

UPDATE



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Heritage and innovation drive Fronde's success



Cloud computing was just a blip on the IT landscape a few years ago, but today it's got the attention of CIOs around the world and Fronde, a long-established Kiwi IT company is leading the charge in this exciting area. Twenty years ago Fronde started out as a small IT consultancy based in Wellington. Today it is a \$25 million plus business with 200 staff in Wellington, Auckland and Sydney.

Unlisted caught up with Fronde's Marketing Manager, Helen Mills on the Company's impressive growth. "Fronde has leveraged its trusted heritage and built a strong reputation for empowering organisations to unlock business value," says Helen.

Two areas of opportunity and significant growth for the company include cloud computing which allows a business to run

software and access data from anywhere at anytime, and mobile solutions. "Our development in cloud computing started four years ago and this lead-in time has given us a huge advantage in the market where a large proportion of organisations are using or planning to use cloud solutions this year", says Helen.

One of Fronde's Client's, Mercury Energy, is successfully using cloud computing to offer a 'pay as you go' service to help customers manage their electricity spend and reduce the company's overall operating costs. Fronde's cloud computing expertise has been recognised on the international stage with Google appointing it as a preferred enterprise partner in 2008.

Fronde has a ten year history of development in the mobile solutions market and the company has seen a huge acceleration in this area. "we've developed mobile solutions that extend enterprise reach via remote workforce management and help them increase customer interactivity, via mobile," says Helen. "For example Fronde worked with Inland Revenue and the Ministry of Social Development to develop and maintain a one-on-one engagement with their customers through mobile technology."

A major challenge for Fronde is aligning staff capability with the rapid growth it is experiencing. "We are always working to get high quality people on board and have developed a 'talent pool' of skilled people interested in joining Fronde. We keep in regular contact with this growing group of people and work hard to nurture our relationship with them." Helen says the talent pool now stands at 1000 and is an effective resourcing tool.

Another development for the company is the quoting of Fronde shares on Unlisted, giving shareholders the opportunity to access liquidity while also providing the company with a market price for its shares. For Fronde delivering long-term value, whether to clients or shareholders, is as important today as it was 20 years ago.

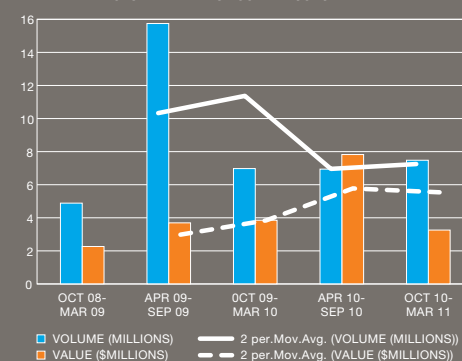
www.fronde.com

Trading Review October 2010 - March 2011

TRADE SUMMARY

In the six months of trading from 1 October 2010 to 31 March 2011, Unlisted has facilitated 423 trades of 7.5 million shares worth \$3.3 million, at a monthly average of 71 trades, exceeding 1 million shares worth \$0.54 million. This compares with 502 trades, 6.9 million shares and \$7.8 million over the six month period to 30 September 2010, and 500 trades, 6.9 million shares and \$3.8 million over the six month period to 31 March 2010.

HALF YEARLY VOLUME AND VALUE COMPARISONS



Posting the most trades was King Country Energy at 97 trades (23% of all trades) worth \$545k (17% of trades by value) followed by Dorchester Property Trust with 64 trades (15% of all trades) worth \$142k (4% by value).

Rural Equities had 49 trades (12% of all trades) worth the highest value of \$616k (19% of total value traded).

During the six month period price movements were mainly negative. Silver Fern Farms declined 20 cents (31%) closing at \$0.45, longate Property fell 88% (4 cents), Skyline Enterprises lost 51 cents to \$5.51, Te Kairanga Wines fell 50 cents down 17%, Terra Vitae Vineyards declined 36% (16 cents), Kaimai Cheese fell 52 cents to \$1.00, King Country Energy declined 14% to \$3.25 and Bluesky Meats was down 7 cents (5%) closing at \$1.43.

Going against the negative trend, ProTen gained 7 cents (20%) closing at \$0.42, Rural Equities increased 9% to \$3.21, Vehicle Inspection NZ rose 10 cents to \$1.55, Pharmazen gained 3% closing at 3 cents and Rangitira (A Class) rose 30 cents (5%) to \$6.00.

Savings – it's not how much, it's how we invest

by Bevan Wallace, Unlisted Chairman

New Zealand's savings problem, if it indeed has one, is not with how much or how little of current consumption is deferred but with the return generated on aggregate national savings.

As a nation we collectively have made many poor investment decisions over the years that have often led to little, or no return, and in instances a loss of capital.

