



LIQUIDITY, ACTIVITY AND LEVERAGE RATIOS .
EFFECT ON PROFITABILITY IN BURSA
MALAYSIA: CONSUMER PRODUCT COMPANIES
(2001-2005)

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JOHOR

NOVEMBER 2006

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

FACULTY OF BUSINESS MANAGEMENT UITM,
JOHOR

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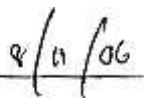
"DECLARATION OF ORIGINAL WORK"

1, Norhafizah Bt Kamisan, (I/C Number:830417-01-6124)

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

8 NOVEMBER 2006

The Programme Coordinator
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi
MARA 85009 Segamat
Johor.

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "LIQUIDITY, ACTIVITY AND LEVERAGE RATIOS EFFECT ON PROFITABILITY IN BURSA MALAYSIA: CONSUMER PRODUCT COMPANIES (2001-2005)" to fulfill the requirement as needed by the Faculty of Business Management, University Teknologi MARA

Thank you

Yours sincerely



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ABSTRACT

This paper seeks to investigate the correlation between the profitability, liquidity, leverage, and activity of consumer product listed companies on the Bursa Malaysia during a five-year period which is from year 2001 until year 2005. This study focuses on the 60 consumer product companies listed on the Bursa Malaysia, which is under Main Board of the Bursa Malaysia. Basically, the purpose of this study is to determine whether there is any significant relationship between variable of profitability and those three variables which are liquidity, leverage and activity ratios. The data will be analyzed in the time-series basis of annually data from year 2001 to year 2005. Bivariate correlation analysis is used in order to know the existence of correlation between profitability, liquidity, activity, and leverage ratios of selected consumer product companies listed on the Main Board of the Bursa Malaysia.

This study found that there are significant effects of liquidity, activity and leverage ratios on profitability. It shows the overall performance of the companies based on financial ratios which are profitability, liquidity, leverage and activity ratios.