

CHAPTER IV

RESULTS AND ANALYSES

This chapter presents the results and analyses in relation to the tests of the hypotheses. Further, it presents the sensitivity analysis that control for industry effect. The first section describes the sample characteristics.

The results base on the pool observations those are pooling of firm-quarters of any firm i together during the studying period (10 quarters).

4.1 Characteristics of the Sample

Table 1 presents the sample obtained using the criteria discussed in chapter 3. Further, 41 firms are deleted because of negative book value of equity. The stocks of negative book value firms might be determined by special assumptions, for example survival conditions. Thus, the relevant information might be other information, e.g. liquidating value, rather than earnings and cash flows that examining in this study. Also, 16 firms are dropped during the measurement period of abnormal returns, because there are not sufficient historical trades to facilitate the estimation of the market model's parameters. The problem of nonsynchronous trading stocks can be severe for estimating market model parameters (Brown and Warner, 1985). As a result, 142 firms are completed sample that their financial statements for 10 quarters are used to perform the statistical analysis.

The names of these companies are displayed in the appendix B. The descriptive statistics of each variable are described in Table 2. All dependent variables (UE, UCFO, UCFI, and UCFE) are deflated by the market value of equity at the beginning of the period (MVE_{t-1}) in order to reduce the problems of heteroscedasticity in the OLS regression analysis. This is consistent with the recommendation of Christie (1987) and other previous studies (e.g. Livnat and Zarowin, 1990; Clubb, 1995; Biddle et al., 1995; Rayburn, 1986; Ali, 1994; Charitou et al., 2000; Cheng et al., 1996 and 1997; Kanokporn Narktubtee, 2000).¹² The variables CFICFE, ETRAN, and GWTH are used in the analysis in form of dummy variables. Further, Table 3 presents the estimated correlations of the independent variables. Pearson correlations among the independent variables reveal that only one pair of variable (from four pairs) has a correlation coefficient higher than 0.3. The high correlation is found between UCFO and UCFE with the correlation coefficient of -0.668. This indicates that the degree of multicollinearity is not severe, except for UCFO and UCFE that it is possible multicollinearity between these variables. However, the variance inflation factors (VIF) range between 1.00 - 2.00 indicating that the multicollinearity appear not to be a problem.

¹² I have used these variables without deflating and also used the book value of equity at the beginning of the year as a deflator that there were severe problems of heteroskedasticity in the data.

Table 1 Summary of sample

Firms obtained from criteria	199
Firm with negative book value of equity	(41)
Unavailability of historical returns during the estimation period	(16)
Number of firms incorporated to the analysis	142

Table 2 Descriptive statistics

Variables ^a	N	Minimum	Maximum	Mean ^b	Standard Deviation
UE	1,346	-3.80814	3.5322	-0.00384	0.42069
UCFO	1,346	-4.17756	5.07018	-0.01387	0.48221
UCFI	1,346	-1.56148	1.58352	0.00095	0.20129
UCFF	1,346	-3.98939	4.64671	0.01457	0.47505
CFICFF	376	0.00027	414.56	0.70384	-
ETRAN	1,346	0.00001	3.80814	0.05672	-
GWTH	1,346	0.09931	66.32689	0.65634	-
CAR ₍₀₎	1,346	-0.17116	0.15779	-0.00315	0.03897
CAR _(-1,0)	1,346	-0.23521	0.17703	-0.00274	0.04933
CAR _(0,+1)	1,346	-0.28617	0.30722	-0.00207	0.05814
CAR _(-1,+1)	1,346	-0.27879	0.30267	-0.00168	0.06521

a. UE, UCFO, UCFI, AND UCFF are deflated by market value of equity at the beginning of the period (MVE_{t-1}). UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, CFICFF = net cash outflows from investing activity to net cash inflows from financing activity, ETRAN = transitory of earnings, GWTH = market value of equity at the beginning of the quarter / book value at the beginning of the quarter, used as a measure of firm types, $CAR_{(0)}$ = abnormal return on the announcement day, $CAR_{(-1,0)}$ = cumulative abnormal return on the day before and the day of an announcement (2 days inclusive), $CAR_{(0,+1)}$ = cumulative abnormal return on the day of and the day after an announcement (2 days inclusive), $CAR_{(-1,+1)}$ = cumulative abnormal return on the day before, the day of, and the day after an announcement (3 days inclusive).

b. Median value for CFICFF, ETRAN, and GWTH

Table 3 Pearson correlation matrix of explanatory variables

	UE	UCFO	UCFI	UCFF
UE	1.000	0.144	0.055	-0.134
UCFO	-	1.000	-0.079	-0.668
UCFI	-	-	1.000	-0.182
UCFF	-	-	-	1.000

UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity

4.2 Test of Hypothesis H1

Table 4 presents regression results on the association of cumulative abnormal returns with unexpected earnings, unexpected cash flows from operating activity, unexpected cash flows from investing activity, and unexpected cash flow from financing activity. Table 5 presents results of the association between cumulative abnormal returns and unexpected earnings alone.

Table 4 Regression results of incremental information content of cash flows beyond earning

$$\text{Model T-1: } CAR_{it} = \beta_0^1 + \beta_1^1 UE_{it} + \beta_2^1 UCFO_{it} + \beta_3^1 UCFI_{it} + \beta_4^1 UCF_{it} + \varepsilon_{it}$$

Model	Intercept	UE	UCFO	UCFI	UCF	Adjusted R ²
	β_0^1	β_1^1	β_2^1	β_3^1	β_4^1	F-stat.
$CAR_{(0)}$	-0.00309	0.01502	-0.00062	0.001798	-0.00085	0.024
	-2.939***	5.938***	-0.204	0.325	-0.270	9.204***
	0.003	0.000	0.839	0.745	0.787	
$CAR_{(-1,0)}$	-0.00271	0.01287	0.00352	0.00565	0.00453	0.010
	-2.029**	3.994***	0.904	0.802	1.135	4.504***
	0.043	0.000	0.366	0.423	0.256	
$CAR_{(0,+1)}$	-0.00202	0.02082	0.01192	-0.00385	0.01414	0.028
	-1.295	5.532***	2.624***	-0.468	3.034***	10.705***
	0.196	0.000	0.009	0.640	0.002	
$CAR_{(-1,+1)}$	-0.00167	0.01871	0.01626	-0.00006	0.01984	0.023
	-0.951	4.419***	3.182***	-0.006	3.785***	9.029***
	0.342	0.000	0.001	0.995	0.000	

Coefficient, t-statistics, and P-value are presented in the first, second, and third line respectively. The marks *** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, $CAR_{(0)}$ = abnormal return of the announcement day, $CAR_{(-1,0)}$ = cumulative abnormal return of the day before and the day of an announcement (2 days inclusive), $CAR_{(0,+1)}$ = cumulative abnormal return of the day of and the day after an announcement (2 days inclusive), $CAR_{(-1,+1)}$ = cumulative abnormal return of the day before, the day of, and the day after an announcement (3 days inclusive)

Table 5 Regression results of information content of earnings

$$CAR_t = \beta_0 + \beta_1 UE_t + \varepsilon_t$$

Model	$CAR_{(0)}$	$CAR_{(-1,0)}$	$CAR_{(0,+1)}$	$CAR_{(-1,+1)}$
β_0 (Intercept)	-0.00309	-0.00269	-0.00199	-0.00161
	-2.946***	-2.014	-1.268	-0.912
	0.003	0.44	0.205	0.362
β_1 (UE)	0.01509	0.01292	0.02055	0.01839
	6.052***	4.063***	5.514***	4.381***
	0.000	0.000	0.000	0.000
Adjusted R^2				
F-statistics	0.026	0.011	0.021	0.013
	36.626***	16.509***	30.407***	19.193***

Coefficient, t-statistics, and P-value are presented in the first, second, and third line respectively. *** and ** denote statistically significant level of 1% and 5% respectively. The independent variable is deflated by MVE_{t-1} , where, UE = unexpected earnings, MVE_{t-1} = market value of equity at the beginning of the period, $CAR_{(0)}$ = abnormal return of the announcement day, $CAR_{(-1,0)}$ = cumulative abnormal return of the day before and the day of an announcement (2 days inclusive), $CAR_{(0,+1)}$ = cumulative abnormal return of the day of and the day after an announcement (2 days inclusive), $CAR_{(-1,+1)}$ = cumulative abnormal return of the day before, the day of, and the day after an announcement (3 days inclusive)

In Table 4, R^2 of models $CAR_{(0)}$, $CAR_{(-1,0)}$, $CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$ are 2.4%, 1%, 2.8%, and 2.3% respectively that the R^2 of model $CAR_{(-1,+1)}$ is twice of earnings model in Table 5 which is 1.3%. Overall, cash flows provide an explanation of stock returns in addition to the explanation by earnings alone.

According to the results of full model that are presented in Table 4, the coefficients of earnings are 0.01502, 0.01287, 0.02082, and 0.01871 for $CAR_{(0)}$, $CAR_{(-1,0)}$, $CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$ respectively. These coefficients are positive and statistically significant at the 1% level for all return-windows. These results suggest that earnings have incremental information content beyond CFO or, in other words, accrual component of earnings adds important useful information to earnings.

The coefficients of CFO are all positive and statistically significant at the 1% level for $CAR_{(0,+1)}$ and $CAR_{(-1,+1)}$ that these coefficients are 0.01192 (P-value = 0.009) and 0.01626 (P-value = 0.001) respectively; however, the market reaction to CFO on the day of announcement and the day before is insignificant that the coefficient for $CAR_{(0)}$ and $CAR_{(-1,0)}$ are -0.00062 (P-value = 0.839) and 0.00352 (P-value = 0.366). This evidence is consistent with the idea that CFO has incremental information content beyond earnings or in other words, investors of the SET react to the two components of earnings (accruals and cash flows) differently. Thus it supports that disclosing of CFO along with earnings is useful for investor of the SET. This evidence confirms the results of Kanokporn Narktubtee (2000). She reports evidence of incremental information content of CFO beyond earnings during the year 1995 - 1997, but significant only for the year 1996.

The coefficients of UCFI are -0.001798 (P-value = 0.745), 0.00565 (P-value = 0.423), -0.00385 (P-value = 0.640), and -0.00006 (P-value = 0.995) for $CAR_{(0)}$, $CAR_{(-1,0)}$,

$CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$ respectively. The results are highly insignificant indicating that the market does not use CFI directly to determine stock prices in the SET.

The results indicate to the positive relationship between returns and net cash flow from financing activity. The coefficients are positively significant for the models $CAR_{(0,+1)}$ and $CAR_{(-1,+1)}$ with estimated values of 0.01414 (P-value = 0.002) and 0.01984 (P-value = 0.000). These results suggest that CFF conveys some useful information to the market that the market positively reacts to net cash flows from financing activity. These results are consistent with Kanokporn Narktabtee (2000) and Livnat and Zarowin (1990) that they found a positive association between cash flows from financing activity and stock returns (prices).

