VERTICON GROUP LIMITED

ABN 53 111 398 040

Annual Financial Report

30 June 2006

Verticon Group Limited

ABN 53 111 398 040

Annual financial report - 30 June 2006

Contents

This financial report covers both Verticon Group Limited as an individual entity and the consolidated entity consisting of Verticon Group Limited and its subsidiaries. The financial report is presented in the Australian currency.

Verticon Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Verticon Group Limited
Level 4
564 St Kilda Road
Melbourne Victoria 3004

A description of the nature of the consolidated entity's operations and its principal activities is included on pages 2-3 of the Directors' Report.

The financial report was authorised for issue by the Directors on 24 August 2006. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website : www.verticon.com.au

Verticon Group Limited
Directors' Report

Your Directors present their report on the consolidated entity (the Group) consisting of Verticon Group Limited and the entities it controlled at the end of, or during the year ended 30 June 2006.

Directors

The following persons were directors of Verticon Group Limited at the date of this report:

Noel Henderson	Chairman (Executive)
David Wieland	Director (Non Executive)
David Goldberger	Director (Non Executive)
Sam Fink	Director (Non Executive)
Rob Lockett	Director (Executive)
Denis Tomasel	Director (Executive)

Noel Henderson was appointed a director 17 March 2006.

Sam Fink was appointed a director 26 April 2006.

Rob Lockett was appointed a director 7 June 2006.

Michael Butler resigned as a director 22 February 2006.

Mark Kevin resigned as a director 26 April 2006.

Principal activity

The principal activity of the Group during the period was the hire of cranes and hoists. There were no significant changes in the nature of the Company's principal activity during the period.

There were no significant changes in the nature of the Company's principal activity during the period.

Dividends

Dividends paid to members during the financial year were as follows:

	2006	2005
	$'000	$'000
Final ordinary dividend for the year ended 30 June 2005 of 4.5 cents (2004 - not applicable) per fully paid share paid on 21 October 2005 (2004 - not applicable). Fully franked based on tax paid @ 30%	**2,817**	N/A

No guarantee can be given about the payment of dividends, the level of franking or imputation of such dividends for any period as these matters will depend on the future profits of Verticon Group Limited and its financial and taxation position at the time.

Verticon Group Limited
Directors' Report

Review of operations

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

The operating performance was 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 1 September 2005, Verticon acquired 100% of the issued share capital of Fire Up Cranes and Rigging Pty Ltd and Fire Up Hire Pty Ltd. The total consideration was $5.08m. Between 1 September 2005 and 30 June 2006, the new business resulted in $5.5m increased revenue and a net profit before tax of $1.02m.

On 1 December 2005, the assets and business of New Zealand-based Daniel Smith Industries Limited were acquired for a total cost of $41.53m. This resulted in increased revenue of $7.44m and net profit before tax of $2.68m for the period 1 December 2005 to 30 June 3006.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

	2006 $'000
(a) Acquisition of Fire Up Cranes and Rigging Pty Ltd and Fire Up Hire Pty Ltd	**5,082**
(b) Acquisition of Daniel Smith Industries Limited (NZ)	**41,534**
(c) Significant gains and expenses	
Gains:	
Gain on sale of freehold land	**556**
Expenses:	
Bad Debts	**829**

Matters subsequent to the end of the financial year

The Directors are not aware of any matter or circumstance that has occurred after 30 June 2006 that has significantly affected, or may significantly affect, the operations of Verticon Group Limited, the results of those operations or state of affairs of the Company in future financial years.

Environmental regulation

Verticon Group Limited's operations are confined within Australia and New Zealand.

The operations of Verticon Group Limited are covered by a range of environmental laws under Commonwealth, State or Territorial legislation.

The laws that affect the Company's operations and contracts have been covered by our customer's own risk analysis and their management systems. However, Verticon Group Limited's normal operations and work procedures utilise existing management systems and relevant permits, job safety analysis (completed for every hire arrangement) and close supervision to ensure that activities comply with all relevant environmental legislation.

Verticon Group Limited
Directors' Report

Information on Directors

Noel Henderson. Chairmain (Executive). Age 60.
Experience and expertise
Noel has worked in the construction sector throughout Australia, the United Kingdom, New Zealand and the United Arab Emirates for 36 years. He is a former Chairman of the construction division of Multiplex Group Limited.

Other current directorships of listed companies
None.

Former directorships of listed companies in last three years
Executive director of Multiplex Group Limited from 2003 to 2005.

Special responsibilities
Chairman of Board
Chairman of Occupational Health, Safety and Environmental Committee
Chairman of Nomination Committee

Interests in shares and options
558,424 ordinary shares in Verticon Group Limited.

David Wieland. Director (Non Executive). Age 61.
Experience and expertise
David has extensive experience in petrol retailing, property development and construction.

Other current directorships of listed companies
None.

Former directorships of listed companies in last three years
None.

Special responsibilities
Chairman of Remuneration Committee
Member of Occupational Health, Safety and Environmental Committee
Member of Audit and Risk Committee
Member of Nomination Committee

Interests in shares and options
16,238,333 ordinary shares in Verticon Group Limited.

David Goldberger. Director (Non Executive). Age 58.
Experience and expertise
David has extensive experience in petrol retailing, property development and construction.

Other current directorships of listed companies
None.

Former directorships of listed companies in last three years
None.

Special responsibilities
Member of Remuneration Committee
Member of Occupational Health, Safety and Environmental Committee
Member of Audit and Risk Committee
Member of Nomination Committee

Interests in shares and options
16,238,333 ordinary shares in Verticon Group Limited.

Sam Fink Bec, CPA. Director (Non Executive). Age 61.
Experience and expertise
Sam has been involved in commercial and retail property development.

Other current directorships of listed companies
None.

Former directorships of listed companies in last three years
None.

Special responsibilities
Chairman of Audit and Risk Committee
Member of Remuneration Committee

Interests in shares and options
96,000 ordinary shares in Verticon Group Limited.

Rob Lockett Bsc Director (Executive). Age 47.
Experience and expertise
Rob has worked extensively throughout South Africa, Australia, New Zealand and the United Kingdom in the building and construction industry. Before joining Verticon, Rob was a director of Multiplex.

Other current directorships of listed companies
None.

Former directorships of listed companies in last three years
None.

Special responsibilities
Member of Occupational Health, Safety and Environmental Committee

Interests in shares and options
None.

Denis Tomasel B.Eng, Dip Ed, IEA. Director (Executive). Age 55.
Experience and expertise
Denis was one of the principals of Seca Cranes acquired as part of the IPO. Denis has over 20 years experience in tower cranes.

Other current directorships of listed companies
None.

Former directorships of listed companies in last three years
None.

Special responsibilities
None.

Interests in shares and options
2,424,166 ordinary shares in Verticon Group Limited.

Company Secretary

The company secretary is Andrew Torrington B.Comm, MBA. Andrew was appointed Chief Financial Officer and Company Secretary on 9 January 2006. Before joining Verticon Group, Andrew was a director of Multiplex.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and each board committee held during the year ended 30 June 2006, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Audit		Meetings of committees Nomination		Remuneration		OH&S	
	A	B	A	B	A	B	A	B	A	B
N Henderson (appointed 17 March 2006)	5	5	*	*	*	*	*	*	*	*
M Butler (resigned 22 February 2006)	9	9	1	1	*	*	1	1	*	*
D Wieland	14	14	2	2	1	1	2	2	1	1
D Goldberger	11	14	2	2	1	1	2	2	1	1
M Kevin (resigned 26 April 2006)	11	11	*	*	1	1	*	*	1	1
D Tomasel	14	14	*	*	*	*	*	*	*	*
S Fink (appointed 26 April 2006)	2	3	*	*	*	*	1	1	*	*
R Lockett (appointed 7 June 2006)	1	1	*	*	*	*	*	*	*	*

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year
* = Not a member of the relevant committee

Verticon Group Limited
Directors' Report

Remuneration report

The remuneration report is set out under the following headings:
A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements

A. Principles used to determine the nature and amount of remuneration (audited)

The Remuneration Committee comprises a minimum of two Non Executive Directors and advises the Board on remuneration policies and practises generally, and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non Executive Directors.

Executive remuneration and their terms of employment will be reviewed annually by the committee having regard to performance against pre-agreed objectives, relevant comparative information and independent expert advice.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the various parts of the business.

Remuneration of Non Executive Directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

B. Details of remuneration (audited)

Amounts of remuneration
Details of the remuneration of the directors and other key management personnel are set out in the following tables.

The other key management personnel of the Verticon Group including the five highest paid executives are:

Andrew Torrington	Chief Financial Officer & Company Secretary
Daniel Smith	General Manager - New Zealand
Jason Redman	General Manager - New South Wales
Rod Samimi	General Manager - Queensland
Leon Key	General Manager - Victoria (from 01/07/2005 - 31/01/2006)
Peter Cooper	Chief Financial Officer & Company Secretary (from 01/07/2005 - 06/01/2006)

The key management personnel of Verticon Group Limited are as per above excluding Daniel Smith who is employed by the subsidiary Verticon New Zealand Limited. There are no other key management personnel or executives of the parent entity.

Verticon Group Limited
Directors' Report

B. Details of remuneration (audited) (continued)

Directors of Verticon Group

30 June 2006

Directors	Short term employee benefits		Post employment benefits	Share-based payments		
	Cash salary and fees $	Non monetary benefits $	Super-annuation $	Shares $	Options $	Total $
Noel Henderson (from 17/03/2006 - 30/06/2006)	70,394	125	3,906	-	-	74,425
David Wieland *	-	-	-	-	-	-
David Goldberger *	-	-	-	-	-	-
Sam Fink (from 26/04/2006 - 30/06/2006)	6,575	-	592	-	-	7,167
Michael Butler (from 01/07/2005 - 22/02/2006)	72,667	-	-	-	-	72,667
Rob Lockett ** (from 07/06/2006 - 30/06/2006)	118,760	-	1,012	-	-	119,772
Denis Tomasel	212,500	-	90,000	-	-	302,500
Mark Kevin (from 01/07/2005 - 26/04/2006)	309,612	27,336	27,000	-	-	363,948
Total	**790,508**	**27,461**	**122,510**	**-**	**-**	**940,479**

* David Wieland and David Goldberger have agreed to forgo any remuneration for the services they provide as Directors of Verticon Group Limited.

