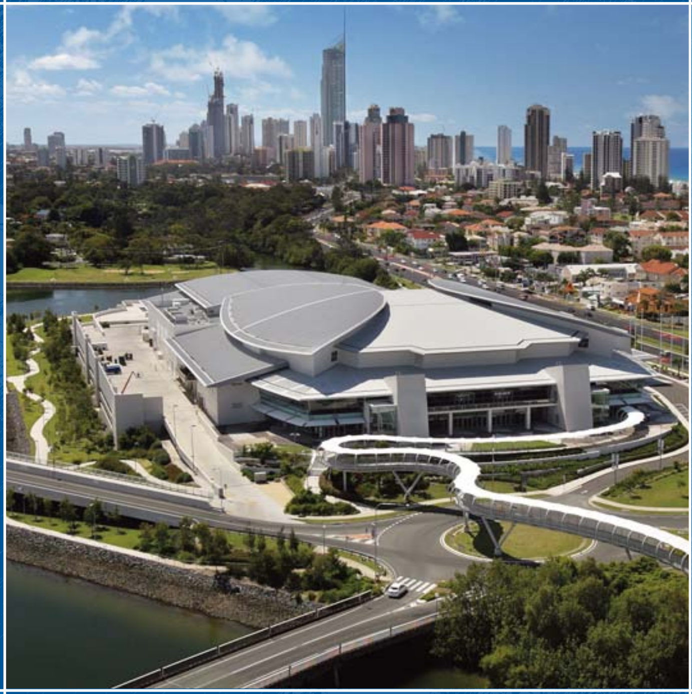
EVZ LIMITED

Annual Report 2010



EVZ Limited and Controlled Entities

ABN 87 010 550 357

CONTENTS

Corporate Directory

DIRECTORS
M Findlay (Non-Executive Chairman)
P Jones (Non-Executive Director)
K Fagg (Non-Executive Director)
G Burns (Non-Executive Director)

CHIEF EXECUTIVE OFFICER
A Powis

CHIEF FINANCIAL OFFICER and COMPANY SECRETARY
I Wallace

REGISTERED & PRINCIPAL OFFICE
Level 7, 410 Collins Street,
MELBOURNE. Vic. 3000
Telephone: (03) 9670 4545
Facsimile: (03) 9670 6670
Email: corporate@evz.com.au

SHARE REGISTRY
Computershare Investor Services Pty Ltd
452 Johnston Street,
ABBOTSFORD. Vic. 3067
Telephone: 1300 137 328
Facsimile: 1300 137 341

AUDITORS
Bentleys Melbourne Partnership
Level 7, 114 William Street,
MELBOURNE. Vic. 3000

BANKERS
Commonwealth Bank of Australia

STOCK EXCHANGE LISTING
Australian Securities Exchange Limited
(Home Exchange – Melbourne)
ASX Code: EVZ

Chairman's Report

The economic conditions in the 2010 financial year have continued to be very difficult, especially in the traditional markets that EVZ businesses have operated in. It has been our policy during the year to control costs tightly but, to retain our key skilled staff, we have been forced to reduce margins to maintain volume through our businesses.

The key focus of the company in 2011 will be to rebuild the profitability of the group throughout our traditional markets, and to expand into new markets where economic certainty is still strong. We will continue to drive strategic organic growth throughout the group by focusing our business development team to target new geographic areas and new client opportunities.

As the economy recovers and as a result of the initiatives above, we are confident that profitability will improve in the 2011 financial year.

A further priority will be the reinstatement of dividend payments. The Directors considered it financially prudent to suspend payment of a final dividend for the year to 30 June 2010 due to the group's poor profit performance.

In the first three months of the 2011 year, operating conditions remain challenging although there are signs of an improvement with a strong order book across most divisions, albeit with tight margins. The National business is showing signs of a return to profitability and productivity and throughput are improving.

In spite of the poor operating climate, EVZ has been able to retain its core of skilled staff so we will be equipped to handle the current order book. Our focus in Health and Safety continues together with the training and development of our workforce.

We have also continued our business development push during this time which has cemented our relationship with existing clients and exposed our abilities to potentially new clients, who now consider the EVZ offering in their expansion plans.

Finally, we are pursuing a number of exciting opportunities in the energy area, such as coal seam gas and back-up power utilisation. By building relationships now and promoting our abilities in these fields, we believe we have cemented our position in the energy market as it develops from its infancy.

Gordon McKern retired as a Director during the year and I thank him for his unwavering commitment to the initial development of the EVZ Group. I wish him well in his retirement and every success in the future.

To all of our employees, thank you for your commitment and significant contribution to the EVZ businesses and their long term value.

Director – M Findlay

CEO's Report

As I'm sure you are aware, difficult trading conditions persisted throughout the 2009/2010 financial year despite our opinion at this time last year that the trading environment looked to be improving. At the end of the half year to December 2009, we were pleased with our progressive result under the circumstances (albeit less than targeted) and had, in actual fact, expected (internally) a slightly better performance for the second half. There were no indications of impending problems and the forward workload was solid.

However, by March it became obvious that the Danum business had seriously under-estimated several projects and they were contracted to complete this work. The National business was improving but at a slower rate than anticipated for the second half. All other group companies began to experience unexpected programme delays due to various client-based decisions. The net result for the second six months was, of course, completely unacceptable and has been well reported. All known losses in existing contracts prior to 30 June 2010 have been taken up as at 30 June 2010.

I believe the important issue now is to advise you about what action has been taken to mitigate any similar circumstances in the future, such as:

- Enhanced reporting/review processes, particularly with respect to Work in Progress, are rigorously undertaken each month.
- We have combined the Brockman and Danum businesses under a single General Manager, Mr Max Goddard. We are targeting that both these businesses will be on a single site within twelve months.
- Senior and more experienced estimating staff have been engaged.
- The existing Tender Authority Matrix has been tightened and revised.
- A new Production Manager has been engaged at National to improve efficiencies.
- A new Construction Manager has been engaged at TSF to improve their delivery process.

There are, of course, many more changes and all senior managers are constantly searching for further improvements.

Despite the 2009/2010 financial year setbacks, there are many positive issues to report:

- Forward workloads remain steady in the order of $40 million. Our tender book is approximately $200 million and we are pursuing many significant projects. Syfon have a record workload in front of them and the order books for Brockman and National are full to Christmas.
- Revenues have been maintained and are set to grow. Rebuilding our profitability is an absolute priority, however margins remain tight.
- Our skilled workforce is intact (a strategic decision) and operating efficiently which is vital for our future growth.
- We have opened a new office in Western Australia under the Syfon banner which has already started to yield success. In time, the other businesses will leverage off this opportunity.
- The significant investment in our BDM network has continued which has yielded multiple contracts on numerous projects, thus providing an ever-expanding client base for all companies.
- We are aggressively targeting the mining, gas and energy sectors to leverage the company into the fast stream economy.
- The small but successful TSF Maintenance division is being expanded into our Queensland and Victorian offices.
- Co- and Tri-generation projects are being targeted with considerable success and we believe we are on the leading edge of these exciting new projects.
- Re-branding of the website and brochures is now complete and providing a consistent offering to our clients.

