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Department of Administrative and Financial Sciences

Master Program in Accounting and Auditing



**Investigating the Relative Value Relevance of Interim and
Annual Accounting Numbers: Empirical Evidence from the
Palestine Exchange**

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**This Thesis Was Submitted in Partial Fulfillment of the Requirements
for the Master Degree in Accounting and Auditing.**

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Thesis Approval

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Declaration

I declare that, except where explicit reference is made to the contributions of others, this thesis is substantially my own work and has not been submitted for any other degree at the Arab American University or any other institutions.

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Dedication

This work is dedicated to:

My dear parents, whose continuous support and prayers are the pillars of my success.

My beloved brothers and sister for their constant encouragement and belief in me.

To my wife and my precious sons, Abdulrahman and Mahmoud—your love gives my life meaning and strength.

To our noble families in steadfast Gaza, a symbol of resilience and dignity.

To the honourable martyrs who sacrificed their lives for our homeland, their sacrifice will never be forgotten.

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Investigating the Relative Value Relevance of Interim and Annual Accounting Numbers: Empirical Evidence from the Palestine Exchange

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Abstract

This thesis aims to evaluate the relative value relevance of the annual financial statements compared to the interim financial statements of the companies listed on the Palestine Exchange from 2014 to 2023. The study population consists of 20 companies (industrial and service) listed on the Palestine Exchange. The study sample was represented by 13 companies that meet the required terms and conditions. What's more, panel data was analyzed where the method of fixed effects for annual data and random effects for interim data was adopted based on the Hausman Test. Thus, the study achieved a set of significant findings. These findings are explained as follows: annual earnings per share (EPS) affect stock returns, whereas interim earnings per share have no impact. Moreover, annual and interim cash flows per share (OCFPS) do not have impact on stock returns. In contrast, accruals per share (ACCPS) shows a weak impact on stock returns for annual statements. The findings also didn't show any significant impact on stock returns for interim statements. Consequently, the study recommends to pay more attention to both annual and interim financial statements when making investment decisions, enhancing the quality of interim financial statements of companies listed on the Palestine Exchange, and providing more detailed financial analysis on both annual and interim statements to help investors evaluate stocks more accurately. Researchers are also invited to test other financial indicators that can contribute to interpreting returns.

Keywords: Interim Financial Statements, Annual Financial Statements, Earnings per Share, Cash Flow per Share, Accruals per Share.

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List of Definitions of Abbreviations

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

Chapter One: Introduction

1.1 Background

There is no doubt that the current tough political and economic situations in Palestine show the eminent role of the financial reports—whether yearly or interim (quarterly or semi-annual) to be even more important in helping investors and stakeholders make informed decisions. Because of the instability and restrictions on the Palestinian economy, it is necessary to provide regular and up-to-date financial information. This is where the International Accounting Standard No. 34 (IAS 34) plays a key role, as it helps improve the quality of periodic reports and makes them more transparent.

Doubtlessly, financial analysis helps to understand the company's overall performance and enables the concerned person to make rational decisions. It assists in achieving the best results for the business. Financial statements are an important link between users and the company. Moreover, financial analysis provides insights regarding the statements' figures which helps to understand the company's performance and its financial position.

Financial statement reports are considered as a tool for maintaining the relationships with creditors. Financial statements also play a crucial role in investment decisions. (Kawugana & Faruna, 2019). In addition, financial statements are an essential means of measuring and evaluating an organization's performance and financial position. These data reveal more insights into the company's accounting figures, statistics, and the results of its business operations over a specific period. (Kadochnikova et al., 2020). They are the dominant determinants of financial investment decisions.

The annual financial report is a great tool for determining companies' financial positions and making investment decisions. It is prepared within twelve months. Annual financial statements are reliable financial communication tools for external users. (Daniel et al., 2017).

IAS 34 (Interim Financial Reporting) covers interim financial reports. It was issued by the International Accounting Standards Board (IASB) in 1998 and became effective on July 1, 1999.

Interim financial reports are crucial in providing timely information for stakeholders to make rational decisions. The interim financial statements in the interim reports positively influence stakeholders' decisions. (Grigoras-Ichim & Morosan-Danila, 2020). These reports also provide current updates without duplicating previously reported information. (Aziz et al., 2022).

Based on the discussion above, this thesis comes to explore the comparative utility of annual and interim accounting data within the context of the PEX. It is worth noting that few studies specifically analyze the relative usefulness of interim and annual accounting data in Palestine.

1.2 Research Problem

The study comes to "specify the minimum information that must be included in an interim report, as well as the guidelines for recognition and measurement in financial statements for an interim period." (IAS 34). However, Palestine implemented IAS in 2005 which made the accounting standard for interim financial reports to be applied to Standard (AIS 34). Thus, this adoption led to achieve the principle of recognition and measurement in complete or condensed financial statements for a specific financial period. It then provides timely information for decision-making. (Grigoras-Ichim & Morosan-Danila, 2020). The annual financial reports also provide valuable information for stakeholders to make informed decisions. (F. Anwar et al., 2012).. No evidence was gathered from Palestinian companies regarding the effect of annual and interim accounting data on stock returns.

1.3 Study Questions

The following are key questions that characterize the study problem:

As a result the study elicits the following main question: What is the value relevance of annual and interim accounting data of the listed corporations on the PEX? The aforementioned main questions can be broken down into the following sub-questions:

A- Annual reports

1. What is the value relevance of annual earnings per share?
2. What is the value relevance of annual operating cash flow per share?
3. What is the value relevance of annual accruals per share?

B- Interim reports

4. What is the value relevance of interim Earnings Per Share?
5. What is the value relevance of interim operating cash flow?
6. What is the value relevance of interim accruals?

1.4 Research Significance

This thesis examines the importance of annual and interim financial reports for the Palestine Exchange (PEX).

- 1- Annual reports help investors understand returns and make smart decisions (Puspitaningtyas, 2010; Spătăreanu & Petec, 2016) Interim reports provide quick updates that can affect stock prices. (Hoehn, 2013).

This study focuses on financial reports under IAS 34, especially in Palestine which makes it rare and distinguished. It evaluates how yearly and interim financial data influence market trends.

- 2- In Palestine, using international accounting standards started in 2005. At that period of time, Palestine suffered from a lack of the required studies on how financial reports impact market returns. As a result, this research offers useful insights that help investors and decision-makers to improve their evaluation methods and make better financial choices By using (panel data and financial analysis).

1.5 Research Objectives

The objective of this thesis aims at examining the usefulness of annual and interim accounting data of industrial and service corporations that are listed on the PEX. As a result, the thesis's goal accomplishes the ensuing secondary goals:

Annual reports

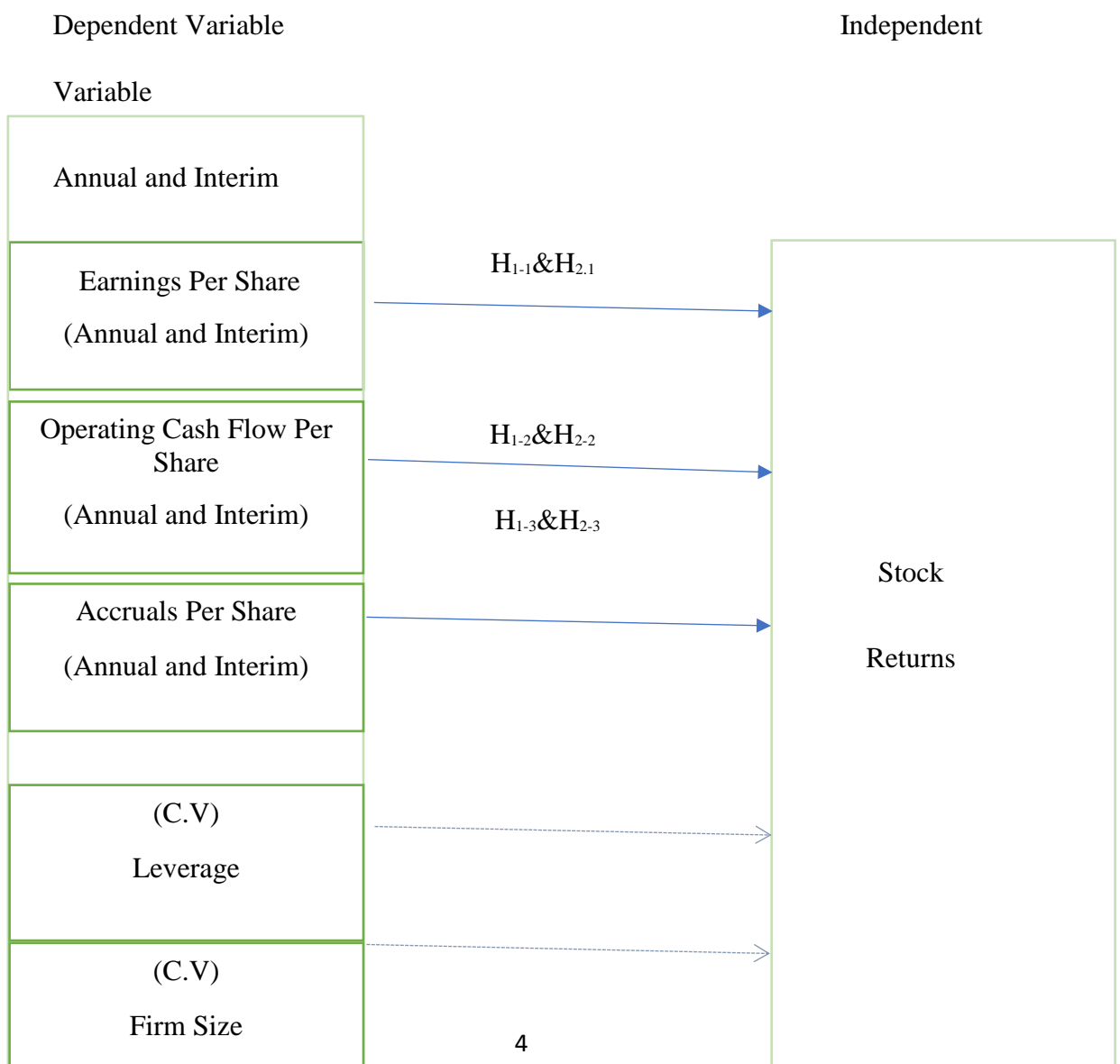
- 1- Evaluate the value relevance of annual Earnings Per Share.
- 2- Identify the value relevance of annual operating cash flow.
- 3- Examine the value relevance of annual accruals.