** Rob Lockett cash salary and fees includes a one-off sign on fee on joining Verticon Group Limited.

30 June 2005

Directors	Short term employee benefits		Post employment benefits	Share-based payments		
	Cash salary and fees $	Non monetary benefits $	Super-annuation $	Shares $	Options $	Total $
Michael Butler	67,822	-	-	-	-	67,822
Mark Kevin	184,068	17,855	16,477	1,000	19,535	238,935
Denis Tomasel	74,473	1,741	92,523	2,501,000	-	2,669,737
David Wieland	-	-	-	-	-	-
David Goldberger	-	-	-	-	-	-
Total	**326,363**	**19,596**	**109,000**	**2,502,000**	**19,535**	**2,976,494**

Verticon Group Limited
Directors' Report

B. Details of remuneration (audited) (continued)

30 June 2006

Key Management Personnel	Short term employee benefits: Cash salary and fees $	Short term employee benefits: Non monetary benefits $	Post employment benefits: Super-annuation $	Share-based payments: Shares $	Share-based payments: Options $	Total $
Andrew Torrington (from 09/01/2006 - 30/06/2006)	108,359	706	6,641	-	-	115,706
Daniel Smith (from 01/12/2005 - 30/06/2006)	112,814	-	-	-	-	112,814
Jason Redman (from 01/09/2005 - 30/06/2006)	158,333	-	14,250	-	-	172,583
Rodney Samimi	210,000	11,584	29,800	-	-	251,384
Leon Key (from 01/07/2005 - 31/01/2006)	105,489	-	-	-	-	105,489
Peter Cooper (from 01/07/2005 - 06/01/2006)	104,273	5,367	21,223	-	-	130,863
Total	**799,268**	**17,657**	**71,914**	**-**	**-**	**888,839**

30 June 2005

Key Management Personnel	Short term employee benefits: Cash salary and fees $	Short term employee benefits: Non monetary benefits $	Post employment benefits: Super-annuation $	Share-based payments: Shares $	Share-based payments: Options $	Total $
Charles Abela	115,276	-	11,829	1,000	-	128,105
Leon Key	25,000	-	-	-	-	25,000
Peter Cooper	65,810	7,198	34,874	1,000	-	108,882
Rodney Samimi	44,611	3,146	4,015	-	-	51,772
Stephen Gunn	26,048	1,716	89,508	2,501,000	-	2,618,272
Total	**276,745**	**12,060**	**140,226**	**2,503,000**	**-**	**2,932,031**

Verticon Group Limited
Directors' Report

C. Service agreements (audited)

Remuneration and other terms of employment for the Executive Chairman, Managing Director, Chief Financial Officer and the other key management personnel are formalised in service agreements. Each of these agreements provides for the provision of performance-related cash bonuses, other benefits including car allowances, and participation, when eligible, in the Verticon Group Limited Executive Incentive Plan.

Noel Henderson, Executive Chairman

» Term of agreement - three years commencing 17 March 2006.
» Base salary, inclusive of superannuation, for the year ended 30 June 2006 of $300,000 to be reviewed annually by the Remuneration Committee.
» Termination of contract is subject to three months notice by either party. No termination benefits are payable on expiry or early termination of contract.

Rob Lockett, Managing Director

» Term of agreement - five years commencing 7 June 2006.
» Base salary, inclusive of superannuation, for the year ended 30 June 2006 of $330,000 to be reviewed annually by the Remuneration Committee.
» Termination of contract is subject to six months notice by either party. No termination benefits are payable on expiry or early termination of contract.

Andrew Torrington, Chief Financial Officer & Company Secretary

» Term of agreement - five years commencing 9 January 2006.
» Base salary, inclusive of superannuation, for the year ended 30 June 2006 of $230,000 to be reviewed annually by the Remuneration Committee.
» Termination of contract is subject to four months notice by either party. No termination benefits are payable on expiry or early termination of contract.

Daniel Smith, General Manager - New Zealand

» Term of agreement - five years commencing 1 December 2005.
» Base salary for the year ended 30 June 2006 of $220,000 to be reviewed annually by the Remuneration Committee.
» Car allowance provided.
» Termination of contract is subject to four months notice by either party. No termination benefits are payable on expiry or early termination of contract.

Jason Redman, General Manager - New South Wales

» Term of agreement - five years commencing 1 September 2005.
» Base salary, inclusive of superannuation, for the year ended 30 June 2006 of $207,000 to be reviewed annually by the Remuneration Committee.
» Car allowance provided.
» Termination of contract is subject to six months notice by either party. No termination benefits are payable on expiry or early termination of contract.

Rod Samimi, General Manager - Queensland

» Term of agreement - five years commencing 18 April 2005.
» Base salary, inclusive of superannuation, for the year ended 30 June 2006 of $220,000 to be reviewed annually by the Remuneration Committee.
» Car allowance provided.
» Termination of contract is subject to six months notice by either party. No termination benefits are payable on expiry or early termination of contract.

Insurance of officers

During the financial period, the Company paid premiums in respect of indemnity insurance contracts, for all Directors of the Company named in the report, as well as other Officers of the Company.

Insurance policies insure persons who are Directors or Officers of the Company against certain liabilities incurred as such by a Director or Officer, while acting in that capacity, except where liability arises out of conduct involving lack of good faith. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance policies, since disclosure is prohibited under the terms of the insurance contracts.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the period are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- » All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- » none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity of the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Verticon Group Limited
Directors' Report

Non-audit services (continued)

During the year the following fees were paid or payable for services provided by the auditor of Verticon Group Limited and non-related audit firms:

	2006	2005
	$	$
Assurance services		
1. Audit services		
Fees paid to PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the *Corporations Act 2001* (Cwlth)	188,500	110,000
Total remuneration for audit services	**188,500**	**110,000**
2. Other assurance services		
Fees paid to PricewaterhouseCoopers Australian firm:		
Due diligence services	290,743	25,000
Investigating accountant service for IPO	-	727,686
AIFRS accounting services	4,000	8,194
Related practices of PricewaterhouseCoopers New Zealand firm:		
Other Services	37,560	-
Fees paid to non PricewaterhouseCoopers firms for other assurance services	-	83,393
Total remuneration for other assurance services	**332,303**	**844,273**
Total remuneration for assurance services	**520,803**	**954,273**
Taxation services		
Fees paid to PricewaterhouseCoopers Australian firm:		
Tax compliance services	39,995	7,800
Related practices of PricewaterhouseCoopers Australian firm:		
Tax Compliance Services	6,519	
Total remuneration for taxation services	**46,514**	**7,800**

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

Verticon Group Limited
Directors' Report

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors.

Noel Henderson
Chairman

Rob Lockett
Managing Director

Signed at Melbourne,

Dated this 24th day of August 2006.

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Verticon Group Limited for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Verticon Group Limited and the entities it controlled during the period.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
24 August 2006

Verticon Group Limited

Corporate Governance Statement

As a listed company with Australian Stock Exchange Limited (ASX), Verticon Group Limited must comply with the ASX Listing Rules, which were amended on 1 January, 2003 to enhance compliance by listed companies with corporate governance best practice.

These provisions require listed companies to report on their main corporate governance practices by reference to the essential corporate governance principles (Principles) and best practice recommendations (Recommendations) of the ASX Corporate Governance Council (the Council), and require a company to highlight those areas of departure from the Recommendations of the Council and explain that departure.

Principle 1 – Lay solid foundations for management and oversight

<u>Recommendation 1.1</u> - *Formalise and disclose the functions reserved to the Board and those delegated to management.*

The Board of Directors has been charged by members to oversee the affairs of the Company to ensure that they are conducted appropriately and in the interests of all members. The role of the Board includes:

- guiding and approving strategic direction and business planning;
- monitoring business performance against agreed benchmarks;
- ensuring the effectiveness of internal controls and business risk management;
- appointing and monitoring the performance of the Company's Executive Directors;
- ensuring the Company complies with its responsibilities under the Corporations Act, the ASX Listing Rules, the Company's Constitution and other relevant legislation; and
- establishing and maintaining an appropriate framework of corporate governance within which Board members and management must operate.

The Board has currently delegated to the Executive Chairman responsibility for the formulation of the Company's strategy and business planning. It has delegated to the Managing Director the management of the day-to-day operations and administration of the Company, consistent with the objectives and policies set down by the Board. The Managing Director is directly accountable to the Board for the performance of the management team.

Principle 2 – Structure the Board to add value

<u>Recommendation 2.1</u> - *A majority of the Board should be independent directors*

<u>Recommendation 2.2</u> - *The chairperson should be an independent director*

<u>Recommendation 2.3</u> - *The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual*

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report is included in the Directors' Report section at page 4-6 of the Annual Report.

The Board comprises six directors - three Executive directors (the Executive Chairman, the Managing Director and the Executive Director in Queensland) and three Non Executive directors. Two of the Non Executive directors are assessed as not being independent due to a significant shareholding in the Company.

The criteria for assessing whether a director is independent are:

- the director must be a Non Executive;
- not to be a substantial shareholder of the Company or otherwise associated directly with a substantial shareholder of the Company; and
- not to be a material supplier to the Company or otherwise directly with a substantial shareholder of the Company.

Despite the Company not currently complying with Recommendations 2.1, 2.2 and 2.3, the Board believes its level of broad management skills and experience, financial skills and deep understanding of the construction industry allow it to guide and direct the Company in an appropriate manner.

Recommendation 2.4 - The Board should establish a Nomination Committee

The Board has established a Nomination Committee, the Charter of which has been posted on the Company's website at www.verticon.com.au. The Nomination Committee comprises a minimum of two directors. The current members are Noel Henderson (Chairman), David Wieland and David Goldberger.

The Directors' terms of appointment are governed by the Constitution of the Company. A Director appointed to fill a casual vacancy, or as an addition to the Board, only holds office until the next general meeting of members and must then retire. After providing for the foregoing, one-third of the remaining Directors (excluding the Managing Director) must retire at each annual general meeting of members. The term of office held by each director in office at the date of this Annual Report is set out in the Directors Report.

All Directors of the Company have direct access to the management of the Company and, where necessary, to external advisers.

Each Director has the right to request independent professional advice at the expense of the Company, which request is not to be unreasonably withheld.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1 - Establish a code of conduct to guide the directors, the Managing Director, the Chief Executive Officer and any other key Executives as to:
3.1.1 the practices necessary to maintain confidence in the Company's integrity; and
3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Board has adopted a Code of Conduct, which is posted on the Company's website at www.verticon.com.au

Recommendation 3.2 - Disclose the policy concerning trading in Company securities by directors, officers and employees.

The Board has adopted a Securities Trading Policy, which is posted on the Company's website at www.verticon.com.au.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1 - Require the Managing Director and the Chief Financial Officer to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The Managing Director and the Chief Financial Officer have provided a statement to the Board dated 24 August 2006 that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Recommendation 4.2 - The Board should establish an Audit Committee

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non financial considerations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit and Risk Committee.

The Audit and Risk Committee also provide the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements.

Verticon Group Limited
Corporate Governance Statement (continued)

Recommendation 4.3 - Structure the Audit Committee so that it consists of;

- *only Non Executive directors*
- *a majority of independent directors*
- *an independent chairperson, who is not chairperson of the Board*
- *at least three members*

The Audit and Risk Committee comprises only Non Executive directors of which two members are not independent. The Chairman of the Audit and Risk Committee is not to also be the Chairman of the Board. The current members are Sam Fink (Chairman), David Wieland and David Goldberger.

