

**IMPACT OF EARNINGS PER SHARE AND DIVIDEND PER
SHARE ON SHARE PRICE OF LISTED COMPANIES IN
COLOMBO STOCK EXCHANGE, SRI LANKA**

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ABSTRACT

The study is designed to examine the relationship dividend payouts and related variables such as share prices, earning per share and dividend per share that describes and explains the different type of the investors who buy shares in the secondary market, this study finds the relationship between share prices of the company with related variables.

This study to examine how share prices respond to the information that is implicit in the event of dividend payout and earnings to our empirical results based on 30 samples of dividend paying companies listed on Colombo Stock Exchange (CSE) with treats dividend payouts and earnings as useful information, the researcher should be able to observe significant price adjustments to such information.

In this study dividend per share and earnings per share are the variables, it was analyzed through SPSS package and results are illustrated by tables. The results of the survey indicated that it has a positive relationship on share price.

This must be reflect in the share return of such companies during the period of dividend payout of dividends and profit earned and also to examine whether the stock market responds to variables changes quickly with unbiased number, if the market is efficient in absorbing public information the researcher should be able to observe significant price movements only on variables changes. Given recommendations are useful to maximize the effectiveness of all variables in a positive way.

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