

Financial Analysts' Perception of the Importance of Accounting Information: Malaysian Evidence

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This study examines the perceptions of financial analysts in Malaysia regarding the importance of accounting information items disclosed in financial statements when forecasting firms' earning per share (EPS), cash flow per share (CFPS) and price per share (PPS). Results suggest that income statement items are perceived to be the most importance items when forecasting for firms' EPS and PPS. While cash flow statement items tend to be more important than income statement items when forecasting for firms' CFPS. Findings also show that cash flow items are perceived as least important when forecasting for firms' EPS and PPS; while statement of changes in equity tend to be least important when forecasting for firms' CFPS. In addition, findings suggest that analysts' experience has a role in determining the importance of different accounting information when making forecasting decisions.

Keywords: Analyst experience, analyst forecasts, accounting information, financial statements, investment decision

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1. Introduction

Analysts' activity mainly focused on forecasting of firms' performance such as in earnings, cash flows and share prices (Ramnath, Rock & Shane, 2008; Ciccone, 2005). The importance of forecasting firms' performance is to increase the speed of capital market investment decisions (Brown, 1993; Beaver, 2002; Clement & Tse, 2003; Mozes, 2003; Schipper, 1991). The faster capital market investment decisions being made, the faster will a country's economy evolve. Hence, analysts forecasting activities become a critical event that can assist in enhancing the capital market and economy of a country. Accounting information per se has been found to be a critical source in the process of financial analysts' decision making since the establishment of capital markets (see Chang et al., 2000; Hope, 2003a; Hope, 2003b; Horngren, 1955).

Nevertheless, emphasis on specific accounting information towards users' decision making changes over time, due to the dynamics of the economy worldwide and frequent changes in the accounting standards issued by the International Accounting Standards Board (IASB). Changes in the economy at both country and international level affect firms' activities and operations. Eventually firms prepare financial reports incorporating all changes in the economy and accounting standards likewise. The establishment of the Malaysian Accounting Standards Board (MASB) tightens further the regulations towards financial reporting in Malaysia. However, frequent changes in accounting standards could actually affect analysts forecasting activities (Hope, 2003a; Hope, 2003b). Furthermore, the process of development and issuance of accounting standards is time consuming and costly. With almost each item being regulated under their own accounting standard, different reported accounting items signal specific information about the firm. With Bursa Malaysia (the Malaysian stock exchange) imposing strict rules on analysts activities, the challenge to ensure that each accounting item is incorporated into their decision making process will increase.

Studies on analysts decision making involving accounting information is still not widely undertaken in Malaysia. Even though Malaysia capital market has been operating since the 1970s, regulations on reporting of accounting information among listed firms were only established in the 1990s. Furthermore, due to continuous occurrences of economic crises throughout 1980s until 2008, the Malaysia government imposed stricter policies involving financial institutions which directly affect analysts' activities. There were initially more than 55 brokerage firms before the 1997-98 financial crisis period compared to only 35 brokerage firms operating in 2008. Nevertheless, Malaysia capital market keep growing from having less than 500 firms listed on the stock exchange in early 1990s to having more than 800 firms listed on the main board by end of year 2009. This expansion suggests the importance of understanding analysts' decision making because it represent professional investors activities in the capital market.

A review of the literature shows that most studies on the perception of users of corporate financial statements including financial analysts were conducted in developed countries (for example Firth, 1978; Chang & Most, 1981) Evidence from these studies may not be generalizable to developing countries due to differences in social, political, economic, legal systems and the capital market environment. Therefore, this study is undertaken to provide evidence on the financial analysts' perception of the importance of financial items that are currently disclosed in Malaysian corporate annual reports. Specifically we asked question of whether financial analysts rate the importance of accounting and financial information items differently when making decision on forecasting firms' earnings, share value and cash flow. In addition, we also examine whether the perceived importance of accounting information items differ between more experienced and less experienced analysts. We focus solely on the financial analysts because they are among the most important and frequent user of financial reporting. Therefore, understanding the information needs by financial analysts in making decision would assist firms in preparing more transparent financial reports and capital market participants in making better investment decisions.

To our knowledge, there is no other studies specifically looked at the importance of financial statements items as perceived by professional financial analysts in Malaysia. This study is also differs from most other studies because the perception of financial analysts were observed with respect to their different kind of decision making. We hope that the results from this study will make a significant contribution to the field of financial accounting and will provide some useful insights to regulators, standard setters, users and preparers of financial reporting in Malaysia. It is also hoped that this study will act as a basis for more studies on the importance of accounting information from the perspective of different users.

This paper proceeds with next section discussing extant literature relevant to proposition formulation. Section three discusses methodology adopted by this study. Section four presents analysis of data and discusses findings from this study. Section five concludes this paper.

2. Literature Review And Proposition Development

Firms prepare financial statements where items of accounting information are listed based on proposed accounting standard formats. Ever since accounting standards were introduced, financial statements format become more transparent with items reported becoming more specific and detail. The more detail a report is being prepared, naturally, the more time and cost are involved. Therefore it is important to know whether such detail information is really useful to users of financial statements as argued by the accounting community to be the main objective for the preparation of financial statements.

