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CORPORATE RECOVERY

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**TO** Company Announcements Office  
Australian Stock Exchange

**FAX NO** 1300 135 638

**FROM** Matthew Caddy  
mcaddy@mcgrathnicol.com

**DATE** 19 February 2013

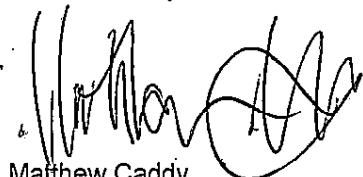
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**SUBJECT** **Verticon Group Limited (Subject to Deed of Company Arrangement)**  
**ACN: 111 398 040 (ASX: VGP)**  
**Shareholder Update**

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Please refer to the attached Company announcement.

Yours faithfully



Matthew Caddy  
Joint and Several Deed Administrator

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Level 8, IBM Centre, 60 City Road, Southbank VIC 3006, Australia GPO Box 9988, Melbourne VIC 3001 T +61 3 9038 3100 F +61 3 9038 3199  
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CORPORATE RECOVERY

**Verticon Group Limited (Subject to Deed of Company Arrangement) ("the Company")**  
**ACN: 111 398 040 (ASX: VGP)**  
**Shareholder Update**

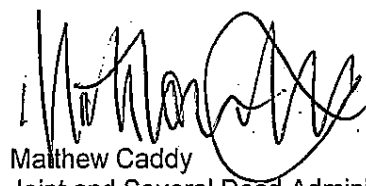
**Deed of Company Arrangement and Recapitalisation Update**

We refer to our previous update dated 25 September 2012.

On 23 January 2013 the Company executed a Deed of Company Arrangement with Benelong Capital Partners Pty Ltd (formerly Billabong Capital Partners Pty Ltd) ("Benelong") in accordance with the resolution passed at the meeting of creditors on 14 January 2013. The primary purpose of the DOCA is to facilitate the recapitalisation of the Company.

The Deed Administrators are working with Benelong to meet the conditions present to the DOCA. One of the conditions precedent is the requirement for shareholder approval at an Extraordinary General Meeting. Notice of this meeting is attached.

The Deed Administrators request that shareholders continue to monitor ASX announcements for updates.



Matthew Caddy  
Joint and Several Deed Administrator  
19 February 2013

**VERTICON GROUP LIMITED**  
**ABN 53 111 398 040**

**(Subject to Deed of Company Arrangement)**

**NOTICE OF EXTRAORDINARY GENERAL  
MEETING OF SHAREHOLDERS AND  
EXPLANATORY STATEMENT**

**For an Extraordinary General Meeting of Shareholders to be held on Friday 22<sup>nd</sup>  
March 2013 at 11.00am (AEDT) at  
Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales, Australia**

**LETTER TO SHAREHOLDERS**

Dear Shareholder

19 February 2013

As you may be aware, on 23<sup>rd</sup> March 2011, the shares of Verticon Group Limited (Subject to Deed of Company Arrangement) (the "**Company**") were suspended from trading on the official list of the Australian Stock Exchange ("**ASX**").

On 10 May 2011, we were appointed Joint and Several administrators of the Company.

A proposal was put forward by an investment group for the restructure and recapitalisation of the Company which was formalised on 17 August 2011, however this proposal was not able to be completed by the proponent.

The Company entered into a deed of company arrangement on 6 September 2011 ("**DOCA**"). Pursuant to the terms of the DOCA, we became deed administrators of the Company ("**Deed Administrators**").

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 the Company on or about 28 August 2012 ("**Recapitalisation Proposal**").

The Creditors of the Company have agreed to the Recapitalisation Proposal, and the DOCA was amended on or about 23 January 2013 in order to effect the terms of the Recapitalisation Proposal ("**DOCA**").

The Recapitalisation Proposal requires, and is subject to, various approvals being obtained from the shareholders of the Company ("**Shareholders**") (such approvals being the "**Resolutions**"). A summary of the Resolutions being put forward at the meeting of Shareholders are as follows:

- (1) The Company to allot and issue to sophisticated, professional and exempt investors nominated by Benelong 100 million shares at an issue price of \$0.0022 per share to raise a total of \$220,000;
- (2) Existing directors and company secretary of the Company be removed;
- (3) New directors and a new company secretary be appointed to the Company;
- (4) Change of company name of the Company; and
- (5) Consolidation of the existing shares of the Company, immediately prior to the proposed issue in Resolution 1, on the basis of one share for each nineteen Shares held.

Accordingly, we have called an Extraordinary General Meeting of the Company to consider the Resolutions ("**Meeting**"). The Meeting will be held at 11 am (Sydney Time) at the premises of Nicols and Brien, Level 2, 350 Kent Street, Sydney NSW on Friday 22 March 2013.

Enclosed with this letter are the Notice of Extraordinary General Meeting ("**Notice**"), the Explanatory Statement and an Independent Expert's Report prepared by Stantons International Securities ("**Report**").

The Recapitalisation Proposal is also subject to the following conditions ("**Conditions**"), summarised as follows:

- (a) the Resolutions being approved without amendment;
- (b) the Deed Administrators creating the Creditors Trust (as defined in the DOCA) and effectuating the DOCA in accordance with the terms of the DOCA;
- (c) Benelong paying the Promoter Contribution (as defined in the DOCA) to the Deed Administrators; and
- (d) the Deed Administrators taking steps to procure that any creditors with a security interest with respect to the Company registered on the personal property securities

- register established by the *Personal Property Securities Act 2009 (Cth)* ("PPSR") removes the registration of such security interest from the PPSR; and
- (e) the DOCA remaining in operation until completion of all the Conditions.

If the Conditions are not met or waived by 31 March 2013 or such other date as agreed by the Deed Administrators and Benelong or if it is determined by the Deed Administrators and Benelong that the terms of the DOCA cannot be fulfilled then the Deed Administrators may take steps to place the Company into liquidation.

In considering the Resolutions, Shareholders should bear in mind the Company's current financial circumstances. As mentioned above, the Company's Shares have been suspended from trading on the ASX since 23 March 2011 and the Company requires recapitalisation in order to continue its operations and to seek reinstatement of its Shares to official quotation on the ASX.

Ultimately, if the Resolutions are approved and implemented, the Company will be debt free, and in a position to seek opportunities to create Shareholder wealth.

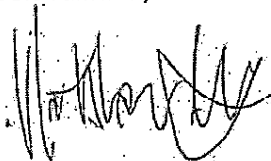
If the Resolutions are not approved and the Conditions have not been met by the time stated in the DOCA, the DOCA may terminate in which case the Company may be placed into liquidation. It is expected that there will be no return to Shareholders on liquidation.

Based on the information available and having regard to the Report, it would appear that the Recapitalisation Proposal is in the best interests of the Shareholders. On that basis, we consider that the Recapitalisation Proposal should be accepted by the Shareholders and that the Resolutions be approved.

However, we make no representation or warranty whatsoever that the Recapitalisation Proposal will enhance Shareholder value. We have not considered the situation of any particular Shareholder. To the maximum extent permitted by law, we accept no personal responsibility whatsoever for the contents of this letter, the Notice, the Explanatory Statement, the Report and any other accompanying documentation or the Recapitalisation Proposal itself. The information contained in the Notice and the Explanatory Statement has been provided to us by a third party and the information contained in these documents has not been verified by us. Accordingly, we accept no responsibility whatsoever for the accuracy of any information contained in the abovementioned documents or for any action taken by anyone (including any Shareholder) in reliance upon them. Each and every Shareholder should make their own enquiries to satisfy themselves on all aspects of the Recapitalisation Proposal. Details contained in this letter, the Notice, Explanatory Statement or Report do not constitute any representation by us.

Before voting on the Resolutions, Shareholders should consider the appropriateness of the Recapitalisation Proposal having regard to their own objectives, financial situation and needs including any taxation consequences, and carefully read the Report.

Yours faithfully



Matthew Wayne Caddy and Peter McKenzie Anderson  
Joint and Several Deed Administrators  
Verticon Group Limited (ACN 111 398 040) (Subject to Deed of Company Arrangement)

**VERTICON GROUP LIMITED**  
**ABN 53 111 398 040**

(Subject to Deed of Company Arrangement)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

Notice is given that an Extraordinary General Meeting of Shareholders of Verticon Group Limited (Subject to Deed of Company Arrangement) (**Company**) will be held at Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales at 11.00 a.m. (AEDT) on Friday 22 March 2013 (**Meeting**).

