

# VERTICON GROUP LIMITED

## Shareholder's Report – December 2004

### Managing Director's Review

Verticon Group Limited successfully listed on the Australian Stock Exchange on 17 December 2004. In the preceding week the tower crane and hoist businesses of Seca in Queensland and Econ in Victoria were purchased. The consideration for Seca was \$37.022m cash. The consideration for Econ was \$5.344m cash plus \$1.800m in ordinary shares valued at \$1.20 each.

A Net Profit After Tax of \$71k was recorded for the period 15 October 2004 to 31 December 2004. This effectively represents the trading performance of Seca since the 13 December 2004 and Econ since 14 December up to the 31 December 2004. This period includes the traditional pre Christmas building construction industry shut down.

On a proforma, unaudited basis, assuming both Seca and Econ were owned since 1 July 2004 revenues of \$20.271m were reported versus revenues projected in the Prospectus of \$20.927m. The decrease in revenue was due to a number of delayed project start-ups that coincided with the traditional Christmas New Year construction industry shut down. The delays have resulted in cranes and hoists that were ready for installation in December being installed in the following month.

The underlying level of builder enquiry for hiring tower cranes and hoists continues at a high level and both Seca and Econ are securing new contracts.

There has been significant progress made with the two new acquisitions. The transition to becoming business units of a publicly listed organisation is progressing at a very satisfactory rate.

Staff morale in both businesses continues at a high level after the change in ownership.

The group now has a larger fleet of cranes to offer our customers across a wider geographical spread. We now have a wider selection of different cranes that enables Verticon to be able to better match the specific requirements of the customer for their particular construction requirement.

The construction industry remains very active with the pickup in commercial construction activity balancing the easing of residential construction activity.

Directors remain confident of achieving the earnings forecast set out in the Prospectus dated 17<sup>th</sup> November 2004.

### Business indicators outlook for March 2005 Quarter

- Tower crane utilisation has grown strongly with utilisation in February at 75%
- Hoist hire has rebounded strongly and at 70% for the quarter.
- Mobile crane demand remains strong.

#### Seca

- Has taken delivery of two new hoists in February 2005.
- Additional tower crane requirements are being assessed in conjunction with likely new long term hire contracts

#### Econ

- Two new tower cranes are due to be delivered in the second half and will be immediately commissioned on contracted jobs.

### Shareholder Reporting

It is our intention to issue the next Shareholder's Report once the results to 30<sup>th</sup> June 2005 become available.



Mark Kevin  
Managing Director

## VERTICON GROUP LIMITED

STATEMENT OF FINANCIAL PERFORMANCE	HALF YEAR & YEAR TO DATE		
	Dec 2004 Prospectus*	Dec 2004 Proforma** unaudited	Dec 2004 Statutory***
	000's	000's	000's
<b>Revenue</b>			
Crane hire			544
Hoist hire			248
Labour			605
Other Income			23
<b>Total Revenue</b>	<b>20,927</b>	<b>20,271</b>	<b>1,420</b>
<b>EBITDA</b>	<b>7,023</b>	<b>6,557</b>	<b>226</b>
Depreciation			(132)
Amortisation			(12)
<b>EBIT</b>			<b>82</b>
Net Interest			(5)
<b>EBT</b>			<b>77</b>
Income Tax Expense			(6)
<b>Net Profit after Tax (NPAT)</b>			<b>71</b>
Earnings per share (cents) - basic			0.4
Earnings per share (cents) - diluted			0.4
Capital expenditure			nil

STATEMENT OF FINANCIAL POSITION	HALF YEAR & YEAR TO DATE 31 December 2004 Statutory*** 000's
<b>Current Assets</b>	
Cash	2,915
Receivables	1,773
Other	324
<b>Non-Current Assets</b>	
Property, plant and equipment	41,895
Deferred tax assets	234
Intangibles	5,938
<b>Total Assets</b>	<b>53,079</b>
<b>Current Liabilities</b>	
Payables	3,355
Interest-bearing liabilities	978
Current tax liabilities	-
Provisions	299
Other	62
<b>Non-Current Liabilities</b>	
Deferred income tax liabilities	37
Provisions	241
<b>Total Liabilities</b>	<b>4,972</b>
<b>Net Assets</b>	<b>48,107</b>
<b>Shareholders' Equity</b>	
Share Capital	48,036
Retained Earnings / (Losses)	71
<b>Total Shareholders' Equity</b>	<b>48,107</b>

KEY STATISTICS	2004 Dec Half	2004 Sept Qtr	2004 Dec Qtr
	Prospectus	Proforma	Proforma
<b>Fleet (units)</b>			
Cranes	75	74	75
Hoists	30	30	30
<b>Days Available</b>			
Cranes	13,426	6,617	6,809
Hoists	5,520	2,760	2,760
<b>Days on Hire</b>			
Cranes	8356	4,081	4,082
Hoists	4643	2,423	1,347
<b>Net Book Value (\$000s)</b>			
Cranes	31,735	31,189	31,735
Hoists	6,031	6,031	6,031
<b>Revenue****</b>			
Cranes	n/a	n/a	n/a
Hoists			
Labour			
Other			

\* As contained in Verticon Group Limited Prospectus dated 17th November 2004.

\*\* Unaudited accounts as if Verticon owned Seca Cranes and Econ Construction Equipment since 1st July 2004.

\*\*\* Half year accounts to 31st December 2004. To be read in conjunction with the Half Year Financial Report issued 17th February 2005.

\*\*\*\* This information was not prepared for the Prospectus and accurate information is not yet available, however it is our intention to include this information in the next report.