Interim reports

- 1- Assess the impact of value relevance on interim earnings per share.
- 2- Identify the value relevance of the interim operating cash flow.
- 3- Examine the value relevance of interim accruals.

1.6 Research Model

Presented below is the research model:



Prepared by the researcher

1.7 Hypotheses

This thesis examines the following two main hypotheses:

Hypothesis 1: There is a value relevance of annual (Earnings Per Share, Operating Cash Flow Per Share, and Accruals Per Share) of the listed corporation listed on the PEX.

Thus, Hypothesis 1 can be broken down into the following three sub-hypotheses:

H₁₋₁: The value relevance of annual earnings per share of the listed corporations on the PEX.

H₁₋₂: The value relevance of annual operating cash flows per share of the listed corporations on PEX.

H₁₋₃: There is a value relevance of annual Accruals Per Share of the listed corporations on PEX.

The Hypothesis 2: Hypothesis 2 illustrates that there is significant value relevance of interim (Earnings Per Share, Operating Cash Flow Per Share, and Accruals Per Share) of the listed corporation on the PEX.

Thus, Hypothesis 2 can be broken down into the following three sub-hypotheses:

H₂₋₁: There is a significant value relevance of the interim earnings per share of the listed corporations on the PEX.

H₂₋₂: There is a significant value relevance of interim Operating Cash Flows Per Share of the listed corporations on PEX.

H₂₋₃: There is a significant value relevance of interim Accruals Per Share of the listed corporations on PEX.

1.8 Operational Definitions

This thesis contains many concepts. These concepts are defined as follows:

Annual Financial Report: The documents provide important information about the financial situation of the economic entity, its performance, and the results of its activities during the financial year (Daniel et al., 2017).

Interim Financial Report: The interim financial report includes either a complete or a summarized set of financial statements that typically cover a period shorter than a year, such as half-yearly, quarterly, or monthly (Ali, 2020).

Usefulness: It is challenged by the quality of the necessary and required information provided within the specified time, and is used for a specific activity (Tsoncheva, 2014).

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 & Banat, 2014).

Earnings Per Share (EPS): Company profitability index per share (Hidayati & Suwaidi, 2022).

Operating Cash Flow Per Share: Earnings per share are calculated by dividing net income, depreciation, and the weighted average of the outstanding common shares to determine net working capital (Consler et al., 2011).

Accruals per share: the difference between earnings and cash flows from operations (Rampershad & De Villiers, 2019).

Firm size: Company size adjusts the relationship between capital structure, profitability, and dividend policy (Akhmadi, 2023).

Leverage: Crane metrics define the key structures and relationships in systematic design (Murphy & Jones, 2020).

Chapter Two: Previous Literature Theoretical Framework

2.1 Introduction

Chapter Two provides a comprehensive overview of the literature relevant to this thesis and examines previous studies supporting the applied methodology. This chapter critically reviews prior research, offers insights into annual and interim financial reports, and explores the key differences between them.

What's more, this chapter explores related studies conducted locally and internationally, and analyzes their relevance to the research topic. This chapter is also considered as the foundation stone for understanding the financial reporting practices; and how they contribute to the study's objectives through evaluating various findings.

2.2 Palestine Exchange (PEX)

The Palestine Exchange (PEX) was established as a private shareholding company in 1995. It held its first trading session on February 18, 1997. Then, in 2010, it became a public shareholding company and listed as a trading firm on April 4, 2012. However, the listed economic sector include banking and financial services, insurance, investment, industry, and services. It is the first fully automated Arab exchange using NASDAQ OMX systems. The Palestine Exchange is also listed on global indices such as the Financial Times Global Indices and special indices for Palestine in Morgan Stanley and Standard & Poor's. The Palestine Exchange is a member of several international financial associations (PEX Website, 2025).

2.3 IAS 34 (Interim Reports) and the Value Relevance

The accounting standard (International Accounting Standard No. 34) issued in 1998 comes to improve the quality and comprehensiveness of financial information for periods less than a full financial year.

The International Accounting Standard 34 (IAS 34) requires companies to provide transparent, comparable, and timely financial disclosures, ensuring that stakeholders can make informed investment decisions. This standard requires that companies must present a summary of financial statements, including the balance sheet, income statement, and cash flow statement, along with important notes highlighting any changes compared to the last annual financial report. It also requires that companies must provide comparative figures from the previous period to help assess trends and financial performance over time. (Abubakr et al., 2023). Furthermore, companies must disclose any changes in accounting policies, adjustments in financial estimates, or unusual items that could impact financial statements. (Alsharairi et al., 2015). IAS 34 sets specific guidelines for financial reports covering periods shorter than a full fiscal year such as monthly, quarterly, or semi-annual reports. These reports can be either full or condensed versions of financial statements, ensuring consistency in financial reporting. (Bunea-Bontas, 2007; Buschhüter & Striegel, 2011). IAS 34 requires companies to use the same accounting policies as those in their annual financial statements to achieve this consistency. Despite the high costs associated with compliance, companies across various regions continue to adhere to IAS 34, recognizing its importance in meeting listing requirements and fulfilling investor expectations. (Ali, 2020). However, some experts argue that the complexity of compliance may pose challenges for small companies, preventing them from fully implementing IAS 34. This could lead to differences in financial transparency across different sectors (Alsharairi et al., 2015).

2.4 The Usefulness of Accounting Numbers

Users of financial statements need accounting data for contracting and valuation purposes. For instance, investors use accounting information to value a company. (Barth et al., 2023). Thus, users need information to separate administrative and relevant external factors. (García Osma et al., 2023). However, accounting data plays two important roles. First, it allows creditors to assess the potential return on capital. Secondly, it allows capital providers to monitor their funds. (Beyer et al., 2010)., Investors are doubtlessly the primary users of accounting data, as decisions are made based on accounting information. (Tsoncheva, 2014). Although accounting information is general, it cannot achieve multiple objectives simultaneously. (Pelger, 2016). For potential investors, making stock

investment decisions should always be preceded by a thorough review of accounting numbers that can impact the stock's price. (Chasanah & Sucipto, 2019). Silvida (2024) Determines the extent to which the stock prices of the banking companies are influenced by the accounting information. The study illustrates that accounting information significantly affects the stock prices of banking companies. Tambun et al. (2018) Examined whether accounting information affects market share prices. The study findings explains that accounting information significantly impacts the stock prices. This article illustrates the effect of the research results on accounting information and on the accuracy of analyst predictions. Rasheed and Khalid (2023) investigates the impact of the value relevance of accounting information on stock returns during market under- and overreaction in Pakistan. The result was that accounting information affects the company stock prices, especially earnings per share, which positively impacts stock returns during the market reaction. Offia et al. (2023) explains the impact of accounting information on the stock prices of the listed healthcare firms in Nigeria. The study illustrates that the stock prices are influenced by the accounting information. Additionally, it showed that dividend distribution has an immediate and positive impact on stock prices.

2.5 Stock Returns

Stock returns reflect the company's performance. A company's financial performance is greatly affected by stock returns. (Mausali et al., 2024). Investing in stocks is extremely important to meet the company's requirements, such as distribution and diversification. (Azmeh & Hamada, 2022) shows that When the stock price goes up, it is a good sign; when it goes down, it is a bad sign. (Al-Sammak, 2024) illustrates that accounting information, specifically return on equity, book value, market value of companies, and earnings per share, is related to determining stock prices. (Aveh & Awunyo-Vitor, 2017) illustrates that dividend distribution reduces stock price volatility in the markets. (Phan & Tran, 2019) indicates that The dividend payout is affected by the stock's market price (Azmeh & Hamada, 2022) demonstrates that the stock price is an effective indicator for investors when making investment decisions (Al-Ali, 2020). Additionally, the stock price is affected by the exchange rate. (Antono et al., 2019). Islavella and Sari (2022) explore the factors that affect the stock price of mining companies listed on the Indonesia Stock Exchange. The findings show that financial ratios affect stock prices. Pradita and Suselo (2022) explore the factors that can affect the stock

price of mining companies listed on the Indonesia Stock Exchange; ROA, ROE, and DER significantly impact stock prices. Aprianti and Wahyuningsih (2022) found that return on assets impacts earnings per share, while DER does not affect stock prices. Additionally, PER has a positive effect on stock prices. Pradana and Maryono (2022) examine the influence of Return on Assets (ROA), Current Ratio (CR), Debt-to-Equity Ratio (DER), and Price Earnings Ratio (PER) on stock returns in mining companies listed on the Indonesia Stock Exchange. Dewi et al. (2017) aim to empirically determine the effect of accounting earnings, return on assets, company size, earnings per share, and price book value on stock returns in companies listed on the Indonesia Stock Exchange. The study showed that accounting profit has no impact on stock returns. However, Return on Assets, Earnings Per Share, and Price-to-Book Ratio affect stock returns.

2.6 Annual Report

The annual report provides the users with the financial information needed to make necessary business decisions (Milošević Šnjegota, 2018). Financial statements are prepared directly from the general ledger (Osadchy et al., 2018). Investors can see a company's financial position, which shows economic resources and its sources, as well as the performance indicators presented in the income statement, besides cash flows (Rachmania et al., 2017). Moreover, the annual accounting report significantly impacts the share price (Pepi, 2023). Investors react to new information published in the annual financial report (Parmenas et al., 2021). M.G.P.D. & Man (2013) investigated the stock market reaction to the release of annual financial statements of banks registered in the Colombo Stock Exchange (CSE). The study findings indicated that investors showed a positive reaction from the the annual report information. This finding led to abnormal returns based on the information available to the investors. Angilella & Morelli (2021) investigated whether the publication of annual financial statements can influence the stock prices of the listed companies. The study findings confirmed that stock prices are affected by the publication of financial statements. Acharya & Shah (2018) studied Indian companies listed on the pharmaceutical industry and found that annual financial statements do not affect stock prices. Sharma et al. (2012) examined the value relevance of financial statements and revealed that the importance of annual financial statements has no impact on stock prices. Moreover, Ou & Penman (1989) conducted a statement analysis that combines a large set of financial statement items into one summary measure,

indicating the direction of one-year-ahead earnings changes. Their study explained that the annual report leads to better investment decisions and higher financial returns.

