

**VGP CORPORATION LIMITED**

(Formerly Verticon Group Limited)

**ABN 53 111 398 040**

**Annual Report**

**For the year ended**

**30 June 2011**

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2011**

## **CORPORATE INFORMATION**

This annual report covers both VGP Corporation Ltd (ABN 53 111 398 040) as an individual entity and the consolidated entity comprising VGP Corporation Ltd and its subsidiaries.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report.

### **Directors**

Yuen Loke Chin - Appointed 22/03/13  
Kasudjono Harianto - Appointed 22/03/13  
Michael Thirnbeck - Appointed 23/12/13

### **Company Secretary**

Eryn Kestel - Appointed 22/03/13

### **Registered Office**

2B William Street  
NORTH SYDNEY NSW 2060

### **Principal place of business**

2B William Street  
NORTH SYDNEY NSW 2060

### **Share Register**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

### **Legal Advisors**

Allion Legal  
123 Pitt Street  
Sydney NSW 2000

### **Auditors**

Deloitte Touche Tohmatsu  
Level 14, Woodside Plaza  
240 St Georges Terrace  
PERTH WA 6000

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# VGP CORPORATION LIMITED – ANNUAL REPORT

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## **CORPORATE GOVERNANCE STATEMENT**

### **Background**

The board of directors is responsible for the corporate governance of VGP Corporation Ltd (the Company) and its controlled entities (the Group). The Group operates in accordance with the corporate governance principles as set out by the ASX Corporate Governance Council and required under ASX listing rules.

The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The VGP Corporation Limited's Corporate Governance Statement on the governance practices adopted by the Company is structured with reference to the ASX Corporate Governance Council's Principles and Recommendations. The practices are summarised below.

The Board is committed to improving its corporate governance practices and embracing the principles put out by the ASX Corporate Governance Council, however the Board is of a view that the adoption of the practices and principles should be in line with the growth in size, changes in the nature and increase in complexity of the Company's business.

A number of the principles previously adopted by the Company were not consistently adhered to during the period from July 2010 to December 2013. During this period, the Company, was placed in voluntary administration (May 2011), entered into a deed of company arrangement (DOCA) (Sep 2011) and into an amended DOCA and Creditors Trust (Jan 2013). The Company has been suspended from quotation from the ASX since March 2011.

The Board aims to achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time, given the above circumstances the Company does not have sufficient resources to adopt and improve its corporate governance practices at present.

It is the new Board's intention to apply all principals previously adopted on the resumption of quotation on the ASX and achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time.

### **Principle 1: Lay solid foundations for management and oversight**

For the reasons outlined above, this principle previously adopted by the Company was not consistently adhered to during the period from July 2010 to December 2013.

On resumption of quotation of securities on the ASX, it is the Board's intention to ensure the Company is structured such that there are clearly defined roles, segregation of duties and responsibilities and approved levels of authority between the management and the governance of the Company. The Board will set the overall corporate governance policy for the Company including determining the strategic direction, establishing policies and goals for management and monitoring the achievement of them. The Board will delegate responsibility for the day to day management of the Company to the Chief Executive Officer and the senior executive team.

The key responsibilities of the Board will include:

- Setting the long-term strategy and annual business plan including objectives and milestones to be achieved;
- Evaluating capital, cash and operating risk budgets and making appropriate recommendations on an annual basis;
- Reviewing and approving the Company's financial, strategic and operational goals and assessing key business developments as formulated by management in line with the objectives and goals set by the Board;
- Monitoring the performance of the Company against the financial objectives and operational goals set by the Board and reviewing the implementation of Board approved strategies;
- Assessing the appropriateness of the skill sets and the levels of experience of the members of the Board, individually and as a whole and selecting new members to join the Board when a vacancy exists;
- Appointing, removing and determining the terms of engagement of the Directors, Chief Executive Officer and Company Secretary;
- Overseeing the delegation of authority for the day to day management of the Company;

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- Ensuring that the risk management systems, financial reporting and information systems, personnel, policies and procedures are all operating efficiently and effectively by establishing a framework of internal controls and compliance;
- Reviewing major contracts, goods or services on credit terms' acceptance of counter-party risks and issuing guarantees on behalf of the Company;
- Approving the capital structure and major funding requirements of the Company;
- Making recommendations as to the terms of engagement, independence and the appointment and removal of the external auditors;
- Setting the Code of Conduct for the Company and ensuring that appropriate standards of corporate governance and ethics are effectively communicated throughout the Company and complied with;
- Reviewing the adherence by each director to the Director's Code of Ethics;
- Establishing policies to ensure that the Company complies with the ASX Continuous Disclosure Policy;
- Approving the Company's half year and full year reports to the shareholders, ASX and ASIC; and
- Ensuring that recruitment, retention, termination, remuneration, performance review and succession planning policies and procedures are in place and complied with.

### **Principle 2: Structure the Board to add value**

For the reasons outlined above, this principle previously adopted by the Company was not consistently adhered to during the period from July 2010 to December 2013.

The Board is presently structured to maximise value to the Company and the shareholders. The Board is of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives, experiences and skills.

### **Board composition**

The Board is composed of three directors. The skills, experience and expertise relevant to the position of Director held of each Director in office at the date of the annual report are included in the Directors' Report.

The Board is of the opinion that the current stage of uncertainty in relation to the future operations of the Company requires the Company to have a board, which has more of a hands-on and technical experience in order to stabilise the Company.

It is noted that the Company's board composition is not in keeping with the commentary and guidance to Best Practice Recommendations 2.1. However, the Board is committed to follow the guidance to Best Practice Recommendations 2.1 by appointing independent directors to the Board once the future direction of the Company is resolved.

The Board has determined that there are sufficient appropriate alternative governance measures in place to ensure that non-compliance with the recommendations does not give rise to undue risk or other material concerns relating to the management and oversight of the Company.

### **Term of office**

The members of the Board are elected by the shareholders to ensure that the Board has the appropriate mix of expertise and experience.

In accordance with the Corporations Act 2001, if a person is appointed as Director during the year, the Company must confirm appointment by resolution at the Company's next Annual General Meeting.

One-third of the Board retires and makes themselves available for re-election at the following AGM, with the exception of the Chief Executive Officer. No Director, with the exception of the Chief Executive Officer, is allowed to retain office for more than 3 years without submitting himself or herself for re-election.

When a vacancy exists on the Board, the Board appoints the most suitable candidate from a panel of candidates, who then must stand for election at the next Annual General Meeting if he or she wishes to continue as a member of the Board in the following year.

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## **CORPORATE GOVERNANCE STATEMENT**

### **Personal interests & conflicts**

Directors must not take advantage of their position as Directors and must not allow their personal interests, or the interests of any associated person to interfere or exert undue influence on their conduct or decisions as a Director.

Directors also have a duty to avoid conflicts of interest between the best interests of the Company and their own personal or commercial interests. Conflicts of interest can be either actual or potential. If a conflict of interest arises, Directors must disclose their interests to the Board immediately. The Directors concerned must not be present at the meeting while the matter is being considered and must not be allowed to vote on the matter either.

### **Independent professional advice**

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense.

### **Board Standing Committees**

The Board established a Remuneration and Nomination Committee, however, at the date of this report, the Company has not appointed any member to the Committee and as such, the responsibilities and duties of this Committee were taken up by the Board during the year.

Although the Board established an Audit and Risk Management Committee, at the date of this report, the Company has not appointed any member to the Committee and as such, the responsibilities and duties of this Committee were taken up by the Board during the year. The small size and the hands on approach of the Board enable it to handle particular issues relevant to verifying and safeguarding the integrity of the Company's financial reporting with the same efficiency as an Audit and Risk Management Committee.

Consequently, the Company does not comply with Best Practice Recommendations. However the Board will keep this position under review.

### **Summary**

In summary, the Company does not meet the requirements of Principle 2 of the Corporate Governance Guidelines in that:

(i) The Board does not comprise a majority of independent Directors; and

(ii) The Chairperson is not an independent Director.

As explained throughout this section, the Board feels that at the present time each of the recommendations is not cost effective for adoption in a small public company such as VGP Corporation Limited. However, the Board will constantly monitor and review the situation.

### **Principle 3: Promote ethical and responsible decision-making and recognise the legitimate interests of stakeholders**

For the reasons outlined above this principle previously adopted by the Company was not consistently adhered to during the period from July 2010 to December 2013.

### **Code of Conduct & Ethics**

The Company had a Code of Conduct, which sets the standards in accordance with which each director, manager and employee of the Company is expected to act. The code is communicated to all levels of the Company and deals with areas such as professional conduct, customers/consumers, suppliers, advisers/regulators, competitors, the community and the employees.

In addition to the Code of Conduct, the Company also had a Directors' Code of Ethics, which sets out particular issues relevant to directors' obligations to the Company.

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## **CORPORATE GOVERNANCE STATEMENT**

### **Share trading policy**

The constitution permits directors, senior executives and other officers of the Company to trade in Company shares as long as they comply with the Company's Share Trading Policy. The Share Trading Policy is a code that is designed to minimise the potential for insider trading.

Directors must notify the Chairman of the Board, before they buy or sell shares in the Company. If the Chairman of the Board intends to trade in the Company shares, the Chairman of the Board must give prior notice to the Chairman of the Audit & Risk Management Committee. The details of the share trading must be given to the Company Secretary who must lodge such details of such changes in with the ASX.

Senior executives must give prior notice to the Chief Executive Officer, while other officers must notify the Company Secretary, before trading in the Company shares and details of all such transactions must be given, in writing, to the Company Secretary within 7 business days.

Any changes in substantial shareholding of the Directors, senior executives or other officers must be reported to the ASX within 2 business days of such trading. The policy also recommends that trading in the Company shares only occur in the following trading windows:

- 30 days after the announcement of the Company's half year results; and
- 30 days after the announcement of the Company's full year results.

### **Principle 4: Safeguard integrity in financial reporting**

For the reasons outlined above this principle previously adopted by the Company was not consistently adhered to during the period from July 2010 to December 2013.

