

Plenary • Workshop • Exhibition



ASIAN SOLIDARITY ECONOMY FORUM 2012

October 1-3, 2012

PROCEEDINGS

Faculty of Economics
Sam Ratulangi University

Manado, North Sulawesi
Indonesia

Solidarity • Interdependence • People-to-People Connectivity

REPORT AND PROCEEDINGS

ASEF INDONESIA 2012

Asian Solidarity Economy Forum

"Solidarity, Interdependence, People to People Connectivity"

Plenary, Workshop, Exhibition and Case Study Competition

October 1-3, 2012

Faculty of Economics, Sam Ratulangi University

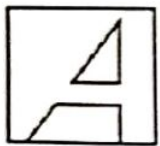
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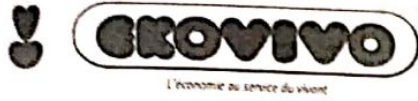
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ASEGAR

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The Canadian CED Network



Indonesian Participating Organizations :



BINA SWADAYA
Self-Reliance Development Foundation



PREFACE



This Report and Proceedings are the collection of articles and event reports in ASEF (Asian Solidarity Economy Forum) Indonesia 2012 which is held on October 1-3 2012 in Sam Ratulangi University, Manado, North Sulawesi, Indonesia with over 500 participants from 17 countries to discuss about solidarity economy as an alternative economy which emphasizes on People, Planet and Profit and become an approach to reach the sustainable community. The articles and event reports are written and presented to provide complete information about solidarity economy and its development to the readers so, there will be the similar understanding about solidarity economy that is highly needed to promote solidarity economy as wide as possible. The report consists of concept and case study of solidarity economy to show the implementation of solidarity economy based on the expertise of every writer who comes from various fields, such as : academes, project officers, Non Profit Organizations, Researchers and so much more.

Inside this report, there is an overview about events held in ASEF Indonesia 2012, such as : plenary, workshop, exhibition and case study competition. This Report and Proceedings are highly expected to be one media to increase public understanding about solidarity economy in order to reach sustainable community which makes sure that our next generation will still have opportunity to experience good things that we experience now. Finally, the special acknowledgement is given to Heidy Rumajar and Ivana The for their assistance in creating this Report and Proceedings.

Dr. Peggy Adeline Mekel, SE..MA

Editor

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EFFICIENCY AND EFFECTIVENESS OF FINANCIAL PERFORMANCE MANAGEMENT IN PT. MEDIA NUSANTARA CITRA Tbk

Meike D. Mamentu
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ABSTRACT

Good financial performance can improve the efficiency and effectiveness of company to increase profits each year. Assessment of a company can be done by measuring its performance through the financial statements presented by the company each year. The better value of a company the better its financial performance. The purpose of this study is to assess the financial performance of PT. Media Nusantara Citra Tbk from the period of 2006 to 2010, assessed from the liquidity ratios and profitability ratios in terms of the financial statements are, and based on existing data, then it can be predicted the creation of profit by using the existing capital in PT. Media Nusantara Tbk for the period of 2011 to 2015. Research method used in the quantitative descriptive method is to describe systematically, factually and accurately about the facts and the nature of the population of a subject area to a systematic problem solving and factual. In this study, data collection technique done with documentary, i.e. through the internet and review of literature that is processed by using the tools of financial analysis with financial data over at least 5 years and using linear regression analysis with the least squares method. The result showed that the observed financial performance based on liquidity and profitability ratios continue to fluctuate from year to year. Profitability ratios in 2008 had a significant decrease compared to the previous year as a result of increased direct costs of the company. In 2009 through 2010 the company's profitability ratios have increased. Performance improvement is due to the success of management in controlling their business expenses and implementing business strategies adopted by MNC's such as by increasing the production of in-house program, increasing promotion and cross-selling synergies, strengthen its market position, and manage expenses well to increase the company's profit. By using regression analysis, it was found that the increase in operating profit in line with the increase in capital employed for the year 2011 to 2015, assuming *ceteris paribus*.

INTRODUCTION

In the development of technology, media and information has developed quite high. Interest and positive response of the community made a business that specializes in technology, media and information growth. Existing development makes any company engaged in media, information and technology race in creativity and innovation to seize the public interest and response.

