

3.0 RESULT AND INTERPRETATION

3.1 Introduction

The Second Board counters selected in this research are listed as in Table 1, according to the year of official listing.

Year of Issued	Number of Counters
1989	2
1990	12
1991	17
1992	20
1993	32
Total	83

Table 1 : Distribution of sample by Years Issued

There are 83 companies listed in the Second Board within the five years period. Since the Second Board was established in the year 1989, the studying period stopped in 1993 as two years data were to be collected for this analysis.

Apparently the number of counters listed in the Second Board was increasing within the five years period; started from

just two counters in 1989, ended up with 32 counters in 1993 alone.

The market adjusted initial return of the samples in this study ranges from a negative return of 30.34 percent to as high as 143.68 percent. There are only two samples show negative returns. The mean adjusted initial return is 56.82 percent, which is lower than the mean of 107.14 percent as obtained by Tay (1992) in his study of Main Board companies listed between the period of 1974 to 1989. The overall result coincides with the findings of other local researchers, which indicates the severe underpricing of the Malaysian IPOs. The summary of the analysis is shown in the Table 2.

	Adjusted Initial Return	NTA / Share	Market Value
Lowest	-30.34%	RM0.66	RM 3.47 MIL
Highest	143.68%	RM2.77	RM63.63 MIL
Mean	56.82%	RM1.22	RM19.33 MIL
S.D.	36.56%	RM0.26	RM13.44 MIL
Median	49.24%	RM1.18	RM15.19 MIL

Table 2 : Statistical result of Adjusted Initial Return,
NTA/Share and Market Value.

In term of net tangible asset backing per share, the basket of samples recorded the highest and lowest value as RM0.66 and RM2.77 respectively. The Mean NTA/Share of all samples is RM1.22. The result does not significantly different from the finding of Tay (1992), which showed the NTA/Share ranges from RM0.51 to RM2.05, with the Mean of RM1.08.

As shown in Table 2, the market capitalization or market value of the samples also varies considerably. The market value of the smallest company is RM3.47 million, while the largest company recorded the market value of RM63.63 million. The mean market value of all samples is RM19.33, which is very much lower than the average market value of RM188.3 million from Tay's study. This is due to the nature of the sample companies and the lower listing requirements of Second Board counters as compared to Main Board.

3.2 Overall Aftermarket Performance

The results of the overall aftermarket performance analysis is shown in Table 3.

The average return of all 83 counters are adjusted with the market returns of the corresponding period of individual counters by using Kuala Lumpur Composite Index as proxy.

As compared with the methodology of Tay, whereby monthly seasoning periods of three years were used, this study is adopting the analysis method of shorter period (two years) but a more frequent weekly interval. This method is more reflective of the nature of Second Board, i.e. shorter in establishment history and more dynamic in price fluctuation.

From Table 3, it can be seen that the sample of IPOs show positive average adjusted returns in most of the weeks in the two period after official listing. The Cumulative Average Return (CAR) recorded positive returns from the forth week after listing and the CAR at 104th week or two years is 72.91 percent. The two year CAR is very much higher as compared to the CAR of 3.69 percent in the Main Board IPOs analyzed by Tay.

It can also be concluded that the overall aftermarket performance of Second Boarders' IPOs is very much better as compared to :

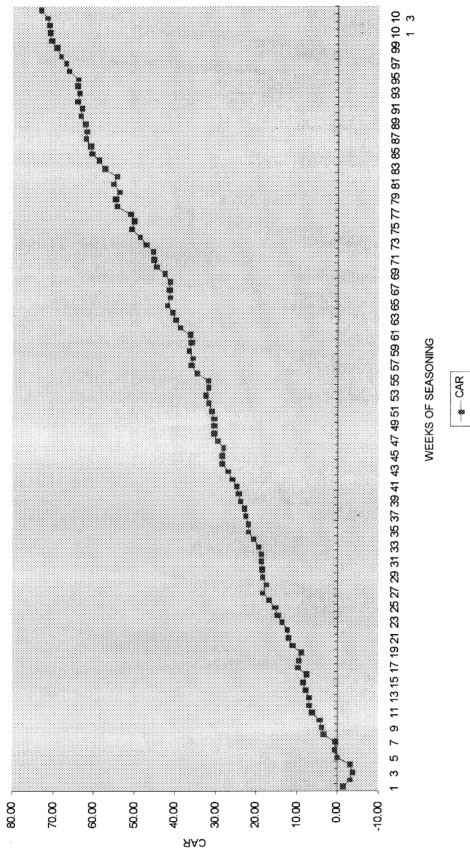
- (I) The Main Board IPOs.
- (II) The KLSE market performance, as KLCI is considered as the representative index of KLSE performance.

Table 4 shows the summary of holding period returns of all the 83 counters being studied for one and two years.