2.1 Accounting Information Usefulness and Analysts Decision Making

Since 2007, the Securities Commission of Malaysia has made it mandatory to licensed brokerage firms employing financial analysts to incorporate accounting information seriously in their forecasting activities, including forecasting of firms' performances such as earnings, cash flow and share market prices. Analyst forecasts information is also required to be disseminated through the internet, being one of the fastest reporting medium (Ciccone, 2005). The faster investors react upon analysts' forecasts information, the more reliable will be firms' valuation made by investors at any point in time. Hence the better will be performance of the capital market.

Malaysia capital market, being an emerging market is developing as fast as other markets in the Asia Pacific region (Coen & Desfleurs, 2004). However, research on analysts' activities especially investigating their decision making is still new in Malaysia (see Chang, Khanna & Palepu, 2000; Coen & Desfleurs, 2004). Prior literature reveals vast evidence on the usefulness of analysts' earnings forecasts in developed capital markets (Brown, 1993; Beaver, 2002; Clement & Tse, 2003; Coen, Desfleurs & L'Her, 2009; Mozes, 2003; Schipper, 1991). These studies provide evidence on the existence of association between accounting information and analysts' capital market activities.

Specifically, prior literature provide evidence that analysts' used accounting information such as non-current assets information to value firms (Barth & Clinch, 1998) and forecast firms' earnings (Zaleha et al., 2005). Other studies found analysts' earnings forecasts significantly associated with other accounting information, such as intangible assets (Barron et al., 2002; Gu & Wang, 2003) and firms' book value (Ou & Sepe, 2002). Analysts are also found to utilize accounting information subject to firms' micro level characteristics such as financial health (DeFond & Hung, 2003) and macroeconomic condition (Ang & Ma, 2001; Zaleha et al., 2005).

Furthermore, prior literature found accounting information having enforcement requirement to be more useful for decision making (Hassan & Power, 2009; Hodgdon et al., 2008). With regards to analysts' activities, prior literature also found existence of regulation enforcing the accounting standards increase forecasts accuracy (Berger & Hann, 2003; Lang & Lundholm, 1996). In addition, prior literature found that accounting items having specific guidance for preparation of financial statements are more reliable for decision making (Li-Chin, Liu & Schaefer, 2007). Specifically concerning analysts' activities, prior literature also found existence of standards on the accounting information increase forecasts accuracy (Berger & Hann, 2003; Zaleha, 2007). In terms of the importance of specific accounting information required for distinct decision making, prior literature found analysts choose different accounting information for specific decision making (Block, 1999). Based on the above discussion, we put forward a proposition stated as follows:

Proposition 1:

Analysts perceived differently the importance of accounting information items disclosed in the financial statements when making forecast on firms' earnings per share, cash flow per share and price per share.

Analysts Experience and Importance of Accounting Information

Experience has many meaning in the dictionary. The common understanding about experience is that an experience worker means he or she is mature, skillful, has been working for many years, has a lot of knowledge and involvement working in specialized areas, among others and makes wise decisions. A wise decision will mean making the best decision of all, that is, taking into consideration all relevant aspects and facts when making a decision. Prior literature found analysts experience influence the way analysts make decisions and the way they choose information (Clement & Tse, 2005; Mikhail et al., 1997; 2003). Study by Clement and Tse (2005), Gleason and Lee (2003) and Maines et al. (1997) provide evidence that more experience analysts choose different information for their decision making compared to less experience analysts. These findings suggest tendency that analysts will process accounting information differently from one item to the other when making forecasting on firms' performance.

Analysts choose accounting information for the purpose of decision making based on the effect of signals available within the information (Zaleha, 2007). All accounting information is expected to provide useful information for analysts' decision making because the information should have information content. When a reported item in the financial statements has information content will mean the item reflected information relevant towards the formation of expected future cash flows of the firm. For example, the reporting of current revenue should signals potential for expected future revenues. Current investment in non-current assets should signal potential for expected future performance of firms derived from the non-current assets, such as rental revenue from investment property or output of products from operating machinery. Based on the above discussion, we proposed second proposition stated as follows:

Proposition 2:

Analysts with more experience perceived the importance of accounting information items differently from analysts with less experience, when making forecast on firms' earnings per share, cash flow per share and price per share.

3. Methodology

3.1 Sample and Data Collection Method

This study utilized population of the brokerage firms available in Malaysia during the time period of study. Our sample consists of individual sell-side financial analysts working in brokerage firms that make investments decisions. Sell-side analysts prepare report at least once a year that would include recommendation for investor investment actions (Fogarty & Rogers, 2005). We distribute questionnaires to all brokerage firms available in Malaysia during the time period of our study, which was in January 2008. Initially, we contacted each brokerage firms to identify the individual analysts in the brokerage firms reliable for our sample. Several firms have only one analyst, while others have more than five analysts working in their firms. We sent questionnaires based on the number of analysts working in the brokerage firms, with a maximum of five questionnaires to those firms having many analysts. Some firms were not contactable through telephone and therefore were only included based on their postal address. Questionnaires were then forwarded to the analysts either through emails or by postage. We started to receive responses from the questionnaires about two weeks after sending out our questionnaires. Out of 35 brokerage firms, we received responses from 5 firms where in total 13 financial analysts responded. Apart from the five firms, a few firms returned back our questionnaires without any responses, while the rest do not provide any responses at all. Our results and discussions are based on analysis of data from the final 13 individual responses.

