

Unlisted Celebrates First Three Years

13 December 2006



Today Unlisted¹ marks its third anniversary. Manager Bruce Cossill takes a look back at highlights of the facility's first three years in operation and 2006 in particular.

Contrast and challenge

Unlisted's first three years in operation can best be described as years of contrast and constant challenge. Unlisted launched on 13 December 2003 with four issuers and a handful of participating brokers, and ends 2006 quoting 26 securities for 23 issuers with most major broker firms participating. In between Unlisted has enjoyed rapid issuer growth in 2004, suffered through an interminable regulatory review in 2005, and managed to regain some balance and momentum in 2006.

The strong issuer growth of 2004 was effectively halted by the regulatory review launched around Unlisted's first anniversary in December of that year, which stifled Unlisted for most of the following year. In 2005 we were fortunate to gain issuers Syft Technologies and Martinborough Vineyard Estates. 2006 has on the whole been relatively more positive. Unlisted posted a modest profit for the year to June, while issuer growth has been mixed. We have seen four new issuers join Unlisted – Synergy International, Infinity Group, Mystery Creek

Wines and Mascot Finance – and three issuers leave – Seddon Vineyards amalgamated with Terra Vitae Vineyards, while Berkley and Waipara Hills Wine Estate chose to return to OTC trading. The aggregate market capitalisation of Unlisted stocks reached a high of over \$1.18 billion, and now stands at around \$985 million, up from \$940 million a year ago.

Corporate activity

There has been plenty of corporate activity in Unlisted's first three years, starting with the H&G partial offer for Rural Equities Limited in 2004, who in turn took control of NZRPT in 2005. This year saw the amalgamation of two issuers, Seddon and Terra Vitae vineyards, whilst a Todd Energy takeover offer for King Country Energy is current. Interestingly KCE shares started quotation on Unlisted in 2004 trading at \$2.75, and since Todd's \$4.40 offer have traded up to a high of \$5.00.

Capital raising

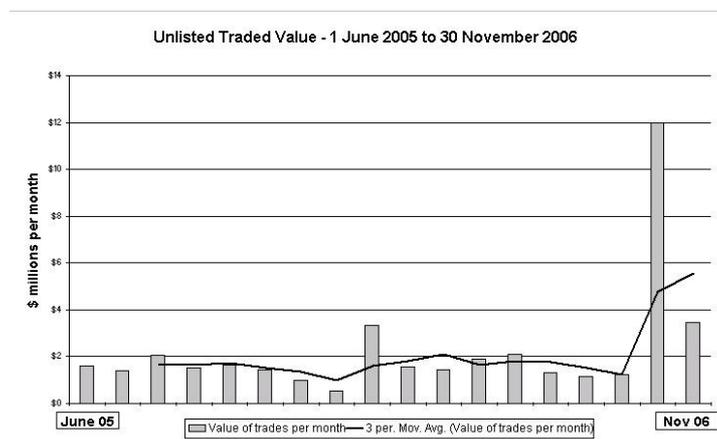
A number of issuers have raised capital this year through rights issues and private placements, bringing the total capital raised by Unlisted issuers over the last three years to over \$23.5 million. We expect our first initial public offering (IPO) to occur in 2007.

Trading activity

Trading activity has grown steadily, and to date Unlisted has facilitated 3,867 trades

¹ Unlisted is the trading name of Efficient Market Services Limited.

worth more than \$56 million. In the 18 months to 30 November 2006 there has been an average 136 trades of 2.5 million shares worth \$2.3 million per month. Monthly trading value was boosted to \$12 million in October this year by the Hirequip sell down of its stake in Tasman Farms, where 15.8 million shares worth \$10.8 million changed hands.



Improving services and the website

Unlisted has continued to leverage the flexibility of its technology, and now offers innovative issuer options like the Temporary Quotation and Private Market services. Website graphics and content have had a major makeover this year, while we continue to develop nifty ways to keep Unlisted issuers and their shareholders informed. For example you can now get stock prices and market depth information on your web-capable mobile phones, and we have just launched an RSS feed, which enables RSS users to receive automatic notifications about Unlisted trades and issuer announcements.

Next year?

Unlisted is pleased about the progress made in 2006, and we remain optimistic about our future role in New Zealand's capital markets.

We expect at least one issuer to join us consequent to an IPO next year and there remain a number of other prospective issuers that are currently looking at Unlisted as a means of providing their shareholders with transparency and liquidity. Several corporate advisors are also starting to factor Unlisted in to their spectrum of options when advising SME owners on capital raising and succession planning.

Unlisted plans to hold issuer forums in Auckland and Christchurch early next year, which will provide an opportunity for directors and shareholders of public unlisted companies to hear from some of our issuers about how Unlisted has worked for them. We expect further issuer growth as more companies come to appreciate the benefits to their shareholders of a cost-effective price discovery and trading service.

Merry Christmas and Happy New Year

All that remains is to wish our directors, shareholders, issuers, brokers, supporters, and their shareholders, a very merry Christmas and a prosperous New Year.

Best wishes, Bruce Cossill
Manager, Unlisted