TABLE 3 :
OVERALL PERFORMANCE OF IPOS RELATIVE TO THE MARKET

PERIOD (WEEKS)	CUMULATIVE		PERIOD (WEEKS)	CUMULATIVE		PERIOD (WEEKS)	CUMULATIVE	
	AVERAGE RETURN	AVERAGE RETURN		AVERAGE RETURN	AVERAGE RETURN		AVERAGE RETURN	AVERAGE RETURN
1	-1.39	-1.39	36	-0.06	21.86	71	0.66	45.12
2	-1.69	-3.08	37	0.79	22.65	72	0.26	45.38
3	-0.53	-3.61	38	0.31	22.97	73	1.65	47.03
4	0.61	-3.00	39	0.97	23.93	74	1.51	48.54
5	3.04	0.04	40	0.58	24.51	75	2.09	50.63
6	0.77	0.81	41	0.46	24.97	76	-0.77	50.86
7	-0.22	0.59	42	0.94	25.91	77	0.89	50.75
8	2.79	3.38	43	1.20	27.11	78	3.35	54.10
9	0.51	3.89	44	1.31	28.43	79	0.43	54.53
10	0.54	4.43	45	-0.04	28.38	80	-1.05	53.48
11	2.04	6.47	46	-0.35	28.03	81	1.46	55.94
12	0.62	7.09	47	1.54	29.57	82	-0.72	54.22
13	-0.16	6.93	48	0.94	30.51	83	2.90	57.12
14	0.95	7.88	49	0.00	30.51	84	1.31	58.43
15	0.58	8.46	50	0.06	30.57	85	1.83	60.26
16	-0.76	7.70	51	0.41	30.97	86	0.30	60.56
17	2.15	9.85	52	0.76	31.73	87	1.02	61.58
18	-0.21	9.64	53	0.71	32.44	88	-0.07	61.51
19	-0.74	8.90	54	-0.78	31.67	89	0.35	62.86
20	2.30	11.20	55	0.07	31.74	90	1.02	63.88
21	0.95	12.15	56	2.76	34.51	91	-0.20	62.68
22	0.07	12.22	57	1.56	36.07	92	1.00	63.68
23	1.26	13.48	58	-0.54	35.53	93	-0.25	63.43
24	1.24	14.72	59	0.86	36.39	94	0.44	64.87
25	0.66	15.39	60	-0.23	36.15	95	-0.27	63.60
26	1.54	16.93	61	0.09	36.24	96	2.32	66.92
27	1.48	18.41	62	2.50	38.74	97	0.68	66.60
28	-0.92	17.49	63	1.18	39.92	98	1.25	68.85
29	0.93	18.42	64	0.79	40.71	99	1.15	69.99
30	0.16	18.59	65	1.16	41.87	100	1.32	70.31
31	0.22	18.80	66	-0.51	41.35	101	0.13	70.44
32	-0.03	18.77	67	0.19	41.54	102	0.30	70.74
33	0.58	19.35	68	-0.32	41.22	103	0.49	71.23
34	1.45	20.80	69	1.33	42.55	104	1.43	72.66
35	1.12	21.92	70	2.13	44.69			

FIGURE1: OVERALL PERFORMANCE OF IPOs RELATIVE TO THE MARKET



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TABLE 4 : 1 & 2 Years Overall Adjusted Holding Period
Returns

	Adjusted Holding Period Return	
	1 Year	2 Year
Overall	35.73%	84.67%

The overall adjusted holding period return for all 83 IPOs is shown in Table 4. It seems that the holding returns for the first two years are quite consistent, as the year two return is approximately two folds of the year one return.

In comparison, the first two years holding period returns of the Main Board IPOs are very much lower (0.17% & 0.14%) and no significant growth over times.

3.3 Performance Analysis by Initial Return

The results of the analysis by comparing the performance of the IPOs partitioned by initial returns is tabulated in Table 5, Table 6 and the cumulative average return (CAR) is plotted in Figure 2.

On the whole, it can be seen that IPOs with the medium initial return, i.e. the samples with initial returns fall between 40.28 percent to 75.13 percent performs best with 99.12 percent of CAR after two years. In contrast with the study of Tay on Main Board IPOs, his findings showed the IPOs with lowest initial return outperformed other portfolios in the 36 months period.

In the same study, Tay's analysis indicated that only the portfolio with low initial return provides positive CAR of 30.30 percent, whereas the other two portfolios both recorded negative CAR.

The results from this study significantly show that the Second Board's IPOs yielded more lucrative returns, although the average initial returns are lower than that of Main Board's. This is evident by the positive CAR of all three portfolios at 48.38, 99.12 and 71.83 percent respectively for portfolios with low, medium and high initial returns.