In summary, the hypothesis of incremental information content of cash flows beyond earnings is supported. The market reacts strongly to surprises in CFO and CFF, beyond earnings. The results suggest that the market responses of cash flows information more likely appear after the day of announcement relative to the day of announcement and the day before due to the (strongly) insignificances of the coefficients of models $CAR_{(0)}$ and $CAR_{(-1,0)}$ whilst (strongly) significant for the estimates of models $CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$. However, there is no evidence of market reaction to surprises in CFI.

4.3 Test of Hypothesis H2

This hypothesis tests for the impact of transitory of earnings on the incremental information content of cash flows beyond earnings according to model T-2. The regression results are presented in Table 6. All models ($CAR_{(0)}$, $CAR_{(-1,0)}$, $CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$) are statistically significant with the R^2 of 2.8%, 1%, 3.1%, and 2.3% respectively. The coefficients of earnings transitory impact on earnings (β_6^2) are negative and significant (at the 1% level) in models $CAR_{(0)}$ and $CAR_{(0,+1)}$ with the estimates of -0.148 and -0.09059 respectively. These results suggest that when earnings are high transitory, they have lower informativeness relative to when they are low transitory, consistent with expectations.

The coefficients β_7^2 are insignificant in all models that inconsistent with expectation. Thus, these results suggest that the incremental information content of CFO is similar among firms with high or low transitory of earnings. These results are consistent with evidence from the U.K. stock market (Charitou et al., 2001) and confirm the findings of Kanokporn Narktubtee (2000) that she find out by the yearly return-windows study method that there is no impact of earnings transitory on the informativeness of cash flows over earnings. However, it is inconsistent with some previous research (e.g. Cheng et al., 1996 for the U.S.; Charitou et al., 2000 for Japan).

Also, coefficients β_8^2 that regarding impacts of earnings transitory on the information content of CFI are highly insignificant for all models due to the high value of

P-values. Besides, the impact of earnings transitory on the information content of CFF that is examined by the coefficients β_9^2 is quite weak. The coefficients β_9^2 have positive sign according with expectation in three of four models but rather weak. The best coefficient β_9^2 is in model $CAR_{(-1,+1)}$ with the estimated value of .02716 (P-value = 0.090). Thus, there is no evidence to support that CFF have higher incremental information content beyond earnings when earnings are high transitory due to the insignificant coefficients.

Therefore, there is no evidence supports the hypothesis that transitory of earnings have impacts on the incremental information content of cash flows beyond earnings. When earnings are high transitory, earnings have lower information content. However, cash flows have no the increasing of incremental information content beyond earnings when earnings are low. In other words, whether an earnings transitory is high or low, cash flows have the similar incremental information content.

Table 6 Regression results of the impact of transitory of earnings on the incremental information content of cash flows beyond earnings; Model T-2:

$$CAR_{it} = \beta_0^2 + \beta_1^2 * D_{ET} + \beta_2^2 UE_{it} + \beta_3^2 UCFO_{it} + \beta_4^2 UCFI_{it} + \beta_5^2 UCFE_{it} + \beta_6^2 UE_{it} * D_{ET} + \beta_7^2 UCFO_{it} * D_{ET} + \beta_8^2 UCFI_{it} * D_{ET} + \beta_9^2 UCFE_{it} * D_{ET} + \varepsilon_{it}$$

The sample is divided into 2 portfolios basing on the median of the absolute changes in earnings deflated by market value of equity at the beginning period, $\frac{|E_t - E_{t-1}|}{MVE_{t-1}}$, in order to measure

transitory of earnings. The first portfolio, which is the lowest change in earnings, proxy for low transitory of earnings and the another portfolio proxy for high transitory of earnings.

Model	Intercept	D _{ET}	UE	UCFO	UCFI	UCFE	UE*D _{ET}	UCFO*D _{ET}	UCFI*D _{ET}	UCFE*D _{ET}	Adjusted R ²
	β_0^2	β_1^2	β_2^2	β_3^2	β_4^2	β_5^2	β_6^2	β_7^2	β_8^2	β_9^2	F-statistics
CAR ₍₀₎	-0.00093	-0.00438	0.162	0.00567	0.00686	0.00521	-0.148	-0.00759	-0.00311	-0.00698	0.028
	-0.615	-2.063	2.732***	0.608	0.539	0.601	-2.488***	-0.769	-0.220	-0.750	5.343***
	0.538	0.039	0.006	0.543	0.590	0.548	0.013	0.442	0.826	0.453	
CAR _(-1,0)	-0.00077	-0.00363	0.103	0.00582	-0.0108	-0.00080	-0.09059	-0.00313	0.02323	0.00553	0.010
	-0.400	-1.339	1.355	0.489	-0.667	-0.072	-1.192	-0.248	1.285	0.465	2.581***
	0.689	0.181	0.175	0.625	0.505	0.943	0.236	0.804	0.199	0.642	
CAR _(0,+1)	0.00050	-0.00441	0.254	0.00292	-0.00162	0.00149	-0.233	0.01008	0.00116	0.01498	0.031
	0.214	-1.355	2.791***	0.205	-0.083	0.112	-2.557***	0.667	0.053	1.051	5.733***
	0.830	0.176	0.005	0.838	0.934	0.911	0.011	0.505	0.957	0.294	
CAR _(-1,+1)	0.00063	-0.00362	0.193	0.00347	-0.01854	-0.00393	-0.173	0.01431	0.02651	0.02716	0.023
	0.244	-0.992	1.883	0.216	-0.847	-0.263	-1.695	0.842	1.090	1.696	4.606***
	0.807	0.321	0.060	0.829	0.397	0.792	0.090	0.400	0.276	0.090	

Coefficient, t-statistics, and P-value are presented in the first, second, and third line respectively, *** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1}, where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFE = unexpected net cash flows from financing activity, D_{ET}=dummy variable take a value of 1 and 0 for high and low transitory of earnings respectively. MVE_{t-1} = market value of equity at the beginning of the period, CAR₍₀₎ = abnormal return of the announcement day, CAR_(-1,0) = cumulative abnormal return of the day before and the day of an announcement (2 days inclusive), CAR_(0,+1) = cumulative abnormal return of the day of and the day after an announcement (2 days inclusive), CAR_(-1,+1) = cumulative abnormal return of the day before, the day of, and the day after an announcement (3 days inclusive)

4.4 Test of Hypothesis H3

Hypothesis H3 states that the incremental information content of cash flows over earnings is different for growth and value stocks. Table 7 presents the results of this test. Overall, R^2 from Table 7 (results of model T-3) are less than R^2 of Table 4 (results of model T-1) which is an indication of no impact of stock types on the incremental information content of cash flows over earnings.

The coefficients β_6^3 , which capture the impact of stock types on informativeness of earnings, are positive for models for $CAR_{(0)}$, $CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$ and negative for $CAR_{(-1,0)}$, but all are not significant. As a result, there is no evidence to support the expectation that earnings have higher informativeness in growth stocks than in value stocks.

The coefficients regarding the impact of stock types on informativeness of CFO (β_7^3) get a positive sign for all models but are insignificant. The impacts of stock types on informativeness of CFI are represented by β_8^3 . This study expects that stock prices react more favorable to new investment of growth stocks than value stocks, which is reflected by a negative sign of β_8^3 . The results are highly insignificant although all coefficients have positive signs consistent with the expectation. These results indicate that the investors do not examine types of stock in interpreting the information containing in CFI.

Coefficients β_9^3 detect the effects of stock types on information content of CFF. The coefficients β_9^3 are insignificant in all models. These results reveal that stock prices reaction is similar for CFF of growth stocks and value stocks.

In summary, the hypothesis H3 is not supported. There is no evidence consistent with the extent of differences in the information content of earnings as well as cash flows between value stocks and growth stocks.

4.5 Test of Hypothesis H4

The outset here is to test whether the CFI/CFF ratio have any impact on the incremental information content of cash flows beyond earnings, as of model T-4. The results are presented on Table 8. The results reveal that CFI/CFF ratio has impact on the incremental information content of CFO as expected. The coefficients β_7^4 that detect this impact are significant at 5% level in model $CAR_{(-1,0)}$ and at 1% level $CAR_{(-1,+1)}$ with the estimates of -0.06618 (P-value= 0.021) and -.110 (P-value = 0.003) respectively. These results reveal that in the firm with net cash outflows from investing activities excess of net cash inflows from financing activity, the incremental information content of CFO beyond earnings is significantly low whilst the incremental information content of earnings over CFO still sustain due to the insignificant of this impact on earnings revealing by coefficient β_6^4 . However, there is no evidence on any impact of the ratio on informativeness of CFI and CFF due to insignificant of coefficients β_8^4 and β_9^4 .

As a result, the hypothesis H_4 is supported due to the evidence of CFO. The investors of the SET more likely react negatively (positively) to CFO of the firms that net cash outflows for investment higher (lower) than net cash inflows from financing. This is finding is new evidence contributed to the line of research.

Table 7 Regression results of the impact of types of stock on the incremental information content of cash flows beyond earnings; Model T-3:

$$CAR_{it} = \beta_0^3 + \beta_1^3 * D_{TP} + \beta_2^3 UE_{it} + \beta_3^3 UCFO_{it} + \beta_4^3 UCFI_{it} + \beta_5^3 UCFE_{it} + \beta_6^3 UE_{it} * D_{TP} + \beta_7^3 UCFO_{it} * D_{TP} + \beta_8^3 UCFI_{it} * D_{TP} + \beta_9^3 UCFE_{it} * D_{TP} + \varepsilon_{it}$$

The sample is divided into 2 portfolios basing on the median of market value of equity at the beginning of the period deflated by book value at the beginning of the period,

MVE_{t-1}/BV_{t-1} , in order to measure types of stock; the first portfolio, which is the lowest value of MVE_{t-1}/BV_{t-1} proxy for value stock and the other portfolio proxy for growth stock.

