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Rivals clash in traffic dispute

George Lekakis

THE epic Greek-Australian battle for control of Traffic Technologies has taken another twist with former managing director Con Scrinis offering shareholders "priority share allocations" in the upcoming float of a rival traffic management company.

Mr Scrinis is currently the managing director of The Traffic Group which competes against Traffic Technologies (TT) in the fast-growing traffic signage market in South Australia and WA.

As the largest stakeholder on the TT register he has called a special meeting of shareholders on October 14 to discuss the company's performance and to remove three board directors, including chairman Ray Horsburgh and managing director Con Liosatos.

Mr Scrinis told *BusinessDaily* that he wanted to merge the two businesses under his leadership.

"I think I am the best person to run the Traffic Technologies business," Mr Scrinis said.

"We have been growing the (The Traffic Group) business this year with a view to acquiring assets in Traffic Technologies or acquiring Traffic Technologies.

"They (the two businesses) need to come together — there's no point having them apart."

Mr Horsburgh yesterday hit out at Mr Scrinis' proposals, saying that Mr Scrinis had a conflict of interest in nominating himself for a spot on the TT board.

"I believe he has a clear conflict of interest in wanting to be a director of both companies," he said. "We're out their tendering

vigorously against each other for contracts and The Traffic Group has taken some of our staff."

Mr Horsburgh said the benefits of any type of merger with The Traffic Group were not apparent because the financial performance of the company was not known.

Mr Scrinis also revealed plans to raise \$5 million to recapitalise The Traffic Group which is poised for a backdoor listing on the ASX in the next month.

Traffic Technologies' shareholders are in line for priority allocations through the capital raising and have been asked to attend information sessions in Melbourne, Sydney and Brisbane at the end of this month to discuss the investment offer.

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"We lodged the prospectus with the Australian Securities and Investments Commission last Thursday," Mr Scrinis said.

"We would expect it to go through a seven-day exposure period and then be opened this Friday."

The battle for TT has placed Mr Scrinis on a collision course with his former colleague and friend Mr Liosatos who were joint managing directors of the company before Mr Scrinis resigned in August 2007.

Since then, Mr Liosatos has been the sole managing director and the share price has fallen from around 50c to as low as 2c earlier this year.

The company's scrip, which is now valued at 5c, has been rising in recent months after Mr Scrinis began trading in the stock.

Traffic Technologies is the country's leading provider of traffic man-



Ray Horsburgh

agement products such as traffic lights, cameras and road signage but it has been hard hit by the financial crisis and delivered a net loss of \$5 million in the 12 months to the end of 2009.

Mr Horsburgh attributed the recent

underperformance of TT to decisions taken during Mr Scrinis' time at the helm.

"They haven't been performing. He paid too much for them."

Tasmanian businessman Ken Baxter and another former TT executive Andrew Harris are also eyeing spots on the board and are backing Mr Scrinis plans for the company.

The fate of Mr Scrinis' play for control could be decided by Sydney-based private equity group Equity Partners which holds 31 million preference shares in TT.

If Equity Partners elects to convert its stake into ordinary shares before the October 14 meeting it will hold an 18 per cent stake in the company.

Sources close to the situation told *BusinessDaily* that Equity Partners had not yet made a decision on whether to convert its interest.