All levels of the group are highly motivated and striving for success. We will successfully recover but it will take some time.

CEO – A Powis

The Directors present their report on the financial statements of the Company and economic entity for the year ended 30 June 2010. In order to comply with the provisions of the Corporations Act, the Directors report as follows:

DIRECTORS

The following persons were Directors of the Company during the financial year and up to the date of this report:

Maxwell FINDLAY
Peter JONES
Keith FAGG
Graham BURNS
Gordon McKERN (retired 26 February 2010)

INFORMATION ON DIRECTORS

Details of the Directors of the Company in office at the date of this report are:

Maxwell Findlay

Appointed 14 May 2008 – Non-Executive Chairman.
Mr Findlay, age 64, was the Managing Director of Programmed Maintenance Services Limited from 1988 to 2008 and accumulated significant and relevant experience in the strategy, planning, management and marketing of a growing industrial organization.

Mr Findlay has a Bachelor of Economics and is a Fellow of the Australian Institute of Company Directors.

Mr Findlay is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Interest in Shares: 1,345,000 ordinary shares

Peter Jones

Appointed 29 March 2004 – Non-Executive Director.
Mr Jones, age 58, is a Chartered Accountant and has extensive skills in business development, financing and property development.

Mr Jones is Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

Interest in Shares: 7,713,748 ordinary shares

Keith Fagg

Appointed 20 December 2005 – Non-Executive Director.
Mr Fagg, age 55, owns and operates the Fagg's Mitre 10 business, one of the largest in Australia in the Mitre 10 Group. Mr Fagg has wide-ranging managerial skills.

Mr Fagg has a Bachelor of Economics (Hons) and is a member of the Australian Institute of Company Directors.

Mr Fagg is a member of the Audit Committee and Nomination Committee.

Interest in Shares: 1,886,312 ordinary shares

Graham Burns

Appointed 1 February 2008 – Non-Executive Director.
Mr Burns, age 55, has extensive managerial skills and experience in the property, retail and manufacturing sectors. He is currently the Chief Executive of Hunter Land which is a significant industrial developer in regional New South Wales.

Mr Burns is Chairman of the Remuneration Committee.

Interest in Shares: 4,700,000 ordinary shares

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of any committee of Directors) held during the financial year and the number of meetings attended by each Director (whilst they were a Director or Committee member):

DIRECTORS' MEETINGS

Total number of meetings held:		13
	No. Attended	No. Held Whilst a Director
M Findlay – Chairman	13	13
P Jones	11	13
K Fagg	13	13
G Burns	13	13
G McKern (retired 26 February 2010)	8	8

REMUNERATION COMMITTEE MEETINGS

Total number of meetings held:		1
	No. Attended	No. Held Whilst a Member
G Burns – Chairman	1	1
M Findlay	1	1
P Jones (appointed 18 March 2010)	0	1
G McKern (retired 26 February 2010)	0	0

AUDIT COMMITTEE MEETINGS

Total number of meetings held:		2
	No. Attended	No. Held Whilst a Member
P Jones – Chairman	2	2
K Fagg	2	2
M Findlay	2	2

There were no meetings of the Nomination Committee held during the year.

COMPANY SECRETARY

The Company Secretary is Ian Wallace. Mr Wallace is a Chartered Accountant with accounting and company secretarial experience in listed and unlisted companies.

PRINCIPAL ACTIVITIES

The economic entity operates in the engineering services industry sector and its principal activities are:

- Design and installation of syfonic roof drainage systems to major buildings including airports, shopping centres and sporting venues throughout Australia and South East Asia.
- Design, manufacture, service and maintenance of large steel tanks for use in the water, petrochemical and chemical industries.
- Design, construction, on-site installation, maintenance and shutdown engineering services to the mining, wood chip, petrochemical, aluminium, glass, cement, defence and agriculture industries.
- Design, installation and maintenance of base and back-up power generation equipment, communications equipment and marine installations.
- Fabrication and erection of structural steelwork for large commercial, industrial and retail projects.

OPERATING RESULTS

The net profit for the economic entity for the year after income tax expense was $259,498 compared to a net profit after income tax expense in 2009 of $2,019,305.

DIVIDENDS

Since the start of the financial year the Company has:

- Paid a final fully franked dividend for the 30 June 2009 financial year of 0.25 cents per share on 6 November 2009.
- Paid an interim fully franked dividend for the 30 June 2010 financial year on 15 April 2010 of 0.25 cents per share.
- Directors have agreed not to pay a final dividend for the year to 30 June 2010.

REVIEW OF ACTIVITIES

During the year under review the Company:

- Changed its name to EVZ Limited.
- Faced significantly difficult trading conditions resulting from the prevailing economic conditions.
- Maintained its relative revenue base despite significant price pressures which impacted on profit margins.
- Continued to expand its customer product and geographic base from an increased investment in business development.
- Completed several projects utilising the joint capabilities of a number of the Group businesses.

CHANGES IN STATE OF AFFAIRS

There was no change in the state of affairs.

SUBSEQUENT EVENTS

There have not been any matters or circumstances, other than those referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years after this financial year.

FUTURE DEVELOPMENTS

The Directors believe, on reasonable grounds, that to include in this report particular information regarding likely developments in the operations of the economic entity and the expected results of those operations in financial years after the financial year would be likely to result in unreasonable prejudice to the economic entity. Accordingly, this information has not been included in this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

SHARE OPTIONS

There are no share options.

ENVIRONMENTAL REGULATIONS

The economic entity is not subject to any significant environmental regulations under a Commonwealth, State or Territory Law.

INSURANCE OF OFFICERS

During the financial year the Company insured the Directors and Officers of the Company against legal costs that may be brought against the Directors and officers in their capacity as officers of the Company. The policy provides for confidentiality with respect to its premium.

NON-AUDIT SERVICES

During the current and prior year there were no non-audit services provided by the Company's Auditors.

AUDITOR'S INDEPENDENCE DECLARATION

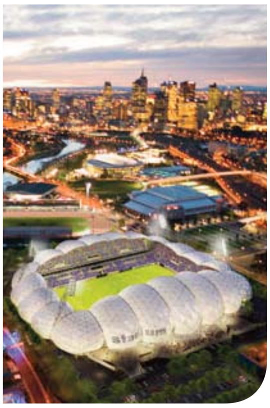
As required under Section 307C of the Corporations Act 2001, EVZ Limited has obtained an Independence Declaration from its Auditors, Bentley's Melbourne Partnership. This is included on page 20 of this financial report.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director of EVZ Limited and for key management personnel.