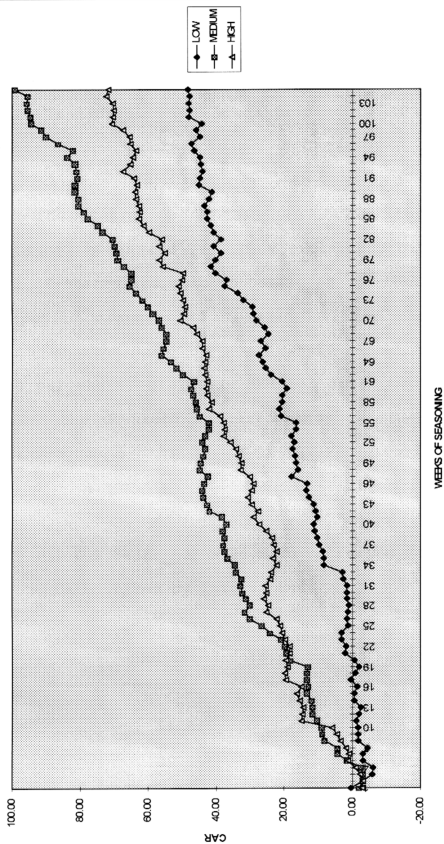
TABLE 5:
PERFORMANCE OF IPOs CATEGORIZED BY INITIAL
RETURN

PERIOD (WEEKS)	LOW INITIAL RETURN		MEDIUM INITIAL RETURN		HIGH INITIAL RETURN	
	AR	CAR	AR	CAR	AR	CAR
1	0.35	0.35	-1.92	-1.92	-2.77	-2.77
2	-3.41	-3.06	-1.10	-3.02	-0.48	-3.25
3	-2.66	-5.72	-0.18	-3.20	1.03	-2.22
4	-0.39	-6.11	0.69	-2.51	1.36	-0.87
5	2.92	-3.19	4.05	1.54	2.15	1.28
6	0.05	-3.14	2.76	4.30	-0.29	0.99
7	-1.38	-4.52	0.06	4.35	0.74	1.73
8	2.79	-1.73	3.68	8.03	1.75	3.47
9	0.00	-1.73	0.67	8.70	0.95	4.42
10	0.05	-1.68	0.17	8.86	1.32	5.74
11	0.34	-1.33	1.26	10.12	9.03	14.78
12	-0.67	-2.01	1.48	11.60	-0.22	14.55
13	-0.46	-2.47	-0.05	11.55	-0.24	14.31
14	1.82	-0.65	0.22	11.77	0.96	15.27
15	-0.11	-0.75	1.34	13.11	0.86	16.13
16	-0.71	-1.47	-0.53	12.58	-1.43	14.70
17	1.80	0.34	0.50	13.08	4.68	19.38
18	-1.32	-0.98	0.25	13.33	0.28	19.67
19	-1.10	-2.09	-0.40	12.93	-0.73	18.94
20	1.42	-0.66	5.27	18.20	0.54	19.48
21	2.76	2.10	0.99	19.19	-0.98	18.50
22	-0.25	1.85	0.56	19.75	-0.09	18.41
23	1.15	3.00	1.11	20.86	1.32	19.73
24	0.14	3.14	3.15	24.01	0.76	20.50
25	-1.82	1.31	2.52	26.53	0.67	21.17
26	0.16	1.48	3.44	29.97	0.98	22.15
27	-0.18	1.30	1.52	31.49	3.11	25.26
28	-0.42	0.88	-1.32	30.17	-0.61	24.64
29	0.54	1.41	0.92	31.09	1.34	25.99
30	0.12	1.53	1.17	32.26	-0.75	25.23
31	-0.04	1.49	0.53	32.79	0.11	25.35
32	1.22	2.71	-0.40	32.39	-1.29	24.05
33	0.09	2.80	1.67	34.06	-0.22	23.83
34	5.39	8.19	0.47	34.52	-1.61	22.22
35	0.12	8.31	2.14	36.66	1.04	23.26
36	0.31	8.63	0.64	37.30	-1.03	22.23
37	0.98	9.60	0.40	37.70	0.73	22.96

38	0.60	10.20	-0.15	37.55	0.63	23.59
39	0.82	11.02	0.44	37.99	1.54	25.13
40	0.34	11.36	-1.03	36.96	2.14	27.27
41	-1.26	10.09	1.32	38.28	1.60	28.87
42	0.57	10.66	3.36	41.64	-1.18	27.68
43	0.76	11.42	0.88	42.52	1.82	29.51
44	1.12	12.54	1.22	43.74	0.99	30.50
45	0.86	13.40	0.25	43.99	-1.07	29.43
46	-0.14	13.26	-0.59	43.40	-0.38	29.05
47	4.51	17.77	-0.99	42.41	0.97	30.03
48	-1.98	15.79	2.48	44.90	2.77	32.80
49	0.78	16.57	-0.47	44.42	-0.40	32.39
50	0.07	16.65	-0.78	43.64	0.92	33.31
51	0.78	17.43	-0.47	43.18	0.85	34.17
52	-0.46	16.97	0.83	44.00	1.74	35.90
53	0.96	17.93	-0.93	43.07	1.65	37.56
54	-1.44	16.49	-0.91	42.16	-0.16	37.39
55	-0.10	16.39	-0.06	42.10	0.32	37.72
56	4.48	20.87	2.68	44.78	1.06	38.77
57	0.50	21.36	0.85	45.63	3.29	42.06
58	-0.80	20.56	0.35	45.98	-0.71	41.35
59	0.03	20.59	0.77	46.75	1.34	42.69
60	-1.45	19.14	0.37	47.11	0.15	42.84
61	1.54	20.67	-0.75	46.36	-0.37	42.46
62	3.26	23.94	3.43	49.79	0.65	43.11
63	1.58	25.52	1.73	51.52	0.38	43.49
64	0.79	26.31	1.64	53.16	-0.34	43.15
65	1.08	27.39	2.77	55.93	-0.30	42.85
66	-2.07	25.32	-0.54	55.39	1.16	44.01
67	1.37	26.68	-0.76	54.63	0.05	44.06
68	-2.14	24.55	-0.04	54.59	1.41	45.47
69	1.19	25.74	1.45	56.04	1.23	46.70
70	2.47	28.21	0.75	56.79	3.84	50.53
71	0.81	29.02	1.81	58.60	-1.12	49.42
72	0.23	29.24	1.38	59.98	-0.19	49.23
73	2.79	32.03	1.55	61.53	0.30	49.52
74	1.46	33.49	1.96	63.49	0.91	50.43
75	4.00	37.49	2.05	65.53	0.57	51.00
76	-0.68	36.81	-0.55	64.98	-1.05	49.96
77	3.35	40.16	0.05	65.03	-0.26	49.69
78	1.41	41.57	2.02	67.04	6.06	55.76