Model	Intercept	D_{TP}	UE	UCFO	UCFI	UCFF	UE* D_{TP}	UCFO* D_{TP}	UCFI* D_{TP}	UCFF* D_{TP}	Adjusted R ²
	β_0^3	β_1^3	β_2^3	β_3^3	β_4^3	β_5^3	β_6^3	β_7^3	β_8^3	β_9^3	F-stat.
$CAR_{(0)}$	-0.00409	0.00250	0.01325	-0.00052	0.00417	0.00065	0.00438	0.00106	-0.00185	-0.00384	0.021
	-2.731	1.180	4.329	-0.126	0.586	0.145	0.792	0.156	-0.158	-0.598	4.251***
	0.006***	0.238	0.000***	0.900	0.558	0.885	0.428	0.876	0.875	0.550	
$CAR_{(-1,0)}$	-0.00390	0.00313	0.01325	0.00398	0.00826	0.00710	-0.00263	0.00078	-0.00207	-0.00664	0.008
	-2.044	1.160	3.398***	0.755	0.911	1.246	-0.372	0.090	-0.138	-0.811	2.195**
	0.041**	0.246	0.001	0.450	0.363	0.213	0.710	0.928	0.890	0.417	
$CAR_{(0,+1)}$	-0.00211	0.00165	0.01742	0.01031	0.00327	0.01149	0.01301	0.00124	-0.00950	0.00644	0.025
	-0.921	0.511	3.722***	1.632	0.301	1.679	1.536	0.119	-0.530	0.656	4.870***
	0.357	0.610	0.000	0.103	0.764	0.093	0.125	0.905	0.596	0.512	
$CAR_{(-1,+1)}$	-0.00192	0.00227	0.01760	0.01508	0.00766	0.01824	0.00560	0.00060	-0.01057	0.00376	0.019
	-0.745	0.625	3.349***	2.126**	0.627	2.375	0.585	0.052	-0.525	0.341	3.891***
	0.456	0.532	0.001	0.034	0.530	0.018	0.559	0.959	0.600	0.733	

Coefficient, t-statistics, and P-value are presented in the first, second, and third line respectively; the marks *** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where: UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, D_{TP} =dummy variable take a value of 1 for growth stock and 0 for value stock. MVE_{t-1} = market value of equity at the beginning of the period, $CAR_{(0)}$ = abnormal return of the announcement day, $CAR_{(-1,0)}$ = cumulative abnormal return of the day before and the day of an announcement (2 days inclusive), $CAR_{(0,+1)}$ = cumulative abnormal return of the day of and the day after an announcement (2 days inclusive), $CAR_{(-1,+1)}$ = cumulative abnormal return of the day before, the day of, and the day after an announcement (3 days inclusive)

Table 8 Regression results of the impact of CFI/CFF ratio on the incremental information content of cash flows beyond earnings; Model T-4:

$$CAR_{it} = \beta_0^A + \beta_1^A * D_{CFICFF} + \beta_2^A UE_{it} + \beta_3^A UCFO_{it} + \beta_4^A UCFI_{it} + \beta_5^A UCFF_{it} + \beta_6^A UE_{it} * D_{CFICFF} + \beta_7^A UCFO_{it} * D_{CFICFF} + \beta_8^A UCFI_{it} * D_{CFICFF} + \beta_9^A UCFF_{it} * D_{CFICFF} + \varepsilon_{it}$$

Model	Intercept	D _{CFICFF}	UE	UCFO	UCFI	UCFF	UE* D _{CFICFF}	UCFO* D _{CFICFF}	UCFI* D _{CFICFF}	UCFF* D _{CFICFF}	Adjusted R ²
	β_0^A	β_1^A	β_2^A	β_3^A	β_4^A	β_5^A	β_6^A	β_7^A	β_8^A	β_9^A	F-statistics
CAR ₍₀₎	-0.00466	0.00099	0.01953	0.00667	-0.00360	0.00018	-0.00983	-0.01832	.01611	0.00473	0.014
	-1.574	0.217	3.338***	0.944	-0.230	0.027	-0.948	-0.777	0.553	0.213	1.603
	0.116	0.828	0.001	0.346	0.818	0.979	0.344	0.437	0.580	0.832	
CAR _(-1,0)	-0.00793	0.00691	0.02677	0.03243	0.00810	0.01972	-0.00558	-0.06618	0.00956	-0.01149	0.066
	-0.212**	1.251	3.774***	3.787***	0.427	2.401**	-0.444	-2.315**	0.271	-0.426	3.948***
	0.028	0.212	0.000	0.000	0.669	0.017	0.657	0.021	0.787	0.670	
CAR _(0,+1)	-0.00733	0.00484	0.03301	0.03402	-0.00526	0.02466	-0.01810	-0.06317	-0.02404	-0.04738	0.048
	-1.712	0.736	3.902***	3.331***	-0.233	2.517	-1.206	-1.853	-0.571	-1.474	3.092***
	0.088	0.462	0.000	0.001	0.816	0.012	0.228	0.065	0.569	-0.141	
CAR _(-1,+1)	-0.01055	0.01054	0.03975	0.05941	0.00657	0.00423	-0.01369	-0.110	-0.03158	-0.06362	0.100
	-2.248**	1.459	4.281***	5.300***	0.265	4.115***	-0.832	-2.944***	-0.683	-1.804	5.640***
	0.025	0.145	0.000	0.000	0.791	0.000	0.406	0.003	0.495	0.072	

Coefficient, t-statistics, and P-value are presented in the first, second, and third line respectively; the marks *** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, D_{CFICFF} = dummy variable take a value of 1 if CFI/CFF > 1, 0 otherwise. MVE_{t-1} = market value of equity at the beginning of the period, CAR₍₀₎ = abnormal return of the announcement day, CAR_(-1,0) = cumulative abnormal return of the day before and the day of an announcement (2 days inclusive), CAR_(0,+1) = cumulative abnormal return of the day of and the day after an announcement (2 days inclusive), CAR_(-1,+1) = cumulative abnormal return of the day before, the day of, and the day after an announcement (3 days inclusive)

4.6 Test of the Joint Impacts of the Three Factors (Transitory of Earnings, Type of Stocks, and the CFI/CFF Ratio) on the Incremental Information Content of Cash Flows beyond Earnings

Tables 9 - 12 provide results of joint impacts. Overall, the results reveal that there are a few impacts of these three factors on the incremental information content of cash flows beyond earnings.

Tables 9 presents results of the joint impacts of transitory of earnings and types of stock for models $CAR_{(0)}$, $CAR_{(-1,0)}$, $CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$. The results suggest that there is no any joint impact effecting on the informativeness of earnings and cash flows. Coefficients β_{16}^5 , β_{17}^5 , β_{18}^5 , and β_{19}^5 , which detecting the joint impacts of transitory of earnings and types of stock on earnings, CFO, CFI, and CFF respectively, are all insignificant in all models.

The results of the joint impacts of transitory of earnings and the CFI/CFF ratio for models $CAR_{(0)}$, $CAR_{(-1,0)}$, $CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$ are presented in Table 10. There is no any joint impact of earnings and the CFI/CFF ratio on the informativeness of earnings and cash flows due to insignificance of coefficients β_{16}^6 , β_{17}^6 , β_{18}^6 , and β_{19}^6 .

Table 11 presents the results of the joint impacts of stock types and the CFI/CFF ratio for models $CAR_{(0)}$, $CAR_{(-1,0)}$, $CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$. The results show that the informativeness of earnings is significantly affected by the joint impact. The coefficient capturing the joint impact effecting on earnings (β_{16}^7) in all models are positive and significant at the 1% level in model $CAR_{(-1,0)}$. Coefficients β_{16}^7 for models $CAR_{(0)}$, $CAR_{(-1,0)}$,

$CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$ are 0.03841 (P-value = 0.286), 0.1268 (P-value = 0.004), 0.01451 (P-value = 0.773), and 0.10186 (P-value = 0.072). These results suggest that earnings are more positively reacted by the market for the growth firms with a CFI/CFF ratio larger than one relative to the others. The results also indicate to the joint impact on cash flows information (CFO, CFI, and CFF). The coefficients indicated to this joint impact on cash flows information are significant in models $CAR_{(0,+1)}$ and $CAR_{(-1,+1)}$ while insignificant in model $CAR_{(0)}$ and $CAR_{(-1,0)}$. This is consistent with the results from table 4, which detect the direct market reaction to this information, suggesting that cash flows information is responded later than earnings. The coefficients β_{17}^7 that reflected the impact of a CFI/CFF ratio and firm types on CFO are negative and significant at 5% level in model $CAR_{(0,-1)}$ with the estimated value of -0.17805 (P-value = 0.044). These results indicate that the market reacts more likely negative to CFO of the growth firms with a CFI/CFF ratio larger than one relative to the others. This might confirm the idea that the CFO of the firms with a CFI/CFF ratio less than one (CFF>CFI) is important that is more likely positively reacted by the market, especially in the case of growth firm that these companies need cash (specifically, obtained from the operation) in order to make new investments. Thus, for this case, the cash profits (i.e. CFO) are reacted more positively than earnings, which included some accruals that reflect by positive significance of coefficient β_{16}^7 .

The coefficient β_{18}^7 that capture the joint impact of firm types and the CFI/CFF ratio on CFI are negative and significant at 1% in model $CAR_{(0,+1)}$ and 5% in model $CAR_{(-1,+1)}$

with the estimates values of -0.28028 (P-value = 0.002) and -0.22569 (P-value = 0.024). This indicate that the market react more positively to new investments (net negative CFI) of the growth firms with a CFI/CFF ratio larger than one relative to the others that is consistent with the expectations. There is also the evidence of joint impact on CFF that indicate by the significance of coefficient β_{19}^7 . The coefficient β_{19}^7 is negative and significant in model $CAR_{(0,-1)}$ with the estimated value of -0.17101 (P-value = 0.036). This result indicates that the market is more likely to react negatively to CFF of the growth firms with a CFI/CFF ratio larger than one relative to the others.

Table 12 provides results of joint impacts of transitory of earnings, types of stock, and the CFI/CFF ratio. The results indicate that the information content of earnings is affected by the joint impacts. The coefficients indicated the effects of the joint impact on earnings (β_{21}^8) are significant at the 1% level in models $CAR_{(-1,0)}$ with estimated coefficient of 0.1377 (P-value = 0.004). These results indicate that the market is more likely to react positively to earnings of growth firms with high earnings transitory, and where the CFI/CFF ratio is larger than one, relative to others. Since the results in table 6 indicate that earnings transitory reduce information content of earnings, the positive significance of β_{21}^8 might indicate that the market still highly reacts to earnings, although high transitory, of growth firms with the CFI/CFF ratio excess 1.

The coefficients β_{22}^8 are negative and highly significant in all models with the estimates of -0.22529 (P-value = 0.019), -0.23166 (P-value = .047), -0.42052 (P-value =

0.002), and -0.42507 (P-value = 0.005) for model $CAR_{(0)}$, $CAR_{(-1, 0)}$, $CAR_{(0,+1)}$, and $CAR_{(-1,+1)}$ respectively. These results confirm the idea of the importance of CFO in the case of growth firms with $CFF > CFI$, specifically when earnings have high transitory. The evidence of significantly negative of the coefficient β_{23}^8 confirms that when earnings have high transitory, new investments (net negative CFI) of the growth firms with a CFI/CFF ratio larger than one are more positively reacted by the market. Further, the coefficient β_{24}^8 are also significantly negative, which confirm that the market reacts to CFF of the growth firms with a CFI/CFF ratio excess of 1 relative to the others, especially when earnings are high transitory.

