

Financial Characteristics Of High Performance Companies In Australia

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ABSTRACT

Are recognized measures of high performance companies (HPC) in one country equally applicable to HPC in other economies? The answer to this question has implications for both financial analysts and operating managers. Previous research has studied these connections in a mature economy (United States) and an emerging economy (India). In both studies, the financial performance of the companies selected clearly reflected the expected performance characteristics of companies that emphasize strategic directions of operational excellence and product leadership (innovation). More recent research investigated empirically U.S. companies in the S&P 500 and companies that have displayed specific characteristics of high-performance companies (HPC): sustained and superior cash flow returns, asset growth, and total shareholder returns. In this study, previous research is extended to Australia by investigating empirically the financial characteristics of Australian HPC. This study hypothesizes that the findings for U.S. HPC companies will hold true in the Australian market. It investigates Australian companies in the ASX All Ordinaries index and companies that display specific characteristics of HPC--sustained and superior cash flow returns, and total shareholder returns. This study finds that the financial characteristics for U.S. HPC—superior total asset management, profitability, financial risk, liquidity, and operating asset management--hold true in the Australian market. Knowledge of these attributes of high performance is important not only for performance measurement by financial analysts but also for operating strategies for managers who want to improve company performance.

INTRODUCTION

This study continues the exploration of the links between strategy, execution, and financial performance. Specifically, it addresses the financial characteristics and sustainability of superior performance by high performance companies (HPC) in Australia. Prior research (Frigo *et al* 2002, Needles *et al* 2004, Needles *et al* 2005, Needles *et al* 2006, Needles *et al* 2007) examined these links by emphasizing the underlying performance drivers that describe how a company executes strategy to create financial value. Initial studies examined the connection between strategy, strategic performance drivers and financial ratios in a mature economy (United States) and an emerging economy (India). In both studies, the financial performance of the companies selected clearly reflected the expected performance characteristics of companies that emphasize strategic directions of operational excellence and product leadership (innovation). More recent research investigated empirically U.S. companies in the S&P 500 and companies that have displayed specific characteristics of high-performance companies (HPC): sustained and superior cash flow returns, asset growth, and total shareholder returns. The latter study supported the hypothesized relationships between integrated financial ratio performance measures as represented by the Financial Performance Scorecard™ (FPS) and also of above-mean performance by HPC across all performance measures when compared with the companies in the S&P 500 (Needles *et al* 2004, Needles *et al* 2005, Needles *et al*, 2006). Previous research also showed that strategy and financial performance were linked for selected Indian companies in a manner similar to matched U.S. companies. (Needles, *et al* 2002). This study examines the market of Australia by empirically investigating companies in the All Ordinaries index and companies that display specific characteristics of HPC. We find that HPC in Australia have

statistically superior performance in the financial characteristics related to the five financial objectives of the financial performance scorecard--total asset management, profitability, financial risk, liquidity, and operating asset performance. As companies improve or decline on one or more of the five performance drivers associated with each of these objectives, analysts may adjust their projections of future values. Similarly, managers may concentrate efforts to increase their companies' values by focusing efforts on achieving these objectives by improving these performance drivers associated with them.

PREVIOUS RESEARCH

As noted, the new research extends previous research, which investigated the relationship between strategy and performance measurement (Frigo *et al* 2002, Needles *et al* 2004, Needles *et al* 2005, Needles *et al* 2006, Needles *et al* 2007). Further, it is related to previous research by, among others, Nissim and Penman (1999 and 2001), Brief and Lawson (1992), Fairfield and Yohn (1999), Feltham and Olsson (1995), Fera (1997), Jansen and Yohn (2002), Lev and Thiagarajan (1993), Ohlson (1995), Penman (1991), Piotroski (2000), and Selling and Stickney (1989).

Frigo and Litman (2002) have emphasized a "Return Driven Strategy" under which business activities are ethically aligned with achieving maximum financial performance and shareholder wealth. Financial statements reflect how well a company's management has carried out the strategic and operating plans of the business. Analysts evaluate performance by conducting ratio analysis related to various aspects of a business's operations. The marketplace, in turn, evaluates this performance, and a value is placed on the company.

Other research (Needles *et al* 2004) has shown empirically how ratios interact in integrated financial ratio analysis, which is called the Financial Performance Scorecard (FPS), to

show whether a company is creating or destroying value. The FPS is a structure or framework for considering the interaction of financial ratios, with particular emphasis on the drivers of performance and their relationship to performance measures. These performance measures are reflected ultimately in a return that is compared with a benchmark cost of capital. If the return exceeds cost of capital, value has been created. If the return is less than cost of capital, value has been destroyed. The “spread” between return on investment and the cost of capital was used as a criterion for selecting the leading companies; however, for purposes of evaluating the FPS in this study, we will assume that the cost of capital is determinable and given (Adman and Haight 2002; Gebhardt, et al, 2001).

The FPS is based on the premise that management must achieve certain financial objectives in order to create value and that these financial objectives are interrelated and often related to executive compensation (Needles *et al*, 2008). Further, underlying the performance measures that analysts and the financial press commonly use to assess a company’s financial performance are certain financial ratios, called performance drivers, that are critical to achieving the performance measures. While HPC uniformly excel on the basis of performance measures, they will not display uniform characteristics when it comes to performance drivers, because these measures are more a function of the various strategies that the companies may employ to achieve high performance (Needles *et al* 2004). The relationship of financial objectives, performance drivers, and performance measures may be visualized as shown in Fig. 1.

<Figure 1 goes about here>

Profitability and liquidity are traditionally the two most prominent financial objectives. An expanded view of these objectives includes the following (Needles *et al* 2004):

Financial Objectives

Links to Financial Performance

Total asset management

Ability to utilize all the assets of a company in a way that maximizes revenue while minimizing investment

Profitability

Ability to earn a satisfactory net income

Financial risk

Ability to use debt effectively without jeopardizing the future of the company

Liquidity

Ability to generate sufficient cash to pay bills when they're due and to meet unexpected needs for cash

Operating asset management

Ability to utilize current assets and liabilities to support growth in revenues with minimum investment

The components of the FPS are summarized as follows (Needles *et al* 2004):

<u>Financial Objective</u>	<u>Performance Drivers</u>	<u>Performance Measures</u>
Total asset management	Asset turnover	Growth in revenues
Profitability	Profit margin	Return on assets
Financial risk	Debt to equity	Return on equity
Liquidity	Cash flow yield	Cash flow returns Free Cash flows
Operating asset management	Turnover ratios	Cash cycle

The formulas for the ratios addressed in this study appear in Appendix A. Specifically, previous research investigated (1) evidence with regard to the components of the FPS--in particular, the relationships between the performance drivers and the performance measures and (2) the relationships between the performance of the HPC and that of their respective industries.

The empirical results confirmed the basic propositions of the FPS and the criteria for choosing HPC. These results are summarized as follows:

1. The performance drivers and performance measures are independent of each other, as shown by low correlation among each other or low rank correlation. This proposition held true for all companies, for selected industries, and for industry leaders, all of which show independence among the ratios, with low correlations among performance drivers (except asset turnover and profit margin) and performance measures.
2. The criteria for choosing HPC were validated by the performance measures in the FPS model. The HPC exceed the industry averages across all performance measures and across all industries.
3. The HPC show mixed results with regard to performance drivers when compared with industry drivers. HPC excel on profit margin, are lower on cash flow yield, have lower financial risk, and have variable results for asset turnover. These results are likely due in part to the different strategies that companies may employ.

