



اَللّٰهُمَّ صَلِّ وَسَلِّمْ عَلٰى
رَبِّكَوَلِيْكَوَلِيْ مَسَارِكِ

UNIVERSITI TEKNOLOGI MARA
CAWANGAN KELANTAN

**THE EFFECTS OF CAPITAL STRUCTURE ON
COMPANIES' PROFITABILITY: A STUDY ON
INDUSTRIAL PRODUCT COMPANIES LISTED ON
THE MAIN BOARD OF BURSA MALAYSIA**

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LETTER OF SUBMISSION

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Dear Sir,

SUBMISSION OF PROJECT PAPER

I, Saidatul Asha Binti Zainal Abidin, UiTM Matric No: 2005652968 hereby am submitting the project paper titled, "The Effects of Capital Structure on Companies' Profitability: A Study on the Industrial Product Companies Listed on the Main Board of Bursa Malaysia" as a requirement for subject FIN 660.

I hope that the project paper will meet your expectation and the university's requirement. All your cooperation is highly appreciated.

Thank you.

Yours sincerely

(SAIDATUL ASHA BINTI ZAINAL ABIDIN)
2005652968

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ABSTRACT

The study aims to investigate effects of capital structure on profitability of the industrial product companies listed on the Main Board of Bursa Malaysia within six- year period. Data is collected on yearly basis for six consecutive years for 30 companies listed from secondary sources. Simple linear regression analysis is used in the estimation of functions relating the independent variable of debt equity ratio as the measures of capital structure and the dependent variables which are ROE, ROA and EPS. The results reveal that there are significant negative relationships between DER and ROE, ROA and EPS. From the results, all the dependent variables which are ROE, ROA and EPS show a significant relationship with DER. The study suggests that profitable companies should not depend on debt as their main financing option.

CHAPTER 1: INTRODUCTION

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