently published. But, I saw the Gudang Garam annual report is recorded by JT (Japanese Tobacco). The number of operating cash flow and net income is not significantly correlated. And true that the cash flow can measures the quality of income.

Unilever and persero shows the high R square. Both company is growing well. We can say that we can see the performance of company without heavily calculate all company and compare. We just enough see the correlation of operating cash flow and net income. If it is good and positive, then those company is good. The company is best performing is not always has high net income, as long as the correlation between operating and net income is positive and near to 1, it is really good. The minus number of operating cash flow has also not really good signals.

CHAPTER V

CONCLUSION AND SUGGESTION

5.1 Conclusion

Actually I want to analyze the correlation between operating cash flow and stock prices. But, there is a problem in the time gap between operating cash flow and stock price. We know that cash flow statement is only publishing annually in general and quarterly for the big companies. The longest time for stock price update is monthly. I have already calculate the relation between the stock price and operating cash flow. I try to modify the variable in the stock price, I find the similar date in the 31 December stock price and then correlate with the new annual report in 31 December to make both variable in the same time. Since I want to see if there is stock price change after or before the annual report is announced. But again, this correlation is not coming up with the positive hypothesis which is the operating cash flow have more information content rather than net income. Finally, this research will help investor to evaluate the quality of net income using operating cash flow. Since Operating cash flow representing the productivity the quality of the company performance. Furthermore, the net income and cash flow data are published in the same date and change in the same frequency. That's way I can find the more relevance correlation between those two variables and see the conclusion. In conclusion, I found that the high rank company has the amount of net income close to the operating cash flow. The more near the gap, the better the quality of that income. We can see that Unilever is included in high R square for the correlation in the 6 years. Hearing from the news that Unilever is expanding widely recently. We can say that the operating and free cash flow really measures the quality of income.

It is true that operating income can represent more the performance of the company. I found the comparative amount between Gudang Garam and Unilever. Gudang garam's operating cash flow show negative value. It is shown before GG was acquired by Japanese Tobacco. Although, I find that the bottom or income numbers show normal values and stable. While, I saw from the cash flow, it show in contradictory. I found it when I do this research, and it is quite surprising me. Connecting to the lecture I got from class, it is true that cash flow represent the performance of company in that year.

5.2 Suggestion

It needs time to calculate all the correlation and test in this research field. It is not enough to do in only two weeks. In the real thesis, it might needs 1,5 months to fix all the research in class at all just focus on research. The next research hopefully can expand the data not only 20 companies, and stretching the time longer not only 6 years. 6 years is not really showing trend. However, too long it might be come with the flat line since too many. Using statistical test to see the best amount of sample used and data used. Take an IFRS affect to the variable in this research will be more interesting discussion. I haven't yet use all the research methodology to derive the analysis in chapter 4 due to the limited time. I just have made the linear regression. Hopefully, the future researcher can continue to do research based on the research methodology that I have developed above.

REFERENCE

- Rezae & Safari (2013) . Investigating the Relationship between Cash Flow, Current and Non-Current Accruals and Market Value of Firms: **Journal of Basic and Applied Scientific Research**. *J. Basic. Appl. Sci. Res.*, 3(1)934-946, 2013
- Meythi & Selvy (2012). *Pengaruh Informasi Laba Dan Arus Kas Terhadap Harga Saham: Akurat Jurnal Ilmiah Akuntansi Nomor 07 Tahun Ke-3 Bulan Januari-April 2012* ISSN: 2086-4159
- Jensen (1986). Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers: *American Economic Review*, May 1986, Vol. 76, No. 2, pp. 323-329.
- Penman, S. H., X. J. Zhang.. 2002. Modeling Sustainable Earnings and P/E Ratios with Financial Statement Analysis. Columbia University, working paper <http://ssrn.com>, diakses pada tanggal 14 Oktober 2010
- Watts., Zimmerman. 1986. Positive Accounting Theory, University of Rochester, New Jersey:Prentice Hall
- Wolk, et, al., (2008), Accounting Theory Conceptual Issues in a Political and Economic Environment, Seventh Edition, California:Sage Publications, Inc.
- Hartono, Jogiyanto., 2006, Teori Portofolio dan Analisis Investasi, edisi kelima, Yogyakarta: BPFE Yogyakarta.
- Cooper., & Schindler. 2008. Business research Methods, Tenth Edition, New York:McGraw Hill.
- Howell, (2008). Tying Free Cash Flows To Market Valuations.
- Fama, E. F. (1970). "Efficient Capital Markets: A Review of Theory and Empirical Work." *The Journal of Finance* 25(2): 383-417.
- <http://www.idx.co.id>
- <http://finance.yahoo.com>
- OSIRIS accessed in library FEB UGM
- Gujarati et all (2008). Basic Econometrics: Fifth Edition.

