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**POST-ACQUISITION PERFORMANCE OF ACQUIRED COMPANIES**

**LISTED IN THE KLSE**

**By**

**YONG VOON CHUEN**

**Bachelor of Engineering**

**University of Melbourne**

**Australia**

**1984**

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Economics and Administration  
University of Malaya  
in partial fulfillment of  
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Jumlah Mikrofis 1  
HAMSIAH BT. MOHAMAD ZAHARI

**UPR** UNIT REPROGRAFI  
PERPUSTAKAAN UTAMA  
UNIVERSITI MALAYA

## ABSTRACT

The rapid growth in Malaysia's economy for the past few years has seen many public and private companies expanding their businesses relentlessly in response to the many growing business opportunities. In their zeal for rapid expansion or in their haste to get a public vehicle in order to tap the local capital market to meet their expansion plans, some of these aggressive companies have bought into other public listed companies and taken control of the target companies eventually.

The super performance of stock prices of these acquired companies prior to announcements of acquisitions, though partly assisted by the generally bullish sentiment of the market, suggested that acquisitions of public listed companies can be very costly affairs. This study examines the performance of these acquired firms after the acquisition as compared with non-acquired firms to see if there is any justification to purchase those acquired companies at such premium prices.

The findings indicate that the performance of acquired firms varies greatly. On the whole, the acquired companies improved in performance after the acquisitions. They also appeared to perform better than the non-acquired companies in most of the aspects. However, because of the large variances in acquired companies' performances, most of the differences in performances are statistically insignificant.

In view that the sample of acquired companies is rather small and the period of analysis is restricted by the availability of financial data after the acquisitions, the findings are thus far inconclusive.

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