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001, the Deed Administrators have determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's share register at 7.00pm (Sydney Time) on 20 March 2013 (**the Entitlement Time**). Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.

The Explanatory Statement that accompanies and forms part of this Notice of Extraordinary General Meeting (**the Notice**) describes in more detail the matters to be considered at the Meeting (**Explanatory Statement**). In addition, the Explanatory Statement should be read in conjunction with the Independent Expert's Report prepared by Stantons International Securities that is contained in Annexure A to the Explanatory Statement.

The Deed Administrators have been appointed pursuant to the DOCA (as described in the Deed Administrators' letter to Shareholders) and have the authority to convene the Meeting to give effect to the Recapitalisation Proposal (as described in the Deed Administrators' letter to Shareholders). To the extent permitted by law, the Deed Administrators do not take any responsibility whatsoever for the contents of the Notice and Explanatory Statement.

Unless otherwise stated, all references to sums of money, '\$' and 'dollars' are references to Australian currency. Please refer to the glossary at the end of the Explanatory Statement accompanying this Notice for a glossary of terms and abbreviations used in this Notice.

**AGENDA**

**Resolution 1 – Consolidation**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That subject to passing of Resolution 2, for the purposes of Section 254H of the Corporations Act and Listing Rule 7.20 and for all other purposes, approval is given for the Company's existing ordinary shares be consolidated on a 1 for 19 basis, ("**Consolidation**"), with any fractions rounded up".

**Resolution 2 – Allotment and Issue of Shares**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 1 for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX, and Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given to the Company to allot and issue to:*

(a) Yaputri Pte Ltd, 97 million fully paid ordinary shares in the capital (post Consolidation) of the Company; and

(b) sophisticated, professional or other exempt investors, 3 million fully paid ordinary shares in the capital (post Consolidation) of the Company,

at an issue price of \$0.0022 to raise a total amount of \$220,000;

and otherwise on the terms set out in the Explanatory Statement accompanying this Notice."

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder if the resolution is passed, and any associates of those persons

### **Resolution 3 – Removal of Directors and Company Secretary**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1 and 2 all of the directors and the company secretary of the Company as at the date of this Meeting be removed as officers of the Company, effective from the date of meeting."*

### **Resolution 4 - Election of Mr Steve Nicols**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1, 2 and 3, Mr Steve Nicols, being eligible and having consented to act, be appointed as a director and as the Company Secretary of the Company, effective immediately."*

### **Resolution 5 – Election of Mr Victor Georos**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1 to 4 (inclusive), Mr Victor Georos being eligible and having consented to act, be appointed as a director of the Company, effective immediately."*

### **Resolution 6 – Election of Mr Greg Cornelsen**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:


*"That, subject to the passing of Resolutions 1 to 5 (inclusive), Greg Cornelsen, being eligible and having consented to act, be appointed as a director of the Company, effective immediately."*

### **Resolution 7 – Change of Name**

"To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That for the purpose of Section 157(1) of the Corporations Act and for all other purposes, the name of the company be changed to "VGP Corporation Limited" and the Constitution be amended accordingly".

**Dated 19 February 2013**



**Matthew Wayne Caddy and Peter McKenzie Anderson  
Joint and Several Deed Administrators  
Verticon Group Ltd (Subject to Deed of Company Arrangement)**



**NOTES:**

1. A Shareholder of the Company who is entitled to attend and vote at an extraordinary general meeting of Shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. For the purposes of Regulation 7.11.37 of the Corporations Act, the Deed Administrators have determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's share register at 7.00pm (Sydney Time) on 20 March 2013 (**the Entitlement Time**). Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.

## EXPLANATORY STATEMENT

### 1. GENERAL INFORMATION

This Explanatory Statement has been prepared for the Shareholders of Verticon Group Limited (**Company**)(Subject to Deed of Company Arrangement) in connection with the Resolutions 1-9 (inclusive) to be considered at the Extraordinary General Meeting of the Company's Shareholders to be held Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales at 11.00 a.m. (Sydney Time) on Friday 22 March 2013 ("**Meeting**").

The purpose of this Explanatory Statement is to provide information to Shareholders which is considered to be material to them in deciding whether or not to pass the Resolutions in the Notice of Extraordinary General Meeting of the Company ("**Notice**").

Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of the Resolutions. In addition, this Explanatory Statement should be read in conjunction with the accompanying Notice and the Independent Expert's Report prepared by Stantons International Securities, a copy of which is attached to Annexure A of the Explanatory Statement ("**IER**").

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company. In this regard, Shareholders should note that reports have been made by the Company and its appointed Administrators in accordance with the Corporations Act. The reports set out in detail the financial position of the Company, the actions and investigations to be taken by the Administrators and the reasons for the current status of the Company.

If all of the Resolutions are passed and the Recapitalisation Proposal proposed by Benelong is completed, the Company will be in a position to seek opportunities to enable the reinstatement of its securities to official quotation on ASX. This reinstatement is, of course, subject to the discretion of ASX. The ASX may impose further conditions; for example compliance with Chapters 1 & 2 of the Listing Rules. No assurances are made as to whether or in what time frame this may occur.

If Shareholders do not approve the Resolutions and consequently and as a consequence the Recapitalisation Proposal is rejected, the Company will likely go into liquidation and it is likely that there will be no return to Shareholders.

#### 1.1 Overview

##### 1.1.1 Background

A general background in respect of the appointment of the Administrators is set out in the letter by the Deed Administrators to Shareholders dated 19 February 2013 accompanying the Notice ("**Letter**") and in the IER.

##### 1.1.2 Past and future business of the Company

###### *Past Business*

The Company was incorporated on 25 October 2004, and was admitted to the Official List of the ASX on 17 December 2004. The Company's business was involved in the provision of construction and property development services including development planning and construction management. Since mid 2009 the Company was focussed on property development activities on a consultancy basis.

The Company had a history of significant operating losses which led to the Board of the Company appointing Administrators on 10 May 2011.

### **Future Business**

The proposed new Directors will undertake a thorough assessment of the Company's contract services and property business, and all property ventures still remaining, if any, to ascertain if a viable business exists ("**New Directors**"). If not, the New Directors will seek out opportunities in other industries with a view to enhancing Shareholder value, in particular, projects with a focus on mineral exploration such as gold, oil and coal. Any significant change in the nature of Company's activities may require Shareholder approval under Listing Rule 11.

### **1.1.3 Purpose of funds to be raised under the Recapitalisation Proposal**

The Recapitalisation Proposal seeks to raise the sum of \$220,000.00 through issues of Shares to sophisticated, professional or other exempt investors who do not require a disclosure document under section 708 of the Corporations Act. The purpose of these capital raisings are to:

- (a) pay for the Deed of Company Arrangement ("**DOCA**"), so as to remove the Company from Administration and to extinguish all liabilities;
- (b) provide funds for the assessment of the Company's property business;
- (c) provide funds for the assessment of additional opportunities, as identified by the Company;
- (d) meet the administration costs of the Company.

An estimated budget is set out below.

#### **Use of Funds – Expenditure Budget**

<b>Total funds raised \$220,000</b>	<b>\$</b>
Utilised as follows:	
Review of existing business	5,800
Review of new projects	11,000
<b>Total budget for projects</b>	<b>16,800</b>
Payment in accordance with Deed of Company Arrangement	150,000
Working capital	53,200
<b>Total funds utilised (\$)</b>	<b>220,000</b>

#### **Proposed Capital Structure**

<b>Whom</b>	<b>Shares</b>	<b>Percentage (Approx)</b>
Current Shareholders (After 1:19 Consolidation)	6,587,229	6.2%
Issues to sophisticated, professional and other exempt Investors, under Section 708 of Corporations Act 2001	100,000,000	93.8%
<b>TOTAL</b>	<b>106,587,229</b>	<b>100%</b>

#### 1.1.4 Investment Group

The Investment Group is made up of the parties set out in section 1.2.1 below and is represented by Benelong Capital Partners Pty Ltd (formerly known as Billabong Capital Partners Pty Ltd) ("**Benelong**").