2.6.1 Value Relevance of Annual EPS:

Without a doubt, annual financial reports are considered as a vital constituent for investors to take the right and precise decision for their investments. This is because the annual financial reports impact the stock prices. Thus, investors who invest in the capital market need to know the essential required information for making investment decisions (Sutopo et al., 2018). Sloan and Wang (2023) indicate that valuation ratios, like the price-to-earnings ratio (P/E), increase with implied future returns and decrease with the expected future earnings growth rates (EPS) of the stock. Changes in earnings are strongly tied to stock returns, Maditinos et al. (2006). These findings illustrate that companies with high operational revenue have lower earnings per share (EPS), which is a stronger predictor of stock prices. In contrast, companies with lower levels of operational revenue have a stronger impact of EPS on stock prices. Earnings per share (EPS) do not significantly impact stock prices, according to Febriyanti and Meiden (2023). What's more, Dang et al. (2018) explored the impact of financial information on the stock prices of the listed firms on the Vietnam Stock Exchange. The study findings demonstrated that earnings per share, book value, cash flow from operating activities, and firm size all positively influence stock prices. Steen et al. (2012) illustrate the impact of earnings and book value on the formulation of stock prices. Over time, earnings and book value have become more important for explaining stock prices. This makes them more valuable for investors when assessing company value. Kong and Taghavi (2006) analyze the impact of annual earnings announcements on stock markets in China. When companies announce higher-than-expected earnings, stock returns increase before the news and decrease after. Larger earnings announcements make stock price changes less volatile before the news and more volatile afterward, suggesting the market is inefficient. Dissanayake and Wickramasinghe (2016) identify stock price fluctuations based on earnings volatility on the listed companies in Sri Lanka. The results revealed that share prices were more volatile based on the company's price-earnings ratio and earnings per share. Kengatharan and Jeyan Suganya (2019). What's more, dividend yield, dividend per share, exchange rates, and firm size significantly influence share price volatility for companies listed on the Colombo Stock Exchange in Sri Lanka. Y. Anwar & Rahmalia (2019) analyze test,

and prove the effect of returns on equity (ROE), earnings per share (EPS), and price-earnings ratio (PER) on stock prices (SP) in food and beverage companies listed on the Indonesia Stock Exchange. The study findings indicates that ROE significantly impacts stock prices, while EPS and PER do not have an effect.

2.6.2 Value Relevance of Annual OCF:

The annual Operating Cash Flow (OCF) is crucial for the company's vision in generating cash. Investors and stakeholders need it to make strategic decisions. It is also considered a key factor in valuing stocks. (Ragab & El-Chaarani, 2018). The study findings found that the Operating Cash Flow per share is relevant for making strategic decisions. (Osazevbaru, 2020). OCF can also be considered as a tool for assessing the company's financial health and performance (Madininos et al., 2006). Ragab & El-Chaarani (2018) proved that OCF is closely and positively related to stock prices. OCF significantly affects investors' perceptions and decisions regarding the company's stock value (Wijewardana, 2021). However, operating cash flow from annual financial statements may not be as important in predicting stock performance as Moradzadehfard et al. (2012). likewise, Hoseini et al. (2017) investigated the effect of growth opportunities and earnings permanence on the market valuation of free cash flow. It was positively associated with stock returns when earnings were transitory. Moeinaldin et al. (2013) investigated the relationship between operating profit and operating cash flow through investors' reaction under information asymmetry conditions. Operational cash flows do not significantly impact investors' reactions, whether positive or negative. Therefore, Salehi et al. (2017) aims at exploring the interactive effect of institutional ownership and board independence on the relationship between excess free cash flow and earnings management in the Tehran Stock Exchange. Investors do not rely heavily on OCF data when making investment decisions. Trehaeven (2016) also evaluated the eminent role of operating cash flow disclosures for financial and non-financial firms in South Africa. The study findings demonstrate that operational cash flows have a minimal impact on stock market value.

2.6.3 Value Relevance of Annual Accruals:

There is no doubt that the value relevance of annual accruals is a critical aspect of accounting that influences investor decision-making and market perceptions. In fact, it

supports evidence-based decision-making and improves transparency and accountability (Bekiaris & Markogiannopoulou, 2022). Thus, annual accruals affect stock prices, whereas inaccurate pricing of discretionary accruals increases the impact on stock prices (Khodamipour & Amiri, 2020). Manipulating earnings through accruals affects stock prices and maximizes company wealth. (Cyril et al., 2019). Hirshleifer et al. (2007) Indicate a positive relationship between accruals and stock prices. Stock prices can also be predicted from accruals. Nabosu et al. (2022) determine the effect of accruals anomaly on the stock market return of non-financial firms listed on the Nairobi Securities Exchange. The entitlement anomaly hurts stock returns. High entitlements mean lower stock returns. What's more, Khodamipour and Amiri (2020) examined the role of positive and negative discretionary accrual management on the impact on stock price. Accruals significantly affect stock prices, as the mispricing of discretionary accrual components amplifies the impact on stock prices. Cyril et al. (2019) examined the effect of earnings management on the share prices of Nigerian quoted firms. The study findings illustrate that discretionary accruals significantly impact stock prices in Nigeria.

2.7 Interim Report

The interim period is the reporting period shorter than a full financial year. It consists of a complete set of financial statements covering less than a year, possibly half a year or a quarter (Al-Shatnawi, 2017). It also contains summary data on balance sheets and cash flow (Mensah & Werner, 2008). The purpose of interim data is to help users make the right decision at the right time (Al-Baaj, 2023). It provides information about different sectors' investment opportunities, risks, and growth potential (Ilham et al., 2022). Additionally, financial statements help investors to take the right decision to maintain or sell their investments (Baxi, 2023). The interim report is often more scrutinized by shareholders, leading to fluctuations in stock prices (Mensah & Werner, 2008). Although interim data is not subject to external audit, it plays a significant role in the economy (Alsharairi et al., 2015). Dissanayake and Kalainathan (2021) comes to assess the impact of interim financial statement announcements on the stock price of the licensed commercial banks in Sri Lanka. The study findings showed that stock prices respond to interim financial reports. What's more, Joshi and Shah (2019) considered two main objectives: the first was to identify the price fluctuation of shares of selected companies during the pre- and post-announcements of quarterly results. They found a

strong correlation between the announcement of stock prices and company growth. Patel and Patel (2016) investigated the impact of quarterly financial result announcements on the stock price of a selected plastic company. They found a mix of results on the company's share price. Makhsun (2019) conducted a study on companies' interim financial statements included in the Indonesia Stock Exchange. The study findings demonstrated that the market responded significantly to the announcement of both the first interim financial report and the second interim financial report. Lagasio and Brogi (2021) measured the effect of financial reporting on the prices and volumes traded of banks' outstanding stocks around the disclosure of interim financial information. The study showed a negative impact on stock prices and trading volumes in the days following banks' release of interim financial statements. Babu and Kasilingam (2013) examined the effect of quarterly results on stock prices which lead to increased share prices.

2.7.1 Value Relevance of Interim EPS

Interim EPS profitability usually provides information about future earnings per share (Oberholster et al., 2017). The study findings explained that interim earnings are not significantly related to the market value of the shares, while the temporary book value is also connected to it. Thus, a positive correlation exists between the book value of shares and interim earnings. Additionally, investors tend to overemphasize the importance of interim earnings (Kajüter et al., 2022). Management overstates the interim profits because they are not audited externally (Doran, 2011). Where good (or bad) news leads to positive returns (Annaert et al., 2002). Therefore, Jagliński (2020) investigates how investors react to quarterly earnings announcements and sees if there is an anomaly in the Warsaw Stock Exchange. The result showed that investors reacted positively to the quarterly earnings announcement. When the company achieved higher-than-expected net income, it led to a positive impact on stock prices. Moreover, NUR (2021) examined quarterly earnings announcements and their impact on stock returns. A study showed that both good and bad news in quarterly earnings announcements strongly impact stock returns. D'Souza (2014) investigates whether there are any significant abnormal returns around the quarterly earnings announcement and examines whether the semi-strong form of the Efficient Market Hypothesis (EMH) applies to the Indian stock market. The study confirmed that quarterly earnings announcements can predict stock performance and identify unusual profits. Also, Bengharbia (1982) examines the information content of quarterly earnings announcements. The study showed that quarterly earnings reports

significantly impact stock prices. Unexpected third-quarter announcements and negative earnings also affect investor reactions. Sharanappa and Naik (2023) analyze how stock prices react to quarterly earnings announcements in the Indian stock market. The study showed that stock prices do not fully reflect all information from earnings announcements immediately, allowing investors to earn abnormal returns by trading on this information. As well, Šoltés (2012) investigates the relationship between the fluctuations in selected equities' share prices and companies' quarterly financial results. The study showed that stock returns are linked to surprises in quarterly earnings.

2.7.2 Value Relevance of Interim OCF:

Operating cash flow demonstrates a company's ability to generate cash from its main activities, acting as a key measure of financial health (Ragab & El-Chaarani, 2018). Various studies have shown that operating cash flows positively and significantly correlate with stock prices. This matter of fact allows market agents to benefit from accurate quarterly operating cash flow procedures when interpreting current quarterly profits. Then, (Pimentel & Malacrida, 2020) Explains that OCF is used as an indicator to assess companies' prospects. (Livnat & Santicchia, 2006) also explains that the purpose of quarterly cash flows is to help investors understand the company's ability to achieve its goals. Sidhu et al. (2004) illustrates that quarterly and future profits are closely related to net current cash flows. Additionally, Lorek and Willinger (2006) examined the patterns and predictive power of quarterly cash flows from operations (CFO) as reported by the Statement of Financial Accounting Standards (SFAS). The study showed that quarterly operating cash flows (CFO) exhibit significant differences from simple models. Complex prediction models can improve accuracy, aiding investors and stock values. Meliana et al. (2022). As well, the relationship between cash flow growth before and after the COVID-19 pandemic and stock price performance indicates that quarterly operating cash flows (OCF) did not substantially impact stock returns (Wu et al., 2021). Finally, Wu et al. (2021) examined the relative importance of the four news components in explaining cross-sectional variations of stock returns, finding that quarterly operating cash flows did not significantly impact stock prices.

