



AIM and NASDAQ still leading growth with Asian markets looking promising

According to the new Global Growth Markets Guide 2008 produced by Grant Thornton International, at the end of 2007, there were 40 growth markets around the world – 18 in Europe, 15 in Asia Pacific, 3 in Africa and 4 in the Americas.

Growth markets are aimed at younger and smaller companies with high growth potential. This contrasts with the main markets which typically target larger, more established companies.

Market capitalisation

The 2008 guide's analysis of the world's leading growth company markets reveals that at their current level of performance, there are exciting prospects ahead, particularly in the Asia Pacific region. As measured by their market capitalisation, Catalist (the transformed second board of Singapore Exchange, previously known as SESDAQ), GEM and KOSDAQ have made considerable progress, registering compounded annual growth rate of 56.6%, 44.4% and 44.9% respectively between 2005 and 2007. The Mothers market is the only growth market to experience a fall in average total market capitalisation in 2007. It has been struggling by most measures, depressed by the Japanese economy.

Figure 1: Average total market capitalisation (US\$m)

in US\$ million	Average total market capitalisation					
	2005	2006	% Growth	2007	% Growth	CAGR
AIM	78,027	140,234	79.7%	204,958	46.2%	62.1%
Catalist	3,392	4,835	42.5%	8,321	72.1%	56.6%
TSX-V	23,900	42,674	78.6%	56,800	33.1%	54.2%
KOSDAQ	48,420	71,667	48.0%	101,711	41.9%	44.9%
GEM	8,617	10,450	21.3%	17,970	72.0%	44.4%
PLUS	2,400	3,327	38.6%	4,443	33.5%	36.1%
NASDAQ	3,442,223	3,698,074	7.4%	4,088,921	10.6%	9.0%
Mothers Market	40,122	37,973	-5.4%	28,459	-25.1%	-15.8%

Source: Grant Thornton International; 2008 Global Growth Markets Guide

Average market capitalisation is obtained by taking the sum of the total market capitalisation at the end of each month in a given year, divided by 12.

NASDAQ dwarfs all the other growth markets combined and, as the oldest established market, it has a substantially different type and size of company listed. However, it is widely regarded as the benchmark for growth companies around the world and is therefore included for the purposes of comparison.

Liquidity

The guide also confirms that junior markets in Asia have begun closing the gap and can offer impressive liquidity. KOSDAQ, with its highly active retail investors, was the most liquid of the growth markets from 2005 to 2007. Catalist's liquidity also improved distinctly in 2007.

Figure 2: Monthly average liquidity

in %	Monthly average liquidity		
	2005	2006	2007
AIM	8	7	6
Catalist	7	9	17
TSX-V	5	6	6
KOSDAQ	74	52	45
GEM	3	4	9
PLUS	1	1	1
NASDAQ	24	27	31
Mothers Market	38	41	33

Source: Grant Thornton International; 2008 Global Growth Markets Guide

Monthly average liquidity is measured as a turnover of shares as a percentage of total market capitalisation.

Funds raised

The well established markets, AIM and NASDAQ, remain well ahead of the others in important respects. They are much less volatile than their newer rivals, which is reassuring to investors and companies. Both were able to attract large numbers of new listings to buoy their market capitalisation and both remain the best markets on which to raise funds. In contrast, Catalist showed its relative immaturity in fundraising.

Figure 3: Funds raised

in US\$ million	Fund raised		
	2005	2006	2007
AIM	15,408	30,712	32,123
Catalist	96	137	83
TSX-V	5,304	6,902	11,670
KOSDAQ	3,758	2,711	4,284
GEM	374	1,094	2,495
PLUS	67	46	N/A
NASDAQ	12,193	17,375	16,193
Mothers Market	1,002	818	485

Source: Grant Thornton International; 2008 Global Growth Markets Guide

This is the sum of funds raised at the end of each month in a given year, divided by 12. Information was not available for all markets for all years.

Mr Kon Yin Tong, director of Grant Thornton Corporate Finance Pte Ltd, commented "One possibility for Catalist trailing other Asian growth markets in fund raising such as KOSDAQ and GEM, not to mention NASDAQ and AIM, could be that companies on Catalist are much smaller with average market capitalisation as at 31 December 2007 at about 60% lower than their counterparts listed in United Kingdom, Hong Kong and Korea.

Nevertheless, in the Asian markets, we will not be surprised to see significant progress within the next two years as the Asian economic conditions advance in greater stride compared to the rest of the world. We have already witnessed recent changes in regulatory policy controls introduced to Asian growth markets to suit business needs.”

Mr Kon also added that “In the short term, companies looking to list on the capital markets may not necessarily choose the Initial Public Offering route as Reverse Takeover (“RTO”) may offer better valuations given the current economic conditions and the uncertainties of the stock markets”.

The 2008 global growth markets guide is part of a series of capital markets guides that Grant Thornton International has compiled over the past seven years. It analyses the performance of the eight main global growth markets between 2005 and 2007. The guide can be downloaded from the publications section of Grant Thornton International’s website at www.gti.org.

Note: On 17 December 2007, Catalist, a “Sponsor-supervised” market model came into being. Companies which were listed on SESDAQ, the SGX junior board, migrated to Catalist on this date. Data on Catalist prior to 17 December 2007 are those of SESDAQ.

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