Previous research also addressed the financial objective of operating asset management. The goal of liquidity is closely related to the goal of operating asset management. Operating asset management is a measure of management control of the cash conversion cycle, which is the time required to make or buy products, finance the products, and sell and collect for them. Operating asset management is the ability to utilize current assets and liabilities in a way that supports growth in revenues with minimum investment. The drivers of operating asset

management are the turnover ratios, and the performance measures are the days represented by each turnover measure, as follows:

Performance Driver	Performance Measure
Receivables turnover	Days' sales uncollectible
Inventory turnover	Days' inventory on hand
Payables turnover	Days' payable

The calculations of these ratios are contained in Appendix A. Taken together, the performance measures give an indication of the financing period, as shown by the following formula:

$$\text{Financing period} = \text{days' receivable} + \text{days' inventory on hand} - \text{days' payable}$$

The financing period represents the amount of time during which a company must provide financing for its operating activities.

Expectations in previous research was that HPC would have a shorter financing period than S&P companies because their superior financial performance would be a reflection of their operating efficiency. The previous results may be summarized as follows:

1. The financing period for HPC compared to S&P companies was shorter in almost all cases by about 28 days for the 1997-2001 period and 30 days for the 2002-2003 period, which equates to fewer days that need financing, thus lowering the financing costs for HPC relative to S&P companies.
2. The operating asset turnover ratios, however, showed more variability among industries and between HPC and S&P companies. HPC were expected to outperform S&P companies on receivables turnover, and this was generally the case; however, overall, the HPC advantage was not significant. This result could be accounted for by the fact that HPC have less need to sell receivables and take advantage of off-balance-

sheet financing than S&P companies. Further, HPC are better able to take advantage of trade creditors.

3. Inventory turnover ratios were in line with expectations that the HPC would outperform the S&P companies. Inventory turnover for HPC exceeded that of S&P, which represents fewer days of financing needed, more than offsetting the shortfall from receivables.
4. HPC had a slightly lower payable turnover than S&P companies. Strong operating results and low debt loads of HPC enable these companies to obtain longer terms than average from their trade creditors, which accounted for most of the difference. Thus, the HPC' deficiencies noted above in receivables and inventory are overcome, so that these companies outperform their industry on the financing period.

EMPIRICAL OBJECTIVES

This study investigates high-performance companies (HPC) and integrated financial ratio analysis, but this time focus on companies in Australia. Similar to previous studies, empirical investigation focuses on the hypothesis that compared to All Ordinaries index companies, Australia HPC will have statistically superior performance in the financial characteristics related to the first five financial objectives of the financial performance scorecard--total asset management, profitability, financial risk, liquidity, and operating asset management.

Sustainability of high performance over relatively a long period of contrasting time periods is a characteristic of HPC. To test this characteristic of HPC, two test periods are used in this research. The first test period was the 5-year period 1997 to 2001 from which the HPC were selected and the second test period was the 6-year period 2002 to 2007 (see Figure 2) in which the sustainability of superior performance by HPC is examined.

<Figure 2 goes here>

For the Australian market, the first period – 1997-2001 – was characterized by a time of slow and steady growth in Australia. The second test period – 2002 to 2007 – included a period of slight decline in 2002 followed by rapid growth, with a peak in 2007.

To confirm that these time periods are different, The Australian HPC performance was compared for the two time periods across all drivers and measures in Tables 1a and 1b. The HPC performed significantly better in the 2002-2007 time period to the 1997-2001. All differences were significant except for asset turnover. ASX All Ordinaries companies were also compared for the same measures in Tables 1c and 1d. In general, companies in the All Ordinaries show less consistent performance between the two time periods than do the HPC. Nevertheless, there are significant differences in seven of the drivers and measures including improved profitability. Revenue growth and cash flow yield do not show improvement. Similarly to HPC, the difference in asset turnover is not significant. The periods are good determinants of whether the HPC can sustain superior performance over changing markets conditions.

<Tables 1a, 1b, 1c, and 1d go here>

EMPIRICAL SAMPLE

The source of the data for this study was the Thomson One Banker database, also known as the Worldscope database. The analysis focused on two groups of companies: companies in the S&P/ ASX All Ordinaries index, and HPC. In the benchmark group, selection began with companies in the S&P/ ASX All Ordinaries index for which data exists consecutively from 1997 to 2007. The benchmark group also included companies from the S&P/ ASX All Ordinaries

index with the following adjustment: we excluded several industries whose financial structures typically depart from industrial, retail, and service businesses. These industries are banks, other financial institutions, financial services (broker) companies, insurance companies, real estate agents and operators of buildings (property trusts and groups), real estate investments trusts, hotels, miscellaneous recreation services, hospitals and educational services. The adjustment improved the comparability of the benchmark group with the HPC. After that screen, the sample had 327 S&P/ ASX All Ordinaries companies. Companies included in the HPC were removed from the S&P/ ASX All Ordinaries sample. After all screens, the benchmark group had 279 companies.

In determining Australian HPCs, 48 companies were identified from the 1997-2001 time period where data was available from 2002 to 2007 according to the following criteria:

- Cash flow return on investment (CFROI) at twice or more the cost of capital or greater than 5% discount rate in Australia
- Growth rates in assets exceed average growth rate of Australian GDP
- Relative total shareholder returns (TSR) above the S&P ASX All Ordinaries average

These HPCs companies are listed in Appendix B.

In the analyses, companies were grouped by the first two digits of the SIC code. Fifteen industries were identified based on this grouping. For many industries, use of the first two digits of the SIC code did not provide enough companies to derive reliable industry averages. In some industries, there were not enough HPC to discuss industry-specific results, except for industry 10, 13, 50, 73 and 87, mining and service industries, where the industry results were comparable to overall results for all industries.

DISCUSSION OF RESULTS

The results of the analyses are discussed in two sections: (1) effect of outliers, and (2) financial characteristics of HPC compared to All Ordinaries companies. References to the previous study refer to the study of the performance of US HPC compared to S&P 500 companies (Needles, *et al.*, 2006).

Ratios were tested whose correlation was more than 0.5 for statistical significance. Correlation significance test - linear regression was employed and SIG (< 0.05) and $t (T > 1)$ were examined. Further, stepwise variable selection method was used. All correlations more than .5 were significant both for SIG and t tests. SIG was significant at the .001 level in almost all cases.

EFFECT OF OUTLIERS

The analyses described below are shown both with and without outliers. In order to detect and eliminate outliers in the samples, the Grubbs' test (NIST/SEMATECH) was applied. The Grubbs' test detects one outlier at a time. The outlier is expunged from the dataset and the test is iterated until no outliers are detected. There are no outliers at the specific significance level if the Grubbs' test statistic is less than the upper critical value for the Grubbs' test statistic distribution corresponding to that specific level. To get better results on the T-test, outliers were eliminated for various ratios. As shown in Tables 2a (1997-2001) and 2b (2002-2007), in only two cases out of sixty-eight possible did outliers represent more than 5 percent of the samples. The elimination of outliers did not change the conclusions reached in examining the full set of data, but did affect the significance level on some ratios. In most cases, the results improved with the elimination of outliers. The following sections discuss the results with outliers eliminated, unless otherwise noted.

