



VERTICON GROUP LIMITED
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ASX ANNOUNCEMENT

Chairman's Address – Annual General Meeting

The financial results for the year ended 30 June 2010 showed a net loss after tax of \$2.76m on revenues of \$1.18m. Included in the consolidated result is \$3.04m of finance costs, \$.035m of bad debt recovered and \$0.31m profit from discontinued operations.

Verticon announced the sale of its crane and hoist division on 27 April 2009 which included all of Verticon's tower cranes, hoists, ancillary equipment, hire agreements and employees, other than those engaged solely in the property development division. The sale of the crane and hoist division was approved by Verticon's financiers, Westpac, including the deferred repayment of the sale proceeds over a five year period. The sale was also subsequently approved by Verticon's shareholders on 27 May 2009 and was completed on 1 June 2009.

Following the sale of the crane and hoist division, Verticon is using the expertise of the Board to engage solely in property development activities on a consultancy basis or as principal or joint venture partner. Overhead costs have been reduced, confining expenditure to wages and salaries, maintaining Verticon's head office premises in St Kilda Road Melbourne and ongoing compliance costs.

In August 2009 Verticon Developments No.1 Pty Ltd, a 100% owned subsidiary of Verticon Group Limited, signed a consultancy agreement with a developer, a company controlled by two of the Directors David Wieland and David Goldberger, to provide construction and project management expertise for the development and construction of a Retail Precinct Project in Melbourne's eastern suburbs.

As part of the consultancy agreement, Verticon will be paid a fee dependent on the success of the Retail Precinct Project. The fee is expected to be between \$5 million and \$9 million and be payable in the 2010/2011 financial year.

Construction of the Retail Precinct Project is due for completion by December 2010.

The Directors believe that the consultancy fee payable to Verticon for the Retail Precinct Project will enable Verticon to further reduce its debt and provide funds to enable the Group to enter into ongoing property development activities, including similar consultancy agreements, or as a principal or joint venture partner.

Westpac provided a new five (5) year facility of \$42.47 million to the Group in June 2009 following the sale of the Group's crane and hoist division. The facility comprises two components. Facility 1 is for \$10.80 million and is payable by D&G Hoists and Cranes (Aus) Pty Ltd (the acquirer of the crane and hoist division) and allows for \$6.00 million of repayments and interest over a five year period with a \$4.80 million payment due 30 June 2014. Facility 2 is for \$31.67 million and is payable by Verticon Group Limited and allows for capitalised interest for the term of the facility. There is no formal repayment schedule for the term of Facility 2. Any development income will largely be used to reduce the facility owing to Westpac under the terms of the financing agreement, with a small amount to be retained by the Group for working capital purposes.

For further information, contact

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