Members of the Investment Group have experience in the management and recapitalisation of public companies.

#### 1.2 Summary of the terms of the Recapitalisation Proposal

Set out below is a detailed summary of the Recapitalisation Proposal.

The Investment Group wishes to confirm that the Recapitalisation Proposal provides for the appointment of the New Directors and does not in any way provide for the continuing involvement of the existing Directors in any capacity.

The essential terms of the Recapitalisation Proposal are as follows:

- (a) Consolidation of existing Company Shares, on a one for nineteen basis leaving existing Shareholders with approximately 6.2% of the share capital;
- (b) Sophisticated, professional and other exempt investors, as selected by the New Directors at their discretion, will subscribe for 100 million shares at an issue price of \$0.0022 each to raise \$220,000.00. An amount of \$150,000 of the funds raised will be used extinguish all Creditors Claims in accordance with the DOCA. Benelong is entitled to be reimbursed for any direct costs, such as ASX Listing fees, etc., paid.
- (c) The New Directors and a new company secretary for the Company will be appointed together with a change of company name of the Company.

#### 1.2.1 Details of Recapitalisation Proposal

The Recapitalisation Proposal was submitted to the Administrators by Benelong on 28 August 2012 and accepted by the Company's Creditors on 14 January 2013. The Deed of Company Arrangement, incorporating the Recapitalisation Proposal was signed on 23 January 2013. The Resolutions put forward in the Meeting are for the purposes of implementing the Recapitalisation Proposal.

##### ***Investment Group and New Directors***

By way of background, the Investment Group comprises Benelong Capital Partners Pty Ltd (ACN 145 496 233) ("**Benelong**"), and Steve Nicols (proposed New Director). Victor Georos and Greg Cornelsen are the other two proposed New Directors. Detailed information in respect of these persons is set out below.

##### ***Benelong Capital Partners Pty Ltd***

Benelong is a Sydney based firm specialising in recapitalising ASX listed, and suspended, companies. Its managing director, Steve Nicols, has assisted in the capitalisation of 12 companies in the last 7 years.

Steve Nicols, B.Com, CPA, IPA, is the principal of Nicols and Brien, a specialised insolvency practice with offices in Sydney and Wollongong. He provides insolvency

advice to businesses for the purposes of reconstruction or profit enhancement. He has over 28 years experience in this field. He is a current director ASX Listed of Welcome Stranger Mining Ltd, EHG Corporation Ltd, MOV Corporation Ltd.

*Victor Georos, BBus, Dip Finance & Investment, AAPI*

Victor Georos has a Bachelor of Business (Land Economy) and a Graduate Diploma in Applied Finance and Investment. He is an Associate of The Australian Property Institute and has over 25 years experience in the Australian Property Industry. He has held senior executive positions with GPT Group and Lend Lease and has extensive experience across property investment and development and commercial and industrial portfolio management.

*Mr Gregory Cornelsen, BEC*

Mr Cornelsen is an economist, business development specialist and a successful businessman having held leadership positions in both large Australian based multinationals and start-up operations. In 1990 he developed and grew Springbrook Natural Waters Pty Ltd from the ground right through to its sale to Palm Springs Limited. Previously he was a Senior Grain Trader for Elders managing the Futures and Foreign exchange trades of coarse grain to Japan.

He is also a former international rugby player, with 25 caps for the Australian Wallabies. His rugby and business backgrounds have allowed him to develop an extensive network within the Australian business community. He is a current director of ASX listed Blueglass Ltd, Welcome Stranger Mining Limited, EHG Corporation Ltd and MOV Corporation Ltd.

### **1.2.2 ASX Listing**

The Company is admitted to the Official List of ASX. However trading in the Company's Shares was suspended on 23<sup>rd</sup> March 2011. Trading in the Shares will probably not recommence until all Resolutions are passed and probably not until the Company complies with Chapters 1 and 2 of the Listing Rules, or until ASX advises otherwise.

The intention of the Investment Group with regard to the business of the Company is to use the working capital to be injected into the Company via the Recapitalisation Proposal for the purposes described in Section 1.1.3 of this Statement. The New Directors' plan is to seek out opportunities that might enable the Company's Shares to be reinstated to quotation on the ASX. There is no certain timeframe given by the Investment Group as to when this may occur. The Investment Group has no present intention to inject further capital into the Company apart from that already stated in the Recapitalisation Proposal.

### **1.2.3 Deed of Company Arrangement & Creditors Trust**

The Recapitalisation Proposal involves the simultaneous completion or "effectuation" of the Deed of Company Arrangement and the creation of a Creditors Trust. This enables the Company to be immediately released from administration under the DOCA once all Resolutions are passed at the Meeting and all other conditions as set out in the DOCA are met or waived ("**Completion**") as set out in the Letter. The Company will also be released from all Creditors Claims estimated at \$36 million and will have nil liabilities once Completion occurs.

The Creditors Trust Deed has been signed, and is awaiting receipt of funds from the Recapitalisation Proposal if shareholders approve all resolutions.

## 1.2.4 Conclusion

The Resolutions set out in the Notice are important and affect the future of the Company. All of the Resolutions need to be approved in order to implement the Recapitalisation Proposal. Shareholders are therefore urged to give careful consideration to the Notice the contents of this Statement and the IER.

## 2. THE RESOLUTIONS

### 2.1 Resolutions 1– Consolidation of existing Shares

#### Background

Section 254(H) of the Corporations Act states that a company may convert all or any of its shares into a larger or smaller number by resolution passed at a general meeting. The conversion takes effect on the day the resolution is passed or a later date specified in the resolution.

The Company presently has 125,157,358 of Shares on issue ("**Existing Shares**").

The Investment Group requires that the Existing Shares be consolidated 1 on a one for nineteen ("**Consolidation**"). The Consolidation will not change the rights and obligations of existing Shareholders. The Consolidation is part of the Recapitalisation Proposal.

The purpose of the Consolidation is to provide the Company with a more appropriate capital structure for a company of its size and nature. It is also desired to facilitate the implementation of the Recapitalisation Proposal.

Immediately upon Consolidation the number of Existing Shares shall be reduced to 6,587,229.

#### Fractional Entitlements

The Consolidation may result in Shareholders receiving a fraction of a Share. These fractional entitlements will be rounded up as part of the Consolidation, so that the consolidated holding will be rounded up to the nearest whole number.

#### Taxation

It is not considered that any taxation consequences will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek individual tax advice on the effect of the Consolidation. The Company, Investment Group or the Deed Administrators do not accept any responsibility for the individual taxation consequences arising from the Consolidation.

#### Holding Statements

From the date of the Consolidation, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis. After the Consolidation becomes effective, the New Directors will arrange for new holding statements to be issued to Shareholders. It is the responsibility of each Shareholder to check the number of Shares held prior to any sale or transaction.

#### Timetable

The Consolidation will take effect on the day the resolution is passed. In accordance with section 254H(4) of the Corporations Act, a copy of this Resolution, if passed by this Meeting, will be lodged with ASIC within one month.

## **2.2 Resolution 2 Allotment and Issue of new Shares**

This Resolution is required to be approved by Shareholders in accordance with ASX Listing Rule 7.1 and Item 7 of section 611 of the Corporations Act.

### **ASX Listing Rules**

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issuer has the prior approval of Shareholders in general meeting.

The issue of new Shares contemplated by Resolution 2 will exceed the 15% threshold in respect of the Shares presently on issue. The following information is provided to Shareholders in accordance with Listing Rule 7.3 for the purposes of obtaining Shareholder approval under Listing Rule 7.1 for Resolution 2:

- (a) The maximum number of Shares to be issued by the Company to professional sophisticated or other exempt investors who do not require a disclosure document under section 708 of the Corporations Act, is 100 million Shares at an issue price of \$0.0022 each, to raise \$220,000 ("**New Shares**").
- (b) It is anticipated that the issue of the New Shares will occur on one date and will not be later than 1 month after the date of the Meeting;
- (c) It is proposed that 97 million New Shares be issued to Yaputri Pte Ltd. The names of the other allottees of the New Shares, i.e. 3 million, are not currently known, but the basis upon which allottees will be identified or selected will be done by the New Directors at their discretion, however no shares will be issued to related parties.
- (d) The New Shares will rank equally with the Existing Shares; and
- (e) The funds raised from the issue of the New Shares will be used in accordance with the Recapitalisation Proposal and for the purposes set out in Section 1.1.3 of this Statement;
- (f) The date of allotment of the New Shares will be all done on the same day;

### **Section 611 of the Corporations Act**

Shareholder approval of Resolution 2 is also required under Item 7 of section 611 of the Corporations Act given Resolution 2 involves the issue of more than 20% of all Shares then on issue.