Remuneration policy

The remuneration policy of EVZ Limited has been designed to align Director and Executive remuneration with Shareholder and business objectives by providing a fixed remuneration component and where appropriate offering specific short and long-term incentives based on key performance areas affecting the economic entity's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors and Executives to govern and manage the economic entity, as well as create goal congruence between Directors, Executives and Shareholders.



Executive remuneration

The Board's policy for determining the nature and amount of remuneration for key senior Executives for the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for Executive Officers, was developed by the Remuneration Committee and approved by the Board after seeking professional advice where appropriate from independent external consultants.
- All Executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and where appropriate performance incentives.

The Remuneration Committee reviews Executive remuneration packages annually with reference to the economic entity's performance, each Executive's performance and comparable information from industry sectors and listed companies in similar industries.

The performance of each Executive is measured against criteria agreed with each Executive and is based predominantly on forecast growth of the economic entity's profits and shareholders' value. Bonuses and incentives will be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

During the year to 30 June 2010 no incentives were paid to Executives of the economic entity (2009: $Nil).

Executives receive a superannuation guarantee contribution required by the Government, which is currently 9%, and do not receive any other retirement benefits. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to Executives is valued at the cost to the Company and expensed.

Director remuneration

The Board's policy is to remunerate Non-Executive Directors at appropriate market rates. The Remuneration Committee recommends the fee structure for Non-Executive Directors which will be determined by reference to market practice, duties performed, time, commitment and accountability. Director fees are reviewed annually by the Remuneration Committee.

The Remuneration Committee may seek independent advice in determining appropriate fee structures for Directors.

The maximum aggregate amount of fees payable to Non-Executive Directors is subject to approval by Shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with Shareholder interests, the Directors are encouraged to hold shares in the Company and may be able to participate in any employee share/option plan introduced.

All remuneration paid to Directors is valued at the cost to the Company and expensed.

Shares and options issued as part of remuneration

The Company has established the EVZ Limited Division 13A Tax Exempt Share Plan which was approved at a General Meeting of Shareholders held on 27 March 2007. Participating employees are prohibited from selling or disposing of the shares granted to them until the third anniversary of the date on which the shares were granted or the date on which the employee has ceased employment.

During the year ended 30 June 2010 no shares were granted under the Tax Exempt Share Plan.

No other forms of shares or options were issued as part of remuneration during the year to 30 June 2010 (2009: $Nil).

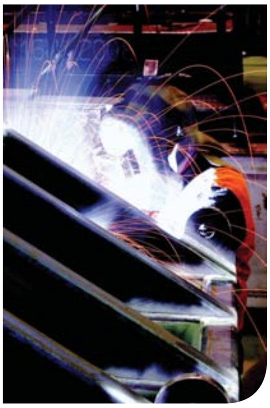
Performance based remuneration

During the year to 30 June 2010, there was no performance based remuneration paid.

EVZ has established a performance based remuneration scheme which will incentivise Executives to achieve significant growth in the performance of the economic entity. Potential incentives may be granted for Executives achieving specific key performance indicators specifically aligned to grow the ongoing performance of the economic entity and therefore shareholder wealth.

Company performance, Shareholder wealth and Directors' and Executives' remuneration

The remuneration policy has been tailored to increase goal congruence between Shareholders and Directors and Executives.



Details of remuneration for the year ended 30 June 2010

The remuneration for each Director and each of key management personnel of the economic entity during the year was as follows:

	Short Term Employee Benefits		Post Employment Benefits	
	Salary	Fees	Superanuation Contributions	Total
Directors 2010	$	$	$	$
M Findlay	-	120,000	-	120,000
P Jones	-	45,000	-	45,000
K Fagg	-	45,000	-	45,000
G Burns	-	45,000	-	45,000
G McKern (retired 26 Feb 2010)	-	20,000	20,000	40,000
	-	**275,000**	**20,000**	**295,000**
Directors 2009				
M Findlay	-	126,875	-	126,875
G McKern	-	45,000	20,000	65,000
P Jones	-	45,000	-	45,000
K Fagg	-	-	45,000	45,000
G Burns	-	45,000	-	45,000
	-	**261,875**	**65,000**	**326,875**

Key management personnel of the economic entity

	Short Term Employee Benefits			Post Employment Benefits	
	Salary	Share based Remuneration	Non cash benefits	Superannuation Contributions	Total
2010	$	$	$	$	$
A Powis (Chief Executive Officer)	255,755	-	6,060	49,915	311,730
I Wallace (Chief Financial Officer and Company Secretary)	185,878	-	15,307	50,000	251,185
A Bellgrove (General Manager Syfon Systems Group)	249,946	-	3,994	14,453	268,393
M Goddard (General Manager Brockman Engineering Pty Ltd and Danum Engineering Pty Ltd)	213,573	-	12,600	26,779	252,952
N Chapman (General Manager National Engineering Pty Ltd)	230,088	-	9,204	20,708	260,000
A Green (General Manager TSF Engineering Group)	232,348	-	-	20,642	252,990
V Juchima (Danum Engineering Pty Ltd - retired 30 April 2010)	283,655	-	3,553	22,910	310,118
	1,651,243	-	**50,718**	**205,407**	**1,907,368**
2009					
A Powis (Chief Executive Officer)	189,496	-	11,738	98,240	299,474
I Wallace (Chief Financial Officer and Company Secretary)	161,000	-	22,467	40,000	223,467
A Bellgrove (General Manager Syfon Systems Group)	246,756	-	5,965	13,744	266,465
M Goddard (General Manager Brockman Engineering Pty Ltd)	132,788	-	17,735	99,477	250,000
V Juchima (General Manager Danum Engineering Pty Ltd)	254,803	-	-	27,109	281,912
N Chapman (General Manager National Engineering Pty Ltd) (commenced 1 July 2008)	184,219	-	13,979	16,580	214,778
A Green (General Manager TSF Engineering Group)	230,747	-	-	20,642	251,389
	1,399,809	-	**71,884**	**315,792**	**1,787,485**

Remuneration and other terms of employment for key Executives are formalized in employment service agreements. Each of these agreements may provide for the provision of other benefits including car allowances. These agreements have no fixed term.

From 1 July 2010 all of the Executives noted above have the potential to receive incentives for achieving specific key performance indicators which specifically target significant growth in the economic entity.

Signed in accordance with a resolution of the Board of Directors.

Director - M Findlay

Signed at Melbourne this 27th day of September 2010.

Introduction

The board of EVZ Limited is committed to protecting shareholders' interests and ensuring investors are fully informed about the performance of the company's business. The directors have undertaken to perform their duties with honesty, integrity, care and diligence, according to the law and in a manner that reflects the highest standards of corporate governance.

The directors have established the processes to protect the interests and assets of shareholders and to ensure the highest standard of integrity and corporate governance of the company.

