



**THE DETERMINANTS OF FINANCIAL DISTRESS
IN MALAYSIAN CONSTRUCTION SECTOR**

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JUNE 2016

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
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"DECLARATION OF ORIGINAL WORK"

We, Muhammad Danial bin Azalan, (I/C Number: 930618-14-6273) and Nur Zulaiqa binti Abd Rahman (I/C Number: 930215-14-5794)

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 our independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged.

Signature: _____

(Muhammad Danial bin Azalan)

Date: _____

(Nur Zulaiqa binti Abd Rahman)

LETTER OF SUBMISSION

30th June 2016

MADAM AQILAH NADIA BINTI MD SAHIQ

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Dear Sir/Madam,

Submission of Final Project Paper

Attached is the project paper title “**The Determinants of Financial Distress in Malaysian Construction Sector**” to fulfill the requirement needed by the Faculty of Business Administration, Universiti Teknologi MARA.

Thank You,

Sincerely,

Muhammad Danial bin Azalan

Nur Zulaiqa binti Abd Rahman

Bachelor of Business Administration (Hons) Finance

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ABSTRACT

The objective of this study is to identify the determinants of financial distress in Malaysian construction sector. The dependent variable of this study is time interest earned while the independent variables are debt to capital, working capital and sales index. The type of data used in this study is panel data. The sample of study consists of 67 companies in the construction sector and data collected cover the period from 2001 until 2015. This study employs Panel Regression Fixed Effect Model in order to study the relationship between those variables. The result of this study shows that debt to capital, working capital and sales index has significant relationship with financial distress. In conclusion, it will be important determinants to use in to see the financial distress in the construction industry.