< Table 2a and 2b go here >

FINANCIAL CHARACTERISTICS OF HPC

Tables 3(a,b) and 4(a,b) compare the Australian HPC with the ASX All Ordinaries companies on performance drivers and performance measures related to the objectives of total asset management, profitability, financial risk, and cash flow efficiency for the periods 1997-2001 and 2002-2007. These tables show the absolute measures and the percentage differences, respectively, of Australian HPC versus ASX All Ordinaries companies. All discussion is based on results without outliers.

The absolute average values of coefficients in tables 3a and 3b incorporate the effect of covariance. In some cases, covariance may affect the original relationship among coefficients.

Period 1997-2001 results

The overall industry analyses for 1997-2001 (Tables 3a and 4a) provide a benchmark for the 2002-2007 period. Using the t-test, 3 of the 4 performance drivers and 5 of the 6 performance measures are significant at least at the .05 level or usually much better. In the period 1997-2001 (Tables 3a and 4a), HPC exceeded All Ordinaries companies on an overall basis on the performance driver of asset turnover 1.4 to 1.0. HPC exceeded All Ordinaries companies in the performance measure of growth in revenues (22 percent growth versus only 1 percent). Unexpectedly, both HPC and All Ordinaries had overall negative profit margins on an average basis during this period but HPC (-.01) were closer to positive greater than for All Ordinaries companies (-.06). Return on equity and return on assets were greater for HPC by differences that were significant at .02 level or better. Consistent with results of studies of other countries, cash flow yield is lower for HPC, but cash flow returns are consistently higher for the HPC across all industries. This period also produced better relative performance measures for HPC for cash

returns on total assets (47.29%) and cash flow returns on stockholders' equity (33.16%). All cash flow returns differences were significant at the .05 level or better.

In summary, for the period 1997-2001, HPC were shown to maintain superior asset management, lower financial risk, and stronger cash flow returns compared to the benchmark group over an economic period of steady growth in Australia.

<Tables 3a and 3b go here>

<Tables 4a and 4b go here>

Period 2002-2007 results

The second test period 2002-2007 is period of superior performance by HPC in a period of mostly market growth conditions in the Australian market cycle from the 1997-2001 cycle. It is expected that the HPC would continue to outperform the ASX All Ordinaries companies in this period, given that the overall market conditions in Australia have improved at the end of the test period.

Tables 3b and 4b show the measures for 2002-2007 for total asset management, profitability, financial risk, and cash flow efficiency drivers and measures. The following observations may be made:

1. For this period, the overall industry analysis shows similar results in favor of the HPC, especially in the profit margin driver and the growth in revenue measure. Overall without outliers, 3 of the 4 drivers and all the 6 measures have differences that are significant at least at the .000003 level or better. The only exception is the driver of debt to equity, where the difference is statistically

significant at the .03 level. These results indicate that HPC are maintaining their superior position with regard to performance measures and drivers, although with more variation.

2. HPC continue to have lower debt to equity ratios and thus lower financial risk but continue to have superior return on equity. They also generate superior cash flow returns.

These results strongly support the proposition that HPC maintain superior performance with regard to asset management, profitability, financial risk, and cash flow efficiency drivers through changing market conditions.

OPERATING ASSET MANAGEMENT CHARACTERISTICS

Tables 5(a,b) and 6(a,b) compare the Australian HPC with the ASX All Ordinaries companies on performance drivers and cash cycle performance measures related to the objectives of operating asset management for the periods 1997-2001 and 2002-2007. These tables show the absolute measures and the percentage differences, respectively, of Australian HPC versus ASX All Ordinaries companies. The expectation is that HPC will have a shorter financing period than All Ordinaries companies because their superior financial performance would be a reflection of their operating efficiency.

Period 1997-2001 results

The results for 1997-2001 may be summarized as follows:

1. The financing period for HPC was shorter overall for period 1997-2001. Tables 5a and 6a show that the financing period without outliers for the HPC group was shorter by about 26 days (14.1 days versus 40.5 days) for the period 1997-2001, thus lowering the financing costs for HPC relative to All Ordinaries companies.

2. HPC also outperform All Ordinaries companies in the operating asset turnover ratios. HPC are expected to outperform All Ordinaries companies on receivables turnover, and as shown in Tables 5a and 6a, HPC exceeded the benchmark by 16.99%, which was significant at the .05 level.
3. The inventory turnover ratios are also in line with expectations that the HPC would outperform All Ordinaries companies. Inventory turnover for HPC in the 1997-2001 period exceeded that of All Ordinaries companies by 48.15% (significant at the .05 level), which represents fewer days of financing needed.
4. For the 1997-2001 period, HPC had a payable turnover that was 17.12% lower than that of All Ordinaries companies, which was significant at the .05 level. Strong operating results and low debt loads of HPC enable these companies to obtain longer terms than average from their trade creditors.

<Tables 5a and 5b go here>

<Tables 6a and 6b go here>

Period 2002-2007 results

HPC are expected to continue to outperform All Ordinaries companies in operating asset management because of their superior financial performance in the period 2002-2007. The results for this period may be summarized as follows:

1. The financing period for HPC was also shorter overall for period 2002-2007 (10.8 day versus 35.8 days). Tables 5b and 6b show that the financing period for the HPC group was shorter by 231.84% for the period. These results were stronger than the first test period.

2. HPC continued to outperform All Ordinaries companies in the operating asset turnover ratios, and all the differences were significant at the .000038 level or better.
3. The inventory turnover ratios are still in line with expectations for period 2002-2007. Inventory turnover for HPC exceeded that of All Ordinaries companies by (41.5 versus 13.9 times). The difference is significant at the .000038 level. Similar to the behavior of the financing period, these results were stronger for period 2002-2007.
4. It is expected that HPC continued to have a payable turnover that is lower than that of All Ordinaries companies, but the result was HPC had higher payable turnover in period 2002—2007 by 31.11%. Receivable turnover for HPC exceeded that of All Ordinaries companies by 40.12% (significant at the .000002 level). This result is stronger than the result in the period 1997-2001. However, HPC did not leverage strong operating results and low debt loads into longer terms than average obtained from their trade creditors.

In summary, HPC excel at inventory management, pay suppliers promptly, and have a better record of collecting receivables. HPC are able to maintain their performance and lower financing period though changing market conditions, and, in a period of strong growth, the results were more statistically significant.

CONCLUSION

This study confirms that Australian HPC are able to sustain superior performance through changing market conditions, including periods of decline and rapid growth, as demonstrated by their performance over the financial drivers and measures. The study finds that the financial characteristics for U.S. HPC—superior total asset management, profitability, financial risk, liquidity, and operating asset management--hold true in the

Australian market. Knowledge of these attributes of high performance has implications not only for performance measurement by financial analysts but also for operating strategies for managers who want to improve company performance. As companies improve or decline on one or more of the five performance drivers, analysts may adjust their projections of future values. At the same time, managers may concentrate efforts to increase their companies' values by focusing efforts on improving these performance drivers.