ATTACHMENT



Daftar Saham yang Masuk dalam Penghitungan Indeks LQ45 Periode Februari s.d. Juli 2013

(Lampiran Pengumuman BEI No. Peng-00016/BELPSH/01-2013 tanggal 25 Januari 2013)

No.	Kode	Nama Saham	Keterangan
1.	AALI	Astra Agro Lestari Tbk.	Tetap
2.	ADRO	Adaro Energy Tbk.	Tetap
3.	AKRA	AKR Corporindo Tbk.	Tetap
4.	ANTM	Aneka Tambang (Persero) Tbk.	Tetap
5.	ASII	Astra International Tbk.	Tetap
6.	ASRI	Alam Sutera Realty Tbk.	Tetap
7.	BBCA	Bank Central Asia Tbk.	Tetap
8.	BBNI	Bank Negara Indonesia (Persero) Tbk.	Tetap
9.	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	Tetap
10.	BBTN	Bank Tabungan Negara (Persero) Tbk.	Baru
11.	BDMN	Bank Danamon Indonesia Tbk.	Tetap
12.	BHIT	Bhakti Investama Tbk.	Tetap
13.	BKSL	Sentul City Tbk.	Tetap
14.	BMRI	Bank Mandiri (Persero) Tbk.	Tetap
15.	BMTR	Global Mediacom Tbk.	Baru
16.	BSDE	Bumi Serpong Damai Tbk.	Tetap
17.	BUMI	Bumi Resources Tbk.	Tetap
18.	BWPT	BW Plantation Tbk.	Tetap
19.	CPIN	Charoen Pokphand Indonesia Tbk.	Tetap
20.	EXCL	XL Axiata Tbk.	Tetap
21.	GGRM	Gudang Garam Tbk.	Tetap
22.	GIAA	Garuda Indonesia (Persero) Tbk.	Baru
23.	HRUM	Harum Energy Tbk.	Tetap
24.	ICBP	Indofood CBP Sukses Makmur Tbk.	Tetap
25.	IMAS	Indomobil Sukses Internasional Tbk.	Baru
26.	INCO	Vale Indonesia Tbk.	Tetap
27.	INDF	Indofood Sukses Makmur Tbk.	Tetap
28.	INDY	Indika Energy Tbk.	Tetap
29.	INTP	Indocement Tunggul Prakasa Tbk.	Tetap
30.	ITMG	Indo Tambangraya Megah Tbk.	Tetap
31.	JSMR	Jasa Marga (Persero) Tbk.	Tetap
32.	KLBF	Kalbe Farma Tbk.	Tetap
33.	LPKR	Lippo Karawaci Tbk.	Tetap
34.	LSIP	PP London Sumatra Indonesia Tbk.	Tetap
35.	MAIN	Malindo Feedmill Tbk.	Baru
36.	MAPI	Mitra Adiperkasa Tbk.	Baru
37.	MNCN	Media Nusantara Citra Tbk.	Tetap
38.	PGAS	Perusahaan Gas Negara (Persero) Tbk.	Tetap
39.	PTBA	Tambang Batubara Bukit Asam (Persero) Tbk.	Tetap
40.	SMCB	Holcim Indonesia Tbk.	Baru
41.	SMGR	Semen Gresik (Persero) Tbk.	Tetap
42.	SSIA	Surya Semesta Internusa Tbk.	Baru
43.	TLKM	Telekomunikasi Indonesia (Persero) Tbk.	Tetap
44.	UNTR	United Tractors Tbk.	Tetap
45.	UNVR	Unilever Indonesia Tbk.	Tetap

www.idx.co.id

Indonesia Stock Exchange Building, Tower I 6th Floor, Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190 - Indonesia
Phone: +62 21 515 0515, Fax: +62-21 515 0330, Toll free : 0800 100 9000, Email: callcenter@idx.co.id

