Arab American University

Faculty of Graduate Studies

The Usefulness of Interim Financial Reports: Evidence from Palestine Exchange

By

Sadeq Saleh Sadeq Afaneh

Supervisor

Professor Zahran "Mohammad Ali" Daraghma

This thesis submitted in partial fulfillment of the requirements for the Master`s degree in Accounting & Auditing

October 2023

Thesis Approval

The Usefulness of Interim Financial Reports: Evidence from Palestine Exchange

By

Sadeq Saleh Sadeq Afaneh

This thesis was defended successfully on October 7, 2023, and approved by:

Committee Members

Signature

1- Prof. Zahran Daraghma/Supervisor: .....

2- Dr. Mohammad Abu Sharbeh/ Internal examiner: .....

3- Dr. Othman Sawafta/ External examiner: .....

Declaration

I am, Sadeq Saleh Sadeq Afaneh, affirm that the thesis presented here is the result of my original work (except where acknowledgments indicate otherwise). Furthermore, I confirm that neither the entire work nor any portion of it has been, is currently being, or will be submitted for another degree at this university or any other academic institution. I grant the University full permission to reproduce the entire contents or any part thereof, in any manner deemed necessary for research purposes.

Name: Sadeq Saleh Sadeq Afaneh

Signature: 

Date: 19/12/2023

Student ID: 202012639

Acknowledgments

I'd love to commence by expressing my utmost thanks to the Almighty God for his unwavering support and guidance during the thesis's completion.

My heartfelt gratitude to my mother, father, sisters and wife for their continued unwavering support and love.

To the TAGI and AAUP for their continued support and patience.

I am extremely thankful to my supervisor, Prof. Zahran Daraghma, for his invaluable advice, continuous assistance and patience. I'd also want to appreciate the Administrative and Financial Sciences members.

Many thanks to the judgment committee members for their great consultation.

I also want to thank all of my friends and others who have advised, supported and encouraged me to keep going.

Abstract

This thesis arises to inspect the usefulness of interim financial reports of the listed corporations on the Palestine Exchange (PEX). It examines the impact of interim earnings per share, operating cash flows per share and income components per share on the stock returns. Moreover, it examines the impact of firm's size and industry type on the relationship between interim accounting variables (earnings per share, operating cash flow per share, and accruals per share) and stock returns. Hence, this study uses interim financial reports of the industrial and service listed corporations from 2018-2022. Descriptive statistics, correlation analysis, simple linear regression and multiple linear regressions are utilized as statistical tests to test the hypotheses. The findings of this study state that there is an insignificant impact of the interim earnings per share, operating cash flow per share and income components per share on the stock returns. There is no influence of (firm size and industry type) on the usefulness of the interim earnings per share, operating cash flow per share and income components per share. Also, there is a positive significant impact of accruals on stock returns. Finally, this study recommends that stakeholders consider the interim financial statements as a tool for their decisions. For this point, it is advised the listed companies enhance the quality of interim reporting. Also, the Palestine Exchange should provide a financial analysis of these interim reports to maximize its role in pricing stocks.

Keywords: Interim financial reports, earnings per share, operating cash flows per share, accruals per share, stock return.

Table of Contents

List of tables

List of Figures

List of Abbreviations

Full Name	Abbreviation
Palestine Exchange	PEX
Earnings per Share	EPS
Operating Cash Flow per Share	OCFPS
Accruals per Share	ACCPS
Stock Returns	R
Firm Size	FS
International Accounting Standard	IAS
Return on Assets	ROA

Chapter One

Introduction

1.1 Introduction

A main objective of financial reports is to provide relevant information to those with an interest in the reporting company (Magena et al., 2008). Companies report financial statements demonstrating performance and position at a specific time for various all users. The internal users are those who direct and control the company's operations and decide on its direction and the external users are the financiers' society (Grigoraș-Ichim & Morosan-Danila, 2016).

Interim Financial disclosure means a financial report that contains a complete set of financial statements (IAS 1), or a set of condensed financial statements for an interim period that is shorter than one fiscal year (IAS 34). The exercise of interim disclosure started in the 1830s when railroad corporations in the United Kingdom were mandated to report semi-annual data. Now, most countries around the world demand publicly listed companies to publish interim reports (Kajüter et al., 2021).

In 1998, the International Accounting Standards Board (IASB) issued (IAS 34) on interim financial reporting, which went into effect on July 1, 1999. The stated goal was ''to prescribe the minimum content of an interim report and to prescribe the principles for recognition and measurement in financial statements presented for an interim period'' (IAS 34).

Interim reports offer timely data that assist the users to draw a decision. Users want to see what is happening in those corporations, and interim disclosure provide them with the freshest data rather than relying solely on historical data. Interim reports are essential to provide

important information for creditors and other stakeholders who need to assess the company's ability to generate adequate cash flows and maintain liquidity (Joshi & Bremser, 2003).

Interim disclosures contain periods that are below a year. They meet financial statements covering a three-month period (referred to as quarterly financial statements) and financial statements covering a six-month period (referred to as semi-annual financial statements) (Grigoraș-Ichim & Morosan-Danila, 2016). Based on the above-mentioned debate, the thesis arises to inspect the usefulness of interim reports by using the published data of the listed corporations on the PEX.

1.2 Research problem

Palestine has adopted International Accounting Standards since 2005. This means that corporations listed on the PEX must apply these standards. One of the important standards is IAS 34 "interim financial reporting". Market-based accounting researches have shown that the interim report published will influence on stock returns, (Kajütera et al., 2021; Qabajeh et al., 2012). No evidence was conducted from the Palestinian companies about the impact of interim financial data. For this reason, this thesis provides evidence from Palestine.

The research problem is formulated through the following main question:

What is the role of interim financial reports in interpreting share returns from the reality of Palestinian industrial and service firms listed on the PEX?

Sub-questions are:

1. What is the impact of interim Earnings Per Share (EPS) on the stock returns?
2. What is the impact of interim Operating Cash Flows Per Share (OCFPS) on the stock returns?

3. What is the impact of interim Income Components Per Share (OCFPS and Accruals per Share) on the stock returns?
4. What is the impact of firm's size on the relationship between interim accounting variables (EPS, OCFPS, Income Components Per Share) and stock returns?
5. What is the impact of industry type on the relationship between interim accounting variables (EPS, OCFPS, Income Components Per Share) and stock returns?

1.3 Research objectives

The thesis comes to examine the role of interim financial reports in interpreting share returns from the reality of Palestinian industrial and service firms listed on the PEX. Therefore, the purpose of this thesis is to achieve the following sub-objectives:

1. Testing the influence of interim Earnings Per Share (EPS) on the stock returns of the Palestinian listed companies.
2. Identify the impact of interim Operating Cash Flows Per Share (OCFPS) on the stock returns of the Palestinian listed companies.
3. Identify the impact of interim Income Components Per Share on the stock returns of the Palestinian listed companies.
4. Identify the impact of firm's size on the relationship between interim accounting variables (EPS, OCFPS, Income Components Per Share) and stock returns of the Palestinian listed companies.
5. Identify the impact of industry type on the relationship between interim accounting variables (EPS, OCFPS, Income Components Per Share) and stock returns of the Palestinian listed companies.

1.4 Research hypotheses

The study seeks to examine the following main hypothesis:

There is a significant role of interim financial reports in interpreting share returns from the reality of Palestinian industrial and service firms listed on the PEX.

Therefore, this thesis will prove or reject the following sub-hypotheses:

H1: There is a significant impact of interim Earnings Per Share (EPS) on the stock returns of the listed companies on the Palestine Exchange.

H2: There is a significant impact of interim Operating Cash Flows Per Share (OCFPS) on the stock returns of industrial and service listed companies on the Palestine Exchange.

H3: There is a significant impact of interim income components per share on the stock returns of the listed companies on the Palestine Exchange.

H4: There is a significant impact of interim financial reports due to the variables (EPS, OCFPS, Income Components Per Share) Through firm's size on the stock returns of industrial and service listed companies on the Palestine Exchange.

H5: There is a significant impact of interim financial reports due to the variables (EPS, OCFPS, Income Components Per Share) Through industry type on the stock returns of industrial and service listed companies on the Palestine Exchange.

Research importance

The interim disclosure communicates a set on data that assists users to make operational, funding, or investment decisions in a timely manner. Users can predict a firm's performance

using interim data. Interim reports play a vital role as a source of frequent information for investors (Majumder et al., 2012). Ismail and Chandler (2005) show that interim data assists users in drawing rational decisions. According to Saini and Sharma (2019), the reliable and timely interim financial reporting enhances the ability of different stakeholders to understand corporate earnings, cash flows, liquidity and financial condition.

Based on the abovementioned discussion, this study is a rare one, because it considered the IAS 34 (Interim Financial Reporting). A significant contribution implemented about Palestine. For instance, it examined the usefulness of interim data.

1.5 Research model

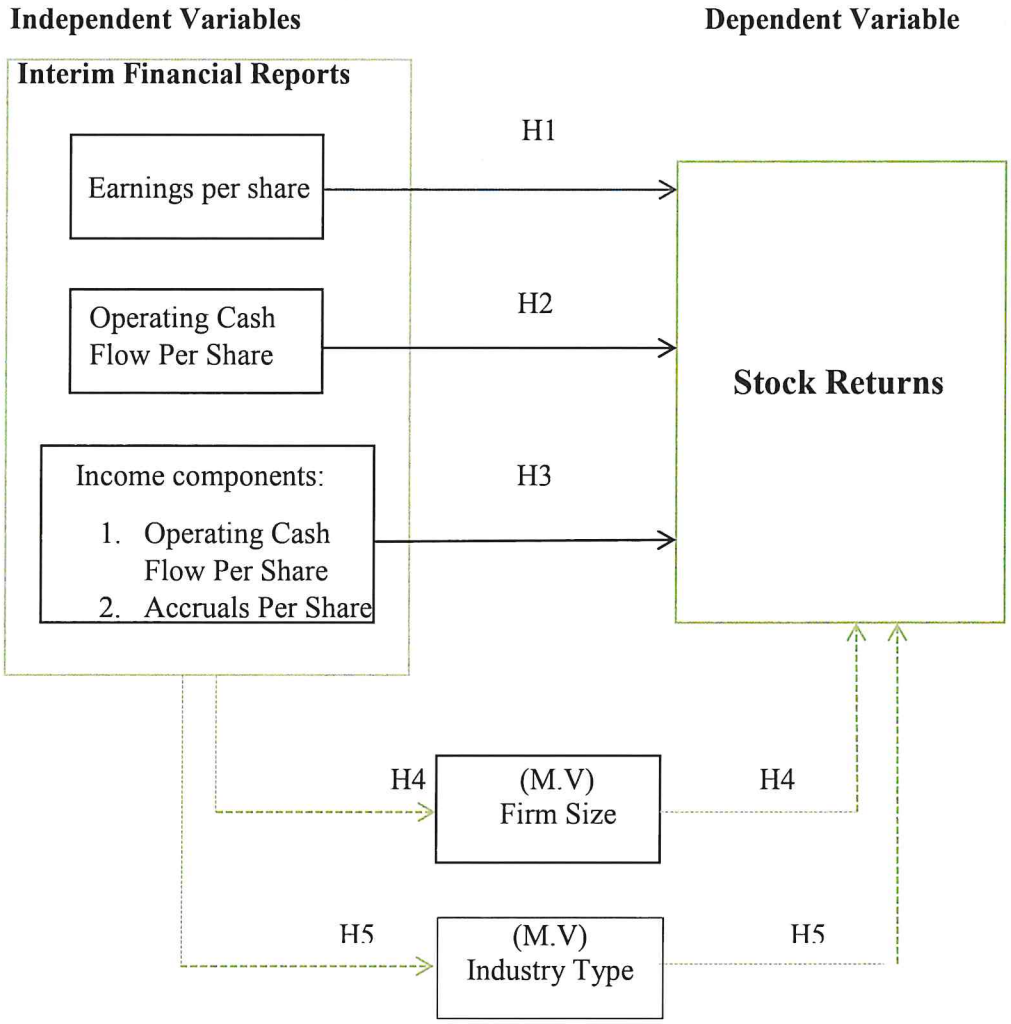


Figure 1: conceptual model

Source: Prepared by the researcher

1.6 Operational definitions

This thesis contains many concepts, which are defined as follows:

Usefulness: is related to the extent to which it agrees to specific needs at any given time and how it contributes to the resolution of a specific problem. The usefulness of information is determined by its quality (Tsoncheva, 2014).

