



**IDENTIFYING FINANCIAL DISTRESS FIRMS:
A CASE STUDY OF LISTED COMPANIES ON BURSA MALAYSIA UNDER PN 17**

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ABSTRACT

The diagnosis of potential failure or bankruptcy of a financially distress firms has been a focal issue in finance over the past three decades among the researchers. Firm that is identify to have financial distress has a higher probability to be declare bankruptcy. Therefore, it required pre-emptive tools to identify the potential financial distress. This paper will examine 14 listed companies in Bursa Malaysia which will be use as the sample for this research. These 14 listed companies were selected because those were all placed under Practice Note No.17 (PN17) as stated on 30th June 2017. There were 20 companies that have been placed under the PN17 however 6 out of 20 listed companies were not able to provide a complete data. The duration periods to test this variable are within eight years (2009 until 2016). This data was measured using Stata 12. The dependent variables consist of current ratio and debt ratio. While independent variable will be financial distress cost which is measured by Altman Z scores. The finding showed that there were significant relationship between current ratio, and debt ratio toward the dependent variables which was Altman z-score. Apart from that, 11 out of the 14 listed companies of PN17 were identify to be financially distress since they obtain Altman z-score for the year 2016 less than 1.81. This indicated that these 11 listed companies may undergo bankruptcy if they do not take the necessary action to overcome this problems.