

**Firm Performance and Stock Returns: “A
Study of the Top Performing Companies
Listed On Colombo Stock Exchange”**

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ABSTRACT

The purpose of this research is to investigate the relation between corporate performance and stock returns of those firms. In accordance with this purpose to evaluate the statistically significant relationships between firm performance and stock returns, top ten listed firms in Colombo Stock Exchange for the period of 2007 to 2011 has been analyzed under multiple regression method by using SPSS. The work includes the clear evidences to support the relation between and corporate performance which is taken as an independent variable and stock return which is taken as dependent variable while seven financial performance measures have been taken as variables to measure the corporate performance. The study finds insignificant relation between corporate performance and stock returns. However, only NPM has some explanatory power to the stock price movements and other variable have not.

Keywords Stock returns, NPM, Corporate performance, CSE