

## **ABSTRACT**

### **THE EFFECT OF COMPONENTS CASH FLOWS AND GROSS PROFIT ON STOCK RETURN**

**(Case Study on Textile and Garment firms in Indonesia Stock Exchange)**

**By**

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In investing in the stock market, investors need information to make decisions in the economic assessment. One of them came from information published financial statements of a company that would become investment targets. Cash flow and earnings is a measure that indicates the success of a company's management. Cash flow information is used as a basis to assess the ability of the enterprise to generate cash and cash equivalents as well as assessing the needs of the company to use the cash flow, profit is useful to measure the performance of the company. The purpose of this study was to examine the influence of the components of cash flow and gross profit on stock returns.

This study uses multiple regression analysis. A total of 11 textile and garment companies listed in Indonesia Stock Exchange were sampled using a purposive sampling technique. Data from the audited financial statements for the years 2007 through 2011. Alat analysis used was SPSS version 17.0.

Results of this study indicate that a significant difference between operating cash flows on stock returns, cash flow investing on stock returns and gross profit on stock returns, but had no significant effect on cash flow funding for stock returns.

Keywords: Operating cash flow, investment cash flow, financing cash flow  
gross profit and stock returns.