DETERMINANTS OF FINANCIAL DISTRESS: EVIDENCE FROM LISTED GN3 COMPANIES IN BURSA MALAYSIA

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Submitted in Partial Fulfillment
of the Requirement for the
Bachelor of Business Administration (Hons) Finance

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DECLARATION OF ORIGINAL WORK

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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

30th DECEMBER 2016

Sir Syamsyul bin Samsudin
Faculty of Business Management
Universiti Teknologi MARA
85000 SEGAMAT
JOHOR DARUL TAKZIM

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "**DETERMINANTS OF FINANCIAL DISTRESS: EVIDENCE FROM LISTED GN3 COMPANIES IN BURSA MALAYSIA**" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

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ABSTRACT

This study investigates the factors that influence the financial distress towards the companies listed in Guidance Note 3 (GN3). The issue of this study is to know and get a clear picture on the performance of the company after being listed in GN3. Besides that, the purpose of this study is to have a clear view on the relationship between the dependent variable of Return on Asset (ROA) was used to measure financial performance and independent variables of Debt ratio (DR), Total Asset Turnover ratio (TATO), Current ratio (CR), and Net Profit Margin (NPM). A population of 113 companies in ACE Market, a sample of 6 companies that were listed in GN3 was selected. The period under study was from 2009 to 2013. The observation data are collected for 30 observations of yearly data of financial statement and balance sheet found in Bursa Malaysia. The data has been analysed by using Stata 11 to do descriptive analysis, fixed effect model regression, random effect model regression and multiple regression. Based on the results, 2 out of 4 variables are significant and majority of the variable have positive relationship with financial performance. Financial performance will be affected when financial distress increase. In order to ensure the shareholders confidence, the companies need to reduce financial distress by ensuring financial stability in GN3's company (Kariuki,H.N.,2013).