3.2 Research Instrument

The research instrument in our study is survey questionnaire. The questionnaires request individual analysts to rank the importance of each individual item reported on firms' financial statements for the purpose of forecasting firms' earnings' per share (EPS), cash flow per share (CFPS) and price per share (PPS) based on a 5 point Likert scale with 1 representing 'Very unimportant', 3 representing 'Uncertain', and 5 representing 'Very Important'. We include the number zero to represent 'Not Applicable' with the assumption that some reported items are really not relevant for certain forecasting decision. Items of accounting information are pre-listed in the questionnaires as expected to be reported within a standard format of an income statement, balance sheet, statement of changes in equity, cash flow statement, and notes to the account, common to Malaysia reporting regulations during the time period of study. A copy of our questionnaire is available on request.

4. Results And Discussions

Tables 1 until 4 present results to find support for our first Proposition that suggest *'analysts perceived differently the importance of accounting information items disclosed*

in the financial statements when making forecast on firms' earnings per share, cash flow per share and price per share'. While Tables 5 until 8 present results to find support for our second Proposition that suggest 'analysts with more experience perceived the importance of accounting information items differently from analysts with less experience, when making forecast on firms' earnings per share, cash flow per share and price per share'.

Table 1 present ranking of analysts' mean score of weights put on income statement items in forecasting EPS, CFPS and PPS. Results in Table 1, show that *Profit for the period* with mean scores of 4.92, 4.46 and 4.77, and *Profit before tax* with mean scores of 4.92, 4.46 and 4.54 are perceived to be the most importance items when forecasting for EPS, CFPS and PPS respectively. In addition, analysts tend to also focus heavily on *Revenue* (mean score 4.69) information when forecasting specifically for EPS as against *Finance cost* (mean score 4.31) in the case of CFPS and *Profits attributable to parent equity holders* (mean score 4.38) in the case of PPS.

Table 2 present ranking of analysts' mean score of weights put on balance sheet items in forecasting EPS, CFPS and PPS. Table 2 shows that analysts tend to put focus on liabilities information in Balance Sheet, mainly the *Long term borrowings* with mean scores of 4.00, 4.08 and 4.08 when forecasting for EPS, CFPS and PPS respectively. In addition, analysts tend to also focus on *Cash and cash equivalents* (mean score 4.08) in the case of CFPS. Table 3 present ranking of analysts' mean score of weights put on statement of changes in equity items in forecasting EPS, CFPS and PPS. Table 3 shows that analysts tend to focus on *Profit for the period* with mean score at 4.15 when forecasting for EPS and no specific item deemed really important when forecasting for CFPS and PPS. Table 4 present ranking of analysts' mean score of weights put on cash flow statement items in forecasting EPS, CFPS and PPS. Table 4 shows that analysts tend to focus on *Cash and cash equivalents at end of period* and *Net increase in cash and cash equivalents* with mean scores at 4.54 and 4.46 respectively when forecasting for CFPS and no specific item deemed really important when forecasting for EPS and PPS.

Table 1 until Table 4 provide descriptive evidence supporting our first Proposition which suggests that analysts perceived differently the importance of accounting information items disclosed in the financial statements when making forecasting decisions. This is consistent with prior studies finding on analysts' decision making in developed capital markets (Lev & Thiagarajan, 1993; Lang & Lundholm, 1996; Healy et al., 1999). At a more specific level, that income statement items are perceived to be the most importance items compared to other statement items when forecasting for firms' EPS and PPS. While cash flow statement items tend to be more important than income statement items when forecasting for firms' CFPS. This is consistent with DeFond and Hung (2003) who found cash flow useful only when earning is not. Findings also show that cash flow items are perceived as least important when forecasting for firms' EPS and PPS; while statement of changes in equity tend to be least important when forecasting for firms' CFPS.

Tables 5 until 8 present results to find support for our Hypothesis that suggest *'analysts with more experience perceived the importance of accounting information items differently from analysts with less experience, when making forecast on firms' earnings per share, cash flow per share and price per share'*. Measurement for more and less experience analyst is based on period of working as financial analyst at the brokerage firms. An analyst is considered more experience if he or she works more than 10 years and less experience otherwise.

Table 5 shows that more experience analysts' tend to weight all income statement items information reported on the statement as important (all mean scores at least 4.00) but not in the notes (all mean scores below 4.00) when forecasting for EPS. While less experience analysts tend to weight both information on the statement and in the notes as important when forecasting for EPS. Almost similar situation exist in the case of forecasting for CFPS and PPS. Several items were found to be significantly different in the choice between more and less experience analysts, for example on items of *'other income'* and *'administrative expense'* in the case of forecasting for EPS.