Interim Financial Reports: The International Accounting Standard No.34 defined an interim financial report as a financial report that includes either a complete set or a summary of financial data for an interim period. It defined an interim period as a period of preparing financial reports that is less than a full fiscal year (AL-Shatnawi, 2017).

Palestine Exchange (PEX): is a public shareholding firm founded in 1995 to promote investment in Palestine. It has forty-nine listed corporations in five major economic sectors: banking and finance, insurance, investments, industry, and services (Alsenawi and Banat, 2014).

Earnings Per Share (EPS): Earnings per share denotes the amount of money earned by each share of common stock (Kieso et al., 2019).

Operating Cash Flows Per Share (OCFPS): Computed as net income added to depreciation added to net working capital divided by the weighted average of common stocks outstanding used to obtain earning per share (Consler et al., 2011).

Income Components: The components of income are operating cash flows and accruals.

Firm's Size: Classification of companies according to their size (Yuliarti & Yanto, 2017). The natural logarithm of a company's total assets is used to calculate its size (Belz et al., 2019).

Industry Type: In this thesis, the firm's means service or industrial company.

Stock Price/ Returns: The calculation of annual share returns is the change in share prices in current year plus dividends in the same year divided by closing share prices in the previous year (Har and Ghafar, 2015).

Chapter Two

Theoretical Framework and Literature Review

Chapter two comes to present the theoretical background that is related to this thesis as well as the discussion of the previous literature that supports the methodology of this thesis.

2.1 Theoretical Framework

This part of thesis comes to show many theoretical topics that explain the concepts that were mentioned in thesis.

2.1.1 Interim Financial Reports

Preparing interim financial reports takes one to a few months (either quarterly, semi-annual base or per month basis) (Albawwat et al., 2020). The purpose of these reports is to provide users with the financial information they need to make operational, financing, or investment choices in a timely manner (Basah, 2015). Stakeholders can forecast the firm's future performance using information from the interim financial statements (Mathuva, 2015). Furthermore, interim financial statements can provide users with useful information about business development directions and the seasonality of certain activities in addition to the information that may be highlighted in the financial statements for the fiscal year (Grigoraș-Ichim & Morosan-Danila, 2016). Interim financial statements, unlike yearly financial statements, do not need to be audited. Most countries, however, require that interim reports be reviewed. In spite of being unaudited, it serves an important role in the economy's financial system by meeting the critical informational needs of interested users by delivering timely information (Alsharairi et al., 2015). According to the relevant literature on interim financial information,

such information is continuously valuable for present and future capital providers in making capital allocation decisions (Albawwat & Khairi, 2015). Furthermore, interim reports play a significant function as a source of frequent informative feeds about business activities, providing shareholders with signaling information regarding the risks and uncertainties connected with cash flow reporting (AL-Shatnawi, 2017).

2.1.2 The Usefulness of Accounting Numbers

Users of financial statements need accounting numbers for contracting and valuation purposes. Accounting information's valuation role is to resolve uncertainty regarding organizations' future cash flows (Cascino, et al., 2021). Accounting standard setters split accounting information's usefulness into two fundamental qualitative characteristics: relevance and faithful representation (FASB 2010; IASB 2018). Relevance is defined as information's ability to affect decision-making. If information is complete, neutral, and error-free, it is said to be faithfully represented (Floştoiu, 2019). Van Helden (2016) assumed that the usefulness of published data is determined by users' wants. All stakeholders (e.g. investors, managers, suppliers, regulatory authorities and labor unions) evaluate financial statements in order to make rational decisions based on their areas of interest (Ergun, 2012). For potential investors, and stock investment decisions must always be preceded by a review of accounting numbers that can influence a stock's price (Chasanah & Sucipto, 2019). The financial statements numbers are an essential instrument for decision-makers to assess the company's past and future performance, including liquidity, profitability solvency and operational efficiency (Ergun, 2012). Accounting numbers and stock returns received a lot of attention from academics and practitioners as a way to measure and mitigate risk in both emerging and developed financial markets (Rahman & Liu (2021).

2.1.3 Stock Returns

Stock returns [R] indicator is used to evaluate a firms's stock performance. Today, each firm tries to maximize its share returns (Natarajan et al., 2020). Many authors showed that stock returns will be influenced by the published information. This information comes in different forms such as annual data or interim or other information (Ross et al., 2010). Stock returns may be defined as the amount of profit generated and projected by investors from an investment during a specific time period and in the future (Endri et al., 2019). The more the demand for a given firm's stocks, the higher the price and thus the better the returns, and vice versa (Kasmiati & Santosa 2019). The share price determines the firm's value for its shareholders. Stock returns fluctuate depending on the financial performance of the firms. Only through the release of financial statements can stakeholders learn about a company's financial performance (Too, 2017). Previous studies examined the EPS ratio as a predictor of stock returns and discovered a significant association among them. The rule of thumb is that the higher the EPS, the greater the investor returns (Endri et al., 2019; Shkeel, 2018). Earnings are constantly of interest to stakeholders and are a significant aspect affecting investment decisions made by investors. Khanna (2014) observed that earnings per share have a positive association with stock price, implying that increasing earnings per share will attract more investors. Another factor influencing stock returns is cash flow from operations (Ball et al., 2016). Operating cash flow is a measure of day-to-day operations that determines if the firm can generate cash to repay debts and sustain the firm's running capability. The greater the firm's operating cash flow, the greater investor trust in the firm's value, resulting in higher stock returns. Beyond accounting profits, operating cash flows provide additional information (Kasmiati & Santosa, 2019; Kipngetich et

al., 2021). Furthermore, firm's size is regarded as a crucial factor in assessing an entity's financial position. The larger the firm, the more appealing the investment is, and as a result, the stock price is affected (Dang et al., 2018). Moreover, the larger size of the corporation is undeniably preferable with regard to wealth and performance; therefore, it will give an incentive for investors to drive stock prices to rise. The firm's size might represent how well the firm manages its resources; with maximum resources, investors will be able to gain from their investments. As a result, stock returns are affected by the firm's size (Adawiyah & Setiyawati, 2019).

2.1.4 Overview of International Accounting Standard (IAS) No. 34

International Financial Standards No. 34 (IAS 34) on interim financial reporting (IFR) issued by the International Accounting Standards Board (IASB) in 1998 became effective on July 1, 1999. The objective of IAS 34 is to "prescribe the minimum content of an interim report as well as the rules for recognition and measurement in financial statements provided for an interim period." (IAS 34) defined interim financial reports as "a financial report that contains either a complete or condensed set of financial statements for a period shorter than an entity's full financial year". IAS 34 does not define entities that are entailed to provide interim financial reports. The standard, however, encourages public firms to issue interim reports. It also encourages firms to adopt the same accounting rules in their interim financial reports that they do in their annual financial statements.

2.1.5 Accounting Performance Measures

Accounting provides different performance measurement methods such as financial ratios, comparative analysis, the Du Pont model, horizontal analysis and common size analysis (Latif et

al., 2022). For a long time, managers generally employed accounting-based measures, sometimes known as financial measures, to evaluate the performance of the organization (Uyar, 2010). To assess a company's financial performance, financial analysis is utilized to measure its profitability, leverage and operational efficiency. Operating income, cash flow from operations, and total unit sales can all be used to measure a company's financial performance (Gharaibeh, 2015). Accounting-based financial measures, such as return-on-assets and return-on-equity and earnings per share are extensively employed by investors, creditors, and managers to assess a company's performance (Şamiloğlu et al., 2017). According to Siddik et al., (2017) EPS is the most basic measure of a company's performance.

2.1.6 Factor Affecting Stock Returns _ Accounting Performance Measures Specification

The stock market performs a vital role in developing the economy by encouraging capital formation and sustaining economic growth. Stock prices fluctuate on a daily basis in stock markets (Al-Tamimi et al., 2011). Investors' stock returns are affected by changes in a company's financial performance (Endri et al., 2019). However, many factors influence stock prices, including internal ones such as a company's financial ratios (Banchuenvijit, 2016). It is critical to understand the variables that affect stock returns utilizing information from the firm's financial reports. As a result, the necessary information will be able to guide investors in order to achieve a steady return in the stock market (Wijaya, 2015). Earnings per share is a market ratio that is frequently associated with stock returns. The higher the value of EPS, the higher the profit provided to investors and the opportunity to increase the value of dividends distributed to shareholders (Erzad and Erzad, 2017). According to Weygandt et al. (2010), profitability ratios are measures of a company's income or operating success over a specific time period, which drives stock price to increase. ROA is one of the most often utilized profitability ratios (Fathony

et al., 2020). Cash flow provides useful information to decision makers such as firm liquidity and solvency, indicating whether the company can pay dividends and meet its obligations (Mostafa, 2016).

2.1.7 Palestine Exchange

The (PEX) was established in 1995 as a private corporation to promote investment in Palestine. Its original transaction session took place in February 1997. PEX became the second Arab stock market owned by the private sector in 2010. The PEX operates under the supervision of the Palestinian Capital Market Authority. 49 listed corporations are in this market. PEX has five sectors: banks, insurance, investment, manufacturing, and services. Shares trade in Jordanian dinars and US dollars (PEX Website, 2022).

2.2 Previous Studies

The study of Dissanayake and Kalainathan (2021) aimed to determine the effect of financial information included in interim reports on stock returns of commercial listed banks in Sri Lanka during the period (2016-2019). To conduct this study, the event study technique was utilized. According to the results, stock prices responded to financial information included in interim reports.

The study of Osazevbaru (2020) aimed to examine the usefulness of accounting information (EPS and OCFPS) for the company's performance. The data was gathered from the published reports of 43 Nigerian listed firms from 2006 to 2017. To determine the statistical significance between variables, GARCH Model was used. The findings demonstrated that EPS and OCFPS had value relevance for the performance of firms and managerial decisions. Therefore, it is advised that accounting information be prepared in compliance with existing

rules and laws. In this situation, the accounting activities regulating authority shall guarantee conformity with appropriate accounting standards.

