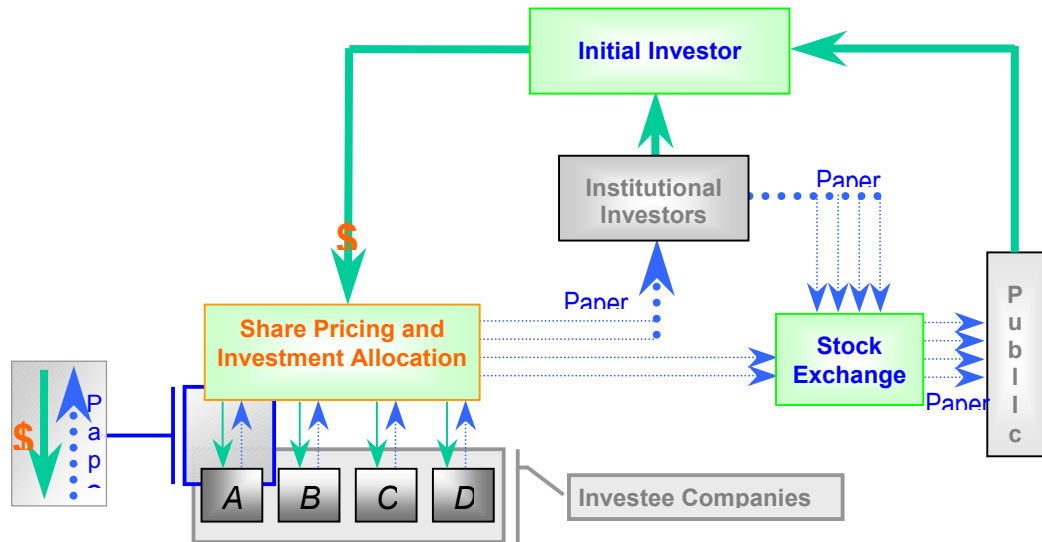


iniPunt: a Virtual Market.



One of the biggest things about a stock exchange is **price discovery**, a broadly based consensus view of the price of a company's shares - and therefore the value of the company. In such a market, traders take positions on the perceived value of a company - which is effectively a view of the quality and reliability of available information.

An active and liquid capital market therefore provides invaluable external feedback on a company's value, a view that develops out of professional analysis of company and market data.

The great stabilizing factor in all this is that professional investors (people that profit by pricing correctly) focus on the management of risk and return by maintaining a diverse **portfolio** of shares - each of which has been subject to their analysis and judgment. Arguably, the best portfolio manager has the most valuable portfolio - and by extension, the shares in that portfolio are the most accurately priced.

Whilst all of this happens quite naturally for large companies on a national and highly liquid market like the ASX, it doesn't happen for smaller companies, even those listed on public small-cap exchanges like the BSX, where trading is relatively thin.

iniPunt, one of a group of SME capital market services associated with www.iniPax.com, has been designed as a Virtual Market to bring price discovery (and that's a form of corporate valuation) to SMEs by way of a simulated (and competitive) trading environment in which

trading tokens (iniPunt dollars or IP\$) are exchanged for a company's securities.

It's called a **game**, but it's absolutely serious in its implementation. Designed, constructed and continually refined by a small companies specialist who has been a director of the Bendigo Stock Exchange for almost 10 years, iniPunt allows traders to trade directly with each other, without brokers, constructing portfolios and pricing their bids against news and announcements released by the enterprises listed on the trading board.

With a portfolio **Leader Board** dominating the website's home page, traders competing for a position on the board bring *The Wisdom of Crowds* to the valuation of small to medium enterprises.

Welcome to the RMIT Trading Game. Watch this spot for news as it breaks.

The Valuation Game ...

