

## **CHAPTER IV**

### **RESEARCH METHOD, DATA ANALYSIS, AND FINDINGS**

#### **4.1. RESEARCH METHOD**

In this thesis, the writer used the quantitative analysis and qualitative analysis for the research method. The quantitative analysis can be described as an analysis that is used to measure the company's condition using formula calculation. On the other hand, qualitative analysis describes an analysis through reading a table, graphic, or an available number. This research method also used literature study. Literature study is meant to get theory to help solve the problem in the research by learning the literature and books related to the analysis. All of the data used to analyze were the data related to the company's financial condition.

#### **4.2. RESEARCH SUBJECT**

The research subject was taken from P.T Indonesian Satellite Corporation Tbk (PT. INDOSAT). The part of this research subject comprised of balance sheet and income statement in the year 1996 to 1999.

#### **4.3. RESEARCH SETTING**

The research was started to conduct on March 13, 2001. The first step that had to be done was to find the financial data of P.T Indonesian Satellite Corporation Tbk (PT. INDOSAT) in the years 1996 to 1999. All of financial data were copied from the annual financial report of P.T Indonesian Satellite Corporation Tbk (PT. INDOSAT) in the years 1996 until 1999. The next step was to find the company's history and management performance. All of data were obtained from the

annual report of P.T Indonesian Satellite Corporation Tbk (PT. INDOSAT), the Jakarta Stock Exchange's reference, magazines, and the Internet.

#### **4.4. RESEARCH DESCRIPTION**

In order to achieve the research objective, the researcher analysed the needed data as the research object. The needed data in this research consists of:

- a. The company's financial condition which consists of:
  - Balance sheets at the end of 1996-1999 period(s).
  - Income statements at the end of 1996-1999 period(s).
- b. The company's management and organization growth.

In this thesis, the writer used literature or library method to find the data from P.T Indonesian Satellite Corporation Tbk. (PT. INDOSAT). The literature or library method means a method that is used to collect or obtain data by studying the book references, magazines, the internet, the annual financial report of P.T Indonesian Satellite Corporation Tbk (PT. INDOSAT), and the Jakarta Stock Exchange's Corner (PBEJ-UII) references on Indonesia's capital market that are related to the research.

#### **4.5. TECHNIQUES OF DATA ANALYSIS**

In order to make this thesis, the writer used financial ratio analysis and Du Pont formula to analyze the data. Financial ratio analysis was able to help the writer analyze the company's financial data by comparing every year's report of financial ratio to measure the company's performance. On the other hand, Du Pont formula is a system to analyze what drives the Return on Investment (ROI) and the interrelationship among assets turnover and profit margin (Keown, Petty J., Scott, and Martin, 1998: 92)

The analysis tools used to find out the condition and the financial growth of PT. Indonesian Satellite Corporation Tbk were liquidity ratio analysis, debt ratio analysis, profitability ratio analysis, activity ratio analysis, and Du Pont analysis.

## 4.6. RESEARCH ANALYSIS AND FINDINGS

### 4.6.1. FINANCIAL RATIO ANALYSIS

#### 4.6.1.1. Liquidity Ratio

Liquidity ratio was used to measure company's ability to meet short-term obligation. Liquidity reflects the company's ability to meet the financial obligations. Ratios that are usually used to measure liquidity ratio are current ratio, quick ratio, and cash ratio.

##### 4.6.1.1.1. Current Ratio

Current ratio is one of important ratios that can be used to measure the company's ability to fulfil short-term obligations. The common guideline for current ratio is 2:1 or 200%, it means that current ratio which is more than 200% is better than that which is 200%. On the other word, it can be said that current ratio less than 2:1 is not really good, because when current asset decrease more than 50% (for example), current asset will not be able to guarantee current liabilities.

Current ratio (White, Sondhi, and Fried, 1998: 159) is formulated as follows:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

From the previous formula, it can be calculated the company's current ratio from 1996-1999 that is shown in the below table.

**Table 4.1.**  
**The Current Ratio of PT. INDOSAT Tbk in 1996-1999**  
**(In Millions Rupiah)**

YEAR	CURRENT ASSETS		CURRENT LIABILITIES		CURRENT RATIO (%)	CHANGE (%)
	Rp. (million)	Change (%)	Rp. (million)	Change (%)		
1996	1,167,384	-	240,843	-	484.71	-
1997	1,233,944	5.70	493,024	104.71	250.28	(48.36)
1998	2,324,138	88.35	875,342	77.54	265.51	6.08
1999	2,732,108	17.55	745,588	(14.82)	366.44	38.01

Source: calculation data

From the above table, the highest current ratio was achieved in the year 1996 that was 484.71% and the lowest current ratio was achieved in the year 1997 that was 250.28%. Based on the calculation, the current ratio of PT. Indonesian Satellite Corporation Tbk. will be shown in the below explanation.

**A. At the end of year 1996**

The current ratio rate of PT. Indonesian Satellite Corporation Tbk. (PT. INDOSAT) in 1996 was 484.71%; it means that every Rp. 1.00 of current liabilities was guaranteed by current assets in the amount of Rp. 4.8471. Based on a current ratio standard, current ratio that is more than 200% or more than 2 indicates a good result. The current ratio from PT. Indonesian Satellite Corporation Tbk. in 1996 indicates a good result, because the current ratio in 1996 was more than 200% or more than 2. On the other word, the company's condition in 1996 was in a healthy condition.

**B. At the end of year 1997**

In the year 1997, the current ratio of PT. Indonesian Satellite Corporation Tbk. was 250.28%; it means that every Rp. 1.00 of current liabilities was guaranteed by current assets in the amount of Rp. 2.5028. The current ratio in 1997 decreased by 48.36% from the previous year. The decrease of current ratio in 1997 was caused by the increase of current liabilities from Rp. 240,843 in 1996 to Rp. 493,024 in 1997 or it increased by 104.71% from the previous year. The increase of current liabilities in 1997 was caused by the economic crisis in Indonesia. Although the company's current ratio decreased, the company is still called as a healthy company, because the current ratio in 1997 was still higher than 2 or 200%.

**C. At the end of year 1998**

In the year 1998, the company's current ratio increased to 265.51% or increased by 6.08% from the current ratio in 1997. It means that every Rp. 1.00 of current liabilities was guaranteed by current assets in the amount of Rp. 2.6551. The increase of current ratio was caused by the increase of current asset from Rp. 1,233,944 in 1997 to Rp. 2,324,138 in 1998 or increased by 88.35% from the previous year. In this year, current liabilities also increased, but the increase of current liabilities was smaller than the increase of current assets. The increase of current liabilities was only 77.54%. The current ratio in 1998 still indicates that the company was in a healthy condition.

**D. At the end of year 1999**

In the year 1999, the company's current ratio was 366.44%; it means that every Rp. 1.00 of current liabilities was guaranteed by current assets in the amount of Rp. 3.6644. This current ratio increased by 38.01% from the previous

year. The increase of current ratio was caused by the increase of current asset from Rp. 2,324,138 in 1998 to Rp. 2,732,108 in 1999 or it increased by 17.55% from the previous year. This increase is also led by the decrease of current liabilities from Rp. 875,342 in 1998 to Rp. 745,588 in 1999 or it decreased by 14.82% from the previous year.

From the above analysis, it can be concluded that the company's condition was in the stable condition. It can be shown from the current ratio's fluctuation that is relatively constant. On the other hand, it can be said that PT. Indonesian Satellite Corporation Tbk. was able to meet its short-term obligation because the current ratio from 1996-1999 was higher than the minimum standard or higher than 200%.

#### 4.6.1.1.2. Quick Ratio

Quick ratio is defined as a comparison between cash, marketable securities, and account receivables with current liabilities. But there are no marketable securities in company's balance sheet report, so this analysis is only used cash and account receivables. Formula (White, Sondhi, and Fried, 1998: 159) that is used to measure quick ratio is:

$$\text{Quick Ratio} = \frac{\text{Cash + Account Receivables}}{\text{Current Liabilities}}$$

From the previous formula, it can be calculated the company's quick ratio from 1996-1999 that is shown in the next table.