It is the Board's responsibility to ensure 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 assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations such as benchmarking of operational key performance indicators.

### **Executive Certification**

Historically the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are required to and have provided assurance to the Board stating that the financial statements and reports of the Company:

- Present a true and fair view, in all material respects, of the operating results and financial condition in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001;
- Are founded on a system of risk management and internal compliance and control, and these are operating efficiently and effectively in all material aspects.

However, as stated above, the principles previously adopted by the Company were not adhered to during the period from July 2010 to December 2013 - including the requirement to obtain assurance from the CEO and the CFO that the financial statements present a true and fair view, in accordance with the Australian Accounting Standards and are founded on a system of risk management and internal compliance and control. It is the Board's intention to apply all principles previously adopted on the resumption of quotation on the ASX — including the requirement to obtain assurances from the CEO and the CFO in relation to the financial statements, systems of risk management and internal controls — in stages as the Company grows and its circumstances change over time.

### **Audit & Risk Management Committee - audit responsibilities**

Although the Board established an Audit and Risk Management Committee, at the date of this report, the Company has not appointed any member to the Committee and as such, the responsibilities and duties of this Committee were taken up by the Board during the year. The Board believes a separate audit committee in a company of this size with the absence of independent Directors would be of little value. The small size of the company and the hands on approach of the Board enable it to handle particular issues relevant to verifying and safeguarding the integrity of the Company's financial reporting with the same efficiency as an audit committee,

The Board is committed to following the Best Practice Recommendation 4.3, and will establish an independent Audit & Risk Management Committee once independent Directors are appointed and the Company increases in size.

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## **CORPORATE GOVERNANCE STATEMENT**

### **Principle 5: Make timely and balanced disclosure**

Historically, the Company's market disclosure policy is to ensure that shareholders and the market are fully informed of the Company's strategy performance and details of any information or events that could be material to the value of the Company's securities. The Company is committed to ensuring that all information that may have a material impact on the Company's share value is disclosed to the market in a timely and balanced manner.

The Chief Executive Officer and the Company Secretary, in consultation with the Board, are responsible, for the review, authorisation and disclosure of information to the ASX and for overseeing and coordinating information disclosures to the ASX, shareholders, brokers, analysts, the media and the public.

The Company ensures that it also complies with the requirements of the Listing Rules of the Australian Stock Exchange ("ASX") and the Corporations Act in providing information to shareholders through:

- The half-yearly report to the ASX;
- The annual Report which is distributed to the ASX and to shareholders prior to the AGM;
- The AGM and other meetings called to obtain approval from shareholders where appropriate;
- Ad-hoc releases to the ASX as required under the ASX Listing Rules.

However, for the period July 2010 to December 2013, the Company did not comply with this principal in a timely manner. Half yearly reports of the periods December 2011, December 2012 and December 2013 are anticipated to be reported to the ASX in July 2014. The annual reports for the years ending June 2011, June 2012, and June 2013 are anticipated to be distributed to the ASX in July 2014.

The AGM for years June 2011, June 2012 and June 2013 are anticipated to be held in August 2014.

It is the Board's intention to apply all principles previously adopted in a timely manner on the resumption of quotation on the ASX and achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time.

### **Principle 6: Respect the rights of shareholders Communication to shareholders**

The Company recognises the rights of its shareholders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Group. The Chief Executive Officer and the Company Secretary are primarily responsible of ensuring communications with shareholders are delivered in accordance with this strategy and with our policy of continuous disclosure.

The Company strives to communicate with shareholders and other stakeholders in a regular manner as outlined in Principle 5 of this statement. However as stated above, in the period from July 2010 to December 2013 the Company did not communicate with shareholders and other stakeholders in a timely manner.

The Board encourages participation of shareholders at the Annual General Meeting or any other shareholder meetings to ensure a high level of accountability and identification with the Company's strategy and goals.

Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, issue of shares and changes to the constitution.

### **Annual General Meeting**

Historically, the Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

The Board has also requested representatives from Deloitte Touche Tohmatsu, the Company's external auditor, to be present at the Annual General Meeting to answer questions that shareholders might have about the scope and conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

It is the Board's intention to apply all principles previously adopted on the resumption of quotation on the ASX and implement all of the Best Practice Recommendations in stages as the Company grows and its circumstances change.



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## **CORPORATE GOVERNANCE STATEMENT**

### **Principle 7: Recognise and manage risk**

#### **Risk management responsibilities**

The Company's risk management framework is designed to identify, assess, monitor and manage material business risks, both financial and non-financial, to minimise their impact on the achievement of organisational goals.

As no member has been appointed to the Audit & Risk Management Committee, the Board is responsible for reviewing and ratifying the system of risk management, internal compliance and control, codes of conduct and legal compliance.

Historically, the Board delegates to the Chief Executive Officer and the Chief Financial Officer the responsibilities for the establishment, implementation and maintenance of the system of risk management including measures of its effectiveness.

In the period July 2010 to December 2013, the Board did not receive a report from management as required under section 295A of the Corporation Act that the Company's risk management framework is effective for the Company's purpose.

As disclosed on page 4, the principles previously adopted by the Company were not always adhered to during the period from July 2010 to December 2013. It is the Board's intention to apply all principles previously adopted on the resumption of quotation on the ASX and achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time.

### **Principle 8: Remunerate fairly and responsibly**

#### **Remuneration responsibilities**

The Company's remuneration policy is disclosed in the Director's Report. The policy has been set out to ensure that the performance of Directors, key executives and staff reflect each person's accountabilities, duties and their level of performance, and to ensure that remuneration is competitive in attracting, motivating and retaining staff of the highest quality. A program of regular performance appraisals and objective setting for key executives and staff is in place. These annual reviews take into account individual and company performance, market movements and expert advice.

The Board determines any changes to the remuneration of key executives on an annual basis.

Due to the size of the Board of Directors, the Company has not appointed any Directors to the remuneration committee.

The Board determines and reviews compensation arrangements for the Directors and the executive team.

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**FOR THE YEAR ENDED 30 JUNE 2011**

## DIRECTORS REPORT

Your directors submit their report for the year ended 30 June 2011.

## DIRECTORS

The names and details of the company's directors in office during the financial year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

## CURRENT DIRECTORS

**Mr Yuen Loke Chin**, (Non-Executive Director) appointed 22 March 2013

Mr Chin has over 30 years' experience in banking, investments, and mining. Prior to serving as a Director of a mining company listed in the TSX (Toronto Stock Exchange) in 2000; Mr Chin worked in the banking industry for 19 years for global financial institutions like Credit Suisse, Standard Chartered Bank, BNP and CIBC handling project finance, corporate lending, and wealth management in Canada, Hong Kong and Singapore.

Mr Chin is currently a Director of a manufacturing company listed on the Jakarta Stock Exchange, and holds a board position with AAT Corporation Ltd, a company listed on the ASX. Mr Chin has a degree in Economics from the University of Western Ontario, Canada.

**Mr Kasudjono Harianto**, (Non-Executive Director) appointed 22 March 2013.

Mr Kasudjono Harianto is a qualified engineer with over 25 years' experience in management and operations in Indonesian natural resources. Mr Harianto has been Managing Director in his family timber business in Indonesia, which was the first concession in Kalimantan to be certified by an independent auditor as a Sustainable Forest Management Unit Production in 2010.

Mr Harianto is also a Director of IndoNoble Pte Ltd; a Singapore investment holding and management company for various mining businesses in Indonesia and Asia. He currently oversees all operational aspects of nickel, gold, iron ore and copper projects in Indonesia.

Mr Harianto holds a Bachelor of Science in Industrial System Engineering, from University of Southern California, CA, USA.

**Mr Michael Thirnbeck**, (Non-Executive Director) appointed 23 December 2013.

Mr. Thirnbeck is an experienced geologist with over 25 years in managing numerous mineral development projects in Papua New Guinea, Indonesia and Australia. He has been a Member of the Australasian Institute of Mining and Metallurgy since 1989 and holds B.Sc. (Hons.) degree from University of Queensland.

## Company Secretary

**Ms Eryn Kestel** appointed 22 March 2013

Ms Kestel holds a Bachelor of Business and is a professionally qualified Certified Practising Accountant with over 15 years' practical experience.

She currently provides Independent Company Secretarial Services and corporate compliance guidance to a number of WA and interstate based ASX-listed companies.

**Mr Sam Fink** appointed 6 May 2011, resigned 22 March 2013

Mr Fink has been involved in commercial and retail property development.

**Mr Brett Coleman** appointed 2 September 2010, resigned 5 May 2011

Mr Coleman has been involved in commercial and retail property development.

**Mr Andrew Torrington** resigned 2 September 2010

Mr Torrington has more than 19 years' experience in the construction and development industry in Australia, the United Kingdom and New Zealand. Before joining the Company, Mr Torrington was a Director of the construction and development division of Multiplex Group Limited.

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## DIRECTORS REPORT

### PREVIOUS DIRECTORS

**Mr Noel Henderson** (Non-Executive Director) resigned 5 May 2011

Mr Henderson has worked in the construction industry throughout Australia, the United Kingdom, New Zealand and the United Arab Emirates for 40 years. He is a former Chairman of the construction division of Multiplex Group Limited.

**Andrew Torrington** B. Comm, MBA (Executive Director) resigned 2 September 2010

Mr Torrington has more than 19 years' experience in the construction and development industry in Australia, the United Kingdom and New Zealand. Before joining the Company, Mr Torrington was a Director of the construction and development division of Multiplex Group Limited.

**Mr David Goldberger** (Non-Executive Director) resigned 22 March 2013

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

**Mr David Wieland** (Non-Executive Director) resigned 22 March 2013

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

**Mr Sam Fink** CPA (Non-Executive Director) resigned 22 March 2013

Mr Fink has been involved in commercial and retail property development.