2.7.3 Value Relevance of Interim Accruals:

There is no doubt that accrual accounting system is considered as an essential part of accounting. It plays a considerable role in predicting future returns. Quarterly accruals

do not strongly indicate future profits. (Livnat & Santicchia, 2006). Companies with very high current quarterly accruals have abnormal returns. (Livnat & Santicchia, 2006). Quarterly or monthly accruals speed up the spread of information, which helps reduce stock price volatility, (Tsao et al., 2018). William (2015) analyzes the effect of accruals quality on stock price synchronicity in companies listed on the Indonesia Stock Exchange. The quality of accruals impacts stock price synchronicity, which means that better-quality accruals lead to more firm-specific information being reflected in the stock price. Khodamipour and Amiri (2020) examined the role of positive and negative discretionary accrual management and its impact of stock price. The study results showed that managing discretionary accruals significantly affects stock prices, with positive discretionary accruals having a greater impact than negative ones. What's more, Baloch and Hassan (2016) examined total accrual reversals for the current and previous periods on earnings, reflecting company performance, which is utilized as an indicator of company performance. The study indicates that the total accruals for both the previous and current periods positively impact the profitability of companies. Zhang (2004) focuses on the connection between short interest and quarterly; as well as annual earnings of NYSE firms. The focus is on the third and fourth quarters of the fiscal year, as these affect stock prices. Wu et al. (2021) examined the relative importance of the four news components when explaining the cross-sectional variations of stock returns. The study findings showed that these components did not have a significant impact on stock price.

2.8 Summary of Literature Review

Table 2.1

Independent Variable (stock return)							
#	Title	year	Purpose	Target population	Dimensions of the independent variable	Study Design	Main Result
1	Islavella & Sari	2022	Explore the factors that influence stock prices.	During the 2019-2021 period	ROA ROE CR Cash Ratio	Quantitative	Financial ratios affect stock prices.

2	Pradita & Suselo	2022	Investigate the factors influencing stock prices.	2018-2021 period	ROA ROE DER	Quantitative	ROA, ROE, and DER significantly impact stock prices.
3	Aprianti & Wahyuningsih	2022	The study is to achieve the highest possible profit when investing capital.	The sample includes 14 companies from 2016 to 2020.	ROA EPS PER DER	Quantitative	ROA, EPS, and PER boost stock prices, but DER does not affect them.
4	Pradana & Maryono	2022	Examine the influence of ROA, CR, DER, and PER on stock returns.	The sample includes 195 companies from 2016 to 2020.	ROA CR DER PER	Quantitative	ROA and PER significantly affect stock returns, whereas CR and DER do not influence them.
5	Dewi et al	2017	determine empirically the effect of accounting earnings, Return on Assets, company size, earnings per share, and Price Book Value on return on stock	The sample includes 120 companies from the period 2012 to 2015.	Accounting Profit ROA Company Size EPS P/B	Quantitative	Accounting profit does not impact stock returns, but ROA, EPS, and P/B ratio have positive effects.

Dependent variable (Usefulness of Accounting Number, Value Relevance of Interim EPS, Value Relevance of Interim OCF, Value Relevance of Interim Accruals, Value Relevance of Annual EPS, Value Relevance of Annual OCF, Value Relevance of Annual Accruals)

#	Title		Purpose	Target population	Dimensions of the dependent variable	Study Design	Main Result
1	M.G.P.D & Man	2013	Investigate the stock market reaction to the release of bank annual financial statements.	Using five-year data, the study examines the annual financial statements of banks listed on the	Abnormal returns	Quantitative	Investors react positively to annual financial reports, causing abnormal returns.

				Colombo Stock Exchange (CSE).			
2	Angilella & Morelli	2021	Investigate whether the publication of the annual financial statements can influence the stock prices	The sample for econometric analysis includes daily stock prices of 26 Dow Jones Industrial Average (DJIA) stocks from 2013 to 2017.	Profitability liquidity managerial performance	Quantitative	The study showed that annual financial reports affect stock prices.
3	Acharya & Shah	2018	Analyze the performance of listed Indian pharmaceutical companies	analyzes listed Indian pharmaceutical companies over the financial years 2013-2018.	Update on the equity	Quantitative	The results showed that financial reports do not affect stock prices.
4	Sharma et al	2012	Analyze the usefulness of financial statement information in equity valuation.	Data were gathered from 71 non-financial CNX 100 firms listed on the NSE between 2000 and 2008.	RONW PAT CFO CFI P/B ratio.	Quantitative	Annual financial reports do not affect the Indian market.
5	Ou & Penman	1989	analyzes financial statements to create a summary measure predicting next year's earnings changes	used annual report data from 1965-1972 and listed 68 descriptors investigated		Quantitative	The study concludes that this results in better investment decisions and higher financial returns.
6	Iresha Erandi Dissanayake &	2021	The objective is to evaluate the effect of interim	The sample includes the top three commercial banks in	Abnormal Return (AR) and Cumulative Abnormal	Quantitative	The study showed that stock prices responded to interim

	Kalainathan		financial statement announcements on stock prices.	Colombo from 2016 to 2019, covering 42 quarters.	Return (CAR).		financial data.
7	Joshi & Shah	2019	Analyze share price changes before and after quarterly results and the relationship between company growth and share prices.	The study collected stock prices and market index data from the BSE for three automobile companies and two banks over 2017-18.		Quantitative	There is no effect of prior announcements of stock prices on company growth.
8	Patel & Patel	2016	The impact of quarterly financial results announcements on the stock price	The study collected quarterly reports and share price data from four plastic companies in the Indian market from 2011-12 to 2015-16.	before and after the announcement of the quarterly	Quantitative	The study shows that quarterly results do affect the company's share price.
9	Makhsun & Studi Akuntansi Jurusan Ekonomi dan Bisnis Polinela	2019	This study was conducted on the interim financial statements	Calculation of the Company's 100 index (2014-2016).	Market reactions to interim financial report announcements and the Quality of information from interim financial statements.	Quantitative	The study shows that the market responds significantly to financial data in the first and second quarters.
10	Lagasio & Brogi	2021	The research investigates how financial reporting affects bank stocks' prices and trading volumes	Six hundred seventy-four samples from 28 major banks were disclosed from 2010 to 2017.	Evaluating the effect of interim financial information disclosure on stock prices and trading volumes.	Quantitative	The study indicates that the release of interim financial reports has a detrimental effect on stock prices

			during the release of interim financial information.				and trading volumes.
11	Babu & Kasilingam	2013	The influence of quarterly earnings on the stock prices of securities.		Stock prices of securities. Reported earnings growth	Quantitative	The study found that quarterly results increase stock prices.
12	Parmenas et al	2021	Analyzes the impact of financial reporting on stock prices	The sample includes 1000 companies from 2014 to 2020.	Annual and quarterly financial statements. Use daily stock prices of 56 companies.	Quantitative	The study found a strong link between the release of financial statements and stock prices.
13	Dimitropoulos & Asteriou	2009	Analyzes the significance of the financial report	The study covered 101 financial companies on the Athens Stock Exchange from 1995 to 2004.	RE SP ACC SLS AS TD INV	Quantitative	Working capital to total assets and net profit to sales negatively impact stock returns. Net profit to total assets and sales to total assets positively impact returns. Non-discretionary accruals significantly explain stock return movements.
14	Ngoc Hung et al	2018	The effect of accounting information in financial statements on stock prices.	This study collected data from 44 energy companies from 2006 to 2016.	ROA CS LV size CR	Quantitative	The study indicates that all variables positively influence stock prices.
15	Hidayat et al	2023	Investigate the impact of Return on	195 sample companies,	ROA CR DER	Quantitative	Higher P/E ratios can lead to lower

			Assets, Current Ratio, Debt-to-Equity Ratio, and Price-to-Earnings Ratio on stock.	in 2016 - 2020.	PER		stock returns, while favorable P/B ratios boost returns. Investors use these ratios to make informed decisions.
16	Anwar & Rahmalia	2019	Study, test, and confirm the impact of returns on equity (ROE), earnings per share (EPS), and price-earnings ratio (PER) on stock prices (SP).	14 food and beverage companies listed on the Indonesia Stock Exchange (IDX) from 2014 to 2016.	ROE EPS PER SP	Quantitative	ROE has a significant effect, but EPS and PER do not have any impact.
17	Jagliński	2020	Investigate how investors react to quarterly earnings announcements and check for anomalies in the Warsaw Stock Exchange.	The study analyzed the quarterly reports of 40 randomly selected companies from the third quarter of 2017 to the second quarter of 2019.	Focused on the net profit of Polish companies.	Quantitative	The study shows that investors reacted positively on the day of the quarterly earnings announcement. The company reported better-than-expected net income, leading to high stock returns.
18	NUR	2021	Examined quarterly earnings announcements and their impact on the stock returns.	The study looked at abnormal and cumulative abnormal returns from earnings announcements of 163 companies	Good news No news Bad news	Quantitative	The study found that both bad and good news significantly impact stock returns.

				between 2016 and 2019.			
19	Dsouza	2014	The study aims to see if there are significant abnormal returns around quarterly earnings announcements and to test if the semi-strong form of EMH applies to the Indian stock market.	Analyzed 319 companies from ten major industries and reviewed 1,657 observations.	quarterly earnings	Quantitative	The results indicate that security prices can be predicted using information from quarterly earnings announcements, and this predictability can lead to abnormal profits.
20	Bengharbia	1982	Analyze the information content of quarterly earnings announcements.	Analyzed 319 firms from ten major industries and reviewed 1,657 quarterly earnings announcements over two years.	Spearman rank correlation test for earnings and security price association.	Quantitative	Quarterly earnings reports impact stock prices as new information is gradually incorporated. Smaller companies, third-quarter announcements, and unexpected negative earnings cause stronger market reactions.
21	Sharanappa & Naik	2023	Analyze how stock prices react to quarterly earnings announcements	504 earnings announcements from March and June 2020.		Quantitative	Stock prices respond to earnings announcements.
22	Šoltés	2012	Investigate how quarterly financial results affect		Stock returns during the quarterly results	Quantitative	Stock returns change based on quarterly

			share price fluctuations		promulgation		result surprises.
23	Chen & Yu	2022	Analyze the value of the information provided by mandatory interim revenue disclosures.	The study included common stocks from the Taiwan Stock Exchange and the Gre Tai Securities Market from 2000 to 2015.	Quantify revenue surprises using standardized unexpected revenue growth.	Quantitative	The findings indicated that quarterly earnings influence stock prices.
24	Lorek & Lee Willinger	2006	Examine the time patterns and prediction ability of quarterly cash flows from operations as reported by the Statement of Financial Accounting Standards (SFAS).	The study covers 198 American companies from the first quarter of 1989 to the fourth quarter of 2005.	operating income before depreciation at the time accounts receivable at the time inventory at the time accounts payable at the time	Quantitative	Operating cash flow (OCF) positively impacts investor decisions and stock evaluations.
25	Meliana et al	2022	To explore how cash flow growth before and after the COVID-19 pandemic affects stock price performance .	The study covers 426 companies from March 2, 2020, to March 2, 2021, spanning one year.	stock returns	Quantitative	Quarterly operating cash flows did not significantly impact stock returns during that period.
26	Wu et al	2021	Analyze how the four types of news explain differences in stock returns.	The study examines stocks in 23 developed markets, categorized into six regions, from July 1990 to December 2019.	Permanent Cash-Flow News Temporary Cash-Flow News Discount-Rate News Non-Fundamental News	Quantitative	It did not have a significant impact on stock prices.