View

Market

Listings

Login

Trader

Owner

Register

New Trader

New Owner

Contact iniPunt

Scorecard

Leader

| Trader | Portfolio Value |
|-------------|-----------------|
| JSS Pty Ltd | 212,110 |

Leader Board

| Trader | Portfolio Value |
|-------------|-----------------|
| JSS Pty Ltd | 212,110 |
| GBB Pty Ltd | 203,090 |
| ABB Pty Ltd | 202,350 |
| ECC Pty Ltd | 200,090 |
| XZZ Pty Ltd | 196,135 |

Shares + Cash

| Trader | Portfolio Value |
|-------------|-----------------|
| JSS Pty Ltd | 74,500 |
| GBB Pty Ltd | 70,975 |
| ABB Pty Ltd | 66,850 |
| ECC Pty Ltd | 66,515 |
| XZZ Pty Ltd | 51,000 |

Shares component

| Trader | Portfolio Value |
|-------------|-----------------|
| JSS Pty Ltd | 74,500 |
| GBB Pty Ltd | 70,975 |
| ABB Pty Ltd | 66,850 |
| ECC Pty Ltd | 66,515 |
| XZZ Pty Ltd | 51,000 |

Latest Sales

| Listing Ref | Sale Date | Price |
|-------------|------------|-------|
| demo | 16/07/2005 | 1.35 |
| IP0001 | 05/07/2005 | 2.05 |
| IP0003 | 24/06/2005 | 3.65 |
| IP0006 | 07/01/2005 | 5.35 |
| IP0008 | 29/06/2005 | 3.25 |
| IP0009 | 30/06/2005 | 2.82 |

Getting down to the nitty-gritty, the slide you've been looking at is what you see when you first log on to iniPunt. The state of the market.

A scorecard and the latest sales.

The leaderboard is where you want to be, and the best of all is the name in red.

The way it's set up there are two leaderboards. One is the total portfolio, including cash; the other pulls out just the value of shares.

Asset allocation is another part of portfolio management. No prizes for holding onto all your cash - but all shares can be a risky business.

Listings

Visitor

- [Home](#)
- [Full Market](#)
- [Research](#)
- [My Home](#)

| More Info | Description | Last Sale | Sale Date | |
|---------------------|------------------------------|-----------|------------|-------------------------------|
| APB | Construction | 0.00 | 01/01/2001 | Trading Board |
| CHL | Security | 0.00 | 01/01/2001 | Trading Board |
| KJB | Health foods | 0.00 | 01/01/2001 | Trading Board |
| KDL | Hospitality | 0.00 | 01/01/2001 | Trading Board |
| KPT | Health and fitness | 0.00 | 01/01/2001 | Trading Board |
| MTI | Food retail | 0.00 | 01/01/2001 | Trading Board |
| PHX | Occupational Health & Safety | 0.00 | 01/01/2001 | Trading Board |
| RGU | Telecommunications | 0.00 | 01/01/2001 | Trading Board |
| TGW | Building products | 0.00 | 01/01/2001 | Trading Board |
| TRK | Security | 0.00 | 01/01/2001 | Trading Board |
| VSY | Security | 0.00 | 01/01/2001 | Trading Board |

Now while it's a trading game, it's all about businesses trying to demonstrate their attractiveness to investors. So this is where really starts: an index of all the companies that are listed. I guess the number of companies is something that you will be working up with John.

As traders, you'll be making up your mind about the value of the information that each company is able to provide. For each of those companies, you'll be able to drill down: the first step is this page, a bit more detail about the business, and a place from which you can navigate to the next level down.

Virtual Market: Detail

205003

- [Home](#)
- [Full Market](#)
- [Research](#)
- [My Home](#)

The company's product is designed to develop traditional sporting skills in a manner familiar to the Nintendo generation. The 21st century version of the tennis ball on elastic, the product integrates video and Internet technology in applications that range from the home to professionals and sports coaches.

| | | |
|--------------------|----------------------------------|----------------------------------|
| Reference | IP0006 | Download Summary |
| Industry | Cultural & Recreational Services | Announcements |
| Locality | Melbourne | Market |
| Latest Sale | 5.35 | Contact iniPax |

Announcements / Reports: IP0001

00000

- Home
- Full Market
- Research
- My Home

| Listing | Author | Contents | Date | |
|---------|-----------|--------------------|------------|--------------------------|
| IP0001 | Directors | Shareholder Update | 03/10/2002 | Download |

Feedback (Add new comments)

| Author | Comment | Date |
|--------|---|------------|
| 205004 | The information so far provided is useful in building a general picture of the business. It's now time to start with financial analysis - for which I'd need to see outline financial statements and some real justification for sales projections. | 17/07/2005 |

And this is where the business managers, the corporate advisers, will be releasing the information about the business. Again, John will be talking to you about what it is that you'll be producing, but what's going to be really interesting about all this is the way that traders react as new information gets posted. Pretty useful feedback on the quality of the investment documents.