**Mr Steven Nicols** (Non-Executive Director) appointed 22 March 2013, resigned 8 January 2014

Mr Nicols is a CPA with a Bachelor of Commerce and is the principal of Nicols & Brien, a specialised insolvency practice with offices in Sydney and Wollongong. He provides advice to businesses for the purposes of reconstruction or profit enhancement. He has recapitalised 13 ASX listed entities. Mr Nicols has held directorships on a number of ASX listed companies.

**Mr Bruce Garlick** CPA (Non-Executive Director) appointed 3 December 2013, resigned 17 December 2013

Mr Garlick has more than 25 years' experience in the mining, oil and gas and engineering industries, both internationally and locally. He has held senior financial positions in Australia, Zimbabwe, Europe, USA and China. Mr Garlick has extensive experience with financing, and has secured complex funding deals for large projects. He is a member of CPA Australia and a Fellow of the Chartered Institute of Secretaries.

### DIRECTORS MEETINGS

A number of Directors meetings were held during and since the end of the financial year. However, details and formal records of such meetings were unable to be obtained.

### PRINCIPAL ACTIVITIES

During the 2010 financial year, the Group's principal activity was property development.

During the 2011 financial year, the Group was in administration and subject to a creditor's trust. The Company was released from Administration on 22 March 2013.

### DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made at the date of this report.

### REVIEW OF OPERATIONS

The Group's reported net profit attributable to VGP Corporation Limited, excluding discontinued operations, was not available (2010: (\$2,764,000)).

Information on accounting records for the year ended 30 June 2011 is not available (N/A) see note 1(b).

A deed of variation to the North Lodge consultancy agreement was signed in August 2010 providing for a loan from the development company to the Company of \$700,000 in March 2011 in the event the Retail Precinct Project is not sold prior to this date.

In August 2010, Westpac agreed to the extension and restructure fee of \$1,500,000, originally due 30 June 2011, to be deferred to the earlier of 31 December 2011 or the date of settlement of the Retail Precinct Project.

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## **DIRECTORS REPORT**

On 20 August 2010, the Company lodged the 30 June 2010 Annual Report and Appendix 4E.

On 2 September 2010, Mr Andrew Torrington resigned as Managing Director and Chief Executive Officer of the Company.

On 17 September 2010, the Company gave notice of its Annual General Meeting.

On 20 September 2010, the Annual Report to shareholders was issued.

On 21 October 2010, the Annual General Meeting was held.

On 20 December 2010, a Securities Trading Policy was lodged with the ASX.

On 28 February 2011, the Company lodged the 31 December 2010 Interim Financial Report.

On 21 March 2011, the Company requested a trading halt from the ASX.

On 23 March 2011, the Company made a request to the ASX to grant a voluntary suspension of the securities of the Company. The request was granted.

On 5 May 2011, Mr Noel Henderson resigned as a Director.

On 6 May 2011, Mr Brett Coleman resigned as Company Secretary, and was replaced by Mr Sam Fink.

On 9 May 2011, a Final Director's Interest Notice was lodged to the ASX for Noel Henderson.

On 11 May 2011, the Group was placed in Administration and appointed Messrs Matthew Wayne Caddy & Peter McKenzie Anderson of McGrathNicol as Joint & Several Administrators of the Company.

On 17 August 2011, the Company entered into an agreement with RAK Capital Pty Ltd (RAK) to recapitalise the Company (Recapitalisation Deed). This proposal was not able to be completed by RAK.

On 23 August 2011, the securities of the Company remained suspended from trading and the ASX annual listing fee remained unpaid.

On 6 September 2011, the Company executed a Deed of Company Arrangement (DOCA). The DOCA was subject to satisfaction of a number of conditions precedent including obtaining shareholder approval in favour of the recapitalisation proposal. Pursuant to the deed, Messrs Matthew Wayne Caddy & Peter McKenzie Anderson became Joint and Several Administrators of the Company.

On 23 August 2012, the securities of the Company remained suspended from trading and the ASX annual listing fee remained unpaid.

On 28 August 2012, a new proposal from a different investment group, represented by Benelong Capital Partners Pty Ltd (Benelong), for the restructure and recapitalisation of the Company was submitted to Messrs Matthew Wayne Caddy & Peter McKenzie as Joint & Several Administrators of the Company (Recapitalisation Proposal).

On 23 January 2013, the Creditors of the Company agreed to the Recapitalisation Proposal, and the DOCA was amended in order to effect the terms of the Recapitalisation Proposal.

On 20 February 2013, the details of the Proposal with respect to shareholder interests in the recapitalised and reconstructed Company were announced. They were as follows:

- The new investor to receive approximately ninety-four (94) per cent interest in the Company; and
- Existing shareholders to receive approximately six (6) per cent interest in the Company

The above recapitalisation and reconstruction was subject to certain resolutions being passed. The above proposal was put to shareholders for voting at the Extraordinary General Meeting (EGM) held on 22 March 2013.

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### DIRECTORS REPORT

On 22 March 2013, the above proposal with respect to shareholder interests in the recapitalised and reconstructed Company was approved by the shareholders. On that date the Company approved the Consolidation of Capital, Allotment and issue of Shares and the shareholders appointed Messrs Steven Nicols, Yuen Chin and Kasudjono Harianto as Directors of the Company. The Shareholders also approved a change of the Company name from Verticon Group Limited to VGP Corporation Limited. On this date, the DOCA was completed, with the release of outstanding creditors of \$36.42 million and the Company was released from Administration.

On the same date, Initial Directors' Notices were lodged with respect to the above appointments.

On the same date, Messrs David Wieland, David Goldberger and Sam Fink resigned as Directors.

On the same date, Eryn Kestel was appointed as Company Secretary.

On 25 March 2013, the Company advised the ASX of changes to both its principal place of business address and registered office address.

On the same date, the Company appointed Security Transfer Registrars Pty Ltd as the Share Registry.

On the same date, the Company lodged Final Director's Interest Notices for Messrs David Goldberger and Sam Fink.

On 10 April 2013, the Company lodged an Appendix 3B issuing 97 million shares at AUD \$0.0022 per share totalling AUD \$213,400. The shares were issued as part of the recapitalisation of the Company to an unrelated sophisticated investor as approved by Shareholders at the General Meeting held on 22 March 2013.

As a result of the share issue, Petra Commodities Pte Ltd became a substantial shareholder of the Company with 97 million shares and 93.8% voting power.

On 18 April 2013, the Company lodged an Appendix 3B issuing 3 million shares at AUD \$0.0022 per share totalling AUD \$6,600. The shares were issued as part of the recapitalisation of the Company to an unrelated sophisticated investor as approved by Shareholders at the General Meeting held on 22 March 2013.

On 24 April 2013, the Company lodged an Appendix 4C for the March 2013 Quarter.

On 29 July 2013, the Company lodged an Appendix 4C for the June 2013 Quarter.

On 31 October 2013, the Company lodged an Appendix 4C for the September 2013 Quarter.

On 3 December 2013, the Company appointed Mr Bruce Garlick as a Director and lodged an Initial Director's Interest Notice for Mr Bruce Garlick.

On 17 December 2013, the Company announced that Mr Bruce Garlick had resigned as a Director and lodged a Final Director's Interest Notice for Mr Bruce Garlick.

On 23 December 2013, the Company appointed Mr Michael Thirnbeck as a Director and lodged an Initial Director's Interest Notice for Mr Michael Thirnbeck.

On 31 December 2013, the Company entered into a loan agreement with Petra Commodities Pte Ltd for \$25,600 at 12% per annum interest and repayable on the earlier of:

- 24 months,
- when the Company enters into a recapitalisation event or,
- the lender or any of its subsidiaries ceases to own at least 51% of the Company.

On 8 January 2014, Mr Steven Nicols resigned as a Director

On 14 January 2014, the Company lodged a Final Director's Interest Notice for Mr Steven Nicols.

On 31 January 2014, the Company lodged an Appendix 4C for the December 2013 Quarter.

On 21 February 2014, the Company advised the ASX of changes to both its principal place of business address and registered office address.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2011**

## DIRECTORS REPORT

On 17 March 2014 the Company issued notice of a general meeting to be held 15 April 2014 for the purpose of:

- Removing PricewaterhouseCoopers as the Company Auditor
- Appointing Deloitte Touche Tohmatsu as the new Company Auditor

On 15 April 2014, the above proposals were approved by the shareholders.

On 28 April 2014, the Company lodged an Appendix 4C for the March 2014 Quarter.

On 12 June 2014, Petra Commodities Pte Ltd ceased to be a substantial shareholder in the Company

On the same date, Petra Pacific Pte Ltd became a substantial shareholder in the Company.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the following significant changes in the state of affairs materially impacted on the Groups operations:

A deed of variation to the North Lodge consultancy agreement was signed in August 2010 providing for a loan from the development company to the Company of \$700,000 in March 2011 in the event the Retail Precinct Project is not sold prior to this date.

In August 2010, Westpac agreed to the extension and restructure fee of \$1,500,000, originally due 30 June 2011, to be deferred to the earlier of 31 December 2011 or the date of settlement of the Retail Precinct Project.

On 2 September 2010, Mr Andrew Torrington resigned as Managing Director and Chief Executive Officer of the Company.

On 21 March 2011, the Company requested a trading halt from the ASX.

On 23 March 2011, the Company made a request to the ASX to grant a voluntary suspension of the securities of the Company. The request was granted.

On 5 May 2011, Mr Noel Henderson resigned as a Director.

On 6 May 2011, Mr Brett Coleman resigned as Company Secretary, and was replaced by Mr Sam Fink.

On 11 May 2011, the Group was placed in Administration and appointed Messrs Matthew Wayne Caddy & Peter McKenzie Anderson of McGrathNicol as Joint & Several Administrators of the Company.

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE

### *Chronology of significant events*

On 17 August 2011, the Company entered into an agreement with RAK Capital Pty Ltd (RAK) to recapitalise the Company (Recapitalisation Deed). This proposal was not able to be completed by RAK.