The Board is satisfied that the Audit and Risk Committee has sufficient financial, public company, industry sector and business expertise to discharge its duties at this stage of the Company's development.

Recommendation 4.4 - The Audit Committee should have a formal charter

The Board has established an Audit and Risk Committee, the Charter of which has been posted on the Company's website at www.verticon.com.au.

The Company and Audit and Risk Committee policy is to appoint external auditors who demonstrate independence, quality and performance. The performance of the external auditor is reviewed on an annual basis.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 - Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance

The Board has adopted an ASX Disclosure Compliance Policy and Procedures document, which is posted on the Company's website at www.verticon.com.au.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1 - Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

The Company is committed to keeping shareholders fully informed of developments and information concerning the Company. Information is communicated to shareholders and the market generally through compliance with ASX Listing Rules and the Corporations Act 2001, by way of the Annual Report, the Half-Yearly Report, the Annual General Meeting and other meetings that may be called to obtain approval for Board recommendations. The Company also maintains a website at www.verticon.com.au - where all of the Company's ASX announcements and media releases can be viewed at any time.

Recommendation 6.2 - Request the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

This has been done and the external auditor will be attending the Annual General Meeting.

Verticon Group Limited

Corporate Governance Statement (continued)

Principle 7 – Recognise and manage risk

Recommendation 7.1 - *The Board or relevant Board Committee should establish policies on risk oversight and management.*

The Directors continually monitor areas of significant business risk, recognising that there are inherent risks associated with the industry and activities in which the Company operates.

Specifically, in relation to risk oversight the Board is conscious of its responsibilities to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment;
- identify business opportunities; and
- monitor the systems established to ensure proper and appropriate responses to shareholder complaints and enquiries.

The Board has delegated the responsibility for the establishment and maintenance of a framework for risk oversight and the management of risk for the Company to the Audit and Risk Committee, the Charter of which has been posted on the Company's website at www.verticon.com.au.

A risk framework and risk management program developed by the Company, following a comprehensive risk analysis of the Company in 2006, is monitored by the Audit and Risk Committee.

Recommendation 7.2 - *The Managing Director and the Chief Financial Officer should state to the Board in writing that:*
7.2.1 the statement given in accordance with best practice Recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies of the Board; and
7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Managing Director and the Chief Financial Officer have provided a statement to the Board dated 24 August 2006 that:

- the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies of the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 8 – Encourage enhanced performance

Recommendation 8.1 - *Disclose the process for performance evaluation of the Board, its Committees and individual Directors, and key Executives.*

The annual review of the performance of each Director and the Board as a whole was conducted in August 2006. The Nomination Committee will be reviewing appropriate processes in the next 12 months.

Principle 9 – Remunerate fairly and responsibly

Recommendation 9.1 - *Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key Executives and corporate performance.*

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current financial year is included in the Remuneration Report, which is contained within the Directors' Report at page 7-10.

Details of the Company's remuneration policy and the total remuneration, including monetary and non-monetary components, payable to each Director and specified Executive is included in the Directors' Report.

Recommendation 9.2 - The Board should establish a Remuneration Committee.

The Board has established a Remuneration Committee, the Charter of which has been posted on the Company's website at www.verticon.com.au. The Remuneration Committee comprises a minimum of two Non Executive directors. The current members are David Wieland (Chairman), David Goldberger and Sam Fink.

Recommendation 9.3 - Clearly distinguish the structure of Non Executive Director's remuneration from that of Executives.

The Constitution of the Company provides that the aggregate remuneration of all Directors, in their capacity as Directors, must not exceed such sum as the Company in general meeting may approve. This amount, currently set by shareholders at $400,000 per annum, is to be apportioned amongst them in such manner as the Directors agree and, in default of agreement, equally. Non Executive Directors who chair any of the Board committees do not receive additional remuneration for such duties.

The remuneration of Directors and five senior Executives of the Company are set out at page 8-9 of the Directors Report. The disclosure sets out the salary, fees, non-cash benefits, retirement benefits and equity related components of each of their respective remuneration packages.

There are no arrangements currently in place for payment of retirement benefits to Non Executive Directors, other than statutory superannuation contributions.

Principle 10 – Recognise the legitimate interests of stakeholders

Recommendation 10.1 - Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Board has adopted a Code of Conduct, which is posted on the Company's website at www.verticon.com.au.

Verticon Group Limited

Income statement

For the year ended 30 June 2006

		Consolidated		Parent entity	
		2006	2005	**2006**	2005
	Notes	**$'000**	$'000	**$'000**	$'000
Revenue from continuing operations	5	**49,963**	24,348	**37,214**	24,348
Other income	6	**477**	1	**477**	1
Employee benefits expense		**(23,236)**	(11,196)	**(20,088)**	(11,196)
Depreciation and amortisation expense	7	**(4,836)**	(1,638)	**(3,621)**	(1,638)
Bad and doubtful debts	10	**(829)**	(84)	**(829)**	(84)
Finance costs	7	**(3,404)**	(276)	**(1,813)**	(276)
Equipment hire and consumables used		**(3,222)**	(1,217)	**(2,001)**	(1,217)
Inventories expensed	11	**(1,862)**	(1,686)	**(1,744)**	(1,686)
Impairment of Goodwill	15	**(56)**	-	**(56)**	-
Subcontractors		**(3,426)**	(1,179)	**(3,031)**	(1,179)
Administration expenses		**(2,285)**	(417)	**(1,630)**	(417)
Rental expenses		**(590)**	(171)	**(533)**	(171)
Other expenses		**(3,952)**	(381)	**(3,300)**	(381)
Profit/(Loss) before income tax		**2,742**	6,104	**(955)**	6,104
Income tax expense	8	**(1,049)**	(1,809)	**306**	(1,809)
Profit/(Loss) attributable to members of Verticon Group Limited		**1,693**	4,295	**(649)**	4,295
		Cents	Cents		
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per share	35	**2.7**	8.6		
Diluted earnings per share	35	**2.7**	8.6		

The above income statements should be read in conjunction with the accompanying notes.

Verticon Group Limited

Balance sheet

As at 30 June 2006

		Consolidated		Parent entity	
		2006	2005	**2006**	2005
	Notes	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current Assets					
Cash and cash equivalents	9	**304**	715	**17**	715
Trade and other receivables	10	**13,732**	9,896	**10,235**	9,896
Current Tax Assets		**132**	-	**132**	-
Inventories	11	**281**	215	**281**	215
Total current assets		**14,449**	10,826	**10,665**	10,826
Non-current Assets					
Property, plant and equipment	12	**82,525**	48,551	**51,119**	48,551
Other financial assets	13	**-**	-	**14,881**	-
Deferred tax assets	14	**1,864**	1,044	**1,777**	1,044
Intangible assets	15	**15,591**	5,985	**5,962**	5,985
Total non-current assets		**99,980**	55,580	**73,739**	55,580
Total assets		**114,429**	66,406	**84,404**	66,406
LIABILITIES					
Current liabilities					
Trade and other payables	16	**13,421**	2,455	**4,059**	2,455
Current Tax Liabilities		**21**	811	**-**	811
Borrowings	17	**9,666**	2,692	**9,127**	2,692
Provisions	18	**957**	641	**842**	641
Total current liabilities		**24,065**	6,599	**14,029**	6,599
Non-current liabilities					
Borrowings	19	**37,589**	5,152	**18,838**	5,152
Deferred tax liabilities	20	**1,636**	637	**1,240**	637
Provisions	21	**-**	241	**-**	241
Total non-current liabilities		**39,225**	6,030	**20,078**	6,030
Total liabilities		**63,289**	12,629	**34,107**	12,629
Net assets		**51,139**	53,777	**50,297**	53,777
EQUITY					
Contributed equity	22	**49,463**	49,463	**49,463**	49,463
Reserves	23	**(1,500)**	19	**-**	19
Retained profits	23	**3,176**	4,295	**834**	4,295
Total equity		**51,139**	53,777	**50,297**	53,777

The above balance sheets should be read in conjunction with the accompanying notes.

Verticon Group Limited

Statements of changes in equity

For the year ended 30 June 2006

		Consolidated		Parent entity	
		2006	2005	**2006**	2005
	Notes	**$'000**	$'000	**$'000**	$'000
Total equity at the beginning of the financial year		**53,777**	-	**53,777**	-
Exchange differences on translation of foreign operations	23	**(1,500)**	-	**-**	-
Net income recognised directly in equity		**(1,500)**	-	**-**	-
Profit/(loss) for the year		**1,693**	4,295	**(649)**	4,295
Total recognised income and expense for the year		**193**	4,295	**(649)**	4,295
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	22	**-**	49,463	**-**	49,463
Employee share options	23	**(13)**	19	**(13)**	19
Dividends provided for or paid	24	**(2,817)**	-	**(2,817)**	-
		(2,830)	49,482	**(2,830)**	49,482
Total equity at the end of the financial year		**51,139**	53,777	**50,297**	53,777
Total recognised income and expense for the year is attributable to:					
Members of Verticon Group Limited		**193**	4,295	**(649)**	4,295
		193	4,295	**(649)**	4,295

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

Verticon Group Limited

Cash flow statement

For the year ended 30 June 2006

	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**52,217**	17,907	**40,553**	17,907
Payments to suppliers and employees (inclusive of goods and services tax)		**(43,341)**	(17,300)	**(35,201)**	(17,300)
		8,876	607	**5,352**	607
Interest received		**18**	53	**9**	53
Interest paid		**(2,758)**	(509)	**(1,781)**	(509)
Income taxes paid		**(1,875)**	-	**(1,206)**	-
Net cash inflow from operating activities	33	**4,261**	151	**2,374**	151
Cash flows from investing activities					
Payments for acquisition of businesses		-	(49,817)	-	(49,817)
Payment for subsidiary, net of cash acquired		**(4,627)**	-	**(15,113)**	-
Payments for other acquisition costs		-	(175)	-	(175)
Payments for property, plant and equipment		**(42,292)**	(3,291)	**(7,724)**	(3,291)
Proceeds from sale of property, plant and equipment		**2,251**	16	**2,251**	16
Net cash (outflow) from investing activities		**(44,668)**	(53,267)	**(20,586)**	(53,267)
Cash flows from financing activities					
Proceeds from issues of shares		-	50,000	-	50,000
Share issue costs		-	(3,670)	-	(3,670)
Proceeds from borrowings		**41,535**	4,997	**19,614**	4,997
Repayment of borrowings		**(398)**	(62)	**(441)**	(62)
Dividends paid to company's shareholders		**(2,817)**	-	**(2,817)**	-
Net cash inflow from financing activities		**38,320**	51,265	**16,356**	51,265
Net (decrease) in cash and cash equivalents		**(2,087)**	(1,851)	**(1,856)**	(1,851)
Cash and cash equivalents at the beginning of the year		**(1,851)**	-	**(1,851)**	-
Effects of exchange rate changes on cash and cash equivalents		**(76)**	-	**(56)**	-
Cash and cash equivalents at end of the year	9	**(4,014)**	(1,851)	**(3,763)**	(1,851)

The above cash flow statements should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Verticon Group Limited as an individual entity and the consolidated entity consisting of Verticon Group Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRSs
Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Verticon Group Limited comply with International Financial Reporting Standards (IFRSs).