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the

interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

The "associate" reference includes a reference to a person in concert with whom a primary person is acting or proposes to act.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

The following information is required to be under the Corporations Act and ASIC Regulatory Guide 74 when seeking Shareholder approval under Item 7 of section 611 of the Corporations Act.

### **General**

Pursuant to the terms of the Recapitalisation Proposal, the Company proposes to allot and issue a total of 100 million Shares to sophisticated, professional or other exempt investors who do not require a disclosure document under section 708 of the Corporations Act, including Yaputri Pte Ltd. Yaputri Pte Ltd is an investment holding and management company for various businesses in Indonesia.

The voting power of Yaputri in the Company shall increase from 0% to 91%.

As at the date of this Notice, neither Benelong, Victor Georos, Greg Cornelsen, Steve Nicols, Nicols and Brien or Yaputri Pte Ltd, (and their associates) have a relevant interest in any Shares.

The calculation in Table 1 assumes that the total number of post consolidation Shares on issue is 106,587,229 after all Resolutions are passed.



**Table 1 – Maximum number of Shares which the relevant allottees will hold after the allotment.**

Column 1	Column 2	Column 3
Name of allottee	Maximum number of Shares to be issued under Resolution 2 to each allottee	Maximum Voting power of the relevant allottee in the Company
Yaputri Pte Ltd	97 million	91%
Sophisticated, Professional, other exempt investors	3 million	2.8%
<b>TOTAL</b>	<b>100 million</b>	<b>93.8%</b>

**Information required by Item 7 of the Section 611 of the Corporations Act**

Also set out below are the matters required to be disclosed in accordance with Item 7(b) of Section 611 of the Corporations Act being:

- (a) *the identity of the person proposing to make the acquisition and their associates:*

It is proposed that 97 million Shares be issued to Yaputri Pte Ltd as per Resolution 2. None of its associates have relevant interests in any Shares existing as at the date of this Notice. The identity of the remaining allottees (**Remaining Allottees**) is unknown, but they will not be associates of Yaputri.

- (b) *the maximum extent of the increase in that person's the voting power in the company that would result from the acquisition:*

If Resolution 2 is passed Yaputri's voting power in the Company will increase from 0% to 91%.

- (c) *the voting power that the relevant allottees would have as a result of the acquisition:*

If Resolution 2 is passed Yaputri's voting power in the Company will be 91% and the Remaining Allottees will have 2.8% voting power in the Company.

- (d) *the maximum extent of the increase in the voting power of each of the allottee's associates that would result from the acquisition* As Yaputri has no associates holding any relevant interest in existing Shares there is no increase in its voting power in the Company as a result of the acquisition.

- (e) *the voting power that each of the allottee's associates would have as a result of the acquisition:*

As Yaputri has no associates holding any relevant interest in existing Shares its voting power in the Company as a result of the acquisition will be 91%.

#### **Other Required Information - ASIC regulatory Guide 74**

The following further information is disclosed:

- (a) The Company will review its current business activities and any remaining property consultancies. As part of this process, it is proposed that New Directors will be appointed to the Board. These appointments form the subject of separate Resolutions. The existing Directors and company secretary will be removed;
- (b) In accordance with the Recapitalisation Proposal, the Company intends to raise capital to:
  - (i) pay for the DOCA so as to remove the Company from Administration and to extinguish all debt of the Company;
  - (ii) provide funds for the assessment of the Company's property business;
  - (iii) provide funds for the assessment of additional opportunities, as identified by the Company; and
  - (iv) meet the administration costs of the Company.The Company will have sufficient funds if all Resolutions are passed and share capital raised in order to meet the aims of the Recapitalisation Proposal;
- (c) There is no current intention to redeploy any other fixed assets of the Company or to change the Company's existing policies in relation to financial matters or dividends. At present, the Company does not pay a dividend. The dividend policy of the Company will be assessed in accordance with the future profitability of the Company's business; and
- (d) if Resolution 2 is passed and Yaputri holds a relevant interest in 91% of all Shares then on issue, it will have the right to compulsory acquire all remaining Shares in accordance with Part 6A.2 of the Corporations Act. At this time, Investment Group does not believe that Yaputri will exercise such rights.

#### **Independent Expert's Report or IER**

The Listing Rules and the Corporations Act provide that an independent expert's report on the transaction (as contemplated by Resolution 2) must be provided to Shareholders. The IER provides an opinion as to whether the acquisition of the voting power referred to in Resolution 2 and this section, is fair and reasonable to the non-associated Shareholders of the Company.

Accordingly, Benelong has commissioned Stantons International Securities to produce the IER as an independent expert. The IER is enclosed with the Notice and is attached to Annexure A.

Mr John Van Dieren has concluded that the acquisition of the voting power by Yaputri and the Remaining Allottees as contemplated by Resolution 2 ("**Acquisition**") is **fair and reasonable to the Shareholders of the Company**.

The advantages and disadvantages of the Acquisition are outlined in the IER and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the Acquisition proceeds than if not.

Shareholders are urged to carefully read the IER in deciding how to vote on the Resolutions, particularly Resolution 2.

### **Directors' Recommendations**

As the Company is subject to the DOCA, the existing Directors of the Company do not make any recommendation in respect of the Recapitalisation proposal. Shareholders should read this Statement in full, including the Letter, and the IER, to form an opinion on the merits of the Recapitalisation Proposal.

### **Pro forma Consolidated Balance Sheet**

Set out below is a statement of financial position of the Company based on the Administrators records as at May 2011, together with the pro forma balance sheet as at February 2013 date if all Resolutions are passed.

Following the completion of the Recapitalisation Proposal and assuming all Resolutions are implemented, the unaudited pro-forma Statement of Financial Position is expected to disclose:

	Unaudited Estimated Statement of Financial Position As at May 2011 \$	Pro-forma Statement of Financial Position after resolutions passed \$
<b>Current Assets</b>		
Cash assets	0	70,000 *See Note 1
	0	
<b>Non Current Assets</b>		
Interests in Subsidiaries	0	0
Intellectual Property	0	Unknown
<b>Total Assets</b>	0	70,000
<b>Liabilities</b>		
Trade creditors and accruals	(36,422,891 )	
<b>Total Current Liabilities</b>	(36,422,891 )	0
<b>Net Deficiency/Surplus</b>	(36,422,891 )	70,000
<b>Equity</b>		
Issued Capital	52,886,000	52,956,000 **See Note 2
Accumulated Losses	(89,308,891 )	(52,886,000)**See Note 3
<b>Total Equity</b>	(36,422,891 )	70,000

## Note 1

The movement in the cash assets is reconciled as follows:

Cash assets:	\$
Opening Balance	0
Placement of shares at \$0.0022 each	220,000
	<hr/>
DOCA	(150,000)
	<hr/>
Closing balance (estimated)	70,000

## Note 2

The movement in the issued capital reconciled as follows:

Issued Capital:	\$
Opening Balance	52,886,000
Placement of shares at \$0.0022 each	220,000
DOCA	(150,000)
	<hr/>
Closing balance (estimated)	52,956,000

## Note 3

Creditors claims reduced via DOCA settlement.

### **2.3 Resolutions 3 -5 – Removal of Directors and Company Secretary**

The Recapitalisation Proposal provides for the removal of the existing Directors and Company Secretary of the Company. Resolutions 3 to 5 seek to achieve this objective.

### **2.4 Resolutions 6-8– Election of New Directors and a New Company Secretary**

The Recapitalisation Proposal provides for the appointment of a new Board consisting of Mr Steve Nicols, Mr Victor Georos and Mr Greg Cornelsen. Mr Nicols is also to be appointed as the new Company Secretary for the Company. Resolutions 6 to 8 seek to achieve this.

The curriculum vitae of each New Director is provided in Section 1.

The Investment Group believes the New Directors are best placed to maximise opportunities for the Company.