On 6 September 2011, the Company executed a Deed of Company Arrangement (DOCA). The DOCA was subject to satisfaction of a number of conditions precedent including obtaining shareholder approval in favour of the recapitalisation proposal. Pursuant to the deed, Messrs Matthew Wayne Caddy & Peter McKenzie Anderson became Joint and Several Administrators of the Company.

On 28 August 2012, a new proposal from a different investment group, represented by Benelong Capital Partners Pty Ltd (Benelong), for the restructure and recapitalisation of the Company was submitted to Messrs Matthew Wayne Caddy & Peter McKenzie as Joint & Several Administrators of the Company (Recapitalisation Proposal).

On 23 January 2013, the Creditors of the Company agreed to the Recapitalisation Proposal, and the DOCA was amended in order to effect the terms of the Recapitalisation Proposal.

On 20 February 2013, the details of the Proposal with respect to shareholder interests in the recapitalised and reconstructed Company were announced. They were as follows:

- The new investor to receive approximately ninety-four (94) per cent interest in the Company; and
- Existing shareholders to receive approximately six (6) per cent interest in the Company

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2011**

## DIRECTORS REPORT

The above recapitalisation and reconstruction was subject to certain resolutions being passed. The above proposal was put to shareholders for voting at the Extraordinary General Meeting (EGM) held on 22 March 2013.

On 22 March 2013, the above proposal with respect to shareholder interests in the recapitalised and reconstructed Company was approved by the shareholders. On that date the Company approved the Consolidation of Capital, Allotment and issue of Shares and the shareholders appointed Messrs Steven Nicols, Yuen Chin and Kasudjono Harianto as Directors of the Company. The Shareholders also approved a change of the Company name from Verticon Group Limited to VGP Corporation Limited. On this date, the DOCA was completed, with the release of outstanding creditors of \$36.42 million and the Company was released from Administration.

On the same date, Messrs David Wieland, David Goldberger and Sam Fink resigned as Directors.

On the same date, Eryn Kestel was appointed as Company Secretary.

On 25 March 2013, the Company advised the ASX of changes to both its principal place of business address and registered office address.

On the same date, the Company appointed Security Transfer Registrars Pty Ltd as the Share Registry.

On 10 April 2013, the Company lodged an Appendix 3B issuing 97 million shares at AUD \$0.0022 per share totalling AUD \$213,400. The shares were issued as part of the recapitalisation of the Company to an unrelated sophisticated investor as approved by Shareholders at the General Meeting held on 22 March 2013.

As a result of the share issue, Petra Commodities Pte Ltd became a substantial shareholder of the Company with 97 million shares and 93.8% voting power.

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- when the Company enters into a recapitalisation event or,
- the lender or any of its subsidiaries ceases to own at least 51% of the Company.

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- Removing PricewaterhouseCoopers as the Company Auditor
- Appointing Deloitte Touche Tohmatsu as the new Company Auditor

On 15 April 2014, the above proposals were approved by the shareholders.

On 12 June 2014, Petra Commodities Pte Ltd ceased to be a substantial shareholder in the Company.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2011**

## **DIRECTORS REPORT**

On the same date, Petra Pacific Pte Ltd became a substantial shareholder in the Company.

### ***Cessation as a consolidated entity***

The subsidiaries of the Company have all been deregistered by 12 May 2013 and therefore is no longer a consolidated entity at the date of signing this financial report. Therefore, the going concern has been prepared on the basis of the Company only, refer to Note 2 for details.

## **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

For likely developments in the operation of the economic entity refer to the review of operations and significant changes in affairs. The company is working towards obtaining the re-quotation of its shares on the ASX, subject to satisfying Chapter 1 & 2 of the ASX Listing Rules and other regulatory requirements.

## **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Group is not subject to any specific environmental regulation in its operations under the law of a state/territory or Commonwealth of Australia.

## **OPTIONS**

There are no options outstanding at the date of this report. There were no options granted which expired during or since the end of financial year.

## **INTERESTS IN THE SHARES AND WARRANTS (OPTIONS) OF THE COMPANY AND RELATED BODIES CORPORATES.**

As at the date of this report, none of the directors hold any shares or warrants (options) in the Company.

## **INDEMNIFICATION AND INSURANCE OF DIRECTORS, AUDITORS AND OFFICERS**

The Group no longer holds an insurance policy to insure the Directors and Officers of the company and its controlled entities against the liabilities to other persons that may arise from their position.

## **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

## **REMUNERATION REPORT**

This report outlines the remuneration arrangements in place for directors and key management personnel of VGP Corporation Ltd. As detailed above all the directors as at 30 June 2011 have resigned and new Directors and a new board have been appointed.



# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## DIRECTORS REPORT

The Directors of VGP Corporation Limited during or since the end of the financial year ended 30 June 2011 were:

<b>Name</b>	<b>Position</b>	<b>Appointment</b>	<b>Ceased</b>
Michael Thirnbeck	Non-executive director	December 2013	
Yuen Loke Chin	Non-executive director	March 2013	
Kasudjono Harianto	Non-executive director	March 2013	
Steven Nicols	Non-executive director	March 2013	8 January 2014
Bruce Garlick	Non-executive director	December 2013	17 December 2013
Sam Fink	Non-executive director	April 2006	22 March 2013
David Goldberger	Non-executive director	October 2004	22 March 2013
David Wieland	Non-executive director	October 2004	22 March 2013
Noel Henderson	Non-executive director	March 2006	5 May 2011
Andrew Torrington	Executive director	May 2007	2 September 2010

### Remuneration philosophy

The Remuneration and Nomination Committee comprises a minimum of two Non-Executive Directors and advises the Board on remuneration policies and practices 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 and Nomination 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.

### Employment contracts

#### **Noel Henderson - Previous Non-Executive Chairman (resigned 5 May 2011)**

- Base salary, inclusive of superannuation, is reviewed annually by the Remuneration and Nomination 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.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## DIRECTORS REPORT

### Andrew Torrington - Previous Managing Director & Company Secretary (resigned 2 September 2010)

- Term of agreement - five years commencing 28 May 2007.
- Base salary, inclusive of superannuation, is reviewed annually by the Remuneration and Nomination 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 - Previous Chief Financial Officer (resigned 31 July 2009)

- 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.

### Susan Allan - Previous Financial Controller & Company Secretary (resigned 31 May 2010)

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

### Other Key Management Personnel

The employment contracts in place for all other key management personnel contain provisions whereby the employment relationship can be terminated by either party at any time, with or without notice and with or without cause.

## Remuneration Report

Table 1: Director remuneration for the year ended 30 June 2011

Directors	Primary Benefit Salary & Fees	Non-Monetary Benefits	Post-Employment Superannuation	Equity Options	Total
Mr Noel Henderson					
2011	n/a	n/a	n/a	n/a	n/a
2010	\$91,743	-	\$8,257	-	\$100,000
Mr Andrew Torrington					
2011	n/a	n/a	n/a	n/a	n/a
2010	\$677,789	\$6,790	\$14,461	-	\$699,040
Mr David Goldberger*					
2011	n/a	n/a	n/a	n/a	n/a
2010	-	-	-	-	-
Mr David Wieland*					
2011	n/a	n/a	n/a	n/a	n/a
2010	-	-	-	-	-
Mr Sam Fink**					
2011	n/a	n/a	n/a	n/a	n/a
2010	\$3,058	-	\$275	-	\$3,333
Total					
2011	n/a	n/a	n/a	n/a	n/a
2010	\$772,590	\$6,790	\$22,993	-	\$802,373

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## DIRECTORS REPORT

\* David Goldberger and David Wieland agreed to forgo any remuneration for the services they provided as Directors of VGP Corporation Limited.

\*\* Sam Fink agreed to forgo any remuneration for the services he provided as a Director of VGP Corporation Limited from 1 August 2009.

Key Management Personnel	Primary Benefit Salary & Fees	Non-Monetary Benefits	Post-Employment Superannuation	Termination Benefits	Equity Options	Total
Mr Chris Hipwell						
2011	n/a	n/a	n/a	n/a	n/a	n/a
2010	\$12,615	\$52	\$1,135	\$41,250	-	\$55,052
Ms Susan Allan						
2011	n/a	n/a	n/a	n/a	n/a	n/a
2010	\$84,708	-	\$9,874	\$7,645	-	\$102,226
Total						
2011	n/a	n/a	n/a	n/a	n/a	n/a
2010	\$97,323	\$52	\$11,009	\$48,895	-	\$157,278

Information on the remuneration of Directors and management personnel for the year ended 30 June 2011 is not available (N/A) see note 1(b)

The directors & key management note the above listed remuneration report reflects the Company's accrued fees and the actual cash paid during the period does not necessarily relate to the above listed numbers for the comparative year.

The amount of directors' remuneration that was performance based was \$n/a (30 June 2010: \$nil).

### Options granted as part of remuneration

No options were granted or outstanding at the date of this report.

### 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 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.

The fees paid or payable for services provided by the auditor of VGP Corporation Limited and non-related audit firms, for the year ended 30 June 2011, is not available (N/A) see note 1(b).

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 21 of the Annual Report.

# **VGP CORPORATION LIMITED – ANNUAL REPORT**

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2011**

## **DIRECTORS REPORT**

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors pursuant to s. 298(2) of the Corporations Act 2001.

