



**CASH FLOW RATIOS AS A YARDSTICK FOR  
EVALUATING FINANCIAL PERFORMANCE IN  
MALAYSIAN BUSINESSES**

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**BACHELOR OF BUSINESS ADMINISTRATION  
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JOHOR**

**MAY 2007**

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**Submitted in Partial Fulfillment  
of the Requirement for the  
Bachelor of Business Administration  
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT  
UITM, JOHOR**

**MAY 2007**

**DECLARATION OF ORIGINAL WORK**



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JOHOR**

**"DECLARATION OF ORIGINAL WORK"**

**I, JUNIZZA IMIEYANTIE BT IBRAHIM, (I/C Number: 840605-04-5132)**

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged

Signature: 

Date: 4<sup>th</sup> May 2007

## LETTER OF SUBMISSION

4<sup>th</sup> May 2007

En. Muhammad Sukor Bin Jaafar  
FIN660 Course Tutor  
Finance Department  
Faculty of Business Management  
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85009 Segamat  
JOHOR DARUL TAKZIM

Dear Sir,

### SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "**CASH FLOW RATIOS AS A YARDSTICK FOR EVALUATING FINANCIAL PERFORMANCE IN MALAYSIAN BUSINESSES**" to fulfill the requirement as needed by the Faculty of Business Management, University Technology MARA.

Thank you.

Yours sincerely,



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2005655704  
Bachelor of Business Administration (Hons) Finance

## ABSTRACT

This study is to evaluate the financial performance in Malaysian businesses. For this purpose, Malaysian companies will be compared with US companies in the consumer product, industrial product and trading products. The cash flow ratios will be using in order to evaluate the financial performance of the companies. There will be 5 companies from each sector. Ratios will be calculated from year 2001 until 2005. The performance of companies in term of profit will be the dependent variable while the cash flow ratios will be the independent variables. Regression analysis will be using as a method for this study. From this study, it will shows that the cash flow ratios as a yardstick for evaluating the Malaysian companies performance as compared to US companies and will revealed some similarities and differences.

From the result it shows that there is relationship between cash flow ratios and the performance of both countries. It revealed similarities among the countries. On the other side, it shows that the value of  $R^2$  for US companies is lesser than value of  $R^2$  for Malaysian companies. US companies have negative relationship between the sufficiency ratio and the profitability of the company while Malaysian companies have a positive relationship between the sufficiency ratio and the profitability of the companies. It was tested in the multiple regressions and shows the same negative relationship.