**Table 4.2.**  
**The Quick Ratio of PT. INDOSAT Tbk in 1996-1999**  
**(In Millions Rupiah)**

YEAR	CASH	ACCOUNT RECEIVABLES	CURRENT LIABILITIES	QUICK RATIO (%)	CHANGES (%)
1996	42,744	444,425	240,843	202.28	-
1997	511,359	658,920	493,024	237.37	17.35
1998	1,410,607	890,352	875,342	262.86	10.74
1999	1,784,556	926,429	745,588	363.60	38.32

Source: calculation data

The highest quick ratio was achieved in the year 1999 that was in the amount of 363.6% and the lowest quick ratio was achieved in the year 1996 that was in the amount of 202.28%. Based on the calculation, the current ratio of PT. Indonesian Satellite Corporation Tbk. will be shown in the explanation below.

**A. At the end of year 1996**

The quick ratio of PT. Indonesian Satellite Corporation Tbk. (PT. INDOSAT) in 1996 was 202.28%; it means that every Rp. 1.00 of current liabilities was guaranteed by quick assets in the amount of Rp. 2.0228. The quick ratio from PT. Indonesian Satellite Corporation Tbk. in 1996 indicates a good result, because the quick ratio in 1996 was more than the minimum standard. So, the company's condition in 1996 was in a healthy condition or liquid.

**B. At the end of year 1997**

In the year 1997, the quick ratio of PT. Indonesian Satellite Corporation Tbk. was 237.37%; it means that every Rp. 1.00 of current liabilities was guaranteed by quick assets in the amount of Rp. 2.3737. The quick ratio in 1997 increased by 17.46% from the previous year. The increase of quick ratio in 1997

caused by the increase of cash plus account receivable that was higher than the increase of current liabilities. Cash plus account receivables increased by 140.22% or increased from Rp. 487,169 in 1996 to Rp. 1,170,279 in 1997. On the other hand, current liabilities also increased. Current liabilities increased by 104.71% or increased from Rp. 240,843 in 1996 to Rp. 493,024 in 1997. The increase of current liabilities in 1997 was caused by the economic crisis in Indonesia. In this year, the company is still in a healthy condition because the ratio is still higher than the minimum standard.

**C. At the end of year 1998**

The quick ratio from PT. Indonesian Satellite Corporation Tbk. in 1998 was 262.86%. It means that the quick ratio in 1998 increased by 10.74%. The increase of quick ratio was caused by the increase of current liabilities that was lower than the increase of cash plus account receivables. The current liabilities increased from Rp. 493,024 to Rp. 875,342 or increased by 77.54%. On the other hand, cash plus account receivables in 1998 increased by 96.62% or increased from Rp. 1,170,279 in 1997 to Rp. 2,300,959 in 1998. In 1998, PT. Indonesian Satellite Corporation Tbk. was still called as a liquid company, because PT. Indonesian Satellite Corporation Tbk. was still able to guarantee Rp. 1.00 of current liabilities with Rp. 2.6286 of quick assets.

**D. At the end of year 1999**

In 1999, the quick ratio of PT. Indonesian Satellite Corporation Tbk. was 363.60%. It means that every Rp. 1.00 of current liabilities was guaranteed by Rp. 3.6360 of quick assets. The quick ratio in 1999 increased by 38.32%. The increase of quick ratio was caused by the decrease of current liabilities from Rp. 875,342 to Rp. 745,588 or decreased by 14.82%.



From the above analysis, it can be concluded that the company's condition was in stable condition. It can be shown from the quick ratio's fluctuation that is relatively constant. On the other hand, it can be said that PT. Indonesian Satellite Corporation Tbk. was able to pay current liabilities because the quick ratio from 1996-1999 was higher than the minimum standard.

#### 4.6.1.1.3. Cash Ratio

Cash ratio is defined as a comparison between cash plus marketable securities with current liabilities. This ratio is also the same with current and quick ratio, the small ratio indicates that the company has higher liquidity risk and high ratio indicates that the company has a good liquidity. But there are no marketable securities in company's balance sheet report, so this analysis only used cash. Formula (White, Sondhi, and Fried, 1998: 159) used to measure cash ratio is:

$$\text{Cash Ratio} = \frac{\text{Cash}}{\text{Current Liabilities}}$$

From the previous formula, it can be calculated the company's quick ratio from 1996-1999 that will be depicted in the next table.

**Table 4.3.**  
**The Cash Ratio of PT. INDOSAT Tbk in 1996-1999**  
**(In Millions Rupiah)**

YEAR	CASH	CURRENT LIABILITIES	CASH RATIO (%)	CHANGES (%)
1996	42,744	240,843	17.75	-
1997	511,359	493,024	103.72	484.34
1998	1,410,607	875,342	162.15	56.33
1999	1,784,556	745,588	239.35	47.61

Source: calculation data

Generally, cash ratio of PT Indonesian Satellite Corporation Tbk from 1996-1999 was not good enough. The highest cash ratio was 239.35% that was achieved in the year 1999 and the lowest cash ratio was 17.75% that was achieved in the year 1996. It is also said that the cash ratio of PT Indonesian Satellite Corporation Tbk from 1996-1999 was relatively unstable. The explanation of cash ratio from PT. Indonesian Satellite Corporation Tbk. will be shown in the explanation below.

**A. At the end of year 1996**

In 1996, the cash ratio of PT. Indonesian Satellite Corporation Tbk. (PT. INDOSAT) was 17.75%; it means that every Rp. 1.00 of current liabilities was guaranteed by cash in the amount of Rp. 0.1775. The cash ratio from PT. Indonesian Satellite Corporation Tbk. in 1996 indicates a bad result, because the cash ratio in 1996 was lower than the minimum standard. On the other word, the company's condition in 1996 was in an unhealthy or bad condition.

**B. At the end of year 1997**

The cash ratio of PT. Indonesian Satellite Corporation Tbk. in 1997 was 103.72%; it means that every Rp. 1.00 of current liabilities was guaranteed by cash in the amount of Rp. 1.0372. The cash ratio in 1997 increased by 484.34% from cash ratio in 1996. The increase of cash ratio in 1997 was caused by the increase of current liabilities that was lower than the increase of cash. Current liabilities increased from Rp. 240,843 in 1996 to Rp. 493,024 in 1997 or increased by 104.71% from the previous year. The increase of current liabilities in 1997 was caused by the economic crisis in Indonesia. Besides the increase of current liabilities, there was also an increase of cash. Cash increased from Rp. 42,744 to Rp. 511,359 or increased by 1,096.33%.

**C. At the end of year 1998**

The cash ratio from PT. Indonesian Satellite Corporation Tbk. in 1998 increased by 56.33%. It means that the cash ratio in 1998 became 162.15%. The increase of cash ratio was caused by the increase of cash that was higher rather than the increase of current liabilities. Current liabilities increased from Rp. 493,024 in 1997 to Rp. 875,342 in 1998 or increased by 77.54%. On the other hand, the increase of cash was achieved by 175.86% or increased from Rp. 511,354 to Rp. 1,410,607. In this year, PT. Indonesian Satellite Corporation Tbk. was able to guarantee Rp. 1.00 of current liabilities with Rp. 1.6215 of cash.

**D. At the end of year 1999**

The cash ratio of PT. Indonesian Satellite Corporation Tbk. in 1999 was 239.35%. It means that every Rp. 1.00 of current liabilities was guaranteed by Rp. 2.3935 from the amount of cash. In 1999, the cash ratio increased by 47.61%. The increase of cash ratio was caused by the decrease of current liabilities from Rp. 875,342 to Rp. 745,588 or decreased by 14.82%. On the other hand, cash increased from Rp. 1,410,607 to Rp. 1,784,556 or increased by 26.51%.

From the previous analysis, it can be concluded that the company's condition was in an unstable condition. It can be shown from the cash ratio's fluctuation that is relatively unstable. It can be seen from the cash ratio that ranges from 17.55% - 239.35%. Only in the year 1999 the company had ratio above the minimum standard ratio.