Signed by



**Yuen Loke Chin**

**Director**

**14 July 2014**

The Board of Directors  
VGP Corporation Limited  
2B William Street  
North Sydney, NSW 2060

14 July 2014

Dear Board Members

## VGP Corporation Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of VGP Corporation Limited.

As lead audit partner for the audit of the financial statements of VGP Corporation Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



**DELOITTE TOUCHE TOHMATSU**



**Neil Smith**  
Partner  
Chartered Accountants

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Consolidated Group	
		2011 \$	2010 \$
<b>Continuing operations</b>			
<b>Revenue</b>			
Other income	6	n/a	1,181,000
Employee benefits expense		n/a	(745,000)
Depreciation and amortisation expense	7	n/a	(110,000)
Bad and doubtful debts (expense)/recovery		n/a	348,000
Finance costs	7	n/a	(3,043,000)
Administration expenses		n/a	(241,000)
Rental expenses		n/a	(145,000)
Other expenses		n/a	(321,000)
<b>Profit/(Loss) before income tax</b>		n/a	(3,076,000)
Income tax benefit/(expense)	8	n/a	-
<b>Profit/(Loss) from continuing operations</b>		n/a	(3,076,000)
<b>Profit/(Loss) from discontinued operations</b>	9	n/a	312,000
<b>Profit/(Loss) for the year</b>		n/a	(2,764,000)
<b>Other comprehensive income:</b>			
<b>Other comprehensive income for the year, net of tax</b>		n/a	-
<b>Total comprehensive income for the year</b>		n/a	(2,764,000)
<b>Net loss attributable to equity holders of the parent</b>		n/a	(2,764,000)
<b>Total comprehensive loss attributable to equity holders of the parent</b>		n/a	(2,764,000)
<b>Earnings per share</b>			
<b>From continuing and discontinued operations:</b>			
Basic earnings/(loss) per share (cents per share)	28	n/a	(2.2)
Diluted earnings /(loss)per share (cents per share)	28	n/a	(2.2)
<b>From continuing operations:</b>			
Basic earnings per share (cents)	28	n/a	(2.5)
Diluted earnings /(loss)per share (cents per share)	28	n/a	(2.5)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

AS AT 30 JUNE 2011

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated Group	
		2011	2010
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	n/a	1,393,000
Trade and other receivables	11	n/a	1,683,000
<b>TOTAL CURRENT ASSETS</b>		n/a	3,076,000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	n/a	67,000
Other receivables	13	n/a	8,765,000
<b>TOTAL NON-CURRENT ASSETS</b>		n/a	8,832,000
<b>TOTAL ASSETS</b>		n/a	11,908,000
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	n/a	1,838,000
Borrowings	15	n/a	44,393,000
Provisions	16	n/a	34,000
<b>TOTAL CURRENT LIABILITIES</b>		n/a	46,265,000
<b>NON-CURRENT LIABILITIES</b>			
Provisions	17	n/a	31,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		n/a	31,000
<b>TOTAL LIABILITIES</b>		n/a	46,296,000
<b>NET ASSETS</b>		n/a	(34,388,000)
<b>EQUITY</b>			
Issued capital	18	52,886,000	52,886,000
Accumulated losses	19	n/a	(87,274,000)
<b>TOTAL EQUITY</b>		n/a	(34,388,000)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Consolidated Group

	Issued capital	Accumulated losses	Total
	\$	\$	\$
<b>Balance at 1 July 2009</b>	52,886,000	(84,510,000)	(31,624,000)
Total Comprehensive Income from continuing and discontinuing operations for the year	-	(2,764,000)	(2,764,000)
<b>Balance at 30 June 2010</b>	52,886,000	(87,274,000)	(34,388,000)
<b>Balance at 1 July 2010</b>	52,886,000	(87,274,000)	(34,388,000)
Total Comprehensive Income from continuing and discontinuing operations for the year	-	n/a	n/a
<b>Balance at 30 June 2011</b>	52,886,000	n/a	n/a

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.



# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated Group	
		2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		n/a	3,899,000
Payments to suppliers and employees		n/a	(2,874,000)
Payment for bank extension and restructure fee		n/a	(1,500,000)
Interest received		n/a	180,000
<b>Net cash provided by (used in) operating activities</b>	10(b)	n/a	(295,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment due on exercise of put option		n/a	(2,244,000)
Purchase of property, plant and equipment		n/a	(4,000)
Proceeds from sale of property, plant and equipment		n/a	1,320,000
<b>Net cash provided by (used in) investing activities</b>		n/a	(928,000)
Net increase/(decrease) in cash held		n/a	(1,223,000)
Cash and cash equivalents at beginning of financial year		1,393,000	2,616,000
<b>Cash and cash equivalents at end of financial year</b>	10(a)	n/a	1,393,000

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2011**

## NOTES TO THE FINANCIAL STATEMENTS

This financial report includes the consolidated financial statements and notes of VGP Corporation Limited (the Company) and its controlled entities ('Group') and the separate financial statements and notes of VGP Corporation Limited as an individual parent entity ('Parent Entity').

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### (b) Maintenance of accounting records

The directors note the following events have taken place since the date of signing of the 30 June 2010 financial report by the previous directors:

- On 23 March 2011, the Company's shares were suspended from trading on the Australian Securities Exchange (ASX).
- On 11 May 2011, the Company was placed in Administration and appointed Messrs Matthew Wayne Caddy & Peter McKenzie Anderson of McGrathNicol as Joint & Several Administrators of the Company.
- On 17 August 2011, the Company entered into an agreement with RAK Capital Pty Ltd (RAK) to recapitalise the Company (Recapitalisation Deed). This proposal was not able to be completed by RAK.
- On 6 September 2011, the Company executed a Deed of Company Arrangement (DOCA). The DOCA was subject to satisfaction of a number of conditions precedent including obtaining shareholder approval in favour of the recapitalisation proposal. Pursuant to the deed, Messrs Matthew Wayne Caddy & Peter McKenzie Anderson became Joint and Several Administrators of the Company.
- On 28 August 2012, a new proposal from a different investment group, represented by Benelong Capital Partners Pty Ltd (Benelong), for the restructure and recapitalisation of the Company was submitted to Messrs Matthew Wayne Caddy & Peter McKenzie as Joint & Several Administrators of the Company (Recapitalisation Proposal).
- On 23 January 2013, the Creditors of the Company agreed to the Recapitalisation Proposal, and the DOCA was amended in order to effect the terms of the Recapitalisation Proposal.
- On 20 February 2013, the details of the Proposal with respect to shareholder interests in the recapitalised and reconstructed Company were announced. They were as follows:
  - The new investor to receive approximately ninety-four (94) per cent interest in the Company; and
  - Existing shareholders to receive approximately six (6) per cent interest in the Company

The above recapitalisation and reconstruction was subject to certain resolutions being passed. The above proposal was put to shareholders for voting at the Extraordinary General Meeting (EGM) held on 22 March 2013.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

- On 22 March 2013, the above proposal with respect to shareholder interests in the recapitalised and reconstructed Company was approved by the shareholders. On this date, the company was released from Administration and the outstanding creditors' debt of \$36.42m extinguished.

Two of the current directors were appointed in March 2013, the other in December 2013, and they have since arranged the June 2011 and subsequent statutory financial statements to be prepared for the purposes of satisfying the Company's financial reporting requirements. The current directors have been able to locate certain records prior to the date that the Company was released from Administration, being 22 March 2013. However, the directors have been unable to ascertain and satisfy themselves as to the completeness and accuracy of the accounting and statutory records.

Given the above events, the directors are unable to ascertain there is sufficient information available to enable the directors to prepare the financial report for the year ended 30 June 2011.

Accordingly, the amounts included in the financial statements and note disclosures are reflected as n/a (not available).

#### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of VGP Corporation Ltd and its subsidiaries as at 30 June each year (the Group). The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by VGP Corporation Ltd at the end of the reporting period. A controlled entity is any entity over which VGP Corporation Ltd has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 26 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the Parent Entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and consolidated Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Entity, using consistent accounting policies.

#### (d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

#### (e) Foreign currency translation

##### 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 VGP Corporation Limited's functional and presentation currency.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

#### 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 consolidated statement of comprehensive income, 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.

#### 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each consolidated statement of comprehensive income 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 consolidated statement of comprehensive income, 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.

Service income in relation to consulting services provided are recognised according to the stage of completion whenever the stage of completion is reliably measurable and the revenues are sufficiently probable.

For transactions involving the rendering of services, when the outcome of the transaction can be estimated reliably, revenue should be recognised by reference to the transaction's stage of completion at the balance sheet date. If the outcome cannot be estimated reliably, but it may still be probable that the costs incurred to date can be recovered, revenues are recognised only to the extent of costs incurred that are expected to be recoverable unless there is one or more specific acts during the contract that is more significant than the rest of the acts has been carried out.

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

#### (g) Trade and other 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.

# VGP CORPORATION LIMITED – ANNUAL REPORT

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## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Collectability 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 in the income statement.

#### (h) Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

#### (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

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of any non-controlling interest of goodwill will impact on the measurement to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the consolidated statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

# VGP CORPORATION LIMITED – ANNUAL REPORT

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## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the consolidated statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the consolidated statement of comprehensive income.

#### (k) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

#### (l) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of 3 months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### (m) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

#### Plant and equipment

Plant and equipment are measured on the cost basis, less depreciation.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a straight-line over the estimated useful life of the assets as follows:

<b>Class of Fixed Asset</b>	<b>Useful Life</b>
Plant & equipment	3-5 Years

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate at each financial year end.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### (n) Employee Leave Benefits

##### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the non-current 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 end of the reporting period using the projected unit credit method. 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 end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### 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.

#### (o) 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. 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 consolidated statement of comprehensive income 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, or over the lesser of the assets useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

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## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

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 consolidated statement of comprehensive income 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 the consolidated statement of comprehensive income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

#### (p) Financial Instruments

##### Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

##### *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.



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## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

#### *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

#### **(q) Trade and other payables**

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

#### **(r) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

#### **(s) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the consolidated statement of comprehensive income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the consolidated statement of comprehensive income when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### *Tax consolidation legislation*

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

The head entity, VGP Corporation 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 standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, VGP Corporation 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.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate VGP Corporation Limited for any current tax payable assumed and are compensated by VGP Corporation Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to VGP Corporation Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

VGP Corporation 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 8.

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.

# VGP CORPORATION LIMITED – ANNUAL REPORT

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## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

#### (t) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

#### (u) 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 business are not included in the cost of the acquisition as part of the purchase consideration.

#### (v) 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 the end of the reporting date.

#### (w) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Parent Entity, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares and adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### (x) Non-current assets (or disposal groups) and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing their use. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write down of the asset (or discontinued operation) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Assets of a disposal group are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group are present separately from the other liabilities in the consolidated statement of financial position.