PT TELEKOMUNI KASI INDONESIA TBK		PT UNITED TRACTORS TBK		INDOFOOD SUKSES MAKMUR		HANJAYA MANDALA SAMPOERNA	
Net Income	Operating Act	Net Income	Op. Cash Flow	ID	Op. Cash Flow		Op. Cash Flow
1,333,679	2,899,948	599,862	654,534	338,472	768,774	1,032,205	424,234
1,208,931	3,368,578	650,596	1,151,078	358,147	547,849	889,241	1,222,521
1,281,889	3,084,307	430,326	269,320	343,249	767,772	713,492	784,442
1,205,546	3,161,228	406,121	542,661	220,836	246,224	541,206	458,042
829,679	1,899,785	207,879	332,349	80,815	209,759	304,331	370,726
1,368,860	2,952,065	158,961	282,968	104,377	278,281	385,842	190,192
1,220,131	2,959,555	103,145	190,881	73,305	164,751	391,407	392,316

PT BUMI RESOURCES TBK		PT SINAR MAS AGRO RESOURCE AND TECHNOLOGY TBK		PT UNILEVER INDONESIA TBK		PERUSAHAAN GAS NEGARA (PESERO) TBK	
Net Income	Op. Cash Flow	Net Income	Op. Cash Flow	Net Income	Op. Cash Flow	Net Income	Op. Cash Flow
-666,209	240,029	223,303	353,500	502,260	538,832	890,885	1,166,418
216,290	195,265	196,772	122,316	459,026	602,191	654,141	916,689
311,180	310,733	140,057	-25,556	376,330	402,132	693,262	1,060,576
190,449	246,038	79,627	13,348	323,841	349,011	662,664	739,673
645,365	959,194	81,752	170,527	188,072	217,648	49,522	295,241
789,004	189,959	105,291	19,546	209,172	239,554	167,428	311,583
222,305	39,589	69,624	41,641	190,864	241,110	209,834	259,635

INDAH KIAT PULP & PAPER CORPORATION		PT INDOSAT TBK		PT GUDANG GARAM TBK		PT CHANDRA ASRI PETROCHEMICAL TBK	
Net Income	Op. Cash Flow	Net Income	Op. Cash Flow	Net Income	Op. Cash Flow	Net Income	Op. Cash Flow
49,608	160,138	38,932	725,423	416,581	410,335	-87,391	145,982
16,046	161,794	106,797	807,065	542,532	-9,957	8,007	-4,259
13,030	148,873	71,908	759,876	460,698	319,178	-51,142	163,640
-158,479	109,262	159,388	430,979	367,628	347,361	51,371	63,962
202,439	424,742	146,765	508,869	146,919	176,639	-1,075	-5,586
91,833	418,798	217,412	880,908	153,695	154,291	51,719	64,885
-185,296	418,857	156,330	629	111,732	211,266	19,643	-1,256

PT AKR CORPORINDO TBK		PT CHAROEN POKPHAND INDONESIA TBK		XL AXIATA TBK		INDOMOBIL SUKSES INTERNASIONAL TBK	
Net Income	Op. Cash Flow	Net Income	Op. Cash Flow	Net Income	Op. Cash Flow	Net Income	Op. Cash Flow
67,391	-17,498	278,574	175,337	286,938	932,581	83,210	-298,504
67,214	102,802	259,700	118,639	312,029	929,768	89,633	-133,981

34,546	47,547	245,585	267,233	321,251	977,210	49,852	-132,506
29,225	71,399	171,565	197,398	181,858	821,094	12,510	82,147
16,409	34,652	19,843	19,135	-1,180	367,944	1,801	-16,427
20,358	23,469	19,744	-57,512	26,700	424,389	147	-8,824
14,200	26,306	17,412	10,653	72,271	317,137	138	-5,758

PT JAPFA COMFEED INDONESIA TBK		PT INDOCEMENT TUNGGAL PRAKARSA TBK		PT KALBE FARMA TBK		PT ENSEVAL PUTERA MEGATRADING TBK	
Net Income	Op. Cash Flow	Net Income	Op. Cash Flow	Net Income	Op. Cash Flow	Net Income	Op. Cash Flow
102,923	31,046	494,384	588,980	179,961	142,848	41,801	37,268
68,032	-8,285	396,573	428,193	163,422	162,458	38,704	42,392
106,573	122,018	358,327	375,121	142,926	139,323	28,602	23,707
86,644	72,793	292,197	338,768	107,487	145,062	35,007	7,569
19,799	4,268	136,373	126,505	55,223	63,104	20,852	19,904
19,256	1,872	104,731	149,426	75,134	38,637	24,663	521
26,404	22,439	65,721	134,464	75,009	71,021	23,189	22,918