#### 4.6.1.2. Debt Ratio

Debt ratios used to measure or analyze the financial statements were debt to equity ratio and debt to asset ratio. Both ratios depend on the fluctuations of liabilities, shareholders equity, and total assets. Debt to equity ratio represents every owner's equity as a guarantee for all liabilities. On the other hand, debt to asset ratio calculates how much the fund provided by the creditor.

##### 4.6.1.2.1. Debt to Equity Ratio

Debt to equity ratio is defined as a comparison between total liabilities (current liabilities and long-term liabilities) with shareholders equity. If this ratio at the lower level, the debtor will be happy because with the lower ratio, fund provided by stockholder is bigger and the creditor protection rate from the losing of money that they invested is also higher. The formula (White, Sondhi, and Fried, 1998: 162) used to measure this ratio is

$$\text{Debt to Equity} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

From the previous formula, it can be calculated the company's debt to equity ratio from 1996-1999 that is shown in the next table.

**Table 4.4.**  
**The Debt to Equity Ratio of PT. INDOSAT Tbk in 1996-1999**  
**(In Millions Rupiah)**

YEAR	TOTAL DEBT	TOTAL EQUITY	DEBT TO EQUITY (%)	CHANGES (%)
	Rp. (millions)	Rp. (millions)		
1996	282,017	2,557,423	11.03	-
1997	524,405	2,999,087	17.48	58.48
1998	1,052,764	3,817,394	27.58	57.78
1999	988,898	4,759,346	20.78	(24.65)

Source: calculation data

The highest debt to equity ratio was 27.58% and was achieved in the year 1998. On the other hand, the lowest debt to equity ratio was 11.03% and was achieved in the year 1996. The explanation of debt to equity ratio from PT. Indonesian Satellite Corporation Tbk. will be shown in the explanation below.

**A. At the end of year 1996**

In the year 1996, debt to equity ratio of PT. Indonesian Satellite Corporation Tbk was 11.03%. It means, every debt in the amount of Rp. 0.1103 was guaranteed by equity in the amount of Rp 1.00. It is also can be said that the company only used fund from creditor in the amount of 11.03% from total equity. This ratio was a result from total debt in the amount of Rp. 282,017 that divided by total equity in the amounts of Rp. 2,557,423. So, from 1996-1999, the company had a lowest risk in 1996.

**B. At the end of year 1997**

The debt to equity ratio of PT. Indonesian Satellite Corporation Tbk. in 1997 was 17.48%; it means that every Rp. 0.1748 of debt was guaranteed by equity in the amount of Rp. 1.00. On the other word, from all total equity the company only used 17.48% fund from creditor. The debt to equity ratio in 1997

increased by 58.48% from debt to equity ratio in 1996. The increase of debt to equity ratio in 1997 was caused by the increase of total equity and total debt. The total equity increased by 17.27% or increased from Rp. 2,557,423 to Rp. 2,999,087. The total debt increased by 85.95% from Rp. 282,017 in 1996 to Rp. 524,405 in 1997. In this year, the company had higher risk rather than the previous year, because the increase of total debt was higher than the increase of total equity.

**C. At the end of year 1998**

The debt to equity ratio from PT. Indonesian Satellite Corporation Tbk. in 1998 increased by 57.78%. It means that the debt to equity ratio in 1998 became 27.58%. It indicates that the company has higher risk rather than last year. It can also be said that the company was in the worst condition, because there was 27.58% of fund coming from creditor that was used by the company. The increase of debt to equity ratio was caused by the increase of total debt that was higher than the increase of total equity. The total debt in 1998 increased by 100.75%, but the total equity only increased by 27.28%.

**D. At the end of year 1999**

The debt to equity ratio of PT. Indonesian Satellite Corporation Tbk. in 1999 was 20.78%. It means that every Rp. 0.2078 of debt was guaranteed by Rp. 1.00 of equity. In 1999, the debt to equity ratio decreased by 24.65%. The decrease of debt to equity ratio was caused by the decrease of total debt from Rp. 1,052,764 to Rp. 988,898 or decreased by 6.07%. The increase of total equity from Rp. 3,817,394 to Rp. 4,759,346 or increased by 24.67% also led the decrease of debt to equity ratio from year 1998. So, it can be said that the company has lower risk rather than the previous year.

From the previous analysis, it can be concluded that the company's condition was in a stable condition. It can be showed from the debt to equity ratio's fluctuation that was relatively constant. On the other hand, it can be said that PT. Indonesian Satellite Corporation Tbk. has a good solvability rate and the company's risk is relatively low.

#### 4.6.1.2.2. Debt to Asset Ratio

Debt to asset ratio is defined as a ratio that compares total debt with total assets. Formula (Helfert, 2000: 114) used to measure this ratio is:

$$\text{Debt to Asset} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

From the previous formula, it can be calculated the company's debt to asset ratio from 1996-1999 that will be shown in the next table.

**Table 4.5.**  
**Debt to Asset Ratio of PT. INDOSAT Tbk in 1996-1999**  
**(In Millions Rupiah)**

YEAR	TOTAL DEBT		TOTAL ASSETS		DEBT TO ASSET RATIO (%)	CHANGES (%)
	Rp. (millions)	Changes (%)	Rp. (millions)	Changes (%)		
1996	282,017	-	2,843,927	-	9.92	-
1997	524,405	85.95	3,532,466	24.21	14.84	49.60
1998	1,052,764	100.75	4,879,041	38.12	21.58	45.42
1999	988,898	(6.07)	5,755,420	17.96	17.18	(20.39)

Source: calculation data

The highest debt to asset ratio was 21.58% and was achieved in the year 1998. On the other hand, the lowest debt to asset ratio was 9.92% and was achieved in the year 1996. The explanation of debt to asset ratio from PT. Indonesian Satellite Corporation Tbk. will be shown in the below explanation.

**A. At the end of year 1996**

In the year 1996, debt to asset ratio of PT. Indonesian Satellite Corporation Tbk was 9.92%. It means that every debt in the amount of Rp. 0.0992 was guaranteed by asset in the amount of Rp 1.00. It can also be said that there was 9.92% of fund from all of fund coming from creditor. This ratio was a result from total debt in the amount of Rp. 282,017 that was divided by total assets in the amounts of Rp. 2,843,927. In this year, the company had a lowest risk.

**B. At the end of year 1997**

The debt to asset ratio of PT. Indonesian Satellite Corporation Tbk. in 1997 increased by 49.6% or became 14.84%; it means that every Rp. 0.1484 of debt was guaranteed by assets in the amount of Rp. 1.00. On the other word, from all total assets the company only used 14.84% of fund from creditor. The increase of debt to asset ratio in 1997 was caused by the increase of total assets and total debt. The total assets increased by 24.21% or increase from Rp. 2,843,927 to Rp. 3,532,466. The total debt increased by 85.95% from Rp. 282,017 in 1996 to Rp. 524,405 in 1997. In this year, the company had higher risk rather than the previous year, because the increase of total debt was higher than the increase of total assets.



**C. At the end of year 1998**

The debt to asset ratio from PT. Indonesian Satellite Corporation Tbk. in 1998 increased by 45.42%. It means that the debt to asset ratio in 1998 became 21.58%. It indicates that the company has higher risk rather than last year. It can also be said that the company was in the worst condition, because there was 21.58% of funds coming from creditor that was used by the company. The increase of debt to asset ratio was caused by the increase of total debt that was higher than the increase of total assets. The total debt in 1998 increased by 100.75%, but the total assets only increased by 38.12%.

**D. At the end of year 1999**

The debt to asset ratio of PT. Indonesian Satellite Corporation Tbk. in 1999 was 17.18%. It means that every Rp. 0.1718 of debt was guaranteed by Rp. 1.00 of assets. In 1999, the debt to asset ratio decreased by 20.39%. The decrease of debt to asset ratio was caused by the decrease of total debt from Rp. 1,052,764 to Rp. 988,898 or decreased by 6.07%. The other factors causing the decrease of debt to asset ratio was the increase of total assets from Rp. 4,879,041 to Rp. 5,755,420 or it increased by 17.96%. From the above explanation, it can be seen that the total assets increased and the total debt decreased. So, it can be said that the company has lower risk rather than the previous year.