The Australian Securities Exchange Corporate Governance Council sets out best practice recommendations including corporate governance practices and suggested disclosures. ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the ASX recommendations and to give reasons for not following them.

Unless otherwise indicated, the best practice recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures, have been adopted by the company for the year ended 30 June 2010 as relevant to the size and complexity of the company and its operations. The board has adopted a formal board charter, audit committee charter, remuneration committee charter, nomination committee charter, external communications policy, continuous disclosure policy, securities trading policy and code of conduct for directors and officers.

PRINCIPLE 1: LAY A SOLID FOUNDATION FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions

The EVZ Limited board charter sets out the function and responsibilities of the board. The directors of the company are accountable to shareholders for the proper management of business and affairs of the company.

The key responsibilities of the board are to:
- establish, monitor and modify the corporate strategies of the company;
- ensure proper corporate governance;
- monitor and evaluate the performance of management of the company;
- ensure that appropriate risk management systems, internal control and reporting systems and compliance frameworks are in place and are operating effectively;
- assess the necessary and desirable competencies of board members, review board succession plans, evaluate its own performance and consider the appointment and removal of directors;
- consider executive remuneration and incentive policies, the company's recruitment, retention and termination policies and procedures for senior management and the remuneration framework for non-executive directors;
- monitor financial performance;
- approve decisions concerning the capital, including capital restructures, and dividend policy of the company; and
- comply with the reporting and other requirements of the law.

The board delegates responsibility for day-to-day management of the company to the chief executive officer (CEO), subject to certain financial limits. The CEO must consult the board on matters that are sensitive, extraordinary, of a strategic nature or matters outside the permitted financial limits.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives

The company has a duly appointed remuneration committee. The committee operates pursuant to the remuneration committee charter.

The primary responsibilities of the remuneration committee are:

- Establishing appropriate remuneration policies for directors, the CEO and other senior executives which are effective in attracting and/or retaining the best directors and executives to monitor and manage EVZ Limited, whilst ensuring goal congruence between shareholders, directors and executives.
- Ensuring appropriate disclosure of remuneration in line with the Corporations Act, ASX Listing Rules and Corporate Governance guidelines.

All senior executives were reviewed during the financial year in accordance with the general process of review. In addition, pursuant to the board charter, the board conducted an annual review of itself during the financial year, taking into account developments, trends and standards set in the external market place.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: A majority of the board should be independent directors

The board presently comprises four directors, all of whom, including the chairman, are non-executive and independent directors. Profiles of the directors are set out in this annual report. All directors are subject to retirement by rotation but may stand for re-election by the shareholders every three years.

The composition of the board is determined by the board and, where appropriate, external advice is sought. The board has adopted the following principles and guidelines in determining the composition of the board:

To be independent, a director ought to be non-executive and:

- not a current executive of the company;
- ideally not held an executive position in the company in the previous three years;
- not a nominee or associate of a shareholder holding more than 10% of the company's shares;
- not significantly involved in the value chain of the organisation, either upstream or downstream; and
- not a current advisor to the company receiving fees or some other benefit, except for approved director's fees.

Recommendation 2.2: The chair should be an independent director

The chairman, Max Findlay, is an independent director. He is responsible for the leadership of the board and he has no other positions that hinder the effective performance of this role.

Recommendation 2.3: The roles of chair and CEO should not be exercised by the same individual

The role of chairman is held by Max Findlay whilst the role of CEO is held by Andrew Powis.

Recommendation 2.4: The board should establish a nomination committee

The company has a duly appointed nomination committee. The committee operates pursuant to a nomination committee charter. The charter sets out the responsibilities of the committee including reviewing board succession plans to ensure an appropriate balance of skills and expertise, developing policies and procedures for the appointments of directors and identifying directors with appropriate qualifications to fill board committee vacancies. The term of non-executive directorships is set out in the company's constitution.

The nomination committee consists of:
- Max Findlay (Chairman)
- Keith Fagg
- Peter Jones

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors

The board and its committees undertook self-assessment in accordance with their relevant charters during the financial year. Max Findlay conducts annual one-on-one personal performance discussions with each of the individual directors.

The board was provided with all company information it needed in order to effectively discharge its responsibilities and were entitled to, and did, request additional information when considered necessary or desirable.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code to guide the directors, CEO, the chief financial officer (CFO) and other key executives in responsible decision-making

The company has developed codes of conduct to guide all of the company's employees, particularly directors, the CEO, the CFO and other senior executives, in respect of ethical behaviour. These codes are designed to maintain confidence in the company's integrity and the responsibility and accountability of all individuals within the company for reporting unlawful and unethical practices. These codes of conduct embrace such areas as:
- conflicts of interest
- corporate opportunities
- confidentiality
- fair dealing and trade practices
- protection of assets
- compliance with laws, regulations and industry codes
- 'whistle-blowing'
- security trading
- commitment to and recognition of the legitimate interests of stakeholders

Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy

Directors and other shareholders are encouraged to be long-term holders of the company's shares. For directors and officers, the company has adopted a formal securities trading policy. Directors and officers may not deal in any of the company's securities at any time if they have inside information. A director or officer may not trade in securities during black-out periods as determined by the board of directors. These periods generally relate to periods prior to the release to the ASX of the half-yearly and annual results or where the directors are aware of any price sensitive information. A director or officer may trade in securities at other times only if they are personally satisfied that they are not in possession of inside information.

Directors and officers must immediately advise the company secretary in writing of the details of completed transactions. Such notification is necessary whether or not prior authority has been required. The secretary must maintain a register of securities transactions. The company must comply with its obligations to notify the ASX in writing of any changes in the holdings of securities or interest in securities by directors.

PRINCIPLE 4: SAFEGUARD THE INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The board should establish an audit committee

The board-appointed audit committee operates in accordance with the audit committee charter. The details of the committee meetings held during the year and attendance at those meetings are detailed in the directors' meeting schedule in the directors' report.

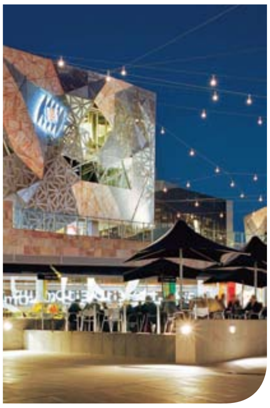
Recommendation 4.2: The audit committee should be structured so that it consists only of non-executive directors, consists of a majority of independent directors, is chaired by an independent chair, who is not chair of the board, and has at least three members

The composition of the company's audit committee was consistent in all aspects relating to recommendation 4.1. The audit committee consists of:
- Peter Jones (Chairman)
- Keith Fagg
- Max Findlay

Each of the members of the committee is an independent, non-executive director and the chairman of the committee is not the chairman of the board. The CEO and the CFO/company secretary may attend the meetings at the invitation of the committee.

All members of the committee are financially literate (i.e. they are able to read and understand financial statements) and have an understanding of the industry in which the company operates.

