

**Impact of Earning per Share and Dividend per Share on  
Share Prices: A Study on Selected Listed Companies in  
Colombo Stock Exchange**

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## **Abstract**

The impact of Earning per Share (EPS) and Dividend per Share on share prices had often been the centre of interest to researchers, shareholders and investors. This is because; EPS and DPS are one of the investments tools to evaluate a company's performance either in the short or long term. The estimated earnings and dividends can be used to measure the financial health and prospect of a company. Therefore, in this research, an investigation and evaluation has been performed to indicate the impact of EPS and DPS on the share prices of selected listed companies in Colombo Stock Exchange. The aim of the study was to investigate whether there is any relationship between 20 selected listed companies's EPS , DPS and share price for a relatively time period of five years. In addition, a statistical study was conducted, using Statistical Package for Social Sciences (SPSS) software to evaluate if there is a significant level of impact on the selected companies' EPS and DPS on their share prices. In this research finding, it can be concluded that there is a positive relationship between EPS and stock prices for all sectors with the exception of Land and Property sector. And there is no positive relationship between DPS and stock prices for all sectors with the exception of Investment and Trust Land and Property sectors.

**Key Words:** Portfolio management, Earnings, Dividend, Share prices, and market efficiency