Many of these poor investment decisions can be attributed to poor governance at the highest levels of government and business, not only in the investment decision making process itself, but also in setting the policy parameters that establish the environment in which individuals determine the quantum and allocation of their savings.

If water-tight standards had been implemented and enforced we could have mitigated one of the recent and more insidious erosions of household net worth. Set alongside the highly publicised losses sustained by the household sector in finance company deposits, it is no wonder we have a "problem."

The farming sector has pursued dairy and beef and lamb production not solely for cash returns but increasingly for land holding gains. Consequently, returns laid bare once land price escalation is removed from the equation are uneconomic and can only be restored through a combination of higher product prices, a lower exchange rate and/or lower land prices.

Increasingly, our formal savings institutions

and many individuals have chosen to invest savings outside the New Zealand economy. The returns generally have been less than spectacular in recent years.

These overall poor returns on capital are debilitating enough but when financed from borrowing, largely funded from offshore, can be devastating, not only to individuals, as evidenced by the plight of those leveraged into the property and farming sectors, but also to the nation.

Our collective borrowing from international finance markets and subsequent poor investment decision-making over an extended period, has seen our economic performance falter compared with our peers.

Our "problem" risks being accentuated as it has been in Greece and Ireland. For if, and when, lenders begin to demand higher returns on the money we have borrowed to compensate them for the increasing risk of our poor economic performance, our ability to service these debts will be impaired.

Without an appropriate domestic policy environment we can expect to continue to see our talent and capital move offshore.

So what's the solution? Deferring consumption and saving more goes some way to solving the problem but we will only see our living standards improve if we deploy those funds wisely. In many instances repaying debt will be the best use of funds whilst others may choose to pursue further investment. While we have the option to make new investments, an option that is being denied to an increasing number of individuals, corporations and countries, we need to ensure that it is wisely exercised.

It is how those funds are invested that will be the single most important determinant of our future economic performance.

Unlisted has positioned itself as an intermediary in the New Zealand capital market to facilitate investment decision making by providing a platform for the efficient pricing and trading of securities in, and facilitating capital raising by, small and medium sized enterprises.

ISSUER ACTIVITY

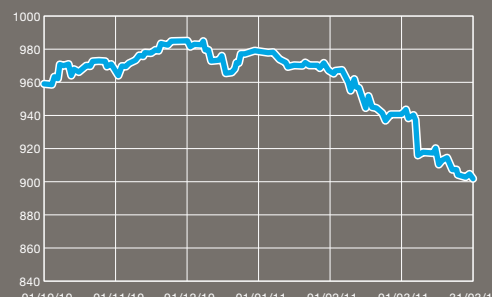
Dorchester Property Trust joined Unlisted on 1 October 2010.

MARKET METRICS

As at 31 March 2011 the aggregate market capitalization of all stocks was \$690 million (compared with \$720 million on 30 September 2010 and \$880 million on 31 March 2010), while daily traded value reached a high for the six month period of \$172k on 10 February 2011.

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 4% (40 points) over the six months to 902 points as at 31 March 2011 (894 points last March, with an all-time high of 1,112 points on 28 June 2007).

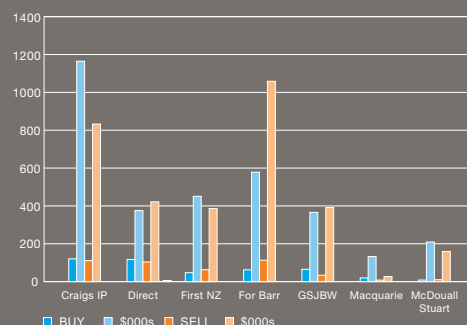
UNLISTED WEIGHTED AVERAGE MARKET PRICE INDICATOR
1 OCT 2010 TO 31 MAR 2011



BROKER ACTIVITY

Craigs IP dominated buying activity by trades, in the six months to 31 March 2011, accounting for 28% or 120 trades worth \$1.16 million. Direct Broking was in second spot at 27% (113 trades worth \$373k) followed by JB Were at 15% (65 trades worth \$360k). Selling activity saw Forsyth Barr holding top spot at 26.2% (111 trades worth \$1.06 million), with Craigs IP not far behind at 26% (110 trades worth \$832k), followed by Direct Broking at 24% (101 trades worth \$417k).

BROKER ACTIVITY
1 OCT 2010 TO 31 MAR 2011



CONCLUSION

The number of trades for the six month period to 31 March 2011 was slightly lower than the previous six month period; however the volume of shares traded was higher than the previous period. The value traded edged back to a relatively normal level of \$3m - \$4m after a large jump in the previous six month period. Prices, and consequently the Market Price Indicator, tracked downwards over the six months.

LOOKING AHEAD

Challenging external factors are likely to continue over the short term, which means pressure may remain on market prices generally and provide interesting buying opportunities for investors.

Unlisted is continuing discussions with a number of prospective issuers and we hope to see some movement in this area in the coming months.



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