Talking about information, iniPunt provides for three different data feeds: the first is the information provided by the businesses, and is available for download. The other is a kind of ticker that runs across the head of the home page. Stuff like WW3 and exchange rate news that can move the market as a whole. The third, a message board, is where you can have your say. Keep it clean !!

Company Register: demo

108001

- Home
- Full Market
- Research
- My Home

Shares

New Issue

... Retained

| HolderID | Issued | Units Held | |
|----------|------------|------------|--------------------------------|
| 108001 | 01/01/2003 | 1,990,000 | Offer for Sale |
| 108001 | 05/07/2005 | 3,000 | Offer for Sale |

... Sold

| Acquirer ID | Sale Date | Units | Price |
|-------------|------------|-------|-------|
| 205001 | 23/06/2005 | 3000 | 1.35 |
| 205003 | 13/06/2005 | 5000 | 1.22 |
| 205005 | 06/06/2005 | 2000 | 1.3 |

... Offered for Sale

| HolderID | Offer Date | Units | Price | |
|----------|------------|---------|-----------|--------------------------|
| 108001 | 06/05/2005 | 10,000 | 1.19 | Withdraw |
| 108001 | 07/05/2005 | 100,000 | 1.10 | Withdraw |
| 108001 | 16/05/2005 | 2 | 10,000.00 | Withdraw |
| 108001 | 30/05/2005 | 3 | 20,000.00 | Withdraw |

... Bids Received

| BidderID | Bid Date | Units | Price | |
|----------|------------|--------|-------|------------------------|
| 205004 | 28/06/2005 | 10,000 | 1.15 | Accept |
| 205004 | 06/07/2005 | 5,000 | 1.35 | Accept |

For those of you who are responsible for managing the investment recruitment program, this is the window into the trading platform. If you login as an owner, this is the page you'll get to via My Home.

It's the list of shares the company holds and shares sold. But it also lists the shares that are on offer. The finance manager can decide the rate and price at which they want to release the shares. The offerings are listed as you can see. What that means is that they show up on the trading board as Offers. Offers which traders can choose to accept exactly as presented, to ignore - or post a counter-bid.

Unlike ASX and the like, where trades are executed automatically in some kind of black box, iniPunt brings the whole trading process out in the open. Bids and counter-bids show up on the company screen and the company can choose to either accept or ignore those bids. The transaction is completed by clicking on Accept. The shares change hands and the bank balances are adjusted accordingly.

The company rep is responsible for getting company info into the system. As administrator, I'll be handling the techo uploading stuff like converting reports into .pdf format and getting it onto the server.

Portfolio: Alice Brown

205003

Home

Full Market

Research

My Home

Shares Held

| Business Reference | Acquired | Units | |
|--------------------|------------|--------|---|
| IP0009 | 29/06/2005 | 10,000 | Offer for Sale View History |
| IP0001 | 27/06/2005 | 5,000 | Offer for Sale View History |
| demo | 13/06/2005 | 5,000 | Offer for Sale View History |
| IP0006 | 31/05/2005 | 2,000 | Offer for Sale View History |
| IP0003 | 31/05/2005 | 3,000 | Offer for Sale View History |

Other Securities

| Business Reference | Due Date | Units |
|------------------------------------|----------|-------|
| Cash Available \$135,500.00 | | |

Your Live Offers

| Business Reference | Listed | Units | Price | |
|--------------------|------------|-------|-------|--------------------------|
| demo | 02/07/2005 | 5,000 | 1.38 | Withdraw |
| IP0003 | 05/07/2005 | 3,000 | 3.8 | Withdraw |

Bids Received

| Business Reference | Listed | Units | Price | |
|--------------------|------------|-------|-------|------------------------|
| demo | 06/07/2005 | 5,000 | 1.35 | Accept |

Your Live Bids

[New Bid](#)

| Business Reference | Listed | Units | Price | |
|--------------------|------------|-------|-------|--------------------------|
| IP0006 | 05/07/2005 | 5,000 | 4.85 | Withdraw |

Traders have a similar kind of screen, the trader home page. If you've logged on as a trader, this is where you'll get by clicking 'My Home'.

The trader screen shows the portfolio as it currently stands, live bids, live offers and bids received. The trader can work from this screen, but it's designed so that a trader can click across to see the current market for any stock that they're interested in - or to the whole market.

