ABSTRACT

Dividend policy is a challenging policy that must be made by the Management. Increasing the amount of dividends in order to increase shareholder wealth, but at the expense of growth. Increasing the amount of dividends will reduce the remaining profits to be retained in the company that will be followed by a rise in stock prices in the market. This is an indication that the company's dividend policy will need to be scrutinized by investors because it will affect the investment return on the stock. The purpose of the studies were to determine the company's financial, how the financial performance of a company can affect the amount of dividends that will be shared. In this study, the researcher uses financial ratios are the Current Ratio, Debt to Equity Ratio, Net Profit Margin, Return On Investment. The data is taken from 2008 until 2011. The conclusion of this study is that from 4 (four) financial indicators such as : current ratio, debt to equity ratio, net profit margin, return on investment that only debt to equity ratio is significantly affected the dividend payout ratio.

Keyword : *Dividend Payout Ratio, Current Ratio, Debt to Equity Ratio, Net Profit Margin, Return On Investment.*