Table 6 present analysts' mean score of weights put to balance sheet items in forecasting EPS, CFPS and PPS based on respondents' working experience. Overall, findings in Table 6 shows that more experience analysts tend to choose information on equity plus asset items to some extend while less experience analysts tend to choose liability items when forecasting for EPS, CFPS or PPS. For example, more experience analysts prefer information on cash and equity items (as in *Cash and cash equivalents* and *Share capital* with mean scores at 4.75 and 4.50 respectively), while less experience analysts only choose liability item (as in *Long term borrowings* with mean score at 4.00) when forecasting for CFPS. The choices made between more and less experience analysts were also found to be significantly different in most cases supporting our hypothesis.

Table 7 present analysts' mean score of weights put to statement of changes in equity items in forecasting EPS, CFPS and PPS based on respondents' working experience. Table 7 shows that very few items in the statement of changes in equity were considered important by both more or less experience analysts. Table 8 present analysts' mean score of weights put to cash flow statement items in forecasting EPS, CFPS and PPS based on respondents' working experience. Overall, Table 8 shows that more experience analysts tend to focus on items reported on the cash flow statement but not in the notes, while less experience analysts tend to focus on both statement and notes items when forecasting for CFPS. There were no clear differences in choices of items between more and less experience analysts when forecasting for either EPS or PPS. In summary, Table 5 until Table 8 provide descriptive and *t*-test evidence supporting our hypothesis which suggests that analysts' experience has a role in determining the importance of different accounting information when making forecasting decisions. This finding is consistent with Maines et al. (1997).

5. Conclusion

This paper investigates the perceptions of financial analysts in Malaysia regarding the importance of accounting information items disclosed in financial statements when forecasting firms' earning per share (EPS), cash flow per share (CFPS) and price per share (PPS). Findings concur with prior studies to some extent but more research must be done to investigate other relevant issues. Findings should alert firms to prepare financial reports seriously as each accounting items is useful to users especially in conjunction with the development of capital markets. Future study should examine analysts forecasting decisions based on case studies approach to extract richer data for further evidence (Ramnath et al., 2008). Findings suggest that analysts in developing countries are reacting quite similar to those in developed countries in terms of forecasting from the aspect of working experience.

Findings from this study are nevertheless limited to the issue under investigation only. Apart from the small sample which might limit findings generalization, the sample also reduce potential to carry further empirical investigation. We would like to caution our readers that this study does not investigate analysts' forecasts associations with specific accounting information or with timing of regulation enforcing the accounting standards. This study only investigates on one aspect of analysts' characteristics only, that is, experience based on years of employment as analysts in brokerage firms. Other concepts are not examined.

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Table 1: Ranking of Mean Score (Score) on Income Statement (IS) Items in Forecasting Earning Per Share (EPS), Cash Flow Per Share (CFPS) and Price Per Share (PPS)

Types of Information	EPS				CFPS				PPS			
	IS		Notes		IS		Notes		IS		Notes	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Profit for the Period	1	4.92	1	4.42	1	4.46	1	3.92	1	4.77	1	3.92
Profit Before Tax	2	4.92	2	4.42	2	4.46	2	3.92	2	4.54	2	3.85
Revenue	3	4.69	3	4.00	4	4.15	5	3.62	4	4.23	3	3.69
Cost of Sales	4	4.54	7	3.92	5	4.08	6	3.62	6	4.15	4	3.62
Profits Attributable to Equity Holders of Parent	5	4.54	4	4.00	8	3.92	8	3.38	3	4.38	6	3.54
Gross Profit	6	4.38	8	3.85	7	4.00	7	3.46	5	4.23	5	3.62
Finance Cost	7	4.31	5	4.00	3	4.31	3	3.77	9	3.85	8	3.38
Income Tax	8	4.23	6	4.00	6	4.00	4	3.69	7	3.92	7	3.46
Other Income	9	4.08	11	3.31	11	3.54	11	3.00	8	3.92	9	3.23
Administrative Expense	10	4.00	12	3.31	10	3.54	10	3.08	10	3.69	10	3.08
Other Expense	11	3.92	9	3.50	9	3.69	9	3.15	11	3.62	11	3.00
Minority Interest	12	3.77	10	3.42	12	3.31	12	2.85	12	3.23	12	3.00

Note: Scores are based on a 5 point Likert Scale answer with Score 1 representing 'Very Unimportant', Score 3 representing 'Uncertain' and Score 5 representing 'Very Important'.

Table 2: Ranking of Mean Score (Score) on Balance Sheet (BS) Items in Forecasting Earning Per Share (EPS), Cash Flow Per Share (CFPS) and Price Per Share (PPS)