LIMITATIONS AND FUTURE RESEARCH

This exploratory study, which is part of on-going research in the area of strategy and financial performance measurement, has several limitations, some of which are expected to be the subject of future research. First, the study was limited to two SIC industry codes due to the small sample size. This was due to the use of the ASX All Ordinaries companies. If the sample size is expanded sufficiently to analyze at the three-digit SIC level, similar results to this study will be expected. Second, although this study examined industry effects for five industries, less significant results resulted due to smaller sample size. With an expanded sample, similar results at the industry level are expected. Third, the study period did not include a period of financial crisis. When data comes available for 2008 and 2009, the study will be replicated. Fourth, the study did not consider the effects, if any, of the adoption of IFRS in Australia in 2005. Future research will examine this issue. Finally, future research will compare Australian HPC to US HPC across all performance drivers and measures.

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APPENDIX A: FORMULAS FOR RATIO COMPUTATIONS

Performance Drivers

Asset turnover: $\text{Net sales} / \text{average total assets}$

Profit margin: $\text{Net income} / \text{net sales}$

Debt to equity: $(\text{Total assets} - \text{stockholders' equity}) / \text{stockholders' equity}$

Cash flow yield: $\text{Cash flows from operating activities} / \text{net income}$

(In the analysis, if either the numerator or denominator of the cash flow yield was negative, the ratio was excluded.)

Valuation Performance Measures

Growth in revenues: $\text{Change in net sales} / \text{net sales}$

Return on assets: $\text{Net income} / \text{average total assets}$

Return on equity: $\text{Net income} / \text{average stockholders' equity}$

Cash flow returns: $\text{Cash flows from operating activities} / \text{average total assets}$

$\text{Cash flows from operating activities} / \text{average stockholders' equity}$

Free cash flow: $\text{Cash flows from operating activities} - \text{dividends} + \text{sales of capital assets} - \text{purchases of capital asset}$. (In the analysis, to adjust for size of company, free cash flow was divided by average total assets.)

Operating Asset and Financing Ratios

Receivables turnover: $\text{Net sales} / \text{average accounts receivable}$

Average days' uncollected: $365 / \text{receivables turnover}$

Inventory turnover: $\text{Cost of sales} / \text{average accounts inventory}$

Average days' inventory on hand: $365 / \text{inventory turnover}$

Payables turnover: $(\text{Cost of sales} + \text{or} - \text{change in inventory}) / \text{average accounts payable}$

Average days' payable: $365 / \text{payables turnover}$

Financing period: $\text{Average days' sales uncollected} + \text{average days' inventory on hand} - \text{average days' payable}$

APPENDIX B: HIGH -PERFORMANCE COMPANIES of Australia

The description of companies draws upon the data from Thomson ONE Banker Database.

#	Company	SIC	Sector:
1	Alesco Corporation Limited	5031	Alesco Corporation Limited is a distributor and supplier of miscellaneous consumer goods: garage doors and openers, home building and renovation products to the kitchen, laundry and bathroom markets, specialised construction chemicals, earthmoving and heavy duty truck tyres, decorative concretes and associated equipment, scientific and medical consumables and equipment for laboratory, environmental and research markets.
2	Aquarius Platinum Limited	1099	Aquarius Platinum Limited explores for and produces platinum group metals including platinum, palladium, rhodium and gold.
3	Arc Energy Limited	1311	Arc Energy Limited is an oil and gas company.
4	Beach Petroleum Limited	1382	Beach Petroleum Limited is an oil and gas company.
5	BHP Billiton Limited	1061	BHP Billiton Limited produces miscellaneous metals, oil, gas, coal and diamonds.
6	BOLNISI GOLD NL	1041	Bolnisi Gold NL produces and explores gold and silver minerals.
7	BRADKEN LTD	3532	Bradken Ltd is a supplier of miscellaneous components for mining and earthmoving equipment; a supplier of equipment and consumables to the mineral processing and quarrying markets.
8	CAMPBELL BROTHERS LIMITED	8734	Campbell Brothers Limited provides consulting and analytical laboratory services, manufactures and distributes cleaning agents and chemicals for both domestic and industrial customers, distributes of non-food consumables to the healthcare, building services, hospitality and leisure industries
9	CARDNO LTD	8711	Cardno Ltd provides professional services in physical and social infrastructure.
10	COFFEY INTERNATIONAL LIMITED	8999	Coffey International Limited provides environmental consulting, engineering, scientific and project management services.
11	COMMANDER COMMUNICATIONS LIMITED	5045	Commander Communications Limited provides data hardware and services, Key Telephone System (KTS) and PABX equipment and services, fixed wire integrated voice and data telecommunication services and mobiles.
12	CONSOLIDATED MINERALS LIMITED	1061	Consolidated Minerals Limited explores, mines, processes and sells manganese, chromite and nickel ores.
13	CREDIT CORP GROUP LTD	7322	Credit Corp Group Ltd provides diversified commercial and professional services related to consumer debt, the collection of receivables as well as the collection of commercial debt.
14	CSL LIMITED	2834	CSL Limited is a biopharmaceutical company.
15	EQUIGOLD N.L.	1041	Equigold N.L. explores, develops and mines gold.
16	FANTASTIC HOLDINGS LIMITED	5712	Fantastic Holdings Limited is a manufacturer and retailer of household furniture.
17	FLEETWOOD CORPORATION LIMITED	3792	Fleetwood Corporation Limited is a manufacturer of caravans and vehicle parts and accessories.
18	FUNTASTIC LIMITED	5092	Funtastic Limited is a wholesaler of children's toys, bags, stationery, infant, confectionery, footwear, hobby, publishing, homeware and apparel products.

#	Company	SIC	Sector:
19	GREAT SOUTHERN LIMITED	831	Great Southern Limited is a producer of woodchips and timber. It also provides finance for growers in the managed investment schemes, and manages tax effective agricultural investments.
20	HASTIE GROUP LTD	4961	Hastie Group Ltd supplies air conditioning, refrigeration, electrical products and systems and related services.
21	IINET LIMITED	7379	iiNet Limited provides Internet services as well as wholesale telephony and data services to corporate clients and hosting solutions to web designers and popular websites.
22	INDEPENDENCE GROUP NL	1041	Independence Group NL is a mineral exploration and nickel mining company.
23	IRESS MARKET TECHNOLOGY LIMITED	7375	IRESS Market Technology Limited provides various information services.
24	IWL LIMITED	7375	IWL Limited is an IT service company.
25	JB HI-FI LTD	5722	JB Hi-Fi Ltd. The Group's principal activity is a retailer of home consumer electronic products.
26	JUBILEE MINES NL	1061	Jubilee Mines NL is a nickel ore mining company. It also explores minerals such as copper, cobalt and gold.
27	KINGSGATE CONSOLIDATED LIMITED	1041	Kingsgate Consolidated Limited is a gold mining company.
28	LEIGHTON HOLDINGS LIMITED	1541	Leighton Holdings Limited is a multi-disciplined contractor. It also provides integrated engineering services, and undertakes property development.
29	MACARTHUR COAL LIMITED	1222	Macarthur Coal Limited is a coal mining company.
30	MCMILLAN SHAKESPEARE LTD	8742	Mcmillan Shakespeare Ltd provides various management consulting services.
31	METCASH LIMITED	5141	Metcash Limited is a wholesaler of groceries, liquor and associated products.
32	MINCOR RESOURCES NL	1061	Mincor Resources NL is a gold and nickel exploration and mining company.
33	MONADELPHOUS GROUP LIMITED	8711	Monadelphous Group Limited provides engineering construction and maintenance and industrial services.
34	PETSEC ENERGY LIMITED	1311	Petsec Energy Limited is an oil and gas company.
35	REALESTATE.CO M.AU LIMITED	7375	Realestate.com.au Limited is a provider of online advertising of residential and commercial properties for sale and lease as well as various IT services provider.
36	RECKON LIMITED	7372	Reckon Limited is a producer and distributor of finance and accounting software.
37	REVERSE CORP LIMITED	4899	Reverse Corp Limited is a provider of reverse charge calling services.
38	SALMAT LTD	7319	Salmat Ltd is a commercial services provider.
39	SDI LIMITED	3843	SDI Limited is a manufacturer and distributor of dental materials.
40	SEEK LTD	7361	Seek Limited is a provider of employment classified advertising and related services on the Internet, and a provider and distributor of vocational training courses.
41	SENETAS CORPORATION LIMITED	7373	Senetas Corporation Limited is an IT services company. It sells IT security products, provides network security solutions to business and government and provides IT professional services in the fields of data warehousing, business intelligence and enterprise

