



24th August 2006

ASX ANNOUNCEMENT

STATEMENT ON 2005-06 RESULTS

In Verticon's first full year as a public company, the financial performance and results were disappointing as the business faced increasing competition and the construction sector remained flat.

The senior management team in Melbourne has now been overhauled, the Board of Directors has been strengthened and Verticon had established key new business partnerships and started to win major contracts that will see Verticon on a road to recovery in the 2006-07 financial year with the full benefits flowing in 2007-08.

Our results

The financial results for the year ended 30 June 2006 were disappointing.

Net profit after tax was \$1.69m on turnover of \$49.96m.

In February and May 2006, Verticon announced reduced earnings guidance. The final earnings per share (EPS) of 2.7 cents per share was in line with the most recent guidance issued to shareholders on 25 May 2006 of between 2.5 to 3.0 cents per share.

The Board has decided not to declare a final dividend. The failure to meet the original full year EPS forecast of 4.0 to 4.5 cents per share was largely a result of poor management in the Victorian business. As well, Queensland was affected by increased pressure on margins, a very competitive market and a relatively flat construction sector. On a positive note, the market share has been maintained in Queensland and grown in New South Wales. Verticon performed above target in New Zealand.

Acquisitions

During the 2005-06, Verticon made two key acquisitions.

On 1 September 2005, Verticon acquired 100% of the issued share capital of Fire Up Capital and Rigging Pty Ltd and Fire Up Hire Pty Ltd. The total purchase consideration was \$5.08m.

On 1 December 2005, the assets and business of New Zealand-based Daniel Smith Industries Limited were acquired for a total purchase consideration of \$41.53m.



Moving forward

While the Board sees 2006-07 mainly as a year of recovery, strategies undertaken in 2005-06 will begin to deliver results in the second half of 2006-07 and in the 2007-8 financial year.

These include securing the key contract for crane works at the \$500m Melbourne Convention Centre site and the development of a key relationship in the Direct Factory Outlet (DFO) sector.

Verticon's visible presence at the convention centre site will be highlighted from February 2007 onwards and it is anticipated the project will deliver about \$4.2 million in revenue. The convention centre site is located on the southern bank of the Yarra River in Melbourne.

Contexx Pty Ltd, a company partly-owned by the Chairman, has been contracted to build the Austexx residential, retail and office development at South Wharf on the adjoining site to the convention centre. Contexx will also have an exclusive supply agreement with Verticon to provide cranes, hoists and other services. A DFO and bulky goods project involving Austexx, Contexx and Verticon is also proposed for Fyshwick in Canberra.

Austexx Pty Ltd is a company controlled by David Wieland and David Goldberger.

The exclusive supply agreement between Contexx and Verticon operates in Australia and New Zealand and covers a pipeline of future projects.

As part of Verticon's strategic acquisition of Daniel Smith Industries, funds from the buy out are being reinvested by Daniel Smith in purchasing plant and equipment which is then hired to Verticon. This helps grow the level of equipment available to Verticon across all markets and has enabled Daniel Smith to substantially reinvest in Verticon.

The Board would also like to inform the general market that some directors are considering further investment in the Verticon Group when the necessary window for share purchases opens.

For further information, contact

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