A discontinued operation that is a component of the entity that has been disposed of or abandoned is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the consolidated statement of comprehensive income.

# VGP CORPORATION LIMITED – ANNUAL REPORT

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## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

#### (y) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (z) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

#### (aa) New accounting standards and interpretations adopted

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period beginning 1 July 2010.

Significant new and revised standards and interpretations effective for the current financial reporting period that are relevant to the consolidated entity are:

- AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process;
- AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions AASB 2.
- AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project:
- Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments.

The impact of the adoption of these Standards and Interpretation did not have a material impact on the consolidated entity.

#### (ab) New accounting standards and interpretations adopted

Certain new Australian Accounting Standards and Interpretations have been published that are not mandatory for the year ended 30 June 2011. The Group's assessment of the impact of these new Standards and Interpretations is they will result in no significant changes to the amounts recognised or matters disclosed in the Group's financial statements.

#### (ac) Parent entity financial information

The financial information for the parent entity, VGP Corporation Limited, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of VGP Corporation Limited.

#### Tax consolidation legislation

VGP Corporation Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Refer to note 1(s).

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2: GOING CONCERN

The financial report has been prepared on the going concern basis which assumes the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The directors have prepared a cash flow forecast (which includes corporate and administration expenses only) for a period of 12 months from the date of signing of this financial report and the directors are aware of the company's need to access additional working capital funds to enable the company to fund its ongoing corporate and administration expenses and to seek new business ventures.

Petra Commodities Pte. Ltd became a substantial shareholder of the company on completion of the Proposal in March 2013 (refer to Note 1(b)) and plan on reviewing new projects to vend into the company. Petra Commodities Pte Ltd then transferred its shares in the Company to a related entity, Petra Pacific Pte Ltd in June 2014. When a new business opportunity is presented and selected by the directors of the Company, additional funding will need to be obtained and the requirements of Chapters 1 and 2 of the Australian Securities Exchange ('ASX') Listing Rules will need to be completed in order for the company to obtain its requote on the ASX .

Petra Pacific Pte Ltd has agreed that if the company is unable to pay its debts, Petra Pacific Pte Ltd will pay the company's liabilities on its behalf for at least 12 months from the date of signing this financial report. The directors anticipate that they will need at least \$35,000 by the end of June 2014, with further amounts totalling approximately \$165,000 during the period ending 31 July 2015 to meet ongoing corporate and administration expenses.

Should the company be unable to obtain continued financial support from Petra Pacific Pte Ltd and unable to successfully complete the matters required in order for the company to obtain its requote on the ASX, there is material uncertainty whether the company will be able to continue as going concern and therefore, whether the company will realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

### Note 3: FINANCIAL RISK MANAGEMENT

#### Objectives and policies and financial instruments

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable and deferred consideration for bank bills.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2011 \$	2010 \$
<b>Financial assets</b>			
Cash and cash equivalents		n/a	1,393,000
Deferred consideration for crane & hoist business		n/a	10,265,000
<b>Total financial assets</b>		n/a	11,658,000

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 3: FINANCIAL RISK MANAGEMENT (Cont)

	Note	Consolidated Group	
		2011 \$	2010 \$
<b>Financial liabilities</b>			
Bank bills		n/a	44,393,000
<b>Total Financial liabilities</b>		<b>n/a</b>	<b>44,393,000</b>

#### Financial Risk Management Policies

The Board of Directors monitors the Group's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk. For the reasons noted in the Corporate Governance Statement, page 4, the Company has not operated its Financial Risk Management policies for the full year.

#### Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk).

##### Credit risk

There are no significant concentrations of credit risk within the Company.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

##### Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Refer to note 2 for more details of the going concern position of the company.

##### Market risk

###### *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents. The Company is not aware of any significant risk relating to interest rates.

###### *Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. The Company is not aware of any such risk.

###### *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities. The Company is not aware of any such risk.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 3: FINANCIAL RISK MANAGEMENT (Cont)

#### Sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Year to 30 June 2011</b>		
+/- 10% in interest rates	n/a	n/a
<b>Year to 30 June 2010</b>		
+/- 10% in interest rates	1,165,800	1,165,800

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

### Note 4: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 5: SEGMENT INFORMATION

#### (a) Description of segments

Two reportable segments have been identified based on the operating segments that are regularly reviewed by the Group's chief operating decision makers, the Board of Directors. The reportable segment shown as the continuing operation represents the property development and headquarters operations. The hire of cranes and hoists reportable segment represents the business disposed by the Group including the operations in Queensland, New South Wales, and Victoria which were sold with effect from 1 June 2009. Information about this discontinued segment is provided in note 9.

#### (b) Segment information provided by the group's committee

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2011 is as follows:

	Continuing operation		Discontinued operation		Total	
	Property development		Cranes and hoists			
	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$
<b>Segment revenue</b>						
Segment revenue from sales to external customers	n/a	1,181,000	n/a	-	n/a	1,181,000
<b>Segment result</b>						
Segment profit/(loss) before income tax	n/a	(3,076,000)	n/a	312,000	n/a	(2,764,000)
Income tax expense	n/a	-	n/a	-	n/a	-
Profit for the year	n/a	(3,076,000)	n/a	312,000	n/a	(2,764,000)
<b>Segment assets and liabilities</b>						
Total segment assets	n/a	11,908,000	n/a	-	n/a	11,908,000
Total segment liabilities	n/a	46,296,000	n/a	-	n/a	46,296,000
<b>Other segment information</b>						
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	n/a	4,000	n/a	-	n/a	4,000
Interest revenue	n/a	924,000	n/a	-	n/a	924,000
Interest expense	n/a	3,043,000	n/a	-	n/a	3,043,000
Depreciation and amortisation expense	n/a	110,000	n/a	-	n/a	110,000

### Note 6: REVENUE

	Consolidated Group	
	2011	2010
	\$	\$
<b>Revenue from continuing operations</b>		
Service revenue	n/a	257,000
Interest	n/a	924,000
	n/a	1,181,000



# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 7: EXPENSES

	Consolidated Group	
	2011	2010
	\$	\$
<b>Profit before income tax includes the following specific expenses</b>		
<b>Depreciation and amortisation</b>		
Plant and Equipment	n/a	(110,000)
	n/a	(110,000)
<b>Finance costs</b>		
Interest and finance charges paid/payable	n/a	(3,043,000)
	n/a	(3,043,000)
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	n/a	130,000
<i>Defined contribution superannuation expenses</i>	n/a	87,000
<i>Repairs and maintenance of plant and equipment</i>	n/a	1,000
<i>Insurance</i>	n/a	139,000

### Note 8: INCOME TAX

**The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:**

Prima facie tax benefit/(expense) on (loss)/profit from ordinary activities before income tax at 30% (2010: 30%)

	n/a	(2,764,000)
Income tax at 30% (2010:30%)	n/a	(829,000)
Other permanent differences	n/a	(203,000)
Deferred tax asset not recognised	n/a	(591,000)
Tax losses not recognised	n/a	1,623,000
Income tax benefit (expense)	n/a	-

#### Tax losses

Unused tax losses for which no deferred tax asset has been recognised	n/a	74,188,000
Potential tax benefit @ 30%	n/a	22,256,000

All unused tax losses were incurred by Australian entities part of the tax consolidated group.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 8: INCOME TAX (Cont)

	Consolidated Group	
	2011 \$	2010 \$
<b>Deferred tax asset</b>		
Accrued expenses	n/a	41,000
Extension and restructure fee	n/a	702,000
Provisions	n/a	20,000
Superannuation payable	n/a	2,000
Total deferred tax assets	n/a	765,000
Not recognised due to lack of taxable profit and temporary differences	n/a	(765,000)
Net deferred tax assets	n/a	-

#### Tax consolidation legislation

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

The head entity, VGP Corporation 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 standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, VGP Corporation 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.

VGP Corporation Limited has a Tax Funding and Sharing Agreement. Under the Agreement the wholly-owned entities fully compensate VGP Corporation Limited for any current tax payable assumed and are compensated by VGP Corporation Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to VGP Corporation 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.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9: DISCONTINUED OPERATION

#### (a) Description

The Company announced the sale of its crane and hoist division on 27 April 2009 which included all of the Company'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 the Company's financiers, Westpac, including the deferred repayment of the sale proceeds over a five year period. The sale was also subsequently approved by the company's shareholders on 27 May 2009 and was completed on 1 June 2009.

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 5 - Segment information. Refer to note 28 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 2011 and the year ended 30 June 2010.

	Consolidated	
	2011	2010
	\$	\$
Sales revenue	n/a	-
Expenses	n/a	312,000
Profit/(loss) after income tax of discontinued operations	n/a	312,000
Net cash inflow from operating activities	n/a	24,000
Net increase in cash generated by the division	n/a	24,000

### Note 10: CASH & CASH EQUIVALENTS

Cash at bank and in hand	n/a	1,393,000
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#### 10(a) Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

Cash at bank and in hand	n/a	1,393,000
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# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 10: CASH & CASH EQUIVALENTS (Cont)

	Consolidated Group	
	2011	2010
	\$	\$
<b>10(b) Reconciliation of Cash Flows from Operations with Profit after income Tax</b>		
Profit/(Loss) after income tax	n/a	(2,764,000)
Non-cash flows in profit:		
Depreciation	n/a	110,000
Non-cash finance costs	n/a	2,299,000
Net (gain)/loss on sale of current assets	n/a	103,000
Non-cash revenues	n/a	(256,000)
<b>Operating profit/(loss) before changes in working capital and provisions</b>		
Changes in assets and liabilities:		
(Increase)/decrease in trade debtors	n/a	3,551,000
(Increase)/decrease in deposits paid	n/a	42,000
(Increase)/decrease in prepayments	n/a	(140,000)
(Increase)/decrease in other receivables	n/a	336,000
Increase/(decrease) in trade creditors	n/a	(661,000)
Increase/(decrease) in employee provisions	n/a	(32,000)
Increase/(decrease) in other operating liabilities	n/a	(2,883,000)
Net cash flow from operations	n/a	(295,000)

### Note 11: TRADE AND OTHER RECEIVABLES

#### CURRENT

Other receivables	n/a	1,511,000
Prepayments	n/a	172,000
Total current trade and other receivables	n/a	1,683,000

Refer to note 3 for more information on the risk management policy of the Group and on credit risks.