79	-1.49	40.08	2.05	69.09	0.85	56.61
80	-1.53	38.55	0.21	69.30	-1.42	55.19
81	2.22	40.77	0.52	69.82	1.65	56.84
82	-2.13	38.64	0.63	70.46	-0.88	55.96
83	2.04	40.67	2.93	73.38	3.75	59.71
84	0.73	41.40	1.44	74.82	1.79	61.49
85	1.11	42.51	2.85	77.67	1.17	62.67
86	-0.04	42.47	1.14	78.80	-0.34	62.33
87	0.85	43.32	1.73	80.53	0.41	62.74
88	-1.30	42.02	-0.08	80.45	0.93	63.67
89	-0.80	41.23	1.04	81.49	0.06	63.73
90	3.70	44.93	-0.04	81.45	-0.55	63.18
91	-0.26	44.67	-0.86	80.59	0.79	63.97
92	-0.59	44.07	0.48	81.07	3.37	67.35
93	0.46	44.54	0.54	81.61	-2.09	65.26
94	0.15	44.69	2.12	83.74	-1.00	64.26
95	1.70	46.39	-1.79	81.95	-0.76	63.50
96	0.79	47.18	4.52	86.46	1.56	65.06
97	-2.33	44.85	3.57	90.03	0.43	65.50
98	1.02	45.87	1.36	91.39	1.84	67.34
99	-1.58	44.29	2.78	94.17	3.33	70.67
100	3.77	48.06	0.31	94.49	-0.23	70.44
101	-0.26	47.81	0.80	95.28	-0.38	70.05
102	0.22	48.03	0.27	95.55	0.20	70.25
103	-0.26	47.77	-0.24	95.31	1.93	72.19
104	0.61	48.38	3.81	99.12	-0.36	71.83

FIGURE 2 : PERFORMANCE OF IPOs CATEGORIZED BY INITIAL RETURN



As per the previous researchers' finding, the substantial initial returns of IPOs is due to the larger extend of underpricing. Dawson (1985) argued that the underpricing of initial issues has repercussions on a number of important financial measures. The lower pricing of IPOs encourages the sales of new stocks to the IPOs investors.

However the statistics of this finding contrasts with the comments of Dawson and Tay. They explained that as a large numbers of shares are sold to outsiders (of the company that makes public issues), this will decrease the companies' original shareholders or the owners' control position, earning per share, dividends and net asset backing. Hence it caused the downturn in performance of IPOs with higher initial returns.

Table 6 : 1 & 2 Years Adjusted Holding Period Returns
Categorized by Initial Returns.

Initial Return	Adjusted Holding Period Return	
	1 Year	2 Year
LOW	51.96%	145.56%
Medium	39.36%	85.14%
High	15.86%	23.32%

In term of adjusted holding returns of the three portfolios (as in Table 6), the portfolio with the lowest initial return yielded highest gain at the end of both one year and two years period. This result agrees with the that of obtained from Tay for the Main Board counters. However the magnitude of the holding returns for Second Board's IPOs is very much higher than the Main Board IPOs.

On general, it seems the IPOs investors will still make great capital gain by either holding the stocks for one or two years after official listing. This is based on the earning of purchasing the stock in open market after the first listing. As for the investors that buy the shares at the offer price, the total earning will be even higher.

3.4 Performance Analysis by NTA / Share

The results of this segment of analysis is shown in Table 7, Table 8 and Figure 3.

In the eyes of a 'rational' investor, a well established firm should be less risky than a less established one. Investors would expect a higher average initial return from the IPO of a less established firm. By the same principle,

investors would logically assume that well established firms should perform better than less established ones in the long run.