From this screen, a trader can Offer any one of their holdings into the market and Accept any Bid against one of their Offers.

The buying process is a bit more thoughtful. Never trade unless you've done your homework. You can go into Buy mode via the Full Market page, where you can see everything that's on offer - and what's been bid. Or if you definitely know that you want to bid on company X you can go there via the Research / Listings page.

And if you change your mind about either a bid or an offer, you can withdraw it at any time. By clicking Withdraw.

Trading Board... Listing: demo

- 205003
- [Home](#)
 - [Full Market](#)
 - [Research](#)
 - [My Home](#)

Securities on Offer

| LISTING INFORMATION | | | | BOND PARAMETERS (if applicable) .. | | | | |
|---------------------|---------|------------|-----------|------------------------------------|------------|------------|---------|---|
| Type | Units | List Date | Price | Coupon | Next Cpn | Mat Date | Mat Val | |
| Share | 10,000 | 06/05/2005 | 1.19 | | | | | Buy Counter |
| Share | 100,000 | 07/05/2005 | 1.10 | | | | | Buy Counter |
| Share | 5,000 | 02/07/2005 | 1.38 | | | | | Own Offer |
| Bond (S1) | 2 | 16/05/2005 | 10,000.00 | 12.67 | 16/05/2006 | 16/01/2008 | 12000 | Buy Counter |
| Bond (S2) | 3 | 30/05/2005 | 20,000.00 | 13.25 | 31/12/2005 | 31/12/2009 | 35000 | Buy Counter |

Bids

| Type | Units | Bid Date | Price |
|-------|--------|-----------|-------|
| Share | 10,000 | 6/28/2005 | 1.15 |
| Share | 5,000 | 7/6/2005 | 1.35 |

[New bid \(Shares\)](#) [New bid \(Bonds\)](#)

| Coupon | Next Cpn | Mat Date | Mat Value |
|--------|----------|----------|-----------|
| | | | |

Sales

| Type | Units | Sale Date | Price | Coupon | Next Cpn | Mat Date | Mat Value |
|-------|-------|------------|-------|--------|----------|----------|-----------|
| Share | 3,000 | 23/06/2005 | 1.35 | | | | |
| Share | 5,000 | 13/06/2005 | 1.22 | | | | |
| Share | 2,000 | 06/06/2005 | 1.30 | | | | |

This screen shows the extent of the market for a single company: shares on offer, live bids and completed sales. The stuff that a trader needs to know. As you can see it also highlights your own bids and offers. So you don't find yourself bidding against yourself.

In passing I should mention that the system has been designed to handle trading in other securities like, dare I say, junk bonds. The header shows up on this screen, but for our purposes that's one of the features of the system that we won't be using.

This is where you can Buy any share that's on offer. Click Buy and the deal is done at the price and the volume offered. If you like the volume but not the price, you can lodge a counter-bid on price.

If you want the share but don't like either the volume or the price, you can lodge a completely new bid, via the market screen, nominating your own volume and price.

Again, back to the black box, nothing happens until the other party clicks Buy or Accept. Unlike the ASX Black Box, there's nothing automatic on iniPax. So you can see exactly what's going on and control it yourself.

Welcome to the RMIT Trading Game. Watch this spot for news as it breaks.

The Valuation Game ...

View

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Login

[Trader](#)

[Owner](#)

Register

[New Trader](#)

[New Owner](#)

[Contact iniPunt](#)

Scorecard

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Leader Board

Shares + Cash

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You can all register as traders - and some of you will register as business owners as well. The system also lets business owners trade as well, but that's unlikely to get you on the leader board.

Registration is online. Enter your details, and you'll be eMailed a UserID and Password as soon as you've been checked off from the class list. And you'll be issued with IP\$200,000 iniPunt dollars.

There'll be some dummy data on the system at startup time, so you'll be able to dabble, to see how the system works - ask questions and make suggestions. When we go live, the dummy data will be cleaned up and replaced with the real stuff.

I'll welcome questions and comments because I'm happy to do a bit of customizing so the navigation system works the way we want it to.

The System

IniPunt is pretty secure and robust - and every transaction is logged. As is the source of every transaction. And there's a neat little algorithm that runs down the transaction log in search of transaction patterns like ramping and such; the sort of thing that you get to know about when you run a stock exchange.

So if anything suspicious turns up, the database will simply be rewound and the perpetrator removed from the system.