### Note 12: PROPERTY PLANT & EQUIPMENT

Plant & equipment at cost	n/a	39,457,000
Accumulated depreciation	n/a	(39,390,000)
Total Property, Plant and Equipment	n/a	67,000

#### Property, plant & equipment pledged as security

Refer to note 15 for information on property, plant and equipment pledged as security by the Company.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 13: OTHER ASSETS – NON-CURRENT

	Consolidated Group	
	2011	2010
	\$	\$
Other receivables	n/a	8,765,000

Other receivables for the year ended 30 June 2010 relates to the deferred consideration on the sale of its crane and hoist division to be received from sale proceeds over a five year period. Information relating to the other receivables is not available for the year ended 30 June 2011; see note 1 (b).

### Note 14: TRADE AND OTHER PAYABLES

Trade payables (i)	n/a	5,000
Accrued expenses	n/a	1,649,000
Other payables	n/a	184,000
	n/a	1,838,000

(i) Trade payables are non-interest bearing and are normally settled on 60-day terms.

### Note 15: BORROWINGS

#### Secured

Bank bills	n/a	44,393,000
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As reported in the 2010 financial year report, Westpac had provided a five (5) year facility of \$44,393,000 to the Group following the sale of the Group's crane and hoist division, repayable until June 2014. The facility comprised two components. Facility 1 is for \$10.80 million and is payable by D&G Hoists and Cranes (Aus) Pty Ltd (the acquirer of the crane and hoist division) and allows for \$6.00 million of repayments and interest over a five year period with a \$4.80 million payment due 30 June 2014. Facility 2 is for \$31.67 million and is payable by Verticon Group Limited and allows for capitalised interest for the term of the facility. 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 under the terms of the financing agreement, with a small amount to be retained by the Group for working capital purposes.

An extension and restructure fee of \$1.50 million is payable by the Group. This was originally payable in June 2010 but during the period the financiers agreed to a deferral of payment to the earlier of 31 December 2011 of the date of the settlement of the Retail Precinct Project. The Directors considered that given the prevailing loan arrangements, disclosure as current in 2010 was appropriate.

Information is not available for the year ended 30 June 2011; see note 1 (b).

The bank bills 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 & Cranes (Aus) Pty Ltd.

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 liability bears a floating market interest rate.

### Note 16: PROVISIONS - CURRENT

Annual leave	n/a	34,000
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# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 17: PROVISIONS – NON-CURRENT

Long service leave	n/a	31,000
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### Note 18: ISSUED CAPITAL

	No. of shares	No. of shares
Balance at beginning and end of financial year	125,157,358	125,157,358

	Consolidated Group	
	2011	2010
	\$	\$
Fully paid ordinary shares (125,157,358)	52,886,000	52,886,000

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Fully paid ordinary shares participate in the winding up of the parent entity in proportion to the number of securities held.

### 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.

### Note 19: ACCUMULATED LOSSES

Balance at beginning of year	(87,274,000)	(84,510,000)
Other comprehensive income/(loss) attributable to the members of the Parent entity	n/a	(2,764,000)
Balance at end of financial year	n/a	(87,274,000)

### Note 20: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report (p.16) for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

The key management personnel during the year ended 30 June 2011 were:

Mr Sam Fink

Mr David Goldberger

Mr David Wieland

Mr Noel Henderson - resigned 5 May 2011

Mr Andrew Torrington – resigned 2 September 2011

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 20: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP) (Cont)

The key management personnel during the year ended 30 June 2010 were:

Mr Sam Fink

Mr David Goldberger

Mr David Wieland

Mr Noel Henderson

Mr Andrew Torrington

Ms Susan Allan – resigned 7 May 2010

Mr Chris Hipwell – resigned 31 July 2009

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	Consolidated Group	
	2011	2010
	\$	\$
Short-term employee benefits	n/a	876,754
Post-employment benefits	n/a	34,002
Share-based payments	n/a	48,895
	<u>n/a</u>	<u>959,651</u>

### Other transactions with directors and other key management personnel

Noel Henderson is a Director of Contexx Pty Ltd. Contexx Pty Ltd provided consultancy and tenancy services to the Group during the previous financial year.

David Goldberger and David Wieland are both directors and shareholders of Maybury Bond Pty Ltd. The Company rented premises from Maybury Bond Pty Ltd on normal commercial terms during the 2010 financial year.

	Contexx Pty Ltd		Maybury Bond Pty Ltd	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Amounts recognised as revenue</b>				
Consultancy	n/a	7,000	n/a	-
	<u>n/a</u>	<u>7,000</u>	<u>n/a</u>	<u>-</u>
<b>Amounts recognised as expense</b>				
Consultancy	n/a	-	n/a	147,000
	<u>n/a</u>	<u>-</u>	<u>n/a</u>	<u>147,000</u>

No other information is available on transactions with directors and other key management personnel.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 20: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP) (Cont)

The number of shares in the Company held during the financial year by each Director of VGP Corporation Ltd and Key Management Personnel of the Group, including their related entities, are set out below:

2011	Balance at the start of the year	Changes during the year	Balance at the end of the year
<b>Directors of VGP Corporation Limited Ordinary shares</b>			
Noel Henderson*	7,608,267	-	7,608,267
Andrew Torrington**	5,867,285	-	5,867,285
David Goldberger	32,705,983	-	32,705,983
David Wieland	32,705,983	-	32,705,983
Sam Fink	386,000	-	386,000

\* Resigned 5 May 2011. Balance at the end of the year represents balance held at this date

\*\* Resigned 2 September 2010. Balance at the end of the year represents balance held at this date

2010	Balance at the start of the year	Changes during the year	Balance at the end of the year
<b>Directors of VGP Corporation Limited Ordinary shares</b>			
Noel Henderson	7,608,267	-	7,608,267
Andrew Torrington	5,867,285	-	5,867,285
David Goldberger	32,705,983	-	32,705,983
David Wieland	32,705,983	-	32,705,983
Sam Fink	386,000	-	386,000

### Note 21: DIVIDENDS

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

### Note 22: AUDITORS REMUNERATION

	Consolidated Group	
	2011	2010
	\$	\$
Remuneration of the auditor for the parent entity for:		
Auditing and review of the financial statements	n/a	70,000
	n/a	70,000

Audit and review fees were or will be paid by a new investor during the 2014 financial year.

### Note 23: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

No information is available on contingent liabilities or assets that may have existed as at 30 June 2011 (2010: Nil).



# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 24: COMMITMENTS

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Within one year	n/a	133,000
Later than one year but not later than five years	n/a	144,000
Balance at end of financial year	n/a	277,000

### Note 25: RELATED PARTIES

The parent entity within the Group is VGP Corporation Limited. The ultimate parent entity is Taraville Pty Ltd. Taraville Pty Ltd owned 52% of the issued ordinary shares of VGP Corporation Limited as at 30 June 2011.

Other than otherwise disclosed in the financial report, no other information is available in relation to any related party transactions during the current or prior period.

### Note 26: INTEREST IN SUBSIDIARIES

	Country of incorporation	Percentage Owned*	
		2011 %	2010 %
<b>Parent Entity</b>			
VGP Corporation Limited			
<b>Subsidiaries</b>			
Verticon Developments No. 1 Pty Ltd**	Australia	100	100
Verticon Neon Street Pty Ltd**	Australia	100	100
Verticon New Zealand Limited***	New Zealand	100	100

\* Percentage of voting power is in proportion to ownership.

\*\* This company was deregistered on 12 May 2013.

\*\*\* This entity was struck off on 22 December 2011.

### Note 27: SUBSEQUENT EVENTS

#### *Chronology of significant events*

On 17 August 2011, the Company entered into an agreement with RAK Capital Pty Ltd (RAK) to recapitalise the Company (Recapitalisation Deed). This proposal was not able to be completed by RAK.

On 6 September 2011, the Company executed a Deed of Company Arrangement (DOCA). The DOCA was subject to satisfaction of a number of conditions precedent including obtaining shareholder approval in favour of the recapitalisation proposal. Pursuant to the deed, Messrs Matthew Wayne Caddy & Peter McKenzie Anderson became Joint and Several Administrators of the Company.

On 28 August 2012, a new proposal from a different investment group, represented by Benelong Capital Partners Pty Ltd (Benelong), for the restructure and recapitalisation of the Company was submitted to Messrs Matthew Wayne Caddy & Peter McKenzie as Joint & Several Administrators of the Company (Recapitalisation Proposal).

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2011**

## NOTES TO THE FINANCIAL STATEMENTS

### Note 27: SUBSEQUENT EVENTS (Cont)

On 23 January 2013, the Creditors of the Company agreed to the Recapitalisation Proposal, and the DOCA was amended in order to effect the terms of the Recapitalisation Proposal.

On 20 February 2013, the details of the Proposal with respect to shareholder interests in the recapitalised and reconstructed Company were announced. They were as follows:

- The new investor to receive approximately ninety-four (94) per cent interest in the Company; and
- Existing shareholders to receive approximately six (6) per cent interest in the Company

The above recapitalisation and reconstruction was subject to certain resolutions being passed. The above proposal was put to shareholders for voting at the Extraordinary General Meeting (EGM) held on 22 March 2013.

On 22 March 2013, the above proposal with respect to shareholder interests in the recapitalised and reconstructed Company was approved by the shareholders. On that date the Company approved the Consolidation of Capital, Allotment and issue of Shares and the shareholders appointed Messrs Steven Nicols, Yuen Chin and Kasudjono Harianto as Directors of the Company. The Shareholders also approved a change of the Company name from Verticon Group Limited to VGP Corporation Limited. On this date, the DOCA was completed, with the release of outstanding creditors of \$36.42 million and the Company was released from Administration.