The study of Saini and Sharma (2019) aimed to examine the usefulness of interim reports by conducting the opinions of Indian investors. A survey methodology was used to conduct this study. The findings show that investors consider the items reported in interim reports to be significant in making their decisions. It revealed that interim reports are perceived as the second most significant source of financial information after annual reports. Also, the results showed that Indian investors depended on interim financial reports to forecast next annual financial results.

The study of Garang (2019) aimed to examine the relationship between annual and interim reports on stock returns during the period (2012-2016). The sample consisted of 64 Nairobi-listed firms. A descriptive design was utilized to explore the relationship between announced earnings and share prices. According to the findings, announced earnings in both annual and interim financial reports have a significant influence on share prices.

The study of AL-Shatnawi (2017) aimed to assess the quality of interim reports and their impact on investors' choices in compliance with IAS 34 from the perspective of users of accounting numbers. A questionnaire with three components linked to the primary and enhancing qualitative characteristics and interim report quality was developed. It was delivered to 72 participants in a random sample. To assess the study hypotheses, the t-test was used. The results demonstrated an influence of qualitative characteristics of accounting numbers on the interim financial reporting quality. Moreover, the interim reports had an effect on decisions taken by investors. This study recommended decision makers to take into consideration interim

financial reports. Moreover, it recommended the preparers of interim reports to consider qualitative characteristics of the accounting numbers.

The study of Oberholster et al., (2017) aimed to examine the usefulness of interim reporting. Also, it investigated if the usefulness of interim reporting is greater than annual financial reporting and if the usefulness of annual and interim reporting has evolved over time. Data were gathered from Johannesburg corporations from 1999 to 2012. The Ohlson model was used to assess the usefulness of financial information. The findings indicate that interim book value of stock is value relevance, but interim earnings are not. Interim reporting seems to be more useful than annual reporting. Over the sample period, the usefulness of interim and annual financial information stayed relatively stable.

The study of Dang et al., (2017) aimed to examine the influence of accounting numbers (EPS and firm's size) on stock price of 274 Vietnamese listed firms during the period (2012–2016). To test the hypotheses, E-views regression models were used. The findings demonstrated that EPS has a positive influence on stock price, whereas firm size has a negative influence on the relationship between EPS and stock returns. It is recommended investors consider EPS in their stock investment decisions.

The study of Grigoraș-Ichim and Morosan-Danila (2016) aimed to examine the significance of interim disclosure for the company's position. The research method employed in the study involves reviewing previous studies. The main findings demonstrated that accounting information fidelity lies in accurately presenting interim financial reports that reflect the company's actual situation and financial performance. Furthermore, interim reports can boost the company's performance by enhancing connections and transparency with external stakeholders.

Moreover, managers can early detect and minimize the bad effects of a firm's operations and activities.

The study of Sulaiman and Ahmad (2016) aimed to demonstrate the impact of interim reporting on investors' decisions. The review of interim financial information is essential for providing investors with appropriate and timely information. The research utilizes various methodologies, including questionnaires for investors, financial managers, and academics, as well as interviews to discover how investors utilize interim reports. The hypotheses of the study explore the positive effects of looking at interim reports on investors' decisions. The outcomes indicate that investors should utilize interim reports to make informed decisions. Additionally, it is recommended that external auditors review the interim financial reports to facilitate efficient decision-making for future earnings.

The study of Asif, Arif and Akbar (2016) aimed to investigate the influence of accounting numbers on stock prices. Hence, it investigated the influence of EPS and OCFPS on share prices. The data was gathered form the annual and quarter reports of Pakistan listed firms. Ordinary least square regression models were utilized to test the hypotheses. The findings demonstrated that EPS and OCFPS have a significant impact on stock prices.

The study of Imam and Zamil (2014) aimed to determine the impact of information included in interim reports on share prices in Iraq. Multiple linear regressions were utilized to conduct this paper. The results showed an insignificant effect of interim data on share prices. Also, the paper concluded that the interim data will enhance the decision making process in the Iraq Market. This study recommended promoting the importance of information included in interim reports among investors.

The study of Qabajeh et al., (2012) aimed to examine the impact of interim report declarations on share prices during the 5 trading days before and 5 days after the declaration date and the relationships among trading volume, profits and share prices of twenty industrial public corporations listed on Amman stock Exchange. Data was collected from eighty interim financial reports published in the second and third quarters of 2010 and 2011. For the analysis, several regression models were used. The findings supported a positive relationship between the declaration of interim reports and the share price on the day of the declaration. Also, share prices and trading volume have a positive relationship. Moreover, the relationship between profits and trading volume is insignificant.

The study of Mujumdar et al., (2012) aimed to examine the usefulness of interim reports. The questionnaire survey approach is used to obtain responses from the participants. It showed that the primary aim of financial reporting is considered to be providing information to assist investors to make investment decisions. Interim financial reports are essential as a source of recurrent information for investors. The study proves that interim reports are more beneficial than annual reports. Furthermore, it was discovered that Bangladeshi investors depend on interim reports to forecast upcoming annual results and EPS.

The study of Majed et al., (2012) aimed to examine the influence of interim reporting on share prices. The sample was twenty industrial Jordanian listed firms. Multiple linear regressions were utilized to conduct this paper. The outcomes revealed that interim reports have a significant influence on stock returns.

The study of Ismail and Abdul Rahman (2012) aimed to assess the usefulness of information contained in Malaysian interim reports regarding stock price performance. An event study was used as a statistical method. The findings showed that the listed corporations have

widely released information in interim reports in compliance with the standards. Nevertheless, the study did not find a positive relation between the release of interim reports, the degree of disclosure and the performance of the corporation's stock price. This study recommended examining the effect of interim dividends announcements on stock prices.

The study of Baathkah (2011) aimed to investigate the effect of interim financial reports on stock returns among 134 Saudi listed firms. The data was gathered from the quarter reports of selected firms. An event study was used as a statistical method. The results of this study demonstrated that stock returns aren't affected by accounting information included in interim reports. The study recommended reducing the usual term defined by the stock market for publishing interim reports from 15 days to 10 days. Moreover, spread awareness of the significance of accounting numbers in interim reports when making investment choices.

The study of Karunarathne and Rajapakse (2010) aimed to examine the accounting information value relevance. It investigated the influence of firm's size, EPS and OCFPS on stock returns. The sample was composed of 100 Colombo-listed firms. T-test was utilized to test the hypotheses. It demonstrated that size, EPS and OCFPS have a significant influence on stock returns. Furthermore, this paper recommended policymakers impose stricter standards to improve the usefulness of accounting numbers.

The study of Martani and Khairurizka (2009) aimed to investigate the usefulness of interim financial information on stock returns. This study utilized operating cash flow and company size as indicators of financial information. The required data was collected from the interim reports of manufacturing Indonesian listed firms during the period (2003-2006). To conduct the research multiple linear regressions were employed. According to the findings, operating cash flows and size have a significant influence on stock returns.

The study of Megena and Cirton (2007) aimed to provide an understanding of the relevance of interim reporting to financial analysts for UK-listed corporations. A questionnaire was distributed to financial analysts and finance managers to determine their view point of the significance of interim reports. The findings show that there is a strong impact of interim reports in drawing decisions.

The study of Ismail and Chandler (2005) aimed to determine professional investors' opinions of the usage and usefulness of the company's quarterly reports of Malaysian companies. The questionnaire survey approach is used to obtain responses from the participants. The outcomes showed that quarterly reports are utilized and useful. The study demonstrated that the aim of quarterly reporting extends beyond predicting upcoming annual results. These reports are also used to forecast performance beyond the present period and providing feedback on financial performance compared with past predictions. According to this study, the usefulness of quarterly reports depends varies according to the type of users. Furthermore, the results may be valuable to decision makers in developing regulations on interim reporting and in providing opportunities for additional studies on the issue. This study recommended other researchers to do more studies on interim reporting in other countries.

Table 2.1: Summary of Previous Studies

N0.	Year	Author Name	Objective	Findings
1	2021	Dissanayake and Kalainathan	Determined the influence of interim financial information on stock returns	Stock prices responded to financial information included in interim reports.
2	2020	Osazevbaru	Examined the usefulness of financial information (EPS and OCFPS) for the firm's performance.	EPS and OCFPS have value relevance for the performance of companies and strategic decisions.
3	2019	Garang	Explored the relationship between annual and interim	Announced earnings in both annual and interim financial

			reports on stock returns	reports have a significant influence on stock return.
4	2019	Saini and Sharma	Examined the usefulness of interim reports by conducting the opinions of Indian investors.	The study revealed that interim reports are perceived as the second significant source of financial numbers after annual reports.
5	2017	Oberholster et al.,	Investigated if the usefulness of interim financial statements is greater than annual financial statements.	Interim financial reports seem to be more useful than annual financial reports.
6	2017	Dang et al.,	Discussed the influence of accounting information (EPS and size) on stock price.	EPS has a positive influence on stock price, whereas firm size has a negative influence on the relationship between EPS and stock price.
7	2017	AL-Shatnawi	Assess the quality of interim financial reports and their impact on investor's decisions from the perspective of a group of accounting information users working in brokerage firms.	There is an influence of qualitative characteristics of accounting numbers on the interim financial reporting quality. Moreover, the interim reports have an effect on decisions taken by investors.
8	2016	Sulaiman and Ahmad	To demonstrate the impact of interim reporting on investors' decisions.	The outcomes indicate that investors should utilize interim reports to make informed decisions.
9	2016	Asif et al.,	Investigated the effect of accounting numbers on stock returns.	EPS and OCFPS had a significant influence on stock returns.
10	2016	Grigoraș-Ichim et al.,	To demonstrate the significance of interim reports for the company's position.	Interim reports can boost the company's performance by enhancing connections and transparency with external stakeholders.
11	2014	Imam and Zamil	Determined the effect of information included in interim reports on share price in Iraq.	The paper concluded that the interim data will enhance decision making process in Iraq Market.
12	2012	Qabajeh et al.,	Discussed the influence of interim reports declaration on share prices during 5 trading days before and 5 days after the declaration	The outcomes revealed a positive relationship between the declaration of interim reports and share prices on the day of the declaration.

			date	
13	2012	Mujumdar et al.,	To explore the usefulness of interim reports from the investors' view point.	Interim financial reports are essential as a source of recurrent information for investors and are more beneficial than annual reports.
14	2012	Majed et al.,	Explored the impact of interim reporting on stock price.	Interim reports have a positive significant impact of interim financial reports on stock returns.
15	2012	Ismail and Abdul Rahman	Assessed the wealth of information contained in Malaysian quarterly financial reports regarding stock price performance.	The study did not find a positive relation between the release of quarterly reports and the degree of disclosure and corporation stock price performance.
16	2011	Baathkah	Examined the influence of interim financial reports on stock return	Stock returns doesn't affected by interim accounting information
17	2010	Karunarathne and Rajapakse	Examined the accounting information value relevance.	Company size, EPS and OCFPS had a significant effect on stock price.
18	2009	Martani and Khairurizka	Explored the usefulness of interim financial information on stock return.	Operating cash flows and firm's size have a significant influence on stock returns.
19	2007	Megena and Cirton	To provide an understanding of the relevance of interim reporting to financial analysts for UK-listed corporations.	Showed a strong impact of interim reports in drawing decisions.
20	2005	Ismail and Chandler	Determined professional investors' opinions of the usage and usefulness of the company's quarterly reports of Malaysian companies.	Quarterly financial reporting is used to forecast performance for the present period and providing feedback on financial performance compared with past predictions.