Since the net tangible asset per share (NTA/Share) is used as an indicator of the degree of establishment of IPOs, the categorizing of average adjusted return and CAR by Low, Medium and High NTA/Share will give a proxy for this study.

The results show that the portfolio with Medium NTA/Share yielded the highest CAR, i.e. 94.18 percent. The Low and High NTA/Share portfolios also recorded impressive CAR at 53.77 and 70.08 percent respectively. As compared with Tay's analysis on Main Board IPOs, it seems the performance of Second Board's IPOs is outstanding. When the Main Board IPOs were categorized the same method, only portfolio with high NTA/Share recorded positive CAR of 17.22 percent, whereas both low and medium portfolios contributes negatively to investors.

TABLE 7 :
PERFORMANCE OF IPOs CATEGORIZED BY NTA/SHARE

PERIOD (WEEKS)	LOW NTA		MEDIUM NTA		HIGH NTA	
	AR	CAR	AR	CAR	AR	CAR
1	-1.09	-1.09	-1.33	-1.33	-1.74	-1.74
2	-3.06	-4.15	-1.17	-2.50	-0.89	-2.63
3	-1.94	-6.09	0.15	-2.35	0.15	-2.47
4	1.76	-4.33	-0.33	-2.68	0.44	-2.04
5	3.62	-0.71	2.03	-0.65	3.49	1.45
6	2.03	1.31	0.69	0.04	-0.37	1.09
7	-0.02	1.29	-0.44	-0.40	-0.19	0.90
8	2.57	3.86	3.65	3.25	2.15	3.05
9	0.59	4.45	0.89	4.15	0.04	3.09
10	0.77	5.22	0.23	4.38	0.63	3.73
11	0.79	6.02	4.81	9.19	0.46	4.19
12	1.46	7.48	0.26	9.45	0.17	4.36
13	-1.44	6.04	-0.15	9.31	1.05	5.42
14	-0.70	5.34	1.59	10.89	1.90	7.32
15	1.08	6.42	0.44	11.33	0.23	7.55
16	0.68	7.11	-2.38	8.96	-0.53	7.02
17	1.29	8.39	5.59	14.55	-0.47	6.55
18	0.07	8.46	-0.46	14.09	-0.22	6.33
19	-1.43	7.03	-1.06	13.03	0.24	6.57
20	4.00	11.03	0.79	13.82	2.17	8.74
21	-0.01	11.02	2.39	16.22	0.43	9.17
22	0.68	11.70	0.39	16.60	-0.84	8.33
23	1.24	12.94	2.03	18.63	0.52	8.86
24	-1.43	11.51	3.18	21.82	1.87	10.73
25	-0.45	11.06	2.60	24.42	-0.19	10.54
26	-0.28	10.78	1.77	26.19	3.08	13.61
27	3.05	13.82	0.88	27.06	0.58	14.19
28	-0.53	13.30	-2.14	24.92	-0.08	14.11
29	1.35	14.64	1.64	26.57	-0.19	13.92
30	-0.41	14.24	-0.75	25.81	1.63	15.55
31	-1.18	13.06	0.26	26.07	1.52	17.07
32	-1.36	11.70	0.78	26.86	0.43	17.50
33	0.34	12.04	0.27	27.13	1.12	18.62
34	-1.25	10.79	7.00	34.13	-1.50	17.12
35	0.16	10.95	1.86	35.99	1.32	18.44
36	1.14	12.09	-0.44	35.55	-0.84	17.60
37	1.59	13.69	0.10	35.65	0.71	18.31
38	-1.33	12.36	2.52	38.17	-0.32	17.99

39	-0.14	12.22	1.61	39.78	1.40	19.39
40	1.09	13.30	-1.44	38.33	2.11	21.50
41	1.68	14.98	0.36	38.69	-0.62	20.88
42	0.37	15.35	1.00	39.69	1.43	22.31
43	1.56	16.91	0.63	40.32	1.43	23.74
44	1.40	18.31	0.51	40.83	2.03	25.77
45	-0.16	18.15	-1.16	39.68	1.18	26.95
46	0.27	18.42	0.18	39.85	-1.48	25.47
47	3.92	22.34	-0.40	39.45	1.20	26.67
48	1.04	23.38	1.79	41.25	-0.01	26.66
49	-1.68	21.70	1.97	43.22	-0.36	26.30
50	-0.62	21.08	0.24	43.46	0.53	26.83
51	-1.02	20.06	1.26	44.72	0.92	27.75
52	-2.02	18.04	3.27	48.00	0.92	28.67
53	-0.37	17.67	0.30	48.30	2.17	30.83
54	0.42	18.09	-2.26	46.04	-0.44	30.39
55	-0.70	17.39	-0.43	45.61	1.33	31.72
56	2.54	19.92	2.19	47.80	3.55	35.27
57	2.58	22.51	0.28	48.09	1.86	37.13
58	-0.14	22.37	0.41	48.49	-1.88	35.25
59	0.08	22.45	1.26	49.76	1.21	36.46
60	-1.30	21.15	1.03	50.78	-0.47	35.99
61	0.61	21.76	0.30	51.08	-0.63	35.36
62	2.55	24.31	0.93	52.01	4.02	39.38
63	1.43	25.74	-0.17	51.84	2.28	41.66
64	1.33	27.08	0.40	52.24	0.66	42.32
65	2.00	29.08	1.39	53.63	0.11	42.44
66	-1.49	27.59	-0.65	52.98	0.56	43.00
67	-0.04	27.55	0.60	53.58	0.01	43.01
68	-0.83	26.72	-0.11	53.47	-0.04	42.97
69	0.88	27.60	0.76	54.23	2.32	45.29
70	1.58	29.18	2.09	56.32	2.71	48.01
71	-0.04	29.14	1.20	57.51	0.81	48.82
72	0.59	29.73	0.95	58.47	-0.75	48.06
73	1.02	30.76	2.16	60.62	1.73	49.80
74	-1.38	29.38	3.72	64.35	2.08	51.88
75	0.10	29.48	3.17	67.52	2.92	54.80
76	-0.38	29.10	-1.03	66.49	-0.87	53.93
77	0.98	30.08	1.72	68.21	-0.02	53.91
78	1.61	31.70	1.74	69.95	6.62	60.53
79	-1.79	29.91	1.99	71.93	1.02	61.55

