



2005 ANNUAL GENERAL MEETING 8 NOVEMBER 2005

CHAIRMAN'S ADDRESS

Verticon listed on the ASX on 17 December 2004 and this is our first annual general meeting of shareholders.

The financial results we reported on 10 August 2005 were for the period from 13 December 2004 to 30 June 2005 reflecting the acquisition of the foundation businesses on 13 December 2004.

Financial Results

Our net profit after tax for the period was \$4.486 million which was below our prospectus forecast by 8% or \$414k.

A fully franked dividend was paid on October 21, of 4.5 cents per share which is 0.5 cents higher than was forecast in the prospectus. It is the Board's intention to pay franked dividends at the maximum fiscally prudent level. In determining the amount to be paid we will be guided by the principle that profits belong to shareholders and we will only retain them to the extent necessary to fund growth of the business or service borrowings.

Strategy

Our strategy is to grow the market capitalisation of the company. Verticon needs to be a much larger company to justify the compliance and overhead costs of being a public company. We will seek to do this by expanding our existing businesses, as well as by growth through acquisitions. The ownership of vertical lifting service assets in our region is very diverse and fragmented and we see many opportunities for consolidation.

Our aspirations are currently confined to Australia and New Zealand, but in the long term it is conceivable we would consider looking at similar businesses in Asia.

Over the course of financial year 2005, we made some small acquisitions and on 1 September of this year we expanded our presence into New South Wales giving Verticon a Sydney base upon which to grow. We now have a solid presence along the east coast to offer the full range of tower crane services to builders.

We are actively pursuing opportunities for acquisitions in the mobile crane sector as we identify this sector as being well placed to take advantage of the high levels of infrastructure spending that is now being undertaken by Federal and State governments both in Australia and New Zealand.

We anticipate funding the acquisitions currently under consideration by debt. Verticon is presently geared at approximately 18% total indebtedness (including lease liabilities) to total funds employed. As a guide, the directors would probably be prepared to see gearing rise to around the 40% level in order to complete a good acquisition. Obviously if we are to achieve our long term growth

aspirations, it is likely that we will need to return to the equity markets at some stage, but we do not see this occurring in the near future.

Outlook

Activity in the construction sector that we operate in remains at a level that is slightly softer than what we experienced last year.

In Queensland, we had anticipated and budgetted for a step change in our levels of activity in the Seca business but this has not yet occurred. Trading in this business is slower than anticipated.

In our 2005 full year results, we commented that we had undertaken some restructuring of our Victorian business. This has been successful and the business is heading in the right direction but it is taking longer for the restructure to produce the results at the bottom line.

In light of these factors, your Board has met today to consider our current guidance to the market.

In August, we made a statement to the ASX that we believed earnings per share would be around 15 cents for the full year 2006. At this point, due to softer trading results we have experienced in the first quarter of this year, and a revised outlook for the balance of the year, we now believe more appropriate earnings guidance would be a range of 10 to 11 cents per share.

Your board acknowledges that this is a disappointing outcome and I can assure you that we are committed to driving your business as hard as we can to deliver the best results possible.

I would like to thank my fellow directors for the time, energy and effort they have invested in our company. To all our staff across the company, thank you for your commitment and perseverance.

To the shareholders and customers of Verticon we thank you for your support to date and we look forward to that continuing support in the future.

MANAGING DIRECTOR'S ADDRESS

One of our focuses within the company is safety. We operate in an environment that can have high personal risks – particularly if our people do not recognise the dangers and it is essential that all our people are trained in knowing the best way to handle any dangerous situation that may arise.

We are focusing our workforce on ensuring we all work safely – in this way, all our employees who go to work can also go home at the end of their working day with out any harm.

This clear focus has led to a lowering of Lost Time Injuries that we have incurred across the company by over 50%. We have succeeded in making safety a “front of mind” issue for all our workforce. This focus will continue.