### **2.5 Resolution 9 - Change of Name**

Pursuant to section 157(1) of the Corporations Act, Resolution 9 is a **special resolution** which seeks the approval of Shareholders to change the name of the Company "VGP Corporation Limited".

The New Directors believe that the this new name is more appropriate for the Company. The change of name will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

To pass a special resolution, 75% of Shareholders attending and entitled to vote at a meeting must approve the resolution. Section 157(1) of the Corporations Act requires, amongst other things, a company to pass a special resolution adopting a new name if it wants to change its name. The Company will apply to ASIC for the change of name which will take effect upon a new certificate of registration being issued.

## **3. ENQUIRIES**

Shareholders are invited to contact Mr Steve Nicols of Nicols and Brien on phone +61 2 9299 2289 if they have any queries in respect of the matters set out in these documents.

## **TIME AND PLACE OF MEETING AND HOW TO VOTE**

### **Venue**

An Extraordinary General Meeting of the shareholders of Verifcon Group Limited (Subject to Deed of Company Arrangement) will be held at 11 am on 22 March 2013 at

Nicols and Brien  
Level 2  
350 Kent Street  
SYDNEY NSW 2000  
AUSTRALIA  
Phone +61 2 9299 2289

### **How to Vote**

You may vote by attending the Meeting in person, by proxy or authorised representative.

#### **Voting in Person**

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 11.00 a.m. (Sydney Time).

#### **Voting by Proxy**

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Extraordinary General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company on facsimile number (International: + 61 2 9299 2239); or
- deliver the proxy to the Company at c/- Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales, Australia.

so that it is received not later than 7pm . (Sydney Time) on Wednesday 20 March 2013 (Sydney Time).

**Your proxy form is enclosed.**

## GLOSSARY

**Administrators** mean Matthew Wayne Caddy and Peter McKenzie Anderson of McGrathNicol, Level 8, 60 City Road Southbank, Victoria 3006.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market known as the Australian Stock Exchange, operated by ASX Limited, as the context requires

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Benelong** means Benelong Capital Partners Pty Ltd (ACN 145 496 233) (formerly known as Billabong Capital Partners Pty Ltd)

**Board** means the board of directors of the Company.

**Company** means Vericon Group Limited (Subject to Deed of Company Arrangement) (ABN 53 111 398 040).

**Constitution** means the Company's constitution.

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

**Creditor** means a creditor of the Company as at the date of the Notice.

**Creditor's Trust** means the trust to be established in accordance with the terms of the Recapitalisation Proposal and the DOCA for the purpose of satisfying approved Creditor's claims.

**Deed Administrators** means Matthew Wayne Caddy and Peter McKenzie Anderson Wayne of McGrath Nicol, Level 8, 60 City Road Southbank, Victoria 3006, so appointed under the DOCA.

**Deed of Company Arrangement** or **DOCA** means the Deed of Company Arrangement between Benelong, Deed Administrators and the Company Dated 23 January 2013 and includes any variation to such.

**Director** means a director of the Company.

**Dollar** or **\$** means Australian dollars.

**Explanatory Statement** or **Statement** means the explanatory statement to the Notice of General Meeting.

**Glossary** means this glossary.

**Independent Expert's Report** or **IER** means the Independent Expert's Report prepared by Stanton's International Securities and contained in Annexure A to the Notice.

**Meeting** means the extraordinary general meeting of the Shareholders convened by the Notice to be held on 15 March 2013.

**New Directors** means the Directors to be appointed under Resolutions 4, 5 and 6.

**Notice** means the notice of extraordinary general meeting of the Shareholders in respect of the Meeting dated 19 February 2013.

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**Recapitalisation Proposal** means the Recapitalisation Proposal submitted by Benelong to the Deed Administrators dated 28 August 2012 relating to the restructure and recapitalisation of the Company.

**Resolutions** means the resolutions described in the Notice..

**Shareholder** means the holder of Shares.

**Shares** means ordinary class shares in the capital of the Company.

**Sydney Time** means time in Sydney NSW from time to time.

**Trustees** means Trustee of the Creditors Trust, being Matthew Wayne Caddy and Peter McKenzie Anderson



**PROXY FORM**  
**APPOINTMENT OF PROXY**  
**VERTICON GROUP LIMITED**  
 (Subject to Deed of Company Arrangement)  
**ABN 53 111 398 040**

**EXTRAORDINARY GENERAL MEETING**

I/We   
 being a Member of Verticon Group Limited (Subject to Deed of Company Arrangement) entitled to attend and vote at the Meeting, hereby  
 Appoint   
 Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Extraordinary General Meeting to be held at Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales on 22 March 2013 and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

**Voting on Business of the Extraordinary General Meeting**

	FOR	AGAINST	ABSTAIN
Resolution 1 Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Allotment and Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Removal of Directors & Company Secretary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Appointment of Steve Nicols as Director and company secretary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Appointment of Victor Georas as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Appointment of Greg Cornelsen as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Change of Name (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**OR**

If you do **not** wish to direct your proxy how to vote, please place a mark in this box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman will vote in favour of all of the resolutions if no directions are given.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Individuals and joint holders      Companies (affix common seal if appropriate)

Signature
Signature

Director
Sole Director and Sole Company Secretary

### Instructions for Completing 'Appointment of Proxy' Form

1. A Shareholder entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a Shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - For a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. You may fax the Proxy form to: Facsimile No. +61 2 9299 2239 or mail to Nicols and Brien, Level 2, 350 Kent Street, Sydney NSW 2000.
7. Any questions, please call Steve Nicols on phone +61 2 9299 2289.

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**ANNEXURE A**

**INDEPENDENT EXPERT'S REPORT BY STANTONS INTERNATIONAL SECURITIES**

## Stantons International Securities

PO Box 1908  
West Perth WA 6872  
Australia

Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia

Tel: +61 8 9481 3188  
Fax: +61 8 9321 1204

ABN: 84 144 581 519  
AFS Licence No: 418019  
www.stantons.com.au

13 February 2013

Verticon Group Limited  
C/- Benelong Capital Partners Pty Ltd  
Level 2, 350 Kent Street  
SYDNEY NSW 2000

Dear Sirs

**RE: VERTICON GROUP LIMITED (ACN 111 398 040 ("VERTICON" OR "THE COMPANY")) MEETING OF SHAREHOLDERS PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA") AND AUSTRALIAN SECURITIES EXCHANGE ("ASX") LISTING RULE 7.1 RELATING TO THE PROPOSAL TO ISSUE UP TO 100,000,000 SHARES TO YAPUTRI PTE LTD AND OTHER SOPHISTICATED, PROFESSIONAL OR EXEMPT INVESTORS AS NOMINATED BY BENELONG CAPITAL PARTNERS PTY LIMITED AS NOTED BELOW**

### 1. Introduction

1.1 We have been requested by the proposed directors of Verticon to prepare an independent experts report to determine the fairness and reasonableness of the transactions referred to in Resolution 2 as detailed in the Notice of Meeting ("the Notice") and the accompanying Explanatory Statement to Shareholders ("ESS") that is expected to be mailed to shareholders of Verticon in late February 2013 for the meeting to be held in March 2013.

Resolution 2 relates to the proposal for the Company to allot and issue up to 100,000,000 fully paid ordinary shares in the capital of the Company to parties nominated by Benelong Capital Partners Pty Ltd ("Benelong" or "the Promoter") (including Yaputri Pte Ltd to the extent of 97,000,000 shares) at an issue price of \$0.0022 per ordinary share to raise a total amount of \$220,000. The parties to receive the 100,000,000 shares are known in this report as the Sophisticated, Professional or Exempt Investors. Resolutions 1 to 7 relate to the shareholders approving and authorising the Company to complete all transactions contemplated in the Notice. Further details are noted below and in the ESS attached to the Notice of Verticon. Mr Steve Nicols controls Benelong. Messrs Steve Nicols, Victor Georos and Greg Cornelsen are proposed to be elected as directors of Verticon and are deemed part of the Promoter or its Nominees.

