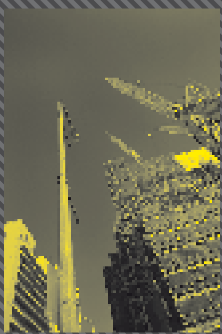
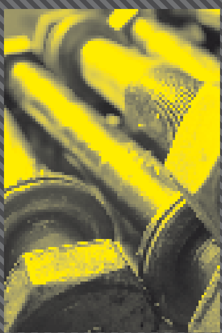
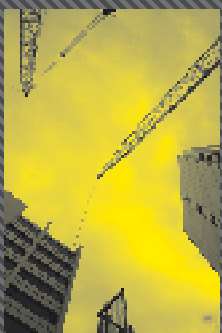
VERTICON

VERTICON GROUP LIMITED
2009 ANNUAL REPORT







VERTICON

The Verticon Group provides a complete range of construction and property development services including development planning, construction management, expert operational personnel, lease negotiation and arrangement of funding.

Contents

Item	Page
Managing Director's Report	2
Directors' report	4
Auditors independence declaration	12
Corporate governance statement	14
Financial statements	18
Directors' declaration	50
Independent audit report to the members of Verticon Group Limited	52
Shareholder information	54
Corporate directory	58

This financial report covers both Verticon Group Limited as an individual entity and the consolidated entity consisting of Verticon Group Limited and its subsidiaries. The financial report is presented in the Australian currency.

Verticon Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Verticon Group Limited
Level 9
580 St Kilda Road
Melbourne Victoria 3004

A description of the nature of the consolidated entity's operations and its principal activities is included on pages 5-7 of the Directors' Report.

The financial report was authorised for issue by the Directors on 22 July 2009. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.verticon.com.au

Notice of Annual General Meeting
The annual general meeting of Verticon Group Limited
will be held at The Sebel Albert Park, 65 Queens Road, Melbourne
on Thursday, 19 November 2009, commencing at 11:00am

Managing Director's Report

Managing Director's Report

Our Results

Net loss after tax for the year ended 30 June 2009 is $17.52m on turnover of $39.51m. Included in the consolidated result is $10.04m loss on sale of the crane and hoist division, $3.88m of finance costs and $2.43m of depreciation and amortisation, including discontinued operations.

Earnings per share (EPS) was negative 14 cents. No dividend has been declared for the 2009 financial year.

Sale of Tower Crane and Hoist Division

Verticon announced the sale of its crane and hoist division on 27 April 2009 which included all of Verticon's tower cranes, hoists, ancillary equipment, hire agreements and employees, other than those engaged in the property development division.

The sale to D&G Hoists & Cranes (Aus) Pty Ltd was approved by our financiers, Westpac, including the deferred repayment of the sale proceeds over a five year period. The sale was also subsequently approved by our shareholders on 27 May 2009 and was completed on 1 June 2009.

As part of the sale, Westpac has provided a new five year facility of $42.47m to the Group until June 2014. The facility comprises two components. Facility 1 is for $10.80m and is payable by D&G Hoists & Cranes (Aus) Pty Ltd over a five year period by 30 June 2014. Facility 2 is for $31.67m and is payable by Verticon Group Limited and allows for capitalised interest for the term of the facility, a reduced interest rate margin applicable on 1 June 2009 and an extension and restructure fee payable by the Group on 30 June 2010. There is no formal repayment schedule for the term of Facility 2.

Moving Forward

Following the sale of the crane and hoist division, we intend to use the expertise of the Board and management to engage in property development activities.

We have now entered into a service agreement for our first development by which we will provide management services for a substantial retail project located in an Eastern Melbourne suburb, well known for the quantity and quality of its retail outlets. Under the services agreement, Verticon will be paid a fee dependent on the success of the retail project expected to be up to $10 million and payable within the next 2-3 years.

The proceeds from the service fee will largely be used to reduce the facility owing to Westpac, with a small amount to be retained by the Group for working capital purposes.

Although we were not financially capable of engaging as principal on this first project, the improved financial position resulting from the sale of the crane and hoist division and the proceeds from the above service agreement should enable Verticon to engage in future projects as principal or joint venture partner.

Moving forward, we believe the current market will present good opportunities for Verticon to utilise its expertise over the next few years in substantially growing its property development division and providing real value to our shareholders.

Andrew Torrington
Managing Director and Chief Executive Officer

Directors' Report

Directors' Report

Your Directors present their report on the consolidated entity (the Group) consisting of Verticon Group Limited and the entities it controlled at the end of, or during the year ended 30 June 2009.

Directors

The following persons were directors of Verticon Group Limited during the whole of the financial year and up to the date of this report:

Noel Henderson	Chairman (Non Executive)
Andrew Torrington	Director (Executive)
David Goldberger	Director (Non Executive)
David Wieland	Director (Non Executive)
Sam Fink	Director (Non Executive)

Principal activity

The principal activity of the Group from 1 July 2008 to 31 May 2009 was the hire and sale of cranes and hoists and the provision of labour hire.

Following completion of the sale of the crane and hoist division on 1 June 2009, the principal activity of the Group is property development.

Dividends

No dividends have been paid to members during the financial year.

No guarantee can be given about the payment of dividends, the level of franking or imputation of such dividends for any period as these matters will depend on the future profits of Verticon Group Limited and its financial and taxation position at the time.

Review of operations

Net loss after tax was $17.52m on turnover of $39.51m, including discontinued operations.

Verticon announced the sale of its crane and hoist division on 27 April 2009 which included all of Verticon's tower cranes, hoists, ancillary equipment, hire agreements and employees, other than those engaged solely in the property development division. The sale was approved by Verticon's financiers, Westpac, including the deferred repayment of the sale proceeds over a five year period. The sale was also subsequently approved by Verticon's shareholders on 27 May 2009 and was completed on 1 June 2009.

Included in the consolidated result is $10.04m loss on sale of the crane and hoist division, $3.88m of finance costs and $2.43m of depreciation and amortisation, including discontinued operations.

Earnings per share is shown in note 30 of the financial report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

	2009 $'000
(a) Sale of crane and hoist division	**10,043**
(b) Significant gains and expenses	
Expenses:	
Doubtful Debts	**528**
Finance costs (refer to note 6)	**3,884**

Matters subsequent to the end of the financial year

The directors are not aware of any matter or circumstance that has occurred after 30 June 2009 that has significantly affected, or may significantly affect, the operations of Verticon Group Limited, the results of those operations or state of affairs of the Company in future financial years.

Environmental regulation

Verticon Group Limited's operations are confined within Australia. The operations of Verticon Group Limited are covered by a range of environmental laws under Commonwealth, State or Territorial legislation. The laws that affect the Company's operations and contracts have been covered by our customer's own risk analysis and their management systems. However, Verticon Group Limited's normal operations and work procedures utilise existing management systems to ensure that activities comply with all relevant environmental legislation.

Directors' Report

Information on Directors

Noel Henderson Chairmain (Non Executive). Age 63.

Experience and expertise

Noel has worked in the construction sector throughout Australia, the United Kingdom, New Zealand and the United Arab Emirates for 39 years. He is a former Chairman of the construction division of Multiplex Group Limited.

Other current directorships of listed companies

None.

Former directorships of listed companies in last three years

None.

Special responsibilities

Chairman of Board

Chairman of Occupational Health, Safety and Environmental Committee

Chairman of Nomination Committee

Interests in shares and options

7,608,267 ordinary shares in Verticon Group Limited.

Andrew Torrington B Comm, MBA. Director (Executive). Age 38.

Experience and expertise

Andrew has more than 15 years experience in the construction and development industry in Australia, the United Kingdom and New Zealand. Before joining Verticon Andrew was a Director of the construction and development division of Multiplex Group Limited.

Other current directorships of listed companies

None.

Former directorships of listed companies in last three years

None.

Special responsibilities

Member of Occupational Health, Safety and Environmental Committee

Interests in shares and options

5,867,285 ordinary shares in Verticon Group Limited.

David Goldberger Director (Non Executive). Age 61.

Experience and expertise

David has extensive experience in petrol retailing, property development and construction.

Other current directorships of listed companies

None.

Former directorships of listed companies in last three years

None.

Special responsibilities

Member of Remuneration Committee

Member of Occupational Health, Safety and Environmental Committee

Member of Audit and Risk Committee

Member of Nomination Committee

Interests in shares and options

32,705,983 ordinary shares in Verticon Group Limited.

Directors' Report

David Wieland Director (Non Executive). Age 64.

Experience and expertise

David has extensive experience in petrol retailing, property development and construction.

Other current directorships of listed companies

None.

Former directorships of listed companies in last three years

None.

Special responsibilities

Chairman of Remuneration Committee

Member of Occupational Health, Safety and Environmental Committee

Member of Audit and Risk Committee

Member of Nomination Committee

Interests in shares and options

32,705,983 ordinary shares in Verticon Group Limited.

Sam Fink Bec, CPA. Director (Non Executive). Age 64.

Experience and expertise

Sam has been involved in commercial and retail property development.

Other current directorships of listed companies

None.

Former directorships of listed companies in last three years

None.

Special responsibilities

Chairman of Audit and Risk Committee

Member of Remuneration Committee

Interests in shares and options

386,000 ordinary shares in Verticon Group Limited.

Company Secretary

The company secretary is **Chris Hipwell** B.Comm, CA.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and each board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each Director were:

Director	Full meetings of directors		Meetings of Committees: Audit		Nomination		Remuneration		OH&S	
	A	B	A	B	A	B	A	B	A	B
Noel Henderson	13	13	*	*	1	1	*	*	1	1
Andrew Torrington	13	13	*	*	*	*	*	*	1	1
David Goldberger	12	13	2	2	1	1	2	2	1	1
David Wieland	13	13	2	2	1	1	2	2	1	1
Sam Fink	9	13	1	2	*	*	2	2	*	*

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee

* = Not a member of the relevant committee

Remuneration report

The remuneration report is set out under the following headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

A. Principles used to determine the nature and amount of remuneration

The Remuneration Committee comprises a minimum of two Non Executive Directors and advises the Board on remuneration policies and practises generally and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non Executive Directors.

Executive Directors and key management personnel

Executive remuneration and their term of employment are reviewed annually by the Remuneration Committee having regard to performance against pre-agreed objectives, relevant comparative information and independent expert advice.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the various parts of the business.

Remuneration and other terms of employment for the Managing Director and key management personnel are formalised in employment agreements. Each of these agreements provides for the provision of a Fixed Remuneration Package (FRP) component and a Short Term Incentive (STI) component.

(a) Fixed Remuneration Package (FRP)

FRP comprises a fixed based salary and superannuation component and is reviewed annually by the Remuneration Committee.

(b) Short Term Incentive (STI)

STI comprises a variable target component and is paid following the audit of the Group's accounts and a review of individual performance against Key Performance Indicators (KPI's) set at the beginning of each financial year.

Non Executive Directors

Remuneration of the Non Executive Directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and other key management personnel are set out in the following tables.

