

## ABSTRACT

*This study examines and analyzes the economic consequences of modified audit opinion on investment cash flow and borrowing cash flow. The observation methods of this study used panel data model. Objects in this study is a manufacturing company that is listed on the Indonesia Stock Exchange during the years 2010 to 2012. Based on purposive sampling method, acquired 56 companies in the sample, resulting in 168 observations during 3 years of observation. The analytical tool used was the STATA version 11.0.*

*Based on the analysis that had been done, the result that modified audit opinion did not significantly affect borrowing cash flow. Companies receiving modified audit opinion were proven using more operating cash flow for investing, except unqualified opinion with explanatory paragraph about involvement of other auditors.*

*Keywords : Modified Audit Opinion (MAO), Borrowing Cash Flow, Investment Cash Flow, Operating Cash Flow.*