The level of activity has softened in the major markets in which we trade. In Queensland, whilst activity is still high, it has come off the strong levels of activity experienced in 2004/05. As a result, our revenues for the September quarter have been below expectations.

Our utilization rates in the Queensland division for the September quarter was 69% for tower cranes and 53% for man and material hoists. This compares to 74% for cranes and 58% for hoists for the full year 2004/05.

We are actively tendering for some larger jobs which would push our utilisation rates back to previous levels but we have not secured these jobs at this time. We are tendering for jobs in our traditional areas of Brisbane, the Gold Coast and the Sunshine Coast as well as further a field in north Queensland.

The Victorian division, which has been a focus of management to restructure, is tracking in the right direction. For example the utilisation rate for tower cranes is 71% for the month of September compared to 50% for 2004/05.

We had anticipated that positive results from this business would materialise faster than they have – it is taking longer than anticipated to get this business up to where it should be producing strong and sustainable results. We are confident that this will happen within the next six months.

Our most recent acquisition has been Fire Up Cranes and Rigging in Sydney. This acquisition, which was finalised on 1 September 2005, completes the east coast coverage for Verticon. Fire Up was purchased with 2 tower cranes and 10 hoists in its fleet but also cross hires in another 4 cranes to satisfy customer demands.

This acquisition will prove to be a good marriage as this business has the access to the market for more tower cranes and hoists and we will be able to supply this demand from our existing fleet as well as the purchase of new cranes when required. The previous owner of the business was in the position of having strong customer demand, due to his good service levels and reputation in the industry, but could not supply cranes due to financial constraints. In the first month of operation since acquisition, the Sydney business achieved its budgeted profit and has recently secured some further crane and hoist work.

The Fire Up acquisition puts Verticon in the position of being able to offer a full tower crane and hoist service up and down the east coast of Australia. This is something that has not actively been offered to major national builders before – that is, one company being able to service their needs across

Melbourne, Sydney and Brisbane. We have also begun the rebranding of our businesses under the Verticon banner to reinforce the fact that we can offer a national service

The long lead times in this industry mean that any turn around to improve the business does not occur immediately and all our divisions are working on a number of potential projects that may come to fruition in the new calendar year.

In addition to the Fire Up Acquisition, we also purchased the crane assets of Eltrax and GFB Engineering, both in May 2005. Both have proved to be good acquisitions as they have bolstered our fleet and also improved our operational expertise in the Victorian division. With the purchase of GFB engineering, we now have the expertise in Victoria to take on the most specialised crane fabrication and rigging work and our expertise is regularly called upon to assist with difficult crane erection and dismantling in Melbourne. This expertise was previously lacking in the Victorian division.

We continue to pursue equipment sales to builders who want to own their own equipment. We currently hold the agency for Comedil tower cranes. Comedil, an Italian company, is one of the three largest tower crane manufacturers in the world.

We have also recently secured the Australian distribution rights for a Chinese manufacturer of man and material hoists. This agency now gives us the ability to offer a full suite of cranes and hoists for sale to customers who want their own equipment.

Our strategy is to grow, not only through organic growth of existing businesses but also by acquisitions. We have looked at a number of acquisition opportunities and continue to pursue some of these opportunities in the tower crane and mobile crane sectors, both in Australia and New Zealand.

We have learned much from the acquisitions of the foundation businesses and we are now confident our due diligence process has the integrity to ensure successful acquisitions as we move forward.

The Verticon group currently consists of:

- » 85 tower cranes
- » 4 mobiles cranes
- » 48 man and material hoists

And most importantly 232 employees located from Brisbane to Melbourne.

We are the largest tower crane company in Australia and I can guarantee you that all of our employees will be doing their best to produce the best results possible in this financial year.

I thank all of our employees for their efforts to date and I look forward to working with them all as we move into the future.

To my fellow directors, thank you for your support over the time we have been listed.

To our shareholders thank you for your support.