



ABSTRACT

The research analyzes the impact of annual financial statement release on stock behavior of big companies and small companies reflected by two variables, trading activity and return variability. The author will analyze whether there are any different market reaction between days before the announcement date and days after the announcement date and different market reaction between big companies and small companies.

We divide sample into two kind companies, big and small. we use market capitalization to measure size of the companies. All of the data is collected from Indonesian Capital Market Directory, Jakarta Stock Exchange Statistic, downloaded from JSX Corner MM-UGM and PPA Faculty of Economics UGM. Data about published annual financial statement is from daily *Bisnis Indonesia* newspaper in the year of 2002. Information release in this research is annual audited financial statement announcement. The analyzing period in this research is 121 days that consists of 20 weeks estimation period, 10 days pre-announcement period, one-day announcement period, and 10 days post-announcement period.

This research finds results as follows: (1) There is no significant difference between average TVA before the announcement date and average TVA after the announcement date. (2) There is significant difference between average SRV before the announcement date and average SRV after the announcement date. (3) There is no significant difference between average TVA of small companies and average TVA of big companies during the research period. (4) There is no significance difference between average SRV of small companies and average SRV of big companies during the research period.

