Investment efficiency is a function of risk, return and the total cost of the investment made by management. To be able to measure the efficiency of investment companies, then used the investment model that serves as a proxy growth opportunities with residual value. The financial statements are intended to provide information regarding the financial position, work and changes in financial position of an enterprise value of discretionary accruals. Good quality financial reports can save companies from underinvestment or overinvestment conditions for good quality financial reports that can reduce information asymmetry between shareholders and managers. The purpose of this study was to determine and obtain empirical evidence of the influence of the quality of financial reports on the condition of underinvestment and overinvestment in mining companies listed on the Stock Exchange in 2011-2013.

The sample in this study was 13 mining companies listed on the Indonesian Stock Exchange for the period 2011-2013. Determination of the sample using purposive sampling method. The analytical tool used is multinominal logistic regression analysis.

These results indicate that the quality of financial reporting negatively affect the condition of underinvestment companies, indicated by the significant value of 0.000 and the quality of the financial statements did not affect the company overinvestment conditions indicated by the significant value of 0.795.

Keywords: Efficiency Investment, Quality of Financial Statements, Multinominal Logistic Regression.