From the previous analysis, it can be concluded that the company's condition was in a stable condition. It can be shown from the debt to asset ratio's fluctuation that was relatively constant. On the other hand, it can be said that PT. Indonesian Satellite Corporation Tbk. has a good solvability rate and the company's risk is relatively low.

#### 4.6.1.3. Profitability Ratio

##### 4.6.1.3.1. Gross Profit Margin (GPM) Ratio

Gross profit margin ratio is defined as a ratio that compares gross profit with total sales. Formula (White, Sondhi, and Fried, 1998: 165) used to measure this ratio is:

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Sales}}$$

From the above formula, it can be calculated the company's gross profit margin ratio from 1996-1999 that will be shown in the next table.

**Table 4.6.**  
**The Gross Profit Margin Ratio of PT. INDOSAT Tbk in 1996-1999**  
**(In Millions Rupiah)**

Year	GROSS	PROFIT	SALES		GPM Ratio (%)	Changes (%)
	Rp. (millions)	Changes (%)	Rp. (millions)	Changes (%)		
1996	703,873	-	1,223,247	-	57.54	-
1997	872,820	24	1,456,806	19.09	59.91	4.12
1998	1,533,844	75.73	2,108,245	44.72	72.75	21.43
1999	1,860,156	21.27	2,738,813	29.91	67.92	(6.64)

Source: calculation data

The highest gross profit margin ratio was 72.75% and was achieved in the year 1998. On the other hand, the lowest gross profit margin ratio was 57.54% and was achieved in the year 1996. The explanation of gross profit margin ratio from PT. Indonesian Satellite Corporation Tbk. will be shown in the explanation below.

#### A. At the end of year 1996

In the year 1996, gross profit margin ratio of PT. Indonesian Satellite Corporation Tbk was 57.54%. This ratio was a result from gross profit in the

amount of Rp. 703,873 that was divided by total sales or revenue in the amount of Rp. 1,223,247. In this year, the company had a lowest gross profit margin ratio. In other words, it can be said that the company cannot produce high profit.

**B. At the end of year 1997**

The gross profit margin ratio of PT. Indonesian Satellite Corporation Tbk. in 1997 was 59.91% or it increased by 4.12%. It indicates that the company was able to produce higher profit rather than last year. The increase of gross profit margin ratio in 1997 was caused by the increase of gross profit that was higher than the increase of total sales or revenue. The gross profit increased by 24% or increased from Rp. 703,873 in 1996 to Rp. 872,820 in 1997. The total sales or revenue increased by 19.09% or increased from Rp. 1,223,247 in 1996 to Rp. 1,456,80 in 1997.

**C. At the end of year 1998**

In 1998, the gross profit margin ratio from PT. Indonesian Satellite Corporation Tbk. increased by 21.43%. It means that the gross profit margin ratio in 1998 became 72.75%. It indicates that the company had a higher ability to produce profit rather than the previous year. The increase of gross profit margin ratio was caused by the increase of gross profit that was higher than the increase of total revenue. The gross profit in 1998 increased by 75.73%, but the total revenue or sales only increased by 44.72%. So, gross profit margin ratio in 1998 was a highest ratio.

**D. At the end of year 1999**

In 1999, the gross profit margin ratio of PT. Indonesian Satellite Corporation Tbk. was 67.92% or it decreased by 6.64%. It means that the company had a lower ability to produce profit rather than the previous year. The

decrease of gross profit margin ratio was caused by the increase of gross profit that was lower than the increase of total revenue or sales. The increase of gross profit was 21.27% or increased from Rp. 1,533,844 in 1998 to Rp. 1,860,156 in 1999. On the other hand, the total revenue or sales increased by 29.91% or increased from Rp. 2,108,245 in 1998 to Rp. 2,738,813 in 1999.

#### 4.6.1.3.2. Operating Profit Margin (OPM) Ratio

Operating profit margin ratio is defined as a ratio that compares total operating income with sales or total operating revenue. Formula (White, Sondhi, and Fried, 1998: 165) used to measure this ratio is:

$$\text{Operating Profit Margin} = \frac{\text{Total Operating Income}}{\text{Sales}}$$

From the previous formula, it can be calculated the company's operating profit margin ratio from 1996-1999 that will be shown in the next table.

**Table 4.7.**  
**The Operating Profit Margin Ratio of PT. INDOSAT Tbk in 1996-1999**  
**(In Millions Rupiah)**

Year	OPERATING INCOME		SALES		OPM Ratio (%)	Changes (%)
	Rp. (millions)	Changes (%)	Rp. (millions)	Changes (%)		
1996	586,696	-	1,223,247	-	47.96	-
1997	695,320	18.51	1,456,806	19.09	47.73	(0.48)
1998	1,107,094	59.22	2,108,245	44.72	52.51	10.01
1999	1,520,242	37.32	2,738,813	29.91	55.51	5.71

Source: calculation data

The highest operating profit margin ratio was 55.51% and was achieved in the year 1999. On the other hand, the lowest operating profit margin ratio was 47.73% and was achieved in the year 1997. The explanation of operating profit margin ratio from PT. Indonesian Satellite Corporation Tbk. is outlined below.

**A. At the end of year 1996**

In the year 1996, operating profit margin ratio of PT. Indonesian Satellite Corporation Tbk was 47.96%. This ratio was a result of total operating income in the amount of Rp. 586,696 that was divided by total operating revenue or sales in the amount of Rp. 1,223,247. In this year, the company had a relatively good management to operate their company.

**B. At the end of year 1997**

The operating profit margin ratio of PT. Indonesian Satellite Corporation Tbk. in 1997 was 47.73% or it decreased by 0.48%. It indicates that the company has a less good management to operate their company rather than last year. The decrease of operating profit margin ratio in 1997 was caused by the increase of total operating income that was lower than the increase of total operating revenue or sales. The total operating income increased by 18.51% or increased from Rp. 586,696 in 1996 to Rp. 695,320 in 1997. Sales increased by 19.09% from Rp. 1,223,247 in 1996 to Rp. 1,456,806 in 1997. In this year, the company had the lowest operating profit margin ratio. It can also be said that the company has a poor management to operate their company.

**C. At the end of year 1998**

The operating profit margin ratio from PT. Indonesian Satellite Corporation Tbk. in 1998 increased by 10.01%. It means that the operating profit margin ratio in 1998 became 52.51%. It indicates that the company has a

good management to operate their company rather than the previous year. The increase of operating profit margin ratio was caused by the increase of total operating income that was higher than the increase of total sales. The total operating income in 1998 increased by 59.22%, but the total sales only increased by 44.72%.

**D. At the end of year 1999**

The operating profit margin ratio of PT. Indonesian Satellite Corporation Tbk. in 1999 was 55.51% or it increased by 5.71%. It means that the company had a better management ability to operate their company rather than the previous year. The increase of operating profit margin ratio was caused by the increase of total operating income that was higher than the increasing of total sales. The increase of total operating income was 37.32% or increased from Rp. 1,107,094 in 1998 to Rp. 1,520,242 in 1999. On the other hand, the total sales increased by 29.91% or increased from Rp. 2,108,245 in 1998 to Rp. 2,738,813 in 1999. In this year, the company was achieved the highest operating profit margin ratio. It means that in 1999 the company has the best management to operate their company rather than the year 1996-1998.

**4.6.1.3.2. Net Profit Margin (NPM) Ratio**

Net profit margin ratio is defined as a ratio that compares net income with total operating revenue or sales. Formula (White, Sondhi, and Fried, 1998: 166) that is used to measure this ratio is depicted in the formula below.

$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Sales}}$
---

From the previous formula, it can be calculated the company's net profit margin ratio from 1996-1999 that will be shown in the next table.