27	William	2015	Analyze the impact of accruals quality on stock price synchronicity for companies listed on the Indonesia Stock Exchange.	There are 90 firm-years for the years 2011 and 2012.		Quantitative	The quality of accruals influences how closely stock prices move together. Higher quality accruals result in stock prices reflecting more company-specific information.
28	Khodamipour & Amiri	2020	Examine the impact of positive and negative discretionary accrual management on the stock prices of companies listed on the Tehran Stock Exchange.	A sample of 66 firms was selected over ten years (2008-2017).		Quantitative	Accruals affect stock prices, with positive discretionary accruals having a greater impact than negative accruals.
29	Saad Baloch & Hassan	2016	Study the impact of long-term reversals on company performance by looking at how accrual reversals from this period and the previous one affect earnings, which shows how well the company is doing.	The study focuses on 100 non-financial firms listed on the Pakistan Stock Exchange from 2002 to 2013.	Earnings before Interest and Taxes Cash Flows from Operations Long-term liability Total Assets The market value of Common Equity.	Quantitative	The results indicate that total accrual reversals from the current and preceding periods positively affect company earnings.
30	Zhang	2004	The analysis investigates the connection between	The study analyzes 11,537 quarterly and 5,118	quarterly total quarterly discretionary accruals.	Quantitative	Short sellers, primarily in the third and fourth quarters,

			short interest and quarterly and annual earnings for NYSE firms.	annual observations for 1,146 companies from 1992 to 1999, including short interest data from June 1992 to April 1999.	Total accruals. Discretionary accruals.		detect earnings management and trade on quarterly accruals, affecting stock prices.
31	Dang et al	2018	Investigated the impact of financial information on stock prices	The sample comprised 273 companies listed on the Vietnam Stock Exchange from 2006 to 2016.	EPS B/V OCF FZ S/P	Quantitative	The results indicated that all four determinants positively impact stock prices.
32	Steen et al.,	2012	examines the impact of earnings and book value on the formulation of stock prices	A sample of 38 companies listed on the Athens Stock Market from 1996 to 2008.	earnings and book value	Quantitative	The study showed that variables that affect stock prices increase over time.
33	Kong & Taghavi	2006	examines the annual earnings announcement effect on the stock markets	The set includes 1,224 cases for 2000 and 2001, with 698 cases from Shanghai and 526 from Shenzhen.		Quantitative	Earnings that are higher than expected raise stock returns before the announcement and lower them afterward.
34	Milošević Šnjegota	2018	Identifying stock price fluctuations based on earnings volatility	The study looks at data from 30 companies from 2011 to 2015.	EPS DPS P/E Ratio	Quantitative	The study showed that stock prices changed greatly based on the company's P/E ratio and earnings per share (EPS).

35	Kengatharan & Jeyan Suganya	2019	Analyze how institutional ownership and board independence affect the relationship between the Tehran Stock Exchange's excess free cash flow and earnings management .	The research analyzes 72 non-financial firms listed on the Colombo Stock Exchange in Sri Lanka, utilizing panel data analysis from 2013 to 2017.	Dividend payout ratio dividend yield dividend per share sales growth Leverage exchange rate firm size earnings volatility and GDP are considered as explanatory	Quantitative	The study showed that dividend yield, dividend per share, stock prices, and company size significantly impact price volatility.
36	Dang et al	2018	Investigated the impact of financial information on stock prices	The sample included 273 companies listed on the Vietnam Stock Exchange from 2006 to 2016.	EPS B/V OCF firm size stock prices	Quantitative	The results indicated that all four determinants positively impact stock prices.
37	Hoseini et al	2017	Examine the impact of growth opportunities and earnings stability on the market valuation of free cash flow.	Data from 64 Tehran Stock Exchange companies from 2013 to 2015 were used.	Growth Opportunities Earning Permanence	Quantitative	It is positively associated with stock returns when earnings are transitory.
38	Moeinaldin et al	2013	Examine the impact of operating profit and operating cash flow on investor reactions under conditions of information asymmetry.	The study sampled 97 Tehran Stock Exchange firms from 2008 to 2012.	Information asymmetry	Quantitative	Operational cash flows do not significantly impact investors' reactions, whether positive or negative.

39	Salehi et al	2017	Examine the impact of institutional ownership and board independence on the relationship between excess free cash flow and earnings management in the Tehran Stock Exchange.	The period from 2009 to 2015 covered 166 companies.	Institutional Ownership Board Independence	Quantitative	Operational cash flows (OCF) do not significantly impact investors' reactions or stock prices. Investors do not rely heavily on OCF data when making investment decisions.
40	Trehaeven	2016	Study the usefulness of operating cash flow information for financial and non-financial firms in South Africa.	The sample includes 87 banks and 97 non-financial firms listed in South Africa from 2003 to 2015.	earnings book value operations cash flow	Quantitative	Operational cash flows do not have a significant impact on stock market value.
41	Nabosu et al	2022	Analyze the effect of accruals anomaly on stock market returns for non-financial firms on the Nairobi Securities Exchange.	The study covered 43 non-financial firms on the Nairobi Securities Exchange from 2010 to 2019.	The stock market returns for non-financial corporations	Quantitative	The anomaly in accruals negatively affects stock market returns. High accruals are linked to lower stock market returns.
42	Khodamipour & Amiri	2020	Examine the impact of positive and negative discretionary accrual management on stock prices for 66 firms listed on the Tehran	The study covered 66 companies on the Tehran Stock Exchange from 2008 to 2017.	Stock price impact return amount trading on days with non-zero volume	Quantitative	Accruals significantly affect stock prices, as the mispricing of discretionary accrual components amplifies the impact on stock prices.

			Stock Exchange.				
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43	Madubuko Cyril et al	2019	The study investigates the effect of earnings management on the share prices of Nigerian firms.	The sample comprises 115 observations from 10 sectors, using purposive sampling from 2006 to 2017.		Quantitative	Discretionary accruals significantly impact stock prices in Nigeria.
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Prepared by the researcher

Most past studies on the value relevance of accounting information focused on the developed financial markets, while emerging markets are rarely studied. Thus, this research is the first in Palestine to compare interim and annual financial reports. It aims to fill the gap by analyzing data from companies on the Palestine Stock Exchange.

2.9 Discussion of The Results of the Past Studies:

2.9.1 Annual Statement Report

The targeted studies reached mixed results regarding the impact of annual financial reports on stock returns. For example, some researchers, on the first hand, such as Milošević Šnjegota (2018), Parmenas et al. (2021), Pepi (2023), M.G.P.D. & Man (2013), Angilella & Morelli (2021), and Ou & Penman (1989) indicated that annual financial reports have a positive impact on stock returns. On the other hand, other researchers, such as Acharya & Shah (2018) and Sharma et al. (2012), found that annual financial reports do not affect stock returns.

2.9.2 Interim Statement Report

The explored studies showed mixed results regarding the impact of interim reports on stock returns. Some researchers, for instance, like AL-Shatnawi (2017) and Iresha Erandi Dissanayake & Kalainathan (2021), found that interim reports affect stock returns. In contrast, other studies, like Patel & Patel (2016) and Lagasio & Brogi (2021), found that interim reports do not affect stock returns.

2.10 The Thesis Contribution

It's worth mentioning that previous literature showed that there are no studies in Palestine on the usefulness of interim financial reports. Thus, this thesis will be the first one to fill this gap and offer the requirements of success to the Palestinian economy. There is also a lack of previous studies in other countries. In fact, no previous studies have examined the impact of interim income components on stock returns.

Chapter Three: Methodology

3.1 Preface

This thesis employs a quantitative, market-based research methodology. Econometric tests based on secondary data from publicly traded companies on the PEX is used to address the study subjects. The impacts of earnings per share, accruals per share, and operational cash flow per share as independent factors on stock returns as the dependent variable were also evaluated in this study using historical data.

3.2 Population and Sample

The study population includes 20 firms, comprising nine service corporations and 11 industrial firms. These firms represent all industrial and service organizations registered on the PEX. The chosen businesses must fulfil the following requirements:

1. The Palestine Exchange is where the company must be listed.
2. The Palestine Exchange should be the venue for trading the company's shares.
3. The business should go public before 2014.
4. Companies must issue interim and annual financial reports.

Based on the aforementioned criteria, 13 registered companies on the Palestine Exchange will be chosen: 5 service companies and eight industrial companies. The financial statements for these companies will be taken within 10 years (2014-2023). The companies were selected as shown in Table 3.1

Table 3.1
Basic Company Information for Listed Firms on the Palestine Exchange (PEX)

Companies Names	Date of Establishment	Currently Authorized Capital	Industry type
BIRZEIT PHARMACEUTICALS (BPC)	20/03/1973	40,000,000	industrial
JERUSALEM PHARMACEUTICAL (JPH)	01/01/1969	18,000,000	industrial

JERUSALEM CIGARETTE (JCC)	26/07/1964	10,000,000	industrial
PALESTINE POULTRY (AZIZA)	27/02/1997	13,440,000	industrial
NATIONAL ALUMINUM AND PROFILE (NAPCO)	13/10/1991	11,000,000	industrial
THE NATIONAL CARTON INDUSTRY (NCI)	21/02/1993	5,000,000	industrial
The Vegetable Oil Industries (VOIC)	01/01/1953	8,000,000	industrial
GOLDEN WHEAT MILLS (GMC)	29/08/1995	15,000,000	industrial
PALESTINE TELECOMMUNICATIONS (PALTEL)	28/08/1995	131,625,000	service
WATANIYA PALESTINE MOBILE TELECOMMUNICATIONS (OOREDOO)	25/10/2010	293,000,000	service
NABLUS SURGICAL CENTER (NSC)	27/12/1995	3,400,260	service
PALESTINIAN COMPANY FOR DISTRIBUTION & LOGISTICS SERVICES (WASSEL)	03/01/2005	13,000,000	service
THE RAMALLAH SUMMER RESORTS (RSR)	08/03/1945	4,300,000	service

Prepared by the researcher

3.3 Data Sources:

This report relies on published financial data in order to examine the impact of variables (Interim EPS, Annual EPS, Interim OCFPS, Annual OCFPS, Interim ACCPS, and Annual ACCPS) on stock returns. The report will be prepared using information published on the Palestine Stock Exchange (PEX).