Source: Prepared by the researcher

2.3 Discussion the Results of Previous Studies

There is a conflict between previous studies, regarding the usefulness of interim financial reports on stock returns. Dissanayake and Kalainathan (2021); Garang (2019); Saini and Sharma (2019); Oberholster et al., (2017); AL-Shatnawi (2017); Grigoraș-Ichim et al., (2016); Asif et al., (2016); Imam and Zamil (2014); Qabajeh et al., (2012); Majed et al., (2012); Mujumdar et al., (2012); Karunarathne and Rajapakse (2010); Martani and Khairurizka (2009); Megena and Cirton (2007) and Ismail and Chandler (2005) found that interim financial reports have a significant impact on stock returns. Whereas, Ismail and Abdul Rahman (2012) and Baathkah (2011) found that these reports has a non-significant impact on stock returns.

2.4 Contribution of the Thesis

On the basis of previous literature, in Palestine, there are no studies about the usefulness of interim financial reports, so this thesis will be the first one. There is also a lack of previous studies in other countries. Moreover, there have been no previous studies that examined the impact of interim income components on stock returns.

Chapter Three

Methodology

3.1 Introduction

This thesis follows quantitative market-based approach. The research questions will be examined using econometric tests, depending on secondary data of publicly listed companies on the PEX. This study utilized historical data to determine the impact of EPS, OCFPS and income components per share as independent variables on stock returns as the dependent variable.

3.2 Data and Sample Selection

The population is 21 companies which represent all industrial and services companies listed on Palestine Exchange, of which 11 are industrial companies and 10 are service companies.

The selected companies should match the following terms:

1- The company should be listed on the PEX.

2- The company share should be traded on the PEX.

3- The company should be listed before 2017 (Zahran and Karsh, 2016).

Table 3.1 in the appendix presents the companies that match the abovementioned three terms of sample selection.

Based on the above terms, the sample consists of 67% of the population that was mentioned (14 companies) in order to generalize the results - 8 industrial companies and 6 service companies. All the necessary accounting data are gathered from the published interim reports for

the last five years (2018-2022) of the respective companies which are listed on PEX. Those two sectors were selected because they have the same characteristics.

3.3 Variables Measurement

The dependent and independent variables computed using the following equations:

1 – Dependent variable: stock Returns (R): Stock returns are the profits earned by investors who invest in firms that issue stock (Nadyayani & Suarjaya, 2021). Fluctuations in stock prices over time, or capital gains, are the two types of returns that shareholders get (Widagdo, 2020). Many factors influence stock returns. Profitability of a firm is one of the most important factors. The amount of dividend paid by a firm is determined by its profit, and the amount of this dividend affects the price (Kasmiati, & Santosa, 2019). In this study, dividends are excluded from the calculation of stock returns because Palestinian listed companies don't distribute dividends quarterly.

$$R = \frac{Pt - P\,t-1}{Pt-1}$$ (Adawiyah & Setiyawati, 2019).

Where: P_t the share price at time t, P_{t-1} previous period's price.

2 – Independent Variables:

A - Earnings Per Share (EPS): The Earnings per Share has a substantial impact on the stock price. According to signaling theory, the firm's EPS in the financial statements provide investors with the right news signals (Bustani et al., 2021). EPS is the level of net gains for shares that a firm may obtain while carrying out its operations. The amount earned by ordinary shareholders for each outstanding ordinary sheet is denoted by EPS (Rahmawati & Hadian, 2022).

This variable will be computed using this formula:

Earnings Per Share (EPS)= $\frac{\text{net income available for sharehokders}}{\text{number of shares outstnding}}$ (Tamuntuan, 2015).

B - Operating Cash Flows Per Share (OCFPS): Operating cash flow is one of the most essential amounts of cash in a company's accounts since it indicates the amount of cash generated by a firm's core operations (Qaisi, 2020). OCF is an indicator of day-to-day operations that determines if the company has the ability to generate cash that can be utilized to repay debts and sustain the company's operating capability (Kipngetich, 2021).

Operating Cash Flows Per Share (OCFPS) = $\frac{\text{Operating Cash Flow}}{\text{Number of ordinary shares}}$ (Osazevbaru, 2020).

C - Income Components: In this thesis, income components are operating cash flows and accruals.

Income Components = Operating Cash Flow + Accruals

The accruals computed by using the following formula:

Accruals Per Share (ACCPS) = $\frac{\text{Acruals}}{\text{Number of ordinary shares}}$

3 - Moderating Variables

A - Firm's size (FZ): The total value of a firm's assets can be used to calculate its size. If the firm has a large amount of assets, it is classified as a large firm. Investors want to invest in large firms since they are thought to be more developed and capable of improving their performance (Bon & Hartoko, 2022). Companies with a large amount of assets are expected to make large profits in order to raise their stock value (Fachrudin & Ihsan, 2021).

FZ = Ln of Total Assets (Abeyrathna & Priyadarshana, 2019; Bon & Hartoko, 2022; Fachrudin & Ihsan, 2021).

Where: Ln is natural logarithm

B - Industry type (Dummy Variable)

The industry type variable is used to measure the impact of the company's iindustry type difference (industial vs service) on stock returns.

The industrial companies take the value 1 and the service companies take the value 2, according to the PEX.

3.4 Research Models

Table 3.2 presents econometric models that will be used for testing the hypotheses of this thesis.

Table 3.2: Econometric models

Hypothesis	**Model**
One	$R_{it}=a_{it} + b\ (EPS_{it})$
Two	$R_{it}=a_{it} + b\ (OCFPS_{it})$
Three	$R_{it}=a_{it} + b\ (OCFPS_{it}) + c\ (ACCPS_{it})$
FOUR	Using portfolios Retesting hypotheses 1, 2 and three by dividing a panel data into portfolios according to firms' size.

Five	Using portfolios Examining the usefulness of EPS, OCFPS and ACCPS by dividing the sample into two sub-samples (Industrial companies' portfolio and service companies' portfolio).

Source: prepared by the researcher

3.5 The Statistical Methods

The statistical methods used in this thesis are as follows:

1. Descriptive statistics: Display characteristics of the sample, including the mean, standard deviation, minimum and maximum variables.
2. Correlation matrix to find out the maximum degree of linear relationship that can be obtained between two variables.
3. Variance Inflation Factor was utilized to test if the multicollinearity problem exits or not.
4. Simple linear regression and multiple linear regressions were used to test the hypotheses of the study.

Chapter Four

Empirical Results

4.1 Introduction

This chapter presents descriptive statistics of study variables, including independent, dependent and Moderating Variables. Its purpose is to grasp the data characteristics. It explores the direction and strength of relationships, ultimately culminating in a discussion of the statistical outcomes of the study models.

4.2 Descriptive Statistic and Correlation Analysis

Table 4.1: Descriptive Statistics of Research Variables

Variable	N	Mean	St. Dev.
R	187	0.0122856	0.18163818
EPS	187	0.1588821	0.30293782
OCFPS	187	0.1208287	0.15990489
ACCPS	187	0.1382572	0.32856641
SIZE	187	17.7410722	1.23064616

Source: prepared by the researcher using SPSS.

Table 4.1 presents the descriptive statistics of study variables. Therefore, mean and standard deviation were utilized for the panel data of 187 observations. The Mean represents the average value of the series. The standard deviation represents the deviations of the observations from the average value. The mean of stock returns (R) is 0.012285 and the standard deviation is 0.18163818. The mean of Earnings Per Share (EPS) is 0.1588821 and the standard deviation is

0.30293782. The mean of Operating Cash Flows Per Share (OCFPS) is 0.1208287 and the standard deviation is 0.15990489. The mean of Accruals Per Share (ACCPS) is 0.1382572 and the standard deviation is 0.32856641. The mean of Size is 17.7410722 and the standard deviation is 1.23064616.

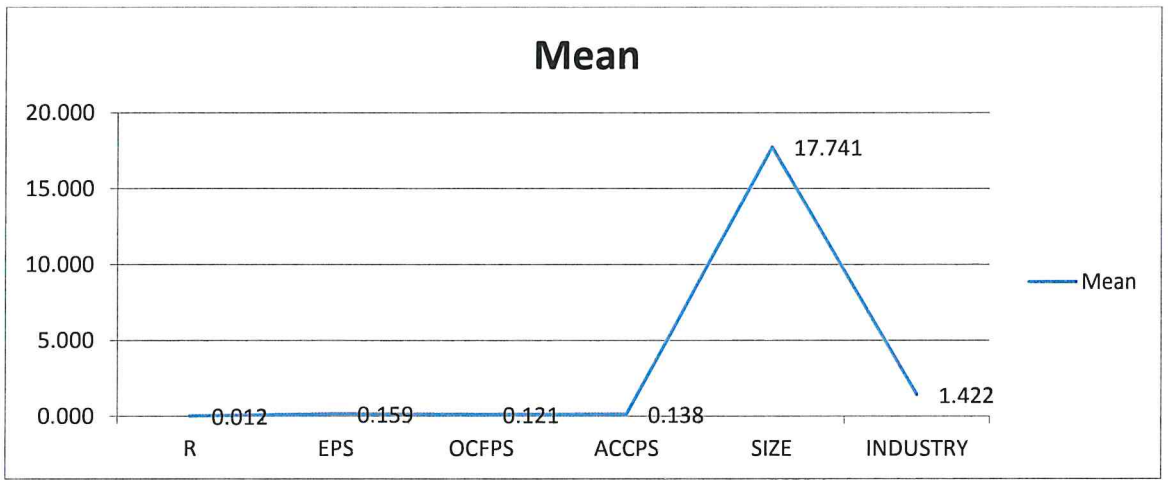
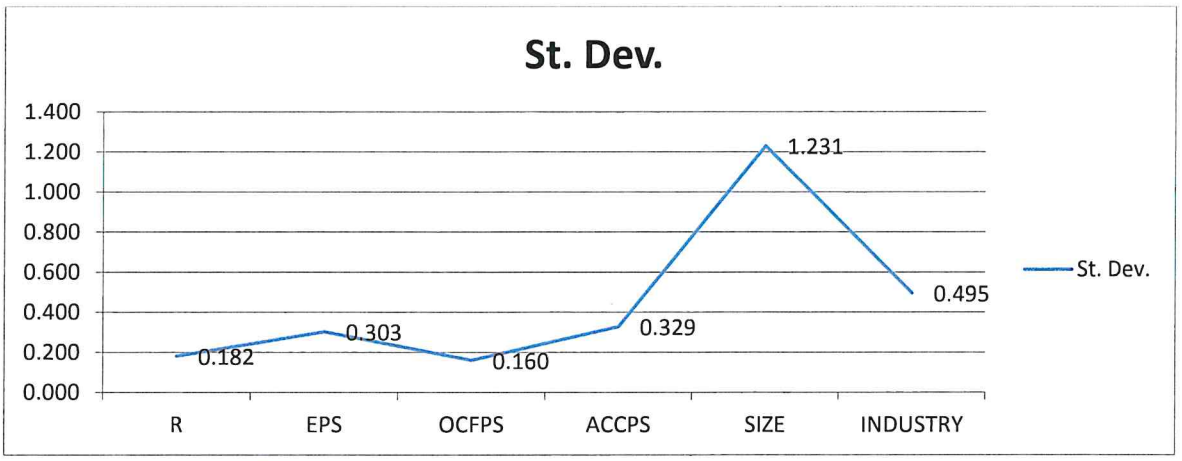


Figure 2: Mean

Source: prepared by the researcher using SPSS.