1.2 The company was incorporated on 15 October 2004, as Liberty Structural Services Limited, and subsequently changed its name to Verticon Group Limited. The Company raised \$50 million through the issue of 41,666,667 ordinary shares. The Company was admitted to the Official List of the ASX on 15 December 2004 (ASX Code "VGP"). The Company acquired two businesses namely, Seca Cranes on 13 October 2004 for a total consideration of \$37 million and Econ Construction on 14 December 2004 for a total consideration of \$7.1 million. The principal activity of the Company during the period was sale and hire of tower cranes and hoists. For the first two years since listed the Company posted after tax profits of and declared fully franked dividends. However, since financial year 2007 the Company had a history of significant operating losses coupled with decreasing margins in the businesses in Queensland and Victoria and significant write downs of its assets. On 23 March 2011 the Company obtained a voluntary suspension from trading on the ASX for the reason to restructure and recapitalise. On 11 May 2011 the Board appointed Joint and Several Administrators. The Company entered into an agreement with RAK Capital Pty Limited ("RAK") to recapitalise the Company ("Recapitalisation Deed"). On 6 September 2011, pursuant to the Recapitalisation Deed, the Company executed a deed of company arrangement ("DOCA") under section 439C(a) of TCA. At a meeting of the Creditors held on 9 May 2012 pursuant to section 445F of the Act, the creditors duly resolved that the Company vary the Original Deed and the Variation Deed effecting such variation to the

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Original Deed was executed. The Recapitalisation Deed has been terminated replacing RAK with the Promoter now being instrumental in the recapitalisation proposal. Since then the Company has been actively seeking projects and funding that would enable the Company's shares to be quoted on the ASX.

At a meeting of the Creditors held on 14 January 2013 pursuant to section 445F of TCA, the Creditors resolved that the Original DOCA, as varied by resolution of the Creditors made on 9 May 2012, be further varied in accordance with the provisions of the new DOCA, dated 23 January 2013 between the Company, Benelong and Mathew Wayne Caddy and Peter McKenzie Anderson (the "Deed Administrators"). This DOCA sets out the arrangements with the Promoter or its nominees relating to the recapitalisation of the Company.

1.3 The proposals from the Promoter and the details of the Resolutions to be put to Verticon shareholders can be summarised as follows:

- the Company be authorised, for the company's existing ordinary share to be consolidated on a 1 for 19 basis, ("Consolidation"), with fractions rounded up so that post consolidation there would be 6,587,229 shares on issue pre the issue of the 100,000,000 shares to the Sophisticated Investors (Resolution 1);
- the Company be authorised, to allot and issue up to 100,000,000 ordinary Shares to the Sophisticated, Professional or Exempt Investors nominated by the Promoter at an issue price of \$0.0022 as per Resolution 2 as detailed in the Notice to raise a total of \$220,000 on the terms and conditions set out in the ESS (including \$150,000 ("Deed Funds") of the funds raised being deposited with the Deed Administrators);
- new directors representing the Promoter or its Nominees and a new company secretary are to be appointed, effective from the date of the general meeting along with the resignation or removal of all of the existing directors and the existing company secretary. Messrs Nicols, Georos and Cornelsen are proposed to become the new directors of Verticon pursuant to Resolutions 4, 5 and 6 respectively. Resolution 3 relates to the removal of all existing directors and the Company Secretary of the Company;
- Upon completion, the Deed Administrators will apply the \$150,000 of Deed Funds as firstly, in payment of the Administrators Remuneration and Disbursements and the expenses, debts and liabilities incurred by them in the course of the administration and the administration of this Deed including, but not limited, to any amounts payable pursuant to section 443A, 443B and 443BA of TCA (including applicable GST), and secondly, the balance to the Trustees to be applied in accordance with the Trust Deed; and
- that the name of the company be changed to VGP Corporation Limited and the constitution be amended accordingly (Resolution 7 refers).

1.4 In the event that the recapitalisation proposal is consummated, the Company would have approximately \$60,000 net cash funds and will be in a position to seek opportunities to enable the reinstatement of its securities to official quotation of the ASX. The Company will not have its shares re-quoted on ASX until it complies with Chapters 1 and 2 of the Listing Rules of ASX. No assurances can be made as to whether or in what time frame this may occur.

1.5 For the purposes of Chapter 2E of TCA, it is noted that the Sophisticated and Exempt Investors (Yaputri Pte Ltd and other Sophisticated, Professional or Exempt Investors nominated by Benelong) are not deemed associated to each other pursuant to Resolution 2.

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- 1.6 In addition to Resolution 2 there are 6 other resolutions (Resolutions 1 and 3 to 7) being put to the shareholders' of Verticon. We are not reporting on the fairness and reasonableness of such proposals. This report specifically addresses Resolution 2 only. However, we note that Resolution 2 is dependent upon the passing of resolution 1.
- 1.7 Under section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons' or someone else's voting power in the company increases:
- (a) from 20% or below to more than 20%; or
  - (b) from a starting point that is above 20% and below 90%.

Under section 611 (Item 7) of TCA, section 606 does not apply in relation to any acquisition of shares in a company by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or respective associates. An independent expert is required to report on fairness and reasonableness of the transaction pursuant to a section 611 (Item 7) meeting.

- 1.8 Following the consummation of the resolutions relating to the share structure of the Company, the following table depicts the new share structure of the Company assuming the Sophisticated, Professional or Exempt Investors nominated by the Promoter receive 100,000,000 shares described in Resolution 2 (including 97,000,000 shares to Yaputri Pte Ltd). In addition Section 1.1.3 of the ESS refers to the shareholding details if all resolutions are passed and consummated. The total number of shares on issue (post consolidation) would be 106,587,229. The shareholding interests of the Sophisticated, Professional or Exempt Investors would be as follows:

### Proposed Capital Structure

Whom	Shares	Percentage (Approx)
Current Shareholders (after 1:19 Consolidation)	6,587,229	6.18%
Issue to Sophisticated, Professional or Exempt Investors,	100,000,000	93.82%
<b>TOTAL</b>	<b>106,587,229</b>	<b>100.00%</b>

### Maximum number of Shares which the relevant allottees will hold after the allotment

Column 1	Column 2	Column 3
Name	Maximum number of Shares to be issued under Resolution 2 to each allottee	Maximum Voting power of the relevant allottee in the Company
Yaputri Pte Ltd	97,000,000	91.00%
Sophisticated, Professional, exempt investors	3,000,000	2.82%
<b>TOTAL</b>	<b>100,000,000</b>	<b>93.82%</b>

Therefore, an independent expert's report pursuant to the section 611 (Item 7) of TCA is required to report on the fairness and reasonableness of the transactions pursuant to Resolution 2. The Company has requested Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities) to prepare an independent expert's report to assist the shareholders of Verticon in determining as to whether they vote for or against Resolution 2 as outlined in the Notice. Yaputri Pte Ltd on its own will exceed 20% of the expanded issued capital of Verticon and thus Section 611 (Item 7) approval is required specifically on issuing shares to such party. Collectively the Sophisticated, Professional and Exempt Investors could own up to approximately 93.82% and thus as they are acting

## Stantons International Securities

collectively to recapitalise the Company, approval is being sought pursuant to Section 611 (Item 7) of TCA.

1.9 Apart from this introduction, the report considers the following:

- summary of opinion
- implications of the proposals
- future directions of Verticon
- basis of technical valuation of Verticon
- premium for control
- fairness and reasonableness of the proposals
- conclusion as to fairness and reasonableness
- sources of information
- Appendix A and Financial Service Guide

## 2. Summary of Opinion

2.1 In determining the fairness and reasonableness of the transactions pursuant to Resolution 2 we have had regard to the guidelines set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111. It states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair. An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regard to the interests of shareholders other than the proposed allottee (in this case, collectively the Sophisticated Investors) and whether a premium for potential control is being paid by the allottee(s). Although in this case the potential issue of new shares in Verticon are not takeover offers, we have considered the general principles noted above to determine our opinion in the fairness and reasonableness pertaining to the proposals under Resolution 2.

Accordingly, our report relating to Resolution 2 is concerned firstly with the fairness and reasonableness of the proposals with respect to the existing non associated shareholders of Verticon and secondly whether the price payable for a potential control includes a premium for control.

2.2 In our opinion:

The proposal as outlined in Resolution 2 that would allow the Sophisticated, Professional and Exempt Investors as nominated by the Promoter to acquire up to 100,000,000 shares in Verticon is on balance fair and reasonable to the non associated shareholders of Verticon as at the date of this report.

