

**THE READABILITY OF CHAIRMAN'S STATEMENT, CURRENT EARNINGS AND  
EARNINGS PERSISTENCE: A CASE OF MALAYSIAN COMPANIES**



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## Letter of Report Submission

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Dear Dr ,

**SUBMISSION OF FINAL REPORT TITLED "THE READABILITY OF CHAIRMAN'S STATEMENT, CURRENT EARNINGS AND EARNINGS PERSISTENCE: A CASE OF MALAYSIAN COMPANIES"**

Herewith we attached two (2) copies of final report titled "The Readability of Chairman's Statement, Current Earnings and Earnings Persistence: A Case of Malaysian Companies" together with its softcopy in form of CD.

Thank you.

Yours faithfully,



**SITI NABILAH BINTI MOHD SHAARI**  
Project Leader

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## **Enhanced Research Title and Objectives**

### **Research Title**

**The Chairman's Statement Readability, Current Earnings and Earnings Persistence: A Case of Malaysian Companies**

### **Research Objectives:**

- 1. To determine the relationship between company's current performance with readability**
- 2. To determine the relationship between company's future performance and readability**
- 3. To test the management obfuscation hypothesis**

## **Executive Summary**

The study tries to find the relationship between readability of chairman's statements with current earnings and earnings persistence. This study examines the companies under Main Board of Bursa Malaysia, starting from 2004 until 2006. The testing of relationship between readability of chairman's statements and current earnings follows the prediction of obfuscation hypothesis (Courtis, 1998 and Li, 2008), where it predicts negative relationship between the company's current performance and its annual report level of complexity. However, previous literatures, including Malaysian literature (Smith, Jamil, Johari and Ahmad, 2006; Abu Bakar and Ameer, 2010; Courtis, 1995; and Smith and Taffler, 1992) find mixed results regarding the testing of obfuscation hypothesis. Therefore, this study attempts to test not only the readability of chairman's statements with current earnings but also future earnings performance.