THE FINANCIAL PERFORMANCE OF PLANTATION COMPANIES IN MALAYSIA

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بِسْمِ اللهِ الرَّحْمٰنِ الرَّحِيْمِ

"In the name of Allah, the Most Gracious and the Most Merciful"

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Abstracts

The plantations industry has become an important sector to both developed and developing country, including Malaysia. Acknowledging positive advantages of plantation, much research has been carried out on business in plantation industry. In this paper, an attempt is made to know the financial performance of selected plantation companies, for accomplishment of the objective, the data collected from the financial information that are get from DataStream for year 2002-2011 from the selected 26 plantation companies in Malaysia, and then the collected data is analyzed and computed to meet the objectives of the study.

The objectives of the study are to determine the relationship between the ratio and the profit of the company and also to examine the most related criteria that influence the performance of the company. In particular, we consider the ratios that are mostly effect to the profitability or financial performance of the selected company. This study utilizes various ratios among them net profit margin (NPM), current ratio (CR), debt ratio (DR) inventory turnover ratio (IT), return on equity (ROE) and size of firm that we look from total assets of the company. At the end of the study, it shows that only current ratio (CR) is not positive relationship with the profitability of the company. However, for debt ratio, inventory turnover ratio, return on equity and size of firm are have positive relationship with the performance of the company. Furthermore, from the result of this study, we have suggested some recommendation for the future research.