

update

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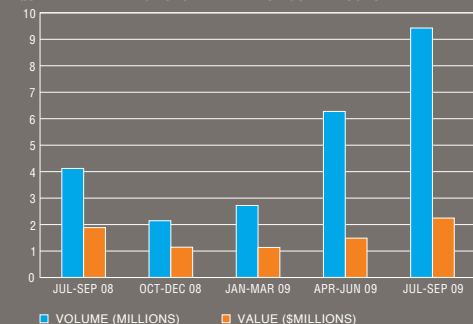
OCTOBER '09

Quarterly Review July - September 2009

TRADE SUMMARY

In the three months of trading from July to September 2009 Unlisted has facilitated 326 trades of 9.4 million shares worth \$2.2 million at a monthly average of 109 trades of 3.1 million shares worth \$0.74 million. This compares with 193 trades of 6.3 million shares worth \$1.5 million over the previous three months and 251 trades of 4.1 million shares worth \$1.9 million in the same period in 2008.

QUARTERLY TRADING VOLUME AND VALUE COMPARISONS



Posting most trades on the public board was St Laurence Property and Finance with 61 (19% of all trades) worth \$84K (4% of trades by value) followed by King Country Energy with 58 (18% of all trades) worth \$361K (16% by value). Skyline Enterprises' 15 trades at \$411K made up 19% of all trades by value. On the Private Market increased trading in DNZ stock saw 101 trades (31% of all trades) worth \$732K (33% of all trades by value).

Over this quarter price movements continued a generally negative tone. Syft Warrants were down 0.9 of a cent (90%) to 0.1 cent, Syft shares fell 1.2 cents (29%) to 3 cents, EastPack Investor shares were down 25 cents (28%) to 65 cents, St Laurence Property and Finance was 4 cents lower (30%) to 9 cents while Te Kairanga slipped 30 cents (29%) to 75 cents. Going against the negative trend to improve were Kaimai Cheese up 25 cents (17%) to \$1.75 and Skyline Enterprises up 85 cents (20%) to \$5.10.

ISSUER ACTIVITY

As previously signaled Albany City Property Investments (ACPIL) ceased quotation in August, while in the same month Vehicle Inspection NZ Limited (VINZ) commenced quotation following its change from being a co-operative. In September Rural Equities Limited (REL) and New Zealand Rural Property Trust (NZRPT) announced a proposal to merge.



ProTen spreads its wings

ProTen is a company on the up, spreading its wings from New Zealand to Australia from 2002 and finally migrating the business to Australia in March 2008 as part of its expansion plans to become a major supplier of chickens in Australia.

The company is a contract grower of chickens grown for their meat, otherwise known in the industry as "broilers". Now an Australia-based company, its growth plans are well on track with 129 sheds located around the country, producing around 30 million chickens per annum.

"In 2001 ProTen had around one percent of the total Australian chicken market" says Daniel Bryant, Chief Executive of ProTen. "Today, our market share is 6.5 percent and we continue to grow our operations, as well as revenue and profitability".

"Traditionally this industry has been run by 'mum and dad' farmers but we've taken a corporate approach, building large operations that bring efficiencies of scale including significantly lower costs," says Bryant.

This strategic approach is driving strong results for the company, even in recessionary times.

Bryant says the impact of the recession has been minimal. "First, people buy more chicken in tough times, as opposed to beef or lamb, and second, low interest rates have enhanced our bottom line profit."

However, he adds that the downside to low interest rates is much tighter access to capital funds which has been challenging for ProTen's expansion plans.

A significant development for ProTen late last year was its decision to quote its shares on Unlisted.

"Prior to Unlisted we ran the share registry out of our office which was inefficient."

"Moving to Unlisted has given us exposure to potential shareholders while also improving liquidity and giving our shareholders a better mechanism to sell their shares."

Looking ahead, ProTen is in good shape to build on its ambitious growth plans and deliver ongoing value to its loyal and growing base of New Zealand shareholders.

unlisted issuer forum – Tauranga

Please keep an eye out for your invitation to the next Unlisted Issuer Forum, planned to be held in Tauranga in early November. We are organizing a great line up of speakers and would be delighted to see you there. Seats will be limited so make sure you RSVP promptly when you receive the invitation. Details will also be posted on the Unlisted website shortly.

Rules we can do without

by Bevan Wallace,
Unlisted Chairman

There are few things more frustrating than participating in an activity where the rules are not enforced. We can withdraw or adapt, the latter usually involving the choice to either honour the rule at a cost, or ignore the rule, if not for potential gain at least to ensure a level playing field.