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards
These financial statements are the first Verticon Group Limited financial statements to be prepared in accordance with AIFRSs. *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Verticon Group Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Verticon Group Limited 2006 financial statements, management has amended certain accounting and valuation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Group's equity and its net income are given in note 37.

Historical cost convention
These financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Verticon Group Limited as at 30 June 2006 and the results of all subsidiaries for the year then ended. Verticon Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

1. Summary of significant accounting policies (continued)

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Verticon Group Limited.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Verticon Group Limited's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

» assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
» income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
» all resulting exchange differences are recognised as a separate component of equity.

1. Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities, including crane and hoist rental, erection and dismantling of the cranes and hoists, rigging and labour hire when the service has been provided.

Revenue is recognised for equipment sales when delivery of the equipment has taken place.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement within 30-45 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(g) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1. Summary of significant accounting policies (continued)

(h) Business combinations

The purchase method of accounting is used to account for all acquisitions of assets, including business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 1 (p)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1. Summary of significant accounting policies (continued)

(k) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred (note 1(l)).

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

»	Cranes, hoists and parts	5 to 25 years
»	Other plant and equipment	4 to 10 years
»	Motor vehicles	5 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(l) Maintenance and repairs

The Group plant is required to be overhauled on a regular basis. This is managed as part of a continuous maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they extend the useful life of an asset, or where they relate to the replacement of a component of an asset which has been fully depreciated or is being written off, in which case the costs are capitalised and depreciated in accordance with note 1(k) above. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

(m) Employee benefits

(i) Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Employee benefit on-costs
Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

1. Summary of significant accounting policies (continued)

(m) Employee benefits (continued)

(iv) Equity-based compensation benefits
Equity-based compensation benefits are provided to employees via the Verticon Executive Option Plan and the Employee and Executive Share Plan.

Shares and options granted after 15 October 2004 and vested before 1 January 2005
No expense is recognised in respect of shares issued to employees for nil consideration. No options vested before 1 January 2005.

Shares and options granted after 15 October 2004 and vested after 1 January 2005
The fair value of options granted under the Verticon Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

(n) Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(o) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

1. Summary of significant accounting policies (continued)

(p) Intangible Assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation (note 4).

(ii) Sign-on fees
Sign-on fees have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the sign-on fees over their estimated useful life of 5 years.

(q) Investments and other financial assets

The Group determines the classification of its investments at initial recognition, depending on the purpose for which the investments were acquired and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date. At this reporting date, the Group only has financial assets classified as loans and receivables.

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in receivables in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to Verticon Group Limited prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(s) Non-current assets constructed by Verticon Group Limited

The cost of non-current assets constructed by the Company includes the cost of all materials used in construction and direct labour on the project.

1. Summary of significant accounting policies (continued)

(t) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1. Summary of significant accounting policies (continued)

(u) Income tax (continued)

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation
Verticon Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation from 1 September 2005, when Verticon Group Limited acquired its controlled entities.

The head entity, Verticon Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Verticon Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Verticon Group Limited is in the process of finalising a Tax Funding and Sharing Agreement.

Assets or liabilities arising under the agreement with the tax consolidated entities are recognised as debits or credits in the current general intercompany account. Details about the agreement are disclosed in note 8.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(w) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

1. Summary of significant accounting policies (continued)

(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(y) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(z) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(aa) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) UIG 4 Determining whether an Asset Contains a Lease
UIG 4 is applicable to annual periods beginning on or after 1 January 2006. The Group has not elected to adopt UIG 4 early. It will apply UIG 4 in its 2007 financial statements and the UIG 4 transition provisions. The Group will therefore apply UIG 4 on the basis of facts and circumstances that existed as of 1 July 2006. Implementation of UIG 4 is not expected to change the accounting for any of the Group's current arrangements.

(ii) AASB 2006-1 Amendments to Australian Accounting Standards [AASB 121]
AASB 2006-1 is applicable to annual reporting periods ending on or after 31 December 2006. The amendment relates to monetary items that form part of a reporting entity's net investment in a foreign operation. It removes the requirement that such monetary items had to be denominated either in the functional currency of the reporting entity or the foreign operation. This will have no impact on the Group's financial statements as such investment in foreign operations will continue to be denominated in the reporting currency.

2. Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the head office finance department under direction from the Board of Directors. The finance department identifies, evaluates and manages financial risks in close co-operation with the Group's operating units and subsidiaries.

(a) Market risk

(i) Foreign exchange risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the New Zealand dollar. The head office finance department closely monitors exposures to foreign currency and has assessed the foreign exchange risk exposure to the New Zealand dollar as low. Accordingly, the Group does not cover this risk by the use of external forward exchange contracts.

(ii) Price risk
The Group is not exposed to equity securities price risk or commodity price risk.

(iii) Fair value interest rate risk
Refer to (d) below.

(b) Credit risk

The Group has no concentrations of credit risk. The Group has policies in place to ensure sales are made to customers with an appropriate credit history.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Verticon aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the group to cash-flow interest rate risk. Borrowing issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to regularly review borrowing terms. Currently borrowings are at variable rates.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Directors do not believe there are any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Verticon Group Limited

Notes to the financial statements

30 June 2006

4. Segment information

Business segments

The consolidated entity is organised on a global basis and operates in one segment only, that being the hire of cranes and hoists.

Geographic segments

Although the consolidated entities are managed on a global basis, they operate in two main geographical areas:

Australia
The home country of the parent entity which is also the main operating entity.

New Zealand
Comprises operations carried out in New Zealand.

	Segment revenues from sales to external customers		Segment assets		Acquisition of property plant and equipment, intangible and other non current segment assets	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
Australia	**42,996**	24,349	**75,531**	66,406	**12,675**	56,268
New Zealand	**7,444**	-	**38,898**	-	**43,395**	-
	50,440	24,349	**114,429**	66,406	**56,070**	56,268

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

5. Revenue

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
From continuing operations				
Sales revenue				
Sales of services	**48,674**	21,659	**35,933**	21,659
Sales of goods	**1,271**	2,636	**1,272**	2,636
	49,945	24,295	**37,205**	24,295
Other Revenue				
Interest	**18**	53	**9**	53
	49,963	24,348	**37,214**	24,348

6. Other income

Net gain on disposal of property plant and equipment	**477**	1	**477**	1
	477	1	**477**	1

7. Expenses

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Profit before income tax includes the following specific expenses:				
Depreciation and amortisation				
Plant and Equipment	**4,379**	1,512	**3,164**	1,512
Leasehold improvements	**1**	-	**1**	-
Plant and Equipment under finance lease	**257**	18	**257**	18
Amortisation of sign on fees	**200**	108	**200**	108
	4,836	1,638	**3,621**	1,638
Finance costs				
Interest and finance charges paid/payable	**3,404**	276	**1,813**	276
Rental expense relating to operating leases				
Minimum lease payments	**590**	171	**533**	171
Defined contribution superannuation expenses	**1,882**	940	**1,741**	940

8. Income tax expense

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
(a) Income tax expense				
Current tax	**220**	1,335	**(826)**	1,335
Deferred tax	**841**	474	**532**	474
Under (over) provided in prior years	**(12)**	-	**(12)**	-
	1,049	1,809	**(306)**	1,809
Income tax expense is attributable to:				
Profit from continuing operations	**1,049**	1,809	**(306)**	1,809
Aggregate income tax expense	**1,049**	1,809	**(306)**	1,809
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 14)	**(130)**	(163)	**(43)**	(163)
(Decrease) increase in deferred tax liabilities (note 20)	**971**	637	**575**	637
	841	474	**532**	474
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	**2,742**	6,104	**(955)**	6,104
Tax at the Australian tax rate of 30% (2005 - 30%)	**823**	1,831	**(287)**	1,831
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Depreciation and amortisation	**25**	25	**17**	25
Share based payments	**(4)**	6	**(4)**	6
Sundry items	**138**	(54)	**(20)**	(54)
	159	(23)	**(7)**	(23)
Difference in overseas tax rates	**79**	-	**-**	-
Under (over) provision in prior year	**(12)**	-	**(12)**	-
Income tax expense	**1,049**	1,808	**(306)**	1,808

8. Income tax expense (continued)

Tax consolidation legislation

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

The head entity, Verticon Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Verticon Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Verticon Group Limited is in the process of finalising a Tax Funding and Sharing Agreement. Under the Agreement the wholly-owned entities fully compensate Verticon Group Limited for any current tax payable assumed and are compensated by Verticon Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Verticon Group Limited under tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial accounts.

Assets or liabilities arising under the agreement with the tax consolidated entities are recognised as debits or credits in the current general intercompany account.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

9. Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**304**	715	**17**	715
	304	715	**17**	715

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows as follows:

Balances as above	**304**	715	**17**	715
Bank overdrafts (note 17)	**(4,318)**	(2,566)	**(3,780)**	(2,566)
Balances per statements of cash flows	**(4,014)**	(1,851)	**(3,763)**	(1,851)

(b) Cash at bank and on hand

These are non-interest bearing.

10. Current assets - Trade and other Receivables

Trade receivables	**12,277**	8,440	**8,929**	8,440
Provision for doubtful receivables	**(64)**	(84)	**(64)**	(84)
	12,213	8,356	**8,865**	8,356
Other receivables	**681**	682	**638**	682
Accrued revenue	**430**	562	**430**	562
Prepayments	**408**	296	**302**	296
	13,732	9,896	**10,235**	9,896

(a) Bad and doubtful trade receivables

The group has recognised a loss of $829,000 (2005: $84,000) in respect of bad and doubtful trade receivables during the year ended 30 June 2006, as shown in the income statement.

(b) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

10. Current assets - Trade and other Receivables (continued)

(c) Deposits paid

These amounts generally arise from transactions where orders for equipment are made, and the supplier requires a deposit to be paid. Collateral is not normally obtained.

(d) Effective interest rate

All trade and other receivables are not subject to interest.

(e) Credit risk

There is no concentration of credit risk with respect to current receivables, as the Group has a large number of customers, internationally dispersed. Refer to note 2 for more information on the risk management policy of the Group.

11. Current assets - Inventories

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Raw materials and stores - at cost	**220**	160	**220**	160
Work in progress - at cost	**61**	55	**61**	55
	281	215	**281**	215

Inventory expense

Inventories recognised as expense during the year ended 30 June 2006 amounted to $1,862,000 (2005: $1,686,000).

