An Analysis of the Financial Health of Companies Listed Under Food Industries Sector in Muscat Securities Market

Abstract:

The study is undertaken to analyze financial health of manufacturing companies listed under food industries in the Muscat Securities Market. In this paper, Altman’s Z score is used to assess the financial Health of 10 manufacturing companies out of 15 companies listed under food industries in the MSM. The study uses published financial reports of the companies on the MSM website for a five-year period from 2012-2016. Altman’s Z score is a commonly used predictor of the risk of insolvency for companies. The results indicate that, out of the ten companies, four companies are completely safe and face no danger of insolvency in the near future. The others had variable records, with risk of insolvency for all or some of the years under reviews. The study concludes by identifying the principal factors responsible for putting companies at risk for insolvency.