On the same date, Messrs David Wieland, David Goldberger and Sam Fink resigned as Directors.

On the same date, Eryn Kestel was appointed as Company Secretary.

On 25 March 2013, the Company advised the ASX of changes to both its principal place of business address and registered office address. On the same date, the Company appointed Security Transfer Registrars Pty Ltd as the Share Registry.

On 10 April 2013, the Company lodged an Appendix 3B issuing 97 million shares at AUD \$0.0022 per share totalling AUD \$213,400. The shares were issued as part of the recapitalisation of the Company to an unrelated sophisticated investor as approved by Shareholders at the General Meeting held on 22 March 2013.

As a result of the share issue, Petra Commodities Pte Ltd became a substantial shareholder of the Company with 97 million shares and 93.8% voting power.

On 18 April 2013, the Company lodged an Appendix 3B issuing 3 million shares at AUD \$0.0022 per share totalling AUD \$6,600. The shares were issued as part of the recapitalisation of the Company to an unrelated sophisticated investor as approved by Shareholders at the General Meeting held on 22 March 2013.

On 3 December 2013, the Company appointed Mr Bruce Garlick as a Director and lodged an Initial Director's Interest Notice for Mr Bruce Garlick.

On 17 December 2013, the Company announced that Mr Bruce Garlick had resigned as a Director and lodged a Final Director's Interest Notice for Mr Bruce Garlick.

On 23 December 2013, the Company appointed Mr Michael Thirnbeck as a Director and lodged an Initial Director's Interest Notice for Mr Michael Thirnbeck.

On 31 December 2013, the Company entered into a loan agreement with Petra Commodities Pte Ltd for \$25,600 at 12% per annum interest and repayable on the earlier of:

- 24 months,
- when the Company enters into a recapitalisation event or,
- the lender or any of its subsidiaries ceases to own at least 51% of the Company.

On 8 January 2014, Mr Steven Nicols resigned as a Director

On 14 January 2014, the Company lodged a Final Director's Interest Notice for Mr Steven Nicols.

On 21 February 2014, the Company advised the ASX of changes to both its principal place of business address and registered office address.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 27: SUBSEQUENT EVENTS (Cont)

On 17 March 2014 the Company issued notice of a general meeting to be held 15 April 2014 for the purpose of:

- Removing PricewaterhouseCoopers as the Company Auditor
- Appointing Deloitte Touche Tohmatsu as the new Company Auditor

On 15 April 2014, the above proposals were approved by the shareholders.

On 12 June 2014, Petra Commodities Pte Ltd ceased to be a substantial shareholder in the Company.

On the same date, Petra Pacific Pte Ltd became a substantial shareholder in the Company.

### *Cessation as a consolidated entity*

The subsidiaries of the Company have all been deregistered by 12 May 2013 and therefore is no longer a consolidated entity at the date of signing this financial report. Therefore, the going concern has been prepared on the basis of the Company, refer to Note 2 for details.

### NOTE 28: EARNINGS PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the Parent Entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the Parent Entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	Consolidated Group	
	2011	2010
	\$	\$
Profit/(Loss) from continuing operations	n/a	(3,076,000)
Profit/(Loss) from discontinued operations	n/a	312,000
Profit/(Loss) for the year attributable to members of the parent entity	n/a	(2,764,000)
	2011	2010
	No.	No.
Weighted average number of ordinary shares for basic earnings per share	125,157,358	125,157,358
Effect of dilution	-	-
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	125,157,358	125,157,358

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account.

# VGP CORPORATION LIMITED – ANNUAL REPORT

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FOR THE YEAR ENDED 30 JUNE 2011

## NOTES TO THE FINANCIAL STATEMENTS

### Note 29: PARENT INFORMATION

	2011	2010
	\$	\$
The following information has been extracted from the books and records of the parent company and has been prepared in accordance with Australian Accounting Standards.		
<b>Statement of financial position</b>		
Assets		
Current assets	n/a	3,076,000
Total assets	n/a	11,908,000
Liabilities		
Current liabilities	n/a	46,265,000
Total liabilities	n/a	46,296,000
Equity		
Issued capital	52,886,000	52,886,000
Accumulated losses	n/a	(87,274,000)
Total Equity	n/a	(34,388,000)
<b>Statement of comprehensive income</b>		
Total profit/(loss)	n/a	(2,764,000)
Total comprehensive income/(loss)	n/a	(2,764,000)

Information on guarantees and contingent liabilities relating to the parent entity as at 30 June 2011 is not available, see note 1 (b) (2010: Nil).

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2011**

## **DIRECTORS DECLARATION**

Subject to the uncertainty of source documentation as disclosed in note 1(b), in the opinion of the directors of VGP Corporation Limited:

1. Based on the available accounting records and limitations set out in note 1(b), the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (b) complying with Accounting Standards and Corporations Regulations 2001; and
2. As previously disclosed, the Chief Executive Officer and Chief Finance Officer have resigned from their positions and are unable to declare that:
  - (a) The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) The Financial statements and notes for the financial year comply with the Accounting standards, and
  - (c) The Financial statements and notes for the financial year give a true and fair view.
3. In relation to the statements that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, attention is drawn to note 1(b) to the financial statements.

Signed in accordance with a resolution of the board of directors of VGP Corporation Ltd



**Yuen Loke Chin**  
**Director**  
**14 July 2014**

# **Independent Auditor's Report to the Members of VGP Corporation Limited (previously Verticon Group Limited)**

## **Report on the Financial Report**

We were engaged to audit the accompanying financial report of VGP Corporation Limited (previously Verticon Group Limited) (the "Company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 22 to 53.

### *Directors' Responsibility for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of VGP Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Basis for Disclaimer of Opinion*

As disclosed in Note 1(b) to the financial report, the Company's securities were suspended from official quotation on the Australian Securities Exchange (ASX) on 23 March 2011. On 11 May 2011, the Company was placed into voluntary administration and appointed Messrs Matthew Wayne Caddy & Peter McKenzie Anderson of McGrathNicol as Joint & Several Voluntary Administrators. On 6 September 2011, the Company executed a Deed of Company Arrangement with its creditors (amended on 23 January 2013) and was released from Administration on 22 March 2013.

As stated in Note 1(b) to financial report, the accounting and statutory records from 1 July 2010 to 22 March 2013, when the Company was released from Administration, were not adequate to permit the application of necessary audit procedures. As the accounting and statutory records are not adequate to obtain sufficient appropriate audit evidence regarding the amounts and disclosures included in the financial report, we are unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

## *Disclaimer of Opinion*

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion as to whether the financial report for VGP Corporation Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's and the company's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## *Material Uncertainty Regarding Continuation as a Going Concern*

We draw attention to Note 2 in the financial report which indicates that the ability of the Company to continue as a going concern is dependent upon continued financial support from Petra Pacific Pte Ltd. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the ordinary course of business.

## **Report on Other Legal and Regulatory Requirements**

Due to the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been given all information, explanation and assistance necessary for the conduct of the audit; and we are unable to determine whether the Company has kept:

- (a) financial records sufficient to enable the financial report to be prepared and audited; and
- (b) other records and registers as required by the *Corporations Act 2001*.

## **Report on the Remuneration Report**

The Remuneration Report is included in pages 16 to 19 of the directors' report for the year ended 30 June 2011. 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.

## *Disclaimer of Opinion*

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Remuneration Report.



**DELOITTE TOUCHE TOHMATSU**



**Neil Smith**  
Partner  
Chartered Accountants  
Perth, 14 July 2014

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES – UNAUDITED

The following additional information is required by the ASX Limited in respect of listed public companies only. Shareholders information set out below was applicable at 11 July 2014.

### 1. Shareholdings

#### a. Distribution of Shareholders

Category	Number of equity security holders	
	Ordinary shares	
1 - 1,000		322
1,001 - 10,000		178
10,001 - 100,000		43
100,001 and over		9

b. The number of shareholdings held in less than marketable parcel is 552.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder	Number Ordinary
Petra Pacific Pte Ltd	97,000,000

#### d. Voting rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands,



# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2011

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES – UNAUDITED

e. 20 Largest Shareholders – Ordinary Shares

	<b>Name</b>	<b>Number of Ordinary Fully Paid Shares Held</b>	<b>% Held of Issued Ordinary Capital</b>
1	Petra Pacific Pte Ltd	97,000,000	91.01
2	Taraville Pty Ltd	3,439,841	3.23
3	Diamond Mountain Wealth Corp	3,000,000	2.81
4	N. R. & L. J. Henderson	400,436	0.38
5	Mrs Fiona Helen Torrington	308,805	0.29
6	Mr Teira Mason	128,274	0.12
7	Zarvale Pty Ltd	124,695	0.12
8	Abela Group Pty Ltd	102,874	0.10
9	Emadale Pty Ltd	100,386	0.09
10	Mr Trevor Neil Hay	99,252	0.09
11	Mr Jose Martim Rodrigues	81,351	0.08
12	Mr Bradley Victor Skelton	79,581	0.07
13	Pennys Pty Ltd	73,630	0.07
14	M & M Pagliari	71,053	0.07
15	Manar Nominees Pty Ltd	67,737	0.06
16	Kellason Pty Ltd	66,316	0.06
17	Skydene Pty Ltd	66,316	0.06
18	Arcelia Pty Ltd	57,406	0.05
19	Eternal Search Pty Ltd	47,243	0.04
20	J & D Farrugia Nominees Pty Ltd	43,860	0.04
		<hr/>	
		105,359,056	98.85

## 2. Stock Exchange Listing

Quotation has been granted for all the ordinary shares and options issued by the company on all Member Exchanges of the Australian Securities Exchange Limited (ASX).

## 3. Difference in results reported to Australian Securities Exchange

The results reported to the ASX in the preliminary final report do not differ from those reported in the annual report.