80	0.32	30.23	-1.58	70.35	-1.84	59.71
81	2.24	32.47	1.93	72.28	0.24	59.94
82	-0.75	31.72	-0.76	71.52	-0.65	59.29
83	1.94	33.67	4.71	76.23	2.02	61.31
84	2.32	35.99	0.46	76.69	1.19	62.50
85	2.56	38.55	3.49	80.18	-0.53	61.97
86	0.64	39.19	1.72	81.90	-1.45	60.52
87	-0.04	39.15	2.41	84.31	0.67	61.19
88	0.97	40.11	-1.45	82.85	0.30	61.49
89	-0.47	39.65	-0.09	82.76	1.57	63.07
90	3.39	43.04	-0.86	81.90	0.62	63.69
91	-2.07	40.97	1.63	83.53	-0.21	63.48
92	1.74	42.71	0.13	83.66	1.17	64.65
93	0.84	43.54	-1.60	82.06	0.04	64.69
94	0.33	43.87	1.34	83.40	-0.34	64.35
95	-0.01	43.87	-0.27	83.13	-0.54	63.81
96	2.69	46.56	1.77	84.89	2.51	66.32
97	1.10	47.66	-0.39	84.50	1.33	67.65
98	1.72	49.38	1.97	86.47	0.09	67.73
99	2.43	51.81	1.66	88.13	-0.59	67.15
100	1.54	53.35	1.12	89.25	1.30	68.44
101	-1.65	51.70	-0.62	88.63	2.60	71.04
102	0.35	52.05	0.45	89.08	0.11	71.15
103	0.86	52.90	0.64	89.72	-0.02	71.13
104	0.87	53.77	4.46	94.18	-1.05	70.08

FIGURE 3 : PERFORMANCE OF IPOs CATEGORIZED BY NTA/SHARE

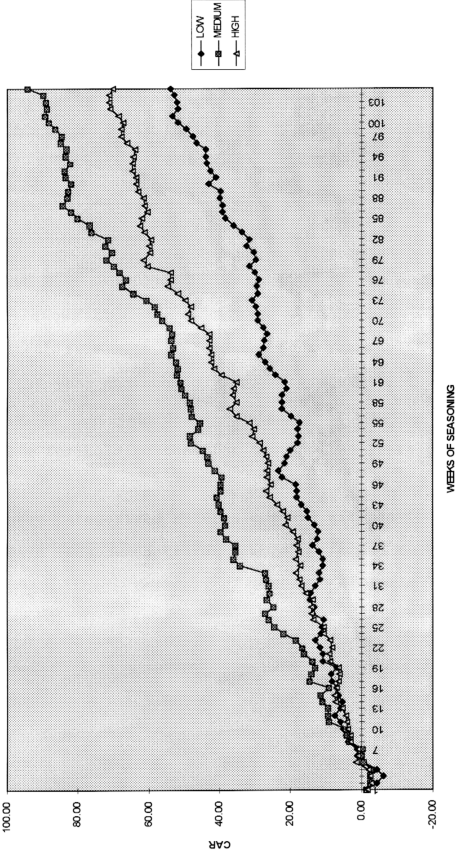


Table 8 : 1 and 2 Years Adjusted Holding Period Returns
Categorized by NTA/Share

NTA/Share	Holding Period Adjusted Return	
	1 Year	2 Year
Low	53.42%	144.40%
Medium	36.28%	65.59%
High	18.08%	46.38%

Table 8 shows that the portfolio with lowest NTA/Share or smallest in firm size yielded the best returns at the end of both first year and second year. In contrast, the portfolio consists of largest firms contributes lowest returns to investors for holding them for one and two years.

When these categorized returns compare with Tay's study, the Main Board IPOs demonstrated a more uniformed return pattern amongst the three portfolios, as well as between year one and year two.