Verticon Group Limited

Notes to the financial statements

30 June 2006

12. Non current assets - Property, plant and equipment

Consolidated	Work in progress $'000	Freehold land $'000	Leasehold improvements $'000	Plant and equipment $'000	Leased plant & equipment $'000	Total $'000
At 15 October 2004						
- Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net book amount	-	-	-	-	-	-
Period ended 30 June 2005						
Opening net book amount	-	-	-	-	-	-
Additions	66	-	-	2,331	1,457	3,854
Additions through acquisition of entities	5	1,217	-	45,098	-	46,320
Disposals	-	-	-	(93)	-	(93)
Depreciation expense	-	-	-	(1,512)	(18)	(1,530)
Carrying amount at 30 June 2005	71	1,217	-	45,824	1,439	48,551
At 30 June 2005						
- Cost	71	1,217	-	47,336	1,457	50,081
Accumulated depreciation	-	-	-	(1,512)	(18)	(1,530)
Net book amount	71	1,217	-	45,824	1,439	48,551
Year ended 30 June 2006						
Opening net book amount	71	1,217	-	45,824	1,439	48,551
Additions	593	-	35	5,334	3,986	9,948
Additions through acquisition of entities	-	-	-	34,785	-	34,785
Disposals	-	(1,217)	-	(168)	(389)	(1,774)
Exchange Differences	-	-	-	(4,348)	-	(4,348)
Transfer of completed assets to other PP&E	(542)	-	-	542	-	-
Depreciation expense	-	-	(1)	(4,379)	(257)	(4,636)
Carrying amount at 30 June 2006	122	-	34	77,590	4,779	82,525
At 30 June 2006						
- Cost	122	-	35	83,390	5,028	88,574
Accumulated depreciation	-	-	(1)	(5,800)	(248)	(6,049)
Net book amount	122	-	34	77,590	4,779	82,525

Verticon Group Limited
Notes to the financial statements
30 June 2006

12. Non current assets - Property, plant and equipment (continued)

Parent entity	Work in progress $'000	Freehold land $'000	Leasehold improvements $'000	Plant and equipment $'000	Leased plant & equipment $'000	Total $'000
At 15 October 2004						
- Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net book amount	-	-	-	-	-	-
Year ended 30 June 2005						
Opening net book amount	-	-	-	-	-	-
Additions	66	-	-	2,331	1,457	3,854
Additions through acquisition of entities	5	1,217	-	45,098	-	46,320
Disposals	-	-	-	(93)	-	(93)
Depreciation expense	-	-	-	(1,512)	(18)	(1,530)
Carrying amount at 30 June 2005	71	1,217	-	45,824	1,439	48,551
At 30 June 2005						
- Cost	71	1,217	-	47,336	1,457	50,081
Accumulated depreciation	-	-	-	(1,512)	(18)	(1,530)
Net book amount	71	1,217	-	45,824	1,439	48,551
Year ended 30 June 2006						
Opening net book amount	71	1,217	-	45,824	1,439	48,551
Additions	580	-	35	3,163	3,986	7,764
Additions through acquisition of entities	-	-	-			-
Disposals	-	(1,217)	-	(168)	(389)	(1,774)
Transfer of completed assets to other PP&E	(542)	-	-	542	-	-
Depreciation expense	-	-	(1)	(3,164)	(257)	(3,421)
Carrying amount at 30 June 2006	109	-	34	46,197	4,779	51,119
At 30 June 2006						
- Cost	109	-	35	50,845	5,028	56,016
Accumulated depreciation	-	-	(1)	(4,648)	(248)	(4,897)
Net book amount	109	-	34	46,197	4,779	51,119

Non-current assets pledged as security

Refer to note 19 for information on non-current assets pledged as security by the parent entity and its controlled entities.

Verticon Group Limited
Notes to the financial statements
30 June 2006

13. Non-current assets - Other financial assets

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Shares in Subsidiaries (Note 31)	-	-	**14,881**	-
	-	-	**14,881**	-

These financial assets are carried at cost in the Parent entity.

14. Non-current assets - Deferred tax assets

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Doubtful debts	**19**	-	**19**	-
Employee benefits	**365**	163	**329**	163
Other provisions/accruals	**82**	-	**31**	-
Tax Losses	**738**	-	**738**	-
	1,204	163	**1,117**	163
Amounts recognised directly in equity				
IPO Costs	**660**	881	**660**	881
Deferred tax assets	**1,864**	1,044	**1,777**	1,044
Movements:				
Opening balance at 1 July	**1,044**	-	**1,044**	-
Credited (charged) to the income statement (note 8)	**130**	163	**43**	163
Credited (charged) to equity	**(220)**	881	**(220)**	881
Movement in tax losses recognised	**738**	-	**738**	-
Under provision in prior year	**172**	-	**172**	-
Closing balance at 30 June	**1,864**	1,044	**1,777**	1,044

15. Non-current assets - Intangible assets

Consolidated	**Sign on Fee $'000**	**Goodwill $'000**	**Total $'000**
At 15 October 2004			
Cost	-	-	-
Accumulated amortisation and impairment	-	-	-
Net book amount	-	-	-
	-	-	-
Period ended 30 June 2005			
Opening net book amount	-	-	-
Additions	1,000	5,094	6,094
Amortisation charge	(109)	-	(109)
Closing net book amount	891	5,094	5,985
At 30 June 2005			
Cost	1,000	5,094	6,094
Accumulated amortisation and impairment	(109)	-	(109)
Net book amount	891	5,094	5,985
Year ended 30 June 2006			
Opening net book amount	891	5,094	5,985
Additions	-	11,215	11,215
Impairment charge	-	(56)	(56)
Exchange differences	-	(1,354)	(1,354)
Amortisation charge	(199)	-	(199)
Closing net book amount	692	14,899	15,591
At 30 June 2006			
Cost	1,000	14,955	15,955
Accumulated amortisation and impairment	(308)	(56)	(364)
Net book amount	692	14,899	15,591

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation.

A summary of goodwill allocation is presented below.

	2006 $'000	2005 $'000
Australia	**6,492**	5,094
New Zealand	**8,407**	-
	14,899	5,094

The recoverable amount of a CGU is determined based on fair value less costs to sell. These calculations are based on Management determined fair values, with reference to budgeted margins, past performance and its expectations for the future. Industry reports are consistent with management forecasts.

15. Non-current assets - Intangible assets (continued)

(b) Key assumptions used for fair value less costs to sell

Management have determined the fair value less costs to sell using past experience and knowledge of the industry, which are consistent with industry benchmarks. The key assumption in the determination of recoverable amount is the Groups market share in key locations.

(c) Impairment charge

The impairment charge of $56,000 (2005: nil) arose in the Australian CGU, following the consolidation of business activities of previous acquisitions.

(d) Sign on fees

Sign on fees relate to the payments made on initial acquisition of businesses to retain key staff in the Group for minimum specified periods.

16. Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Trade payables	**2,812**	496	**2,598**	496
Deferred consideration payable	**8,383**	-	**-**	-
Other payables	**2,226**	1,959	**1,461**	1,959
	13,421	2,455	**4,059**	2,455

17. Current liabilities - Borrowings

Secured				
Bank overdrafts	**4,318**	2,566	**3,780**	2,566
Bank bills	**4,800**	-	**4,800**	-
Lease liabilities (Note 28)	**547**	126	**547**	126
	9,666	2,692	**9,127**	2,692

(a) Interest rate risk exposure

Details of the Group's exposure to interest rate charges on interest bearing liabilities are set out in note 19.

(b) Fair value disclosures

Details of the fair value of borrowings are set out in note 19.

(c) Security

Details of the security relating to each of the secured liabilities and further information on the bank overdrafts and bank loans are set out in note 19.

18. Current liabilities - Provisions

Annual Leave	**923**	589	**808**	589
Long Service Leave	**34**	34	**34**	34
Redundancy	**-**	18	**-**	18
	957	641	**842**	641

19. Non-current liabilities - Borrowings

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Secured				
Bank bills	**33,483**	3,870	**14,732**	3,870
Lease liabilities (note 28)	**4,106**	1,282	**4,106**	1,282
Total secured non-current borrowings	**37,589**	5,152	**18,838**	5,152
Total non-current borrowings	**37,589**	5,152	**18,838**	5,152

(a) Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Bank overdrafts and bank bills	**42,602**	6,436	**23,312**	6,436
Lease liabilities	**4,653**	1,408	**4,653**	1,408
Total secured liabilities	**47,255**	7,844	**27,966**	7,844

(b) Assets pledged as security

The bank loans and overdraft of the Group are secured by a fixed and floating charge over the assets of the Group.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

19. Non-current liabilities - Borrowings (continued)

(c) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Credit standby arrangements				
Total facilities				
Bank overdrafts	**8,467**	6,000	**6,000**	6,000
Commercial bills	**53,318**	20,000	**27,000**	20,000
Equipment leasing	**9,000**	6,000	**9,000**	6,000
	70,785	32,000	**42,000**	32,000
Used at balance date				
Bank overdrafts	**4,319**	2,566	**3,780**	2,566
Commercial bills	**38,716**	4,000	**19,800**	4,000
Equipment leasing	**4,653**	1,408	**4,653**	1,408
	47,688	7,974	**28,233**	7,974
Unused at balance date				
Bank overdrafts	**4,148**	3,434	**2,220**	3,434
Commercial bills	**14,602**	16,000	**7,200**	16,000
Equipment leasing	**4,347**	4,592	**4,347**	4,592
	23,097	24,026	**13,767**	24,026

The bank overdraft facilities may be drawn at any time, is subject to annual review and repayable on demand from the bank. The unsecured bill acceptance facility may be drawn at any time and is subject to annual review.

The current interest rates are 7.35% on the bill facility, 8.77% on the overdraft and 7.85% on the equipment leasing (2005 - 6.87%, 8.70% and 7.50% respectively).

19. Non-current liabilities - Borrowings (continued)

(d) Interest rate risk exposures

The following table sets out the Group's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods.

Exposures rise predominately from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

		Fixed Interest Rate						
2006	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank overdraft (note 17)	4,318	-	-	-	-	-	-	4,318
Bills payable	-	38,716	-	-	-	-	-	38,716
Lease Liabilities (note 28)	-	547	531	562	1,233	1,781	-	4,654
	4,318	39,263	531	562	1,233	1,781	-	47,688
Weighted average interest rate	8.77%	8.40%	7.85%	7.85%	7.85%	7.85%		

		Fixed Interest Rate						
2005	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank overdraft (note 17)	2,566	-	-	-	-	-	-	2,566
Bills payable	-	4,000	-	-	-	-	-	4,000
Lease Liabilities (notes 28)	-	126	1,282	-	-	-	-	1,408
	2,566	4,126	1,282	-	-	-	-	7,974
Weighted average interest rate	7.59%	7.50%	7.50%					

19. Non-current liabilities - Borrowings (continued)

(e) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	2006 Carrying amount $'000	2006 Fair value $'000	2005 Carrying amount $'000	2005 Fair value $'000
On balance sheet				
Non traded financial liabilities				
Bank Overdrafts	**4,319**	**4,319**	2,566	2,566
Bills payable	**38,716**	**38,716**	4,000	4,000
Lease Liabilities	**4,653**	**4,653**	1,408	1,408
	47,688	**47,688**	7,974	7,974

None of the classes are readily traded on organised markets in standardised form.

