



**FINANCIAL RATIO: PERFORMANCE OF PN4
COMPANIES**

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**Submitted as Partial Fulfillment of Bachelor Business
Administration (Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
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LETTER OF SUBMISSION

24th October 2007

Head of Program
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Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "FINANCIAL RATIO: PERFORMANCE OF PN4 COMPANIES" to fulfill the requirement as needed by the faculty of Business and Management University Teknologi MARA.

Thank you.

Yours sincerely,



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Bachelor of Business Administration (Hons) Finance

**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS AND MANAGEMENT
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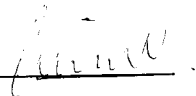
'DECLARATION OF ORIGINAL WORK'

I, Mohd Fariz Bin Abu Khalid, (IC number: 841107-01-5373)

Hereby, declare that,

- This work has not previously been accepted in substance or any degree, locally or oversea, 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: 24/10/07

ACKNOWLEDGEMENT

Alhamdulillah, thanks to the almighty ALLAH, for giving me the inner strength, skills and patience in completing this project paper that is “**Financial ratio: Performance of PN4 companies**”.

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Thank you. Wassalam.

Mohd Fariz bin Abu Khalid

ABSTRACT

Financial distress diagnosis and prediction has been a focal issue in finance due to its importance on the operation of a firm, its environment and the economy. The focus and discussion of this issue is becoming more relevant in the aftermath of the Asian financial crisis in 1997.

To measure and predict the financial distress, this study examine the linkages between financial ratios and PN4 company that been listed on Bursa Malaysia. The ratio measured based on information disclosed in the financial statements of 60 companies that been listed from year 1997-2000. The study identifies the relationship between PN4 companies and financial ratios which 4 types of ratios will be use namely as quick ratio, debt ratio, net profit margin and return on equity that acts as independent variables. The data was used to predict the significant effect of the independent variables on determining the failures or the financial distress of PN4 companies between the years 2001-2002. This study proceeded with statistical test which is logistic regression model in order to indicates and predict the financial distress of PN4 companies. The study found that there is an inconsistency results and prediction of PN4 companies. This result implies that there are some of the ratios failed to indicate the failures of the PN4 companies.