Types of Information	EPS				CFPS				PPS			
	BS		Notes		BS		Notes		BS		Notes	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Long-term borrowings	1	4.00	1	3.69	1	4.08	1	3.77	1	4.08	1	3.62
Short-term borrowings	2	3.92	2	3.54	3	3.85	3	3.54	3	3.69	2	3.46
Property, plant and equipment	3	3.85	7	3.31	5	3.61	4	3.46	6	3.62	6	3.31
Goodwill	4	3.69	10	3.23	10	3.23	10	3.15	5	3.62	4	3.38
Cash and cash equivalents	5	3.69	3	3.50	2	4.08	2	3.69	4	3.69	3	3.38
Share capital	6	3.69	5	3.38	4	3.62	8	3.23	2	3.92	5	3.31
Investments in associates	7	3.62	8	3.31	11	3.23	11	3.15	12	3.38	12	3.15
Other reserves	8	3.62	4	3.46	13	3.15	13	3.08	11	3.46	11	3.15
Total current liabilities	9	3.58	18	3.08	22	2.92	22	2.92	23	2.92	23	2.77
Total liabilities	10	3.58	11	3.17	18	3.00	18	3.00	24	2.92	24	2.77
Trade receivables	11	3.54	12	3.15	7	3.54	6	3.38	8	3.54	8	3.23
Total equity and liabilities	12	3.54	6	3.36	15	3.08	15	3.08	22	3.08	22	2.92
Other intangible assets	14	3.46	20	3.08	21	3.00	21	2.92	10	3.46	10	3.23
Retained earnings	15	3.46	9	3.31	12	3.23	12	3.15	9	3.54	9	3.23
Trade and other payables	16	3.46	21	3.08	8	3.38	7	3.38	17	3.23	16	3.08
Tax payable	17	3.46	13	3.15	9	3.23	9	3.23	13	3.31	13	3.15
Inventories	19	3.38	14	3.15	6	3.54	5	3.46	7	3.54	7	3.31

Note: Scores are based on a 5 point Likert Scale answer with Score 1 representing 'Very Unimportant', Score 3 representing 'Uncertain' and Score 5 representing 'Very Important'.

Table 3: Ranking of Mean Score (Score) on Statement of Changes in Equity (SCE) Items in Forecasting Earning Per Share (EPS), Cash Flow Per Share (CFPS) and Price Per Share (PPS)

Types of Information	EPS				CFPS				PPS			
	SCE		Notes		SCE		Notes		SCE		Notes	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Profit for the period	1	4.15	1	3.67	4	3.63	4	3.23	4	3.62	4	3.31
Ending Balance	2	3.83	6	3.36	3	3.69	3	3.31	7	3.54	11	2.92
Total recognized income and expense for the period	3	3.78	14	3.11	17	2.31	17	2.23	17	2.31	17	2.23
Transferred to profit or loss for the period	4	3.69	4	3.5	6	3.38	6	3.08	5	3.54	5	3.23
Changes in accounting policy	5	3.62	5	3.5	7	3.38	7	2.92	6	3.54	6	3.23
Dividends	6	3.62	2	3.58	2	3.69	2	3.34	2	3.77	2	3.38
Issue of share capital	7	3.62	3	3.58	1	3.77	1	3.46	1	3.92	1	3.54
<i>Cash flow hedges:</i>												
Gains/(losses) taken to equity	8	3.5	9	3.3	8	3.23	8	2.92	8	3.38	7	3.08
Equity share option issued	9	3.46	8	3.33	5	3.54	5	3.23	3	3.77	3	3.31
Transferred to profit or loss on sale	10	3.4	10	3.25	11	3.08	11	2.77	9	3.31	8	3.00
<i>Other investments:</i>												
Valuation gains/(losses) taken to equity	11	3.38	11	3.25	9	3.15	9	2.85	10	3.31	9	3.00
Restated balance	13	3.36	7	3.36	16	2.54	16	2.46	16	2.54	16	2.46
Net income recognized directly in equity	14	3.33	13	3.25	10	3.15	10	2.85	12	3.23	12	2.92
<i>Changes in equity:</i>												
Gain/Loss on property revaluation	16	3.23	17	3.08	15	3.00	15	2.62	11	3.31	10	3.00

Note: Scores are based on a 5 point Likert Scale answer with Score 1 representing 'Very Unimportant', Score 3 representing 'Uncertain' and Score 5 representing 'Very Important'.

Table 4: Ranking of Mean Score (Score) on Cash Flow Statement (CFS) Items in Forecasting Earning Per Share (EPS), Cash Flow Per Share (CFPS) and Price Per Share (PPS)

Types of Information	EPS				CFPS				PPS			
	CFS		Notes		CFS		Notes		CFS		Notes	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Proceeds from long-term borrowings	1	3.54	2	3.50	10	4.15	7	4.00	3	3.46	2	3.08
Dividends paid	2	3.54	6	3.42	11	4.15	8	4.00	2	3.54	1	3.08
Net cash from financing activities	3	3.50	4	3.45	7	4.23	4	4.08	11	3.23	14	2.77
Proceeds from issue of share capital	4	3.46	7	3.42	12	4.15	9	4.00	4	3.46	3	3.08
Cash and cash equivalents at end of period	5	3.42	1	3.54	1	4.54	1	4.08	1	3.69	8	2.92
Income taxes paid	6	3.38	3	3.50	5	4.31	11	3.92	6	3.31	5	3.08
Disposition/Acquisition of subsidiary	7	3.38	10	3.33	8	4.23	6	4.00	5	3.38	4	3.08
Interest received	8	3.38	11	3.33	20	3.92	20	3.69	12	3.08	11	2.85
Dividends received	9	3.38	12	3.33	19	4.00	19	3.77	13	3.08	12	2.85
Payment of finance lease liabilities	10	3.38	13	3.33	13	4.15	10	4.00	8	3.31	10	2.85
Net increase in cash and cash equivalents	11	3.33	5	3.45	2	4.46	2	4.08	14	3.08	13	2.85
Interest paid	12	3.31	8	3.42	6	4.31	12	3.92	9	3.23	6	3.00
Purchase of non-current assets	13	3.31	18	3.25	16	4.08	13	3.85	10	3.23	7	3.00
Cash flows from operating activities	14	3.33	15	3.33	9	4.23	15	3.77	21	2.69	20	2.46
Cash and cash equivalents at beginning of period	18	3.25	9	3.36	17	4.08	14	3.85	15	3.00	15	2.77
Net cash from operating activities	19	3.23	14	3.33	4	4.38	5	4.00	7	3.31	9	2.92
Cash generated from operations	21	3.00	20	3.09	3	4.46	3	4.08	20	2.77	19	2.54