The audit committee provides an independent review of:
- financial information produced by the company;
- the accounting policies adopted by the company;
- the effectiveness of the accounting and internal control systems and management reporting which are designed to safeguard company assets;
- the quality of the external audit functions;
- external auditor's performance and independence as well as considering such matters as replacing the external auditor where and when necessary; and
- identifying risk areas.



Recommendation 4.3: The audit committee should have a formal charter

A formal audit committee charter has been adopted by the board. This charter sets out the roles, responsibilities, composition, structure and membership requirements of the audit committee.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies

The board recognises that the company, as an entity listed on the ASX, has an obligation to make timely and balanced disclosure in accordance with the requirements of the Australian Securities Exchange Listing Rules and the Corporations Act 2001. The board also is of the view that an appropriately informed shareholder base and market is essential to an efficient market for the company's securities. The board is committed to ensuring that shareholders and the market have timely and balanced disclosure of matters concerning the company. In demonstration of this commitment, the company has adopted a formal external communications policy including a continuous disclosure policy.

In order to ensure the company meets its obligations of timely disclosure of such information, the company has adopted the following policies:

- immediate notification to the ASX of information concerning the company that a reasonable person would expect to have a material effect on the price or value of the company's securities as prescribed under listing rule 3.1, except where such information is not required to be disclosed in accordance with the exception provisions of the listing rules;
- the company has a website where all relevant information disclosed to the ASX will be promptly placed on the website following receipt of confirmation from the ASX and, where it is deemed desirable, released to the wider media; and
- the company will not respond to market rumours or speculation, except where required to do so under the listing rules.

Based on information provided to the company secretary by directors, officers and employees, the company secretary is responsible for determining which information is to be disclosed and for the overall administration of this policy.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy

The board recognises that shareholders are the beneficial owners of the company and respects their rights and is continually seeking ways to assist shareholders in the exercise of those rights. The board also recognises that as owners of the company the shareholders may best contribute to the company's growth, value and prosperity if they are appropriately informed. To this end the board seeks to empower shareholders by:

- communicating effectively with shareholders;
- enabling shareholders to have access to balanced and understandable information about the company and its operations; and
- promoting shareholder participation in general meetings.

All shareholders are entitled to receive a copy of the company's annual report. In addition, the company's website will provide opportunities to shareholders to access company announcements, media releases and financial reports.

The board is committed to assisting shareholders' participation in meetings and has adopted the following measures:

- adoption of the ASX Corporate Governance Council's recommendation and guidelines as published in the Council's Principles of Good Governance and Best Practice Recommendations in respect of notices of meetings; and
- ensuring that a representative of the company's external auditor, subject to availability, is present at all annual general meetings and that shareholders have adequate opportunity to ask questions of the auditor at that meeting concerning the audit and preparation and content of the auditor's report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies

The board has overall responsibility to all stakeholders for the identification, assessment, management and monitoring of the risks faced by the company. The company currently has informal policies and procedures for risk management but the audit committee seeks to ensure compliance with regulatory requirements. The operational risks are managed at the senior management level and escalated to the board for direction where the issue is exceptional, non-recurring or may impose a material financial or operational burden on the company. The relatively small size of the company means that communication and decision-making is predominantly centralised allowing early identification of risks by senior management. It also allows senior management to respond to each risk as appropriate without the need for a written risk management policy.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks

Given the relatively small and centralised management team, the nature of the business of the company and that a majority of independent directors sits on the audit committee, the board is continuously kept informed of the effectiveness of the company's internal control systems.

The board is in the process of formalising risk management policies. In addition, the CEO and CFO have informed the board that the integrity of the financial statements is founded on a system of risk management and internal control which supports the policies adopted by the board and that the company's risk management and internal control system is operating effectively in all material respects to manage the company's material business risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The board should establish a remuneration committee

The company has a duly appointed remuneration committee. The committee operates pursuant to the remuneration committee charter.

The remuneration committee consists of:
- Graham Burns (Chairman)
- Peter Jones
- Max Findlay

The primary responsibilities of the remuneration committee are:
- Establish appropriate remuneration policies for directors, the CEO and other senior executives which are effective in attracting and/or retaining the best directors and executives to monitor and manage EVZ Limited, whilst ensuring goal congruence between shareholders, directors and executives.
- Ensuring appropriate disclosure of remuneration in line with the Corporations Act, ASX Listing Rules and Corporate Governance guidelines.

Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives

Non-executive directors are remunerated by way of fees. They may receive options (subject to shareholder approval) but there is no scheme for retirement benefits, other than statutory superannuation. Executives are paid a salary and may be provided with shares and/or options and bonuses as part of their remuneration and incentive package (subject to shareholder approval).

There are no executive directors.

Bentleys
Thinking ahead

Bentleys Melbourne Partnership
ABN 47 075 804 075
Audit & Assurance Services

Level 7, 114 William Street
Melbourne Vic 3000

GPO Box 2266
Melbourne Vic 3001

T +61 3 9274 0600
F +61 3 9274 0736

audit@bentleys.com.au
www.bentleys.com.au

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF EVZ LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

a) no contraventions of the auditor independence requirements as set out in 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.

Bentleys	G. ...
BENTLEYS MELBOURNE PARTNERSHIP **CHARTERED ACCOUNTANTS**	**GORDON ROBERTSON** **PARTNER**

Dated in Melbourne on this 27th day of September 2010

Financial Statements
EVZ Limited and Controlled Entities
ABN 87 010 550 357

Income Statement
for the year ended 30 June 2010

Continuing Operations	Notes	Economic Entity 2010 $	Economic Entity 2009 $
Revenue		77,045,804	79,765,253
Cost of sales		(63,737,531)	(62,944,886)
Gross profit		13,308,273	16,820,367
Other income	2(a)	69,021	227,475
Administration costs		(9,099,482)	(9,081,200)
Business development costs		(1,482,233)	(1,071,166)
Corporate costs		(1,463,147)	(1,623,107)
Results from operating activities		1,332,432	5,272,369
Net finance costs	2(c)	(961,019)	(1,082,676)
Impairment of intangibles		-	(1,453,487)
Profit before income tax		371,413	2,736,206
Income tax expense	3	(111,915)	(716,901)
Profit for the year from continuing operations	2	**259,498**	**2,019,305**
Profit for the year attributable to owners of the company		**259,498**	**2,019,305**

		Cents per share	Cents per share
Overall operations			
Basic earnings per share	17	0.12	0.97
Diluted earnings per share	17	0.12	0.97
Continuing operations			
Basic earnings per share	17	0.12	0.97
Diluted earnings per share	17	0.12	0.97

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

Statement of comprehensive income for the year ended 30 June 2010

	Notes	Economic Entity 2010 $	Economic Entity 2009 $
Profit for the year		259,498	2,019,305
Other comprehensive income:			
Exchange differences arising on translation of foreign operations	16(b)	3,874	48,529
Total comprehensive income for the year attributable to owners of the company		**263,372**	**2,067,834**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position
as at 30 June 2010