The key management personnel of the Verticon Group including the five highest paid executives are:

Chris Hipwell	Chief Financial Officer & Company Secretary
Graham Hadley	Group Manager Hoists (until 31 May 2009)
Jason Hotop	State Manager - New South Wales (Cranes) (until 31 May 2009)
Randall Eckert	State Manager - Queensland (until 27 April 2009)
Mark Hardie	State Manager - New South Wales (Hoists) (until 31 May 2009)
Hamish Peat	State Manager - Victoria (until 31 May 2009)

The key management personnel of Verticon Group Limited are as per above. There are no other key management personnel or executives of the parent entity.

Directors of Verticon Group

	Short term employee benefits			Post-employment benefits	Share-based payments		
30 June 2009 Directors	**Cash salary and fees $**	**Cash Bonus $**	**Non monetary benefits $**	**Super-annuation $**	**Shares $**	**Options $**	**Total $**
Noel Henderson*	91,743	-	-	8,257	38,788	-	138,788
Andrew Torrington **	378,505	573,832	4,225	13,745	-	-	970,307
David Goldberger ***	-	-	-	-	-	-	-
David Wieland ***	-	-	-	-	-	-	-
Sam Fink	36,697	-	-	3,303	-	-	40,000
Total	**506,945**	**573,832**	**4,225**	**25,305**	**38,788**	**-**	**1,149,095**

* Noel Henderson received 1,333,333 shares as part of a long term incentive payment.

** Andrew Torrington's cash bonus is inclusive of a short term incentive payment and completion payment.

*** David Goldberger and David Wieland have agreed to forgo any remuneration for the services they provide as Directors of Verticon Group Limited

30 June 2008 Directors	Short term employee benefits Cash salary and fees $	Cash Bonus $	Non monetary benefits $	Post-employment benefits Super-annuation $	Share-based payments Shares $	Options $	Total $
Noel Henderson *	241,871	–	–	13,129	114,676	–	369,676
Andrew Torrington	326,869	100,000	4,237	13,129	–	–	444,235
David Goldberger **	–	–	–	–	–	–	–
David Wieland **	–	–	–	–	–	–	–
Sam Fink	36,697	–	–	3,303	–	–	40,000
Total	**605,437**	**100,000**	**4,237**	**29,561**	**114,676**	**-**	**853,911**

* Noel Henderson received 1,758,334 shares.

** David Goldberger and David Wieland have agreed to forgo any remuneration for the services they provide as Directors of Verticon Group Limited

30 June 2009 Key Management Personnel							
Chris Hipwell	151,376	40,000	4,225	13,624	–	–	209,225
Graham Hadley (from 01/07/08 - 31/05/09)	170,734	35,000	1,126	12,599	–	–	219,459
Jason Hotop (from 01/07/08 - 31/05/09)	157,095	25,000	-	12,489	–	–	194,584
Mark Hardie (from 28/07/08 - 31/05/09)	146,657	–	–	11,671	–	–	158,328
Randall Eckert (from 01/07/08 - 27/04/09)	265,715	–	–	11,454	–	–	277,169
Hamish Peat (from 01/07/08 - 31/05/09)	130,352	–	5,557	11,732	–	–	147,641
Total	**1,021,929**	**100,000**	**10,908**	**73,569**	**-**	**-**	**1,206,406**

30 June 2008 Key Management Personnel							
Chris Hipwell	134,373	4,000	4,237	12,094	–	–	154,704
Graham Hadley	139,852	20,000	–	11,687	–	–	171,539
Jason Hotop	140,492	20,000	–	13,129	–	–	173,621
Randall Eckert (from 20/03/08 - 30/06/08)	52,982	–	–	3,941	–	–	56,923
Hamish Peat (from 10/06/08 - 30/06/08)	8,611	–	–	775	–	–	9,386
Daniel Smith (from 01/07/07 - 30/03/08)	163,823	68,527	–	–	–	–	232,350
Jason Redman (from 01/07/07 - 28/11/07)	63,279	–	–	4,645	–	–	67,924
Rodney Samimi (from 01/07/07 - 14/12/07)	100,613	25,000	–	10,278	–	–	135,891
Michael Martin (from 01/07/07 - 20/06/08)	168,728	9,000	–	13,129	–	–	190,857
Total	**972,753**	**146,527**	**4,237**	**69,678**	**-**	**-**	**1,193,195**

C. Service agreements

Remuneration and other terms of employment for the Non Executive Chairman, Managing Director and the key management personnel are formalised in service agreements.

Noel Henderson,
Non Executive Chairman

- Base salary, inclusive of superannuation, is reviewed annually by the Remuneration Committee.
- Termination of contract is subject to three months notice by either party. No termination benefits are payable on expiry or early termination of contract.

Andrew Torrington,
Managing Director

- Term of agreement - five years commencing 28 May 2007.
- Base salary, inclusive of superannuation, is reviewed annually by the Remuneration Committee.
- Termination of contract is subject to four months notice by either party. No termination benefits are payable on expiry or early termination of contract.

Chris Hipwell,
Chief Financial Officer
& Company Secretary

- Term of agreement - five years commencing 28 May 2007.
- Base salary, inclusive of superannuation, is reviewed annually by the Remuneration Committee.
- Termination of contract is subject to two months notice by either party. No termination benefits are payable on expiry or early termination of contract.

Insurance of officers

During the financial period, the Company paid premiums in respect of indemnity insurance contracts, for all Directors of the Company named in the report, as well as other Officers of the Company.

Insurance policies insure persons who are Directors or Officers of the Company against certain liabilities incurred as such by a Director or Officer, while acting in that capacity, except where liability arises out of conduct involving lack of good faith.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the period are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of Verticon Group Limited and non-related audit firms:

	2009 $
Assurance services	
Audit services	
Fees paid to PricewaterhouseCoopers Australian firm:	
Audit and review of financial reports and other audit work under the *Corporations Act 2001* (Cwlth)	268,000
Total remuneration for audit services	**268,000**
Taxation services	
Fees paid to non PricewaterhouseCoopers firms for other tax compliance services	38,450
Total remuneration for taxation services	**38,450**

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

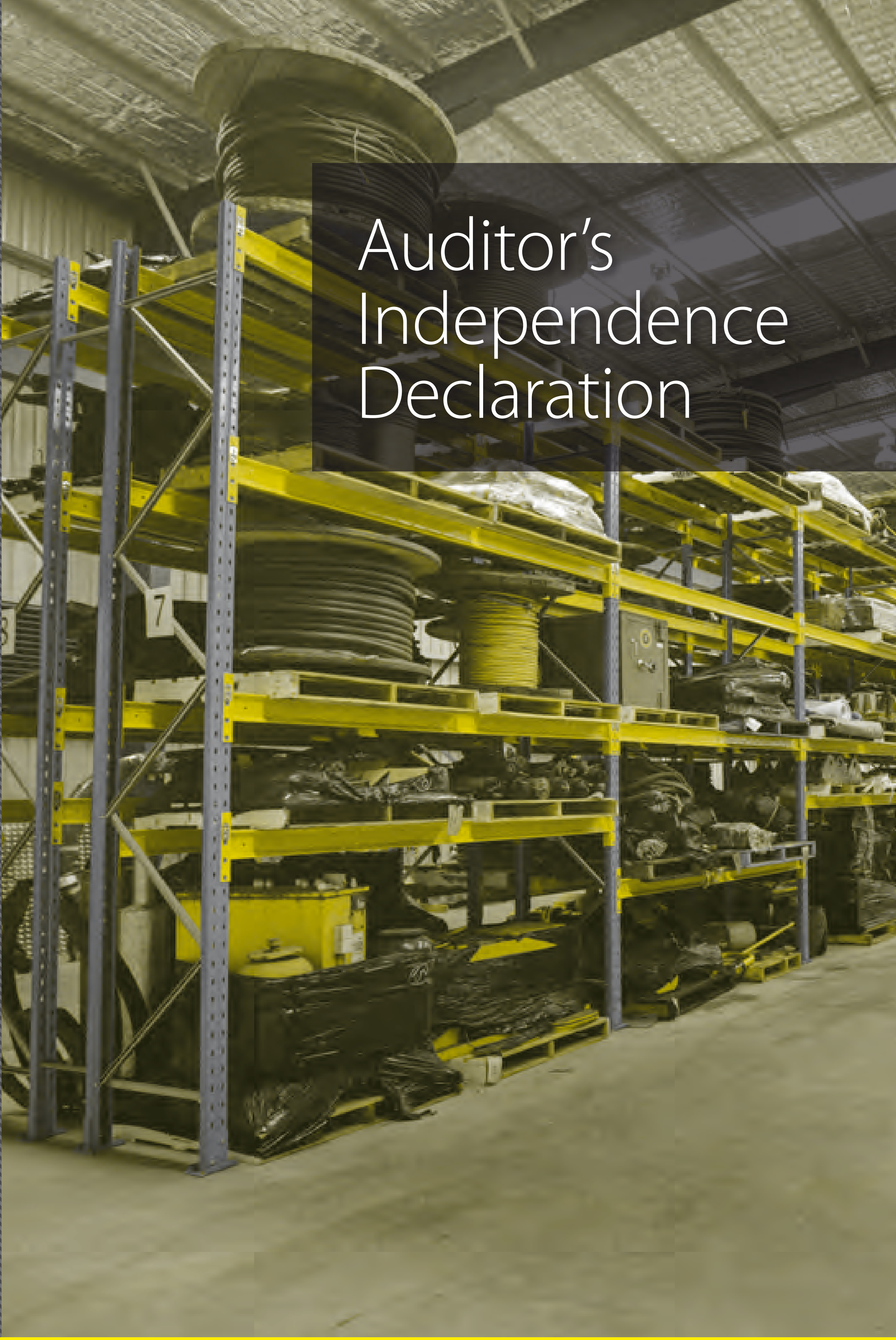
This report is made in accordance with a resolution of the Directors.

Noel Henderson
Chairman

Andrew Torrington
Managing Director

Signed at Melbourne, Dated this 22nd day of July 2009.

Auditor's Independence Declaration



Auditor's Independence Declaration

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website:www.pwc.com/au
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Auditor's Independence Declaration

As lead auditor for the audit of Verticon Group Ltd for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Verticon Group Ltd and the entities it controlled during the period

Chris Dodd
Partner

Melbourne
22 July 2009

Corporate Governance

As a listed company with Australian Stock Exchange Limited (ASX), Verticon Group Limited must report on its main corporate governance practices by reference to the Principles and Recommendations of the ASX Corporate Governance Council (the Council). This Report is prepared with reference to the 2nd Edition of the Council's Corporate Governance Principles and Recommendations as published in August 2007 (Principles), which also contains guidelines to companies as to how they should report in relation to the Principles (Guide).

Corporate Governance Statement

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1 – Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board of Directors has been charged by members to oversee the affairs of the Company to ensure that they are conducted appropriately and in the interests of all members. The role of the Board includes:

- guiding and approving strategic direction and business planning;
- monitoring business performance against agreed benchmarks;
- ensuring the effectiveness of internal controls and business risk management;
- appointing and monitoring the performance of the Company's Executive Director's;
- ensuring the Company complies with its responsibilities under the Corporations Act, the ASX Listing Rules, the Company's Constitution and other relevant legislation; and
- establishing and maintaining an appropriate framework of corporate governance within which Board members and management must operate.