**Table 4.8.**  
**The Net Profit Margin Ratio of PT. INDOSAT Tbk in 1996-1999**  
**(In Millions Rupiah)**

Year	NET INCOME	SALES	NPM Ratio (%)	Changes (%)		
	Rp. (millions)	Changes (%)			Rp. (millions)	Changes (%)
1996	521,685	-	1,223,247	-	42.65	-
1997	636,527	22.01	1,456,806	19.09	43.69	2.44
1998	1,142,403	79.47	2,108,245	44.72	54.19	24.03
1999	1,379,341	20.74	2,738,813	29.91	50.36	(7.07)

Source: calculation data

The highest net profit margin ratio was 54.19% and was achieved in the year 1998. On the other hand, the lowest net profit margin ratio was 42.65% and was achieved in the year 1996. The explanation of net profit margin ratio from PT. Indonesian Satellite Corporation Tbk. will be shown in the explanation below.

**A. At the end of year 1996**

In the year 1996, net profit margin ratio of PT. Indonesian Satellite Corporation Tbk was 42.65%. This ratio was a result of net income in the amount of Rp. 521,685 that was divided by total operating revenue or sales in the amount of Rp. 1,223,247. In this year, the company had the lowest net profit margin ratio. It can also be said that the company had a lowest ability to produce net income after tax.

**B. At the end of year 1997**

The net profit margin ratio of PT. Indonesian Satellite Corporation Tbk. in 1997 was 43.69% or increased by 2.44%. It indicates that the company has a

good ability to produce net income after tax rather than the previous year. The increase of net profit margin ratio in 1997 was led by the increase of total net income that was higher than the increase of total operating revenue or sales. The total net income increased by 22.01% or increase from Rp. 521,685 in 1996 to Rp. 636,527 in 1997. Sales increased by 19.09% from Rp. 1,223,247 in 1996 to Rp. 1,456,806 in 1997.

**C. At the end of year 1998**

The net profit margin ratio from PT. Indonesian Satellite Corporation Tbk. in 1998 increased by 24.03%. It means that the operating profit margin ratio in 1998 became 54.19%. It indicates that the company has a good ability to produce net income after tax rather than the previous year. The increase of net profit margin ratio was caused by the increase of total net income that was higher than the increase of total sales. The total net income in 1998 increased by 79.47%, but the total sales only increased by 44.72%.

**D. At the end of year 1999**

The net profit margin ratio of PT. Indonesian Satellite Corporation Tbk. in 1999 was 50.36% or decreased by 7.07%. It means that the company has a less ability to produce net income after tax rather than the previous year. The decrease of net profit margin ratio was caused by the increase of total net income that was lower than the increase of total sales. The increase of total net income was 20.74% or increased from Rp. 1,142,403 in 1998 to Rp. 1,379,341 in 1999. On the other hand, the total sales increased by 29.91% or increased from Rp. 2,108,245 in 1998 to Rp. 2,738,813 in 1999.



#### 4.6.1.4. Activity Ratio

##### 4.6.1.4.1. Fixed Assets Turnover Ratio

The fixed assets turnover ratio is defined as a ratio that compares between sales with fixed assets. This ratio (White, Sondhi, and Fried, 1998: 153) can be formulated as follows:

$$\text{Fixed Assets Turnover} = \frac{\text{Sales}}{\text{Fixed Assets}}$$

From the previous formula, it can be calculated the company's fixed assets turnover ratio from 1996-1999 that will be shown in the next table.

**Table 4.9.**  
**The Fixed Assets Turnover Ratio of PT. INDOSAT Tbk in 1996-1999**  
**(In Millions Rupiah)**

Year	SALES		FIXED ASSETS		FATO Ratio (times)	Changes (%)
	Rp. (millions)	Changes (%)	Rp. (millions)	Changes (%)		
1996	1,223,247	-	774,174	-	1.58	-
1997	1,456,806	19.09	810,867	4.74	1.80	13.92
1998	2,108,245	44.72	1,083,364	33.60	1.95	8.33
1999	2,738,813	29.91	1,333,501	23.09	2.05	5.13

Source: calculation data

Based on the table, the highest fixed assets turnover ratio was 2.05 times and was achieved in the year 1999. Meanwhile, the lowest fixed assets turnover ratio was 1.58 times and was achieved in the year 1996. The explanation of working capital turnover ratio from PT. Indonesian Satellite Corporation Tbk. will be shown in the next explanation.

**A. At the end of year 1996**

In the year 1996, fixed assets turnover ratio of PT. Indonesian Satellite Corporation Tbk was 1.58 times. This ratio was a result from total operating revenue or sales in the amount of Rp. 1,223,247 that was divided by fixed assets in the amount of Rp. 774,174.

**B. At the end of year 1997**

The fixed assets turnover ratio of PT. Indonesian Satellite Corporation Tbk. in 1997 was 1.8 times or increased by 13.92% from the previous year. The increase of fixed assets turnover ratio in 1997 was caused by the increase of total sales that was higher than the increasing of fixed assets. The total sales increased by 19.09% from Rp. 1,223,247 in 1996 to Rp. 1,456,806 in 1997. Meanwhile, the fixed assets increased by 4.74% or increased from Rp. 774,174 in 1996 to Rp. 810,867 in 1997. So, in 1997 the company has a better ratio rather than the previous year. It also indicates that the company was more effective rather than the previous year.

**C. At the end of year 1998**

In 1998, the fixed assets turnover ratio from PT. Indonesian Satellite Corporation Tbk. increased by 33.6%. It means that the fixed asset turnover ratio in 1998 became 1.95 times. The increase of fixed assets turnover ratio was caused by the increase of total sales that was higher than the increase of fixed assets. The total sales in 1998 increased by 44.72% or increased from Rp. 1,456,806 in 1997 to Rp. 2,108,245 in 1998. Meanwhile, the fixed assets increased from Rp. 810,867 in 1997 to Rp. 1,083,364 in 1998 or increased by 33.6%.

#### D. At the end of year 1999

The fixed assets turnover ratio of PT. Indonesian Satellite Corporation Tbk. in 1999 was 2.05 times or increased by 23.09%. The increase of fixed assets turnover ratio was caused by the increase of total sales that was higher than the increase of fixed assets. The total sales were increased by 29.91% or increased from Rp. 2,108,245 in 1998 to Rp. 2,738,813 in 1999. Meanwhile, the fixed assets increased from Rp. 1,083,364 in 1998 to Rp. 1,333,501 in 1999 or increased by 23.09%. It can be said that ratio in 1999 was the highest ratio. So, the company becomes more effective rather than the previous year.

#### 4.6.1.4.2. Total Asset Turnover (TATO) Ratio

Total asset turnover ratio is defined as a ratio that compares sales with total assets in one period. This ratio (White, Sondhi, and Fried, 1998: 155) can be depicted as follows:

$$\text{Total asset turnover} = \frac{\text{Sales}}{\text{Total asset}}$$

From the previous formula, it can be calculated the company's total assets turnover ratio from 1996-1999 that will be shown in the next table.

**Table 4.10.**  
**The Total Asset Turnover Ratio of PT. INDOSAT Tbk in 1996-1999**  
**(In Millions Rupiah)**

Year	SALES		TOTAL ASSETS	TATO Ratio (times)	Changes (%)
	Rp. (millions)	Changes (%)			
1996	1,223,247	-	2,843,927	0.43	-
1997	1,456,806	19.09	3,532,466	0.41	(4.65)
1998	2,108,245	44.72	4,879,041	0.43	4.88
1999	2,738,813	29.91	5,755,420	0.48	11.63

Source: calculation data

Based on the table, the highest total assets turnover ratio was 0.48 times, while the lowest total asset turnover ratio was 0.41 times. The explanation of total asset turnover ratio from PT. Indonesian Satellite Corporation Tbk. will be shown in the next explanation.

**A. At the end of year 1996**

In the year 1996, total assets turnover ratio of PT. Indonesian Satellite Corporation Tbk was 0.43 times. It means that every Rp. 1.00 of assets in one year was able to produce revenue or sales as much as 0.43 times. This ratio was a result of total operating revenue or sales in the amount of Rp. 1,223,247 that was divided by total assets in the amount of Rp. 2,843,927.

