



**FINANCIAL RATIO ANALYSIS AS A CORPORATE
FAILURE PREDICTION:
CASE OF PN17 COMPANIES**

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ABSTRACT

The study aim is to identify whether financial ratio analysis gives any effect in determining the performance of the companies. Unit of analysis consist of financial ratios derived from raw financial data; P&L statement (income statement) and cash flow of publicly listed companies in Bursa Malaysia. The sample of the research will focus on 10 distressed companies known as PN17 listed in Bursa Malaysia. The proxy of this study will be return on asset (ROA) which measures the performance of the company while the independent variables are liquidity, leverage and asset efficiency ratio. The performance of company will be evaluated based on quantitative measurement. The secondary data were collected from period of 5 years towards the current year. The method used is multiple regressions with Ordinary Least Square (OLS). The other objective is to understand how financial ratio works in determining PN17 companies listed in Bursa Malaysia as a financial distressed firm. Regards the financial ratio used, the study would like to establish the relationship between the component of financial ratio and return on asset (ROA).

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