

MARKET VALUATION OF INTANGIBLE ASSETS IN MALAYSIA

Prepared by: Yeow Siew Ling

ABSTRACT

Three portfolios were set up to access the market's valuation of intangible assets reported in the balance sheet and market's valuation of amortization expenses related to intangible assets reported in the income statement which are 'experiment', 'adjusted' and 'control' portfolio. Subsequently, researcher conduct the multiple regressions, descriptive statistics, parametric paired t-test and the nonparametric text and line chart on the three portfolios.

The portfolio analyses indicated that the financial market positively value reported intangible assets on the balance sheet and reported amortization expense related to intangible assets is reflected in firms' equity market value. Furthermore, the coefficient on intangible assets is less than the coefficients on PPE and ABPI and the coefficient on amortization expense is not significantly related to firm return. The regression analysis shows that companies have a much higher correlation with higher EPS. On the other hand, companies have lower correlation with lower EPS. High tech companies with more intangible assets value when compared to the lower value of intangible assets in low tech company.