3.4 Variable Measurement

1 – Dependent Variable: Stock returns are the expected profits obtained by investors in the future as a result of their investments in various activities (Aryani & Syawalliawaty, 2021). Earnings per share also represent the difference between the current price and the price over a certain period. (Azizah et al., 2021). Stock investors are important because they provide capital in the modern economy. Their behaviour greatly affects economic risk-taking and innovation.

(Dichev, 2007). The relationship between output growth and past stock returns is strongly linked to several stock market features, such as the number of listed companies, initial public offerings (IPOs), and particularly a high market capitalization to GDP ratio. (Mauro & Borensztein, 2000).

Table 3.2

$$R = \frac{P_t - P_{t-1}}{P_{t-1}} \text{ (J. S. Sitorus, Siburian, Simbolon, \& Naibaho, 2021)}$$

Where: P_t The stock price at the moment, P_{t-1} Share price in different periods.

1 – Independent Variables:

1. Earnings per Share (EPS) is a financial measure that shows a company's profitability per share. It represents the benefits granted to shareholders for each (Djuniardi et al., 2022). It is considered as a support for the success of management in achieving profits for shareholders. (Mudzakar, 2021). EPS can act as an intermediary variable, influencing stock prices through profitability measures (Hidayati & Suwaidi, 2022). EPS is a key part of investment strategies. It is often used with other ratios, like the price-earnings ratio (PER) to assess a stock's potential. (Samsudin et al., 2023). Usually, higher EPS means better financial performance, which attracts investors and can lead to higher stock valuations. (Yunika et al., 2022).

This variable will be calculated by using the following formula:

Table 3.3

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

2. Operating Cash Flows Per Share (OCFPS): OCFPS is crucial for maintaining operations and funding dividends. It affects a company's ability to repay loans, continue operations, pay dividends, and make new investments. It is a percentage used to

measure the success of management in achieving profits for shareholders. (Mudzakar, 2021). also explains that it affects the determination of net profit or loss. (Praditha et al., 2023). illustrates that market conditions can influence this measure, but it serves as a tool for investors to assess stock value based on future cash flow expectations. OCFPS is linked to the company's internal rate of return, providing a basis for evaluating investment opportunities (Andrews et al., 2010). Operating cash flows significantly impact Earnings Per Share (EPS), especially since cash flow ratios are essential for determining EPS. (Abualrob & Maswadeh, 2020).

3. This variable will be calculated in the following formula:

Table 3.4

$(\text{OCFPS}) = \frac{\text{Operating Cash Flow}}{\text{Number of ordinary shares}} \text{ (Osazevbaru, 2020).}$
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4. Accruals per share (ACCPS): Earnings can affect stock prices and investors' views because they show to which extend is the company financially healthy and how well it operates. In fact, high earnings can make a company's profits per share look bigger than they are, which might mislead investors about how profitable the company is (Xu, 2016). What's more, earnings are influenced by various company traits, like asset size and profit per share, which can affect how investors see the company's financial performance. (Hasan et al., 2016). It is often crucial in investment decisions. (Frecka, 2015; Ma'rifah & Akbar, 2022).

5. This variable will be calculated by the following formula:

Table 3.5

$(\text{ACCPS}) = \frac{\text{Acruals}}{\text{Number of ordinary shares}}$
--

2- Control Variable:

1. **The Company Size:** The size of a company, based on the number of employees, affects various business operations, including financial performance and management practices (Burke, 2017). It can be measured by assets, sales, and market presence. (Sudrajat & Daud, 2020). Company size is a key factor in explaining dividend ratios. (Akhmadi, 2023). There is a positive relationship between company size and profitability, as larger companies often achieve better financial results due to economies of scale. (Kusuma, 2005). Company size greatly impacts performance metrics, highlighting the importance of scale in competitive industries. (Hammad et al., 2023). Larger companies are less likely to engage in earnings management, indicating a link between company size and corporate governance practices. (Wuryani, 2012). However, the advantages of large companies do not always lead to superior performance, as smaller companies can effectively benefit from flexibility and niche markets. (Ševkušić, 2020).
2. **Leverage:** Borrowing money to boost potential investment returns can improve jobs or profitability, but it also involves risks. Additionally, it can increase investment returns and help growth by funding asset purchases without losing ownership (Kaur, 2018). Furthermore, leverage refers to a company using assets or cash to fund operations, which requires paying fixed expenses. It indicates how much of the company's assets are financed. (Nurcholis & Triyani, 2024).

3.5 Econometric Equations

Table 3.6 presents econometric models that will be used for testing the hypotheses of this thesis.

Table 3.6: Econometric Models

Hypothesis	Model
One	$R_{it}=a_{it} + b$ (EPS _{it})
Two	$R_{it}=a_{it} + b$ (OCFPS _{it})
Three	$R_{it}=a_{it} + b$ (ACCPS _{it})
Four	Using portfolios Retesting hypotheses 1, 2, 3, 4, 5, and 6 by dividing panel data into portfolios according to firms' size and Leverage.
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).

3.6 Statistical Tools

The statistical methods used in this thesis are explained as follows:

1. Descriptive statistics: These statistics show the sample's characteristics, including the average, standard deviation, and the smallest and largest values of the variables.

2. Correlation matrix is used to find the strongest possible linear relationship between two variables.
3. The Variance Inflation Factor is used to check whether there is a multicollinearity problem.
4. Panel Data Analysis is used to check the study's hypotheses.

Chapter Four: The Results

4.1 Introduction

This chapter presents the statistical analysis of the financial data collected from the Palestine Stock Exchange to test the study's hypotheses. A simple linear regression model was used to analyze the relationships between the dependent variable (R) and several independent variables, including EPS, OCFPS, and ACCPS, along with the control variables (LVE, FS) for annual and interim data. The assumptions of linear regression were checked to ensure the validity of the results. Additionally, this chapter aims to clarify the informational value of accounting figures in explaining the returns of companies listed on the Palestine Stock Exchange.

4.2 Testing the Assumptions of the Linear Regression

The diagnostic tests were chosen based on standard econometric methods. The Kolmogorov–Smirnov test (Gujarati, 2002a) comes to verify if the residuals have a normal distribution. The Breusch–Pagan test (Breusch & Pagan, 1979) is employed used to find any issues with variance. The Durbin–Watson test (Durbin & Watson, 1950) Looked for autocorrelation. Thus, these tests help ensure that the regression model is valid and used for panel data analysis.

4.2.1 Summary of Diagnostic Test Results

Beforehand running regression analysis, diagnostic tests were conducted to check the model's validity. The Kolmogorov–Smirnov test confirmed that the residuals follow a normal distribution. The Breusch–Pagan test showed a p-value is greater than 0.05, meaning there is no heteroskedasticity in the original model. Additionally, the Durbin–Watson statistic reached the acceptable range of 1.5–2.5, indicating no significant autocorrelation.

4.3 Descriptive Statistics and Correlation for the Annual Report

Table 4.1 summarizes the descriptive statistics for the study variables. The average R is 6%, showing varying levels, meaning the stock achieved 6% during the period. The EPS level is 29.4%, OCFPS is 20.4%, and ACCPS is 9%. The control variables' average FS are measured as the natural logarithm of total assets, that approximately reached 20.281, while the average LEV is 0.415.

Table 4.1
Descriptive Statistics for Annual Data

Variable	Obs	Mean	Std. Dev.	Min	Max
R	130	.06	.266	-.391	1.727
EPS	130	.294	.502	-.538	3.124
OCFPS	130	.204	.331	-1.029	1.322
ACCPS	130	.09	.541	-.778	3.295
FS	130	20.281	3.779	15.921	27.229
LEV	130	.415	.225	.058	1.052

(Hausman, 1978) verified that the best model regarding fixed and random effects is being chosen based on the P-value. For instance, if the P-value is less than 5%, the null hypothesis is rejected whereas the alternative hypothesis is accepted. This finding means rejecting the random effects model and choosing the fixed effects model. Based on Table 4.2 illustrates that according to the Hausman test, the P-value was less than 5%, which means that the fixed effects model will be used to test the hypotheses. Fixed effects models will be applied in the annual data test.

Table 4.2
Hausman (1978) specification test

	Coef.
Chi-square test value	11.983
P-value	.017

4.4 Descriptive Statistics and Correlation for the Interim Report

Table 4.3 presents the descriptive statistics of the study variables. The average R is 6%, indicating fluctuations, and this means the stock gained 11% over the period. The EPS is 16.4%, OCFPS is 0.83%, and ACCPS is 0.81%. The control variables showed that the average

FS, calculated as the natural logarithm of total assets, is approximately 20.263, while the average LEV is 0.425.

Table 4.3
Descriptive Statistics for Interim Data

Variable	Obs	Mean	Std. Dev.	Min	Max
R	390	.011	.134	-.886	1.237
EPS	390	.164	.303	-.187	2.324
OCFPS	390	.083	.218	-.751	1.073
ACCPS	390	.081	.346	-.734	2.369
FS	390	20.263	3.772	15.957	27.299
LEV	390	.425	.223	.058	1.085

Hausman test shown in Table 4.4 demonstrated that the P-value is greater than 5%, so we fail to reject the alternative hypothesis and accept the null hypothesis. Therefore, random effects models will be used to test the hypotheses for interim data.

Table 4.4
Hausman (1978) Specification Test

	Coef.
Chi-square test value	1.271
P-value	.736

4.5 Testing the Hypotheses

The study hypotheses are divided into two groups: the first focuses on examining the relevance of the annual data's value. In contrast, the latter examines the value relevance of interim data. As a result, these tests were conducted using Stata.