The history of media and information industries in Indonesia, which is engaged in the private media and television industry started from PT. Rajawali Citra Televisi Indonesia, better known as RCTI on August 24, 1989. After one year RCTI aired in Indonesia emerging competitor PT. Surya Citra Televisi Indonesia or commonly known as SCTV on August 24, 1990. PT. RCTI who originally did business with no competition, now has a new competitor in the media and broadcasting industry.

Further into the open market competition in the industry and broadcasting media, then followed by new competitors such as ANTV, Indosiar (PT Indosiar

Karya Media Tbk), Trans Tv (Trans Corp) and TV7 (now known as TRANS 7 after 49% shares are owned by Trans Corp) Metro Tv (Media Group) and Lativi which now renamed with Lativi Tv One.

With the emerging competition, then formed a company to cope and manage media in a variety of business units under one holding company and operating in order to form a synergistic media group, integrated, dynamic and creative in the face of competition in the media industry more assertive in media and broadcasting field, which is called PT. Media Nusantara Citra Tbk (MNC) was established on June 17, 1997. MNC which is engaged in media broadcasting has several business units that are familiar to us, those are PT. Rajawali Citra Televisi Indonesia (RCTI), PT. Global Informasi Bermutu (Global TV), PT. Cipta TPI (which was recently acquired by MNCTV name), PT. Sun Television Network (SINDOtv), etc. MNC is not only engaged in the broadcasting unit, but also in print media such as Harian Seputar Indonesia, Genie magazine, Mom & Kiddie, Realita, TRUST magazine, etc. Other business

units are included in the MNC's business units include advertising agencies, talent management, production houses, online sites, insurance and financial services.

Other new competitors arised such as Trans Tv, Trans 7, Metro Tv, Tv One, and others in the same business field. Any media and broadcasting companies vying for the attention of viewers and broadcast advertising market with the best programs on the assumption, that the program will attract attention, grabbing viewers and sponsors that will increase revenue in the advertising sector.

Competition not only in attracting the attention of viewers and the advertising market only, but also occurs in the assessment of company. Every company is competing to get the best assessment in the public eye, and in the eyes of investors. Assessment in the public eye is done with how the company is able to present a quality program for the viewers. Whereas the evaluation in the investor eye is done with how the company has good financial performance.

Assessment of a company can be done by measuring its performance through the financial statements presented by the company each year. The financial report is an overview of the financial situation of a company at a given moment. The financial statements can be broadly divided into four kinds, namely balance sheet, income statement, statement of changes in equity and statement of cash flows. (Martono and Agus Harjito 2004:).

The better a company's value, the better the financial performance. Good financial performance can improve the efficiency and effectiveness of the company to increase profits each year. According Jumingan (2006:239) defines financial performance is a picture of the financial condition of a company at a certain period either in relation to aspects of fund raising and fund distribution, which is usually measured by the indicator of capital adequacy, liquidity, and profitability. Whereas According Sutrisno (2009:53) explains that the company's financial performance is a feat achieved by the company in a given period that reflects the health of the company.

For measuring the financial performance of a company, need to do financial analysis. In doing the analysis of financial statements, it's necessary to have a certain size. Measure often used in financial statement analysis is ratio, which is a tool that can be used to describe the relationship between two or more financial data.

According Martono and Agus Hardjito, types of financial ratios used to analyze the performance of the company are balance sheet ratios (liquidity and solvency / Leverage), the ratio of income (profitability) and the ratio of the activity sheet. 2)

In 2008, the Company recorded a revenue increase of 34.8% of the Company's revenues in 2007. However, the Company reported a net loss in 2008. The decrease was due to an increase in direct costs,

general and administrative expenses, depreciation, and other expenses. Direct load / program consists of in-house production costs, the cost of acquisition of the foreign programs and local programs, the cost for short message service, and others.

Direct expenses increased in 2008 compared with 2007. This increase was due to an increase in the purchase of local programs, the cost of production itself, and the cost of the short message service of Rp245 billion. The Company also produces several popular television programs with the license agreement that requires the Company to pay certain fees to third parties the right to produce and broadcast programs in Indonesia.

Current liabilities of the Company at the end of year 2010 increased by 93% from 2009. This increase is caused by the presence reclassification of bonds from current liabilities to current liabilities as falling due within one year.