Fair value is inclusive of costs which would be incurred on a settlement of a liability. The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

Verticon Group Limited
Notes to the financial statements
30 June 2006

20. Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Prepayments				
Identifiable intangibles	**208**	314	**208**	314
Depreciation	**1,428**	323	**1,032**	323
	1,636	637	**1,240**	637
Deferred tax liabilities	**1,636**	637	**1,240**	637
Movements				
Opening balance at 1 July	**637**	-	**637**	-
Charged/(credited) to the income statement (note 8)	**971**	637	**575**	637
Under provision in prior year	**28**	-	**28**	-
Closing balance at 30 June	**1,636**	637	**1,240**	637

21. Non-current liabilities - Provisions

Acquisition adjustments	**-**	241	**-**	241
	-	241	**-**	241
Movements				
Opening balance at 1 July	**241**	-	**241**	-
Amounts transferred to current other payables	**(241)**	241	**(241)**	241
Closing balance at 30 June	**-**	241	**-**	241

22. Contributed equity

	Parent entity		Parent entity	
	2006	2005	**2006**	2005
	Shares	Shares	**$'000**	$'000
(a) Share capital				
Ordinary shares				
Fully paid	**62,599,679**	62,599,679	**49,463**	49,463

22. Contributed equity (continued)

(b) Movements in ordinary share capital:

Details	Date Issued	Shares	Issue Price	$'000
Issue of fully paid ordinary shares during the reporting period				-
Econ acquisition consideration	14 Dec 2004	1,500,000	$1.20	1,800
As per Prospectus dated 17 November 2004	16 Dec 2004	41,666,667	$1.20	50,000
GFB Engineering acquisition consideration	06 May 2005	229,694	$1.01	232
Issued for no consideration:				
Exisiting shareholders	10 Nov 2004	14,583,333	-	-
Executive share plan	13 Dec 2004	4,166,666	-	-
Professional services in relation to the Prospectus	13 Dec 2004	416,667	-	-
Employee Share Plan	16 Dec 2004	36,652	-	-
				52,032
Less: Transaction costs arising from share issues				(3,670)
Add: Tax effect of deductible IPO Costs				1,101
Balance	**30 Jun 2005**	**62,599,679**		**49,463**
Balance	**30 Jun 2006**	**62,599,679**		**49,463**

(i) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(ii) Employee Share Plan

Information relating to the employee share plan, including details of shares issued under the plan as employee gift shares, is set out in note 25.

(iii) Director/Executive Option Plan

Information relating to the Director/Executive Option Plan, including details of options issued, exercised and lapsed during the financial period and options outstanding at the end of the financial period are set out in note 25.

(iv) Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid cash. At the date of this report, the Dividend Reinvestment Plan had not been activated.

(v) Directors and specified Executives

Disclosures relating to directors and specified executives are set out in note 25.

23. Reserves and retained profits

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
(a) Reserves				
Share-based payments reserve	**-**	19	**-**	19
Foreign currency translation reserve	**(1,500)**	-	**-**	-
	(1,500)	19	**-**	19
Movements:				
Share-based payments reserve				
Balance 1 July	**19**	-	**19**	-
Option Expense (Credit)	**(13)**	19	**(13)**	19
Transfer to Retained Earnings	**(6)**	-	**(6)**	-
Balance 30 June	**-**	19	**-**	19
Foreign currency translation reserve				
Balance 1 July	**-**	-	**-**	-
Currency translation differences arising during the year	**(1,500)**	-	**-**	-
Balance 30 June	**(1,500)**	-	**-**	-

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated 2006	Consolidated 2005	Parent entity 2006	Parent entity 2005
Balance 1 July	**4,295**	-	**4,295**	-
Net profit/(loss) for the year	**1,693**	4,295	**(649)**	4,295
Dividends	**(2,817)**	-	**(2,817)**	-
Transfer from Share-based payments reserve	**6**	-	**6**	-
Balance 30 June	**3,176**	4,295	**834**	4,295

(c) Nature and purpose of reserves

(i) Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options issued but not exercised. There are no options on issue at 30 June 2006.

(ii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

24. Dividends

(a) Ordinary shares

	Parent entity 2006 $'000	Parent entity 2005 $'000
Final dividend for the year ended 30 June 2005 of 4.5 cents (2004 - not applicable) per fully paid share paid on 21 October 2005 (2004 - not applicable)		-
Fully franked based on tax paid @ 30% - 4.5 cents per share	2,817	N/A

(b) Franked dividends

	Parent entity 2006 $'000	Parent entity 2005 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	356	-

The above amounts represent the balance of the available franking credits as at the end of the financial year.

Verticon Group Limited
Notes to the financial statements
30 June 2006

25. Key management personnel disclosures

(a) Directors

The following persons were directors of Verticon Group Limited during the financial year:

(i) Chairman - executive
Noel Henderson (from 17 March 2006)

(ii) Chairman - non-executive
Michael Butler (from 1 July 2005 - 21 February 2006)

(iii) Executive directors
Rob Lockett, Managing Director (from 7 June 2006)
Mark Kevin, Managing Director (from 1 July 2005 - 26 April 2006)
Denis Tomasel, Director

(iv) Non-executive directors
David Wieland
David Goldberger
Sam Fink (from 26 April 2006)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling activities of the group, directly or indirectly during the financial year:

Name	*Position*	*Employer*
A Torrington	Chief Financial Officer & Company Secretary (from 9 January 2006)	Verticon Group Limited
P Cooper	Chief Financial Officer & Company Secretary (from 1 July 2005 to 6 January 2006)	Verticon Group Limited
R Samimi	General Manager - Queensland	Verticon Group Limited
J Redman	General Manager - New South Wales (from 1 September 2005)	Verticon Group Limited
D Smith	General Manager - New Zealand (from 1 December 2005)	Verticon New Zealand Limited
L Key	General Manager - Victoria (from 1 July 2005 to 31 January 2006)	Verticon Group Limited

(c) Key management personnel compensation

Details of the nature and amount of each element of the emoluments of each Director and other key management personnel of Verticon Group Limited are set out in the following tables:

	Consolidated		Parent	
	2006	2005	**2006**	2005
	$	$	**$**	$
Short term employee benefits	**1,634,894**	634,764	**1,522,080**	634,764
Post-employment benefits	**194,423**	249,226	**194,423**	249,226
Share-based payments	**-**	5,024,535	**-**	5,024,535
	1,829,317	5,908,525	**1,716,503**	5,908,525

The company has taken advantage of the relief provided by ASIC Class Order 06/50 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-C of the remuneration report on pages 7-10.

25. Key management personnel disclosures (continued)

(e) Share based compensation

(i) Grant of options
Options may be granted under the Director/Executive Option Plan which was approved by the Company in a general meeting. Under this Plan, the Board may offer Directors and other key personnel of the company options which may be exercised for new shares. The Board has the discretion to set the issue price, exercise price and other conditions applying to the options.

Options granted under the plan carry no dividend or voting rights.

There are no options on issue as at the reporting date.

(ii) Executive Share Plan
No shares were issued under the Executive Share Plan, during the year.

(iii) Employee Share Plan
No shares were issued under the Employee Share Plan, during the year.

(f) Equity instrument disclosures relating to Directors and other key management personnel

(i) Options provided as remuneration
Details of options over ordinary shares in the company provided as remuneration to each director is set out below. The other key personnel of the company were were not provided with options as remuneration.

2006 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes	Balance at the end of the year	Vested and Exercisable at the end of the year
Directors of Verticon Group Limited						
Mark Kevin	400,000	-	-	(400,000)	-	-

2005 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes	Balance at the end of the year	Vested and Exercisable at the end of the year
Directors of Verticon Group Limited						
Mark Kevin	-	400,000	-	-	400,000	-

Verticon Group Limited

Notes to the financial statements

30 June 2006

25. Key management personnel disclosures (continued)

(e) Share based compensation (continued)

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Verticon Group Limited and other key management personnel of the Group, including their personally related entities, are set out below. There were no shares granted during the reporting period as compensation.

2006 Name	Balance at the start of the year	Changes during the year	Balance at the end of the year
Directors of Verticon Group Limited			
Ordinary shares			
Noel Henderson	-	558,424	558,424
David Wieland	14,618,333	1,620,000	16,238,333
David Goldberger	14,618,333	1,620,000	16,238,333
Sam Fink	8,000	88,000	96,000
Rob Lockett	-	-	-
Denis Tomasel	2,487,166	(63,000)	2,424,166
Michael Butler	120,000	(120,000)	-
Mark Kevin	34,166	(34,166)	-
Other Key Management Personnel of the Company			
Ordinary shares			
Andrew Torrington	-	100,000	100,000
Daniel Smith	-	2,437,189	2,437,189
Rodney Samimi	-	-	-
Jason Redman	-	-	-
Stephen Gunn	2,534,166	2,534,166	5,068,332

2005 Name	Balance at the start of the year	Changes during the year	Balance at the end of the year
Directors of Verticon Group Limited			
Ordinary shares			
David Wieland	1	14,618,333	14,618,334
David Goldberger	1	14,618,333	14,618,334
Denis Tomasel	-	2,487,166	2,487,166
Michael Butler	-	120,000	120,000
Mark Kevin	-	34,166	34,166
Other Key Management Personnel of the Company			
Ordinary shares			
Peter Cooper	-	40,833	40,833
Rodney Samimi	-	-	-
Stephen Gunn	-	2,534,166	2,534,166
Charles Abela	-	1,500,833	1,500,833
Leon Key	-	10,309	10,309

25. Key management personnel disclosures (continued)

(h) Other transactions with directors and other key management personnel

(i) Directors of Verticon Group Limited
Directors, David Wieland and David Goldberger, are also directors of Peninsula Construction Group Ltd, which was provided with crane hire services during the year, and also provided Verticon minor property services during the year. These services were based on normal commercial terms.

A Director, Denis Tomasel, was a part owner of Seca Cranes. Deferred consideration totalling $224,000 is payable to the owners of Seca Cranes.

(ii) Other key management personnel of the Group
Daniel Smith, was a part owner of Daniel Smith Industries. Refer to note 30 for details of the consideration paid or payable for the assets of Daniel Smith Industries.

Daniel Smith, is a Director of Daniel Smith Industries Limited. Verticon provided crane hire services to Daniel Smith Industries Limited on normal commercial hire terms during the year. Daniel Smith Industries Limited provided labour and transport services to the group during the year.

Jason Redman, was a part owner of Fire Up Hire Pty Ltd and Fire up Cranes and Rigging Pty Ltd. Refer to note 30 for details of the consideration paid for the businesses of Fire Up.

