

## ABSTRACT

Many companies registered at the Bursa Efek Jakarta technically can not be maintained anymore. This fact needs to be known earlier by who has concern for it. Therefore, the study produces a model for preventive action as an early warning system which is expected can be used together in order to anticipate the financial condition of the companies are getting worse and finally become bankrupt.

The objectives of this study are (1) to exam contribution several financial ratios simultaneously in order to classify companies into financial distress and non financial distress category, (2) to exam whether there was a different between several financial ratios into financial distress and non financial distress companies category.

This study is a literature research. The data which used is financial report for manufacturing company that has go public at Bursa Efek Jakarta (BEJ) and obtained from Indonesia Capital Market Directory in the year 1999-2001 and the BEJ website [www.jsx.co.id](http://www.jsx.co.id).

Financial ratio which used as variables in this research were short-term liquidity, long-term liquidity, profitability, productivity, indebtedness, investment intensiveness, leverage, return on investment and equity. Statistic analysis which is used is discriminant analysis that used for: First, to analyze contribution several financial ratios simultaneously in order to classify companies into financial distress and non financial distress category, second, to analyze the difference of several financial ratios of the companies into financial distress and non financial distress category.

The result of this study found that: (1) several financial ratios have simultaneously contribution to classify companies in financial distress and non financial distress category. (2) Not all of the financial ratios have difference between companies in financial distress and non financial distress category.