Based on the background that has been described by the author, then that becomes the main issue is how the financial performance of PT. Media Nusantara Citra Tbk from the period 2006 to 2010 is considered of liquidity ratios and profitability ratios in terms of the existing financial statements? Based on existing data, the creation of what is forecasting operating income by using existing capital in PT. Media Nusantara Citra Tbk in 2011 to 2015?

METHODS

The method used in this research is descriptive method. That is, research that seeks to describe a systematic, factual and accurate about the facts and nature of the population or a region. The goal is for solving the problem in a systematic and factual (Murti Sumarni and Salamah Wahyu: 2006).

In assessing the financial performance of the company, we can use the ratios to measure it. The ratios are:

1. Liquidity Ratios

Liquidity Ratio is a ratio that shows the relationship between corporate cash and other current assets by current liabilities. Liquidity ratios are used to measure a company's ability to meet short-term obligations. Liquidity ratio consists of:

Current Ratio = current assets and current liabilities

Quick Ratio = current assets, inventories and current liabilities

Cash ratio = cash, and total current liabilities

2. Profitability Ratios

This ratio is also referred to as the profitability ratio, i.e. the ratio that indicates a company's ability to generate earnings. These are included in this ratio:

Net Profit Margin = Net profit after tax and net income

Return on Equity = profit after tax and total equity

Return on Investment = profit after tax and total assets (Martono and Agus Harjito 2008: 53)

As for the forecasting income creation in 2011 until 2015, then used the least squares method which is used to calculate the required number of variables such as capital or equity (the financial statements) and Operating Income (the financial statements).

In this study, the population is the totality of the variables studied, in this case the financial statements (financial statement) from PT. Media Nusantara Citra Tbk from 2006-2010. While the sample in this study is required in analyzing the variables by using the ratio of liquidity and profitability as well as several variables that are used to perform regression analysis.

In analyzing the data, then use the existing analysis tools, namely:

1. Liquidity Ratios:

- Current ratio, with the formula:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$$
- Quick Ratio (quick ratio), with the formula:

$$\text{Quick ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}} \times 100\%$$
- Cash ratio (cash ratio), with the formula:

$$\text{Cash ratio} = \frac{\text{Cash}}{\text{Total Current Liabilities}} \times 100\%$$

2. Profitability Ratios:

- Net Profit Margin, by the formula:

$$\text{Net Profit Margin} = \frac{\text{Profit After Tax}}{\text{Net Revenue}} \times 100\%$$
- Return on Equity, with the formula:

$$\text{Return on equity} = \frac{\text{Profit After Tax}}{\text{Equity}} \times 100\%$$
- Return on Investment, with the formula:

$$\text{Return on total assets} = \frac{\text{Profit After Tax}}{\text{Total Assets}} \times 100\%$$
- RE, with the formula:

$$\text{RE} = \frac{\text{Operating Income or EBIT}}{\text{Total Assets}} \times 100\%$$

(Martono and Agus Harjito 2008: 53),

3. Regression Analysis

To measure the influence of independent variables on the dependent variable and the dependent variable predicted by using the independent variables. Gujarati (2006) defined the regression analysis as studies of the relationships of the variables are referred to as the explained variable (the explained variable) with one or two variables that explain (the explanatory). The first variable is also called as the dependent variable and the second variable is called the independent variable. If more than one independent variable, the regression analysis is called multiple linear regression. Called multiple because of the influence of several independent variables will be the dependent variable. ([Http://www.jonathansarwono.info/regresi](http://www.jonathansarwono.info/regresi)).

In this study, researchers used a linear regression analysis with the least squares method. This analysis is used to determine the influence of equity capital used to profits created. Then, by using the existing equations, researchers tried to predict the creation of a capital gain is determined using

researchers with *ceteris paribus* assumption. So it can be formulated as follows:

$$Y = a + bX$$

$$a = \bar{Y} - b\bar{X}$$

$$b = \frac{\sum xy}{\sum x^2}$$

$$\text{Significance test} = t = \frac{b}{S_b} \text{ atau } \frac{b\sqrt{\sum x^2}}{2a}$$

$$\text{Where } S_b = \text{Standard error } b = \frac{se}{\sqrt{\sum x^2}}$$

$$Se = \sqrt{\frac{1}{n-2} (\sum y^2 - b^2 \sum x^2)}$$

Where:

X = equity

Y = before tax Operating Income (EBIT)

RESULTS

PT. Media Nusantara Citra Tbk (MNC) was established on June 17, 1997 to house and manage media in a variety of business units under one holding company and operating in order to form a synergistic media group, integrated, dynamic and creative in the face of competition in the media industry.