Source: prepared by the researcher using SPSS.

Figure 3: Standard Deviation

4.3 Correlation Matrix

Table 4.2: Correlation matrix (Pearson coefficients)

Correlation Matrix (Pearson Coefficients)					
Variables	**R**	**EPS**	**OCFPS**	**ACCPS**	**SIZE**
R	1				
EPS	0.070	1			
OCFPS	-0.118	0.130	1		
ACCPS	0.141	0.869**	-0.175*	1	
SIZE	-0.121	0.170*	0.394**	0.038	1

*. Correlation is significant at the 0.05 level (2-tailed), **. Correlation is significant at the 0.01 level (2-tailed).

Source: prepared by the researcher using SPSS.

Table 4.2 shows the results of Pearson correlation (parametric test). The most common type of analysis is correlation analysis, which is a useful tool for determining the measure of correlation between dependent and independent variables. Its value varies from +1 to -1, with +1 representing a strong positive correlation and -1 being a completely negative linear correlation. It demonstrates an insignificant positive relationship between EPS and stock returns and between ACCPS and stock returns. In addition, it demonstrates insignificant negative relationship between OCFPS and stock returns.

4.4 Multicollinearity Test

Table 4.3: Variance Inflation Factors

Variable	Coefficient	VIF
C	0.000328	NA
ACCPS	0.001664	1.031407
OCFPS	0.007025	1.031407

Source: prepared by the researcher using SPSS.

The Variance Inflation Factor (VIF) is used to identify multicollinearity (Almumani & Almazari, 2021). Table 4.3 displays the results of the (VIF). It shows that the VIF is less than 5. This indicates that there is no multicollinearity between (ACCPS and OCFPS).

4.5 Hypotheses Testing

For the purpose of testing hypotheses, the SPSS output was used (Model Summary, ANOVA, and Coefficients).

4.5.1 (Hypothesis one): The impact of interim EPS on stock returns

$$R_{it}=a + b\ (EPS_{it})$$

Table 4.4: Model Summary (H_1)

Model	R	R^2	Adj. R^2
1	0.070	0.005	-0.001-

a. Predictors: (Constant), EPS

Source: prepared by the researcher using SPSS.

Table 4.4 presents the model summary. There are two important pieces of information, which are R and the adjusted R square. Coefficient R is the measure of relationship between dependent variable and independent variable while adjusted R-Square value is used to determine how much the independent variable can explain the dependent variable (Bintara & Tanjung, 2019). In this case the R = 0.070. This shows a weak positive relationship while the adjusted R Square is -0.001. This means that the EPS is able to describe stock returns amounting to 0.005 while another is influenced by other variables.

Table 4.5: ANOVA test (H1)

Model		SOS	Df	MS	F	Sig.
1	**Reg.**	0.030	1	0.030	0.904	0.343
	Res.	6.107	185	0.033		
	Sum	6.137	186			

Where: SOS = Sum of Squares, DF= Degree of Freedom, MS= Mean Square, Reg. =Regression, Res. = Residual.

Source: prepared by the researcher using SPSS.

Table 4.5 shows that the statistical approach employed to test the hypotheses is one-way Analysis of Variance (ANOVA). In a regression analysis, the ANOVA test is used to measure the effect of independent variables on the dependent variable (Zafar et al., 2010). The F test or Analysis of Variance (ANOVA) analyzed whether EPS affects the Stock returns. The F-value is 0.904 at a significant level 0.343 > 0.05 Then, the EPS has no effect on the stock returns.

Table 4.6: T-test (H1)

	B	Std. Error	T	Sig.
(Constant)	0.006	0.015	0.376	0.707
EPS	0.042	0.044	0.951	0.343

Source: prepared by the researcher using SPSS.

From the output results in Table 4.6, it can be formulated the equation of simple linear regression model as follows:

R= 0.006 + 0.042 EPS

The T-test is used to analyze whether the independent variables have a significant effect or not on the dependent variable (Saputra, 2022). The significant level of EPS is 0.343 > 0.05. Then hypothesis 1 is rejected. This means that there is an insignificant positive impact of EPS on stock returns.

4.5.2 (Hypothesis Two): The impact of interim OCFPS on stock returns

$$R_{it}=a + b\ (OCFPS_{it})$$

Table 4.7: Model Summary (H2)

Model	R	R^2	Adj. R^2
2	0.118	0.014	0.009

Source: prepared by the researcher using SPSS.

From table 4.7, R = 0.118. This shows a weak positive relationship while the adjusted R-square is 0.009. This means that the OCFPS is able to describe stock returns amounting to 0.009 while another is influenced by other variables.

Table 4.8: ANOVA test (H2)

Model		SOS	Df	MS	F	Sig.
2	**Reg.**	0.085	1	0.085	2.602	0.108
	Res.	6.051	185	0.033		
	Sum	6.137	186			

Source: prepared by the researcher using SPSS.

From table 4.8, the F test or Analysis of Variance (ANOVA) analyzed whether OCFPS affects the Stock returns. The F-value is 2.602 at a significant level 0.108 > 0.05. Then, the OCFPS has no effect on the stock returns.

Table 4.9: T- test (H2)

Model	B	Std. Error	T	Sig.
(Constant)	0.028	0.017	1.714	0.088
OCFPS	-0.134-	0.083	-1.613-	0.108

Source: prepared by the researcher using SPSS.

From the output results in Table 4.9, it can be formulated the equation of simple linear regression model as follows:

R= 0.028 - 0.134 OCFPS

The significant level of OCFPS is 0.108 > 0.05. Then, hypothesis 2 is rejected. This means that there is an insignificant negative impact of OCFPS on stock returns.

4.5.3 (Hypothesis Three): The impact of interim income components (OCFPS and Accruals per share) on stock returns.

$R_{it}=a + b\ (OCFPS_{it}) + c\ (ACCPS_{it})$

Table 4.10: Model Summary (H3)

Model	R	R^2	Adj. R^2
3	0.170	0.029	0.018

Source: prepared by the researcher using SPSS.

From table 4.10, the R =0.170. This shows a weak positive relationship among income components (ACCPS and OCFPS) and stock returns while the adjusted R-square is 0.018. This means that the ACCPS and OCFPS are able to describe stock returns amounting to 0.018 while another is influenced by other variables.

Table 4.11: ANOVA test (H3)

Model		SOS	Df	MS	F	Sig.
3	Reg.	0.177	2	0.088	2.727	0.068
	Res.	5.960	184	0.032		
	Sum	6.137	186			

Source: prepared by the researcher using SPSS.

From table 4.11, the F test or Analysis of Variance (ANOVA) analyzed whether ACCPS and OCFPS affects the Stock returns. The F-value is 2.727 at a significant level 0.068. Then, the ACCPS and OCFPS combined have no effect on the stock returns.

Table 4.12: T-test (H3)

Model	B	Std. Error	T	Sig.
(Constant)	0.016	0.018	0.884	0.378
OCFPS	-0.109-	0.084	-1.303-	0.194
ACCPS	0.069	0.041	1.681	0.094

Source: prepared by the researcher using SPSS.

From the output results in Table 4.12, it can be formulated the equation multiple regression model as follows:

R= 0.016 - 0.109 OCFPS + 0.069 ACCPS

The significant level of OCFPS is 0.194 > 0.05. This means that there is an insignificant negative impact of OCFPS on stock returns. The significant level of ACCPS is 0.094> 0.05. This means that there is an insignificant positive impact of ACCPS on stock returns. Therefore, there is an insignificant impact of income components on stock returns; so, hypothesis 3 is rejected.

4.5.3.1 More findings: Hypothesis 3/ testing the impact of accruals per share on stock returns.

Table 4.13: Model Summary (H3.1)

Model	R	R^2	Adj. R^2
3.1	0.141	0.020	0.015

Source: prepared by the researcher using SPSS.

From table 4.13, the R =0.141. This shows a weak positive relationship while the adjusted R-square is 0.015. This means that the ACCPS is able to describe stock returns amounting to 0.015 while another is influenced by other variables.

Table 4.14: ANOVA test (H3.1)

Model		SOS	Df	MS	F	Sig.
3.1	**Reg.**	0.122	1	0.122	3.744	0.055
	Res.	6.015	185	0.033		
	Sum	6.137	186			

Source: prepared by the researcher using SPSS.

From table 4.14, the F test or Analysis of Variance (ANOVA) analyzed whether ACCPS affects the Stock returns. The F-value is 3.744 at a significant level 0.055. Then, the ACCPS has an effect on the stock returns.

Table 4.15: T-test (H3.1)

Model	B	Std. Error	T	Sig.
(Constant)	0.002	0.014	0.106	0.915
ACCPS	0.078	0.040	1.935	0.055

Source: prepared by the researcher using SPSS.

From the output results in Table 4.15, it can be formulated the equation simple linear regression model as follows:

$R = 0.002 + 0.078\ ACCPS$

The significant level of ACCPS is 0.055 = 0.05. This means that there is a significant positive impact of ACCPS on stock returns.

4.5.4 (Hypothesis Four): The impact of Firm's size on the relationship between interim accounting variables (EPS, OCFPS, Income Components Per Share) and stock returns.

I examined the following sub-hypotheses.

4.5.4.1 The impact of firm size on the relationship between the EPS and stock returns

$R = a_0 + a_1\ EPS + a_2\ FS$

Table 4.16: Model Summary (H4.1)

Model	R	R^2	Adj. R^2
4.1	0.152	0.023	0.012

Source: prepared by the researcher using SPSS.

From table 4.16, the R =0.152. This shows a weak relationship while the adjusted R-square is 0.012.

Table 4.17: AVOVA test (H4.1)

Model		SOS	Df	MS	F	Sig.
4.1	Reg.	0.141	2	0.071	2.168	0.117

	Res.	5.995	184	0.033		
	Sum	6.137	186			

Source: prepared by the researcher using SPSS.

From table 4.17, the F test or ANOVA analyzed whether FS affects the relationship between interim EPS and stock returns. The F-value is 2.168 at a significant level 0.117. Thus, the FZ has no effect on the relationship between interim EPS and stock returns.

Table 4.18: T-test (H4.1)

Model	B	Std. Error	T	Sig.
(Constant)	.362	.193	1.873	.063
EPS	.056	.044	1.258	.210
FS	-.020-	.011	-1.850-	.066

Source: prepared by the researcher using SPSS.