#	Company	SIC	Sector:
			management.
42	SIMS GROUP LIMITED	3462	Sims Group Limited is a metal secondary recycling and secondary processing company.
43	SUNLAND GROUP LIMITED	1531	Sunland Group Limited is a property development and construction company. It also undertakes project services, funds management and hotel investments and operations.
44	TECHNOLOGY ONE LTD	7372	Technology One Ltd provides integrated enterprise business software solutions and custom software development services for large scale, purpose built applications.
45	TRANSPACIFIC INDUSTRIES GROUP LIMITED	9511	Transpacific Industries Group Limited is a provider of waste and disposal services. It also imports and distributes commercial vehicles and parts, and provides industrial cleaning services.
46	UNITED GROUP LIMITED	8711	United Group Limited is a provider of industrial maintenance, manufacturing, engineering and other services.
47	WORLEYPARSONS LIMITED	8711	WorleyParsons Limited is a provider of engineering design and project services as well as maintenance and reliability support services.
48	WOTIF.COM HOLDINGS LTD	7389	Wotif.Com Holdings Ltd provides online accommodation booking services.

Figure 1

Figure 1: Integrated Financial Ratio Analysis: The Financial Performance Scorecard (FPS)

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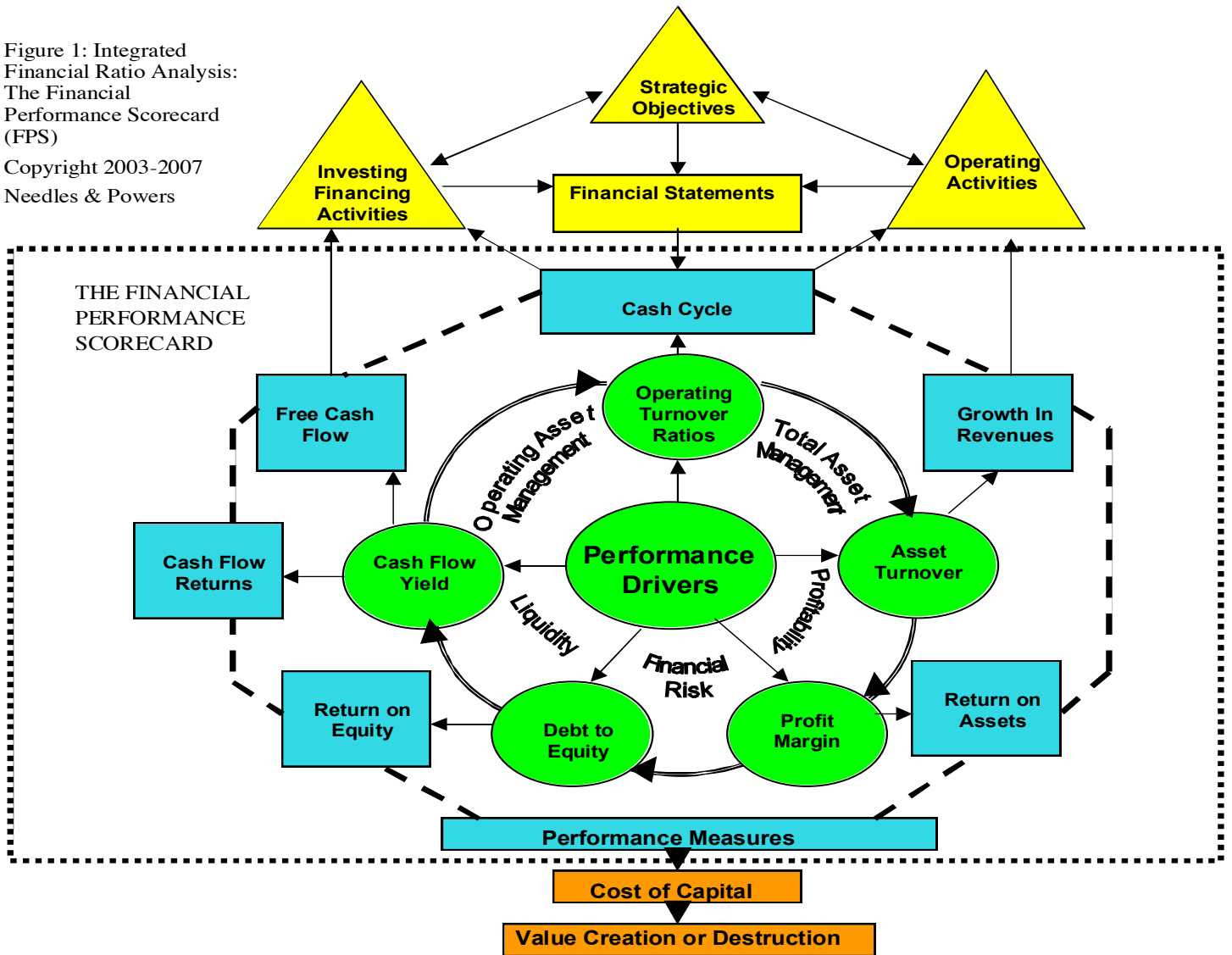


