ABSTRACT

This research is aimed to analyze the ability of financial ratios (current ratio, quick ratio, the sum of receivable means, inventory turnover, fixed assets turnover, total assets turnover, total debt to total assets ratio, times interest earned, fixed charge coverage, profit margin, return on asset, return on equity, price earning ratio, dividend yield, and dividend payout) to predict the changes of future earning. The earning prediction is important for investor to take investment decision.

The samples which are use in this research are manufacture firms listed on BEI from 2007 until 2009and in gain condition. Based on that criterias, samples which are use in this research are 64 firms. The instrument that use is multiple regression.

The result of this research shows that the sum of receivable means, total assets turnover, and total debt to total assets ratio have positive influence towardpredict the changes of future earning for future 1 year and fixed assets turnover has negative influence towardpredict the changes of future earning for future 1 year. Financial ratios 2007 and 2008 have no significant influence to predict the changes of 2009 earning. Financial ratios 2007 have no significant influence to predict the changes of 2009 earning.

Password :   predict the changes of future earning, financial ratios, manufacture firms, multiple regression, future 1 year