

## FINANCIAL INDICATORS IN DETERMINE THE PERFORMANCE OF MERGER AND ACQUISITION COMPANIES

# NURUL FETIMA BINTI ZULKIFLY 2009860122

## BACHELOR OF BUSINESS ADMINISTRATION (HONOURS) FINANCE FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA DUNGUN TERENGGANU

**APRIL 2011** 

### FINANCIAL INDICATORS IN DETERMINE THE PERFORMANCE OF MERGER AND ACQUISITION COMPANIES

#### ACKNOWLEDGEMENT

ALHAMDULILLAH, all praises to almighty Allah (SWT) the most merciful and the most benevolent for the bounty and blessing to us.

First and foremost, I am grateful to Allah (SWT) for everything He has granted. Thanks to Allah (SWT) for giving me the strength energy, skills, sacrifice, and acknowledge facing the challenge till end. It would be virtually impossible for me to have the courage, endurance, and spirit to spent time to complete this study without the grace and help of Allah (SWT). Without His help and us effort would be senseless.

Undeniably, the dissertation requirement is the most challenging stage in completing my BBA (HONS) Finance course. I would like to take these opportunities to express gratitude and appreciation to the following individuals who is their guidance, support and contribution in order to prepare this project paper completely. This dissertation could not been completed without special thanks to all whom directly or indirectly contributed to the success of this project paper.

Here, I would like to express my deepest gratitude to my distinguished advisor, Prof. Dr Wan Mansor Wan Mahmood for his guidance, advice and patient reading of various drafts, provide comments and recommendations through discussions and helpful suggestion at all stages of this project paper. His

### FINANCIAL INDICATORS IN DETERMINE THE PERFORMANCE OF MERGER AND ACQUISITION COMPANIES

TABLE OF CONTENT

Pages

ACKNOWLEDGEMENT	iii
DEFINITON OF TERMS	viii
LIST OF TABLE	ix
LIST OF FIGURE	x
ABSTRACT	xi

#### **1.0 INTRODUCTION**

1.1	Introduction	1
1.2	Background of Study	2
1.3	Problem Statement	10
1.4	Objective of the Study	11
1.5	Significant of Study	11
	1.5.1 To the researcher	11
	1.5.2 To the company	11
	1.5.3 To the public	12
	1.5.4 To the investor	12
	1.5.5 To the body of knowledge	12
1.6	Scope of Study	12
1.7	Limitation of Study	13
	1.7.1 Ability of respondent to respond meaningfully	13
	1.7.2 Lack of Cooperation	13

### FINANCIAL INDICATORS IN DETERMINE THE PERFORMANCE OF MERGER AND ACQUISITION COMPANIES

#### 2.0 LITERATURE REVIEW

2.1	Introduction	14
2.2	Dependent Variable	15
	2.2.1 Company Performance (Net Income)	15
2.3	Independent Variable	17
	2.3.1 Total Assets	17
	2.3.2 Total Liabilities	18
	2.3.3 Total Equities	18
	2.3.4 Total Revenues	19
	2.3.5 Administrative Cost	20

#### 3.0 RESEARCH METHODOLOGY

3.1	Introduction	22
3.2	Theoretical Framework	22
3.3	Variables	24
	3.3.1 Independent Variables	24
	3.3.2 Dependent Variable	29
3.4	Hypothesis	30
3.5	Data Collection Method	31
	3.5.1 Secondary Data	31
	3.5.1.a Journal	32
	3.5.1.b Internet	32
	3.5.1.c Books	32
3.6	Sampling Technique	32
3.7	Sources of Data	33
3.8	Research Design	33
	3.8.1 Purpose of the Study	34
	3.8.2 Types of Investigation	34
	3.8.3 Unit of Analysis	34
	3.8.4 Time Horizon	35

### ABSTRACT

This study is focusing on The Financial Indicators in Determine the Performance of Merger and Acquisition Companies which focusing in Malaysia. The researcher focuses on this topic because researcher wants to know the relationship of some financial indicators with the performance of the companies after doing mergers. Then, we want to identify which one of the determinants is the most significant to the companies' performance.

The paper will concentrated on six companies located in Malaysia which are ECM Libra Avenue Berhad, PPB Group Berhad, MMC Corporation Berhad, VTI Vintage Berhad, Yen Global Berhad, and CIMB Berhad.

All data will be obtained from secondary data which is from the financial performance that get from the annual reports of each company for the year 2002 until 2009.

This research was used Statistics or Data Analysis STATA. This software was used to compute and analyze the data that was gathered by the researcher during this research. From that, the researcher can prove either this research is success or not.

This research has been done by collecting the data from annual reports of each company that can get from the internet. These mergers and acquisitions