Table 9 Regression results of the joint impact of transitory of earnings and types of stock on the incremental information content of cash flows beyond earnings; Model T-5:

$$\begin{aligned}
 CAR_{it} = & \beta_0^5 + \beta_1^5 * D_{ET} + \beta_2^5 D_{TP} + \beta_3^5 D_{ET} D_{TP} \\
 & + \beta_4^5 UE_{it} + \beta_5^5 UCFO_{it} + \beta_6^5 UCFI_{it} + \beta_7^5 UCFF_{it} \\
 & + \beta_8^5 UE_{it} * D_{ET} + \beta_9^5 UCFO_{it} * D_{ET} + \beta_{10}^5 UCFI_{it} * D_{ET} + \beta_{11}^5 UCFF_{it} * D_{ET} \\
 & + \beta_{12}^5 UE_{it} * D_{TP} + \beta_{13}^5 UCFO_{it} * D_{TP} + \beta_{14}^5 UCFI_{it} * D_{TP} + \beta_{15}^5 UCFF_{it} * D_{TP} \\
 & + \beta_{16}^5 UE_{it} * D_{ET} D_{TP} + \beta_{17}^5 UCFO_{it} * D_{ET} D_{TP} \\
 & + \beta_{18}^5 UCFI_{it} * D_{ET} D_{TP} + \beta_{19}^5 UCFF_{it} * D_{ET} D_{TP} + \varepsilon_{it}
 \end{aligned}$$

CAR(0)	Coefficient	t-statistics	P-value
Intercept	-0.0027746	-1.194	0.233
D _{ET}	-0.0034056	-1.125	0.261
D _{TP}	0.0026118	0.852	0.394
D _{ET} D _{TP}	-0.0012548	-0.291	0.771
UE	0.1529772	1.846	0.065
UCFO	0.0040721	0.381	0.703
UCFI	0.0016480	-0.104	0.917
UCFF	0.0062031	0.587	0.558
UE*D _{ET}	-0.139734	-1.685	0.092
UCFO*D _{ET}	-0.005012	-0.432	0.666
UCFI*D _{ET}	0.0043676	0.247	0.805
UCFF*D _{ET}	-0.006670	-0.572	0.567
UE*D _{TP}	0.0589348	0.490	0.624
UCFO*D _{TP}	-0.001909	-0.088	0.930
UCFI*D _{TP}	0.0352621	1.323	0.186
UCFF*D _{TP}	0.0036833	0.199	0.842
UE*D _{ET} D _{TP}	-0.054740	-0.455	0.649
UCFO*D _{ET} D _{TP}	0.0035324	0.154	0.878
UCFI*D _{ET} D _{TP}	-0.041749	-1.401	0.162
UCFF*D _{ET} D _{TP}	-1.006264	-0.318	0.751

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(0) = abnormal return of the announcement day. Transitory of earnings and Types of stocks are categorized by the median of sample ($R^2 = 0.027$, F-stat = 2.957***).

Table 9 (Continue) Regression results of the joint impact of transitory of earnings and types of stock on the incremental information content of cash flows beyond earnings; Model T-5:

$$\begin{aligned}
 CAR_{it} = & \beta_0^5 + \beta_1^5 * D_{ET} + \beta_2^5 D_{TP} + \beta_3^5 D_{ET} D_{TP} \\
 & + \beta_4^5 UE_{it} + \beta_5^5 UCFO_{it} + \beta_6^5 UCFI_{it} + \beta_7^5 UCFF_{it} \\
 & + \beta_8^5 UE_{it} * D_{ET} + \beta_9^5 UCFO_{it} * D_{ET} + \beta_{10}^5 UCFI_{it} * D_{ET} + \beta_{11}^5 UCFF_{it} * D_{ET} \\
 & + \beta_{12}^5 UE_{it} * D_{TP} + \beta_{13}^5 UCFO_{it} * D_{TP} + \beta_{14}^5 UCFI_{it} * D_{TP} + \beta_{15}^5 UCFF_{it} * D_{TP} \\
 & + \beta_{16}^5 UE_{it} * D_{ET} D_{TP} + \beta_{17}^5 UCFO_{it} * D_{ET} D_{TP} \\
 & + \beta_{18}^5 UCFI_{it} * D_{ET} D_{TP} + \beta_{19}^5 UCFF_{it} * D_{ET} D_{TP} + \varepsilon_{it}
 \end{aligned}$$

CAR(-1, 0)	Coefficient	t-statistics	P-value
Intercept	-0.00286926	-0.965	0.335
D _{ET}	-0.00300310	-0.775	0.438
D _{TP}	0.00267506	0.682	0.495
D _{ET} D _{TP}	0.00002814	0.005	0.996
UE	0.08268935	0.780	0.436
UCFO	0.00296804	0.217	0.828
UCFI	-0.00568642	-0.281	0.778
UCFF	-0.00146259	-0.108	0.914
UE*D _{ET}	-0.06929202	-0.653	0.514
UCFO*D _{ET}	0.00280489	0.189	0.850
UCFI*D _{ET}	0.01384716	0.611	0.541
UCFF*D _{ET}	0.01063792	0.713	0.476
UE*D _{TP}	.08328777	0.542	0.588
UCFO*D _{TP}	0.00387271	0.139	0.890
UCFI*D _{TP}	0.00351795	0.103	0.918
UCFF*D _{TP}	0.00814620	0.345	0.730
UE*D _{ET} D _{TP}	-0.08636947	-0.561	0.575
UCFO*D _{ET} D _{TP}	-0.00619605	-0.211	0.833
UCFI*D _{ET} D _{TP}	0.00032255	0.008	0.993
UCFF*D _{ET} D _{TP}	-0.01745316	-0.692	0.489

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(-1,0) = cumulative abnormal return of the day before and the day of an announcement (2 days inclusive). Transitory of earnings and Types of stocks are categorized by the median of sample ($R^2 = 0.005$, F-stat = 1.379).

Table 9 (Continue) Regression results of the joint impact of transitory of earnings and types of stock on the incremental information content of cash flows beyond earnings; Model T-5:

$$\begin{aligned}
 CAR_{it} = & \beta_0^5 + \beta_1^5 * D_{ET} + \beta_2^5 D_{TP} + \beta_3^5 D_{ET} D_{TP} \\
 & + \beta_4^5 UE_{it} + \beta_5^5 UCFO_{it} + \beta_6^5 UCFI_{it} + \beta_7^5 UCFF_{it} \\
 & + \beta_8^5 UE_{it} * D_{ET} + \beta_9^5 UCFO_{it} * D_{ET} + \beta_{10}^5 UCFI_{it} * D_{ET} + \beta_{11}^5 UCFF_{it} * D_{ET} \\
 & + \beta_{12}^5 UE_{it} * D_{TP} + \beta_{13}^5 UCFO_{it} * D_{TP} + \beta_{14}^5 UCFI_{it} * D_{TP} + \beta_{15}^5 UCFF_{it} * D_{TP} \\
 & + \beta_{16}^5 UE_{it} * D_{ET} D_{TP} + \beta_{17}^5 UCFO_{it} * D_{ET} D_{TP} \\
 & + \beta_{18}^5 UCFI_{it} * D_{ET} D_{TP} + \beta_{19}^5 UCFF_{it} * D_{ET} D_{TP} + \varepsilon_{it}
 \end{aligned}$$

CAR(0,+1)	Coefficient	t-statistics	P-value
Intercept	-0.00126474	-0.366	0.714
D _{ET}	-0.00456474	-1.014	0.311
D _{TP}	0.00163988	0.360	0.719
D _{ET} D _{TP}	0.00026669	0.042	0.967
UE	0.26648861	2.163	0.031
UCFO	-0.01191345	-0.749	0.454
UCFI	-0.00369567	-0.157	0.875
UCFF	-0.00265150	-0.169	0.866
UE*D _{ET}	-0.24959333	-2.024	0.043
UCFO*D _{ET}	0.02737092	1.587	0.113
UCFI*D _{ET}	-0.00088391	-0.034	0.973
UCFF*D _{ET}	0.01880923	1.085	0.278
UE*D _{TP}	0.01750526	0.098	0.922
UCFO*D _{TP}	0.05535414	1.708	0.088
UCFI*D _{TP}	0.02730590	0.689	0.491
UCFF*D _{TP}	0.02228007	0.811	0.417
UE*D _{ET} D _{TP}	-0.00640886	-0.036	0.971
UCFO*D _{ET} D _{TP}	-0.06201237	-1.816	0.070
UCFI*D _{ET} D _{TP}	-0.03462131	-0.781	0.435
UCFF*D _{ET} D _{TP}	-0.01866640	-0.637	0.524

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(0,+1) = cumulative abnormal return of the day of and the day after an announcement (2 days inclusive). Transitory of earnings and Types of stocks are categorized by the median of sample ($R^2 = 0.033$, F-stat = 3.422***)

Table 9 (Continue) Regression results of the joint impact of transitory of earnings and types of stock on the incremental information content of cash flows beyond earnings; Model T-5:

$$\begin{aligned}
 CAR_{it} = & \beta_0^5 + \beta_1^5 * D_{ET} + \beta_2^5 D_{TP} + \beta_3^5 D_{ET} D_{TP} \\
 & + \beta_4^5 UE_{it} + \beta_5^5 UCFO_{it} + \beta_6^5 UCFI_{it} + \beta_7^5 UCFF_{it} \\
 & + \beta_8^5 UE_{it} * D_{ET} + \beta_9^5 UCFO_{it} * D_{ET} + \beta_{10}^5 UCFI_{it} * D_{ET} + \beta_{11}^5 UCFF_{it} * D_{ET} \\
 & + \beta_{12}^5 UE_{it} * D_{TP} + \beta_{13}^5 UCFO_{it} * D_{TP} + \beta_{14}^5 UCFI_{it} * D_{TP} + \beta_{15}^5 UCFF_{it} * D_{TP} \\
 & + \beta_{16}^5 UE_{it} * D_{ET} D_{TP} + \beta_{17}^5 UCFO_{it} * D_{ET} D_{TP} \\
 & + \beta_{18}^5 UCFI_{it} * D_{ET} D_{TP} + \beta_{19}^5 UCFF_{it} * D_{ET} D_{TP} + \varepsilon_{it}
 \end{aligned}$$

CAR(-1, +1)	Coefficient	t-statistics	P-value
Intercept	-0.00140861	-0.362	0.718
D _{ET}	-0.00410446	-0.809	0.419
D _{TP}	0.00173586	0.338	0.736
D _{ET} D _{TP}	0.00153034	0.212	0.832
UE	0.19481830	1.402	0.161
UCFO	-0.01285201	-0.717	0.473
UCFI	-0.00686047	-0.259	0.796
UCFF	-0.00981502	-0.554	0.580
UE*D _{ET}	-0.17761248	-1.277	0.202
UCFO*D _{ET}	0.03533477	1.817	0.069
UCFI*D _{ET}	0.00782975	0.264	0.792
UCFF*D _{ET}	0.03593433	1.838	0.066
UE*D _{TP}	0.04081918	0.203	0.839
UCFO*D _{TP}	0.06201661	1.697	0.090
UCFI*D _{TP}	-0.00433917	-0.097	0.923
UCFF*D _{TP}	0.02711633	0.875	0.381
UE*D _{ET} D _{TP}	-0.03739869	-0.185	0.853
UCFO*D _{ET} D _{TP}	-0.07306255	-1.898	0.058
UCFI*D _{ET} D _{TP}	0.00630549	0.126	0.900
UCFF*D _{ET} D _{TP}	-0.03011453	-0.911	0.363