From the output results in Table 4.18, it can be formulated the equation multiple regression model as follows:

$$R = 0.362 + 0.056 \text{ EPS} - 0.020 \text{ FS}$$

The significant level is 0.210> 0.05. This means that the FS has an insignificant impact on the relationship between interim EPS and stock returns.

4.5.4.2 The impact of firm size on the relationship between the OCFPS and stock returns

$$R = a_0 + a_1 \text{ OCFPS} + a_2 \text{ FS}$$

Table 4.19: Model Summary (H4.2)

Model	R	R^2	Adj. R^2
4.2	0.143	0.020	0.010

Source: prepared by the researcher using SPSS.

From table 4.19, the R =0.143. This shows a weak relationship while the adjusted R-square is 0.010.

Table 4.20: ANOVA test (H4.2)

Model		SOS	Df	MS	F	Sig.
4.2	**Reg.**	0.125	2	0.063	1.920	0.150
	Res.	6.011	184	0.033		
	Sum	6.137	186			

Source: prepared by the researcher using SPSS.

From table 4.20, the F test or ANOVA analyzed whether FS affects the relationship between interim EPS and stock returns. The F-value is 1.920 at a significant level .150. Then, the FZ has no effect on the relationship between interim OCFPS and stock returns.

Table 4.21: T-test (H4.2)

Model	B	Std. Error	T	Sig.
(Constant)	0.255	0.204	1.247	0.214
OCFPS	-0.094-	0.090	-1.046-	0.297
FS	0-.013-	0.012	-1.111-	0.268

Source: prepared by the researcher using SPSS.

From the output results in Table 4.21, the equation multiple regression model can be formulated as follows:

$$R = 0.255 - 0.094\ OCFPS - 0.013\ FS$$

The significant level is 0.297>0.05. This means that the FS has an insignificant impact on the relationship between interim OCFPS and stock returns.

4.5.4.3 The impact of firm size on the relationship between the income components per share and stock returns

$$R = a_0 + a_1\ OCFPS + a_2\ ACCPS + a_3\ FS$$

Table 4.22: Model Summary (H4.3)

Model	R	R^2	Adj. R^2
4.3	.195[a]	.038	.022

Source: prepared by the researcher using SPSS.

From table 4.22, the R =0.195. This shows a weak relationship while the adjusted R-square is 0.038.

Table 4.23: ANOVA test (H4.3)

Model		SOS	Df	MS	F	Sig.
4.3	Reg.	0.233	3	0.078	2.411	0.068
	Res.	5.903	183	0.032		
	Sum	6.137	186			

Source: prepared by the researcher using SPSS.

From table 4.23, the F test or ANOVA analyzed whether FS affects the relationship between interim ACCPS, OCFPS and stock returns. The F-value is 2.411 at a significant level 0.068. Then the FZ has no effect on the relationship between interim income components (AACPS and OCFPS) and stock returns.

Table 4.24: T-test (H4.3)

Model	B	Std. Error	T	Sig.
(Constant)	0.285	0.204	1.399	0.164
OCFPS	-0.060-	0.092	-0.653-	0.515
ACCPS	0.075	0.041	1.829	0.069
FS	-0.016-	0.012	-1.326-	0.187

Source: prepared by the researcher using SPSS.

From the output results in Table 4.24, the equation multiple regression model can be formulated as follows:

R = 0.285 - 0.060 OCFPS +0.075 ACCPS - 0.016 FS

The significant levels are 0.515 and 0.069 > 0.05 for OCFPS and ACCPS respectively. This means that the FS has insignificant impact on the relationship between interim income components (OCFPS and ACCPS) and stock returns.

4.5.5 (Hypothesis Five): The impact of the (Industry type: industrial or service corporations) on the relationship between interim accounting variables (EPS, OCFPS, Income Components Per Share) and stock returns.

This hypothesis is examined by dividing the sample into two sub-samples (industry portfolio and service portfolio). Presented below are the outcomes of the two sub-samples:

4.5.5.1 The impact of interim accounting variables (EPS, OCFPS, Accruals Per Share) on stock returns for industrial corporations.

Table 4.25: Model Summary (H5.1)

Model	R	R^2	Adj. R^2
5.1	0.140	0.019	-0.009-

Source: prepared by the researcher using SPSS.

From table 4.25, the R =0.140. This shows a weak positive relationship while the adjusted R-square is .009.

Table 4.26: ANOVA test (H5.1)

Model		SOS	Df	MS	F	Sig.
5.1	Reg.	0.079	3	0.026	0.688	0.561[b]
	Res.	3.983	104	0.038		
	Sum	4.062	107			

Source: prepared by the researcher using SPSS.

From table 4.26, the F test or ANOVA analyzed whether industry type (industrial) affects the relationship between interim ACCPS, OCFPS, EPS and stock returns. The F-value is 0.688 at a significant level 0.561. Then the industry type (industrial) has no effect on the relationship between interim ACCPS, OCFPS, EPS and stock returns.

Table 4.27: T-test (H5.1)

Model	B	Std. Error	T	Sig.
(Constant)	0.014	0.027	0.519	0.605

EPS	-0.061-	0.130	-0.466-	0.642
OCFPS	0.020	0.144	0.142	0.887
ACCPS	0.116	0.124	0.932	0.353

Source: prepared by the researcher using SPSS.

From the output results in Table 4.27, the equation multiple regression model can be formulated as follows:

R = 0.014 - 0.061 EPS +0.020 OCFPS - 0.116 ACCPS

The significant levels are 0.642, 0.887 and 0.353> 0.05 for EPS, OCFPS and ACCPS respectively. Thus EPS, OCFPS and ACCPS have an insignificant impact on stock returns. This means that the industry type (industrial) has an insignificant impact on the relationship between interim EPS, OCFPS and ACCPS on stock returns.

4.5.5.2 The impact of interim accounting variables (EPS, OCFPS, Accruals Per Share) on stock returns for service corporations.

Table 4.28: Model Summary (H5.2)

Model	R	R^2	Adj. R^2
5.2	0.282	0.079	0.043

Source: prepared by the researcher using SPSS.

From table 4.28, the R =0.282. This shows a weak positive relationship while the adjusted R-square is 0.043.

Table 4.29: ANOVA test (H5.2)

Model		SOS	Df	MS	F	Sig.
5.2	Reg.	0.160	3	0.053	2.158	0.100
	Res.	1.858	75	0.025		
	Sum	2.018	78			

Source: prepared by the researcher using SPSS.

From table 4.29, the F test or Analysis of Variance (ANOVA) analyzed whether industry type (service) affects the relationship between interim ACCPS, OCFPS, EPS and stock returns. The F-value is 2.158 at a significant level 0.10. Then the industry type (service) has no effect on the relationship between interim AACPS, OCFPS, EPS and stock returns.

Table 4.30: T-test (H5.2)

Model	B	Std. Error	T	Sig.
(Constant)	0.017	0.025	0.678	0.500
EPS	-0.394-	0.355	-1.112-	0.270
OCFPS	-0.009-	0.211	-0.042-	0.967
ACCPS	0.224	0.192	1.171	0.245

Source: prepared by the researcher using SPSS.

From the output results in Table 4.30, the equation multiple regression model can be formulated as follows:

$$R = 0.017 - 0.394\ EPS - 0.009\ OCFPS + 0.224\ ACCPS$$

The significant levels are 0.270, 0.967 and 0.245> 0.05 for EPS, OCFPS and ACCPS respectively. Thus EPS, OCFPS and ACCPS have an insignificant impact on stock returns. This

means that the industry type (service) has an insignificant impact on the relationship between interim EPS, OCFPS and ACCPS on stock returns.

4.6 Discussion

This study revealed that there is an insignificant impact of the interim earnings per share on the stock returns; so, this contrasts the beliefs of the studies of Osazevbaru (2020); Dang et al., (2017); Asif et al., (2016); Karunarathne and Rajapakse (2010) and Martani and Khairurizka (2009). There is an insignificant impact of the interim operating cash flows per share on the stock returns; so, this is in contrast with the findings of the studies of Osazevbaru (2020); Asif et al., (2016); Karunarathne and Rajapakse (2010) and Martani and Khairurizka (2009). There is no influence of firm size on the usefulness of the interim (earnings per share, operating cash flow per share and income components per share). This result in is contrast with the findings of the study of Dang et al., (2017). However, this study is in line with the studies of Ismail and Abdul Rahman (2012) and Baathkah (2011).

Chapter Five:

Conclusion and Recommendations

5.1 Conclusion

The primary objective of this study is to investigate the usefulness of interim financial reports of the Palestinian companies. The population is 21 companies which represent all industrial and services companies listed on PEX. 8 industrial companies and 6 service companies were selected. Data was collected from the published interim financial reports for the last five years (2018-2022). Descriptive statistics, correlation analysis, simple linear regression and multiple linear regressions were utilized to investigate the hypotheses of this thesis.

The result showed that the interim EPS, OCFPS and Income Components Per Share have an insignificant impact on the stock returns. Moreover, there is no influence of (firm size and industry type) on the usefulness of the interim EPS, OCFPS, and Income Components Per Share. Moreover, the finding supports that there is a positive significant impact of accruals per share on stock returns. The reason for the insignificant impact of interim EPS, OCFPS, and income components per share on stock returns among Palestinian companies is that the Palestinian Exchange market is inefficient.

5.2 Recommendations

Results from testing the hypotheses reflect that interim EPS, OCFPS and Income Components Per Share for industrial and service sectors have an insignificant impact on stock returns excludes (accruals per share). The study suggests the following recommendations:

1- This thesis recommends the stakeholders consider the interim financial statements as a tool for their decisions and that they use it as a tool for pricing stocks.

2- I recommend that other researchers examine the role of other interim indicators in explaining stock prices.

3- This thesis advises that other researchers write research papers that investigate interim reporting in Palestine from different perspectives.

4- This study advises the listed companies to enhance the quality of interim reporting. Also, the Palestine Exchange should provide financial analysis of these interim reports to maximize it role in pricing stocks.

References

Abeyrathna, S. P. G. M., & Priyadarshana, A. J. M. (2019). Impact of Firm size on Profitability. International Journal of Scientific and Research Publications, 9(6), 561-564.

Adawiyah, N. R., & Setiyawati, H. (2019). The Effect of Current Ratio, Return on Equity, And Firm Size on Stock Return (Study of Manufacturing Sector Food and Baverage in Indonesia Stock Exchange). Scholars Bulletin, 5(9), 513-520.

Albawwat, A. H., & Khairi, K. F. (2015). An Exploratory Study on Voluntary Disclosure and Interim Financial Reporting in Jordan. *International Journal of Accounting Research.*

Aldiena, E., & al Hakim, M. H. (2019). The Impact of Companies' Internal Factors On The Performance of Their Stock Returns. Journal of Islamic Economic Laws, 2(1), 120-149.

Al-Imam, S. M. A., & Zamil, I. A. (2014). Effect of The Informational Content Of Interim Financial Reports In Stock Prices An Empirical Study Of A Sample Of Banks Listed On The Iraq Stock Exchange. AL-Qadisiyah Journal For Administrative and Economic sciences, 16(2), 45–61.

Almumani, M. A. Y., & Almazari, A. A. (2021). The Effect Of Major Financial Indicators On Market Capitalization In Jordanian Financial Companies Listed In Amman Stock Exchange. International Journal of Economics, Commerce and Management, 9(6), 1-16.