Figure 2. Test periods: 1997 – 2001 and 2002 – 2007

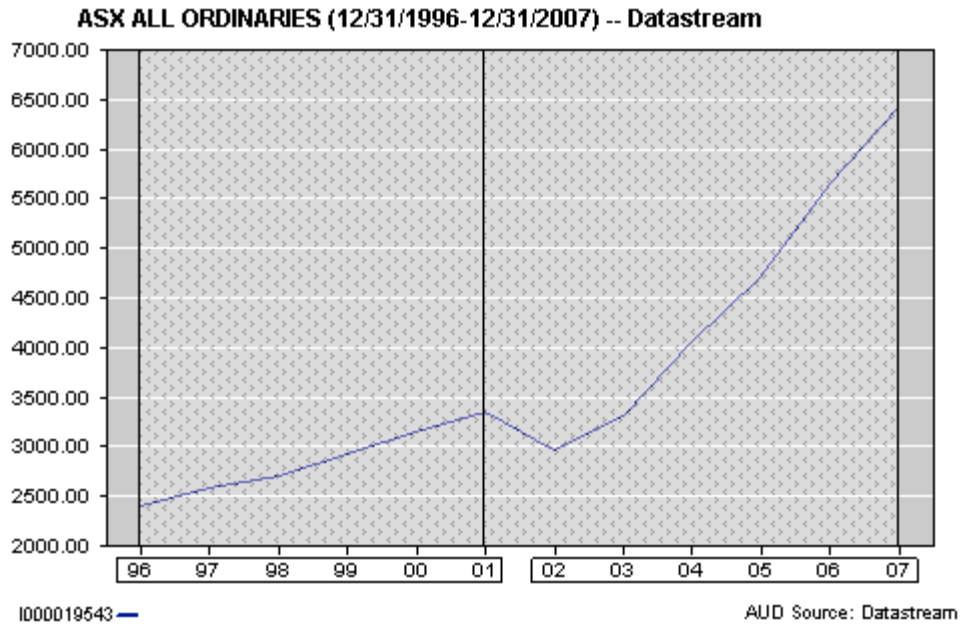


Table 1a. Australian HPCs Performance Compared: 1997-2001 to 2002 – 2007 (outliers eliminated)

	Performance Drivers				Performance Measures					
	Asset turnover	Profit margin	Debt to Equity	Cash flow yield	Growth in Revenues	Return on assets	Return on equity	Cash flow returns on total assets	Cash flow returns on stockholders' equity	Free Cash Flow
1997 - 2001	1,4074	-0,1657	1,1348	1,9424	0,1448	0,0510	0,1067	0,0976	0,1924	-0,0211
2002 - 2007	1,4029	0,1395	0,9720	1,5831	0,2269	0,1445	0,2564	0,2056	0,3698	0,0491
Difference	-0,0045	0,3052	-0,1628	-0,3592	0,0821	0,0934	0,1497	0,1080	0,1774	0,0711
% Difference	-0,32%	184,14%	14,35%	-18,49%	56,66%	183,10%	140,26%	110,68%	92,20%	329,37%
T-test	0,485784	0,005362	0,044660	0,037392	0,023105	0,000000	0,000226	0,000001	0,000013	0,000121

Table 1b. Australian HPCs Performance: Operating Assets Management: 1997 - 2001 to 2002 – 2007 (outliers eliminated)

	Performance Drivers			Performance Measures			
	Receivables turnover	Inventory turnover	Payables turnover	Days' sales uncollected	Days' inventory on hand	Days' payable	Financing period
1997 - 2001	8,8131	28,2704	9,0951	41,4157	12,9110	40,1317	14,1950
2002 - 2007	11,8747	41,5437	12,7038	30,7377	8,7859	28,7315	10,7921
Difference	3,0616	13,2733	3,6088	-10,6780	-4,1251	11,4002	-3,4029
% Difference	34,74%	46,95%	39,68%	-25,78%	-31,95%	-28,41%	-23,97%
T-test	0,009230	0,094709	0,000807				

Table 1c. ASX All Ordinaries Companies Performance Compared: 1997-2001 to 2002 – 2007 (outliers eliminated)

	Performance Drivers				Performance Measures					
	Asset turnover	Profit margin	Debt to Equity	Cash flow yield	Growth in Revenues	Return on assets	Return on equity	Cash flow returns on total assets	Cash flow returns on stockholders' equity	Free Cash Flow
1997 - 2001	0,9825	-0,6010	1,2734	2,6594	0,0668	0,0086	0,0117	0,0514	0,1286	-0,0419
2002 - 2007	0,9661	-0,0787	1,0816	1,9948	0,0106	0,0152	0,0631	0,0563	0,1120	-0,0568
Difference	-0,0164	0,5224	-0,1918	-0,6646	-0,0562	0,0065	0,0515	0,0049	-0,0166	-0,0149
% Difference	-1,67%	86,91%	-15,06%	-24,99%	-84,19%	75,73%	441,65%	9,51%	-12,92%	35,62%
T-test	0,335431	0,008481	0,010142	0,017215	0,049640	0,198227	0,021790	0,258956	0,114141	0,039756

Table 1d. ASX All Ordinaries Companies Performance: Operating Assets Management: 1997 - 2001 to 2002 – 2007 (outliers eliminated)

	Performance Drivers			Performance Measures			
	Receivables turnover	Inventory turnover	Payables turnover	Days' sales uncollected	Days' inventory on hand	Days' payable	Financing period
1997 - 2001	7,3155	14,6586	10,6521	49,8942	24,9001	34,2657	40,5286
2002 - 2007	7,1110	13,9365	8,7516	51,3287	26,1903	41,7067	35,8122
Difference	-0,2044	-0,7221	-1,9005	1,4345	1,2902	7,4410	-4,7164
% Difference	-2,79%	-4,93%	17,84%	2,88%	5,18%	21,72%	-11,64%
T-test	0,216915	0,257264	0,003366				

Table 2a. Australia HPC and all Ordinaries outliers eliminated: 1997-2001

Sample	Performance Drivers				Performance Measures					
	Asset turnover	Profit margin	Debt to Equity	Cash flow yield	Growth in Revenues	Return on assets	Return on equity	Cash flow return on total assets	Cash flow return on stockholders' equity	Free Cash Flow
HPC outliers	0	4	5	3	4	3	5	2	4	5
HPC sample size	98	99	101	59	70	101	101	90	90	103
% of the sample	0.00%	4.04%	4.95%	5.08%	5.71%	2.97%	4.95%	2.22%	4.44%	4.85%
All Ords outliers	22	3	22	7	0	8	0	0	8	5
All Ords sample size	668	671	741	469	564	736	741	700	700	740
% of the sample	3.29%	0.45%	2.97%	1.49%	0.00%	1.09%	0.00%	0.00%	1.14%	0.68%

Table 2a. (cont.) Australia HPC and all Ordinaries outliers eliminated: 1997-2001

Sample	Performance Drivers			Performance Measures			
	Receivables turnover	Inventory turnover	Payables turnover	Average days' sales uncollected	Average days' inventory on hand	Average days' payable	Financing period
HPC outliers	0	3	2				
HPC sample size	98	72	96	98	72	96	72
% of the sample	0,00%	4,17%	2,08%	0,00%	0,00%	0,00%	0,00%
All Ords outliers	26	17	4				
All Ords sample size	661	588	669	661	588	669	570
% of the sample	3,93%	2,89%	0,60%	0,00%	0,00%	0,00%	0,00%

Table 2b. Australia HPC and all Ordinaries outliers eliminated: 2002-2007

Sample	Performance Drivers				Performance Measures					
	Asset turnover	Profit margin	Debt to Equity	Cash flow yield	Growth in Revenues	Return on assets	Return on equity	Cash flow return on total assets	Cash flow return on stockholders' equity	Free Cash Flow
HPC outliers	1	5	4	10	2	10	12	4	7	6
HPC sample size	265	265	273	229	249	268	268	254	254	268
% of the sample	0,38%	1,89%	1,47%	4,37%	0,80%	3,73%	4,48%	1,57%	2,76%	2,24%
All Ords outliers	11	67	3	7	5	43	51	23	8	13
All Ords sample size	1356	1356	1487	950	1278	1494	1494	1449	1449	1489
% of the sample	0,81%	4,94%	0,20%	0,74%	0,39%	2,88%	3,41%	1,59%	0,55%	0,87%