3.5 Performance Analysis by Market Value

The result of this analysis is summarized in Table 9, Table 8 and Figure 4.

When the CAR of the three portfolios are compared, it shows that the portfolio with Medium market value (ranging from approx. RM12 million to RM19 million) has the highest CAR of 98.55 percent. The Low and High market value portfolios yielded 58.67 and 59.60 percent of CAR respectively.

In contrast with this finding, Tay's study had shown the CAR of 29.19%, 3.89% and -20.55% for his Low, Medium and High market value portfolios.

Hence the overall result clearly indicates that the Second Board IPOs outperformed the Main Board IPOs in term of CAR at all levels of averaged market value. It also suggests that investor will gain by the purchase of Second Board's IPOs regardless of their size of the firms.

TABLE 9:
PERFORMANCE OF IPOs CATEGORIZED BY MARKETVALUE

PERIOD (WEEKS)	LOW MKT VALUE		MEDIUM MKT VALUE		HIGH MKT VALUE	
	AR	CAR	AR	CAR	AR	CAR
1	-0.77	-0.77	-1.33	-1.33	-2.08	-2.08
2	-3.73	-4.49	-0.59	-1.92	-0.83	-2.91
3	-2.26	-6.76	1.19	-0.73	-0.64	-3.56
4	-0.64	-7.39	2.70	1.98	-0.39	-3.95
5	4.42	-2.97	2.46	4.44	2.27	-1.68
6	1.68	-1.29	1.18	5.62	-0.58	-2.27
7	-0.40	-1.69	-0.75	4.87	0.53	-1.73
8	4.23	2.54	0.84	5.71	3.46	1.73
9	1.32	3.86	1.28	6.99	-1.14	0.58
10	-0.22	3.65	0.67	7.67	1.16	1.75
11	0.57	4.22	4.49	12.15	0.87	2.62
12	-0.35	3.87	1.33	13.48	0.84	3.46
13	-0.37	3.50	-0.54	12.94	0.46	3.92
14	0.34	3.84	2.17	15.11	0.25	4.17
15	0.31	4.15	0.10	15.21	1.36	5.52
16	-1.09	3.06	-1.19	14.02	0.03	5.55
17	2.07	5.13	3.07	17.10	1.23	6.78
18	0.67	5.80	0.06	17.16	-1.38	5.40
19	-1.35	4.45	-1.29	15.87	0.46	5.87
20	3.12	7.57	2.03	17.89	1.77	7.64
21	2.68	10.25	0.27	18.17	-0.06	7.58
22	0.41	10.66	1.62	19.79	-1.93	5.65
23	2.97	13.63	1.16	20.95	-0.33	5.32
24	2.41	16.04	-0.23	20.72	1.65	6.97
25	1.29	17.33	0.04	20.75	0.71	7.68
26	2.47	19.80	-0.76	19.99	3.09	10.77
27	0.89	20.70	1.60	21.59	1.95	12.72
28	-1.40	19.30	-1.44	20.15	0.12	12.84
29	1.08	20.38	2.66	22.81	-1.09	11.76
30	-1.04	19.33	1.89	24.69	-0.48	11.28
31	-1.92	17.42	0.73	25.43	1.80	13.07
32	-0.21	17.20	0.06	25.48	0.06	13.13
33	1.12	18.32	-0.54	24.95	1.24	14.37
34	0.62	18.94	5.49	30.43	-2.06	12.31
35	0.52	19.46	1.15	31.59	1.69	14.01
36	0.19	19.65	0.15	31.73	-0.53	13.47
37	1.52	21.17	-0.98	30.75	1.97	15.44
38	-0.12	21.05	0.73	31.48	0.30	15.74