Note: Scores are based on a 5 point Likert Scale answer with Score 1 representing 'Very Unimportant', Score 3 representing 'Uncertain' and Score 5 representing 'Very Important'.

Table 5: Mean Score to Income Statement (IS) Items in Forecasting Earning Per Share (EPS), Cash Flow Per Share (CFPS) and Price Per Share (PPS) based on Respondents' Working Experience

Working Experience	EPS				CFPS				PPS			
	<10 Years		>10 Years		<10 Years		>10 Years		<10 Years		>10 Years	
	IS	Notes	IS	Notes	IS	Notes	IS	Notes	IS	Notes	IS	Notes
Revenue	4.78	***4.56	4.50	2.75	4.22	4.00	4.00	2.75	*4.33	***4.11	4.00	2.75
Cost of Sales	4.56	***4.44	4.50	2.75	4.11	4.00	4.00	2.75	**4.22	***4.00	4.00	2.75
Gross Profit	4.33	***4.33	4.50	2.75	4.00	3.78	4.00	2.75	4.22	***4.00	4.25	2.75
Other Income	3.89	***3.56	**4.50	2.75	**3.56	**3.11	3.50	2.75	3.89	***3.44	4.00	2.75
Administrative Expense	3.78	***3.56	#4.50	2.75	**3.56	*3.22	3.50	2.75	3.56	***3.22	*4.00	2.75
Other Expense	3.78	**3.44	4.25	2.75	*3.78	3.33	3.50	2.75	3.44	***3.11	*4.00	2.75
Finance Cost	4.11	4.11	*4.75	3.75	4.11	***4.00	4.75	3.25	3.78	***3.67	4.00	2.75
Profit Before Tax	4.33	***4.67	5.00	2.75	4.44	***4.22	4.50	3.25	4.44	***4.33	4.75	2.75
Income Tax	4.11	*4.11	4.50	3.75	4.00	***3.89	4.00	3.25	3.89	***3.78	4.00	2.75
Profit for the Period	***5.00	***4.67	4.75	2.75	4.44	***4.22	4.50	3.25	4.78	***4.44	4.75	2.75
Profits Attributable to Equity Holders of Parent	4.33	*4.11	***5.00	3.75	3.67	***3.44	#4.50	3.25	4.22	***3.89	4.75	2.75
Minority Interest	3.67	**3.33	4.00	2.75	3.33	**2.89	3.25	2.75	***3.56	**3.11	2.50	2.75

Note: Scores are based on a 5 point Likert Scale answer with Score 1 representing 'Very Unimportant', Score 3 representing 'Uncertain' and Score 5 representing 'Very Important'. ***, ** and * denotes significance at 1%, 5% and 10% respectively on choice difference between more and less experience analyst based on parametric analyses. ###, ## and # denotes significance at 1%, 5% and 10% respectively based on non-parametric analyses.

Table 6: Mean Score to Balance Sheet (BS) Items in Forecasting Earning Per Share (EPS), Cash Flow Per Share (CFPS) and Price Per Share (PPS) based on Respondents' Working Experience

