APPLICABILITY OF ALTMAN'S Z-SCORE MODEL IN PREDICTING FINANCIAL DISTRESS TOWARDS PN17 COMPANIES IN MALAYSIA

FAIRUS FARIZAH BINTI RAZALI
2014534895

BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.

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BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.

DECLARATION OF ORIGINAL WORK

Fairus Farizah Binti Razali

2014534895

Hereby, declare that,

- ✓ This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.
- ✓ This project paper is the result of my independent work and investigation, except where otherwise stated.
- ✓ All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____   Date:_____

LETTER OF SUBMISSION

31st Dec 2016

Madam Norsaliza Binti Abu Bakar

Faculty of Business Management

Universiti Teknologi MARA

85000 Segamat

Johor Darul Takzim

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled **"Applicability Of Altman's Z-Score Model In Predicting Financial Distress Towards Pn17 Companies In Malaysia "** to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

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FAIRUS FARIZAH BINTI RAZALI

2014534895

Bachelor of Business Administration (Hons) Finance

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Alhamdulillah first of all I am graceful to Allah SWT for giving me a chance to complete this research report on time. I would like to give a million appreciations for those who were involves on this project paper to be successful project paper.

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Last but not least, I remain grateful to my parents, lecturers, classmates and to everyone who provided to me the means to learn and understand. By having this project paper, I hope that I will able to complete my constraint of this subject for this semester and able to do my project paper for next semester that is needed for me to complete my time as a Bachelor student. May perhaps all stuffs that I have completed will be blessed by Allah SWT.

ABSTRACT

PN 17 is known as Practice Note 1. It is for listed company that having a financial distress and issued by Malaysian Stock Exchange. The company will had a financial distress when the business failed to meet the requirement of the minimum capital and equity. Which is the company had less than 25% from the paid up capital. By using financial ratio analysis method can detect the failure that happen to this companies. In 2016 under PN17 list there are 17 companies that listed on Malaysian Stock Exchange classified. According with their existing standard the company will entered into PN17. However there are investors doesn't even know about the status form these listed company. So, a real and attention for these companies has not been given also scientific researchers and analytical studies are still lacking for companies that listed in PN17. The aims for this research is to measure the financial performance by using financial profitability ratios (Working Capital to Total Assets, Return on Total Assets, Retained Earnings to Total Assets, Market Value of Equity to Total Liabilities and Asset turnover) in determining the financial disaster of companies. The available data collected from the DataStream covering the period from 2011 to 2013 were used in the analysis. Furthermore, by using Altman's Z-Score can be used to testing the performance of the company whether become failure or non failure company.