39	0.72	21.76	1.33	32.81	0.83	16.57
40	1.02	22.79	-0.90	31.91	1.72	18.29
41	-0.82	21.97	0.46	32.36	1.73	20.03
42	0.67	22.64	0.02	32.38	2.20	22.23
43	0.91	23.55	1.58	33.96	1.09	23.32
44	1.66	25.22	0.23	34.19	2.12	25.44
45	-0.31	24.90	-0.01	34.18	0.19	25.63
46	-0.46	24.45	-0.79	33.40	0.21	25.84
47	4.74	29.19	-0.99	32.41	1.07	26.91
48	0.18	29.37	2.23	34.64	0.31	27.23
49	-2.61	26.76	2.52	37.15	-0.10	27.13
50	0.25	27.01	0.87	38.03	-1.01	26.11
51	0.94	27.96	-0.15	37.87	0.47	26.58
52	-0.25	27.71	1.33	39.21	1.15	27.73
53	1.20	28.91	1.57	40.77	-0.69	27.04
54	-3.10	25.81	0.98	41.75	-0.35	26.69
55	-0.30	25.51	-0.17	41.58	0.72	27.41
56	2.14	27.65	4.67	46.25	1.34	28.75
57	0.70	28.35	2.59	48.84	1.32	30.08
58	0.31	28.66	-0.37	48.46	-1.58	28.50
59	0.80	29.47	0.11	48.57	1.72	30.22
60	0.92	30.38	-0.10	48.48	-1.53	28.69
61	0.11	30.49	0.94	49.42	-0.86	27.83
62	1.63	32.12	2.65	52.07	3.21	31.04
63	0.87	33.00	1.63	53.70	0.99	32.04
64	1.59	34.59	0.48	54.18	0.33	32.37
65	3.16	37.74	0.39	54.57	-0.02	32.34
66	-1.41	36.34	0.04	54.61	-0.21	32.13
67	-1.97	34.36	3.02	57.62	-0.68	31.45
68	0.37	34.74	-0.32	57.31	-1.02	30.44
69	1.39	36.13	1.23	58.54	1.37	31.80
70	1.38	37.51	3.05	61.59	1.90	33.70
71	2.09	39.60	-0.04	61.56	-0.01	33.70
72	0.34	39.93	0.48	62.03	-0.05	33.65
73	1.04	40.97	1.48	63.51	2.43	36.08
74	0.34	41.31	2.94	66.45	1.15	37.23
75	2.42	43.72	2.59	69.04	1.22	38.45
76	-0.48	43.25	-0.25	68.78	-1.60	36.85
77	4.02	47.27	-0.10	68.69	-1.18	35.68
78	7.41	54.68	0.39	69.07	2.46	38.13
79	-1.54	53.15	1.71	70.79	1.03	39.16

80	-0.66	52.49	-0.72	70.06	-1.80	37.36
81	0.95	53.43	2.48	72.54	0.88	38.24
82	-3.57	49.87	0.36	72.90	0.97	39.21
83	1.77	51.64	3.27	76.17	3.64	42.86
84	0.91	52.55	1.59	77.76	1.41	44.27
85	2.64	55.19	1.61	79.37	1.26	45.52
86	1.33	56.53	-0.08	79.28	-0.32	45.20
87	1.05	57.58	1.38	80.67	0.60	45.81
88	-1.55	56.03	0.11	80.78	1.20	47.01
89	0.24	56.27	1.74	82.52	-1.03	45.98
90	2.18	58.45	0.95	83.47	-0.05	45.92
91	0.45	58.90	-0.56	82.91	-0.46	45.47
92	-1.33	57.57	2.74	85.65	1.48	46.95
93	0.44	58.01	-0.38	85.27	-0.81	46.13
94	0.95	58.96	-0.07	85.20	0.48	46.61
95	-0.22	58.74	-0.87	84.33	0.32	46.93
96	2.35	61.09	2.09	86.42	2.53	49.46
97	-0.63	60.46	0.60	87.02	2.07	51.52
98	0.53	60.98	1.85	88.87	1.33	52.85
99	1.27	62.25	1.78	90.65	0.37	53.22
100	0.10	62.36	2.44	93.09	1.32	54.54
101	-1.28	61.08	0.42	93.51	1.23	55.77
102	-2.29	58.78	1.90	95.41	1.18	56.95
103	-1.16	57.62	1.81	97.22	0.73	57.68
104	1.05	58.67	1.34	98.55	1.92	59.60

FIGURE 4: PERFORMANCE OF IPOs CATEGORIZED BY MARKET VALUE

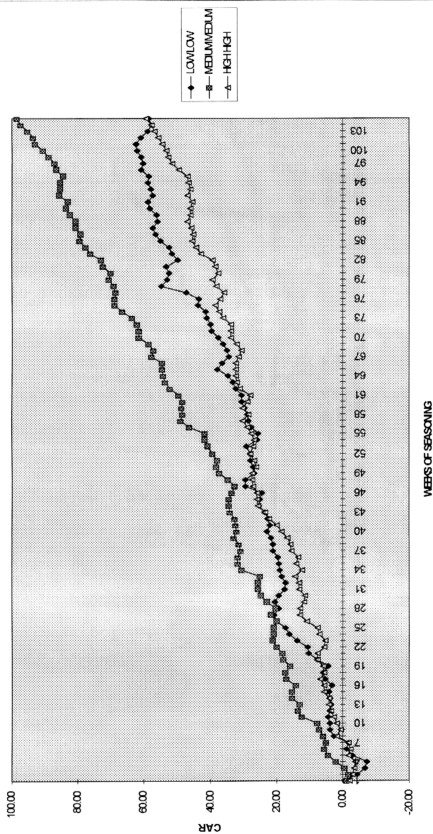


Table 10 : 1 and 2 Years Adjusted Holding Period Returns
Categorized by Market Value

Market Value	Holding Period Adjusted Return	
	1 Year	2 Year
Low	68.33%	150.87%
Medium	32.15%	91.49%
High	7.19%	11.37%

Table 10 shows the adjusted holding period returns of portfolios tabulated by low, medium and high market value. Apparently the average holding return of counters with low market return demonstrated highest returns at the end of both one and two years.

We can observed that in long run, the small firms are performing better than the large ones. This is evident by the holding returns that show a reducing manner from firms with low to high market values. This finding also agrees with the Main Board's IPOs analysis.