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DUNGUN

Analyzing the Financial Performance and its Potential for TNB by using Fundamental and Technical Analysis.

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ABSTRACT

The purpose of this research paper is using financial tools to analyse and provide an overview of financial performance of Tenaga Nasional Berhad. After analyzing the information i.e 10 years (2003-2012) of Annual Reports such as balance sheet and also income statement, this research paper is to investigate the issue of rising tariff imposed to the user even though TNB's financial performance was getting better each year. This research paper also seeks to determine which factors give the highest affect to its financial performance. Besides that this research paper will provide TNB a guidance to make decisions required on managing their business and to develop their future financial plans which requires reliable and pertinent information on the financial performance and financial position of the firm although if the analysis forecasts serious financial problems.

Our paper analyzes the financial performance for TNB using Fundamental and Technical analysis. The method of calculating Fundamental analysis is using formula of ratio while technical analysis, the application of MetaStock is needed to analyze broad market conditions to help investors whether they should invest in TNB or not. While it could provides information to the public on the financial performance of TNB for each year. MetaStock application is been used to analyze an individual securities (stocks, futures, mutual funds, etc.). In response to the increasing demand for a real-time analysis of prices,

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1.1 BACKGROUND OF STUDY

Financial performance analysis is the process of identifying the financial strengths and weaknesses of TNB by properly establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long term forecasting and growth can be identified with the help of financial performance analysis. The meaning of 'analysis' from businessdictionary.com is an examination of data and facts to uncover and understand cause-effect relationships, thus providing basis for problem solving and decision-making. The analysis of financial statement is a process of evaluating the relationship between the component parts of financial statement to obtain a better understanding of the firm's position and performance. This analysis can be undertaken by management of the firm or by parties outside the namely, owners, creditors, investors.

The first step involves the re-organization of the entire financial data contained in the financial statements. Therefore the financial statements are broken down into individual components and re-grouped into a few principle elements according to their resemblances and affinities. Thus the balance sheet and income statement are completely re-casted and presented in the condensed form entirely different from their original shape.

The second step is to analyze between the individual components of balance sheet and income statement. This is done through the application tools of financial analysis like ratio analysis, trend analysis, and also technical analysis using Metastock application.

Finally, the result obtained by means of application of financial tools is evaluated. In brief financial analysis is the process of selection, relation and evaluation of financial statements. The tools of analysis are used for determining the investment value of the business, credit rating and for testing efficiency of operation.

Thus financial analysis helps to highlight the facts and relationships concerning managerial performance, corporate efficiency, financial strength and weakness and credit worthiness of the company.