Working Experience	EPS				CFPS				PPS			
	<10 Years		>10 Years		<10 Years		>10 Years		<10 Years		>10 Years	
	BS	Notes	BS	Notes	BS	Notes	BS	Notes	BS	Notes	BS	Notes
Property, plant and equipment	3.78	**#3.67	4.00	2.50	**3.67	**3.56	3.50	3.25	**3.89	##3.78	3.00	2.25
Investment properties	3.44	3.33	3.50	2.50	**3.22	**3.11	2.75	2.75	3.56	3.44	2.75	2.25
Goodwill	3.56	*3.44	**4.00	2.75	**3.44	***3.33	2.75	2.75	3.78	3.67	3.25	2.75
Other intangible assets	3.33	3.22	3.75	2.75	**3.11	**3.00	2.75	2.75	3.56	3.44	3.25	2.75
Investments in associates	3.67	3.56	3.50	2.75	3.22	3.11	3.25	3.25	3.56	3.44	3.00	2.50
Other investments	3.44	3.33	3.25	2.50	3.11	*3.00	3.25	3.25	3.44	3.33	2.75	2.25
Inventories	3.44	3.44	3.25	2.50	3.67	3.56	3.25	3.25	3.78	3.67	3.00	2.50
Trade receivables	3.56	3.44	3.50	2.50	3.56	3.44	3.50	3.25	3.67	3.56	3.25	2.50
Other current assets	3.33	3.11	2.25	2.50	3.11	3.00	3.00	3.00	3.44	3.33	3.00	2.50
Cash and cash equivalents	3.67	3.67	3.75	2.25	3.78	3.67	#4.75	3.75	3.78	3.67	3.50	2.75
Share capital	3.67	3.33	3.75	3.50	3.22	3.11	##4.50	3.50	3.56	3.44	*#4.75	3.00
Other reserves	3.33	3.22	4.25	**#4.00	3.11	*3.00	3.25	3.25	3.44	3.33	3.50	2.75
Retained earnings	3.44	3.33	3.50	3.25	3.33	3.22	3.00	3.00	3.56	3.44	3.50	2.75
Minority interest	3.11	3.00	3.50	*3.25	3.00	2.89	3.00	3.00	3.22	3.11	3.50	2.75
Long-term borrowings	4.11	***#4.11	3.75	2.75	4.00	*4.00	4.25	3.25	4.22	##4.11	3.75	2.50
Deferred tax	3.00	3.00	3.25	2.50	3.00	3.00	2.50	2.50	3.22	3.11	3.00	2.50
Long-term provisions	3.00	*3.00	3.00	2.75	3.00	3.00	2.50	2.50	3.22	3.11	3.00	2.50
Trade and other payables	3.44	3.33	3.50	2.50	3.44	3.44	3.25	3.25	3.33	3.33	3.00	2.50
Short-term borrowings	*4.00	***3.89	3.75	2.75	3.78	**3.67	*4.00	3.25	**3.89	***3.78	3.25	2.75
Tax payable	3.56	3.44	3.25	2.50	3.33	3.33	3.00	3.00	3.44	3.44	3.00	2.50
Short-term provisions	3.22	**3.11	3.75	2.75	3.00	3.00	3.00	3.00	3.11	**3.11	3.25	2.75
Total current liabilities	3.11	3.00	3.75	2.50	2.89	2.89	3.00	3.00	2.89	2.89	3.00	2.50
Total liabilities	3.11	*3.00	3.75	2.75	2.89	2.89	3.25	3.25	2.89	2.89	3.00	2.50
Total equity and liabilities	3.22	3.11	2.50	2.25	3.00	3.00	3.25	3.25	3.00	3.00	3.25	2.75

Note: Scores are based on a 5 point Likert Scale answer with Score 1 representing 'Very Unimportant', Score 3 representing 'Uncertain' and Score 5 representing 'Very Important'. ***, ** and * denotes significance at 1%, 5% and 10% respectively on choice difference between more and less experience analyst based on parametric analyses. ###, ## and # denotes significance at 1%, 5% and 10% respectively based on non-parametric analyses.

Table 7: Mean Score to Statement of Changes in Equity (SCE) Items in Forecasting Earning Per Share (EPS), Cash Flow Per Share (CFPS) and Price Per Share (PPS) based on Respondents' Working Experience

Working Experience	EPS				CFPS				PPS			
	<10 Years		>10 Years		<10 Years		>10 Years		<10 Years		>10 Years	
Types of Information	SCE	Notes	SCE	Notes	SCE	Notes	SCE	Notes	SCE	Notes	SCE	Notes
Changes in accounting policy	3.78	3.78	3.25	2.00	3.44	3.33	3.25	2.00	3.67	3.78	3.25	2.00
Restated balance	3.56	3.56	1.25	1.25	3.11	3.00	1.25	1.25	3.11	3.00	1.25	1.25
Changes in equity:												
Gain/Loss on property revaluation	3.00	**3.00	3.75	2.50	3.00	2.89	3.00	2.00	3.11	**3.22	3.75	2.50
Other investments:												
Valuation gains/(losses) taken to equity	3.44	**3.33	3.25	2.25	3.22	**3.11	3.00	2.25	*3.33	**3.33	3.25	2.25
Transferred to profit or loss on sale	3.33	**3.22	3.50	2.50	3.22	3.11	2.75	2.00	3.22	**3.22	3.50	2.50
Cash flow hedges:												
Gains/(losses) taken to equity	3.44	**3.33	3.75	2.50	3.33	*3.22	3.00	2.25	3.33	**3.33	3.50	2.50
Transferred to profit or loss for the period	3.67	3.56	3.75	2.50	3.56	3.44	3.00	2.25	3.56	3.56	3.50	2.50
Transferred to initial carrying amount of hedged items	3.33	3.22	2.75	2.00	3.22	3.11	2.75	2.00	3.22	3.22	3.00	2.00
Exchange differences on translating foreign operations	3.44	*3.33	3.25	2.25	3.22	3.11	2.75	2.00	3.22	3.22	3.00	2.00
Tax on items taken directly to or transferred from equity	3.33	3.22	3.25	2.00	3.22	3.11	2.75	2.00	3.22	3.22	3.00	2.00
Net income recognized directly in equity	3.44	3.33	2.25	2.25	3.22	3.11	3.00	2.25	3.22	3.22	3.25	2.25
Profit for the period	3.89	3.78	4.75	2.50	3.67	3.56	3.50	2.50	3.67	3.67	3.50	2.50
Dividends	3.67	3.67	3.50	2.50	3.78	3.78	3.50	2.50	3.89	3.78	3.50	2.50
Issue of share capital	3.67	*3.67	3.50	2.50	*3.89	3.89	3.50	2.50	4.11	4.00	3.50	2.50
Equity share option issued	3.44	*3.33	3.50	2.50	3.56	3.56	3.50	2.50	3.89	3.67	3.50	2.50
Ending Balance	3.00	3.00	*#4.75	2.50	3.67	3.67	3.75	2.50	3.11	3.11	*4.50	2.50