Aggregate amounts of each types of other transactions with key management personnel of Verticon Group Limited:

	2006 $'000	2005 $'000
Amounts recognised as revenue		
Crane Hire	**641**	-
Amounts recognised as expense		
Labour Hire	**26**	-
Transport	**113**	-
Property Services	**3**	14
	142	14

Aggregate amounts of assets at balance date relating to the above types of other transactions with key management personnel of the Group:

Assets		
Current Receivables	**302**	-

Aggregate amounts payable to key management personnel of the Group at balance date relating to the above types of other transactions:

Liabilities		
Current Payables	**8,610**	1
Non current provisions	**-**	224
	8,610	225

Verticon Group Limited
Notes to the financial statements
30 June 2006

26. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
(a) Assurance Services				
Audit Services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports and other audit work under the Corporations Act 2001	**188,500**	110,000	**120,000**	110,000
Total remuneration for audit services	**188,500**	110,000	**120,000**	110,000
Other Assurance Services				
PricewaterhouseCoopers Australian firm				
Due diligence services	**290,743**	25,000	**290,743**	25,000
Investigating accountant services for IPO	-	727,686	-	727,686
AIFRS accounting services	**4,000**	8,194	**4,000**	8,194
Related practices of PricewaterhouseCoopers Australian firm:				
Other Services	**37,560**	-	-	-
Non-PricewaterhouseCoopers firms for other assurance services	-	83,393	-	83,393
Total remuneration for other assurance services	**332,303**	844,273	**294,743**	844,273
Total remuneration for assurance services	**520,803**	954,273	**414,743**	954,273
(b) Taxation Services				
PricewaterhouseCoopers Australian firm				
Tax Compliance Services	**39,995**	7,800	**39,995**	7,800
Related practices of PricewaterhouseCoopers Australian firm:				
Tax Compliance Services	**6,519**	-	-	-
Total remuneration for taxation services	**46,514**	7,800	**39,995**	7,800

27. Contingencies

Verticon Group Limited had no contingent assets or contingent liabilities outstanding at 30 June 2006.

28. Commitments

(a) Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Property, plant and equipment payable:				
Within one year	**617**	2,191	**159**	2,191
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	617	2,191	**159**	2,191

(b) Lease Commitments

(i) Operating leases
The group leases various offices and yards under non-cancellable operating leases expiring within 1 to 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**466**	377	**383**	377
Later than one year but not later than five years	**451**	526	**339**	526
Later than five years	-	2	-	2
	917	905	**722**	905

28. Commitments (continued)

(ii) Finance Leases

The group leases various plant and equipment with a carrying amount of $4,782,000 (2005 - $1,439,000) under finance leases expiring within 3 to 5 years. At expiry under the terms of the leases, the Group acquires the leased asset at the residual value at that date.

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Commitments in relation to finance leases are payable as follows:				
Within one year	**888**	232	**888**	232
Later than one year but not later than five years	**5,477**	1,581	**5,477**	1,581
Later than five years	**-**	-	**-**	-
Minimum lease payments	**6,365**	1,813	**6,365**	1,813
Future finance charges	**(1,712)**	(405)	**(1,712)**	(405)
Recognised as a liability	**4,653**	1,408	**4,653**	1,408
Representing lease liabilities:				
Current (note 17)	**547**	126	**547**	126
Non-current (note 19)	**4,106**	1,282	**4,106**	1,282
	4,653	1,408	**4,653**	1,408

The weighted average interest rate implicit in the leases is 7.85% (2005 - 7.50%).

29. Related Party Transactions

(a) Parent entity

The ultimate parent entity within the Group is Verticon Group Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 31.

(c) Directors and other key management personnel

Disclosures relating to directors and other key management personnel are set out in note 25.

(d) Transactions with related parties

The following transactions occurred with subsidiaries.

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Sales of goods and services				
Crane and Labour Hire Income	-	-	**314**	-
Purchases of goods				
Crane Hire expenses	-	-	**114**	-
Labour Hire	-	-	**212**	-
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	-	-	**178**	-

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivables				
Subsidiaries	-	-	**126**	-

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

30. Business Combination

(a) Acquisition of Fire Up Cranes and Rigging

On 1 September 2005 the parent entity acquired 100% of the issued share capital of Fire Up Cranes and Rigging Pty Ltd and Fire Up Hire Pty Ltd.

The acquired business contributed revenues of $5,554,000 and net profit before tax of $1,015,000 to the Group for the period from 1 September 2005 to 30 June 2006.

At the date of acquisition, the acquired entities were involved in the business of crane and hoist hire and crane operation and rigging services.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	4,850
Direct costs relating to the acquisition	232
Total purchase consideration	5,082
Fair value of net identifiable assets acquired	3,628
Goodwill	1,454

The goodwill is attributable to the synergies expected to arise after the Company's acquisition of the new subsidiary, penetration of the New South Wales market, customer awareness and the workforce. The fair value of assets and liabilities acquired are based on independent valuations. No acquisition provisions were created.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $'000	Fair Value $'000
Cash	455	455
Trade receivables	745	745
Prepayments	47	47
Plant and equipment	1,668	3,069
Employee benefit obligations	(56)	(56)
Trade payables	(517)	(517)
Income tax payable	(115)	(115)
Net assets	2,227	3,628
Net identifiable assets acquired		3,628

30. Business Combination (continued)

(b) Acquisition of the assets and business of Daniel Smith Industries Limited (NZ)

On 1 December 2005 the parent entity acquired the assets and business of Daniel Smith Industries Limited, a company domiciled in New Zealand.

The acquired business contributed revenues of $7,444,000 and net profit before tax of $2,683,000 to the Group for the period from 1 December 2005 to 30 June 2006.

At the date of acquisition, the acquired business was involved in the business of crane and hoist hire and crane operation and rigging services.

Details of the fair value of the assets acquired on 1 December 2005 and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	**32,002**
Deferred Consideration	**9,222**
Direct costs relating to the acquisition	**310**
Total purchase consideration	**41,534**
Fair value of net identifiable assets acquired (plant and equipment)	**31,716**
Cash	**57**
Goodwill	**9,762**

The goodwill is attributable to the penetration of the New Zealand market, the expertise of Daniel Smith in the wind farm industry, the name of Daniel Smith in Australia and New Zealand, synergies expected to arise after the company's acquisition of the new business, customer awareness and the workforce. The fair value of assets and liabilities acquired are based on independent valuations. No acquisition provisions were created.

The deferred consideration is payable 12 months after the initial acquisition, based on a pre-determined multiple of earnings over the initial 12 months following acquisition. Directors have estimated this liability based on the current forecast level of earnings over that period, discounted to Net Present Value.

If these two acquisitions had occurred on 1 July 2005, consolidated revenue and consolidated profit for the year ended 30 June 2006 would have been $56,390,000 and $3,120,000 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2005, together with the consequential tax effects.

	2006	2005
	$'000	$'000
(c) Outflow of cash to acquire businesses, net of cash acquired		
Cash consideration	**37,394**	42,366
Less: Balances acquired		
Cash	**(512)**	-
Outflow of cash	**36,882**	42,366

31. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(d):

Name of entity	Country of incorporation	Class of shares	Equity holding 2006 %	Equity holding 2005 %
Fire Up Cranes & Rigging Pty Ltd	Australia	Ordinary	**100**	-
Fire Up Hire Pty Ltd	Australia	Ordinary	**100**	-
Verticon Neon Street Pty Ltd	Australia	Ordinary	**100**	-
Verticon New Zealand Limited	New Zealand	Ordinary	**100**	-

32. Events occurring after the balance sheet date

Since the end of the reporting period, no reportable events have occurred.

33. Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Profit/(Loss) from ordinary activities after related income tax	**1,693**	4,296	**(649)**	4,296
Depreciation and amortisation	**4,836**	1,638	**3,621**	1,638
Non-cash finance costs - amortised	**121**	21	**97**	21
Accrued interest on deferred earn out liability	**473**			
Net Gain (loss) on sale of non-current assets	**(477)**		**(477)**	
Impariment of Goodwill	**56**		**56**	
Doubtful debts	**-**	84	**-**	84
Non-cash employee benefits expense - share based payments	**(13)**	19	**(13)**	19
Net exchange differences	**(150)**	4	**55**	4
Change in net assets and liabilities, net of effects from acquisitions:				
(Increase)/decrease in assets:				
Trade debtors	**(3,333)**	(8,327)	**(591)**	(8,327)
Inventories	**(60)**	(93)	**(60)**	(93)
Deposits paid	**(1)**	(265)	**(1)**	(265)
Prepayments	**(69)**	(296)	**(6)**	(296)
Accrued Revenue	**132**	(562)	**132**	(562)
Other receivables	**133**		**116**	
Deferred tax assets	**(824)**	250	**(733)**	250
Current tax assets	**(132)**	39	**(132)**	39
Increase/(decrease) in liabilities:				
Trade creditors	**1,462**	496	**1,758**	496
Employee provisions	**262**	(614)	**201**	(614)
Current tax liabilities	**(902)**	1,241	**(809)**	1,241
Deferred tax liabilities	**1,026**	352	**603**	352
Other operating liabilities	**28**	1,868	**(794)**	1,868
Net cash inflow from operating activities	**4,261**	151	**2,374**	151

34. Non-cash financing and investing activities

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Acquisition of plant and equipment by means of finance leases	**3,986**	1,457	**3,986**	1,457

35. Earnings per share

	Consolidated 2006 Cents	Consolidated 2005 Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the company	**2.7**	8.6
(b) Dilluted earnings per share		
Profit attributable to the ordinary equity holders of the company	**2.7**	8.6
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**1,693**	4,295
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**1,693**	4,295

(d) Weighted average number of shares used as the denominator

	Consolidated 2006 Number	Consolidated 2005 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**62,599,679**	49,773,255
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**62,599,679**	49,773,255

At 30 June 2006, no options were on issue.

The basic earnings per share calculation has been made in accordance with AASB 133.

36. Share-based payments

(a) Employee Share Plan

The Board may offer shares to any full-time or part-time employee of the Verticon Group Limited at its discretion. Shares issued under the Plan will be fully paid, ranked equally with other shares from the date of issue, and will have the same entitlements as other shares. However, under the terms upon which Shares are issued, certain dealing restrictions will apply.

Employees who acquire shares issued as "tax paid" will not be permitted to deal in the shares for 3 years and a holding lock will be imposed by the Registry. This restriction will be lifted if the employee ceases to be employed by a Verticon Group Limited.

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	Number	Number	**Number**	Number
No shares were issued under the plan to eligible employees during the period	-	36,652	-	36,652

(b) Executive Share Plan

Information relating to the executive share plan, including details of shares issued under this plan, is set out in note 25.

(c) Director/Executive Option Plan

Information relating to the Director/Executive Option Plan, including details of options issued, exercised and lapsed during the financial period and options outstanding at the end of the financial period are set out in note 25.