**B. At the end of year 1997**

The total assets turnover ratio of PT. Indonesian Satellite Corporation Tbk. in 1997 was 0.41 times or decreased by 4.65% from the previous year. It means that every Rp.1.00 of assets in one year was able to produce sales as much as 0.41 times. The decrease of total assets turnover ratio in 1997 caused by the increase of total sales was lower than the increase of total assets. The total sales increased by 19.09% or increased from Rp. 1,223,247 in 1996 to Rp. 1,456,806 in 1997. Meanwhile, the total assets increased by 24.21% or increased from Rp. 2,843,927 in 1996 to Rp. 3,532,466 in 1997.

**C. At the end of year 1998**

In 1998, the total assets turnover ratio from PT. Indonesian Satellite Corporation Tbk. increased by 4.88 %. It means that the total asset turnover ratio in 1998 became 0.43 times. It indicates that every Rp. 1.00 of assets in one year was able to produce sales as much as 0.43 times. The increase of total asset turnover ratio was caused by the increase of total sales that was higher than the

increase of total assets. The total sales in 1998 increased by 44.72%, but the total assets only increased by 38.12%.

**D. At the end of year 1999**

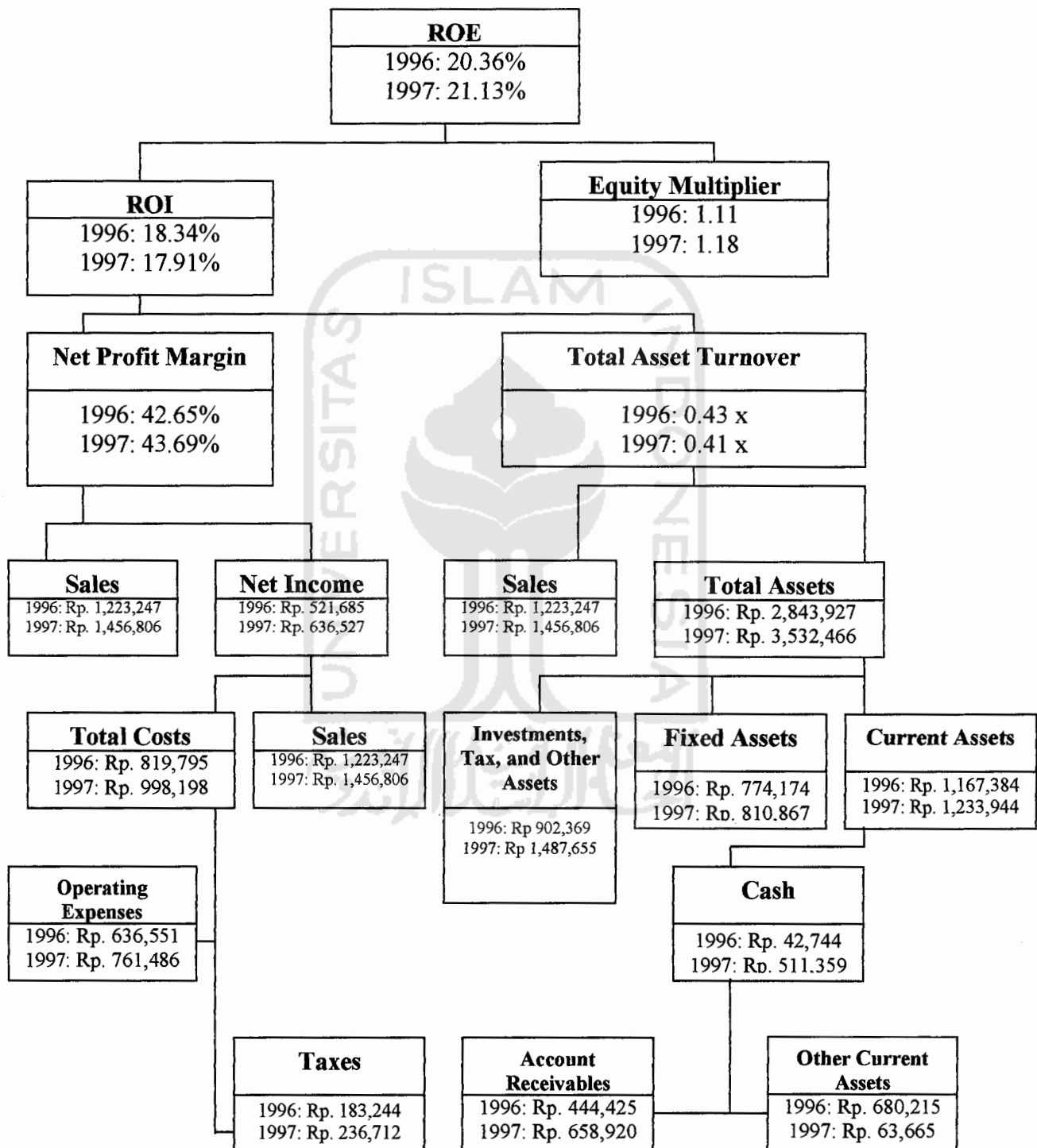
The total assets turnover ratio of PT. Indonesian Satellite Corporation Tbk. in 1999 was 0.48 times or increased by 11.63%. It means that every Rp. 1.00 of assets in one year was able to produce sales as much as 0.48. The increase of total assets turnover ratio caused by the increase of total sales was higher than the increase of total assets. The increase of total sales increased by 29.91% or increased from Rp. 2,108,245 in 1998 to Rp. 2,738,813 in 1999, while the total assets increased by 17.96%.

#### **4.6.2. DU PONT ANALYSIS**

Du Pont analysis is an analysis activity to measure the correlation between activity ratio and profitability ratio or between total assets turnover and net profit margin to produce Return on Investment (ROI). The right side from Du Pont formula shows the turnover ratio. This side shows how the current assets that added with fixed assets will produce total assets. Total assets and sales were used to measure total assets turnover. The left side from Du Pont formula shows the profitability ratio. This side how the operating income and sales will produce net profit margin ratio.

Du Pont analysis is also useful to measure whether net profit margin or total assets turnover has strong influence to Return on Investment (ROI). The other advantage from Du Pont formula is as a measurement tool to control expenses and assets turnover efficiency. The relationship between net profit margin and total asset turnover at PT. Indonesian Satellite Corporation Tbk. in the period of 1996-1999 will be depicted on the next page.