Alsenawi, A. M., & Banat, B. Y. I. (2014). Corporate social responsibility (CSR): Palestine exchange. European Scientific Journal, 10(35), 154-169.

AL-Shantawi, H. M. (2017). Measuring the Quality of the Interim Financial Reports Using the Qualitative Characteristics of the Accounting Information and its Effect on the Investment Decisions According to the "IAS 34". International Journal of Economics and Finance, 9(5), 159-170.

Alsharairi, M., Al-Hamadeen, R., Issa, F., & Kakish, O. (2015). Interim financial reporting and compliance with IAS 34: the case of the Jordanian financial sector, *34*, 100-109.

AL-Shatnawi, H. M. (2017). Measuring the Quality of the Interim Financial Reports Using the Qualitative Characteristics of the Accounting Information and Its Effect on the Investment Decisions According to the 'IAS 34,'. *International Journal of Economics and Finance*, *9*(5), 159-170.

Al-Tamimi, H. A. H., Alwan, A. A., & Abdel Rahman, A. A. (2011). Factors affecting stock prices in the UAE financial markets. Journal of transnational management, 16(1), 3-19.

Asif, M., Arif, K., & Akbar, W. (2016). Impact of accounting information on share price: Empirical evidence from Pakistan stock exchange. *International Finance and Banking*, *3*(1), 124-135.

Asim, A., & Ismail, A. (2019). Impact of leverage on earning management: Empirical evidence from the manufacturing sector of Pakistan. Journal of Finance and Accounting Research, 1(1), 70-91.

Baathkah, R. A. (2011). The impact of accounting information contained in the interim financial reports on stock prices: applied study on Saudi stock market.

Ball, R, Gerakos, J, Linnainmaa, JT, & Nikolaev, V (2016), 'Accruals, cash flows, and operating profitability in the cross section of stock returns', Journal of Financial Economics, vol. 121, no. 1, pp. 28-45.

Banchuenvijit, W. (2016). Financial ratios and stock prices: Evidence from the agriculture firms listed on the stock exchange of Thailand. UTCC International Journal of Business & Economics, 8(2), 23-29.

Belz, T., Hagen, D. V., & Steffens, C. (2019). Taxes and firm size: Political cost or political power?. Journal of Accounting Literature, 42(1), 1-28.

Bintara[1], R., & Tanjung, P. R. S. (2019). Analysis of fundamental factors on stock return.

Bon, S. F., & Hartoko, S. (2022). The effect of dividend policy, investment decision, leverage, profitability, and firm size on firm value. European Journal of Business and Management Research, 7(3), 7-13.

Bratamanggala, R. (2018). The factors affecting board stock price of Lq45 stock exchange 2012-2016: Case of Indonesia.

Bustani, B., Kurniaty, K., & Widyanti, R. (2021). The Effect of Earning Per Share, Price to Book Value, Dividend Payout Ratio, and Net Profit Margin on the Stock Price in Indonesia Stock Exchange. Jurnal Maksipreneur: Manajemen, Koperasi, dan Entrepreneurship, 11(1), 1-18.

Chen, M. C., Cheng, S. J., & Hwang, Y. (2005). An empirical investigation of the relationship between intellectual capital and firms' market value and financial performance. Journal of intellectual capital, 6(2), 159–176.

Consler, J., Lepak, G. M., & Havranek, S. F. (2011). Earnings per share versus cash flow per share as predictor of dividends per share. Managerial Finance, 37(5), 482-488.

Cready, W. M., & Gurun, U. G. (2010). Aggregate market reaction to earnings announcements. Journal of Accounting Research, 48(2), 289-334.

Dang, N. H., Hoang, T. V. H., & Tran, M. D. (2017). The relationship between accounting information in the financial statements and the stock returns of listed firms in Vietnam stock exchange. *International Journal of Economics and Finance*, *9*(10), 1-10.

Dang, N. H., Tran, M. D., & Nguyen, T. L. A. (2018). Investigation of the impact of financial information on stock prices: The case of Vietnam. *Academy of Accounting and Financial Studies Journal*, *22*(2), 1-12.

Dissanayake, D. I. E., & Kalainathan, K. (2021). The Impact of Interim Financial Statements Announcement on Stock Prices: Evidence From Selected Listed Commercial Banks in Sri Lanka.

Endri, E., Dermawan. D., Abidin. Z. & Riyanto. S. (2019). Effect of Financial Performance on Stock Return: Evidence from the Food and Beverages Sector. International Journal of Innovation, Creativity and Change, 9(10), 335-350.

Erzad, A. M., & Erzad, A. M. (2017). The Effect of Financial Ratios Toward Sharia Stock Return in Jakarta Islamic Index (JII). QIJIS (Qudus International Journal of Islamic Studies), 5(1), 129-150.

Fachrudin, K. A., & Ihsan, M. F. (2021). The effect of financial distress probability, firm size and liquidity on stock return of energy users companies in Indonesia. International Journal of Energy Economics and Policy, 11(3), 296-300.

Fathony, M., Khaq, A., & Endri, E. (2020). The effect of corporate social responsibility and financial performance on stock returns. International Journal of Innovation, Creativity and Change, 13(1), 240-252.

Garang, G. C. (2019). The relationship between earnings announcements and stock prices at the Nairobi securities exchange (Doctoral dissertation, Egerton University).

Gharaibeh, A. (2015). The effect of capital structure on the financial performance of listed companies in Bahrain Bourse. Journal of Finance and Accounting, 3(3), 50-60.

Gharaibeh, A. T., Saleh, M. H., Jawabreh, O., & Ali, B. J. (2022). An empirical study of the relationship between earnings per share, net income, and stock price. Appl. Math, 16(5), 673-679.

Grigoraș-Ichim, C. E., & Morosan-Danila, L. (2016). The Importance of Financial Interim Reporting for the Position of Companies. The USV Annals of Economics and Public Administration, 15(2 (22)), 182-187.

Har, W. P., & Ghafar, M. A. A. (2015). The impact of accounting earnings on stock returns: the case of Malaysia's plantation industry. International Journal of Business and Management, 10(4), 155–165.

Ismail, K. N. I. K., & Chandler, R. (2005). Perceptions of professional investors in Malaysia on the usefulness of quarterly financial reports. Jurnal Pengurusan, 24, 105-124.

Ismail, K., & Rahman, R. A. (2012). The wealth of information from quarterly financial reports in Malaysia. African Journal of Business Management, 6(3), 1054–1067.

Joshi, P. L., & Bremser, W. G. (2003). Interim reporting practices by companies in Bahrain: preparation of interim accounts and early adoption of IAS 34. Advances in International Accounting, 16, 105-122.

Kajüter, P., Lessenich, A., Nienhaus, M., & van Gemmern, F. (2021). Consequences of Interim Reporting: A Literature Review and Future Research Directions. European

Karunarathne, W. V. A. D., & Rajapakse, R. M. D. A. P. (2010). The Value Relevance of Financial Statements Information: With Special Reference to the Listed Companies In Colombo Stock Exchange.

Kasmiati, M., & Santosa, P. W. (2019). The effect of earning information, cash flow components, financing decision, and Stock Return: Empirical Evidence on Indonesia stock exchange. Journal of Economics, Business & Accountancy Ventura, 22(2), 157-166.

Khanna, M. (2014). Value relevance of accounting information: An empirical study of selected indian firms. International Journal of Scientific and Research Publications, 4(10), 1-6.

Kieso, D. E., Weygandt, J. J., & Warfield, T. D. (2019). Intermediate accounting (Seventeen Edition). John Wiley & Sons.

Kipngetich, S. B., Tenai, J., & Kimwolo, A. (2021). Effect of Operating Cash Flow on Stock Return of Firms Listed In Nairobi Security Exchange. Eastern Journal of Economics and Finance, 6(1), 26-35.

Latif, J., Yaqub, M. S., Masood, A., & Rahman, A. (2022). Re-examining the Financial Performance Measures of Commercial Banks in Pakistan. Pakistan Journal of Social Sciences, 42(4), 785-798.

Magena, M., Kinman, R., & Citron, D. (2007). Investment analysts' perception of disclosure in UK interim financial reports. Journal of Applied Accounting Research, 8(3), 146-185.

Maisyarah, R. (2018). Analysis of the Determinants Competition Oligopoly Market Telecommunication Industry in Indonesia. KnE Social Sciences, 760-770.

Majed, A. A. Q., Hameedat, M. M., Al Shanti, A. M., & Dahmash, F. N. (2012). The Effect of Interim Financial Reports announcement on Stock Returns (Empirical Study on Jordanian Industrial Companies). *Interdisciplinary journal of contemporary research in business*, *3*(11).

Majumder, M. T. H., Rahman, M. M., & Rahman, M. M. (2012). Perceptions of Bangladeshi investors on the usefulness of interim financial reports. School of Doctoral Studies (European Union) Journal, 2012, 24-29.

Martani, D., & Khairurizka, R. (2009). The effect of financial ratios, firm size, and cash flow from operating activities in the interim report to the stock return. *Chinese business review*, *8*(6), 44.

Mensah, Y. M., & Werner, R. H. (2007). The capital market implications of the frequency of interim financial reporting: an international analysis. Review of Quantitative Finance and Accounting, 31(1), 71–104.

Mostafa, W. (2016). The Incremental Value Relevance of Cash Fows and Earnings Affected by Their Extremity. Management Research Review, 39(7), 742-767.

Nadyayani, D. A. D., & Suarjaya, A. A. G. (2021). The effect of profitability on stock return. American Journal of Humanities and Social Sciences Research (AJHSSR), 5(1), 695-703.

Narsa, I. M. (2019). The effects of earnigs volatility, net income and comprehensive income on stock prices on banking companies on the indonesia stock exchange. International Review of Management and Marketing, 9(6), 18-24.

Ngure, L. W. (2014). Effect of interim financial statement announcement on stock return and volume of share traded of listed commercial banks in Kenya (Doctoral dissertation, University of Nairobi).

Oberholster, J. G., Zulu, M., & De Klerk, M. (2017). A comparison of the value relevance of interim and annual financial statements. South African Journal of Economic and Management Sciences, 20(1), 1-11.

Oeyono, J., Samy, M., & Bampton, R. (2011). An examination of corporate social responsibility and financial performance: A study of the top 50 Indonesian listed corporations. Journal of Global Responsibility, 2(1), 100-112.

Osazevbaru, H. O. (2020). Measuring the Value Relevance of Financial Information for Strategic Decision-Making and Performance of Nigerian Listed Firms. Trends Economics and Management, 14(36), 33-48.

Pouraghajan,A., Emamgholipour, M., Niazi, F., & Samakosh, A. (2012). Information Content of Earnings and Operating Cash Flow: Evidence from the Tehran Stock Exchange. International Journal of Economics and Finance, 4, 41-51.

Qabajeh, M., A., Hameedat, M., M., Al shanti, A., M., & Dahmash, N., F. (2012). The Effect of Interim Financial Reporting announcement on Stock Returns: (Empirical Study on Jordanian industrial companies). Interdisciplinary Journal of Contemporary Research in Business. 3(11), 637-645.