Table 2b. (cont.) Australia HPC and all Ordinaries outliers eliminated: 2002-2007

Sample	Performance Drivers			Performance Measures			
	Receivables turnover	Inventory turnover	Payables turnover	Average days' sales uncollected	Average days' inventory on hand	Average days' payable	Financing period
HPC outliers	0	0	0				
HPC sample size	265	208	250	265	208	250	206
% of the sample	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
All Ords outliers	62	54	11				
All Ords sample size	1355	1162	1369	1355	1162	1369	1147
% of the sample	4,58%	4,65%	0,80%	0,00%	0,00%	0,00%	0,00%

Table 3a. Percentage Difference Between Australian HPC and ASX All Ordinaries Companies - 1997 - 2001

Sample	Performance Drivers				Performance Measures					
	Asset turnover	Profit margin	Debt to Equity	Cash flow yield	Growth in Revenues	Return on assets	Return on equity	Cash flow returns on total assets	Cash flow returns on stockholders' equity	Free Cash Flow
Panel A. With outliers										
Australian HPCs	1,4074	-1,5395	1,5724	2,3798	-0,3049	0,0159	-0,0133	0,0773	0,1557	-0,0604
ASX All Ordinaries	1,1471	-2,9299	1,2360	3,1010	0,0668	-0,0112	0,0117	0,0514	0,1443	-0,0363
Difference	0,2603	1,3903	0,3363	-0,7212	-0,3717	0,0271	-0,0250	0,0259	0,0114	-0,0241
% Difference	18,50%	90,31%	21,39%	-30,30%	-121,91%	170,50%	-187,57%	33,50%	7,32%	-39,97%
T-test	0,017480	0,199079	0,134035	0,130548	0,133922	0,168547	0,365226	0,137500	0,410624	0,169741
Panel B. Without outliers										
Australian HPCs	1,4074	-0,1657	1,1348	1,9424	0,1448	0,0510	0,1067	0,0976	0,1924	-0,0216
ASX All Ordinaries	0,9825	-0,6010	1,2734	2,6594	0,0668	0,0086	0,0117	0,0514	0,1286	-0,0419
Difference	0,4249	0,4353	-0,1386	-0,7170	0,0780	0,0424	0,0951	0,0461	0,0638	0,0203
% Difference	30,19%	262,62%	-12,21%	-36,92%	53,89%	83,08%	89,08%	47,29%	33,16%	93,59%
T-test	0,000211	0,039037	0,109152	0,023426	0,041505	0,008081	0,021301	0,008229	0,040360	0,125736

Table 3b. Percentage Difference Between Australian HPC and ASX All Ordinaries Companies - 2002 - 2007

Sample	Performance Drivers				Performance Measures					
	Asset turnover	Profit margin	Debt to Equity	Cash flow yield	Growth in Revenues	Return on assets	Return on equity	Cash flow returns on total assets	Cash flow returns on stockholders' equity	Free Cash Flow
Panel A. With outliers										
Australian HPCs	1,4169	0,0661	1,0215	1,9325	0,2172	0,1408	0,2748	0,2195	0,4269	0,0522
ASX All Ordinaries	0,9981	-4,7231	1,1774	2,4515	-0,1399	-0,0105	-0,0849	0,0452	0,1241	-0,0621
Difference	0,4187	4,7892	-0,1559	-0,5190	0,3570	0,1513	0,3596	0,1743	0,3028	0,1143
% Difference	29,55%	7245,27%	-15,26%	-26,86%	164,41%	107,46%	130,90%	79,42%	70,93%	218,87%
T-test	0,000000	0,005552	0,030825	0,028757	0,000012	0,000000	0,005593	0,000000	0,000000	0,000000
Panel B. Without outliers										
Australian HPCs	1,4029	0,1395	0,9720	1,5831	0,2269	0,1445	0,2564	0,2056	0,3698	0,0497
ASX All Ordinaries	0,9661	-0,0787	1,0816	1,9948	0,0106	0,0152	0,0631	0,0563	0,1120	-0,0568
Difference	0,4368	0,2181	-0,1096	-0,4116	0,2163	0,1293	0,1932	0,1493	0,2578	0,1065
% Difference	31,13%	156,40%	-11,28%	-26,00%	95,35%	89,50%	75,38%	72,60%	69,72%	214,47%

T-test	0,000000	0,000000	0,027573	0,000003	0,000000	0,000000	0,000000	0,000000	0,000000	0,000000
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Table 4a : Performance of Australian HPC in comparison to All-ordinaries: 1997-2001 (outliers eliminated)

Industry	Performance Drivers				Performance Measures					
	Asset turnover	Profit margin	Debt to Equity	Cash flow yield	Growth in Revenues	Return on assets	Return on equity	Cash flow return on total assets	Cash flow return on stockholders' equity	Free Cash Flow
10	20.39%	79.43%	8.96%	-36.35%	102.84%	471.21%	312.46%	89.57%	72.14%	8.77%
T-test	0.196180	0.303943	0.366277	0.264180	0.018953	0.004941	0.004960	0.019874	0.078865	0.445756
13	26.74%	872.72%	-71.74%	-32.49%	26.06%	6.12%	-65.96%	36.05%	31.22%	281.64%
T-test	0.121110	0.163319	0.103841	0.335125	0.430228	0.485156	0.387525	0.287150	0.294626	0.025512
50	20.49%	16.83%	18.59%	-70.64%	26.54%	-2.33%	3.68%	-49.57%	-57.07%	106.06%
T-test	0.060976	0.426549	0.150444	0.227801	0.296507	0.462417	0.434216	0.341609	0.320082	0.308743
73	-14.72%	-49.28%	3.16%	-133.10%	2.95%	32.95%	523.58%	55.65%	-394.41%	-30.17%
T-test	0.278124	0.197552	0.460108	0.091820	0.491596	0.416330	0.287941	0.334720	0.166820	0.316201
87	58.30%	1632.43%	-12.31%	1.99%	29.49%	74.11%	70.37%	61.12%	51.23%	67.43%
T-test	0.000003	0.059933	0.256421	0.473030	0.400407	0.001892	0.002725	0.005451	0.020416	0.314849
All	30.19%	262.62%	-12.21%	-36.92%	53.89%	83.08%	89.08%	47.29%	33.16%	93.59%
T-test	0.000211	0.039037	0.109152	0.023426	0.041505	0.008081	0.021301	0.008229	0.040360	0.125736

from the table with outliers

All	18.50%	90.31%	21.39%	-30.30%	-121.91%	170.50%	-187.57%	33.50%	7.32%	-39.97%
T-test	0.017480	0.199079	0.134035	0.130548	0.133922	0.168547	0.365226	0.137500	0.410624	0.169741

Table 4b : Performance of Australian HPC in comparison to All-ordinaries: 2002-2007 (outliers eliminated)

