



**THE PERFORMANCE OF COMPANIES LISTED IN BURSA  
MALAYSIA**

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## **ABSTRACT**

Initial Public Offering is prone to something that will give benefit to the company. Not all listed companies expose their revenues or losses after issuing IPO. Usually, the firm that goes public wants to raise their equity capital, expand their business and improve liquidity by issuing either debt or equity. The shares will be traded in an open market or primary market and will be listed on Bursa Malaysia. The research objective is to determine whether issuing IPO will give benefit to the company. The independent variables for this research are market price, return on asset (ROA) and return on sales (ROS). While dependent variables are returned on investment capital (ROIC). The data are taken from UiTM Library and Database. The data will be collected in Malaysia only. The time period for this research is from 2000 to 2014 which is for 15 years. The data will be collected based on secondary data. The data that will be used in the research is Time Series. In this research, the data will be analyzed by using the Econometric View 7.0 (E-Views).

**Keyword :** Initial Public Offering, market price, return on asset, return on sales, Malaysia

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 INTRODUCTION**

Initial Public Offering is a process where private companies sell their new stock to the public. It is also known as going public. An Initial Public Offering occurs when a security is sold to the public for the first time where the firms expect an increase in liquid market Ritter (1998) The public companies must have a board of director and report the financial statement for a certain period. The public companies or the issuer could be a new firm or old companies who decide to go public. Companies offering its share to the public are not obliged to pay back the public investor. Usually, the firm that goes public wants to raise their equity capital, expand their business and improve liquidity by issuing either debt or equity. The shares will be traded in an open market or primary market and will be listed on Bursa Malaysia. Those shares can be resold in the secondary market.

Bursa Malaysia is a Malaysia stock market which previously known as Kuala Lumpur Stock Exchange (KLSE, Bursa Saham Kuala Lumpur). The first formal security business in Malaysia was the Singapore Stockbrokers' Association established in 1930. The Malayan Stock Exchange was established in 1960. Singapore part away from Malaysian and become an independent country. In 1973, the stock exchange was divided into two which is Kuala Lumpur Stock Exchange Berhad and the Stock Exchange of Singapore. The Kuala Lumpur Stock