

## **ABSTRACT**

*This study is performed to examine the effect of NPM, TATO, DER, Current Ratio, and BOPO toward Return on Asset (ROA) in PDAM in Central Java. The objective of this study is to scale and analyze the effect of the company financial ratios performance (NPM, TATO, DER, Current Ratio, and BOPO) toward ROA in PDAM over period 2006-2007.*

*Sampling technique used here is purposive sampling on criterion the PDAM that represents their financial report per December 2006-2007. The data is obtained based on financial report PDAM. It is gained sample amount of 33 PDAM from 35 PDAM in Central Java. The analysis technique used here is multiple regression with the least square difference and hypothesis test using t-statistic to examine partial regression coefficient and f-statistic to examine the mean of mutual effect with level of significance 5%. In addition, classical assumption is also performed including normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.*

*From the analysis result, it indicates that NPM, TATO, DER, and BOPO variable partially significant toward ROA of the PDAM on 2006-2007 period on the level of significance less than 5%, while it indicates that Current Ratio variable partially not significant toward ROA of the PDAM on 2006-2007 period on the level of significance more than 5%.*

**Keywords:** *NPM, TATO, DER, Current Ratio, BOPO, and Return on Asset (ROA)*