



**VERTICON GROUP LIMITED**  
ACN 111 398 040

**NOTICE OF GENERAL  
MEETING AND EXPLANATORY  
MEMORANDUM**

**TO BE HELD AT:**

**The Sebel Albert Park, 65 Queens Road, Melbourne  
at 11.00 am on Thursday 28 May 2009**

**TO BE VALID, THE PROXY FORM ENCLOSED FOR USE AT THE MEETING MUST BE  
COMPLETED AND RETURNED NO LATER THAN 11:00AM ON TUESDAY  
26 MAY 2009**

**IMPORTANT**

**This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your legal, financial or other professional adviser immediately.**

# Chief Executive Officer's Letter

27 April 2009

Dear Shareholder

On behalf of the Board, I invite you to a General Meeting of the shareholders of Verticon Group Limited (**Verticon Group** or the **Company**).

The purpose of the meeting, which will be held at 11:00am on 28 May 2009 at The Sebel Albert Park, 65 Queens Road Melbourne, is for shareholders to discuss and vote on the proposed sale of the Company's tower crane and hoist division (**Crane and Hoist Division**).

The existing Crane and Hoist Division is unprofitable and cash flow negative. The Board has considered various methods of addressing its profitability, including acquisitions to increase scale, but has come to the conclusion that it is unlikely the Crane and Hoist Division can achieve profitable operations going forward. Accordingly, the Board has resolved to sell the business, and in that regard conducted an exhaustive study of potential sale options. This has led to the proposal for the sale of the business and assets used exclusively in the Crane and Hoist Division to D & G Hoists & Cranes (Aus) Pty Ltd. The Board believes that the proposed sale is in the best interests of shareholders.

On 27 April 2009, Verticon Group announced that it had entered into a Sale of Business Agreement with D & G Hoists & Cranes (Aus) Pty Ltd which is summarised in the Explanatory Memorandum that accompanies this notice of Meeting.

The Board is confident that the realisation of the assets used exclusively in the unprofitable Crane and Hoist Division is the best course of action for the Company in the current circumstances. While the sale will result in the Company having negative net assets, the Company's primary creditor, Westpac Bank, has agreed not to require further debt reduction until receipt of the proceeds of the Company's property development initiative, expected in 2010. Westpac has also agreed to a new five year facility to 30 June 2014.

I strongly recommend you carefully read the Explanatory Memorandum in relation to the proposed transaction and the relevant shareholder resolution.

We look forward to your attendance at the meeting.

Yours sincerely



**Andrew Torrington**  
Chief Executive Officer

**Verticon Group Limited**  
**ACN 111 398 040**

**Notice of General Meeting**

A General Meeting of Verticon Group will be held at 11:00am on 28 May 2009 at The Sebel Albert Park, 65 Queens Road, Melbourne.

The business of the Meeting will be as follows:

**1. Resolution – Change of Main Undertaking**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 11.2, and for all other purpose, approval is given for the Company to dispose of the assets used exclusively in its tower crane and hoist division to D & G Hoists & Cranes (Aus) Pty Ltd on the terms and conditions of the Sale Agreement described in the Explanatory Memorandum accompanying this notice."*

**2. Other Business**

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

**Voting exclusion statement**

As required by the ASX Listing Rules, the Company will disregard any votes cast on the Resolution by any person who may obtain a benefit, except a benefit solely in the capacity of a security holder, and any associates of those persons if the Resolution is passed. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Explanatory Memorandum**

The accompanying Explanatory Memorandum forms part of this Notice of General Meeting and should be read in conjunction with it. A Glossary of terms used in this Notice of General Meeting and Explanatory Memorandum is contained in the Explanatory Memorandum.

By order of the Board



**Andrew Torrington**  
Chief Executive Officer  
27 April 2009

## NOTES REGARDING PROXIES AND VOTING

### Appointing a proxy

A shareholder who is entitled to attend and vote can appoint a proxy to attend and vote at the Meeting on their behalf. A proxy need not be a shareholder.

A shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If proportions or numbers are not specified, each proxy may exercise half the available votes.

