"Share price reaction to dividend announcement and earning per share by the Milanka companies on Colombo Stock Exchange"

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ABSTRACT

This paper explores the share price reaction to dividend announcement and earning per share by the Milanka companies on Colombo Stock Exchange. The main objective of this research is to study whether Sri Lanka investors consider the company dividend announcement or earning per share while making investment and also to find out the relationship between share prices and company dividend announcement and earning per share several theories have developed in different ways. Hence researcher has to find out the practical behavior of Sri Lanka investor regarding dividend announcement and earning per share impact on share price. Also, determine to what extent researcher can use dividend announcement to value the stock of the respective companies. In performing this study the number of companies has selected as sample Milanka companies from listed companies. Those companies perform well and declare the dividend s annually or non dividend declaration between research periods. Share price of Milanka companies depends on lot of variables such as dividend, earning, financial position, human resource of the company, strength and weakness of the company, external situation.