(d) Dividend Reinvestment Plan

The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid cash. At the date of this report, the Dividend Reinvestment Plan had not been activated.

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Shares issued under employee share plan	-	-	-	-
Shares issued under executive share plan	-	-	-	-
Options issued under director/executive option plan	**(13)**	19	**(13)**	19
Shares issued under dividend reinvestment plan	-	-	-	-
	(13)	19	**(13)**	19

37. Explanation of transition to Australian equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 15 October 2004

Verticon Group Limited was incorporated on 15 October 2004. The Group's first full-year financial report was for the period ended 30 June 2005.

For the period ended 30 June 2005 Verticon Group Limited did not have any subsidiaries, therefore this AIFRS note reflects both the consolidated entity and the parent entity.

(b) At the end of the last reporting period under previous AGAAP: 30 June 2005

	Notes	Previous AGAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
ASSETS				
Current Assets				
Cash and cash equivalents		715	-	715
Receivables		9,068	-	9,068
Inventories		215	-	215
Other		828	-	828
Total current assets		10,826	-	10,826
Non-current assets				
Property, plant & equipment		48,551	-	48,551
Intangible assets	4(b), 4(c)	6,062	(77)	5,985
Deferred tax assets	4(e)	193	851	1,044
Total non-current assets		54,806	774	55,580
Total assets		65,632	774	66,406
LIABILITIES				
Current liabilities				
Payables		2,455	-	2,455
Interest bearing liabilities		2,692	-	2,692
Provisions		641	-	641
Other		811	-	811
Total current liabilities		6,599	-	6,599
Non-current liabilities				
Interest bearing liabilities		5,282	(130)	5,152
Deferred tax liabilities	4(e)	662	(25)	637
Provisions		241	-	241
Total non-current liabilities		6,185	(155)	6,030
Total liabilities		12,784	(155)	12,629
Net assets		52,848	929	53,777

37. Explanation of transition to Australian equivalents to IFRSs (continued)

		Previous AGAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
EQUITY				
Contributed equity		48,362	1,101	49,463
Reserves	4(a)	-	19	19
Retained earnings	4(e)	4,486	(191)	4,295
Total equity		52,848	929	53,777

(2) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRSs (AIFRS)

Reconciliation of profit for the period ended 30 June 2005

	Notes	Previous AGAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
Revenue	4(d)	24,441	(93)	24,348
Other income	4(d)	-	1	1
Cost of goods sold		(1,281)	-	(1,281)
Subcontractors		(1,179)	-	(1,179)
Depreciation and amortisation expense	4(b), 4(c)	(1,712)	74	(1,638)
Finance costs	4(c)	(256)	(21)	(277)
Employee benefits expense	4(a)	(11,177)	(19)	(11,196)
Equipment hire and consumables used		(1,217)	-	(1,217)
Other expenses	4(d)	(1,549)	92	(1,457)
Profit before income tax		6,070	34	6,104
Income tax expense		(1,584)	(225)	(1,809)
Profit from continuing operations		4,486	(191)	4,295
Profit from discontinued operations		-		-
Profit for the period		4,486	(191)	4,295
Profit attributable to minority interest		-	-	-
Profit attributable to members of Verticon Group Limited		4,486	(191)	4,295

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

37. Explanation of transition to Australian equivalents to IFRSs (continued)

(4) Notes to the reconciliations

(a) Share Based Payments

Under AASB 2 Share based Payment from 1 July 2004 the Group is required to recognise an expense for those options that were issued to employees under the Verticon Option Plan after 7 November 2002 but that had not vested by 1 January 2005. The effect of this is:

(i) At 30 June 2005

For the Group there has been a decrease in retained earnings of $19,000 and a corresponding increase in reserves.

(ii) For the year ended 30 June 2005
For the Group there has been an increase in employee benefits expense of $19,000.

(b) Business Combinations

The Group has made a number of business acquisitions since inception. The effect of applying AASB 3 Business Combinations to the business combinations is goodwill ceases to be amortised, and is instead tested annually for impairment. The effect of this is:

(i) At 30 June 2005
For the Group there has been an increase in retained earnings of $162,000 and a corresponding increase in intangible assets relating to previously amortised goodwil.

For the Group there has been an decrease in retained earnings of $109,000 and a corresponding increase in intangible assets relating to amortisation of the sign on fee.

(ii) For the year ended 30 June 2005
For the Group there has been a decrease in depreciation and amortisation expense of $53,000.

(c) Deferred finance costs

Under previous AGAAP, deferred financing costs were classified as a non-current asset and amortised over the term of the loan. Under AIFRS the deferred financing costs are classified as a reduction in borrowings and recognised as a finance cost over the term of the loan, using the effective interest rate.

(i) At 30 June 2005
For the Group there has been an decrease in intangible assets of $130,000 and a corresponding decrease in interest bearing liabilities.

(ii) For the year ended 30 June 2005
For the Group there has been a decrease in depreciation and amortisation expense of $21,000 and a corresponding increase in finance costs of $21,000. There is no effect on the profit for the year.

37. Explanation of transition to Australian equivalents to IFRSs (continued)

(d) Proceeds on sale of non-current assets

Under previous AGAAP, proceeds from sale of non-current assets were included in revenue and the book value of assets sold was included in other expenses. Under AIFRS, net gains on the sale of assets are presented in other income and net losses in other expenses. The effect of this is:

(i) At 30 June 2005
There is no effect on the Group.

(ii) For the year ended 30 June 2005
For the Group there has been a decrease in other income by $92,000 and a corresponding decrease in other expenses. There is no effect on the profit for the year.

(e) Deferred tax asset and deferred tax liability

Under previous AGAAP income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred tax was not recognised in relation to amounts recognised directly in equity. The adoption of AIFRS has resulted in a change in accounting policy. The application of AASB 112 *Income Taxes* has resulted in the recognition of deferred tax assets on the share issue costs incurred by the Group.

(i) At 30 June 2005
The effects on the deferred tax asset on the adoption of AIFRS are as follows (tax rate 30%):

	30 June 2005 $'000
Application of AASB 112 to adjustments arising from adoption of other AASBs	
Share issue costs	1,101
Share issue costs deducted in the year	(221)
Employee benefits	(29)
Increase in deferred tax asset	851

The effects on the deferred tax liability on the adoption of AIFRS are as follows (tax rate 30%):

	30 June 2005 $'000
Application of AASB 112 to adjustments arising from adoption of other AASBs	
Identifiable intangibles - sign on fees	(25)
Decrease in deferred tax liability	(25)

37. Explanation of transition to Australian equivalents to IFRSs (continued)

(f) Retained earnings

The effect on retained earnings of the changes set out above are as follows:

	Notes	30 June 2005 $'000
Share Based Payments	4(a)	(19)
Business Combinations	4(b)	53
Share issue costs	4(e)	(221)
Employee benefits	4(e)	(29)
Identifiable intangibles - sign on fees	4(e)	25
Total Adjustment		(191)

(g) Contributed equity

The effect on contributed equity of the changes set out above are as follows:

	Notes	30 June 2005 $'000
Share issue costs	4(e)	(1,101)
Total Adjustment		(1,101)

Verticon Group Limited
Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001;* including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that Verticon Group Limited will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 7 to 10 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors have been given the declarations by the managing director and the chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Chairman

Managing Director

Signed at Melbourne,

Dated this 24th day of August 2006.

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Independent audit report to the members of Verticon Group Limited

Audit opinion

In our opinion, the financial report of Verticon Group Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Verticon Group Limited and the Verticon Group (defined below) as at 30 June 2006, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statements, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for both Verticon Group Limited and the Verticon Group (the consolidated entity), for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

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We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations, changes in equity and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

C Dodd

Chris Dodd
Partner

Melbourne
24 August 2006

Verticon Group Limited
Shareholder Information

The shareholder information set out below was applicable as at 31 July 2006.

A. Distribution of equity securities

Ordinary share capital
Analysis of numbers of equity security holders by size of holding:

	Class of equity security	
	Ordinary shares	**Options**
1 - 1,000	64	-
1,001 - 5,000	217	-
5,001 - 10,000	237	-
10,001 - 100,000	342	-
100,001 - and over	40	-
	900	-

There were 54 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	**Number held**	**Percentage of issued shares**
Taraville Pty Ltd	16,238,333	25.86
ANZ Nominees Limited	3,714,346	5.93
Zarvale Pty Ltd	3,550,000	5.67
Emadale Pty Ltd	2,534,166	4.05
Invia Custodian Pty Ltd	2,500,000	3.99
National Nominees Limited	2,461,800	3.93
Daniel & Annette Smith	2,437,189	3.89
Deenford Pty Ltd	2,380,333	3.80
UBS Wealth Management Australia Nominees Pty Ltd	1,969,856	3.15
Giovanni Nominees Pty Ltd	1,691,880	2.70
Abela Group Pty Ltd	1,500,000	2.40
Kellason Pty Ltd	1,260,000	2.01
Sydene Pty Ltd	1,260,000	2.01
Deasil Trading Pty Ltd	972,550	1.55
Noel & Lyndsay Henderson	558,424	0.88
Elessar Holdings Pty Ltd	416,667	0.67
Island Arch Pty Ltd	330,000	0.53
Chromagen Solar Australia Pty Ltd	300,000	0.48
Tricomm Nominees Pty Ltd	300,000	0.48
M. & V. Baytch Nominees Pty Ltd	263,930	0.42
	46,639,474	**74.40**

Verticon Group Limited
Shareholder Information

C. Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares Number held	Percentage of issued shares
Taraville Pty Ltd	16,238,333	25.86
ANZ Nominees Limited	3,714,346	5.93
Zarvale Pty Ltd	3,550,000	5.67

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Verticon Group Limited
Corporate Directory

Directors	**Noel Henderson** Executive Chairman **Rob Lockett, Bsc** Managing Director **David Wieland** Non Executive Director **David Goldberger** Non Executive Director **Sam Fink Bec CPA** Non Executive Director **Denis Tomasel B Eng Dip Ed IEA** Executive Director
Secretary	**Andrew Torrington B Comm MBA**
Notice of Annual General Meeting	The annual general meeting of Verticon Group Limited **will be held at** 65 Queens Road, Melbourne **time** 11:00am **date** Thursday, 26 October 2006
Principal Registered Office in Australia	Verticon Group Limited Level 4, 564 St. Kilda Road Melbourne Victoria 3004
Share Register	Link Market Services Limited Level 4, 333 Collins Street Melbourne Victoria 3000
Auditor	PricewaterhouseCoopers Freshwater Place 2 Southbank Boulevard Southbank Victoria 3006
Solicitor	Deacons RACV Tower 485 Bourke Street Melbourne Victoria 3000
Banker	Westpac Banking Corporation Level 7, 360 Collins Street Melbourne Victoria 3000
Stock Exchange Listing	Verticon Group Limited shares are listed on the Australian Stock Exchange.
Website Address	www.verticon.com.au