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(-1,+1) = cumulative abnormal return of the day before, the day of, and the day after an announcement (3 days inclusive). Transitory of earnings and Types of stocks are categorized by the median of sample ($R^2 = 0.023$, F-stat = 2.684***)

Table 10 Regression results of the joint impact of transitory of earnings and CFI/CFF ratio on the incremental information content of cash flows beyond earnings; Model T-6:

$$\begin{aligned}
 CAR_{it} = & \beta_0^6 + \beta_1^6 * D_{ET} + \beta_2^6 D_{TP} + \beta_3^6 D_{ET} D_{TP} \\
 & + \beta_4^6 UE_{it} + \beta_5^6 UCFO_{it} + \beta_6^6 UCFI_{it} + \beta_7^6 UCFF_{it} \\
 & + \beta_8^6 UE_{it} * D_{ET} + \beta_9^6 UCFO_{it} * D_{ET} + \beta_{10}^6 UCFI_{it} * D_{ET} + \beta_{11}^6 UCFF_{it} * D_{ET} \\
 & + \beta_{12}^6 UE_{it} * D_{CFICFF} + \beta_{13}^6 UCFO_{it} * D_{CFICFF} + \beta_{14}^6 UCFI_{it} * D_{CFICFF} \\
 & + \beta_{15}^6 UCFF_{it} * D_{CFICFF} + \beta_{16}^6 UE_{it} * D_{ET} D_{CFICFF} + \beta_{17}^6 UCFO_{it} * D_{ET} D_{CFICFF} \\
 & + \beta_{18}^6 UCFI_{it} * D_{ET} D_{CFICFF} + \beta_{19}^6 UCFF_{it} * D_{ET} D_{CFICFF} + \varepsilon_{it}
 \end{aligned}$$

CAR(0)	Coefficient	t-statistics	P-value
Intercept	-0.00404664	-0.746	0.456
D _{ET}	-0.00046422	-0.070	0.944
D _{CFICFF}	0.00003807	0.006	0.996
D _{ET} D _{CFICFF}	-0.00104730	-0.109	0.913
UE	0.15418612	0.927	0.355
UCFO	0.03127765	1.086	0.278
UCFI	0.02065693	0.431	0.666
UCFF	0.00990748	0.347	0.729
UE*D _{ET}	-0.13484776	-0.810	0.419
UCFO*D _{ET}	-0.02564287	-0.862	0.389
UCFI*D _{ET}	-0.02679618	-0.527	0.599
UCFF*D _{ET}	-0.01034781	-0.352	0.725
UE*D _{CFICFF}	0.18162445	0.747	0.455
UCFO*D _{CFICFF}	0.00312858	0.064	0.949
UCFI*D _{CFICFF}	-0.00412926	-0.069	0.945
UCFF*D _{CFICFF}	0.02036530	0.465	0.642
UE*D _{ET} D _{CFICFF}	-0.19321758	-0.794	0.428
UCFO*D _{ET} D _{CFICFF}	-0.04379724	-0.765	0.445
UCFI*D _{ET} D _{CFICFF}	0.01904975	0.278	0.781
UCFF*D _{ET} D _{CFICFF}	-0.03219842	-0.615	0.539

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(0) = abnormal return of the announcement day. Transitory of earnings are categorized by the median of sample ($R^2 = 0.015$, F-stat = 1.317)

Table 10 (Continue) Regression results of the joint impact of transitory of earnings and CFI/CFF ratio on the incremental information content of cash flows beyond earnings; Model T-6:

$$\begin{aligned}
 CAR_{it} = & \beta_0^6 + \beta_1^6 * D_{ET} + \beta_2^6 D_{TP} + \beta_3^6 D_{ET} D_{TP} \\
 & + \beta_4^6 UE_{it} + \beta_5^6 UCFO_{it} + \beta_6^6 UCFI_{it} + \beta_7^6 UCFF_{it} \\
 & + \beta_8^6 UE_{it} * D_{ET} + \beta_9^6 UCFO_{it} * D_{ET} + \beta_{10}^6 UCFI_{it} * D_{ET} + \beta_{11}^6 UCFF_{it} * D_{ET} \\
 & + \beta_{12}^6 UE_{it} * D_{CFICFF} + \beta_{13}^6 UCFO_{it} * D_{CFICFF} + \beta_{14}^6 UCFI_{it} * D_{CFICFF} \\
 & + \beta_{15}^6 UCFF_{it} * D_{CFICFF} + \beta_{16}^6 UE_{it} * D_{ET} D_{CFICFF} + \beta_{17}^6 UCFO_{it} * D_{ET} D_{CFICFF} \\
 & + \beta_{18}^6 UCFI_{it} * D_{ET} D_{CFICFF} + \beta_{19}^6 UCFF_{it} * D_{ET} D_{CFICFF} + \varepsilon_{it}
 \end{aligned}$$

CAR(-1,0)	Coefficient	t-statistics	P-value
Intercept	-0.00658620	-0.999	0.318
D _{ET}	0.00156433	0.195	0.845
D _{CFICFF}	0.00621625	0.740	0.459
D _{ET} D _{CFICFF}	-0.00735071	-0.631	0.528
UE	0.01716722	0.085	0.932
UCFO	0.12364514	3.534***	0.000
UCFI	0.04753839	0.817	0.414
UCFF	0.03296207	0.951	0.342
UE*D _{ET}	0.00945702	0.047	0.963
UCFO*D _{ET}	-0.09543791	-2.642***	0.009
UCFI*D _{ET}	-0.04611866	-0.747	0.456
UCFF*D _{ET}	-0.01605931	-0.450	0.653
UE*D _{CFICFF}	0.37912126	1.284	0.200
UCFO* D _{CFICFF}	-0.15493783	-2.602***	0.010
UCFI* D _{CFICFF}	-0.01186140	-0.162	0.871
UCFF* D _{CFICFF}	-0.00746232	-0.140	0.889
UE*D _{ET} D _{CFICFF}	-0.39008962	-1.320	0.188
UCFO*D _{ET} D _{CFICFF}	0.07248835	1.042	0.298
UCFI*D _{ET} D _{CFICFF}	-0.00745585	-0.090	0.929
UCFF*D _{ET} D _{CFICFF}	-0.01953911	-0.307	0.759

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(-1,0) = cumulative abnormal return of the day before and the day of an announcement (2 days inclusive). Transitory of earnings are categorized by the median of sample ($R^2 = 0.077$, F-stat = 2.706***)

Table 10 (Continue) Regression results of the joint impact of transitory of earnings and CFI/CFF**ratio on the incremental information content of cash flows beyond earnings; Model T-6:**

$$\begin{aligned}
CAR_{it} = & \beta_0^6 + \beta_1^6 * D_{ET} + \beta_2^6 D_{TP} + \beta_3^6 D_{ET} D_{TP} \\
& + \beta_4^6 UE_{it} + \beta_5^6 UCFO_{it} + \beta_6^6 UCFI_{it} + \beta_7^6 UCFF_{it} \\
& + \beta_8^6 UE_{it} * D_{ET} + \beta_9^6 UCFO_{it} * D_{ET} + \beta_{10}^6 UCFI_{it} * D_{ET} + \beta_{11}^6 UCFF_{it} * D_{ET} \\
& + \beta_{12}^6 UE_{it} * D_{CFICFF} + \beta_{13}^6 UCFO_{it} * D_{CFICFF} + \beta_{14}^6 UCFI_{it} * D_{CFICFF} \\
& + \beta_{15}^6 UCFF_{it} * D_{CFICFF} + \beta_{16}^6 UE_{it} * D_{ET} D_{CFICFF} + \beta_{17}^6 UCFO_{it} * D_{ET} D_{CFICFF} \\
& + \beta_{18}^6 UCFI_{it} * D_{ET} D_{CFICFF} + \beta_{19}^6 UCFF_{it} * D_{ET} D_{CFICFF} + \varepsilon_{it}
\end{aligned}$$

CAR(0,+1)	Coefficient	t-statistics	P-value
Intercept	-0.00318122	-0.409	0.683
D _{ET}	-0.00460510	-0.487	0.626
D _{CFICFF}	-0.00031155	-0.031	0.975
D _{ET} D _{CFICFF}	0.00572122	0.416	0.677
UE	0.35497425	1.488	0.137
UCFO	0.06421238	1.556	0.121
UCFI	0.04263817	0.621	0.535
UCFF	0.01666053	0.408	0.684
UE*D _{ET}	-0.32206968	-1.350	0.178
UCFO*D _{ET}	-0.02986151	-0.701	0.484
UCFI*D _{ET}	-0.05788570	-0.794	0.428
UCFF*D _{ET}	0.00942336	0.224	0.823
UE*D _{CFICFF}	0.09331357	0.268	0.789
UCFO* D _{CFICFF}	-0.05953375	-0.848	0.397
UCFI* D _{CFICFF}	-0.13488656	-1.566	0.118
UCFF* D _{CFICFF}	-0.03917285	-0.624	0.533
UE*D _{ET} D _{CFICFF}	-0.10938753	-0.314	0.754
UCFO*D _{ET} D _{CFICFF}	-0.01346664	-0.164	0.870
UCFI*D _{ET} D _{CFICFF}	0.15174493	1.544	0.123
UCFF*D _{ET} D _{CFICFF}	-0.01007178	-0.134	0.893

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(0,+1) = cumulative abnormal return of the day of and the day after an announcement (2 days inclusive). Transitory of earnings are categorized by the method of median of sample ($R^2 = 0.058$, F-stat = 2.247*)

Table 10 (Continue) Regression results of the joint impact of transitory of earnings and CFI/CFF**ratio on the incremental information content of cash flows beyond earnings; Model T-6:**

$$\begin{aligned}
CAR_{it} = & \beta_0^6 + \beta_1^6 * D_{ET} + \beta_2^6 D_{TP} + \beta_3^6 D_{ET} D_{TP} \\
& + \beta_4^6 UE_{it} + \beta_5^6 UCFO_{it} + \beta_6^6 UCFI_{it} + \beta_7^6 UCFF_{it} \\
& + \beta_8^6 UE_{it} * D_{ET} + \beta_9^6 UCFO_{it} * D_{ET} + \beta_{10}^6 UCFI_{it} * D_{ET} + \beta_{11}^6 UCFF_{it} * D_{ET} \\
& + \beta_{12}^6 UE_{it} * D_{CFICFF} + \beta_{13}^6 UCFO_{it} * D_{CFICFF} + \beta_{14}^6 UCFI_{it} * D_{CFICFF} \\
& + \beta_{15}^6 UCFF_{it} * D_{CFICFF} + \beta_{16}^6 UE_{it} * D_{ET} D_{CFICFF} + \beta_{17}^6 UCFO_{it} * D_{ET} D_{CFICFF} \\
& + \beta_{18}^6 UCFI_{it} * D_{ET} D_{CFICFF} + \beta_{19}^6 UCFF_{it} * D_{ET} D_{CFICFF} + \varepsilon_{it}
\end{aligned}$$