The Board has delegated to the Managing Director the management of the day-to-day operations and administration of the Company, consistent with the objectives and policies set down by the Board. The Managing Director is directly accountable to the Board for the performance of the management team.

Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives

The Remuneration and Nomination Committee of the Board has been delegated the responsibilities of formulating, implementing and reporting upon results of the appropriate processes for the evaluation of performance of senior executives, directors and Board committees.

In the case of senior executives a formal process of Business Plan Objectives, Key Performance Indicators and Annual Targets has been put in place, the results of which are reviewed on a half yearly basis.

Recommendation 1.3 – Companies should provide the information indicated in the Guide to reporting on Principle 1.

The Company has provided this information.

Principle 2 – Structure the Board to add value

Recommendation 2.1 – A majority of the Board should be independent directors

Recommendation 2.2 – The chair should be an independent director

Recommendation 2.3 – The roles of chair and chief executive officer should not be exercised by the same individual

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Director's Report under the section headed "Directors".

The Board comprises five directors – four non-executive directors and one executive director (the Managing Director). Three of the non-executive directors (Messrs Henderson, Goldberger and Wieland) are assessed as not being independent due to a significant shareholding in the Company. The fourth non-executive director (Mr Sam Fink) is assessed as not being independent due to his provision of accounting services to the Company's major shareholder.

The criteria for assessing whether a director is independent are:

- the director must be a non-executive;
- not to be a substantial shareholder of the Company or otherwise associated directly with a substantial shareholder of the Company; and
- not to be a material supplier to the Company or otherwise directly with a substantial shareholder of the company.

Despite the Company not currently complying with Recommendations 2.1, 2.2 and 2.3, the Board believes its level of broad management skills and experience, financial skills and deep understanding of the construction industry allow it to guide and direct the Company in an appropriate manner.

Recommendation 2.4 – The Board should establish a Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee, the Charter of which as been posted on the Company's website at www.verticon.com.au. The Nomination Committee comprises a minimum of two directors. The current members are Noel Henderson (Chairman), David Wieland and David Goldberger.

The Directors' terms of appointment are governed by the Constitution of the Company. A Director appointed to fill a casual vacancy, or as an addition to the Board, only holds office until the next general meeting of members and must then retire. After providing for the foregoing, one-third of the remaining Directors (excluding the Managing Director) must retire at each annual general meeting of members. The term of office held by each director in office at the date of this Annual Report is set out in the Directors Report.

All Directors of the Company have direct access to the management of the Company and, where necessary, to external advisers.

Each Director has the right to request independent professional advice at the expense of the Company, which request is not to be unreasonably withheld.

Recommendation 2.5 – Companies should disclose the process for evaluating the performance of the Board, its Committees and individual directors.

The Remuneration and Nomination Committee of the Board has been delegated the responsibilities of formulating, implementing and reporting upon results of the appropriate processes for the evaluation of performance of the Board, individual directors and Board committees.

The appropriate processes for such evaluations have been initiated but the intended evaluation processes did not occur during the reporting period due to operational priorities.

Recommendation 2.6 – Companies should provide the information indicated in the Guide to reporting on Principle 2

The Company has provided this information.

Corporate Governance Statement

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1 – Companies should establish a code of conduct and disclose the code or a summary of the code as to:

3.1.1 the practices necessary to maintain confidence in the Company's integrity;

3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders: and

3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Board has adopted a Code of Conduct, which is posted on the Company's website at www.verticon.com.au

Recommendation 3.2 – Companies should establish a policy concerning trading in Company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

The Board has adopted a Securities Trading Policy, which is posted on the Company's website at www.verticon.com.au

Recommendation 3.3 – Companies should provide the information indicated in the Guide to reporting on Principle 3.

The Company has provided this information.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1 – The Board should establish an Audit Committee

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of asset, the maintenance of proper accounting records and the reliability of financial information as well as non financial considerations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit and Risk Committee. The Audit and Risk Committee also provide the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements.

Recommendation 4.2 – The Audit Committee should be structured so that it:

- consists only non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the Board; and
- has at least three members.

The Audit and Risk Committee comprises only non-executive directors of which two members are not independent. The Chairman of the Audit and Risk Committee is not to also be the Chairman of the Board. The current members are Sam Fink (Chairman), David Wieland and David Goldberger.

The Board is satisfied that the Audit and Risk Committee has sufficient financial, public company, industry sector and business expertise to discharge its duties at this stage of the Company's development.

Recommendation 4.3 – The Audit Committee should have a formal charter

The Board has established an Audit and Risk Committee, the Charter of which has been posted on the Company's website at www.verticon.com.au.

The Company and Audit and Risk Committee policy is to appoint external auditors who demonstrate independence, quality and performance. The performance of the external auditor is reviewed on an annual basis.

Recommendation 4.4 – Companies should provide the information indicated in the Guide to reporting on Principle 4.

The Company has provided this information.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 – Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Board has adopted an ASX Disclosure Compliance Policy and Procedures document, which is posted on the Company's website at www.verticon.com.au

Recommendation 5.2 – Companies should provide the information indicated in the Guide to reporting on Principle 5

The Company has provided this information.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1 – Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Company is committed to keeping shareholders fully informed of developments and information concerning the Company. Information is communicated to shareholders and the market generally through compliance with ASX Listing Rules and the Corporations ACT 2001, by way of the Annual Report, the Half-Yearly Report, the Annual General Meeting and other meetings that may be called to obtain approval for Board recommendations. The Company also maintains a website – www.verticon.com.au – where all of the Company's ASX announcements and media releases can be viewed at any time.

Recommendation 6.2 – Companies should provide the information indicated in the Guide to reporting on Principle 6.

The Company has provided this information.

Principle 7 – Recognise and manage risk

Recommendation 7.1 – Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Directors continually monitor areas of significant business risk, recognising that there are inherent risks associated with the industry and activities in which the Company operates.

Specifically, in relation to risk oversight the Board is conscious of its responsibilities to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment;
- identify business opportunities; and
- monitor the systems established to ensure proper and appropriate responses to shareholder complaints and enquiries.

The Board has delegated the responsibility for the establishment and maintenance of a framework for risk oversight and the management of risk for the Company to the Audit and Risk Committee, the Charter of which has been posted on the Company's website at www.verticon.com.au

A risk framework and risk management program developed by the Company, following a comprehensive risk analysis of the Company in 2006, is monitored by the Audit and Risk Committee.

Recommendation 7.2 – The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

The Audit and Risk Committee of the Board has been delegated the responsibilities of ensuring that management designs, implements and reports upon an appropriate risk management and internal control system to manage the Company's material business risks.

The Company currently has a series of risk management and internal control systems in place which are operating and effective. Part of those current systems include regular reporting to the Board as part of monthly management reports.

Recommendation 7.3 – The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Managing Director and the Chief Financial Officer have provided to the Board a declaration in accordance with section 295 A of the Corporations Act dated 22 July 2009 that:

- the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies of the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Recommendation 7.4 – Companies should provide the information indicated in the Guide to reporting on Principle 7.

The Company has provided this information.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 – The Board should establish a Remuneration Committee

The Board has established a Remuneration and Nomination Committee the Charter of which has been posted on the Company's website at www.verticon.com.au. The Remuneration and Nomination Committee comprises a minimum of two non-executive directors. The current members are David Wieland (Chairman), David Goldberger and Sam Fink.

Recommendation 8.2 – Companies should clearly distinguish the structure of Non-Executive Director's remuneration from that of Executive Directors and senior executives

The Constitution of the Company provides that the aggregate remuneration of all Directors, in their capacity as Directors, must not exceed such sum as the Company in general meeting may approve. This amount, currently set by shareholders at $400,000 per annum, is to be apportioned amongst them in such manner as the Directors agree and, in default of agreement, equally. Non-Executive Directors who chair any of the Board committees do not receive additional remuneration for such duties.

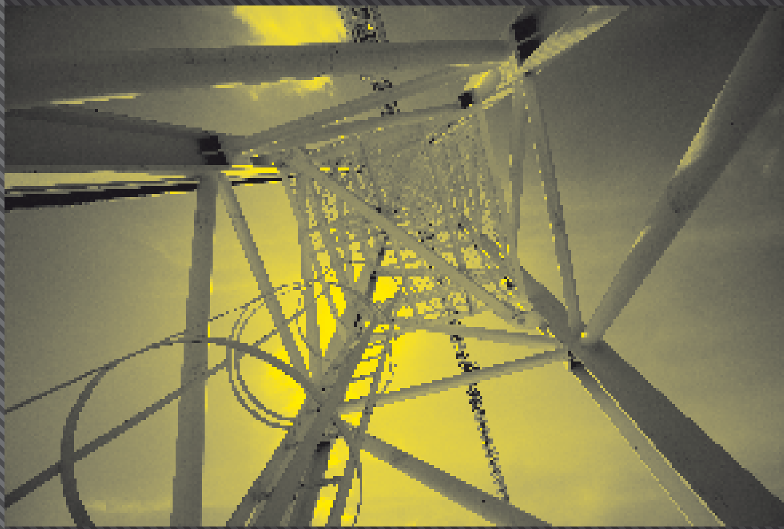
The remuneration of Directors and five current senior executives of the Company are set out at pages 8-9 of the Directors Report. The disclosure sets out the salary, fees, bonus entitlement, non-cash benefits, retirement benefits and equity related components of each of their respective remuneration packages.

There are no arrangements currently in place for payment of retirement benefits to Non-Executive Directors, other than statutory superannuation contributions.

Recommendation 8.3 – Companies should provide the information indicated in the Guide to reporting on Principle 8.

The Company has provided this information.