Enforcement of rules matters almost as much as their initial design. What would the offside rule mean to the play of a game if not enforced by the referee? Quite simply: a competitive advantage to those that choose to ignore it.

Rule enforcement or lack of it is obvious not only to the players but also to observers. That is why rule enforcement and ultimately rule changes are hotly debated and adjudicated to the highest level. If rules are to be set for a game, continued participation and development requires confidence in the rules and their enforcement.

Unfortunately, securities regulations and listing rules do not generate the same passionate debate in New Zealand as those of rugby. Still, the same principles apply to their development and enforcement. They should be understandable, able to be enforced, preclude undesirable behaviour, and if possible not constrain but add to the free flow of the game. Importantly, once introduced they need to be seen to be enforced.

New Zealand's dilemma is that it is easy to pass laws and in many instances too costly

to enforce them. Recent visiting academic Dr Utpal Bhattacharya's seminar "When No Law is better than a Good Law" identified the circumstances where we would be better off without what would otherwise be a good rule. Unsurprisingly, it was when the good rule was not being enforced. Unfortunately in New Zealand securities markets we have a lot of rules and many alleged breaches but have not seen corresponding enforcement action.

The dearth of enforcement action, be it by Government agencies, NZX or professional bodies is reflected in anecdotal evidence of the lack of confidence in and low respect for participants in New Zealand's financial sector.

Introducing new rules in the financial sector of itself will not rebuild trust. Rules should be well considered and, where introduced, enforced. For trust to be restored in our capital markets we need:

- confidence in the legislative and judicial system and in particular how the law is interpreted;
- clear articulation of the functions of and confidence in the regulatory bodies and how they will interpret and enforce rules and what sanctions they will impose;
- confidence that agents act in the client's interest and a knowledge of the sanctions they will face if they fail in this obligation; and
- confidence that remedies are timely and affordable.

Unlisted has no listing rules. We are not an enforcement agency and have no desire to become one: rules we can do without. Nevertheless, we maintain a keen interest in the development of rules for New Zealand's securities market participants and seek a level playing field for all; one that derives from well considered and policed legislation and not one that evolves from turning a blind eye to rules that are not enforced.

MARKET METRICS

As at 30 September the aggregate market capitalization of all stocks was \$0.75 billion (\$1.01 billion last September and \$0.74 billion on 30 June this year), while daily traded value reached a high during the quarter of \$193K on 4 August.

The Unlisted Weighted Average Market Price Indicator, which had a base of 1,000 points when it was introduced on Monday 2 April 2007, was down slightly (2 points) over the quarter to 722 points as at 30 September (910 points last September, with an all-time high of 1,112 points on 28 June 2007).

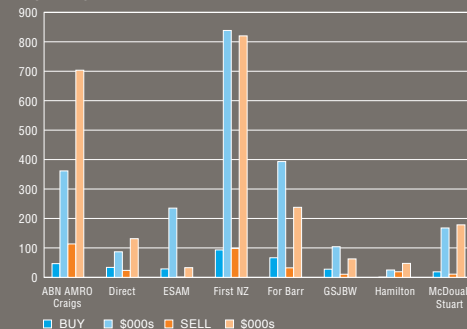
UNLISTED WEIGHTED AVERAGE MARKET PRICE INDICATOR



BROKER ACTIVITY

In a quarter of solid trading volume and value, First NZ Capital dominated buying activity by trades (29% or 94 trades worth \$840K), with Forsyth Barr (21% or 67 trades worth \$396K) in second spot. Selling activity saw Craigs holding top spot (35% or 115 trades worth \$705K), with First NZ Capital (31% or 101 trades worth \$821K) in second spot.

BROKER ACTIVITY



CONCLUSION

The number of trades firmed this quarter with solid volumes and value traded, although most prices tracked lower through the quarter (offset by rises in Skyline Enterprises and Kaimai Cheese), leading to a slight dip for the Market Price Indicator.

Unlisted was pleased to see increased trading in DNZ Property Fund shares on the Private Market, demonstrating the benefit to shareholders of issuers seeking a flexible and innovative approach to secondary trading and keeping shareholders informed.

Unlisted welcomed the arrival of St John Balanced Property Fund (SJBPF) on the first day of the new quarter, and we look forward to the arrival of meat cooperative Silver Fern Farms (SFF) sometime in October. These new arrivals further demonstrate how non-standard issuers like property syndicates and co-operatives can still cost-effectively provide stakeholders with liquidity and transparency.

Unlisted continues to have discussions with several prospective issuers and it is likely that we will see further movement in this area over the next quarter.

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