CAR(-1,+1)	Coefficient	t-statistics	P-value
Intercept	-0.00575897	-0.670	0.503
D _{ET}	-0.00249376	-0.239	0.811
D _{CFICFF}	0.00586185	0.535	0.593
D _{ET} D _{CFICFF}	-0.00093819	-0.062	0.951
UE	0.21528692	0.816	0.415
UCFO	0.15475936	3.391	0.001
UCFI	0.06884880	0.907	0.365
UCFF	0.03960016	0.876	0.382
UE*D _{ET}	-0.17559920	-0.666	0.506
UCFO*D _{ET}	-0.09815219	-2.083	0.038
UCFI*D _{ET}	-0.07628113	-0.947	0.344
UCFF*D _{ET}	0.00388563	0.083	0.934
UE*D _{CFICFF}	0.29229330	0.759	0.448
UCFO*D _{CFICFF}	-0.21460220	-2.763***	0.006
UCFI*D _{CFICFF}	-0.14287465	-1.500	0.134
UCFF*D _{CFICFF}	-0.06635353	-0.956	0.340
UE*D _{ET} D _{CFICFF}	-0.30764179	-0.798	0.425
UCFO*D _{ET} D _{CFICFF}	0.10008431	1.103	0.271
UCFI*D _{ET} D _{CFICFF}	0.12432630	1.144	0.253
UCFF*D _{ET} D _{CFICFF}	0.00135737	0.016	0.987

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(-1,+1) = cumulative abnormal return of the day before, the day of, and the day after an announcement (3 days inclusive). Transitory of earnings are categorized by the median of sample ($R^2 = 0.113$, F-stat = 3.584***)

Table 11 Regression results of the joint impact of types of stocks and CFI/CFF ratio on the incremental information content of cash flows beyond earnings; Model T-7:

$$\begin{aligned}
 CAR_{it} = & \beta_0^7 + \beta_1^7 * D_{TP} + \beta_2^7 D_{CFICFF} + \beta_3^7 D_{TP} D_{CFICFF} \\
 & + \beta_4^7 UE_{it} + \beta_5^7 UCFO_{it} + \beta_6^7 UCFI_{it} + \beta_7^7 UCFE_{it} \\
 & + \beta_8^7 UE_{it} * D_{TP} + \beta_9^7 UCFO_{it} * D_{TP} + \beta_{10}^7 UCFI_{it} * D_{TP} + \beta_{11}^7 UCFE_{it} * D_{TP} \\
 & + \beta_{12}^7 UE_{it} * D_{CFICFF} + \beta_{13}^7 UCFO_{it} * D_{CFICFF} + \beta_{14}^7 UCFI_{it} * D_{CFICFF} + \beta_{15}^7 UCFE_{it} * D_{CFICFF} \\
 & + \beta_{16}^7 UE_{it} * D_{TP} D_{CFICFF} + \beta_{17}^7 UCFO_{it} * D_{TP} D_{CFICFF} \\
 & + \beta_{18}^7 UCFI_{it} * D_{TP} D_{CFICFF} + \beta_{19}^7 UCFE_{it} * D_{TP} D_{CFICFF} + \varepsilon_{it}
 \end{aligned}$$

CAR(0)	Coefficient	t-statistics	P-value
Intercept	-0.00399984	-1.005	0.315
D _{TP}	-0.00043793	-0.073	0.942
D _{CFICFF}	0.00261536	0.397	0.692
D _{TP} D _{CFICFF}	-0.00441164	-0.484	0.628
UE	0.01745345	2.586***	0.010
UCFO	0.01219262	1.402	0.162
UCFI	0.02218510	1.008	0.314
UCFF	0.00568105	0.644	0.520
UE* D _{TP}	0.00970892	0.633	0.527
UCFO* D _{TP}	-0.01281300	-0.687	0.492
UCFI* D _{TP}	-0.04723181	-1.425	0.155
UCFF* D _{TP}	-0.01360620	-0.927	0.354
UE* D _{CFICFF}	-0.00703124	-0.629	0.529
UCFO* D _{CFICFF}	-0.01284086	-0.450	0.653
UCFI* D _{CFICFF}	0.01505820	0.443	0.658
UCFF* D _{CFICFF}	0.01168380	0.470	0.639
UE* D _{TP} D _{CFICFF}	0.03841290	1.068	0.286
UCFO* D _{TP} D _{CFICFF}	-0.05443217	-0.861	0.390
UCFI* D _{TP} D _{CFICFF}	-0.05221094	-0.826	0.410
UCFF* D _{TP} D _{CFICFF}	-0.04668146	-0.801	0.424

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(0) = abnormal return of the announcement day. Types of stocks are categorized by the median of sample ($R^2 = 0.015$, F-stat = 1.319***)

Table 11 (Continue) Regression results of the joint impact of types of stocks and CFI/CFF ratio on the incremental information content of cash flows beyond earnings; Model T-7:

$$\begin{aligned}
 CAR_{it} = & \beta_0^1 + \beta_1^1 * D_{TP} + \beta_2^1 D_{CFICFF} + \beta_3^1 D_{TP} D_{CFICFF} \\
 & + \beta_4^1 UE_{it} + \beta_5^1 UCFO_{it} + \beta_6^1 UCFI_{it} + \beta_7^1 UCFF_{it} \\
 & + \beta_8^1 UE_{it} * D_{TP} + \beta_9^1 UCFO_{it} * D_{TP} + \beta_{10}^1 UCFI_{it} * D_{TP} + \beta_{11}^1 UCFF_{it} * D_{TP} \\
 & + \beta_{12}^1 UE_{it} * D_{CFICFF} + \beta_{13}^1 UCFO_{it} * D_{CFICFF} + \beta_{14}^1 UCFI_{it} * D_{CFICFF} + \beta_{15}^1 UCFF_{it} * D_{CFICFF} \\
 & + \beta_{16}^1 UE_{it} * D_{TP} D_{CFICFF} + \beta_{17}^1 UCFO_{it} * D_{TP} D_{CFICFF} \\
 & + \beta_{18}^1 UCFI_{it} * D_{TP} D_{CFICFF} + \beta_{19}^1 UCFF_{it} * D_{TP} D_{CFICFF} + \varepsilon_{it}
 \end{aligned}$$

CAR(-1,0)	Coefficient	t-statistics	P-value
Intercept	-0.00877337	-1.809	0.071
D _{TP}	0.00256123	0.348	0.728
D _{CFICFF}	0.00393965	0.490	0.624
D _{TP} D _{CFICFF}	-0.00112153	-0.101	0.920
UE	0.03262949	3.967***	0.000
UCFO	0.04013374	3.788***	0.000
UCFI	0.02875211	1.070	0.285
UCFF	0.03094622	2.879***	0.004
UE* D _{TP}	-0.01942208	-1.039	0.300
UCFO* D _{TP}	0.00228402	0.101	0.920
UCFI* D _{TP}	-0.05540365	-1.371	0.171
UCFF* D _{TP}	-0.02091465	-1.170	0.243
UE* D _{CFICFF}	-0.02166885	-1.592	0.112
UCFO* D _{CFICFF}	-0.06996592	-2.013**	0.045
UCFI* D _{CFICFF}	-0.02788287	-0.672	0.502
UCFF* D _{CFICFF}	-0.03455795	-1.140	0.255
UE* D _{TP} D _{CFICFF}	0.12682087	2.892***	0.004
UCFO* D _{TP} D _{CFICFF}	-0.04123708	-0.535	0.593
UCFI* D _{TP} D _{CFICFF}	0.00606132	0.079	0.937
UCFF* D _{TP} D _{CFICFF}	0.03337278	0.470	0.639

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(-1,0) = cumulative abnormal return of the day before and the day of an announcement (2 days inclusive). Types of stocks are categorized by the median of sample ($R^2 = 0.072$, F-stat = 2.569***)

Table 11 (Continue) Regression results of the joint impact of types of stocks and CFI/CFF ratio on the incremental information content of cash flows beyond earnings; Model T-7:

$$\begin{aligned}
 CAR_{it} = & \beta_0^1 + \beta_1^1 * D_{TP} + \beta_2^1 D_{CFICFF} + \beta_3^1 D_{TP} D_{CFICFF} \\
 & + \beta_4^1 UE_{it} + \beta_5^1 UCFO_{it} + \beta_6^1 UCFI_{it} + \beta_7^1 UCFE_{it} \\
 & + \beta_8^1 UE_{it} * D_{TP} + \beta_9^1 UCFO_{it} * D_{TP} + \beta_{10}^1 UCFI_{it} * D_{TP} + \beta_{11}^1 UCFE_{it} * D_{TP} \\
 & + \beta_{12}^1 UE_{it} * D_{CFICFF} + \beta_{13}^1 UCFO_{it} * D_{CFICFF} + \beta_{14}^1 UCFI_{it} * D_{CFICFF} + \beta_{15}^1 UCFE_{it} * D_{CFICFF} \\
 & + \beta_{16}^1 UE_{it} * D_{TP} D_{CFICFF} + \beta_{17}^1 UCFO_{it} * D_{TP} D_{CFICFF} \\
 & + \beta_{18}^1 UCFI_{it} * D_{TP} D_{CFICFF} + \beta_{19}^1 UCFE_{it} * D_{TP} D_{CFICFF} + \varepsilon_{it}
 \end{aligned}$$

CAR(0,+1)	Coefficient	t-statistics	P-value
Intercept	-0.00489549	-0.883	0.378
D_{TP}	-0.00320512	-0.381	0.704
D_{CFICFF}	0.01248749	1.358	0.175
$D_{TP} D_{CFICFF}$	-0.01300237	-1.024	0.306
UE	0.01551641	1.649	0.100
UCFO	0.01425393	1.176	0.240
UCFI	0.00007380	0.002	0.998
UCFF	0.00242248	0.197	0.844
UE* D_{TP}	0.06414857	3.000	0.003
UCFO* D_{TP}	0.05381872	2.072	0.039
UCFI* D_{TP}	-0.02215900	-0.480	0.632
UCFF* D_{TP}	0.04185937	2.047	0.041
UE* D_{CFICFF}	0.00604356	0.388	0.698
UCFO* D_{CFICFF}	-0.01947197	-0.490	0.625
UCFI* D_{CFICFF}	0.04133889	0.872	0.384
UCFF* D_{CFICFF}	0.00238198	0.069	0.945
UE* $D_{TP} D_{CFICFF}$	0.01450632	0.289	0.773
UCFO* $D_{TP} D_{CFICFF}$	-0.17805030	-2.020	0.044
UCFI* $D_{TP} D_{CFICFF}$	-0.28028392	-3.180***	0.002
UCFF* $D_{TP} D_{CFICFF}$	-0.17101892	-2.105***	0.036

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period. $CAR(0,-1)$ = cumulative abnormal return of the day of and the day after an announcement (2 days inclusive). Types of stocks are categorized by the median of sample ($R^2 = 0.109$, F-stat = 3.488***)