Note: Scores are based on a 5 point Likert Scale answer with Score 1 representing 'Very Unimportant', Score 3 representing 'Uncertain' and Score 5 representing 'Very Important'. ***, ** and * denotes significance at 1%, 5% and 10% respectively on choice difference between more and less experience analyst based on parametric analyses. ###, ## and # denotes significance at 1%, 5% and 10% respectively based on non-parametric analyses.

Table 8: Mean Score to Cash Flow Statement (CFS) Items in Forecasting Earning Per Share (EPS), Cash Flow Per Share (CFPS) and Price Per Share (PPS) based on Respondents' Working Experience

Working Experience	EPS				CFPS				PPS			
	<10 Years		>10 Years		<10 Years		>10 Years		<10 Years		>10 Years	
Types of Information	CFS	Notes	CFS	Notes	CFS	Notes	CFS	Notes	CFS	Notes	CFS	Notes
Cash flows from operating activities	3.11	3.11	1.25	1.25	4.56	4.44	3.50	2.25	3.11	3.00	1.75	1.25
Cash receipts from customers	3.11	3.11	2.50	2.00	4.11	4.00	**#4.25	3.25	3.11	3.00	2.50	2.00
Cash paid to suppliers and employees	3.11	3.11	2.50	2.00	4.11	4.00	4.25	3.25	3.11	3.00	2.50	2.00
Cash generated from operations	3.22	3.22	1.75	1.25	4.44	4.33	4.50	3.50	3.22	3.11	1.75	1.25
Interest paid	**3.44	**3.44	3.00	2.50	4.22	4.11	*4.50	3.50	**3.33	**3.22	3.00	2.50
Income taxes paid	*3.56	*3.56	3.00	2.50	4.22	4.11	4.50	3.50	**3.44	**3.33	3.00	2.50
Net cash from operating activities	3.56	3.56	2.50	2.00	4.44	*4.33	4.25	3.25	3.44	3.33	3.00	2.00
Disposition/Acquisition of subsidiary	3.44	3.44	3.25	2.25	4.44	*4.33	3.75	3.25	3.56	3.44	3.00	2.25
Purchase of non-current assets	*3.33	**3.33	3.25	2.25	4.22	4.11	3.75	3.25	**3.44	**3.33	2.75	2.25
Proceeds from sale of non-current assets	3.11	**3.11	3.25	2.25	*4.22	4.11	3.50	3.00	3.22	3.11	2.50	2.00
Interest received	3.44	*3.44	3.25	2.25	4.11	4.00	3.50	3.00	**3.22	**3.11	2.75	2.25
Dividends received	3.44	3.44	3.25	2.25	4.11	4.00	3.75	3.25	3.22	3.11	2.75	2.25
Net cash from investing activities	3.00	3.00	2.25	1.25	*4.33	**4.33	2.75	2.25	3.00	2.89	2.25	1.25
Proceeds from issue of share capital	3.44	*3.44	3.50	2.50	4.22	4.22	4.00	3.50	3.56	3.44	3.25	2.25
Proceeds from long-term borrowings	3.56	3.56	3.50	2.50	4.22	4.22	4.00	3.50	3.56	3.44	3.25	2.25
Payment of finance lease liabilities	3.56	3.56	3.00	2.00	4.33	*4.33	3.75	3.25	3.33	3.22	3.25	2.00
Dividends paid	3.56	3.56	3.50	2.25	4.33	*4.33	3.75	3.25	3.67	3.56	3.25	2.00
Net cash from financing activities	3.33	3.33	3.00	2.00	4.33	*4.33	4.00	3.50	3.22	3.11	3.25	2.00
Net increase in cash and cash equivalents	3.22	3.22	2.75	2.25	4.44	#4.44	4.50	3.25	3.22	3.11	2.75	2.25
Cash and cash equivalents at beginning of period	*3.11	3.11	2.75	2.25	4.22	4.11	3.75	3.25	*3.11	3.00	2.75	2.25
Cash and cash equivalents at end of period	3.33	3.33	2.75	2.25	4.56	#4.44	4.50	3.25	3.33	3.22	4.50	2.25

Note: Scores are based on a 5 point Likert Scale answer with Score 1 representing 'Very Unimportant', Score 3 representing 'Uncertain' and Score 5 representing 'Very Important'. ***, ** and * denotes significance at 1%, 5% and 10% respectively on choice difference between more and less experience analyst based on parametric analyses. ###, ## and # denotes significance at 1%, 5% and 10% respectively based on non-parametric analyses.