The opinions expressed above are to be read in conjunction with the more detailed analysis and comments made in this report.

## 3. Implications of the Proposals

3.1 As at 12 February 2013, it is believed that the number of ordinary shares on issue in Verticon prior to consolidation is 125,157,358 (and post consolidation will be 6,587,229). If all the Resolutions are consummated, the Sophisticated, Professional or Exempt Investors as nominated by the Promoter will collectively own up to approximately 93.82% of the expanded (post consolidated) share capital of the Company (as depicted in paragraph 1.8).

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The actual holding of the capital of the Company by existing shareholders will be 6.18%. Yaputri Pte Ltd will own approximately 91.00% of the expanded post consolidated capital of the Company.

- 3.2 The estimated costs of calling the Notice will be around \$10,000 and Yuptri Pte Ltd will pay the Promoter directly for the recapitalisation costs.
- 3.3 Set out below is a statement of financial position of the Company based on the Administrators records as at May 2011, together with the pro-forma balance sheet (statement of financial position) if all resolutions are passed and consummated.

	Estimated Statement of Financial Position \$	Statement of Financial Position after Resolutions passed \$
<b>Current Assets</b>		
Cash Assets	-	60,000
	-	60,000
<b>Non Current Assets</b>		
Interests in Subsidiaries	-	-
Intellectual Property	-	Unknown
Total Assets	-	60,000
<b>Liabilities</b>		
Trade Creditors and Accruals	(36,422,891)	-
Total Current Liabilities	(36,422,891)	-
Net Deficiency/Surplus	(36,422,891)	60,000
<b>Equity</b>		
Issued Capital	52,886,000	53,106,000
Accumulated Losses	(89,308,891)	(53,046,000)
Total Equity	(36,422,891)	60,000

### Note 1

The Movement in the cash assets is reconciled as follows:

	\$
Cash Assets:	
Opening Balance	-
Placement of Shares at \$0.0022 each	220,000
Payment to the Deed Administrators	(150,000)
Costs of the Notice	(10,000)
Net cash on hand	60,000

Thus estimated net cash after the capital raisings and payment for costs of Notice and the Meeting, and the settlement of admitted creditors will be \$60,000 and no other mater liabilities.

### Note 2

The movement in the issued capital reconciled as follows:

	\$
Issued Capital:	
Opening Balance	52,886,000
Placement of shares at \$0.0022 each	220,000
Closing balance (estimated)	53,106,000



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3.4 In addition to the 3 proposed new directors to be appointed on completion of the proposed recapitalisation process, additional directors may be appointed particularly if a new business is acquired.

3.5 Further details on the plans of Verticon post recapitalisation are outlined in sections 1.1.2 and 1.1.3 of the ESS accompanying the Notice.

### **4. Future directions of Verticon**

4.1 We have been advised by a representative of the Promoter that:

- the short term intention is to complete the recapitalisation process;
- at the time of preparation of this report they are not aware of any proposals currently contemplated whereby Verticon will acquire any property or assets from the Promoter or from the Sophisticated, Professional or Exempt Investors or where Verticon is to transfer any of its property or assets to the Promoter, the Sophisticated, Professional or Exempt Investors or third parties nominated by the proposed directors (however the Sophisticated, Professional or Exempt Investors will subscribe for shares in Verticon as noted in Resolution 2);
- no dividend policy has been set and is not proposed to be set until such time as the Company is profitable and has a positive cash flow;
- the Company's plans for the future are as outlined in section 1 of the ESS; and
- the proposal by Verticon is for the Company to retain its interest in the existing business (that is very limited) in the ordinary course and to seek out opportunities in other industries that will enhance shareholder value. The Company may seek new funds and new businesses in the future and subject to complying with Chapters 1 and 2 of the ASX Listing Rules may seek re-quotations of the Company's shares on the ASX. No major fund raising or new business acquisitions have yet been identified.

### **5. Basis of Technical Valuation of Verticon**

#### **5.1 Allotment of Shares**

5.1.1 In considering the proposals as outlined in Resolution 2 we have sought to determine if the potential considerations payable by the Sophisticated, Professional and Exempt Investors are fair and reasonable to the existing non-associated shareholders of Verticon.

5.1.2 The proposals pursuant to Resolution 2 would be fair to the existing non-associated shareholders if the value of the considerations being offered by the Sophisticated, Professional or Exempt Investors (including Yaputri Pte Ltd) are greater than the current implicit value of the shares and options of Verticon immediately prior to the transactions. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Verticon shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining the current technical value of an Verticon share are:

- capitalised maintainable earnings/discounted cash flow
- takeover bid - the price which an alternative acquirer might be willing to offer
- adjusted net asset backing and windup value
- market value price of Verticon shares

#### **5.2 Capitalised maintainable earnings/discounted cash flows**

5.2.1 As noted above, Verticon has no cash and limited business undertakings. Due to Verticon's current state of affairs, the lack of a profit history arising from business undertakings and the immediate lack of a reliable future cash flow from a business activity, we have considered these methods of valuation not to be relevant for the purposes of this report (also refer 3.3 above).

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### 5.3 Takeover bid

5.3.1 We have been advised by Steve Nicols a proposed director of Verticon and a person closely associated with the recapitalisation proposal that he does not believe that there would be any existing shareholder or proposed shareholder that has an interest in taking over the Company by way of a formal takeover bid. However, we note that under the recapitalisation process, the Sophisticated, Professional or Exempt Investors collectively would own approximately 93.82% of the capital of the Company (and Yaputri Pte Ltd would own up to approximately 91.00%).

### 5.4 Net asset backing and windup value

5.4.1 As noted above prior to the recapitalisation process, Verticon has no cash, liabilities of approximately \$36.4 million and minimal business activities and the Promoter consider that on a windup basis, the return to shareholders would be nil (refer paragraph 3.3 of this report).

5.4.2 Purely based on the net cash value of a recapitalised Verticon, the net assets would be disclosed at approximately \$60,000 (assuming the Company raises \$220,000 as noted above) which would be equivalent to approximately \$0.00056 per share, assuming 106,587,227 shares would be on issue after the recapitalisation process. This compares with the estimated current net value of a Verticon share of nil cents.

### 5.5 Market price of Verticon shares

5.5.1 As the Company is suspended from the ASX, we do not believe it is appropriate to value the Verticon share based on prior quoted prices of Verticon shares on the ASX.

5.6 After taking into account the matters referred to in the preceding paragraphs, we are of the view that the current theoretical value of a Verticon share (prior to the recapitalisation process) is nil cents. As disclosed above the Company has estimated net liabilities of approximately \$36.4 million with minimal business activities.

5.7 If the recapitalisation process is finalised, the net cash value of an Verticon share immediately post recapitalisation would approximate \$0.00056 per share (assuming the \$220,000 is raised as noted in resolution 2).

## 6. Premium for Control

6.1 Premium for control for the purposes of this report has been defined as the difference between the price per share that a buyer would be prepared to pay to obtain a controlling interest in the Company and the price per share at which the same person would be required to pay per share which does not carry with it control of the Company.

6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders' control more than 20% of the issued capital. In this case, the unrelated Sophisticated or Exempt Investors could hold approximately 93.82% of the expanded issued capital of Verticon (and Yaputri Pte Ltd would own approximately 91.00%).

6.3 The Verticon shares that are proposed to be issued to the Sophisticated, Professional or Exempt Investors (including Yaputri Pte Ltd) are deemed to be theoretically worth nil cents. After certain transaction costs, a net cash balance of approximately \$60,000 will remain in the Company (assuming the raising of the \$220,000 referred to above). In our opinion, it is possible that the unrelated Sophisticated, Professional or Exempt Investors are paying a premium for control, however, the non associated shareholders of Verticon are benefiting in that the theoretical value of an Verticon share rises from nil cents (with significant liabilities and minimal business activities) to a company with a theoretical cash backed value of approximately \$0.00056 per share. The Company may seek new funds and new businesses in the future and subject to complying with Chapters 1 and 2 of the ASX Listing

## Stantons International Securities

Rules may seek re-quotations of the Company's shares on the ASX. No major fund raising or new business acquisitions have yet been identified.