Table 11 (Continue) Regression results of the joint impact of types of stocks and CFI/CFF ratio**on the incremental information content of cash flows beyond earnings; Model T-7:**

$$\begin{aligned}
CAR_{it} = & \beta_0^1 + \beta_1^1 * D_{TP} + \beta_2^1 D_{CFICFF} + \beta_3^1 D_{TP} D_{CFICFF} \\
& + \beta_4^1 UE_{it} + \beta_5^1 UCFO_{it} + \beta_6^1 UCFI_{it} + \beta_7^1 UCFE_{it} \\
& + \beta_8^1 UE_{it} * D_{TP} + \beta_9^1 UCFO_{it} * D_{TP} + \beta_{10}^1 UCFI_{it} * D_{TP} + \beta_{11}^1 UCFE_{it} * D_{TP} \\
& + \beta_{12}^1 UE_{it} * D_{CFICFF} + \beta_{13}^1 UCFO_{it} * D_{CFICFF} + \beta_{14}^1 UCFI_{it} * D_{CFICFF} + \beta_{15}^1 UCFE_{it} * D_{CFICFF} \\
& + \beta_{16}^1 UE_{it} * D_{TP} D_{CFICFF} + \beta_{17}^1 UCFO_{it} * D_{TP} D_{CFICFF} \\
& + \beta_{18}^1 UCFI_{it} * D_{TP} D_{CFICFF} + \beta_{19}^1 UCFE_{it} * D_{TP} D_{CFICFF} + \varepsilon_{it}
\end{aligned}$$

CAR(-1,+1)	Coefficient	t-statistics	P-value
Intercept	-0.00943997	-1.511	0.132
D _{TP}	-0.00064182	-0.068	0.946
D _{CFICFF}	0.01337056	1.291	0.197
D _{TP} D _{CFICFF}	-0.00908935	-0.636	0.525
UE	0.03015221	2.845	0.005
UCFO	0.04163346	3.050	0.002
UCFI	0.00608173	0.176	0.860
UCFF	0.02739542	1.978	0.049
UE* D _{TP}	0.03494667	1.451	0.148
UCFO* D _{TP}	0.06907264	2.360	0.019
UCFI* D _{TP}	-0.02867548	-0.551	0.582
UCFF* D _{TP}	0.03533750	1.534	0.126
UE* D _{CFICFF}	-0.00822617	-0.469	0.639
UCFO* D _{CFICFF}	-0.07539103	-1.684	0.093
UCFI* D _{CFICFF}	-0.00120768	-0.023	0.982
UCFF* D _{CFICFF}	-0.04330899	-1.109	0.268
UE* D _{TP} D _{CFICFF}	0.10183163	1.803	0.072
UCFO* D _{TP} D _{CFICFF}	-0.16455036	-1.657	0.098
UCFI* D _{TP} D _{CFICFF}	-0.22568539	-2.273**	0.024
UCFF* D _{TP} D _{CFICFF}	-0.09217462	-1.007	0.315

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} ,

where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(-1,+1) = cumulative abnormal return of the day before, the day of, and the day after an announcement (3 days inclusive).

Types of stocks are categorized by the median of sample ($R^2 = 0.129$, F-stat = 4.011***)

Table 12 Regression results of the joint impact of transitory of earnings, types of stocks, and CFI/CFR ratio on the incremental information content of cash flows beyond earnings; Model T-8:

$$\begin{aligned}
 CAR_{it} = & \beta_0^8 + \beta_1^8 D_{ET} + \beta_2^8 D_{TP} + \beta_3^8 D_{CFICFF} + \beta_4^8 D_{ET} D_{TP} D_{CFICFF} \\
 & + \beta_5^8 UE_{it} + \beta_6^8 UCFO_{it} + \beta_7^8 UCFI_{it} + \beta_8^8 UCFE_{it} \\
 & + \beta_9^8 UE_{it} * D_{ET} + \beta_{10}^8 UCFO_{it} * D_{ET} + \beta_{11}^8 UCFI_{it} * D_{ET} + \beta_{12}^8 UCFE_{it} * D_{ET} \\
 & + \beta_{13}^8 UE_{it} * D_{TP} + \beta_{14}^8 UCFO_{it} * D_{TP} + \beta_{15}^8 UCFI_{it} * D_{TP} + \beta_{16}^8 UCFE_{it} * D_{TP} \\
 & + \beta_{17}^8 UE_{it} * D_{CFICFF} + \beta_{18}^8 UCFO_{it} * D_{CFICFF} + \beta_{19}^8 UCFI_{it} * D_{CFICFF} + \beta_{20}^8 UCFE_{it} * D_{CFICFF} \\
 & + \beta_{21}^8 UE_{it} * D_{ET} D_{TP} D_{CFICFF} + \beta_{22}^8 UCFO_{it} * D_{ET} D_{TP} D_{CFICFF} \\
 & + \beta_{23}^8 UCFI_{it} * D_{ET} D_{TP} D_{CFICFF} + \beta_{24}^8 UCFE_{it} * D_{ET} D_{TP} D_{CFICFF} + \varepsilon_{it}
 \end{aligned}$$

CAR(0)	Coefficient	t-statistics	P-value
Intercept	-0.00174503	-0.301	0.764
D _{ET}	-0.00099792	-0.179	0.858
D _{TP}	-0.00309907	-0.624	0.533
D _{CFICFF}	0.00047077	0.088	0.930
D _{ET} D _{TP} D _{CFICFF}	-0.00638967	-0.607	0.545
UE	0.24629508	2.072	0.039
UCFO	0.04795573	1.847	0.066
UCFI	0.02589226	0.692	0.490
UCFF	0.01401757	0.585	0.559
UE* D _{ET}	-0.22961939	-1.935	0.054
UCFO* D _{ET}	-0.03825499	-1.483	0.139
UCFI* D _{ET}	-0.00306200	-0.093	0.926
UCFF* D _{ET}	-0.01098729	-0.469	0.639
UE* D _{TP}	0.00869812	0.572	0.567
UCFO* D _{TP}	-0.01556094	-0.862	0.386
UCFI* D _{TP}	-0.04149455	-1.468	0.143
UCFF* D _{TP}	-0.01010284	-0.722	0.471
UE* D _{CFICFF}	-0.00624780	-0.565	0.573
UCFO* D _{CFICFF}	-0.02071495	-0.729	0.467
UCFI* D _{CFICFF}	0.01106809	0.345	0.730
UCFF* D _{CFICFF}	0.01396862	0.561	0.575
UE* D _{ET} D _{TP} D _{CFICFF}	0.03438075	0.869	0.385
UCFO* D _{ET} D _{TP} D _{CFICFF}	-0.22528809	-2.359**	0.019
UCFI* D _{ET} D _{TP} D _{CFICFF}	-0.17447402	-2.016**	0.045
UCFF* D _{ET} D _{TP} D _{CFICFF}	-0.22896441	-2.522***	0.012

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(0) = abnormal return of the announcement day. Transitory of earnings and types of stocks are categorized by the method of median of sample ($R^2 = 0.036$, F-stat = 1.599**)

Table 12 (Continue) Regression results of the joint impact of transitory of earnings, types of stocks, and CFI/CFF ratio on the incremental information content of cash flows beyond earnings

$$\begin{aligned}
 CAR_{it} = & \beta_0^8 + \beta_1^8 D_{ET} + \beta_2^8 D_{TP} + \beta_3^8 D_{CFICFF} + \beta_4^8 D_{ET} D_{TP} D_{CFICFF} \\
 & + \beta_5^8 UE_{it} + \beta_6^8 UCFO_{it} + \beta_7^8 UCFI_{it} + \beta_8^8 UCFE_{it} \\
 & + \beta_9^8 UE_{it} * D_{ET} + \beta_{10}^8 UCFO_{it} * D_{ET} + \beta_{11}^8 UCFI_{it} * D_{ET} + \beta_{12}^8 UCFE_{it} * D_{ET} \\
 & + \beta_{13}^8 UE_{it} * D_{TP} + \beta_{14}^8 UCFO_{it} * D_{TP} + \beta_{15}^8 UCFI_{it} * D_{TP} + \beta_{16}^8 UCFE_{it} * D_{TP} \\
 & + \beta_{17}^8 UE_{it} * D_{CFICFF} + \beta_{18}^8 UCFO_{it} * D_{CFICFF} + \beta_{19}^8 UCFI_{it} * D_{CFICFF} + \beta_{20}^8 UCFE_{it} * D_{CFICFF} \\
 & + \beta_{21}^8 UE_{it} * D_{ET} D_{TP} D_{CFICFF} + \beta_{22}^8 UCFO_{it} * D_{ET} D_{TP} D_{CFICFF} \\
 & + \beta_{23}^8 UCFI_{it} * D_{ET} D_{TP} D_{CFICFF} + \beta_{24}^8 UCFE_{it} * D_{ET} D_{TP} D_{CFICFF} + \varepsilon_{it}
 \end{aligned}$$

CAR(-1,0)	Coefficient	t-statistics	P-value
Intercept	-0.00574871	-0.815	0.416
D _{ET}	-0.00036403	-0.054	0.957
D _{TP}	0.00010466	0.017	0.986
D _{CFICFF}	0.00308896	0.475	0.635
D _{ET} D _{TP} D _{CFICFF}	-0.00673025	-0.526	0.599
UE	0.17034621	1.180	0.239
UCFO	0.11141154	3.532***	0.000
UCFI	0.06910906	1.519	0.130
UCFF	0.03764075	1.292	0.197
UE* D _{ET}	-0.13822261	-0.959	0.338
UCFO* D _{ET}	-0.07545348	-2.408	0.017
UCFI D _{ET}	-0.04911850	-1.227	0.221
UCFF* D _{ET}	-0.01073537	-0.377	0.706
UE* D _{TP}	-0.02156098	-1.168	0.244
UCFO* D _{TP}	0.00184978	0.085	0.932
UCFI* D _{TP}	-0.04903038	-1.427	0.154
UCFF* D _{TP}	-0.01411128	-0.830	0.407
UE* D _{CFICFF}	-0.01972104	-1.467	0.143
UCFO* D _{CFICFF}	-0.08819661	-2.554	0.011
UCFI* D _{CFICFF}	-0.03164633	-0.812	0.418
UCFF* D _{CFICFF}	-0.02630650	-0.870	0.385
UE* D _{ET} D _{TP} D _{CFICFF}	0.13770220	2.865***	0.004
UCFO* D _{ET} D _{TP} D _{CFICFF}	-0.23165632	-1.997**	0.047
UCFI* D _{ET} D _{TP} D _{CFICFF}	-0.15241533	-1.450	0.148
UCFF* D _{ET} D _{TP} D _{CFICFF}	-0.17419599	-1.580	0.115

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFE = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(-1,0) = cumulative abnormal return of the day before and the day of an announcement (2 days inclusive)

Transitory of earnings and types of stocks are categorized by the method of median of sample ($R^2 = 0.096$, F-stat = 2.721***)