Financial Statements



Income Statement	**19**
Balance Sheet	**20**
Statements of Recognised Income and Expense	**21**
Cash Flow Statement	**22**
Notes to the Financial Statements	**23**
Note 1 Summary of significant accounting policies	23
Note 2 Financial risk management	29
Note 3 Critical accounting estimates and judgements	32
Note 4 Segment information	32
Note 5 Revenue	33
Note 6 Expenses	34
Note 7 Income tax expense	34
Note 8 Discontinued operation	36
Note 9 Current assets – Cash and cash equivalents	37
Note 10 Current assets – Trade and other Receivables	37
Note 11 Non-current assets – Property, plant and equipment	38
Note 12 Non-current assets – Other financial assets	40
Note 13 Non-current assets – Other receivables	40
Note 14 Current liabilities – Trade and other payables	40
Note 15 Current liabilities – Borrowings	40
Note 16 Current liabilities – Provisions	41
Note 17 Non-current liabilities - Provisions	41
Note 18 Contributed equity	42
Note 19 Reserves and retained profits	42
Note 20 Dividends	43
Note 21 Key management personnel disclosures	43
Note 22 Remuneration of auditors	45
Note 23 Contingencies	46
Note 24 Commitments	46
Note 25 Related party transactions	46
Note 26 Subsidiaries	47
Note 27 Events occurring after the balance sheet date	47
Note 28 Reconciliation of profit after income tax to net cash inflow from operating activities	48
Note 29 Non-cash financing and investing activities	48
Note 30 Earnings per share	48
Directors' Declaration	**50**
Auditor's Report	**52**
Shareholder Information	**54**

Income Statement
For the year ended 30 June 2009

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Notes	**$'000**	$'000	**$'000**	$'000
Revenue from continuing operations	5	**10**	-	**10**	-
Employee benefits expense		**(2,335)**	(1,878)	**(2,335)**	(1,878)
Depreciation and amortisation expense	6	**(93)**	(69)	**(93)**	(69)
Finance costs	6	**(3,731)**	(2,891)	**(3,731)**	(2,891)
Impairment of assets	6	-	-	**(45)**	-
Administration expenses		**(1,150)**	(1,062)	**(1,150)**	(441)
Rental expenses		**(218)**	(89)	**(218)**	(89)
Other expenses		**(159)**	(164)	**(159)**	(189)
Profit/(Loss) before income tax		**(7,676)**	(6,153)	**(7,721)**	(5,557)
Income tax benefit/(expense)		-	-	**-**	-
Profit/(Loss) from continuing operations		**(7,676)**	(6,153)	**(7,721)**	(5,557)
Profit/(Loss) from discontinued operations	8	**(9,844)**	(53,370)	**(9,838)**	(50,431)
Profit/(Loss) attributable to members of Verticon Group Limited		**(17,520)**	(59,523)	**(17,559)**	(55,988)

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	30	**(6.1)**	(7.9)
Diluted earnings per share	30	**(6.1)**	(7.9)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	30	**(14.0)**	(76.7)
Diluted earnings per share	30	**(14.0)**	(76.7)

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet
For the year ended 30 June 2009

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Notes	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current Assets					
Cash and cash equivalents	9	**2,616**	63	**2,616**	10
Trade and other receivables	10	**4,094**	10,343	**4,094**	10,219
Total current assets		**6,710**	10,406	**6,710**	10,229
Non-current Assets					
Property, plant and equipment	11	**127**	22,284	**127**	22,284
Other financial assets	12	**-**	-	-	1,938
Other receivables	13	**10,775**	-	**10,775**	-
Total non-current assets		**10,902**	22,284	**10,902**	24,222
Total assets		**17,612**	32,690	**17,612**	34,451
LIABILITIES					
Current liabilities					
Trade and other payables	14	**5,382**	4,503	**5,382**	6,225
Borrowings	15	**42,604**	39,901	**42,604**	39,901
Provisions	16	**46**	1,095	**46**	1,095
Total current liabilities		**48,032**	45,499	**48,032**	47,221
Non-current liabilities					
Provisions	17	**50**	141	**50**	141
Total non-current liabilities		**50**	141	**50**	141
Total liabilities		**48,082**	45,640	**48,082**	47,362
Net assets		**(30,470)**	(12,950)	**(30,470)**	(12,911)
EQUITY					
Contributed equity	18	**52,886**	52,886	**52,886**	52,886
Retained profits	19	**(83,356)**	(65,836)	**(83,356)**	(65,797)
Total equity		**(30,470)**	(12,950)	**(30,470)**	(12,911)

The above balance sheet should be read in conjunction with the accompanying notes.

Statements of Recognised Income & Expense
For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Total equity at the beginning of the financial year		**(12,950)**	42,785	**(12,911)**	39,654
Opening balance of exchange differences on translation of foreign operations recycled through the income statement	19	-	365	-	-
Net income recognised directly in equity		-	365	-	-
Profit/(loss) for the year		**(17,520)**	(59,523)	**(17,559)**	(55,988)
Total recognised income and expense for the year		**(17,520)**	(59,158)	**(17,559)**	(55,988)
Transactions with equity holders in their capacity as equity holders:					
Rights issue	18	-	3,423	-	3,423
		-	3,423	-	3,423
Total equity at the end of the financial year		**(30,470)**	(12,950)	**(30,470)**	(12,911)
Total recognised income and expense for the year is attributable to:					
Members of Verticon Group Limited		**(17,520)**	(59,158)	**(17,559)**	(55,988)
		(17,520)	(59,158)	**(17,559)**	(55,988)

The above statements of recognised income & expense should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**49,299**	62,782	**49,254**	51,428
Payments to suppliers and employees (inclusive of goods and services tax)		**(46,286)**	(58,693)	**(46,187)**	(51,203)
		3,013	4,089	**3,067**	225
Interest received		**11**	-	**10**	-
Interest paid		**(727)**	(5,388)	**(727)**	(3,881)
Income taxes paid		**-**	(167)	**-**	-
Net cash (outflow) inflow from operating activities	28	**2,297**	(1,466)	**2,350**	(3,656)
Cash flows from investing activities					
Payments for property, plant and equipment		**(1,342)**	(2,642)	**(1,342)**	(1,862)
Proceeds from sale of property, plant and equipment		**717**	2,017	**717**	1,134
Proceeds from (payment) due to disposal of other business unit		**(1,690)**	24,652	**(1,690)**	-
Net cash (outflow) inflow from investing activities		**(2,315)**	24,027	**(2,315)**	(728)
Cash flows from financing activities					
Proceeds from issue of share capital		**-**	3,423	**-**	3,423
Proceeds from borrowings		**5,894**	-	**5,894**	-
Repayment of borrowings		**(290)**	(23,224)	**(290)**	(15,754)
Intercompany loan		**-**	-	**-**	19,095
Net cash (outflow) inflow from financing activities		**5,604**	(19,801)	**5,604**	6,764
Net increase in cash and cash equivalents		**5,586**	2,760	**5,639**	2,380
Cash and cash equivalents at the beginning of the year		**(2,970)**	(5,732)	**(3,023)**	(5,403)
Effects of exchange rate changes on cash and cash equivalents		**-**	2	**-**	-
Cash and cash equivalents at end of the year	9	**2,616**	(2,970)	**2,616**	(3,023)

The above cash flow statement should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Verticon Group Limited as an individual entity and the consolidated entity consisting of Verticon Group Limited and its subsidiaries.

(a) Going concern

As at 30 June 2009 the Group has a working capital deficiency and negative net assets and has also experienced an operating loss. The operating cash flow of the consolidated entity was negative in the prior year.

These factors represent uncertainties surrounding the ability of the Group to continue as a going concern. The Directors' have considered these factors and believe it is appropriate to prepare the financial statements on a going concern basis given the following strategies:

Operational strategies

Verticon announced the sale of its crane and hoist division on 27 April 2009 which included all of Verticon's tower cranes, hoists, ancillary equipment, hire agreements and employees, other than those engaged solely in the property development division. The sale was approved by Verticon's financiers, Westpac, including the deferred repayment of the sale proceeds over a five year period. The sale was also subsequently approved by Verticon's shareholders on 27 May 2009 and was completed on 1 June 2009.

Following the sale of the crane and hoist division, Verticon will now use the expertise of its management and Board to engage solely in property development activities. The employees of Verticon have been reduced to the Chief Executive Officer, Andrew Torrington, and a small number of staff. Mr Torrington has substantial expertise in construction and property development, as do key members of the Board. The reduction of employee numbers will reduce costs going forward by confining expenditure to wages and salaries, maintaining Verticon's head office premises in St Kilda Road Melbourne and ongoing compliance costs.

Verticon has entered into a heads of agreement for one project (the Retail Precinct Project outlined below) and intends to engage in additional projects as opportunities arise. In the case of the Retail Precinct Project, Verticon was not financially capable of engaging as principal or joint venture partner, but with the sale of the crane and hoist division and the future proceeds of the Retail Precinct Project expects to be able to engage in future projects either as principal or joint venture partner.

Business strategies

In August 2008 Verticon Developments No.1 Pty Ltd, a 100% owned subsidiary of Verticon Group Limited, entered into a heads of agreement with a party related to the Directors for the acquisition of land and/or development rights for a property development. In February 2009 Verticon Developments No. 1 Pty Ltd executed a deed of variation to the heads of agreement under which it will provide management services for a substantial property development. The Directors expect to sign the management services agreement by August 2009. The development is for a retail and lifestyle precinct in Melbourne (Retail Precinct Project). The project is in an Eastern Melbourne suburb, well known for the quantity and quality of its retail outlets. The developer is a company controlled by two of the Directors, David Wieland and David Goldberger. Under the services agreement, Verticon will be paid a fee dependent on the success of the Retail Precinct Project. The fee is expected to be up to $10 million and be payable within the next 2-3 years.

The Directors believe that proceeds from the service fee payable for the Retail Precinct Project will permit Verticon to further reduce its debt, and that Verticon may be able to enter into property development activities as a principal or joint venture partner. The Directors expect that cash proceeds from the Retail Precinct Project will exceed cash outgoings over the next 2-3 years.

Financing strategies

Westpac has provided a new five (5) year facility of $42.47m to the Group until June 2014. The facility comprises two components. Facility 1 is for $10.80m and is payable by D&G Hoists and Cranes (Aus) Pty Ltd and allows for $6.00m of repayments and interest over a five year period with a $4.80m payment due 30 June 2014. Facility 2 is for $31.67m and is payable by Verticon Group Limited and allows for capitalised interest for the term of the facility, a reduced interest rate applicable from 1 June 2009 and an extension and restructure fee payable by the Group on 30 June 2010. There is no formal repayment schedule for the term of Facility 2. Any development income will largely be used to reduce the facility owing to Westpac, with a small amount to be retained by the Group for working capital purposes.

Autumn Finance Pty Ltd was the lessor that provided an operating lease facility to the Group for a number of cranes and hoists prior to the sale of the crane amd hoist division. The Autumn Finance facility was discharged in full 1 June 2009 as part of the sale of the crane and hoist division.

The financial statements for the full year ended 30 June 2009 have been prepared on a going concern basis. We note that there is significant uncertainty around the ability of the Group to continue as a going concern because this is dependent on the ongoing support of its lender and successful implementation of the new business strategies which are not without risk. In the event the Group is not successful in the implementation of these strategies, it may not be able to realise its assets and settle its liabilities and commitments in the normal course of business at the amounts stated in the financial report.

The financial statements of the Group do not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities, which might be necessary should the Group not be able to continue as a going concern.

(b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

The financial report of Verticon Group Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Verticon Group Limited as at 30 June 2009 and the results of all subsidiaries for the year then ended. Verticon Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(j)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Verticon Group Limited.

(d) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group has made a voluntary change in accounting policy in the year ended 30 June 2009. During the year, there was a change in business activity of the Group (refer to note 1(a)). The prior year disclosure of the geographic segment as the primary segment is no longer useful for users of the financial statements. The primary segment is now the business segment. Comparatives have been restated accordingly.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Verticon Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised as a separate component of equity.

When a foreign operation is sold, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be probable until all contingencies relating to a sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for equipment sales when the majority of risks and rewards of ownership are transferred to the buyer.

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement within 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered as objective evidence of impairment. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(h) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified in accordance with the debt providers terms.

(i) Borrowing costs

Borrowing costs are expensed as incurred (using effective interest rate method), except where they are directly attributable to the acquisition or construction of a qualifying asset, in which case they are capitalised as part of the asset. However, the Group does not have any qualifying assets in the reporting period.