	Notes	Economic Entity 2010 $	Economic Entity 2009 $
CURRENT ASSETS			
Cash and cash equivalents	22	4,442,384	6,095,348
Trade and other receivables	4	18,048,029	18,710,419
Inventories	5	2,083,117	3,004,499
Financial assets	6	11,795	11,715
TOTAL CURRENT ASSETS		24,585,325	27,821,981
NON-CURRENT ASSETS			
Trade and other receivables	4	383,691	256,585
Plant and equipment	7	6,038,887	6,270,209
Deferred tax assets	8	2,094,247	2,211,431
Intangible assets	9	29,342,776	29,342,776
TOTAL NON-CURRENT ASSETS		37,859,601	38,081,001
TOTAL ASSETS		**62,444,926**	**65,902,982**
CURRENT LIABILITIES			
Trade and other payables	10	11,909,523	13,853,124
Current tax liabilities	8	-	(4,717)
Short-term borrowings	11	12,246,718	2,175,400
TOTAL CURRENT LIABILITIES		24,156,241	16,023,807
NON-CURRENT LIABILITIES			
Long-term borrowings	12	222,987	11,667,892
Deferred tax liabilities	8	16,859	9,048
Other long-term provisions	13	163,837	60,756
TOTAL NON-CURRENT LIABILITIES		403,683	11,737,696
TOTAL LIABILITIES		**24,559,924**	**27,761,503**
NET ASSETS		**37,885,002**	**38,141,479**
EQUITY			
Issued capital	14	46,023,159	46,023,159
Reserves	16	217,872	213,998
Accumulated losses	16	(8,356,029)	(8,095,678)
TOTAL EQUITY		**37,885,002**	**38,141,479**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 30 June 2010

ECONOMIC ENTITY	Issued Capital $	Accumulated Losses $	Capital Reserves $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2009	46,023,159	(8,095,678)	198,700	15,298	38,141,479
Total comprehensive income for year					
Profit for year	-	259,498	-	-	259,498
Foreign currency translation reserve	-	-	-	3,874	3,874
Total comprehensive income for year	-	259,498	-	3,874	263,372
Transactions with owners, recorded directly in equity					
Shares issued	-	-	-	-	-
Dividends	-	(519,849)	-	-	(519,849)
Balance at 30 June 2010	**46,023,159**	**(8,356,029)**	**198,700**	**19,172**	**37,885,002**
Balance at 1 July 2008	46,023,159	(9,075,285)	198,700	(33,231)	37,113,343
Total comprehensive income for year					
Profit for year	-	2,019,305	-	-	2,019,305
Foreign currency translation reserve	-	-	-	48,529	48,529
Total comprehensive income for year	-	2,019,305	-	48,529	2,067,834
Transactions with owners, recorded directly in equity					
Shares issued	-	-	-	-	-
Dividends	-	(1,039,698)	-	-	(1,039,698)
Balance at 30 June 2009	**46,023,159**	**(8,095,678)**	**198,700**	**15,298**	**38,141,479**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Notes	Economic Entity 2010 $	Economic Entity 2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers (inclusive of GST)		85,890,867	87,954,770
Payments to Suppliers & Employees (inclusive of GST)		(82,455,497)	(80,824,874)
Income tax paid		(908,244)	(2,470,587)
Interest received		182,545	185,811
Finance costs		(1,143,564)	(1,268,487)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	22(ii)	**1,566,107**	**3,576,633**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		102,070	41,156
Purchase of plant and equipment		(907,856)	(1,194,379)
NET CASH FLOWS USED BY INVESTING ACTIVITIES		**(805,786)**	**(1,153,223)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid by Parent Entity		(1,039,698)	(519,849)
Proceeds – Loans		-	700,000
Repayment of Loans		(1,750,000)	-
Proceeds from Lease Financing		177,625	144,979
Payments for Lease Financing		(113,329)	(85,153)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		**(2,725,402)**	**239,977**
NET INCREASE / (DECREASE) IN CASH HELD		(1,965,081)	2,663,387
Cash at beginning of financial year		5,774,583	3,111,196
CASH AT END OF FINANCIAL YEAR	22(i)	**3,809,502**	**5,774,583**

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of EVZ Limited and controlled entities ('Economic Entity' or 'Group').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity EVZ Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in Note 29 to the financial statements. All controlled entities have a June financial year-end. All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer to Note 1(i)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant tax authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expenses but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period where the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probably that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

EVZ Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and credits which are immediately assumed by EVZ Limited. The current tax liability of each group entity is then subsequently assumed by EVZ Limited. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 7 June 2004. The tax consolidated group has entered a tax sharing arrangement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(d) Construction Contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full. Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

(e) Plant and Equipment

Each class of plant and equipment is carried at cost less where applicable, any accumulated depreciation and impairment losses.

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probably 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.

Depreciation

The depreciable amount of all fixed assets and capitalised lease assets, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
• Leasehold improvements	5 to 30%
• Plant and equipment	5 to 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

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

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight line basis over the period of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial Assets

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(h) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on the acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and 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.

(j) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the income statement.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the income statement in the period in which the operation is disposed.

(k) Employee Benefits

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The group operates an equity-settled share-based payment employee share scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense with a corresponding increase to an equity account. The shares issued under the employee share scheme vest immediately.

(l) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of two months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(n) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Contract revenue is recognised in accordance with Note 1(d).

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended used or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(p) Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Refer Note 9 for key estimates used in the assessment of Goodwill.

There was no impairment with respect to the carrying value of Goodwill of the economic entity.

No impairment has been recognised in respect of plant and equipment for the year ended 30 June 2010.

(s) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

- **AASB 8: Operating Segments**

  Disclosure impact

  AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

- **AASB 101: Presentation of Financial Statements**

  In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes:

- the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity:

- the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income:

- the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement. The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income:

- the revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

The financial report was authorised for issue on 27th September 2010 by the Board of Directors.