4.5.1 Examining the Value Relevance of the Annual Report Data

H₁₋₁: The value relevance of annual earnings per share of the listed corporations on the PEX is high.

4.5.1.1 $R = a_0 + a_1 \text{EPS} + a_2 \text{FS} + a_3 \text{LEV}$

Table 4.5 demonstrates that Earnings Per Share (EPS) is positively affects stock return (R). Thus, when the results are analyzed without control variables, the R-squared value reached

0.105. Conversely, as a result of incorporating control variables, the R-squared value increased to 0.119. This finding shows a stronger explanatory power of the model. The statistically significant p-value ($p < 0.01$) indicates a firm rejection of the null hypothesis. Thus, this finding confirms the positive impact of EPS on stock returns where Previous studies support these findings. For example, Hung et al. (2020) examined the Vietnamese stock market and found that EPS is positively affects stock return. Also, Ferniawan et al. (2024) conducted a study on industrial companies listed on the Indonesian stock market reveals that EPS positively influences stock returns. Moreover, Ardini Amri (2024) analyzed the listed companies on the Jakarta Islamic Index during 2013-2022. The study findings confirmed that EPS significantly affects the stock return.

The aforementioned evidence reinforces that EPS is crucial in determining stock returns across different markets.

Table 4.5: Model Summary (H1-1)

VARIABLES	(1) R	(2) R
EPS	0.445*** (0.121)	0.537*** (0.139)
FS		-0.147 (0.111)
LEV		0.211 (0.271)
Constant	-0.0705* (0.0421)	2.798 (2.184)
Observations	130	130
R-squared	0.105	0.119
Number of ID	13	13

Standard errors in parentheses
 *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

4.5.1.2 Interpretation and Explanation

The results show that EPS has a positive and significant impact on R. This means that investors in the Palestine Exchange (PEX) see earnings as a reliable indicator of company performance. The increase in the R-squared value suggests that EPS explains a large part of the changes in returns.

H₁₋₂: The value relevance of annual operating cash flows per share of the listed corporations on PEX is high.

4.5.1.3 $R = a_0 + a_1 \text{OCFPS} + a_2 \text{FS} + a_3 \text{LEV}$

Table 4.6 illustrates that OCFPS does not affect R because the P-value is greater than 0.05. Thus, the alternative hypothesis is rejected and the null hypothesis is accepted. This finding means that OCFPS has no significant impact on R. The R-squared value shows that the model explains only 0.9% of the variation in R. Some studies that support the theory include (S. O. B. Sitorus et al., 2023). The study was conducted on infrastructure companies listed on the Indonesian Capital Market. The results showed that OCFPS does not affect R. (Trehaeven, 2016) comes to evaluate the importance of operating cash flow disclosures for financial and non-financial firms in South Africa. Operational cash flows have a minimal impact on stock market value. (J. S. Sitorus et al., 2021). A study was conducted on manufacturing companies in the consumer goods sector. The study confirmed that OCFPS does not affect R individually.

VARIABLES	(1) R	(2) R
OCFPS	0.0967 (0.110)	0.0965 (0.115)

FS		0.0528 (0.103)
LEV		0.00128 (0.289)
Constant	0.0406 (0.0328)	-1.032 (2.052)
Observations	130	130
R-squared	0.007	0.009
Number of ID	13	13

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

4.5.1.4 Interpretation and Explanation

OCFPS does not significantly affect R. This finding means that investors in the Palestine Exchange (PEX) may not see OCFPS as a key factor in their valuation decisions. This finding also showed that understanding OCFPS can be difficult, especially in emerging markets, where investment awareness and financial knowledge are limited. Investors might also view OCFPS as historical data that is less useful for predicting future performance.

H₁₋₃: There is a value relevance of annual Accruals Per Share for the listed corporations on PEX.

4.5.1.5 $R = a_0 + a_1 \text{ACCPS} + a_2 \text{FS} + a_3 \text{LEV}$

Table 4.7 shows that the ACCPS coefficients (0.165) and (0.163) are significant at P-value < 0.1. These results indicate a weak relationship, but a statistically significant link exists between ACCPS and R. This partially supports the alternative hypothesis. ACCPS cannot explain stock return movements. (Dechow & Dichev, 2002) state that low accruals or those involving estimates have a weak or insignificant effect on stock returns.

Table 4.7: Model Summary (H1-3)

VARIABLES	(1) R	(2) R
ACCPS	0.163* (0.0904)	0.165* (0.0958)
FS		0.0151 (0.105)
LEV		-0.0972 (0.275)
Constant	0.0457* (0.0250)	-0.221 (2.100)
Observations	130	130
R-squared	0.027	0.028
Number of ID	13	13

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

4.5.1.6 Interpretation and Explanation

ACCPS shows a weak but statistically uncertain relationship with R. This is likely because of its complex nature, as it mostly depends on management estimates and accounting policies. Investors view it skeptically, and previous studies support its limited impact on stock returns compared to earnings.

4.5.2 Examining the Value Relevance of the Interim Report Data

H₂₋₁: There is value relevance of the interim Earnings Per Share for the listed corporations on the PEX.

4.5.2.1 $R = a_0 + a_1 \text{EPS} + a_2 \text{FS} + a_3 \text{LEV}$

Table 4.8 illustrates that the coefficients reached (0.0332) and (0.0332), respectively; the p-value is greater than 0.005. Therefore, the alternative hypothesis can be rejected, and the null hypothesis can be accepted. This finding indicates that there is no statistically significant

relationship. As demonstrated in previous studies. (Rahayu et al., 2020) explored the industrial companies listed on the Indonesia Stock Exchange. The findings state that there is no effect of interim earnings on stock returns.(Seriyanini et al., 2017) explored the stock returns for consumer goods industry companies in Indonesia found that EPS does not affect stock returns.

Table 4.8: Model Summary (H2-1)

VARIABLES	(1) R	(2) R
EPS	0.0332 (0.0227)	0.0359 (0.0229)
FS		-0.00318* (0.00192)
LEV		0.0136 (0.0331)
Constant	0.00544 (0.00787)	0.0635* (0.0371)
Observations	390	390
R-squared	0.0054	0.0125
Number of Company_ID	13	13

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

4.4.2.2 Interpretation and Explanation

EPS in interim financial statements does not strongly affect R. This finding illustrates that investors do not fully trust interim reports, as they are often unaudited. In emerging financial markets, especially in Palestine, investors rely more on annual financial statements, which they see as more reliable. In less developed financial markets, interim disclosures may not be detailed or timely enough to impact investor decisions.

H₂₋₂: The value relevance of interim operating cash flows per share of the listed corporations on PEX is significant.

4.4.2.3 $R = a_0 + a_1 \text{OCFPS} + a_2 \text{FS} + a_3 \text{LEV}$

Table 4.9 shows coefficients 16, (0.0236-), and (0.0149-), with a P-value greater than 0.05. This finding supports rejecting the alternative hypothesis and accepting the null hypothesis. It also confirms that OCFPS does not affect stock returns, as previous studies showed. (Veronica & Coyanda, 2024) a study on stock returns for PT Mayora Indah Tbk illustrates that quarterly OCF per share does not affect stock returns. (Saleh, 2023) also explains that cash flows do not affect stock returns of the industrial companies listed on the Palestine Stock Exchange.

Table 4.9: Model Summary (H2-2)

VARIABLES	(1) R	(2) R
OCFPS	-0.0236 (0.0314)	-0.0149 (0.0324)
FS		-0.00262 (0.00198)
LEV		-0.000146 (0.0331)
Constant	0.0128* (0.00739)	0.0653* (0.0374)
Observations	390	390
R-squared	0.0015	0.0067
Number of Company_ID	13	13

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

4.4.2.4 Interpretation and Explanation

There is no doubt that investors may not rely on OCFPS as a key factor when evaluating a company's short-term performance because interim financial reports are brief and unreliable.

H₂₋₃: The value relevance of interim accruals per share of the listed corporations on PEX is high.

4.4.2.5 $R = a_0 + a_1 \text{ACCPS} + a_2 \text{FS} + a_3 \text{LEV}$

Table 4.10 illustrates that Accounting Earnings Per Share (ACCPS) has a weak positive effect on returns in the first model. However, this effect becomes insignificant when related to variables control like Firm Size (FS) and Financial Leverage (LEV). These control variables also do not have a significant impact on returns. Overall, the results highlight the model's limitations in explaining variations in stock returns. (Landsman & Maydew, 2002) Quarterly reports do not explain market returns like annual financial statements. Accruals do not also significantly affect short-term stock returns. (Givoly & Hayn, 2000) states that the effect of short-term accruals is weak on investment decisions, so it does not impact stock returns.

Table 4.10: Model Summary (H2-3)

VARIABLES	(1) R	(2) R
ACCPS	0.0348* (0.0198)	0.0322 (0.0197)
FS		-0.00266 (0.00192)
LEV		0.00638 (0.0325)
Constant	0.00805 (0.00709)	0.0595 (0.0373)
Observations	390	390
R-squared	0.0079	0.0130
Number of Company_ID	13	13

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

4.4.2.6 Interpretation and Explanation

Although ACCPS showed a weak relationship without variables control, this effect declined after adding them. This finding suggests that investors do not rely on ACCPS, especially in interim reports with less detailed information. This also aligns with many previous studies that indicate ACCPS data reflexes limited usefulness in short periods.

Additional Tests

4.6 Multiple Regression Analysis for the Annual Report

Table 4.11

Matrix of correlations

Variables	(1)	(2)	(3)	(4)	(5)	(6)
(1) R	1.000					
(2) EPS	0.155	1.000				
(3)	0.001	0.206	1.000			
OCFPS						
(4)	0.143	0.801	-0.420	1.000		
ACCPS						
(5) FS	-0.046	-0.048	0.224	-0.182	1.000	
(6) LEV	0.037	-0.370	-0.191	-0.226	0.313	1.000

Table 4.12 confirms the effect of multicollinearity test where ACCPS is highly correlated with the EPS. This finding proves that the multiple regression is not accurate. The results showed that there is no multicollinearity between the study variables except the ACCPS and the EPS. The highest correlation observed was 0.313 between LEV and FS. The other variables had low to moderate correlations where all of these variables are below 0.70.

