



**MARA INSTITUTE OF TECHNOLOGY
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SHAH ALAM**

*DEBT AND EQUITY FINANCING FOR THE SELECTED
COMPANIES LISTED WITH IN FINANCE SECTOR.*

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ABSTRACT:

This project paper is done to provide a better understanding on the debt and equity financing for the capital structuring. The study was conducted to have a clear picture on how the companies managing its capital structure. This analysis is on the selected 16 companies within Finance sector based on its date of establishment and paid up capital.

This analysis have answered on a number of questions. First, by calculating the average debt to equity ratio for 5 years showing that average debt to equity ratio is vary between the companies. This is due to the nature of the companies business operation where it is largely depend on borrowed funds and low asset based and also the asset type, asset risk, economy and the requirement for the external funds within the companies.

Second, it provides evidence that the financing pattern of the companies is differs every year within the 5 years. This instability implies that companies in their bid to finance investment programs, adjust their leverage to the changes in the economic and also for the expansion of their business.

Finally, in analysing the relationship between the leverage ratio and EPS of the companies, it provides evidence that only Ban Hin Lee Bank Berhad, Uniphoenix Corporation and DCB holdings Berhad have significant relationship. However the correlation are not in the same ways where as for Ban Hin Lee Bank Berhad and Uniphoenix Corporation Berhad had positive correlation meanwhile for DCB Holdings Berhad had negative correlation. It implies that there is inconsistent in the relationship between the leverage and EPS of the companies listed in KLSE within Finance sector.

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