2. PROFIT

	Economic Entity 2010 $	Economic Entity 2009 $
(a) OTHER INCOME		
Sundry income	69,021	227,475
	69,021	**227,475**
(b) EXPENSES		
Movement in employee benefits	35,770	113,507
Bad debts – trade receivables	314,199	3,022
Provision for impairment – receivables	(8,900)	10,360
Provision for impairment - inventories	(81,404)	62,910
Total employee costs	29,263,954	29,272,799
Foreign exchange (gains)/losses	(69,526)	12,625
Losses on sale of plant and equipment	4,265	7,159
Operating lease payments	1,251,114	1,227,391
Depreciation of plant and equipment	1,036,776	951,685
Impairment - goodwill	-	1,453,487
(c) NET FINANCE COSTS		
Finance costs – other persons	1,143,564	1,268,487
Interest income – other persons	(182,545)	(185,811)
	961,019	**1,082,676**

3. INCOME TAX

(a) The prima facie tax on profit before income tax is reconciled to income tax as follows:		
Profit before Income Tax	371,413	2,736,206
Income tax calculated at 30% (2009: 30%)	111,424	820,862
Tax effect of permanent differences	35,663	(129,307)
Under provision/(over provision) in prior years	(77,656)	(18,231)
Taxation expense - offshore subsidiary	42,484	43,577
Income tax expense	**111,915**	**716,901**
The applicable weighted average effective tax rates are as follows:	*30%*	*26%*
(b) The components of tax expense comprise:		
Current tax	67,869	1,099,840
Deferred tax	121,702	(364,708)
Under provision/(over provision) in prior years	(77,656)	(18,231)
	111,915	**716,901**

4. TRADE AND OTHER RECEIVABLES

	Economic Entity 2010 $	Economic Entity 2009 $
Current		
Trade receivables	13,874,167	16,517,864
Provision for impairment	(1,460)	(10,360)
	13,872,707	16,507,504
Amounts due from customers for construction contracts (refer Note 31)	2,463,275	1,659,759
Retention receivables	207,772	274,345
	16,543,754	18,441,608
Other debtors and prepayments	1,504,275	268,811
	18,048,029	**18,710,419**
Non-Current		
Retention receivables	383,691	256,585
	383,691	**256,585**

All trade and other receivables are classified as financial assets (refer Note 27).

Market practices provide for the retention of monies from progress and final billings on certain construction contracts. The monies are received after a contracted period of time has elapsed following completion of the construction.

Current trade receivables are non-interest bearing and generally on 30 days terms. Non-current trade receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

There are no other balances other than those impaired within trade and other receivables that contain assets that are impaired. It is expected these balances will be received when due. Impaired assets are provided for in full.

4. TRADE AND OTHER RECEIVABLES (continued)

Credit Risk – Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has credit risk exposures in Australia and Asia given the substantial operations in those regions. The Group's exposure to credit risk for receivables at reporting date in those regions is as follows:

	Economic Entity 2010 $	Economic Entity 2009 $
Australia	15,429,655	17,383,597
Asia	1,497,790	1,314,596
	16,927,445	**18,698,193**

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

	Gross Amount	Past Due and Impaired	Past Due not Impaired (Days Overdue)			Within Trading Terms
			< 30 days	31 - 60 days	> 61 days	
Economic entity	$	$	$	$	$	$
2010						
Trade and term receivables	16,928,905	1,460	4,328,402	783,740	1,091,682	10,723,621
Other receivables	-	-	-	-	-	-
	16,928,905	1,460	4,328,402	783,740	1,091,682	10,723,621
2009						
Trade and term receivables	18,708,553	10,360	5,441,264	495,846	1,326,801	11,434,282
Other receivables	-	-	-	-	-	-
	18,708,553	10,360	5,441,264	495,846	1,326,801	11,434,282

The economic entity holds no financial assets with terms that have been negotiated, but which would otherwise be past due or impaired.

Trade and other receivables pertaining to the Australian entities in the group, as disclosed in Note 32(iii), are provided as security against the group's bank facilities. Also refer Notes 11 and 12.

5. INVENTORIES

	Economic Entity 2010 $	Economic Entity 2009 $
Current		
Raw materials and stores – at cost	2,042,980	2,159,217
Less provision for impairment	(131,506)	(212,910)
Work in progress – at cost	171,643	1,058,192
	2,083,117	**3,004,499**

Inventories pertaining to the Australian entities in the group, as disclosed in Note 32(iii), are provided as security against the group's bank facilities. Also refer Notes 11 and 12.

6. FINANCIAL ASSETS

Current assets		
Funds on deposit	11,795	11,715
	11,795	**11,715**

Funds on deposit represent a security deposit covering a guarantee for property lease obligations.

7. PLANT AND EQUIPMENT

Plant and equipment		
At cost	9,316,924	8,659,810
Accumulated depreciation	(3,278,037)	(2,389,601)
	6,038,887	**6,270,209**

Movement in carrying amounts		
Carrying amount – opening balance	6,270,209	6,063,293
Additions	907,856	1,194,379
Disposals	(106,335)	(48,315)
Depreciation	(1,036,776)	(951,685)
Exchange rate adjustment	3,933	12,537
Carrying amount – closing balance	**6,038,887**	**6,270,209**

Plant and equipment pertaining to the Australian entities in the group, as disclosed in Note 32(iii), are provided as security against the group's bank facilities. Also refer Notes 11 and 12.

8. TAX ASSETS AND LIABILITIES

	Economic Entity 2010 $	Economic Entity 2009 $
TAX ASSETS		
NON-CURRENT		
Deferred tax assets	**2,094,247**	**2,211,431**
Deferred tax assets comprise:		
Provisions	1,101,946	1,203,885
Other	34,894	54,657
Un-recouped tax losses	957,407	952,889
	2,094,247	**2,211,431**

The movement in deferred tax assets for each temporary difference during the year is as follows:

	Economic Entity 2010 $	Economic Entity 2009 $
Provisions		
Opening balance	1,203,885	730,679
Credited/(expensed) to income account	(101,939)	473,206
	1,101,946	1,203,885
Other		
Opening balance	54,657	163,155
Credited/(expensed) to income account	(19,763)	(108,498)
	34,894	54,657
Unrecouped tax losses		
Opening balance	952,889	1,100,553
Tax losses recouped	(3,607)	(150,082)
Prior year adjustment	8,125	2,418
	957,407	952,889
Closing balance	**2,094,247**	**2,211,431**

	Economic Entity 2010 $	Economic Entity 2009 $
TAX LIABILITIES		
CURRENT		
Income Tax	-	**(4,717)**
NON-CURRENT		
Provision for Deferred Tax	**16,859**	**9,048**
Opening balance	9,048	3,576
Additional provisions raised during year	7,533	5,100
Exchange rate movement	278	372
Closing balance	**16,859**	**9,048**

9. INTANGIBLE ASSETS

	Economic Entity 2010 $	Economic Entity 2009 $
Goodwill on consolidation – at cost	3,282,532	3,282,532
Less accumulated impairment	-	-
	3,282,532	3,282,532
Goodwill on acquisition – at cost	27,513,731	27,513,731
Less accumulated impairment	(1,453,487)	(1,453,487)
	26,060,244	26,060,244
	29,342,776	**29,342,776**

Movements in carrying amounts

Goodwill on consolidation		
Opening balance	3,282,532	3,282,532
Movement in the year	-	-
Closing balance	**3,282,532**	**3,282,532**
Goodwill on acquisition		
Opening balance	26,060,244	27,513,731
Impairment	-	(1,453,487)
Closing balance	**26,060,244**	**26,060,244**

It has been determined that the balances of the goodwill have an indefinite life. The excess of the fair value of net assets over the purchase price of the businesses acquired has been allocated to goodwill rather than be allocated to other intangible assets. The acquisition of the businesses that generate the goodwill was determined on the abilities of the entities, as a whole, to generate future profits and hence other intangibles have not been recognised.