Table 12 (Continue) Regression results of the joint impact of transitory of earnings, types of stocks, and CFI/CFF ratio on the incremental information content of cash flows beyond earnings

$$\begin{aligned}
 CAR_{it} = & \beta_0^8 + \beta_1^8 D_{ET} + \beta_2^8 D_{TP} + \beta_3^8 D_{CFICFF} + \beta_4^8 D_{ET} D_{TP} D_{CFICFF} \\
 & + \beta_5^8 UE_{it} + \beta_6^8 UCFO_{it} + \beta_7^8 UCFI_{it} + \beta_8^8 UCFF_{it} \\
 & + \beta_9^8 UE_{it} * D_{ET} + \beta_{10}^8 UCFO_{it} * D_{ET} + \beta_{11}^8 UCFI_{it} * D_{ET} + \beta_{12}^8 UCFF_{it} * D_{ET} \\
 & + \beta_{13}^8 UE_{it} * D_{TP} + \beta_{14}^8 UCFO_{it} * D_{TP} + \beta_{15}^8 UCFI_{it} * D_{TP} + \beta_{16}^8 UCFF_{it} * D_{TP} \\
 & + \beta_{17}^8 UE_{it} * D_{CFICFF} + \beta_{18}^8 UCFO_{it} * D_{CFICFF} + \beta_{19}^8 UCFI_{it} * D_{CFICFF} + \beta_{20}^8 UCFF_{it} * D_{CFICFF} \\
 & + \beta_{21}^8 UE_{it} * D_{ET} D_{TP} D_{CFICFF} + \beta_{22}^8 UCFO_{it} * D_{ET} D_{TP} D_{CFICFF} \\
 & + \beta_{23}^8 UCFI_{it} * D_{ET} D_{TP} D_{CFICFF} + \beta_{24}^8 UCFF_{it} * D_{ET} D_{TP} D_{CFICFF} + \varepsilon_{it}
 \end{aligned}$$

CAR(0,+1)	Coefficient	t-statistics	P-value
Intercept	0.00387910	0.477	0.634
D _{ET}	-0.00577725	-0.741	0.459
D _{TP}	-0.01054098	-1.517	0.130
D _{CFICFF}	0.00094815	0.127	0.899
D _{ET} D _{TP} D _{CFICFF}	0.00456815	0.310	0.757
UE	0.36754122	2.208	0.028
UCFO	.04398559	1.210	0.227
UCFI	-0.01292215	-0.246	0.805
UCFF	-0.02625299	-0.782	0.435
UE* D _{ET}	-0.35369671	-2.129	0.034
UCFO* D _{ET}	-0.03001244	-0.831	0.407
UCFI D _{ET}	0.03847273	0.834	0.405
UCFF* D _{ET}	0.02844038	0.867	0.386
UE* D _{TP}	0.0599112	2.816	0.005
UCFO* D _{TP}	0.05577183	2.220	0.027
UCFI* D _{TP}	-0.06657749	-1.681	0.094
UCFF* D _{TP}	0.04924697	2.514***	0.012
UE* D _{CFICFF}	0.00527604	0.340	0.734
UCFO* D _{CFICFF}	-0.04008385	-1.007	0.315
UCFI* D _{CFICFF}	-0.01086285	-0.242	0.809
UCFF* D _{CFICFF}	0.00401735	0.115	0.908
UE* D _{ET} D _{TP} D _{CFICFF}	-0.01940743	-0.350	0.726
UCFO* D _{ET} D _{TP} D _{CFICFF}	-0.42051505	-3.145***	0.002
UCFI* D _{ET} D _{TP} D _{CFICFF}	-0.25505325	-2.104**	0.036
UCFF* D _{ET} D _{TP} D _{CFICFF}	-0.43274547	-3.404***	0.001

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(0,+1) = cumulative abnormal return of the day of and the day after an announcement (2 days inclusive). Transitory of earnings and types of stocks are categorized by the median of sample ($R^2 = 0.119$, F-stat = 3.179***)

Table 12 (Continue) Regression results of the joint impact of transitory of earnings, types of stocks, and CFI/CFE ratio on the incremental information content of cash flows beyond earnings

$$\begin{aligned}
 CAR_{it} = & \beta_0^8 + \beta_1^8 D_{ET} + \beta_2^8 D_{TP} + \beta_3^8 D_{CFICFF} + \beta_4^8 D_{ET} D_{TP} D_{CFICFF} \\
 & + \beta_5^8 UE_{it} + \beta_6^8 UCFO_{it} + \beta_7^8 UCFI_{it} + \beta_8^8 UCFE_{it} \\
 & + \beta_9^8 UE_{it} * D_{ET} + \beta_{10}^8 UCFO_{it} * D_{ET} + \beta_{11}^8 UCFI_{it} * D_{ET} + \beta_{12}^8 UCFE_{it} * D_{ET} \\
 & + \beta_{13}^8 UE_{it} * D_{TP} + \beta_{14}^8 UCFO_{it} * D_{TP} + \beta_{15}^8 UCFI_{it} * D_{TP} + \beta_{16}^8 UCFE_{it} * D_{TP} \\
 & + \beta_{17}^8 UE_{it} * D_{CFICFF} + \beta_{18}^8 UCFO_{it} * D_{CFICFF} + \beta_{19}^8 UCFI_{it} * D_{CFICFF} + \beta_{20}^8 UCFE_{it} * D_{CFICFF} \\
 & + \beta_{21}^8 UE_{it} * D_{ET} D_{TP} D_{CFICFF} + \beta_{22}^8 UCFO_{it} * D_{ET} D_{TP} D_{CFICFF} \\
 & + \beta_{23}^8 UCFI_{it} * D_{ET} D_{TP} D_{CFICFF} + \beta_{24}^8 UCFE_{it} * D_{ET} D_{TP} D_{CFICFF} + \varepsilon_{it}
 \end{aligned}$$

CAR(-1,+1)	Coefficient	t-statistics	P-value
Intercept	0.00010497	0.012	0.991
D _{ET}	-0.00534047	-0.612	0.541
D _{TP}	-0.00751874	-0.965	0.335
D _{CFICFF}	0.00335872	0.400	0.689
D _{ET} D _{TP} D _{CFICFF}	0.00461510	0.279	0.780
UE	0.29020431	1.556	0.121
UCFO	0.10621151	2.606***	0.010
UCFI	0.02877211	0.490	0.625
UCFF	-0.00309937	-0.082	0.934
UE* D _{ET}	-0.26147602	-1.404	0.161
UCFO* D _{ET}	-0.06649933	-1.643	0.101
UCFI D _{ET}	-0.00604252	-0.117	0.907
UCFF* D _{ET}	0.02900737	0.789	0.430
UE* D _{TP}	0.02967193	1.244	0.214
UCFO* D _{TP}	0.07334823	2.606***	0.010
UCFI* D _{TP}	-0.07325377	-1.651	0.100
UCFF* D _{TP}	0.04578158	2.086**	0.038
UE* D _{CFICFF}	-0.00778635	-0.448	0.654
UCFO* D _{CFICFF}	-0.10627223	-2.382**	0.018
UCFI* D _{CFICFF}	-0.05343716	-1.061	0.289
UCFF* D _{CFICFF}	-0.03586460	-0.918	0.359
UE* D _{ET} D _{TP} D _{CFICFF}	0.08279593	1.334	0.183
UCFO* D _{ET} D _{TP} D _{CFICFF}	-0.42506897	-2.837***	0.005
UCFI* D _{ET} D _{TP} D _{CFICFF}	-0.23632902	-1.740	0.083
UCFF* D _{ET} D _{TP} D _{CFICFF}	-0.37777868	-2.652***	0.008

*** and ** denote statistically significant level of 1% and 5% respectively. All independent variables are deflated by MVE_{t-1} , where, UE = unexpected earnings, UCFO = unexpected net cash flows from operating activity, UCFI = unexpected net cash flows from investing activity, UCFF = unexpected net cash flows from financing activity, MVE_{t-1} = market value of equity at the beginning of the period, CAR(-1,+1) = cumulative abnormal return of the day before, the day of, and the day after an announcement (3 days inclusive). Transitory of earnings and types of stocks are categorized by the median of sample ($R^2 = 0.148$, F-stat = 3.795***)

4.7 The Industry Effect

Biddle et al. (1995) indicates that the incremental information content of CFO beyond earnings is different among industries. As a result, I do a test for the impacts of industry categorizing on the SET. There are a number of industries (see Appendix B) in the SET where many industries comprise of a few companies. By a limitation of sample, I cannot control for all industries. Thus, I choose the first five largest industries. Those industries are Agribusiness, Building and furnishing materials, Foods and beverages, Property development, and Textiles, Clothing and Footwear. The model used to test the impacts of these industries is as follows.

$$\begin{aligned}
CAR_{it} = & \beta_0^9 + \beta_1^9 D_1 + \beta_2^9 D_2 + \beta_3^9 D_3 + \beta_4^9 D_4 + \beta_5^9 D_5 \\
& + \beta_6^9 UE_{it} + \beta_7^9 UCFO_{it} + \beta_8^9 UCFI_{it} + \beta_9^9 UCFE_{it} \\
& + \beta_{10}^9 UE_{it} * D_1 + \beta_{11}^9 UCFO_{it} * D_1 + \beta_{12}^9 UCFI_{it} * D_1 + \beta_{13}^9 UCFE_{it} * D_1 \\
& + \beta_{14}^9 UE_{it} * D_2 + \beta_{15}^9 UCFO_{it} * D_2 + \beta_{16}^9 UCFI_{it} * D_2 + \beta_{17}^9 UCFE_{it} * D_2 \quad (T-9) \\
& + \beta_{18}^9 UE_{it} * D_3 + \beta_{19}^9 UCFO_{it} * D_3 + \beta_{20}^9 UCFI_{it} * D_3 + \beta_{21}^9 UCFE_{it} * D_3 \\
& + \beta_{22}^9 UE_{it} * D_4 + \beta_{23}^9 UCFO_{it} * D_4 + \beta_{24}^9 UCFI_{it} * D_4 + \beta_{25}^9 UCFE_{it} * D_4 \\
& + \beta_{26}^9 UE_{it} * D_5 + \beta_{27}^9 UCFO_{it} * D_5 + \beta_{28}^9 UCFI_{it} * D_5 + \beta_{29}^9 UCFE_{it} * D_5 + \varepsilon_{it}
\end{aligned}$$

Where:

D1 = dummy variable which takes a value of 1 if firm i is in Agribusiness, and 0 otherwise

D2 = dummy variable which takes a value of 1 if firm i is in Building and furnishing materials, and 0 otherwise

D3 = dummy variable which takes a value of 1 if firm i is in Foods and beverages, and 0 otherwise

D4 = dummy variable which takes a value of 1 if firm i is in Property development, and 0 otherwise

D5 = dummy variable which takes a value of 1 if firm i is in the Textiles, Clothing and Footwear, and 0 otherwise

The appendix A presents the results of the impacts of industry according to model T-9. The results suggest that the incremental information content of cash flows beyond earnings are more likely higher for the Building and Furnishing Materials industry and the Property Development industry as well as the Agribusiness industry, whilst the information content of earnings is more likely lower for the Building and Furnishing Materials industry whilst higher for the Agribusiness industry, relative to the others.