(j) Business combinations

The purchase method of accounting is used to account for all acquisitions of assets, including business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 1 (q)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(k) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(m) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred (note 1(n)).

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

• Cranes, hoists and parts	5 to 20 years
• Other plant and equipment	3 to 15 years
• Motor vehicles	2 to 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Normally residual value represents the scrap value.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount of the cash generating unit the asset belongs to is greater than its estimated recoverable amount (note 1(k)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(n) Maintenance and repairs

The Group plant is required to be overhauled on a regular basis. This is managed as part of a continuous maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they extend the useful life of an asset, or where they relate to the replacement of a component of an asset which has been fully depreciated or is being written off, in which case the costs are capitalised and depreciated in accordance with note 1(m) above. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

(o) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(p) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 24). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

(q) Investments and other financial assets

The Group determines the classification of its investments at initial recognition, depending on the purpose for which the investments were acquired and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date. At this reporting date, the Group only has financial assets classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in trade and other receivables in the balance sheet (note 10) and non current loans and receivables are included in non current other receivables in the balance sheet (note 13). Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired and the company believes that there is objective evidence of an impairment when a receivable is overdue for more than 60 days.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to Verticon Group Limited prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future i.e. before 30 June 2010.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Verticon Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Verticon Group Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Verticon Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group as long as other recognition criteria are met.

Verticon Group Limited has a Tax Funding and Sharing Agreement.

Assets or liabilities arising under the agreement with the tax consolidated entities are recognised as debits or credits in the current general intercompany account. Details about the agreement are disclosed in note 7.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during

the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and
- the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(y) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(z) New accounting standards and interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will not result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)

The revised AASB 123 has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 July 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

(iv) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently measured through the income statement. There is a choice on an aquisition-by-aquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy which is set out in note 1(j) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(c). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy if significant influence is not maintained.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

(v) AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

(vi) AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AASB 127 Consolidated and Separate Financial Statements. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

According to management assessment, all other changes to the accounting standards are not relevant to the Group's financial statements.

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on how to manage liquidity risk which is essentially managed through capital increases, if necessary, and maintaining credit lines of the Group. The Group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis for interest rate risk and ageing analysis for credit risk.

Risk management is carried out by the head office finance department under direction from the Board of Directors. The finance department identifies, evaluates and manages financial risks in close co-operation with the Group's operating units and subsidiaries. In order to avoid further leverage, the Group is operating to a strict budget and the cash flow is monitored on a regular basis.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Verticon Group Limited is mainly exposed to interest rate risk associated with its debt and anticipated transactions. As the vast majority of the revenues and expenses of the Group arise in Australian dollars, the functional currency of the Group is Australian dollars, and as a result, the Group's objective is to minimise the level of its financial risk in Australian dollar terms.

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group and the parent entity operate internationally and is exposed to foreign exchange risk arising from currency exposures to the New Zealand dollar. The head office finance department closely monitors exposures to foreign currency and has assessed the foreign exchange risk exposure to the New Zealand dollar as low. Accordingly, the Group does not cover this risk by the use of external forward exchange contracts.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risks arise on account of financial instruments being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which Verticon has financial instruments. The borrowings of Verticon are denominated in Australian dollars and the volume of foreign currency transactions are limited therefore Verticon should not face with an increased risk due to volatility of foreign currencies. Other financial assets or liabilities are not material.

(ii) Price risk

The Group is not exposed to equity securities price risk or commodity price risk.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to cash flow interest rate risk, liabilities at fixed rates expose the Group to fair value interest rate risk.

The Group is significantly exposed to financial market risk primarily through interest rate fluctuations affecting the cash flows payable on its borrowings bearing floating interest rate. This is due to changing Australian dollar interest rates affect the fair value of fixed interest rate liabilities and also affect the cash outflow through the variable rate debts. Considering the significant debt ratio of the Group, it is difficult to influence the interest conditions of the Group's borrowings.

Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. Given that the Group had $42.60m floating rate debt as of 30 June 2009 (2008: $30.75m), if interest rates had changed by 100 basis points from the year end rates, it would have caused (ceteris paribus) the interest payment to increase by approximately $0.40m (2008: $0.31m) annually, while a similar decrease would cause the same decrease in interest payments.

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and shows the effect if interest rates had increased or decreased by 100 basis points from the year end rate with all other variables held constant.

A sensitivity of 100 basis points was selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. An increase of 100 basis points is reasonably possible in the current environment and confirmed by market expectations.

2. Financial risk management (continued)

		Interest Rate Risk			
		-100 bps		+100 bps	
	Carrying Amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Consolidated – 30 June 2009					
Financial Assets					
Cash and cash equivalents	2,616	(26)	(26)	26	26
Financial Liabilities					
Bank loans	(42,604)	426	426	(426)	(426)
Total	**(39,988)**	**400**	**400**	**(400)**	**(400)**
Consolidated – 30 June 2008					
Financial Assets					
Cash and cash equivalents	63	(1)	(1)	1	1
Financial Liabilities					
Bank overdraft	(3,033)	30	30	(30)	(30)
Commercial bill	(27,716)	277	277	(277)	(277)
Total	**(30,686)**	**306**	**306**	**(306)**	**(306)**
Parent – 30 June 2009					
Financial Assets					
Cash and cash equivalents	2,616	(26)	(26)	26	26
Financial Liabilities					
Bank loans	(42,604)	426	426	(426)	(426)
Total	**(39,988)**	**400**	**400**	**(400)**	**(400)**
Parent – 30 June 2008					
Financial Assets					
Cash and cash equivalents	10	-	-	-	-
Financial Liabilities					
Bank overdraft	(3,033)	30	30	(30)	(30)
Commercial bill	(27,716)	277	277	(277)	(277)
Total	**(30,739)**	**307**	**307**	**(307)**	**(307)**

(v) Other price risk

As at 30 June 2009 and 30 June 2008, the Group did not hold any material investments which could be affected by risk variables such as stock exchange prices or other indices.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk is partly represented by the carrying amounts of the financial assets that are carried in the balance sheet.

Excess Australian dollar cash is used for repayment of the Australian dollar denominated loans and borrowings, therefore, the credit risk related to Australian dollar cash is very limited.

Concentrations of credit risk relating to trade receivables are limited due to the policies in place that were designed to ensure sales are made to customers with an appropriate credit history.

2. Financial risk management (continued)

The following table represents the Group's exposure to credit risk in 2009 and 2008:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trade receivables	**3,551**	5,067	**3,551**	4,982
Cash and cash equivalents	**2,616**	63	**2,616**	10
Other receivables (refer note 1(a))	**10,775**	-	**10,775**	-
	16,942	5,130	**16,942**	4,992

(c) Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Verticon aims at maintaining funding by keeping committed credit lines available. Refer to note 1(a).

The Group and the parent entity had access to the following undrawn borrowing facilities at the reporting date:

Floating rate				
- Expiring within one year (bank overdraft and bill facility)	-	1,967	-	1,967
	-	1,967	-	1,967

The table below analyses the Group and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Refer to note 15 for classification of debt.

	Less than 1 Year $'000	Between 1 & 2 Years $'000	Between 2 & 5 Years $'000	Over 5 Years $'000
Consolidated				
At 30 June 2009				
Facility 1	-	1,500	9,275	-
Facility 2	-	-	31,829	-
Total	**-**	**1,500**	**41,104**	**-**
Consolidated				
At 30 June 2008				
Bank overdraft	3,033	-	-	-
Bills payable	27,716	-	-	-
Finance lease liabilities	9,152	-	-	-
Total	**39,901**	**-**	**-**	**-**
Parent				
At 30 June 2009				
Facility 1	-	1,500	9,275	-
Facility 2	-	-	31,829	-
Total	**-**	**1,500**	**41,104**	**-**
Parent				
At 30 June 2008				
Bank overdraft	3,033	-	-	-
Bills payable	27,716	-	-	-
Finance lease liabilities	9,152	-	-	-
Total	**39,901**	**-**	**-**	**-**

2. Financial risk management (continued)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Since the financial statements have negative net assets of $30.47m it is crucial to manage capital risk.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return to capital shareholders, issue new shares or sell assets to reduce debt. Refer to expected measures at note 1(a).

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The Group does not have financial assets or liabilities that would be classified as fair value through the income statement. Financial assets and liabilities are measured at amortised cost. Fair value estimations are based on valuation techniques as the Group does not have financial assets or liabilities that would be quoted on an active market. Changes in assumptions regarding the determination of the fair value would not have a significant influence on the financial statements.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Directors do not believe there are any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year apart from the going concern assumption (note 1(a)).

Critical judgements in applying the entity's accounting policies

During the prior year the consolidated entity reassessed the carrying amount of its fixed assets for indicators of impairment. Estimates of recoverable amounts for each individual asset was assessed as the higher of the assets fair value less costs to sell or the assets value in use.

4. Segment information

(a) Description of segments

Business segments

The consolidated entity operates in two main divisions:

Property development

This activity commenced in the year to 30 June 2009 and is in the initial phase of operations. Refer to note 1(a) for further detail.

Hire of cranes and hoists

This division was sold with effect from 1 June 2009. Information for the current year covers the eleven months ended 31 May 2009.

Geographic segments

The consolidated entity is organised on a divisional basis only since the New Zealand subsidiary no longer has any business activity.

4. Segment information (continued)

(b) Primary reporting format - business segments

	Continuing operation Property development		Discontinued operation Cranes and Hoists		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Segment revenue						
Segment revenue from sales to external customers	**10**	-	**39,497**	50,118	**39,507**	50,118
Segment result						
Segment (loss) before income tax	**(1,474)**	-	**(16,046)**	(54,586)	**(17,520)**	(54,586)
Income tax expense	**-**	-	**-**	(4,937)	**-**	(4,937)
Profit for the year	**(1,474)**	-	**(16,046)**	(59,523)	**(17,520)**	(59,523)
Segment assets and liabilities						
Segment assets	**17,612**	-	**-**	32,690	**17,612**	32,690
Segment liabilities	**48,082**	-	**-**	45,640	**48,082**	45,640
Other segment information						
Acquisition of property plant and equipment, intangibles and other non current segment assets	**-**	-	**1,341**	3,974	**1,341**	3,974
Depreciation and amortisation expense	**18**	-	**2,405**	5,643	**2,423**	5,643
Impairment of goodwill	**-**	-	**-**	14,840	**-**	14,840
Impairment of assets	**-**	-	**45**	27,302	**45**	27,302

5. Revenue

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
From continuing operations				
Other Revenue				
Interest	**10**	-	**10**	-
	10	-	**10**	-
From discontinued operations (note 8)				
Sales of services	**39,458**	49,314	**39,458**	45,951
Sales of goods	**39**	795	**39**	795
	39,497	50,109	**39,497**	46,746
Other Revenue				
Interest	**-**	9	**-**	-
	39,497	50,118	**39,497**	46,746

6. Expenses

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Profit before income tax includes the following specific expenses:				
Depreciation and amortisation				
Plant and Equipment	**(93)**	(69)	**(93)**	(69)
	(93)	(69)	**(93)**	(69)
Finance costs				
Interest and finance charges paid/payable	**(3,731)**	(2,891)	**(3,731)**	(2,891)
	(3,731)	(2,891)	**(3,731)**	(2,891)
Rental expense relating to operating leases				
Minimum lease payments	**119**	107	**119**	107
Defined contribution superannuation expenses	**84**	68	**84**	68
Repairs and Maintenance of Plant and Equipment	**3**	3	**3**	3
Insurances	**35**	19	**35**	19
Impairment of assets				
Investment	**-**	-	**45**	-

Interest and finance charges include a Westpac extension and restructure fee payable 30 June 2010 but recognised in this financial year in accordance with AASB 139.

