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**PRICE/EARNINGS RATIO AS A MEASURE OF STOCK PRICES:
CONSUMER PRODUCT SECTOR ON MAIN BOARD**

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BBA (HONS.) FINANCE

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UNIVERSITI TEKNOLOGI MARA

KELANTAN

MARCH 2002

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CONSUMER PRODUCT SECTOR ON MAIN BOARD**

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(FIN 650)

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A PROJECT PAPER SUBMITTED TO
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LETTER OF TRANSMITTAL

Bachelor of Business Administration With Honors (Finance)
Faculty of Business and Management
Universiti Teknologi MARA
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Kelantan Darul Naim

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Head of The Programme
Universiti Teknologi MARA
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Kelantan Darul Naim

Sir,

SUBMISSION OF RESEARCH PROJECT PAPER

Herewith enclosed my project paper entitled "**Price/Earnings Ratio As A Measure of Stock Prices: Consumer Product Sector on Main Board**". This project paper is a partial requirement to fulfill the subject of Project Paper (FIN 650).

The purpose of this project paper is to study on the relationship between price/earnings ratio and stock prices of listed consumer product companies in Malaysia.

I do hope this project paper will fulfill the requirement and expectation of the Faculty of Business and Management. I really do thank you for all the guidance and support you have generously rendered for the completion of this project paper. Hopefully, you will find this report as satisfactory as expected and I do apologize for any shortcomings.

Thank you.

Yours faithfully


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Bachelor of Business Administration With Honors (Finance)

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Alhamdulillah, praise be to Allah s.w.t. for all the energy and perseverance given to me for this undertaking.

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Above all, I pray that this project paper will benefit those who are interested on the study.

Thank you.

Wassalam.

ABSTRACT

Standard ratios are used to measure an organization's performance relative to other representative organizations in a particular industry. This study was carried out to understand the relationships between P/E ratios and stock prices of the companies listed on the Main Board. Since there are 102 companies listed on the Main Board, this study only focus and analyze the sample of 15 companies, which have been listed for 5 years (1997 to 2001). Data were obtained from companies' website, annual companies handbook published by KLSE and websites <http://www.klse.com.my> and <http://www.klse-ris.com.my>. Methodology used was P/E ratio in order to understand its relationships with stock prices. The results obtained show that there are significant relationships between P/E ratios and stock prices for certain listed companies. From this study, it was found out that about 60% of the companies listed on the Main Board have significant relationships between P/E ratios and stock prices.