**Figure 4.1.**  
**The Du Pont Scheme of**  
**PT. Indonesian Satellite Corporation Tbk (INDOSAT)**  
**In 1996-1997**



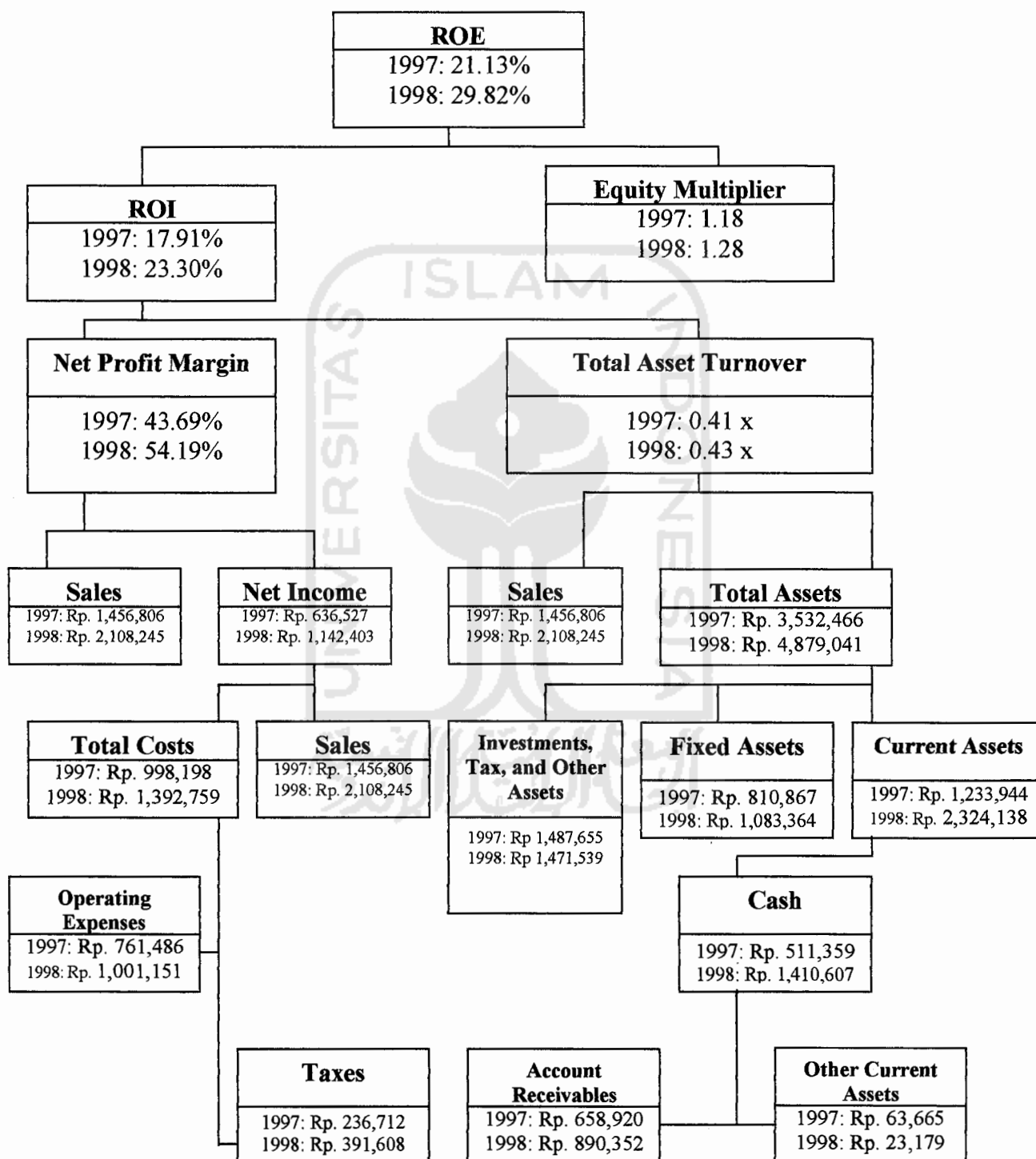
The return on equity (ROE) of PT Indonesian Satellite Corporation Tbk (INDOSAT) in 1996 was 20.36%. This result comes from 18.34% of return on investment (ROI) multiplied by 1.11 of equity multiplier. Meanwhile, the company's return on equity (ROE) in 1997 was 21.13%. The increase of return on equity was caused by the increase of equity multiplier, while the company's return on investment (ROI) decreased. The equity multiplier increased by 6.31% or increased from 1.11 times in 1996 to 1.18 times in 1997. On the other hand, return on investment (ROI) decreased by 2.34% or decreased from 18.34% in 1996 to 17.91% in 1997. The decrease of return on investment (ROI) was led by the increase of net profit margin, while the total assets turnover decreased.

In the year 1997, the company's net profit margin increased by 2.44% or increased from 42.65% in 1996 to 43.69% in 1997. The increase of net profit margin was caused by the increase of net income that was higher than the increase of sales. The company's net income in 1997 increased by 22.01% from the previous year or increase from Rp. 521,685 to Rp. 636,527. The increase of net income was caused by the increase of sales or total revenue that was higher rather than the increase of total costs or expenses. These total costs consist of operating expenses and taxes. The operating expenses increased by 19.63% or increased from Rp. 636,551 in 1996 to Rp. 761,486 in 1997, while taxes increased by 29.18% or increased from Rp. 183,244 in 1996 to Rp. 236,712 in 1997. The operating expense that increased consists of compensation, personnel costs, depreciation, administration and general, maintenance, marketing, and other cost of services. On the other hand, the company's sales or revenue increased by 19.09% or increased from Rp. 1,223,247 in 1996 to Rp. 1,456,806 in 1997.

Meanwhile, the total assets turnover of PT Indonesian Satellite Corporation Tbk (INDOSAT) in 1997 decreased by 4.65% or decreased from 0.43 times in 1996 to 0.41 times in 1997. The decrease of total asset turnover was caused by the increase of sales or revenue that was lower than the increase of total assets. The increase of sales were 19.09% or increased from Rp 1,223,247 to Rp 1,456,806, while the increase of total assets were 24.21% or increased from Rp 2,843,927 in 1996 to Rp 3,532,466 in 1997. The increase of total assets was caused by the increase of current assets, fixed assets, investments, and other assets. The increase of current assets was led by the increase of cash and account receivables. The company's cash increased from Rp. 42,744 in 1996 to Rp. 511,359 in 1997 or increased by 1,096.33%, while account receivables increased by 48.26% or increased from Rp. 444,425 in 1996 to Rp. 658,920 in 1997. The company's fixed assets also increased from Rp. 774,174 in 1996 to Rp. 810,867 in 1997 or increased by 4.74%.



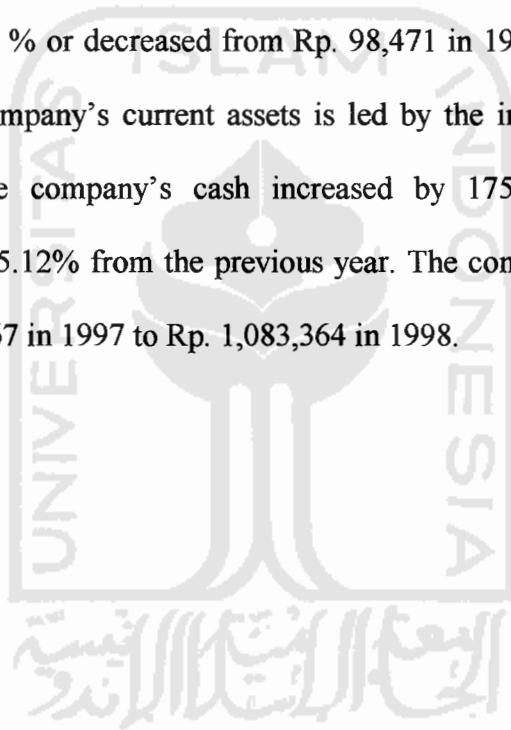
**Figure 4.2.**  
**The Du Pont Scheme of**  
**PT. Indonesian Satellite Corporation Tbk (INDOSAT)**  
**In 1997-1998**