7. Income tax expense

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
(a) Income tax expense				
Current tax	**-**	37	**-**	-
Deferred tax	**-**	4,816	**-**	5,410
Under (over) provided in prior years	**-**	85	**-**	-
	-	4,938	**-**	5,410
Income tax expense is attributable to:				
Profit/(Loss) from continuing operations		5,410	**-**	5,410
Profit/(Loss) from discontinued operations		(472)	**-**	-
Aggregate income tax expense	**-**	4,938	**-**	5,410
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets	**-**	5,645	**-**	5,558
(Decrease) increase in deferred tax liabilities	**-**	(829)	**-**	(148)
Current tax expense	**-**	-	**-**	-
	-	4,816	**-**	5,410

7. Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Profit/(Loss) from continuing operations before income tax expense	**(7,676)**	(6,153)	**(7,721)**	(5,557)
Profit/(Loss) from discontinued operations before income tax expense	**(9,844)**	(47,165)	**(9,838)**	(45,021)
	(17,520)	(53,317)	**(17,559)**	(50,578)
Tax at the Australian tax rate of 30% (2008 - 30%)	**(5,256)**	(15,995)	**(5,268)**	(15,173)
Tax expense not provided for in current year	-	-	**-**	-
Tax	**(5,256)**	(15,995)	**(5,268)**	(15,173)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Goodwill impairment	**-**	4,454	**-**	1,875
Investment impairment	**-**	-	**13**	2,428
Sundry items	**(101)**	(315)	**(79)**	(317)
	(101)	4,139	**(66)**	3,986
Difference in overseas tax rates	**-**	37	**-**	-
Under (over) provision in prior year	**-**	85	**-**	-
Deferred tax asset not recognised	**1,356**	8,374	**1,356**	8,374
Tax losses not recognised	**4,001**	8,298	**3,978**	8,223
Income tax (benefit)/expense	**-**	4,938	**-**	5,410

A deferred tax asset has not been recognised in respect of temporary differences of $1.36m due to the lack of taxable temporary differences. Additionally, the Group has not recognised the deferred tax asset and current year tax losses of $4.00m.

The total amount of tax losses carried forward is $65.71m for which a deferred tax asset of $19.71m has not been recognised.

Tax consolidation legislation

Verticon Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation from 1 September 2005, when Verticon Group Limited acquired its controlled entities.

The head entity, Verticon Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Verticon Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Verticon Group Limited has a Tax Funding and Sharing Agreement. Under the Agreement the wholly-owned entities fully compensate Verticon Group Limited for any current tax payable assumed and are compensated by Verticon Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Verticon Group Limited under tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial accounts.

Assets or liabilities arising under the agreement with the tax consolidated entities are recognised as debits or credits in the current general intercompany account.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

8. Discontinued operation

(a) Description

Verticon announced the sale of its crane and hoist division on 27 April 2009 which included all of Verticon's tower cranes, hoists, ancillary equipment, hire agreements and employees, other than those engaged solely in the property development division. The sale was approved by Verticon's financiers, Westpac, including the deferred repayment of the sale proceeds over a five year period. The sale was also subsequently approved by Verticon's shareholders on 27 May 2009 and was completed on 1 June 2009.

During the year to 30 June 2008, the Group sold the net assets of its New Zealand based division. The sale was carried out in two parts. The first sale on 7th December 2007 included the New Zealand based tower crane and hoist division. The second sale on 31 January 2008 included the remainder of the crawler crane and mobile crane division.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in note 4 - segment information. Refer to note 30 for earnings per share.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2009 and the year ended 30 June 2008.

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Sales revenue	**39,497**	50,118	**39,497**	46,746
Other income	**320**	-	**320**	-
Expenses	**(39,618)**	(55,141)	**(39,612)**	(50,573)
Impairment of assets	**-**	(27,302)	**-**	(34,945)
Impairment of goodwill	**-**	(14,840)	**-**	(6,249)
Profit/(loss) before income tax	**199**	(47,165)	**205**	(45,021)
Income tax benefit/(expense) (note 7)	**-**	(4,938)	**-**	(5,410)
Effect of recycled foreign currency translation reserve	**-**	(1,267)	**-**	-
Profit/(loss) after income tax of discontinued operations	**199**	(53,370)	**205**	(50,431)
(Loss) on sale of division before income tax	**(10,043)**	-	**(10,043)**	-
Income tax expense	**-**	-	**-**	-
(Loss) on sale of the division after income tax	**(10,043)**	-	**(10,043)**	-
Profit/(loss) from discontinued operations	**(9,844)**	(53,370)	**(9,838)**	(50,431)
Net cash inflow from operating activities	**10,716**	4,688	**10,526**	1,831
Net cash inflow (outflow) from investing activities (2008 includes an inflow of $24,652,000 from the sale of the NZ division)	**(2,310)**	24,126	**(2,310)**	(559)
Net cash inflow (outflow) from financing activities	**-**	(2,806)	**-**	16,496
Net increase in cash generated by the division	**8,406**	26,008	**8,216**	17,768

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities disposed of as at the date of the sale (31 May 2009) and June 2008 are:

	Consolidated		Parent entity	
	31 May 2009	30 June 2008	**31 May 2009**	30 June 2008
	$'000	$'000	**$'000**	$'000
Property, plant and equipment	**20,678**	22,049	**20,678**	22,049
Stock	**384**	-	**384**	-
Provision for legal costs	**94**	-	**94**	-
Total assets	**21,156**	22,049	**21,156**	22,049
Employee provisions	**(1,140)**	(1,140)	**(1,140)**	(1,140)
Total liabilities	**(1,140)**	(1,140)	**(1,140)**	(1,140)
Net assets	**20,016**	20,909	**20,016**	20,909

8. Discontinued operation (continued)

	Consolidated		Parent entity	
	31 May 2009 $'000	30 June 2008 $'000	31 May 2009 $'000	30 June 2008 $'000
(d) Details of the sale of the division				
Consideration received:-				
Cash and receivable	**9,110**	-	**9,110**	-
Rental expense	**863**	-	**863**	-
Carrying amount of net assets sold	**(20,016)**	-	**(20,016)**	-
(Loss) on sale before income tax	**(10,043)**	-	**(10,043)**	-
Income tax expense	**-**	-	**-**	-
(Loss) on sale after income tax	**(10,043)**	-	**(10,043)**	-

9. Current assets – Cash and cash equivalents

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash at bank and on hand	**2,616**	63	**2,616**	10
	2,616	63	**2,616**	10

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	**2,616**	63	**2,616**	10
Bank overdrafts (note 15)	**-**	(3,033)	**-**	(3,033)
Balances per statement of cash flows	**2,616**	(2,970)	**2,616**	(3,023)

(b) Risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

10. Current assets – Trade and other Receivables

Trade receivables	**4,060**	5,178	**4,060**	5,087
Provision for impairment of receivables	**(509)**	(111)	**(509)**	(105)
	3,551	5,067	**3,551**	4,982
Other receivables	**512**	1,338	**512**	1,299
Accrued revenue	**-**	3,616	**-**	3,616
Prepayments	**31**	322	**31**	322
	4,094	10,343	**4,094**	10,219

(a) Impaired trade receivables

As at 30 June 2009 current trade receivables of the Group with a nominal value of $0.13m (2008: $0.91m) were written off. The amount of the provision was $0.51m (2008: $0.11m). Trade receivables are assessed for impairment on an individual basis. The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

Movements in the provision for impairment of receivables including the New Zealand discontinued operation are as follows:

At 1 July	**111**	274	**105**	250
Provision of impairment recognised during the year	**528**	1,287	**487**	752
Receivables written off during the year as uncollectible	**(130)**	(906)	**(82)**	(508)
Unused amount reversed	**-**	(544)	**-**	(389)
	509	111	**509**	105

10. Current assets – Trade and other Receivables (continued)

The creation and release of the provision for impaired receivables has been included in 'other expenses'. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As of 30 June 2009, trade receivables of $2.85m (2008: $1.66m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Up to 3 months	**2,844**	1,581	**2,844**	1,496
3-6 months	**10**	81	**10**	81
	2,854	1,662	**2,854**	1,577

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes it is expected that these amounts will be received when due.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

(d) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

There is no concentration of credit risk with respect to current receivables, as the Group has a large number of customers, internationally dispersed. Refer to note 2 for more information on the risk management policy of the Group.

11. Non current assets - Property, plant and equipment

	Leasehold improvements $'000	**Plant & equipment $'000**	**Leased plant & equipment $'000**	**Total $'000**
Consolidated				
Year ended 30 June 2008				
Opening net book amount	30	63,946	11,588	75,564
Additions	-	2,605	1,369	3,974
Impairment Loss *	(30)	(24,921)	(2,059)	(27,010)
Disposals	-	(21,792)	-	(21,792)
Transfer of completed assets to other PP&E	-	3,212	(3,212)	-
Depreciation expense	-	(4,815)	(628)	(5,443)
Exchange Differences	-	(3,009)	-	(3,009)
Carrying amount at 30 June 2008	-	15,226	7,058	22,284
At 30 June 2008				
– Cost	-	52,135	9,502	61,637
Accumulated depreciation	-	(36,909)	(2,444)	(39,353)
Net book amount	-	15,226	7,058	22,284

11. Non current assets - Property, plant and equipment (continued)

	Leasehold improvements $'000	Plant & equipment $'000	Leased plant & equipment $'000	Total $'000
Year ended 30 June 2009				
Opening net book amount	-	15,226	7,058	22,284
Additions	-	1,341	-	1,341
Disposals	-	(11,573)	(9,502)	(21,075)
Depreciation expense	-	(4,867)	2,444	(2,423)
Carrying amount at 30 June 2009	-	127	-	127
At 30 June 2009				
– Cost	-	261	-	261
Accumulated depreciation	-	(134)	-	(134)
Net book amount	-	127	-	127

* The impairment loss of $27.01m in 2008 comprises $26.56m in Australia and $0.45m in New Zealand.

