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**THE EFFECT OF EARNINGS PER SHARE, DIVIDEND PER SHARE
AND NET TANGIBLE ASSETS PER SHARE ON SHARE PRICES :
AN EMPIRICAL STUDY ON SELECTED PROPERTY SHARES
LISTED ON
KUALA LUMPUR STOCK EXCHANGE**

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ABSTRACT

The movement of share prices is influenced by both internal and external factors. The objective of this study is to see how far earnings per share (EPS), dividend per share (DPS) and net tangible assets per share (NTA) affect the prices of selected property shares listed on The Kuala Lumpur Stock Exchange (KLSE). EPS, DPS and NTA are taken as independent variables while share price is the dependent variable. All independent variables data are taken from balance sheet whereas the dependent variable data is based on the closing prices at the end of each fiscal year. The data taken for this study are eight years from 1991 until 1998. Thirteen property companies have been chosen as samples. They are all members of KLSE Composite Index. They represent all the property shares listed on KLSE. Two methods of linear regression have been used. Simple linear regression is used to see the significance of each independent variable in determining the share prices and multiple linear regression is used to see the significance of all independent variables in determining the share prices. This study found that two independent variables, EPS and NTA have no significant influence in determining the share prices. Meanwhile DPS has a significant influence in determining the share prices. A regression model was then developed to predict the share prices. However the accuracy of the model is still dependent upon other external factors.

TABLE OF CONTENTS

| | Page |
|--|------|
| Acknowledgements | iii |
| List of Tables | vii |
| List of Abbreviations | viii |
| Abstract | ix |
| CHAPTER ONE – INTRODUCTION | |
| 1.1 OBJECTIVE | 1 |
| 1.2 OVERVIEW | 3 |
| 1.2.1 Share Investment | 3 |
| 1.2.2 Property Companies | 4 |
| 1.3 FUNDAMENTAL ANALYSIS | 5 |
| 1.3.1 Introduction | 5 |
| 1.3.2 Fundamental Analysis Approach In Analyzing Property Shares | 5 |
| 1.3.2.1 Economic Analysis | 5 |
| 1.3.2.2 Industry Analysis | 9 |
| 1.3.2.3 Company Analysis | 13 |
| CHAPTER TWO – LITERATURE REVIEW | |
| 2.1 LITERATURE REVIEW | 19 |

CHAPTER THREE – METHODOLOGY

| | |
|---|-----------|
| 3.1 INTRODUCTION | 27 |
| 3.2 DATA COLLECTION METHOD | 27 |
| 3.3 SAMPLE SELECTION | 28 |
| 3.4 THE METHODS OF DATA ANALYSIS | 29 |
| 3.4.1 Simple Statistic | 29 |
| 3.4.2 Linear Regression Analysis | 29 |
| 3.4.2.1 Simple Linear Regression | 30 |
| 3.4.2.2 Multiple Linear Regression | 30 |
| 3.5 MODEL | 31 |
| 3.6 THE STRENGTH OF RELATIONSHIP | 32 |
| 3.7 HYPOTHESIS TESTING | 32 |

CHAPTER FOUR – ANALYSIS OF DATA

| | |
|--|-----------|
| 4.1 INTRODUCTION | 34 |
| 4.2 ANALYSIS OF DATA | 35 |
| 4.2.1 Simple Statistic Analysis | 35 |
| 4.2.1.1 Share Price Analysis | 35 |
| 4.2.1.2 EPS Analysis | 36 |
| 4.2.1.3 DPS Analysis | 36 |
| 4.2.1.4 NTA Analysis | 36 |
| 4.3 HYPOTHESIS TESTING | 37 |