



THE RELATIONSHIP BETWEEN PROFITABILITY AND  
MALAYSIAN INDUSTRIAL FIRMS STOCK VALUE

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JUNE 2015

## **ACKNOWLEDGEMENTS**

Along the final year project completion, I would not have been successful without the support and encouragement from some parties. Hence, I am honored to express my gratitude to the persons and all parties that involved in conducting this research paper directly and indirectly.

First and foremost, I would like to thank God for giving me the strength and patience in carrying out this final year project. Without His permission, I believe that I would not be able to finish this report. Next, I would like to give my full acknowledgement to my lovely advisor, Madam Flicia Rimin because of her guidance, support and ideas given in completing this project. Special thanks also to her for her commitment, sincerity, encouragement, thoughtful criticism and some creative suggestion in carrying out this project.

My gratitude also to my industrial training supervisor, Mr. M Hasanul Arifin Bin Mashod for his understanding and allowed me to take a day off every week to spend time in conducting this research. Deepest thanks and appreciation also goes to my parents, family, friends and others for their encouragement, cooperation, constructive suggestion and full support for the report completion.

Last but not least, thank you to everyone whom has given a lot of information and contribution that needed in finishing this final year project.

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## **ABSTRACT**

In this century, most or probably all company's goal is to improve their company value in terms of their stock price as it is important indicator of the company performance level and it will able to attract new investor to invest in their company. This research paper is aimed to investigate the relationship between the Malaysian industrial firms profitability towards its share price using the panel data approach. The sample of this study consist of 115 listed companies in the industrial sector of Bursa Malaysia. The financial data of time span 2010 until 2014 has been used and collected through DataStream software. Stock price act as the dependent variable to represent the stock value of the company. The independent variable of Return on equity (ROE), Earning per share (EPS) and Net profit Margin (NPM) were chosen to represent the profitability ratio of the company. The overall result of this study shows that all of the profitability ratio has significant relationship with stock price of 115 industrial firms listed in Bursa Malaysia.

### **Keywords:**

Industrial firms of Bursa Malaysia, Stock price, Return on equity (ROE), Earning per share (EPS), Net profit margin (NPM)