ABSTRACT

This study aims to prove that financial ratios can be used to predict financial distress in manufacturing company. Population from this study is manufacturing companies listed in Indonesia Stock Exchange in 2008-2012. Samples choosen by using purposive sampling method and its obtain 97 company as samples. Hypothesis testing is performed using logistic regression with SPSS ver. 21. The results show that financial ratios can be used to predict financial distress. The most dominant ratios to predict financial distress is net income to sales, debt ratio, equity ratio, cash ratio and cash assets ratio.

Keywords :   financial distress, financial ratio, net income, debt ratio, equity ratio, cash ratio, cash assets ratio.