MNC engaged in media broadcasting has several business units that are familiar we know that PT Rajawali Citra Televisi Indonesia (RCTI), PT Global Informasi Bermutu (Global TV), PT Cipta TPI (which was recently acquired by MNCTV name), PT Sun television Network (SINDOTV), etc. MNC is not only engaged in the broadcasting unit, but also in print media such as Harian Seputar Indonesia, Genie magazine, Mom & Kiddie, Realita, TRUST magazine, etc. Other business units are included in the MNC's business units include advertising agencies, talent management, production houses, online sites, insurance and financial services.

Vision of PT. Media Nusantara Citra Tbk (MNC) is: Being a media and multimedia group integrated in focus broadcasting and quality content through the use of appropriate technology to meet market needs. The mission of PT. Media Nusantara Citra Tbk (MNC) is: Provide a complete family entertainment concept and a source of information for the entire community that consists of various layers of the social background and educational different.

The Board of Commissioners of PT. Media Nusantara Citra Tbk is as follows:

Commissioner: Rosano Barack

Commissioner: Bambang Rudijanto Tanoesoedibjo

Commissioner: Lucas Chow

Commissioner: Leksono Djoko Sugiarto

Commissioner: Irman Gusman

The Board of Directors. Media Nusantara Citra Tbk:

Group President and CEO: Hary Tanoesoedibjo

Director I: Agus Mulyanto

Director: Oerianto Guyandi

Director: Nana Puspa Dewi

Recapitulation of the Financial Statements of PT. Media Nusantara Citra Tbk
The period 2006 - 2010 (in Millions of Rupiah)

Description	Year				
	2006	2007	2008	2009	2010
Cash	508,182	1,634,992	1,240,939	1,118,477	1,080,409
Receivable	617,869	1,062,023	1,349,141	1,509,173	1,927,838
Inventory	702,983	885,315	932,237	951,030	915,310
Total Current Assets	2,311,548	4,236,355	5,026,184	4,785,995	5,201,103
Total Fixed Assets	1,255,798	2,151,872	2,988,938	2,855,369	2,995,440
Total Assets	3,567,345	6,388,227	8,015,122	7,641,364	8,196,543
Current Liabilities	573,888	1,105,840	1,488,105	1,351,966	2,604,665
Equity	1,102,884	3,889,334	4,265,752	4,286,176	4,767,037
Income	2,096,114	2,908,709	3,921,940	3,923,845	4,855,907
Profit	548,668	840,385	644,563	607,224	1,189,132
Net Profit	308,602	444,587	164,980	396,668	744,219

DATA ANALYSIS

1. Liquidity Ratios

- a. Current ratio, with the formula:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$$
- b. Quick Ratio (quick ratio), with the formula:

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}} \times 100\%$$
- c. Cash ratio (cash ratio), with the formula:

$$\text{Cash ratio} = \frac{\text{Cash}}{\text{Total Current Liabilities}} \times 100\%$$

2. Profitability Ratios

- a. Net Profit Margin, by the formula:

$$\text{Net Profit Margin} = \frac{\text{Profit After Tax}}{\text{Net Revenue}} \times 100\%$$
- b. Return on Equity, with the formula:

$$\text{Return on equity} = \frac{\text{Profit After Tax}}{\text{Equity}} \times 100\%$$
- c. Return on Investment, with the formula:

$$\text{Return on total assets} = \frac{\text{Profit After Tax}}{\text{Total Assets}} \times 100\%$$
- d. RE, with the formula:

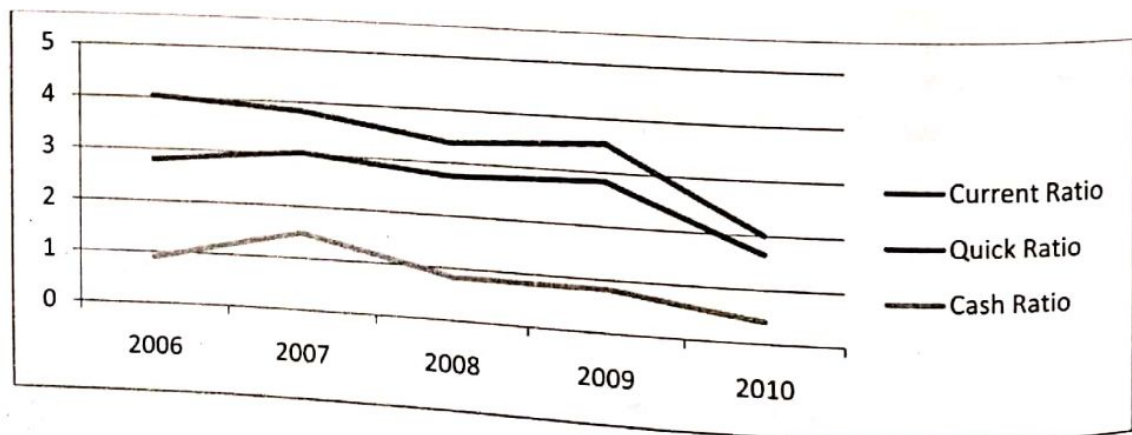
$$\text{RE} = \frac{\text{Operating Income or EBIT}}{\text{Total Assets}} \times 100\%$$

Financial Results of Ratio Analysis

RATIO	YEAR				
	2006	2007	2008	2009	2010
Liquidity					
1. Current Ratio	4.03	3.83	3.38	3.54	2.00
Common size	0	-4.96%	-11.75%	+4.73%	-43.50%
2. Quick Ratio	2.80	3.03	2.75	2.84	1.65
Common size	0	+8.22%	-9.24%	+3.27%	-41.90%
3. Cash Ratio	0.89	1.48	0.83	0.83	0.41
Common size	0	+66.29%	-43.92%	0	-50.60%
Profitability					
1. NPM	0.15	0.15	0.04	0.10	0.15
Common size	0	0	-73.33%	+150%	+50%
2. ROE	0.28	0.11	0.04	0.09	0.16
Common size	0	-60.72%	-63.64%	+125%	+77,78%
3. ROI	0.09	0.07	0.02	0.05	0.09
Common size	0	-22.23%	-71.43%	+150%	+80%
4. RE	0.15	0.13	0.08	0.08	0.15
Common size	0	-13,34%	-38.46%	0	+87.5%

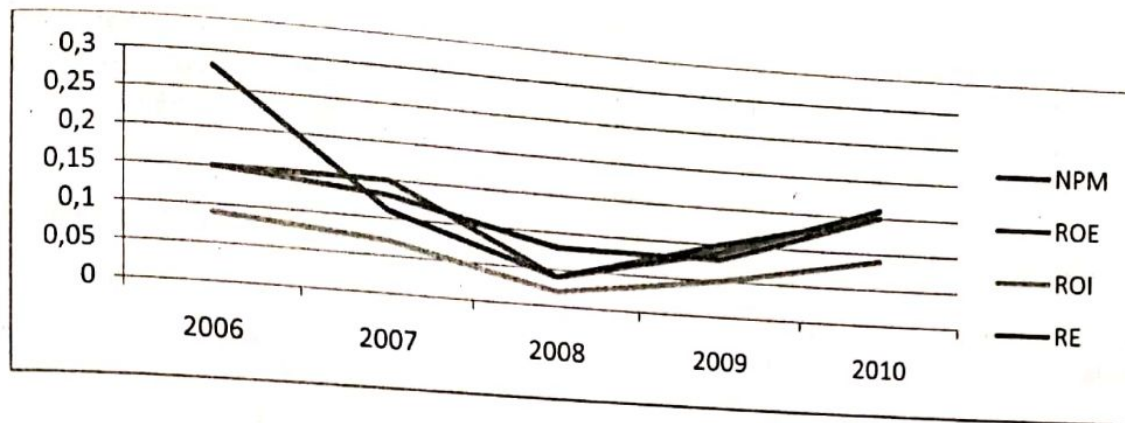
Liquidity ratios from year 2006 - 2010 can be seen by the graph:

Liquidity ratio PT. Media Nusantara Citra Tbk. year 2006-2010



Profitability ratios from 2006 to 2010 can be seen in the graph:

Profitability Ratios PT. Media Nusantara Citra Year 2006 – 2010



3. Regression analysis (using Least Square Method) to determine the influence of capital employed on profits and its forecasting.

$$Y = a + bX$$

$$a = \bar{Y} - b\bar{X}$$

$$b = \frac{\sum xy}{\sum x^2}$$

$$\text{Significance test} = t = \frac{b}{S_b} \text{ atau } \frac{b\sqrt{\sum x^2}}{2a}$$

$$\text{Where } S_b = \text{Standard error } b = \frac{se}{\sqrt{\sum x^2}}$$

$$Se = \sqrt{\frac{1}{n-2} (\sum y^2 - b^2 \sum x^2)}$$

Where:

X = equity

Y = before tax Operating Income (EBIT)

Presented in table form:

Tabulation of data (in millions of rupiahs)

Year	X	Y	x	x ²	y	y ²	xy
2006	1102884	548668	-	6550285731126.76	-	47230764136.96	556214886888.64
2007	3889334	840385	227097.4	51573229086.76	74390.6	5533961368.36	16893911844.44
2008	4265752	644563	603515.4	364230838037.16	-	14745584905.96	-73285719943.56
2009	4286176	607224	623939.4	389300374872.36	-	25208039916.16	-99063108113.76
2010	4767037	1189132	1104800.4	1220583923840.16	423137.6	179045428533.76	467482589735.04

From the data above, using of Microsoft Excel 2007 obtained the following result:

N	= 5
ΣX	= 18,311,183.00
ΣY	= 3,829,972
ΣX^2	= 8,575,974,096,963.2
ΣY^2	= 271,763,778,861.2
ΣXY	= 868,242,560,410.8
$\frac{\Sigma X}{n}$	= 3,662,236.6
$\frac{\Sigma Y}{n}$	= 765,994.4
ΣX^2	= 335,299,422,859,489
ΣY^2	= 14,668,685,520,784

Completion of the regression equation $Y = a + bX$

a. Calculate the value of b, using the formula:

$$b = \frac{\Sigma xy}{\Sigma x^2}$$

$$b = \frac{868,242,560,410.8}{8,575,974,096,963.2} = 0.1013$$

b. Calculating the value of a, with the formula:

$$a = \bar{Y} - b\bar{X}$$

$$a = 765,994.4 - (0.1013 \times 3662236.6)$$

$$a = 765,994.4 - 370,984.6$$

$$a = 395,009.83$$

Based on the regression equation $Y = 395,009.83 + 0.1013X$, the researcher tried to compare the profits created by the regression equation with the actual profit made by the company as follows:

The Comparison of Company's Profit to Profit from the Regression Equation

Year	Company's Profit	Profit from the Regression Equation
2006	548,668	506,731.98
2007	840,385	788,999.36
2008	644,563	827,130.51
2009	607,224	829,199.46
2010	1,189,132	877,910.68

*(in million of rupiahs)

From the table above, presented in graphical form as follows:

c. A regression equation $Y = 0.1013 X + 395,009.83$

d. Calculate the standard error, with the formula:

$$Se = \sqrt{\frac{1}{n-2} (\Sigma y^2 - b^2 \Sigma x^2)}$$

$$Se = \sqrt{\frac{1}{5-2} (271,763,778,861.2 - 0.1013^2 \times 8,575,974,096,963.2)}$$

$$Se = \sqrt{\frac{1}{3} (271,763,778,861.2 - 0.01026169 \times 8,575,974,096,963.2)}$$

$$Se = \sqrt{0.33 (271,763,778,861.20 - 88,003,987,631)}$$

$$Se = \sqrt{556,847,852,212.53}$$

$$Se = 746222.3879$$

e. Calculate the standard error b, using the formula:

$$Sb = \frac{se}{\sqrt{\Sigma x^2}}$$

$$Sb = \frac{746222.3879}{\sqrt{8,575,974,096,963.2}}$$

$$Sb = \frac{746222.3879}{2928476.412}$$

$$Sb = 0.254815912$$

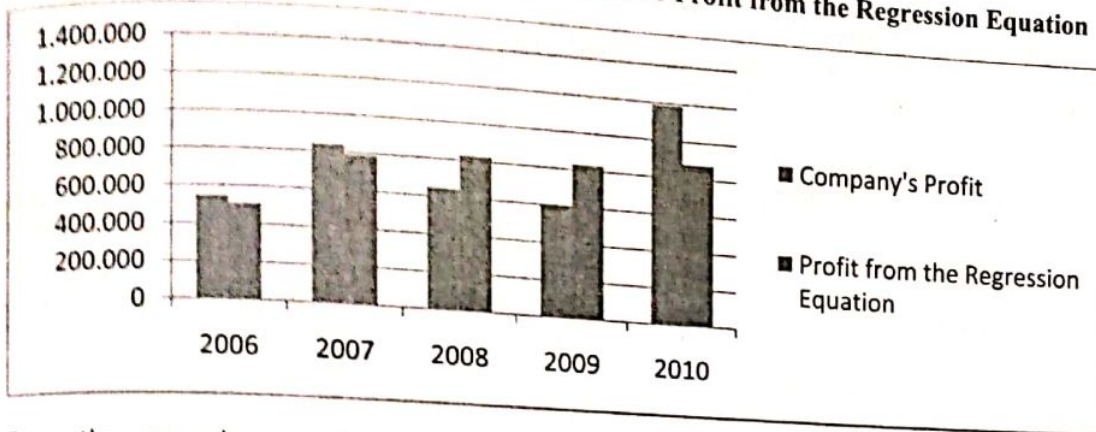
f. Tests of significance, with the formula:

$$t = b / Sb$$

$$t = 0.1013 / 0.254815912$$

$$t = 0.397541893 = 0.40, \text{ which means } 40\%$$

The Comparison of Company's Profit to Profit from the Regression Equation



From the regression equation $Y = 395,009.83 + 0.1013 X$ where X is their own capital Y is used and Operating Profit (Profit before tax) the researchers tried to predict the creation of profit by using their own capital for the years 2011 to 2015, assuming:

1. The increase in capital is considered constant, which amounted to 200,000 each year.
2. *Ceteris paribus* (no change influential factor) Of calculations have been carried out by the researchers, the researchers tried to present it in the form of graphs as follows:

Forecasting Profit Creation by Using Regression Equations for the Year 2011-2015

Tahun	Kenaikan Modal (Margin)	Modal(X)	Laba yang diciptakan dengan Regresi (Y)
2011	+200,000	4,967,037	898,170.68
2012	+200,000	5,167,037	918,430.68
2013	+200,000	5,367,037	938,690.68
2014	+200,000	5,567,037	958,950.68
2015	+200,000	5,767,037	979,210.68

* (in millions of rupiahs)

CONCLUSION

Based on the analysis and discussion that has been mentioned previously, the overall conclusions can be drawn as follows:

1. Performance liquidity PT. Media Nusantara Citra Tbk has increased with the growth of each account in current assets each year. Growth in current assets was offset by the increase in the company's current liabilities tend to rise each year, so comparisons between current assets to current liabilities was decreased every year. This demonstrates the company's ability to pay current liabilities using its current assets decreased.
2. Profitability performance of PT. Media Nusantara Citra Tbk tends to increase starting in 2009 decreased due to the previous management can not control the load directly to the programs presented. Performance improvement is due to the success of management in controlling efforts and implement business strategies adopted by MNCs

such as by increasing the production of in-house programs, increase promotion and cross-selling synergies, strengthen its market position, and manage expenses well to increase the profit of the Company.

3. Profitability ratio shown by the performance of PT. Media Nusantara Citra Tbk has increased in 2010 before declining. This suggests that the ability of the company to generate profits for investors and obligator using the company's assets have increased.
4. 4. Based on linear regression calculations, found positive growth assuming a constant profit *ceteris paribus*.

RECOMMENDATIONS

1. We recommend PT. Media Nusantara Citra Tbk to stick with its business strategy and continuously improve business innovation

- strategies, for instance by in house production, to maintain good financial performance.
2. For the future, if the PT. Media Nusantara Citra Tbk will become the official of the great events that take place periodically, better anticipate the decline in profit after tax by increasing revenue through advertising sector and controlling costs by way of efficiency.

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