Industry	Performance Drivers				Performance Measures					
	Asset turnover	Profit margin	Debt to Equity	Cash flow yield	Growth in Revenues	Return on assets	Return on equity	Cash flow return on total assets	Cash flow return on stockholders' equity	Free Cash Flow
10	31,80%	221,02%	-10,93%	-1,04%	144,00%	110,52%	99,56%	81,94%	83,68%	1043,81%
T-test	0,000001	0,000002	0,271382	0,460437	0,018119	0,000000	0,000000	0,000000	0,000000	0,000012
13	52,48%	224,22%	-43,28%	-20,02%	99,00%	100,48%	100,93%	74,19%	75,18%	513,81%
T-test	0,000090	0,000887	0,028584	0,170608	0,014019	0,000987	0,001515	0,000062	0,000086	0,005910
50	-17,06%	215,84%	-26,71%	-19,39%	150,42%	11,12%	-13,35%	12,66%	16,85%	169,04%
T-test	0,050222	0,089324	0,066406	0,245510	0,038251	0,319243	0,262176	0,291988	0,271563	0,004273
73	8,83%	161,95%	3,35%	-32,70%	68,92%	60,75%	62,94%	58,12%	63,62%	93,23%
T-test	0,138439	0,000372	0,411384	0,032738	0,000038	0,000000	0,000000	0,000000	0,000001	0,000001
87	41,93%	244,89%	-2,44%	-38,76%	83,24%	69,44%	56,06%	54,18%	46,18%	75,62%
T-test	0,000113	0,043982	0,425713	0,022740	0,060236	0,000033	0,000113	0,000934	0,011167	0,102438
All	31,13%	156,40%	-11,28%	-26,00%	95,35%	89,50%	75,38%	72,60%	69,72%	214,47%
T-test	0,000000	0,000000	0,027573	0,000003	0,000000	0,000000	0,000000	0,000000	0,000000	0,000000

from the table with outliers

All	29,55%	7245,27%	-15,26%	-26,86%	164,41%	107,46%	130,90%	79,42%	70,93%	218,87%
T-test	0,000000	0,005552	0,030825	0,028757	0,000012	0,000000	0,005593	0,000000	0,000000	0,000000

Table 5a. Percentage Difference Between Australian HPC and ASX All Ordinaries Companies - Operating Assets Management - 1997 - 2001

Sample	Performance Drivers			Performance Measures			
	Receivables turnover	Inventory turnover	Payables turnover	Days' sales uncollected	Days' inventory on hand	Days' payable	Financing period
Panel A. With outliers							
Australian HPCs	8,8131	138,5902	10,0371	41,4157	2,6337	36,3651	7,6843
ASX All Ordinaries	9,6532	89,3798	13,7609	37,8112	4,0837	26,5245	15,3704
Difference	-0,8401	49,2104	-3,7238	3,6045	-1,4500	9,8406	-7,6862
% Difference	-9,53%	35,51%	37,10%	8,70%	-55,06%	27,06%	100,02%
T-test	0,200064	0,286304	0,030412				
Panel B. Without outliers							
Australian HPCs	8,8131	28,2704	9,0951	41,4157	12,9110	40,1317	14,1950
ASX All Ordinaries	7,3155	14,6586	10,6521	49,8942	24,9001	34,2657	40,5286
Difference	1,4976	13,6118	-1,5570	-8,4785	-11,9890	5,8660	26,3335
% Difference	16,99%	48,15%	17,12%	-20,47%	-92,86%	14,62%	185,51%
T-test	0,042002	0,036531	0,043613				

Table 5b. Percentage Difference Between Australian HPC and ASX All Ordinaries Companies - Operating Assets Management - 2002 - 2007

Sample	Performance Drivers			Performance Measures			
	Receivables turnover	Inventory turnover	Payables turnover	Days' sales uncollected	Days' inventory on hand	Days' payable	Financing period
Panel A. With outliers							
Australian HPCs	11,8747	41,5437	12,7038	30,7377	8,7859	28,7315	10,7921
ASX All Ordinaries	11,2189	71,8902	14,5367	32,5344	5,0772	25,1088	12,5028
Difference	0,6558	30,3465	-1,8329	-1,7967	3,7087	3,6227	-1,7107
% Difference	5,52%	-73,05%	14,43%	-5,85%	42,21%	12,61%	-15,85%
T-test	0,334913	0,057705	0,355810				
Panel B. Without outliers							

Australian HPCs	11,8747	41,5437	12,7038	30,7377	8,7859	28,7315	10,7921
ASX All Ordinaries	7,1110	13,9365	8,7516	51,3287	26,1903	41,7067	35,8122
Difference	4,7636	27,6072	3,9522	-20,5909	-17,4043	12,9752	25,0201
% Difference	40,12%	66,45%	31,11%	-66,99%	198,09%	-45,16%	231,84%
T-test	0,000002	0,000038	0,000034				

Table 6a : Operating Assets Management Comparison of Australian HPC to All Ordinaries: 1997-2001 (outliers eliminated)

Industry	Performance Drivers			Performance Measures			
	Receivables turnover	Inventory turnover	Payables turnover	Average days' sales uncollected	Average days' inventory on hand	Average days' payable	Financing period
10	-0.37%	43.43%	-76.65%	0.37%	-76.77%	43.39%	-1108.45%
T-test	0.495561	0.059736	0.069213				
13	16.03%	93.09%	-7.42%	-19.09%	-1346.39%	6.91%	-299.79%
T-test	0.191598	0.098379	0.440011				
50	-28.13%	-9.87%	12.16%	21.96%	8.98%	-13.85%	31.82%
T-test	0.035409	0.271736	0.163277				
73	48.40%	54.70%	27.37%	-93.81%	-120.73%	-37.69%	-903.79%
T-test	0.047177	0.169228	0.098964				
87	24.01%	-26.05%	28.59%	-31.60%	20.67%	-40.04%	-5.96%
T-test	0.035209	0.275850	0.052162				
All	16.99%	48.15%	-17.12%	-20.47%	-92.86%	14.62%	-185.51%
T-test	0.042002	0.036531	0.043613				

from the table with outliers

All	-9.53%	35.51%	-37.10%	8.70%	-55.06%	27.06%	-100.02%
T-test	0,200064	0,286304	0,030412				

Table 6b : Operating Assets Management Comparison of Australian HPC to All Ordinaries: 2002-2007 (outliers eliminated)

Industry	Performance Drivers			Performance Measures			
	Receivables turnover	Inventory turnover	Payables turnover	Average days' sales uncollected	Average days' inventory on hand	Average days' payable	Financing period
10	41,40%	86,59%	12,16%	-70,64%	-645,62%	-13,84%	-210,20%
T-test	0,042548	0,004767	0,077443				
13	9,28%	77,65%	8,92%	-10,23%	-347,43%	-9,79%	-381,08%
T-test	0,241749	0,039047	0,367785				
50	-4,66%	13,29%	15,09%	4,45%	-15,33%	-17,77%	4,90%
T-test	0,251591	0,265757	0,110653				

73	49,55%	60,91%	18,22%	-98,21%	-155,85%	-22,27%	-267,47%
T-test	0,000001	0,004038	0,198470				
87	31,21%	-108,75%	16,01%	-45,36%	52,10%	-19,06%	-16,61%
T-test	0,000215	0,001984	0,061039				
All	40,12%	66,45%	31,11%	-66,99%	-198,09%	-45,16%	-231,84%
T-test	0,000002	0,000038	0,000034				

from the table with outliers

All	5,52%	-73,05%	-14,43%	-5,85%	42,21%	12,61%	-15,85%
T-test	0,334913	0,057705	0,355810				