Parent entity

	Leasehold improvements $'000	Plant & equipment $'000	Leased plant & equipment $'000	Total $'000
Year ended 30 June 2008				
Opening net book amount	30	39,614	11,588	51,232
Additions	-	1,862	1,369	3,231
Additions through acquisition of entities	-	-	-	-
Impairment Loss	(30)	(24,471)	(2,059)	(26,560)
Disposals	-	(1,366)	-	(1,366)
Transfer of completed assets to other PP&E	-	3,212	(3,212)	-
Transfer of assets between regions	-	347	-	347
Depreciation expense	-	(3,972)	(628)	(4,600)
Carrying amount at 30 June 2008	-	15,226	7,058	22,284
At 30 June 2008				
- Cost	-	52,135	9,502	61,637
Accumulated depreciation	-	(36,909)	(2,444)	(39,353)
Net book amount	-	15,226	7,058	22,284
Year ended 30 June 2009				
Opening net book amount	-	15,226	7,058	22,284
Additions	-	1,341	-	1,341
Disposals	-	(11,573)	(9,502)	(21,075)
Depreciation expense	-	(4,867)	2,444	(2,423)
Carrying amount at 30 June 2009	-	127	-	127
At 30 June 2009				
- Cost	-	261	-	261
Accumulated depreciation	-	(134)	-	(134)
Net book amount	-	127	-	127

Non-current assets pledged as security

Refer to note 15 for information on non-current assets pledged as security by the parent and its controlled entities.

12. Non-current assets – Other financial assets

	Parent entity	
	2009	2008
	$'000	$'000
Shares in Subsidiaries		
Beginning of the year	**1,938**	10,031
Impairment of investment	**(45)**	(8,093)
Share repurchase	**(1,893)**	-
End of the year	**-**	1,938

13. Non-current assets – Other receivables

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Other receivables (refer note 1(a))	**10,775**	-	**10,775**	-
	10,775	-	**10,775**	-

(a) Impaired receivables and receivables past due date

None of the non-current other receivables are impaired or past due but not impaired.

14. Current liabilities – Trade and other payables

Trade payables	**666**	865	**666**	764
Payable to subsidiary	**-**	-	**-**	1,938
Accruals	**4,098**	2,332	**4,098**	2,241
Other payables	**618**	1,306	**618**	1,282
	5,382	4,503	**5,382**	6,225

(a) Risk exposures

Information about the Group's and the parent entity's exposure to foreign exchange risk is provided in note 2.

15. Current liabilities – Borrowings

Secured				
Bank overdrafts	**-**	3,033	**-**	3,033
Bank bills	**42,604**	27,716	**42,604**	27,716
Lease liabilities	**-**	9,152	**-**	9,152
	42,604	39,901	**42,604**	39,901

As at 30 June 2009, Westpac has provided a new five (5) year facility of $42.47m to the Group until June 2014. The Directors consider that given the prevailing loan arrangements, disclosure as current is appropriate. Refer to note 1(a) for further detail.

15. Current liabilities – Borrowings (continued)

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
(a) Total secured liabilities and assets pledged as security				
The total secured liabilities (current and non-current) are as follows:				
Bank overdrafts and bank bills	**42,604**	30,749	**42,604**	30,749
Lease liabilities	**-**	9,152	**-**	9,152
Total secured liabilities	**42,604**	39,901	**42,604**	39,901

The bank loans of the Group are secured by a fixed and floating charge over the assets of the Group and a limited fixed and floating charge over the assets of D&G Hoists and Cranes (Aus) Pty Ltd.

(b) Risk exposures

Details of the Group's exposures to risks arising from current and non current borrowings are set out in note 2.

(c) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	2009 Carying amount	**2009 Fair value**	2008 Carying amount	2008 Fair value
	$'000	**$'000**	$'000	$'000
On balance sheet				
Non traded financial liabilities				
Bank overdrafts	**-**	**-**	3,033	3,033
Bills payable	**42,604**	**42,604**	27,716	27,716
Finance leases	**-**	**-**	9,152	9,152
	42,604	**42,604**	39,901	39,901

None of the classes are readily traded on organised markets in standardised form.

Fair value is inclusive of costs which would be incurred on a settlement of a liability. The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant considering that the new liability is bearing a floating market interest rate.

(d) Amounts not expected to be due within the next 12 months

Lease liabilities are presented as current in the prior year due to the restrictions on loan covenants.

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Lease liabilities	**-**	8,077	**-**	8,077
	-	8,077	**-**	8,077

16. Current liabilities – Provisions

Annual Leave	**46**	1,095	**46**	1,095
	46	1,095	**46**	1,095

17. Non-current liabilities – Provisions

Employee benefits - long service leave	**50**	141	**50**	141
	50	141	**50**	141

18. Contributed equity

	2009 Shares	2008 Shares	2009 $'000	2008 $'000
(a) Share capital				
Ordinary shares - Fully paid	**125,157,358**	125,157,358	**52,886**	52,886

(b) Movement in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
1 July 2007	Opening balance	62,599,679		49,463
3 April 2008	Rights issue	62,557,679	$0.056	3,503
		125,157,358		52,966
	Less: Transaction costs arising on rights issue			(80)
30 June 2009	Balance	125,157,358		52,886

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid cash. At the date of this report, the Dividend Reinvestment Plan had not been activated.

(e) Directors and specified Executives

Disclosures relating to directors and specified executives are set out in note 21.

19. Reserves and retained profits

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(a) Reserves				
Foreign currency translation reserve	**-**	-	**-**	-
	-	-	**-**	-
Movements:				
Foreign currency translation reserve				
Balance 1 July	**-**	(365)	**-**	-
Opening balance of exchange differences on translation of foreign operations recycled through the income statement	**-**	365	**-**	-
Balance 30 June	**-**	-	**-**	-
(b) Retained profits				
Movements in retained profits were as follows:				
Balance 1 July	**(65,836)**	(6,313)	**(65,797)**	(9,809)
Net profit/(loss) for the year	**(17,520)**	(59,523)	**(17,559)**	(55,988)
Balance 30 June	**(83,356)**	(65,836)	**(83,356)**	(65,797)

20. Dividends

(a) Ordinary shares

No dividends were paid to members during the financial year or the prior year.

21. Key management personnel disclosures

(a) Directors

The following persons were directors of Verticon Group Limited during the financial year:

(i) Chairman - Non Executive

Noel Henderson

(ii) Executive Directors

Andrew Torrington, Managing Director

(iii) Non Executive Directors

David Goldberger
David Wieland
Sam Fink

(b) Key management personnel

The following persons also had authority and responsibility for planning, directing and controlling activities of the group, directly or indirectly during the financial year:

Name	Position	Employer
C Hipwell	Chief Financial Officer & Company Secretary	Verticon Group Limited
G Hadley	Group Manager Hoists (until 31 May 2009)	Verticon Group Limited
J Hotop	State Manager - New South Wales (Cranes) (until 31 May 2009)	Verticon Group Limited
M Hardie	State Manager - New South Wales (Hoists) (until 31 May 2009)	Verticon Group Limited
R Eckert	State Manager - Queensland (until 27 April 2009)	Verticon Group Limited
H Peat	State Manager - Victoria (until 31 May 2009)	Verticon Group Limited

(c) Key management personnel compensation

Details of the nature and amount of each element of the emoluments of each Director and key management personnel of Verticon Group Limited are set out in the following tables:

	Consolidated		**Parent entity**	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Short term employee benefits	**2,218,437**	1,833,191	**2,218,437**	1,592,367
Post-employment benefits	**98,873**	99,239	**98,873**	99,239
Share-based payments	**38,788**	114,676	**38,788**	114,676
	2,356,098	2,047,106	**2,356,098**	1,806,282

21. Key management personnel disclosures (continued)

(d) Management share transactions

Share holdings

The numbers of shares in the Company held during the financial year by each Director of Verticon Group Limited and key management personnel of the Group, including their personally related entities, are set out below.

Name	Balance at the start of the year	Changes during the year	Balance at the end of the year
2009			
Directors of Verticon Group Limited			
Ordinary shares			
Noel Henderson	6,274,934	1,333,333	7,608,267
Andrew Torrington	461,880	5,405,405	5,867,285
David Goldberger	35,408,686	(2,702,703)	32,705,983
David Wieland	35,408,685	(2,702,702)	32,705,983
Sam Fink	378,000	8,000	386,000
Key Management Personnel of the Company			
Ordinary shares			
Graham Hadley	20,000	-	20,000
Hamish Peat	2,000	-	2,000
2008			
Directors of Verticon Group Limited			
Ordinary shares			
Noel Henderson	1,695,800	4,579,134	6,274,934
Andrew Torrington	100,000	361,880	461,880
David Goldberger	8,119,167	27,289,519	35,408,686
David Wieland	8,119,166	27,289,519	35,408,685
Sam Fink	378,000	-	378,000
Key Management Personnel of the Company			
Ordinary shares			
Graham Hadley	20,000	-	20,000
Hamish Peat	2,000	-	2,000
Daniel Smith	2,437,189	-	2,437,189

(e) Other transactions with directors and other key management personnel

(i) Key management personnel of the Group

Noel Henderson is a Director and shareholder of Contexx Pty Ltd. Verticon provided hire and consultancy services to Contexx Pty Ltd on normal commercial hire terms during the year. Contexx Pty Ltd provided consultancy services to the Group during the year.

David Goldberger and David Wieland are both directors and shareholders of Autumn Finance Pty Ltd. Autumn Finance Pty Ltd provided an equipment rental facility on normal commercial terms during the year.

David Goldberger and David Wieland are both directors and shareholders of Maybury Bond Pty Ltd. Verticon rented premises from Maybury Bond Pty Ltd on normal commercial terms during the year.

21. Key management personnel disclosures (continued)

Aggregate amounts of each types of other transactions with key management personnel of Verticon Group Limited:

	Contexx Pty Ltd		Autumn Finance Pty Ltd		Maybury Bond Pty Ltd	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Amounts recognised as revenue						
Crane and Hoist Hire	**1,138**	703	**-**	-	**-**	-
Consultancy	**73**	135	**-**	-	**-**	-
	1,211	838	**-**	-	**-**	-
Amounts recognised as expense						
Crane and Hoist Hire	**-**	-	**-**	54	**-**	-
Consultancy	**140**	180	**-**	-	**-**	-
Property Services	**-**	-	**-**	-	**145**	34
	140	180	**-**	54	**145**	34

Aggregate amounts of assets at balance date relating to the above types of other transactions with key management personnel of the Group:

	Contexx 2009	Contexx 2008	Autumn 2009	Autumn 2008	Maybury 2009	Maybury 2008
Assets						
Current Receivables	**26**	4	**-**	-	**-**	-

Aggregate amounts payable to key management personnel of the Group at balance date relating to the above types of other transactions:

	Contexx 2009	Contexx 2008	Autumn 2009	Autumn 2008	Maybury 2009	Maybury 2008
Liabilities						
Current Payables	**11**	-	**-**	54	**12**	-

22. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(a) Assurance Services				
Audit Services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**268,000**	284,000	**268,000**	284,000
Total remuneration for audit services	**268,000**	284,000	**268,000**	284,000
Other Assurance Services				
PricewaterhouseCoopers Australian firm				
Other Services	**-**	57,048	**-**	57,048
Total remuneration for other assurance services	**-**	57,048	**-**	57,048
Total remuneration for assurance services	**268,000**	341,048	**268,000**	341,048
(b) Taxation Services				
PricewaterhouseCoopers Australian firm				
Tax Compliance Services	**-**	29,600	**-**	29,600
Related practices of PricewaterhouseCoopers Australian firm				
Tax Compliance Services	**-**	418	**-**	-
Non-PricewaterhouseCoopers firms for other tax compliance services	**38,450**	139,354	**34,550**	108,403
Total remuneration for taxation services	**38,450**	169,372	**34,550**	138,003

23. Contingencies

Verticon Group Limited had no contingent assets or contingent liabilities outstanding at 30 June 2009.