For an appointment of a proxy to be effective, the proxy's appointment (and, if the appointment is signed by an attorney, the authority under which it was signed or a certified copy of the authority) must be received by Verticon Group's share registry by 11:00am on 26 May 2009.

A proxy form is included with this Notice of General Meeting. If you require a second proxy form, please contact Verticon Group's share registry or you may copy the proxy form.

Proxy forms may be lodged using the reply paid envelope or by posting, delivery or facsimile to Verticon Group's share registry as follows:

#### By mail:

Verticon Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

By fax: +61 2 9287 0309

### Corporate shareholders

Corporate shareholders wishing to appoint a representative to attend the Meeting on their behalf must provide that person with a properly executed letter confirming that they are authorised to act as the company's representative. The authorisation may be effective either for this Meeting only or for all meetings of Verticon Group.

### Eligibility to vote at the Meeting

For the purpose of Regulation 7.11.37 of the *Corporations Regulations* 2001, Verticon Group has determined that Verticon Group's shares are taken to be held by those shareholders registered at 11:00am on 26 May 2009. Accordingly, only those persons will be entitled to attend and vote at the Meeting.

### Registration

If you are attending the Meeting, **please bring your personalised proxy form with you**. If you do not bring your form with you, you will still be able to attend the Meeting, but on registration, representatives from the Company's share registry will need to verify your identity.

### How undirected proxies held by the Chairman of the Meeting will be voted

The Chairman of Verticon Group will chair the Meeting and will vote undirected proxies in favour of each resolution. Verticon Group encourages all shareholders who submit proxies to direct their proxy how to vote on the Resolution.

## Explanatory Memorandum

This Explanatory Memorandum (which is included in, and forms part of, the Notice of General Meeting) is provided to shareholders to explain the Resolution to be put to shareholders at the General Meeting and to assist shareholders to determine how they wish to vote on the Resolution.

The General Meeting will be held at 11:00am on 28 May 2009 at The Sebel Albert Park, 65 Queens Road, Melbourne.

### Resolution – Change of Main Undertaking

#### 1. Background

On 27 April 2009, Verticon Group announced that it had entered into a Sale of Business Agreement (**Sale Agreement**) with D & G Hoists & Cranes (Aus) Pty Ltd (**D & G**) for the sale of the business and assets used exclusively in the Crane and Hoist Division.

The Crane and Hoist division is unprofitable and cash flow negative. The Board has considered various methods of addressing its profitability, including acquisitions to increase scale, but has come to the conclusion that it is unlikely the division can achieve profitable operations. Accordingly, the Board has resolved to sell the division, and in that regard conducted an exhaustive study of potential sale options. This has led to the proposed sale of the division to D & G.

The proposed Transaction is conditional (amongst other things) upon the approval of the shareholders of the Company which is being sought under the Resolution set out in the Notice of General Meeting.

#### 2. Summary of the Sale Agreement

The material terms of the Sale Agreement are as follows:

- (1) **Parties:** D & G have agreed to purchase the business and assets used exclusively in the Crane and Hoist Division. The two directors (who are also the sole shareholders) of D & G have jointly and severally guaranteed the obligations of D & G under the Sale Agreement.
- (2) **Completion:** the Sale Agreement will complete on 31 May 2009.
- (3) **Conditions Precedent:** completion of the Sale Agreement is subject to, and conditional upon, a number of conditions precedent including the Transaction being approved by:
  - (a) the Company's shareholders; and
  - (b) Westpac approval which has now been granted.
- (4) **Payment:** the consideration payable by D & G to Verticon Group for the business and the assets will be a total of \$12,000,000 (subject to certain adjustments) payable in the following instalments:
  - (a) \$1,200,000 at Completion (subject to certain adjustments);
  - (b) 61 monthly instalments commencing in June 2009 to pay down \$6,000,000 in principal plus interest; and
  - (c) \$4,800,000 plus interest earned on this amount on or prior to June 2014.

- (5) **Security for payment:** Verticon Group will take a fixed and floating charge over the assets sold to D & G under the Sale Agreement. The Company will gradually release assets from the charge as payments are made in accordance with the payment instalments.

### 3. **Use of Funds**

Funds realised from the Transaction will be used to reduce debt of the Company from approximately \$41m to \$29m.