Qaisi, F. A. (2020). The Impact of Operating Cash Flow on Stock Price-The Case of Publicly Held Industrial Companies in Jordan. TEST Engineering & Management, 83, 14779-14788.

Rahmawati, Y., & Hadian, H. N. (2022). The influence of debt equity ratio (DER), earning per share (EPS), and price earning ratio (PER) on stock price. International Journal of Financial, Accounting, and Management, 3(4), 289-300.

Saini, R., & Sharma, P. (2019). Investor perception on the usefulness of interim financial reports in India: an empirical study. Indian Journal of Accounting (IJA), 51(1), 51-58.

Şamiloğlu, F., Öztop, A. O., & Kahraman, Y. E. (2017). The determinants of firm financial performance: Evidence from Istanbul Stock Exchange (BIST). IOSR Journal of Economics and Finance (Iosr–Jef), 8(6-1), 62-67.

Saputra, F. (2022). Analysis Effect Return on Assets (ROA), Return on Equity (ROE) and Price Earning Ratio (PER) on Stock Prices of Coal Companies in the Indonesia Stock Exchange (IDX) Period 2018-2021. Dinasti International Journal of Economics, Finance & Accounting, 3(1), 82-94.

Shkeel, Muhammad. (2018). The Relationship Between Fundamental Analysis and Stock Return Based on the Panel Data Analysis; Evidence from Karachi Stock Exchange (KSE). Research Journal of Finance and Accounting, 9 (3), 84-96.

Siddik, M. N. A., Kabiraj, S., & Joghee, S. (2017). Impacts of capital structure on performance of banks in a developing economy: Evidence from Bangladesh. International journal of financial studies, 5(2), 13.

Sritharan, V. (2015). Does firm size influence on firm's Profitability? Evidence from listed firms of Sri Lankan Hotels and Travels sector. Research Journal of Finance and Accounting, 6(6), 201-207.

Sulaiman, O. I., & Ahmad, A. M. (2016). The Impact Of Reviewing Interim Financial Reports On The Investors Decisions In Kurdistan Region. International Journal of Scientific & Technology Research, 5(12), 221-225.

Tamuntuan, U. (2015). Analyzing the effect of return on equity, return on assets and earnings per share toward share price: an empirical study of food and beverage companies listed on Indonesia stock exchange. Jurnal Berkala Ilmiah Efisiensi, 15(5), 446-457.

Too, A. (2017). The effect of publication of financial statements on stock returns of commercial banks listed on the Nairobi securities exchange (Doctoral dissertation, University of Nairobi).

Tsoncheva, G. (2014). Measuring and assessing the quality and usefulness of accounting information. Journal of the University of Economics—Varna, 9, 52-64.

Uyar, A. (2010). Development of non-financial measures as contemporary performance measurement tools. World of Accounting Science, 12(1), 209-238.

Weygandt, J. J., Kimmel, P. D., & Kieso, D. E. (2010). Accounting Principles. Asia: John Wiley & Sons.

Widagdo, B., Jihadi, M., Bachtiar, Y., Safitri, O. E., & Singh, S. K. (2020). Financial Ratio, Macro Economy, and Investment Risk on Sharia Stock Return. Journal of Asian Finance, Economics and Business, 7(12), 919-926.

Wijaya, J. A. (2015). The effect of financial ratios toward stock returns among Indonesian manufacturing companies. IBuss Management, 3(2).

Yuliarti, D., & Yanto, H. (2017). The effect of leverage, firm size, managerial ownership, size of board commissioners and profitability to accounting conservatism. Accounting Analysis Journal, 6(2), 173-184.

Zafar, S. T., Chaubey, D. S., & Sharma, S. R. (2010). A Study on Fundamental Analysis of Indian Social Sector Banks. Journal of Management "Vedaang" SGRR, Uttarakhand, December.

Floştoiu, S. (2019). The Role and Place of Accounting Information in the Decision-Making System. In *International Conference Knowledge-Based Organization* (Vol. 25, No. 2, pp. 46-51).

Basah, M. Y. A. (2015). The impact of Shariah approved companies on the relationship between corporate governance structure and voluntary disclosure of interim financial

reporting in Jordan. *International Journal of Academic Research in Accounting, Finance and Management Sciences*.

Mathuva, D. (2015). The determinants of forward-looking disclosures in interim reports for non-financial firms: Evidence from a developing country.

Accounting Review, 1-50.

Nijam, H. M., & Athambawa, J. (2015, December). Value relevance of accounting information: A review of recently reported evidences from Sri Lanka. In *4th Annual International Research Conference–2015*.

Harnaji, B., Raharti, R., & Dwiwinarno, T. (2021, March). Pooled Data Analysis of Tourism Industry in Special Region of Yogyakarta. In The 3rd International Conference on Banking, Accounting, Management and Economics (ICOBAME 2020) (pp. 185-190). Atlantis Press.

Appendices

Table 3.1: Sample Selection

NO.	Company Name	Industry Type	Match the terms	Did match the terms		
				Term 1	Term 2	Term 3
1	Birzeit Pharmaceuticals	Industrial	Yes	Yes	Yes	Yes
2	Jerusalem Pharmaceuticals	Industrial	Yes	Yes	Yes	Yes
3	Jerusalem Cigarette	Industrial	Yes	Yes	Yes	Yes
4	The Vegetable Oil Industries	Industrial	Yes	Yes	Yes	Yes
5	Palestine Poultry	Industrial	Yes	Yes	Yes	Yes
6	Golden Wheat Mills	Industrial	Yes	Yes	Yes	Yes
7	National Aluminum and Profile	Industrial	Yes	Yes	Yes	Yes
8	The National Carton Industry	Industrial	Yes	Yes	Yes	Yes
9	Arab Company for Paints Products	Industrial	No	Yes	No	Yes
10	Palestine Plastic Industries	Industrial	No	Yes	No	Yes
11	Beit Jala Pharmaceutical	Industrial	No	Yes	No	Yes
12	Palestine Telecommunications	Services	Yes	Yes	Yes	Yes
13	Wataniya Palestine Mobile Telecommunications	Services	Yes	Yes	Yes	Yes
14	Palestine Electric	Services	Yes	Yes	Yes	Yes
15	Ibn Sina Specialized Hospital	Services	No	Yes	No	No
16	Al-Wataniah Towers	Services	No	Yes	No	Yes
17	Palestinian Company for Distribution & Logistics Services	Services	Yes	Yes	Yes	Yes
18	The Arab Hotels	Services	No	Yes	No	Yes
19	The Ramallah Summer Resorts	Services	Yes	Yes	Yes	Yes

20	Nablus Surgical Center	Services	Yes	Yes	Yes	Yes
21	Palaqar for Real Estate Development & Management	Services	No	Yes	No	Yes

Source: prepared by the researcher using Palestine exchange website

Additional Test: Panel Data

This thesis comes to test the impact of interim accounting numbers on the stock returns of the industrial and service listed corporations on the PEX. To enhance the results, this study employed the most suitable regression models (Polled OLS model, or Random Effect Model, or Fixed Effect Model). The Hausman test is used to determine which is the appropriate model that should be adopted. The null and alternative hypotheses of Hausman test are:

H_o: Random Effect Model is appropriate.

H_a: Fixed effect model is appropriate.

If Sig. is less than 0.05, the suitable regression model is the Fixed Effect Model.

Table 1: Hausman Test for Model Selection

Test Outcomes	**Q^2**	**Degree of Freedom**	**Sig.**
Cross-section random	11.497	3	0.0093

Source: prepared by the researcher using Eviews.

Table 1 shows the outcomes of Hausman Test for model selection. The value of Sig. is less than 0.05. This indicates that the Fixed Effect Model is the suitable model for testing the impact of independent variables on dependent variable.

Table 2: The Outcomes of Fixed Effect Regression Model

Independent Variables	**Coefficient**	**Standard Error**	**T- Value**	**Sig.**
EPS	-0.019997	0.095180	-0.210098	0.8338
OCFPS	-0.153349	0.094278	-1.626552	0.1050
ACCPS	0.128305	0.092947	1.380415	0.1686

C	0.016040	0.017948	0.893708	0.3723
Model specifications				
R-squared	0.085314	Akaike info criterion		-0.339851
Adjusted R-squared	0.029667	F-statistic		1.533139
Durbin-Watson stat	1.946585	Prob(F-statistic)		0.088011

Source: prepared by the researcher using Eviews.

Table 2 shows that there is no impact of interim EPS, OCFPS & Accrual per share on stock returns of the listed corporations on the PEX based on fixed effect model. This outcome proves the previous findings.

الملخص:

جاءت هذه الرسالة لفحص المنفعة من التقارير المالية المرحلية للشركات المساهمه العامة المدرجة في بورصة فلسطين. حيث فحصت أثر حصة السهم الواحد المرحليه من الارباح، وحصة السهم الواحد المرحليه من التدفقات النقدية التشغيلية وحصة السهم الواحد المرحليه من مكونات الدخل (التدفقات النقدية التشغيلية والمستحقات) على عوائد الاسهم. علاوة على ذلك، اختبرت هذه الرسالة أثر المتغيرات الضابطة (حجم الشركه ونوع الصناعه) على العلاقة بين البيانات المحاسبية المرحلية (حصة السهم الواحد من الارباح، وحصة السهم الواحد من التدفقات النقدية التشغيلية، وحصة السهم الواحد من المستحقات) وعوائد الاسهم. واستخدمت الدراسة البيانات المقطعية الزمنية Panel Data من خلال اخذ عينة من الشركات الصناعية والخدمية المدرجة ببورصة فلسطين خلال الفترة الممتده من عام 2018 الى 2022. تم استخدام مجموعه من الطرق الاحصائية المتمثلة بـ (الاحصاءات الوصفيه، وتحليل الارتباط الخطي، وتحليل الانحدار الخطي والمتعدد) من اجل اختبار فرضيات هذه الدراسه. وتوصلت هذه الدراسة الى عدد من النتائج كان من اهمها: عدم وجود تأثير لحصة السهم الواحد المرحليه من الارباح، وحصة السهم الواحد المرحليه من التدفقات النقدية التشغيلية وحصة السهم الواحد المرحليه من مكونات الدخل (التدفقات النقدية التشغيلية والمستحقات) على عوائد الاسهم في فلسطين. وكذلك توصلت الى انه لا يوجد تأثير للمتغيرات الضابطه (حجم الشركة أو نوع الصناعه) على منفعة المؤشرات المحاسبية المرحلية سابقة الذكر. ومن النتائج ايضاً، أن هناك تأثير ايجابي لحصة السهم الواحد المرحليه من المستحقات على عوائد الاسهم. بناء على النتائج سابقة الذكر فان هذه الدراسة توصي اصحاب المصالح الاهتمام بالبيانات المالية المرحلية كأداة لاتخاذ قراراتهم، وايضا توصي الشركات المدرجة على تعزيز وتحسين جوده البيانات المالية المرحلية. وكذلك توصي بورصة فلسطين بتزويد المستخدمين بتحليلات مالية للبيانات المرحلية مما يساعد على تسعير السهم، واخيرا توصي الباحثين الاخرين اختبار دور مؤشرات مرحلية اخرى في تفسير عوائد الاسهم.