24. Commitments

(a) Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Property, plant and equipment payable:				
Within one year	**-**	246	**-**	246
	-	246	**-**	246

(b) Lease Commitments

(i) Operating leases

The group leases various offices and yards under non-cancellable operating leases expiring within 1 to 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated 2009	Consolidated 2008	Parent entity 2009	Parent entity 2008
Within one year	**119**	2,394	**119**	2,394
Later than one year but not later than five years	**247**	9,922	**247**	9,922
Later than five years	**-**	767	**-**	767
	366	13,083	**366**	13,083

(ii) Finance Leases

Commitments in relation to finance leases are payable as follows:

	Consolidated 2009	Consolidated 2008	Parent entity 2009	Parent entity 2008
Within one year	**-**	1,808	**-**	1,808
Later than one year but not later than five years	**-**	9,379	**-**	9,379
Minimum lease payments	**-**	11,187	**-**	11,187
Future finance charges	-	(2,035)	-	(2,035)
Recognised as a liability	**-**	9,152	**-**	9,152
Representing lease liabilities: Current (note 15)	**-**	9,152	**-**	9,152

25. Related Party Transactions

(a) Parent entity

The parent entity within the Group is Verticon Group Limited. The ultimate parent entity is Taraville Pty Ltd which at 30 June 2009 owns 52% (2008 - 57%) of the issued ordinary shares of Verticon Group Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) Directors and key management personnel

Disclosures relating to directors and key management personnel are set out in note 21.

(d) Transactions with related parties

The following transactions occurred with subsidiaries.

	2009	2008
	$'000	$'000
Sales of goods and services		
Management fees	**-**	602

25. Related Party Transactions (continued)

	2009 $'000	2008 $'000
(e) Outstanding balances		
The following balances are outstanding at the reporting date in relation to transactions with related parties:		
Current payables		
Subsidiary loan	–	1,938

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(f) Loans to/from related parties

	2009 $'000	2008 $'000
Loans to (from) subsidiaries		
Beginning of the year	**(1,938)**	21,071
Share repurchase	**1,893**	–
Loans advanced	**45**	–
Loans repaid	**-**	(23,009)
Interest charged	**-**	830
Interest paid	**-**	(830)
End of year	**-**	(1,938)
Represented by:		
Intercompany loan receivable/(payable) - current (note 14)	**-**	(1,938)
	-	(1,938)

26. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c):

Name of entity	Country of incorporation	Class of shares	Equity holding 2009 %	Equity holding 2008 %
Verticon Developments No.1 Pty Ltd	Australia	Ordinary	**100**	100
Verticon Neon Street Pty Ltd	Australia	Ordinary	**100**	100
Verticon New Zealand Limited	New Zealand	Ordinary	**100**	100

27. Events occurring after the balance sheet date

There were no material adjusting or non-adjusting subsequent events after the balance sheet date other than the change of Company Secretary. Susan Allan was appointed Company Secretary on 7 July 2009.

28. Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Profit/(loss) from ordinary activities after related income tax	**(17,520)**	(59,523)	**(17,559)**	(55,988)
Depreciation and amortisation	**2,423**	5,643	**2,423**	4,800
Non-cash finance costs	**157**	-	**157**	-
Net (gain)/loss on sale of non-current assets	**(320)**	232	**(320)**	232
Net (gain)/loss on sale of other business unit	**10,043**	(2,045)	**10,043**	-
Non-cash rental forgiven	**(863)**	-	**(863)**	-
Non-cash other expenses	**389**	-	**389**	-
Impairment of goodwill	**-**	14,840	**-**	6,249
Impairment of assets	**-**	27,302	**-**	34,945
Net exchange differences	**-**	860	**-**	-
Change in net assets and liabilities, net of effects from acquisitions:				
(Increase)/decrease in assets:				
Trade debtors	**1,516**	7,312	**1,431**	289
Deposits paid	**12**	161	**12**	109
Prepayments	**291**	483	**291**	470
Accrued revenue	**3,616**	322	**3,616**	116
Other receivables	**777**	250	**777**	(749)
Deferred tax assets	**-**	5,645	**-**	5,558
Increase/(decrease) in liabilities:				
Trade creditors	**(199)**	(1,751)	**(98)**	(560)
Employee provisions	**(1,141)**	71	**(1,141)**	(137)
Current tax liabilities	**-**	(44)	**-**	-
Deferred tax liabilities	**-**	(829)	**-**	(148)
Other operating liabilities	**3,116**	(395)	**3,192**	1,157
Net cash inflow from operating activities	**2,297**	(1,466)	**2,350**	(3,656)

29. Non-cash financing and investing activities

Acquisition of plant and equipment by means of finance leases	**-**	1,369	**-**	1,369

30. Earnings per share

	Consolidated	
	2009	2008
	Cents	Cents
(a) Basic earnings per share		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the company	**(6.1)**	(7.9)
Profit/(loss) from discontinuing operations attributable to the ordinary equity holders of the company	**(7.9)**	(68.7)
Profit/(loss) attributable to the ordinary equity holders of the company	**(14.0)**	(76.6)
(b) Diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company	**(14.0)**	(76.6)

30. Earnings per share (continued)

	Consolidated	
	2009	2008
	$'000	$'000
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit/(loss) from continuing operations	**(7,676)**	(6,153)
Profit/(loss) from discontinued operations	**(9,844)**	(53,370)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(17,520)**	(59,523)
Diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**(17,520)**	(59,523)

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2009	2008
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**125,157,358**	77,640,870
Adjustments for calculation of diluted earnings per share	**-**	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**125,157,358**	77,640,870

The basic earnings per share calculation has been made in accordance with AASB 133.

Directors' Declaration

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001*; including:

 (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

 (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that Verticon Group Limited will be able to pay its debts as and when they become due and payable considering the measures outlined in note 1(a) going concern; and

The directors have been given the declarations by the managing director and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Non-Executive Chairman

Managing Director

Signed at Melbourne,

Dated this 22nd day of July 2009.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website:www.pwc.com/au
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Independent auditor's report to the members of Verticon Group Limited

Report on the financial report

We have audited the accompanying financial report of Verticon Group Limited (the company) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expense/changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Verticon Group Limited and the Verticon Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report,

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Auditor's Report

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion
In our opinion:

(a) the financial report of Verticon Group Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Significant Uncertainty Regarding Continuation as a Going Concern
Without qualification to the conclusion expressed above, we draw your attention to Note 1 in the financial report which comments on the reliance of the consolidated entity on the ongoing support of its lender and implementation of the new business strategy. These conditions along with other matters as set out in Note 1 indicate the existence of significant uncertainty which casts doubt on the ability of the consolidated entity to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion
In our opinion, the Remuneration Report of Verticon Group Limited for the ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report
This auditor's report relates to the financial report and remuneration report of Verticon Group Limited (the company) for the year ended 30 June 2009 included on the Verticon Group web site. The company's directors are responsible for the integrity of the Verticon Group web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

Chris Dodd
Partner

Melbourne
22 July 2009

Shareholder Information

The shareholder information set out below was applicable as at 14 September 2009.

A. Number of shareholders	622
B. Total number of ordinary shares issued	125,157,358
C. Percentage of shareholdings held by the 20 largest shareholders	82.06%
D. Shareholders with less than a marketable parcel of shares	433

E. Distribution of fully paid ordinary shares

Distribution	Number of Shareholders
1 - 1,000	57
1,001 - 5,000	111
5,001 - 10,000	140
10,001 - 100,000	240
100,001 - and over	74
	622

F. Twenty largest shareholders of fully paid ordinary shares

	Ordinary Shares	
Name	**Number held**	**Percentage**
Taraville Pty Ltd	65,356,966	52.22
Noel Henderson & Lyndsay Henderson <Avington Super Fund A/C>	7,608,267	6.08
Mrs Fiona Helen Torrington	5,867,285	4.69
Daniel Smith & Annette Smith	2,437,189	1.95
Zarvale Pty Ltd	2,369,201	1.89
ANZ Nominees Limited <Cash Income A/C>	2,066,743	1.65
Abela Group Pty Ltd <The Abela Group A/C>	1,954,600	1.56
Emadale Pty Ltd	1,907,333	1.52
Mr Bradley Victor Skelton	1,512,038	1.21
Mr Marco Pagliari & Mrs Marie-Therese Pagliari	1,350,000	1.08
Manar Nominees Pty Ltd	1,287,000	1.03
Kellason Pty Ltd	1,260,000	1.01
Skydene Pty Ltd	1,260,000	1.01
Arcelia Pty Ltd <Round Hill Retire/Fund>	1,090,708	0.87
Bond Street Custodians Limited <RXN - V39117 A/C>	1,000,000	0.80
J & D Faruggia Nominees Pty Ltd <The Farrugia Family A/C>	833,332	0.67
The Tortuga Company Pty Ltd	815,740	0.65
Mr Wei Chen	790,000	0.63
Bond Street Custodians Limited <RXN - V37466 A/C>	700,000	0.56
Pennys Pty Ltd <Hayes 28 Super Fund A/C>	675,600	0.54
Bond Street Custodians Limited <RXN - V38514 A/C>	559,100	0.45
	102,701,102	**82.06**

Shareholder Information

G. Substantial Shareholders

Substantial holders in the Company are set out below:

Name	Ordinary Shares Number held	Percentage of issued shares
Taraville Pty Ltd - D Goldberger & D Wieland	65,411,966	52.26
Noel Henderson & Lyndsay Henderson <Avington Super Fund A/C>	7,608,267	6.08

H. Voting rights

The voting rights attaching to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Corporate Directory

Directors

Noel Henderson	Non Executive Chairman
Andrew Torrington	Managing Director
David Goldberger	Non Executive Director
David Wieland	Non Executive Director
Sam Fink	Non Executive Director

Secretary
Susan Allan

Principal Registered Office in Australia
Verticon Group Limited
Level 9, 580 St. Kilda Road
Melbourne Victoria 3004

Share Register
Link Market Services Limited
Level 4, 333 Collins Street
Melbourne Victoria 3000

Auditor
PricewaterhouseCoopers
Freshwater Place
2 Southbank Boulevard
Southbank Victoria 3006

Solicitor
Deacons
RACV Tower
485 Bourke Street
Melbourne Victoria 3000

Banker
Westpac Banking Corporation
Level 7, 360 Collins Street
Melbourne Victoria 3000

Stock Exchange Listing
Verticon Group Limited shares are listed
on the Australian Stock Exchange.

Website Address
www.verticon.com.au

VERTICON GROUP LIMITED
Registered Office and Head Office
Verticon Group Limited
Level 9, 580 St. Kilda Road
Melbourne Victoria 3004
www.verticon.com.au