The Company's primary creditor, Westpac, has agreed not to require further debt reduction until receipt of the proceeds of the Company's property development initiative, expected in 2010. Westpac has agreed to provide a five year facility to 30 June 2014 for approximately \$31m with no formal repayment schedule. Any profits generated from the property development initiative will largely be used to repay the facilities to Westpac, with a small amount to be retained by the Group for working capital purposes.

### 4. **Advantages of the Transaction**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a shareholder's decision on how to vote on the proposed Transaction:

- (1) the Transaction presents an opportunity for the Company to dispose of the unprofitable Crane and Hoist Division; and
- (2) the Transaction will allow the Company to avoid further negative cash flows that would otherwise result from the continued operation of the business.

### 5. **Disadvantages of the Transaction**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a shareholder's decision on how to vote on the proposed Transaction:

- (1) the Transaction involves the Company disposing of its principal balance sheet assets and will result in the Company having negative net assets; and
- (2) the Transaction will result in the Company changing the focus of its activities, which may not be consistent with the investment objectives of all shareholders.

### 6. **Plans for the Company if the Transaction proceeds**

The Company currently has two divisions:

- The Crane and Hoist Division; and
- The Property Development Division.

If the Transaction proceeds the only remaining operations of the Company in the Crane and Hoist Division will be the collection of the sale proceeds and release of the Company's security over the assets that are the subject of the Transaction. Once all of the sale proceeds are received and security released there will be no further activity in the Crane and Hoist Division and it will cease to operate.

The ongoing operations of the Property Development Division and of Verticon will be as set out below.

## ***Outline of the business***

Going forward, Verticon intends to use the expertise of its management and Board to engage in property development activities. Verticon has entered into arrangements 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 a principal or joint venture partner, but with the improved financial position resulting from the sale of the Crane and Hoist Division and the proceeds of the Retail Precinct Project expects to be able to engage in future projects either as principal or joint venture partner. While the commercial property sector is subdued at the present time, the Directors believe it will present good opportunities for Verticon to utilise its expertise over the next few years.

### ***The Retail Precinct Project***

Verticon has entered into a services agreement under which it will provide management services for a substantial property development. 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 \$10m and be received in 2010.

### ***Key personnel and operations***

Following the sale of the Crane and Hoist Division the staff of Verticon will be reduced to the Chief Executive Officer, Andrew Torrington, and a small number of office staff. Mr Torrington has substantial expertise in construction and property development, as do key members of the Board. The reduction of staff numbers will reduce costs going forward, and assist Verticon to recover to a sound financial position.

Costs will also be reduced going forward by confining expenditure to wages and salaries of the small number of staff referred to above, maintaining Verticon's head office premises in St Kilda Road Melbourne and ongoing compliance costs.

The directors and key members of personnel are:

#### **NOEL HENDERSON** (Non Executive Chairman)

Noel has worked in the construction sector throughout Australia and globally for 39 years. He is a former chairman of Multiplex Construction Division worldwide and held a series of senior executive posts over 19 years as well as being a director for 17 years. Before that, he spent 14 years as head of Costain in Australia. Noel retired from Multiplex in February 2006. He was a founding director of the Australian Constructors Association and was Victorian president of the former Australian Federation of Australian Constructors.

#### **ANDREW TORRINGTON** (Managing Director and Chief Executive Officer)

Andrew has more than 15 years experience in the construction and development industry in Australia, the United Kingdom and New Zealand. Before joining Verticon in 2006 as Chief Financial Officer & Company Secretary, Andrew held numerous senior positions in the Multiplex group of companies specialising in corporate restructure and financial requirements. In 1999 he spent two years with Multiplex Constructions in the United Kingdom as Finance Director, where he assisted with the growth of the business from the ground up. He was also a Director of Multiplex in Victoria, New Zealand and South Australia from 2001 during which time he was heavily involved in the growth of the construction and development division of the group. Andrew holds a Bachelor of Commerce degree and an MBA.

**DAVID WIELAND** (Non Executive Director)

David Wieland, in partnership with David Goldberger, has been involved in the oil industry with Solo and now Liberty Oil Corporation Pty Ltd since 1971. He is a director of a wide range of private companies including Austexx Pty Ltd (Direct Factory Outlets), Peninsula Construction Group Pty Ltd, and Peninsula Development Group Pty Ltd. David brings wide experience across a number of diverse industries.

