



**THE CRUCIAL ANALYSIS OF EARNINGS PER SHARE IN  
MALAYSIA**

**SITI NORHAISAH BINTI MOHD YUNUS  
2013630754**

**BACHELOR OF BUSINESS ADMINISTRATION  
(HONS) FINANCE  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
SEGAMAT, JOHOR.**

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## **ABSTRACT**

Briefly, the crucial analysis of earnings per share is the study towards earnings per share that is important to know their performance especially for oil and gas companies in Malaysia. The aim for this research paper is to study the impact of the financial ratios which including dividend per share, share price and financial leverage which is debt ratio as independent variables towards the dependent variable of earning per share (EPS). A set of data yearly on basis was collected beginning from the year of 2001 until 2015 comprises six companies. We used panel data method to produce the result by using E-view. Our result showed that the dividend per share (DPS) have a positive significant relationship towards the earnings per share (EPS). The finding also realised that share price and debt ratio (DR) as a proxy to financial leverage have a negative insignificant relationship toward the earnings per share (EPS).

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Overview of Chapter One**

In this chapter will be discuss the background of study, problem statement, research questions, research objective, significant for whom this study, what scope that important in this study and limitation arise during this stud. This study is dedicated on the financial ratios that effect toward the earnings per share of selected companies in Malaysia.

#### **1.2 Background of Study**

The term of ' Earning Per Share ' represent the portions of the company's earnings, net of taxes, and preferred stock dividends, that is allocated to each share of common stock. The EPS can be calculated by dividing the net income of the year with the total of share outstanding for the company with the same year. Indirectly, with the higher earnings per share will show to the others that the company is well performed to generate higher net income for its shareholders.

In 2008, in certain countries, with the existing of easy loan will increase drastically the mortgage debt; it is because the countries also pass out the loan to the people who are not liable to repay back the loan. In other words, the banks will charges the higher interest for those who are applied for the housing loan. So, when the person was not able to pay the loan, it will make the weaken relationship between residential and economic growth of the countries (Hashim&Hajinoor, 2009).

It was a bigger economy crisis that happens because the drastic recession exists in the global economy. It was began with the decreasing of raw materials such as oil prices from