### 7. Fairness and Reasonableness of the Proposals

We have set out below some of the advantages, disadvantages and other factors pertaining to the proposals, pursuant to the Resolution 2 and the recapitalisation proposal generally.

#### Advantages

- 7.1 The passing and consummation of Resolutions 1 to 7 in conjunction with the completion of the recapitalisation process would result in a net cash injection of approximately \$60,000 (assuming the capital raising of the \$220,000 referred to above) into the Company and having a company with minimal liabilities, compared with the current position whereby the Company has net liabilities of approximately \$36.4 million.
- 7.2 If the proposals per Resolutions 1 to 7 are consummated along with the completion of the recapitalisation process, the net cash asset backing of a Verticon share rises from nil cents to approximately \$0.00056 (assumes \$220,000 worth of shares are issued).
- 7.3 If Resolutions 1 to 7 are passed together with the completion of the recapitalisation process, the Company's chances to seek re-quotations of its shares on the ASX are enhanced in that without the recapitalisation, it is likely that the Company would be dissolved and struck off. By obtaining re-quotations of the Company's shares, the existing shareholders are offered liquidity to sell their shares on the ASX. However, in the short term the re-quotations of the Company's shares on ASX is most unlikely as the Company would need to meet Chapters 1 and 2 of the ASX Listing Rules (see paragraph 6.3 above). The Company would need to find a new business and raise additional funds so that it could meet the Listing Rules.
- 7.4 The Promoter brings expertise to the Company in that Messrs Nicols, Georos and Cornelsen have either financial, accounting, marketing and corporate experience and/or experience as directors or managers of public listed companies or other trading entities. Additionally Messrs Nicols, Georos and Cornelsen have together experience in seeking opportunities in mineral and/or property projects. Section 1.2.1 of the ESS discloses the background of the proposed directors.

#### Disadvantages

- 7.5 A significant shareholding in the Company is being given to the Sophisticated, Professional or Exempt Investors and in particular Yaputri Pte Ltd in that they combined would own approximately 93.82% of the expanded issued capital of the Company (Yaputri Pte Ltd will own approximately 91.00%). However, we note that Verticon will be partly recapitalised with approximately \$60,000 in net cash (assuming the \$220,000 capital raising), will have no debt and will have the opportunity to consider the acquisition of other assets or businesses. The existing shareholders are diluted to approximately 6.18%. The unrelated Sophisticated, Professional or Exempt Investors nominated by the Promoter are obtaining a material interest in Verticon of approximately 93.82% of which Yaputri Pte Ltd will have an approximate 91.00% shareholding interest) and it is assumed that such investors will obtain a benefit particularly if the Company's shares can be re-quoted on ASX. As noted above, the Company will need to comply with Chapters 1 and 2 to obtain re-quotations of the Company's shares on ASX. The Company would need to find a new business and raise additional funds so that it could meet the Listing Rules.
- 7.6 Verticon would only have approximately net cash of \$60,000 (assuming the raising of \$220,000 as noted above) after the consummation of the recapitalisation process is complete. Further fundraisings would be required to be undertaken in the near future. If further shares are issued, the percentage share holding of the existing shareholders of Verticon may be diluted down even further. However as noted above, the shares in Verticon prior to the recapitalisation process is considered to be of nil value with the possibility of the Company being placed into liquidation.

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7.7 If the Company seeks new business opportunities, there is no guarantee that such businesses will be profitable. Furthermore, it is proposed that approximately \$11,000 will be spent after recapitalisation on review of new projects and that there is no guarantee that such businesses will be profitable in the future. Refer section 1.1.3 of the ESS on the proposed expenditure post the recapitalisation process.

### 8. Conclusion as to Fairness and Reasonableness

8.1 After taking into account the matters referred to in 7 above and elsewhere in this report, we are of the opinion that, on balance, the proposal as outlined in Resolution 2 is on balance fair and reasonable to the non-associated shareholders of Verticon as at the date of this report.

### 9. Sources of Information

9.1 In making our assessment as to whether the proposals pursuant to Resolution 2 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of Verticon which is relevant in the current circumstances. In addition, we have held discussions with Steve Nicols a party associated with the Promoter about the present state of affairs of Verticon. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the representative of the Promoter and publicly filed information on the financial position of the Company lodged via the ASX website.

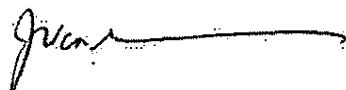
9.2 Information we have received includes, but is not limited to:

- drafts of the February 2013 Notice of General Meeting of Shareholders of Verticon (and draft of the ESS attached);
- discussions with a representative of the Promoter and Verticon;
- shareholding details of Verticon;
- announcements, if any, made by Verticon to the ASX to 11 February 2013;
- unaudited estimated statement of financial position of Verticon as disclosed in the draft February 2013 Notice of General Meeting of Shareholders of Verticon;
- the audit reviewed financial report of Verticon for the six months ended 31 December 2010;
- the audited financial reports of Verticon for the years ended 30 June 2009 and 2010; and
- the DOCA and Creditors Trust Deed of January 2013.

9.3 Our report includes Appendix A and Financial Services Guide, attached to this report.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(Trading as Stantons International Securities)



J P Van Dieren - FCA  
Director

Stantons International Securities

## APPENDIX A

## AUTHOR INDEPENDENCE

This annexure forms part of and should be read in conjunction with the report of Stantons International Audit and Consulting Pty Ltd trading as Stantons International Securities dated 13 February 2013, relating to Resolution 2 outlined in the Notice of Meeting of Shareholders and the accompanying ESS to be distributed to shareholders of Verticon in late February 2013.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with Verticon other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed \$5,000 (excluding GST). The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor John P Van Dieren have received nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd or any directors of Stantons International Audit and Consulting Pty Ltd do not hold any securities in Verticon. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice. Stantons International Securities has prepared other independent expert reports for parties associated with the Promoter or its Nominees.

## QUALIFICATIONS

We advise Stantons International Securities is the holder of an Investment Advisers Licence (No 418019) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd are the directors and authorised representatives of Stantons International Securities. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd (also trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuations and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

## DECLARATION

This report has been prepared at the request of the proposed Directors and the Promoter in order to assist the shareholders of Verticon to assess the merits of the proposals (Resolution 2 to which this report relates). This report has been prepared for the benefit of the Verticon shareholders and those persons only who are entitled to receive a copy for the purposes of Section 611 (Item 7) of the Corporations Act 2001 and does not provide a general expression of Stantons International Securities opinion as to the longer term value of Verticon. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Verticon or any of its subsidiaries. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

Stantons International Securities**DISCLAIMER**

This report has been prepared by Stantons International Securities with due care and diligence. However, except for those responsibilities which, by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities (Stantons International Audit and Consulting Pty Ltd), their directors, employees or consultants for the preparation of this report.

**DECLARATION AND INDEMNITY**

Recognising that Stantons International Securities may rely on information provided by the Promoter (represented by Benelong and Steve Nicols), its officers and other parties (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), the Promoter has agreed:

- (a) to make no claim by it or its officers against Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Verticon may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by the Promoter and Verticon's Deed Administrators; and
- (b) to indemnify Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from the Promoter or any of its officers and Verticon providing Stantons International Securities any false or misleading information or in the failure of the Promoter, Verticon and their officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to the proposed Directors and the Promoter for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

# Stantons International Securities

PO Box 1908  
West Perth WA 6872  
Australia  
Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia  
Tel: +61 8 9481 3188  
Fax: +61 8 9321 1204  
ABN: 84 144 581 519  
AFS Licence No: 418019  
www.stantons.com.au

**FINANCIAL SERVICES GUIDE  
FOR STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD  
(Trading as Stantons International Securities)  
Dated 13 February 2013**

1. Stantons International Securities (ABN 84 144 581 519 and AFSL Licence No 418019) ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 418019;
- remuneration that we and/or our staff and any associated entities receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

## Stantons International Securities

### 4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

### 5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

### 6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

### 7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

### 8. Associations and relationships

SIS is ultimately a wholly owned division of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (also trading as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

### 9. Complaints resolution

#### 9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer  
Stantons International Securities  
Level 2  
1 Walker Avenue  
WEST PERTH WA 6005

Telephone: 08 9481 3188  
Facsimile: 09 9321 1204

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.



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### 9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
PO Box 3  
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399