**DAVID GOLDBERGER** (Non Executive Director)

David Goldberger, with David Wieland, has been involved in the oil industry with Solo and now Liberty Oil Corporation Pty Ltd since 1971. He is also a director of a wide range of private companies including Austexx Pty Ltd (Direct Factory Outlets), Peninsula Construction Group Pty Ltd, and Peninsula Development Group Pty Ltd. David brings vast business experience with strong entrepreneurial skills to Verticon Group.

**SAM FINK** (Non Executive Director)

Sam Fink, an accountant, has been involved in commercial and retail property development in Melbourne and works closely with Verticon's major shareholders, Mr David Goldberger and Mr David Wieland.

***Financial position***

As set out above, funds realised from the sale of the Crane and Hoist Division will be used to reduce debt of the Company from approximately \$41m to \$29m. Interest on the \$12m sale price will be paid by D&G under the terms of the Sale Agreement.

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 there is a good prospect that Verticon will be able to enter into its next property development activities as a principal or joint venture partner. The Directors are confident that cash proceeds from the Retail Precinct Project will significantly exceed cash outgoings over the next 2-3 years.

Verticon's banker, Westpac, has agreed to support this strategy of debt reduction by deferring and capitalising interest payable on the balance of the Westpac debt of approximately \$29m remaining after the sale of the Crane and Hoist Division.

Beyond what is set out above, the Directors are unable at the present time to offer any earnings guidance to shareholders. Shareholders are referred to the interim financial results released by Verticon on 24 February 2009. Updates on Verticon's financial position will be provided as and when appropriate.

***Risks***

An investment in Verticon shares should be considered as speculative. In addition to the usual risks inherent in investing in listed shares, Verticon's future earnings are dependent on the success of the Property Development Division, and the ability of Verticon to repay the Westpac debt and generate earnings from its property development activities.

**7. Plans for the Company if the Transaction does not proceed**

If the Transaction does not complete, the Company will continue to explore other options for the disposal of the assets used exclusively in the Crane and Hoist Division. However, the Company will be required to continue to meet its existing debt reduction obligations during this further period of assessment. The operations of the Property Development Division will continue as outline above.



8. **Approval Sought**

Verticon Group is listed on the Australian Securities Exchange and is therefore subject to the ASX Listing Rules.

ASX Listing Rule 11.2 provides that if a listed entity proposes to make a significant change in the nature or scale of its activities involving the entity disposing of its main undertaking, it must obtain the prior approval from shareholders and comply with any requirements of ASX in relation to a notice of meeting.

The Company has provided ASX with full details of the Transaction in accordance with Listing Rule 11.2. ASX has required the Company to seek shareholder approval of the Transaction and for the Notice of General Meeting to contain full disclosure of the Transaction and its impact on the Company.

## Glossary

In this Notice of General Meeting and Explanatory Memorandum:

**ASX** means ASX Limited ACN 008 624 691;

**ASX Listing Rules** means the listing rules of the ASX;

**Board** means the board of Directors;

**Constitution** means the constitution of the Company;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**D&G** means D & G Hoists & Cranes (Aus) Pty Ltd ACN 136 357 054

**Directors** mean the directors of the Company from time to time;

**Explanatory Memorandum** means the explanatory memorandum which accompanies, and is incorporated as part of, the Notice of General Meeting;

**General Meeting** and **Meeting** means the general meeting of the Company to be held at 11:00am on 28 May 2009;

**Notice of General Meeting** means the notice of meeting accompanying this Explanatory Memorandum;

**Resolution** means the resolution set out in the Notice of General Meeting;

**Sale Agreement** means the Sale of Business Agreement between Verticon Group and D &G dated 27 April 2009 which gives effect to the Transaction;

**Transaction** means the proposed sale of the business and assets used exclusively in Verticon Group's tower crane and hoist hire division to D & G;

**Verticon Group** or **Company** means Verticon Group Limited ACN 111 398 040; and

**Westpac** means Westpac Banking Corporation ACN 007 457 141.