Table 4.12

Matrix of correlations

Variables	(1)	(2)	(3)	(4)	(5)
(1) R	1.000				
(2) EPS	0.155	1.000			
(3)	0.001	0.206	1.000		
OCFPS					
(4) FS	-0.046	-0.048	0.224	1.000	
(5) LEV	0.037	-0.370	-0.191	0.313	1.000

Table 4.13

Multiple Linear Regression of Annual Data

R	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
EPS	.11	.079	1.39	.166	-.046	.267	
OCFPS	0	
ACCPS	-.003	.068	-0.05	.96	-.137	.131	

FS	-.006	.007	-0.82	.415	-.019	.008
LEV	.162	.104	1.56	.122	-.044	.369
Constant	.076	.115	0.66	.51	-.151	.302
Mean dependent var		0.060				
SD dependent var		0.266				
R-squared		0.040				
F-test		1.392				
Number of obs		130				
Prob > F		0.240				

In fact, We cannot rely on the outcomes of the multiple regression for annual data, but the relative value relevance was the dominant factor for building the outcomes due to multicollinearity. The Variance Inflation Factor (VIF) was used to check the multicollinearity. If the VIF value exceeds 10, then there will be a multicollinearity problem that affects the model analysis report. (Gujarati, 2002). Table 4.14 shows (VIF) results where VIF values are less than 10. This indicates that there is no multicollinearity between the variables.

Table 4.14
Variance inflation factor

	VIF	1/VIF
EPS	1.186	.843
OCFPS	1.164	.859
FS	1.224	.817
LEV	1.355	.738
Mean VIF	1.232	

4.7 Regression Analysis of the Interim Report

Table 4.15 illustrates the multicollinearity between EPS and ACCPS, with a correlation of 78.3%. The test will be repeated after removing ACCPS to check the results.

Table 4.15
Correlations Matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)
(1) R	1.000					
(2) EPS	0.074	1.000				
(3) OCFPS	-0.038	0.148	1.000			
(4) ACCPS	0.089	0.783	-0.500	1.000		

(5) FS	-0.079	0.037	0.193	-0.089	1.000	
(6) LEV	-0.023	-0.185	-0.106	-0.096	0.342	1.000

Based on Table 4.16, after excluding ACCPS, the highest correlation reached 34.2% between LEV and FS. Thus, there is no multicollinearity because it is below 70%, where the test results are not concerning.

Table 4.16
Correlations Matrix

Variables	(1)	(2)	(3)	(4)	(5)
(1) R	1.000				
(2) EPS	0.074	1.000			
(3) OCFPS	-0.038	0.148	1.000		
(4) FS	-0.079	0.037	0.193	1.000	
(5) LEV	-0.023	-0.185	-0.106	0.342	1.000

Table 4.17
Linear Regression

R	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
EPS	.038	.023	1.63	.104	-.008	.083	
OCFPS	-.021	.032	-0.64	.526	-.085	.043	
FS	-.003	.002	-1.46	.146	-.007	.001	
LEV	.01	.034	0.30	.762	-.056	.076	
Constant	.06	.037	1.61	.107	-.013	.134	
Mean dependent var		0.011					
SD dependent var		0.134					
R-squared		0.014					
F-test		1.320					
Number of obs		390					
Prob > F		0.262					

Table 4.18 illustrates that the VIF values are less than 10, which indicates that there is no multicollinearity between the variables except the ACCPS and the EPS.

Table 4.18
Variance inflation factor

	VIF	1/VIF
EPS	1.06	.943
OCFPS	1.089	.918
FS	1.213	.824

LEV	1.217	.822
Mean	1.145	.
VIF		

4.8 The Relative Value Relevance Using R-squared

Table 4.19 presents the comparative value relevance of the three accounting performance indicators by relying on the value of R^2 .

Table 4.19:
Relative Value Relevance Using R^2

Indicator	Annual data	Interim data	Conclusion
EPS	0.105	0.0054	The value relevance of the annual EPS is beyond that of the interim EPS.
OCFPS	0.007	0.0015	The value relevance of the annual OCFPS is beyond that of the interim OCFPS.
ACCPS	0.027	0.0079	The value relevance of the annual ACCPS is beyond that of the interim ACCPS.

Chapter Five: Conclusion and Limitations

5.1 Introduction

This chapter provides a conclusion to this thesis. It outlines the study's implications and limitations, and offers recommendations for future research.

5.2 Conclusion

The primary purpose of this study aims at investigating the relevance of relative value of the interim and annual accounting numbers. In other words, the study provides very important empirical evidence from the Palestine Exchange. Thus, samples of annual and interim financial reports were collected from the Palestine Exchange published financial data. The sample comprises 13 cases, including eight industrial and five commercial companies from 2014 to 2023. Consequently, Panel data was processed using Stata 18, and then experiments were conducted on empirical evidence from annual financial statements using fixed effects. Then, the interim financial statements were analyzed using random effects. Descriptive statistics and simple and multiple regression were used to test the thesis hypotheses.

The study results showed that EPS in annual financial statements significantly and positively showed an impact on the stock returns, while interim financial statements had no effect.

However, OCFPS illustrates that there is no impact on stock returns for both annual and interim financial statements. Additionally, ACCPS showed insignificant effect on the financial annual statements. In contrast, it illustrates that there is no impact on interim financial statements.

Furthermore, LEV variable hasn't influenced the other factors. In contrast, firm size often varies and has an impact on stock returns.

This study shows that annual accounting numbers, especially EPS reflex higher value relevance than interim data of the listed companies on the Palestine Exchange. Consequently, interim data did not show strong statistical significance, but annual reports provided more reliable indicators for investors.

It's worth mentioning that the study findings highlight the eminent role of improving the quality and clarity of interim disclosures. The study also contributes to enrich the needed research on emerging markets and encourages further investigation into the role of regulatory oversight and financial reporting standards.

5.3 Discussion of the Results

The study analysis states that the annual financial statements can explain the stock returns better than the interim financial statements.

It's worth highlighting that earnings Per Share (EPS) has a great significant and positive effect on stock returns annual reports. This hypothesis aligns with several studies that have examined the relationship between EPS and stock return, for instance, Ardini & Amri, 2024; Ferial Ferniawan et al., 2024; Hung et al., 2020 . It should also be noted that operating Cash Flow Per Share (OCFPS) didn't show significant impact on stock returns as reported in annual reports. In fact, the previous studies proved the aforementioned findings such as J. S. Sitorus et al., 2021 S. O. B. Sitorus et al., 2023 Trehaeven, 2016. The findings then state that there is a weak effect on the annual statements regarding accruals per share. This finding has been proved by several previous studies like (Dechow & Dichev, 2002). However, earnings per Share (EPS) didn't showed significant effect on stock returns during the interim financial statements. This finding also proved by previous studies like Rahayu et al., 2020 Seriyarini et al., 2017. What's more, operating Cash Flow Per Share (OCFPS) didn't show significant effect on the interim financial statements. This finding is verified by previous studies such as Saleh, 2023; and Veronica & Coyanda, 2024. Consequently, another finding states that there is no significant effect on the interim financial statements' stock returns; as previous studies proved by such as (Givoly & Hayn, 2000; Landsman & Maydew, 2002).

5.4 Recommendations

Based on the previous findings, the study proposed the following valuable recommendations:

- 1- Listed companies on PEX should make interim financial reports more transparent and consistent to help investors.
- 2- The company's decision-makers should consider creating more detailed guidelines for interim disclosures to ensure they align better with annual standards.
- 3- Investors should focus on annual financial data, especially EPS because it has a stronger link to stock returns.
- 4- I encourage future studies to expand their research to include Palestinian markets; in addition to other markets.

5.6 Limitations

- 6 The thesis faced the following limitations.
 - 1- The small sample size of some companies did not match the study's criteria.
 - 2- The study was limited to the financial data published on the Palestine Stock Exchange.
 - 3- The study just covered three variables: EPS, OCFPS, and ACCPS.
 - 4- The study relied on financial data for ten years (2014–2023), where changes may occur following this period.

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استقصاء ملائمة القيمة النسبية للارقام المحاسبية السنوية والمرحلية : دليل تجريبي من بورصة فلسطين.

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ملخص

تهدف هذه الدراسة إلى تقييم المنفعة النسبية للبيانات المالية السنوية مقارنة بالبيانات المالية المرحلية للشركات المدرجة في بورصة فلسطين للفترة الممتدة من عام 2014 الى 2023، وتكون مجتمع الدراسة من الشركات (الصناعية والخدماتية) المدرجة في بورصة فلسطين والبالغ عددها 20 شركة، اما عينة الدراسة فتمثلت بـ 13 شركة توفرت فيها الشروط اللازمة. حيث تم تحليل البيانات المقطعية الزمنية وتم اعتماد أسلوب التأثيرات الثابتة للقوائم السنوية والتأثيرات العشوائية للقوائم المرحلية بالاعتماد على اختبار Hausman Test وتوصلت الدراسة إلى عدد من النتائج كان من أهمها: أن ربحية السهم (EPS) السنوية تؤثر على عوائد الأسهم بينما لا يوجد تأثير لربحية السهم المرحلية. كما أن التدفقات النقدية للسهم الواحد (OCFPS) لم يكن لها تأثير سواء في القوائم السنوية أو المرحلية أما المستحقات للسهم الواحد (ACCPS) فقد كان لها تأثير ضعيف في القوائم السنوية ولم يكن لها تأثير في القوائم المرحلية وبالنسبة للمتغيرات الضابطة فقد تبين أن حجم الشركة (FS) يؤثر على العلاقة بين البيانات المالية وعوائد الأسهم بينما لم يكن للرافعة المالية (LEV) أي تأثير، وتوصي الدراسة بأهمية الاهتمام بالقوائم المالية السنوية والمرحلية عند اتخاذ القرارات الاستثمارية وتعزيز جودة البيانات المالية المرحلية لدى الشركات المدرجة في بورصة فلسطين إضافة إلى ضرورة توفير تحليلات مالية أكثر تفصيلاً حول البيانات السنوية والمرحلية لمساعدة المستثمرين في تقييم الأسهم بشكل أكثر دقة كما تدعو الباحثين إلى اختبار مؤشرات مالية أخرى يمكن أن تساهم في تفسير عوائد.

الكلمات المفتاحية: القوائم المالية المرحلية، القوائم المالية السنوية، ربحية السهم الواحد، التدفقات النقدية

لسهم الواحد، المستحقات للسهم الواحد.