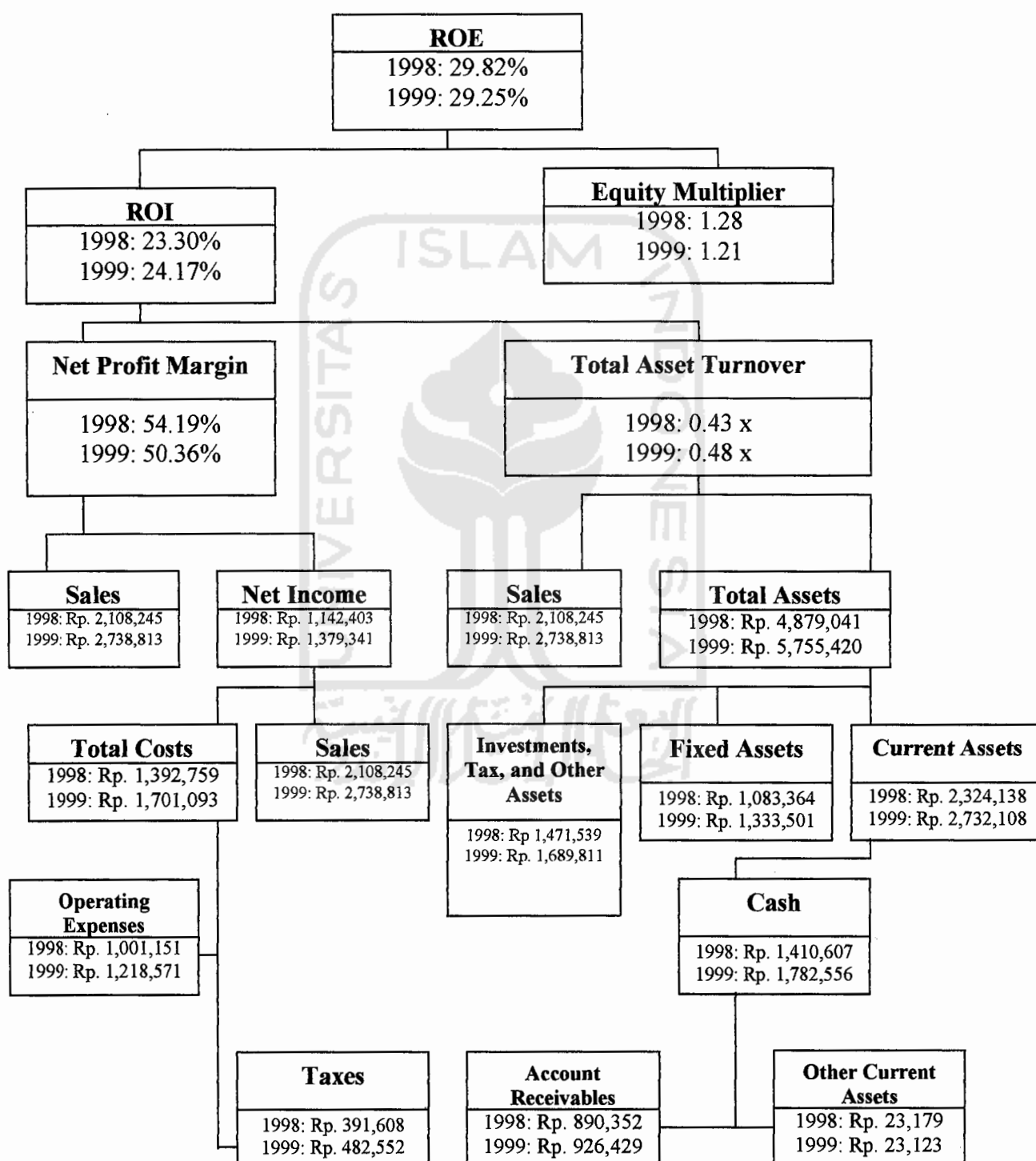
The company's return on equity (ROE) in 1998 increased by 41.13% or increased from 21.13% in the year 1997 to 29.82% in the year 1998. This result comes from 23.30% of return on investment (ROI) multiplied by 1.28 of equity multiplier. The increase of return on equity (ROE) is led by the increase of return on investment (ROI) and equity multiplier. The increase of return on investment (ROI) was higher than the increase of equity multiplier. The return on investment increased by 30.09% or increased from 17.91% in 1997 to 23.30% in 1998, while the equity multiplier increased by 8.47% or increased from 1.18 times in 1997 to 1.28 times in 1998. The increase of return on investment (ROI) is led by the increase of net profit margin and the increase of total assets turnover.

The increase of net profit margin was higher rather than the increase of total assets turnover. The company's net profit margin increased by 24.03% or increased from 43.69% in 1997 to 54.19% in the year 1998. The company's net profit margin has the higher increase rather than the increase of sales. Net income of PT Indonesian Satellite Corporation Tbk (INDOSAT) in 1998 increased by 79.47% from the previous year or increased from Rp. 636,527 to Rp. 1,142,403. The increase of net income is led by the increase of sales or total revenue that was higher rather than the increase of total costs or expenses. The company's sales were increased by 44.72%, while the total costs were increased by 39.53%. These total costs consist of operating expenses that were increased by 31.47% and taxes that were increased by 65.44%. In other word, it can be said that the operating expenses were increased from Rp. 761,486 in 1997 to Rp. 1,001,151 in 1998; while taxes were increased from Rp. 236,712 in 1997 to Rp. 391,608 in 1998. The operating expenses that were increase consist of compensation, personnel costs, depreciation, administration and general, maintenance, marketing, and other cost of services.

The total assets turnover of PT Indonesian Satellite Corporation Tbk (INDOSAT) in 1998 increased by 4.88% or increased from 0.41 times in 1997 to 0.43 times in 1998. The increase of total asset turnover is led by the increase of sales or revenue, and by the increase of total assets. Sales or total revenue in 1998 increased from Rp 1,456,806 in 1997 to Rp. 2,108,245. On the other hand, the increased of total assets 38.12% or increased from Rp 3,532,466 in 1997 to Rp. 4,879,041 in 1998. Factors that lead the increase of total assets are the increase of current assets, fixed assets, and investments assets. Only other assets that did not increase. The total other assets decreased by 32.35 % or decreased from Rp. 98,471 in 1997 to Rp. 66,612 in 1998. The increase of company's current assets is led by the increase of cash and account receivables. The company's cash increased by 175.85% and account receivable increased by 35.12% from the previous year. The company's fixed assets increased from Rp. 810,867 in 1997 to Rp. 1,083,364 in 1998.



**Figure 4.3.**  
**The Du Pont Scheme of**  
**PT. Indonesian Satellite Corporation Tbk (INDOSAT)**  
**In 1998-1999**



In the year 1999, the company's return on equity (ROE) was 29.25% or decreased by 1.91% from the previous year. The decrease of return on equity (ROE) caused by the increase of return on investment (ROI) and the decrease of equity multiplier. The return on investment (ROI) increased by 3.73% or increased from 23.30% in 1998 to 24.17% in 1999, while the equity multiplier decreased by 5.47% or decreased from 1.28 times in 1998 to 1.21 times in 1999. The increase of return on investment (ROI) is led by the increase of total assets multiplier, while net profit margin decreased. On the other hand, the decrease of equity multiplier was caused by the increase of total assets that was higher rather than the increase of stockholder equity. Total assets increased by 17.96%, while equity increased by 24.67%.

In the year 1999, the company's net profit margin decreased, while the total assets turnover increased. The company's net profit margin decreased by 7.07% or decreased from 54.19% in the year 1998 to 50.36% in the year 1999. The decrease of company's net profit margin was caused by the increase of net income that was lower than the increase of sales or total revenue. In the year 1999, the company's net income increased by 20.74% from the previous year or increase from Rp. 1,142,403 to Rp. 1,379,341. The increase of net income is led by the increase of sales or total revenue that was higher rather than the increase of total costs or expenses. In 1999, the company's sales increased by 29.91%, while the total costs were increased by 22.14%. These total costs consist of operating expenses that were increased by 21.72% or increased from Rp. 1,001,151 in 1998 to Rp. 1,218,571 in 1999. Taxes increased by 23.22 % from the previous year. In other word, it can be said that the company's taxes increased from Rp. 391,608 in 1998 to Rp. 482,552 in 1999.

In 1999, the company's total assets turnover increased by 11.63% or increased from 0.43 times in 1998 to 0.48 times in 1999. The increase of total asset turnover is led by the increase of sales or revenue, and by the increase of total assets. In the year 1999, sales or total revenue increased from Rp. 2,108,245 to Rp. 2,738,813. The increased of total assets 17.96% or increased from Rp. 4,879,041 in 1998 to Rp. 5,755,420 in 1999. Several factors that lead the increase of total assets are the increase of current assets, fixed assets, investments, tax, and other assets. The company's fixed asset increased by 23.09% or increased from Rp. 1,083,364 in 1998 to Rp. 1,333,501 in 1999. The total other assets increased by 72.84% or increased from Rp. 66,612 in 1998 to Rp. 115,132 in 1999. The company's long-term investments also increased from Rp. 1,394,919 in 1998 to Rp. 1,533,856 in 1999. In 1999, the increase of company's current assets is led by the increase of cash and account receivables. The company's cash increase from Rp. 1,410,607 in 1998 to Rp. 1,782,556 in 1999. On the other side, the company's account receivable increased from Rp. 890,352 in 1998 to Rp. 926,429 in 1999.