Goodwill is allocated to cash-generating units which are based on the group's individual companies. All businesses operate in the engineering services industry sector.

Syfon Systems	3,282,532	3,282,532
Brockman Engineering	674,229	674,229
Danum Engineering	8,115,249	8,115,249
TSF Engineering	15,817,280	15,817,280
National Engineering	2,906,973	2,906,973
Impairment	(1,453,487)	(1,453,487)
	29,342,776	**29,342,776**

Impairment Disclosures

The recoverable amount of each cash generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projects over a maximum five year period. The cash flows are discounted using the yield of five year government bonds adjusted for appropriate risk factors at the beginning of the budget period.

9. INTANGIBLE ASSETS (continued)

The following assumptions were used in the value-in-use calculations:

	Growth Rates 2010	Discount Rates 2010	Growth Rates 2009	Discount Rates 2009
Syfon Systems	7.50%	6.4%	7.5%	6.72%
Brockman Engineering	7.50%	6.4%	7.5%	6.72%
Danum Engineering	10.00%	9.0%	7.5%	6.72%
TSF Engineering	10 to 25%	9.0%	10.0%	7.22%
National Engineering	0.00%	15.0%	5.0%	8.22%

Management has based the value-in-use calculations on budgets for each relevant business. These budgets use estimated weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the periods which are consistent with inflation rates applicable to the locations in which the businesses operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular business.

Sensitivity Analysis

In performing impairment testing on the carrying values of goodwill, certain discount rates and growth rates have been assumed as part of the value-in-use calculations.

The following table illustrates sensitivities to changes in those discount rates and growth rates. The analysis assumes that the movement in a particular variable is independent of the other variable.

Year ended 30 June 2010

Discount Rates	Impairment to Carrying Value of Goodwill Increase in Discount Rates	
	1% Increase	2% Increase
	$	$
Syfon Systems	-	-
Brockman Engineering	-	-
Danum Engineering	-	(77,175)
TSF Engineering	(201,457)	(537,201)
National Engineering	-	-

Growth Rates	Impairment to Carrying Value of Goodwill Reduction in Growth Rates	
	1% Decrease	2% Decrease
	$	$
Syfon Systems	-	-
Brockman Engineering	-	-
Danum Engineering	(13,501)	(309,073)
TSF Engineering	(364,430)	(867,257)
National Engineering	-	-

10. TRADE AND OTHER PAYABLES

	Economic Entity 2010 $	Economic Entity 2009 $
Current – unsecured		
Trade payables	7,117,511	7,490,257
Sundry payables and accrued expense	2,370,976	3,354,671
Employee benefits	2,421,036	2,488,347
Dividend payable	-	519,849
	11,909,523	**13,853,124**

Financial liabilities classified as trade and other payables

Trade and other payables - current	11,909,523	13,853,124
Less: Employee leave entitlements	(2,421,036)	(2,488,347)
Income tax payable	-	(4,717)
Financial liabilities as trade and other payables	**9,488,487**	**11,360,060**

11. BORROWINGS - SHORT TERM

Bank Loans – secured	11,500,000	1,750,000
Bank Overdraft – secured	632,882	320,765
Lease Liabilities (Note 24) – secured	113,836	104,635
	12,246,718	**2,175,400**

Bank loans are in the form of Commercial Bank Bill facilities. The interest rates on outstanding Commercial Bank Bills have been fixed as follows:

Commercial Bank Bills

$ 4,250,000	6.82%	6.82%
$ 5,250,000	5.67%	-
$ 2,000,000	5.63%	-
$11,500,000		

The maturity schedule for the Commercial Bank Bill facilities is as follows:

Current	1,937,500	1,750,000
1 to 2 years	6,062,500	1,937,500
2 to 3 years	3,500,000	6,062,500
3 to 4 years	-	3,500,000
	11,500,000	**13,250,000**

Bank loans are secured by a registered equitable mortgage over the assets and undertakings of EVZ Limited and an unlimited guarantee from EVZ Limited's Australian controlled entities: Syfon Systems Pty Ltd, Brockman Engineering Pty Ltd, NuSource Water Pty Ltd, Danum Engineering Pty Ltd, National Engineering Pty Ltd, TSF Engineering Pty Ltd and TSF Maintenance Services Pty Ltd. Also refer to Note 32 for quantification of assets secured by Australian entities.

However, at 30 June 2010, the company is in breach of its bank interest coverage ratio covenant. As a result of this breach, all Commercial Bank Bills outstanding have been classified in accordance with IFRS as current.

Despite this, the Commonwealth Bank of Australia has, subsequent to balance date, advised that it will not exercise its right relating to that breach and will require the company to continue to maintain the existing interest coverage ratio covenant at each future reporting period of not less than 3.

At 30 June 2010 the economic entity has $Nil in undrawn commercial bill facilities (2009: $125,000).

12. BORROWINGS - LONG-TERM

	Economic Entity 2010 $	Economic Entity 2009 $
Bank loans – secured	-	11,500,000
Lease liabilities (Note 24) – secured	222,987	167,892
	222,987	**11,667,892**

Refer Note 11 for further information on bank loans.

13. OTHER LONG TERM PROVISIONS

Non-current		
Employee benefits	**163,837**	**60,756**
Movement:		
Opening balance	60,756	96,260
Provisions utilised during year	103,081	(35,504)
Closing balance	**163,837**	**60,756**

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.
The measure and recognition criteria relating to employee benefits are disclosed in Note 1(k).

14. ISSUED CAPITAL

Issued and paid up		
207,368,245 ordinary shares		
(2009: 207,348,755 ordinary shares) – refer Note 14(a)	45,730,205	45,720,208
571,169 fully paid employee shares		
(2009: 590,659 ordinary shares) – refer Note 14(b)	292,954	302,951
	46,023,159	**46,023,159**

(a) Issued and fully paid up ordinary shares

Opening balance	45,720,208	45,720,208
Conversion of employee shares	9,997	-
Closing balance – 30 June 2010	**45,730,205**	**45,720,208**

	Economic Entity 2010 No.	Economic Entity 2009 No.
Opening balance	207,348,755	207,348,755
Conversion of employee shares	19,490	-
Closing balance – 30 June 2010	**207,368,245**	**207,348,755**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares have no par value.

(b) Fully paid employee shares

Shares issued under the EVZ Limited Division 13A Tax Exempt Share Plan rank equally with all other ordinary issued shares in all respects including voting rights and entitlement to participate in dividends, future rights and bonus issues. The participating employee must not sell or dispose of the employee shares until the earlier of the third anniversary of the date on which the shares were granted and the date on which the employee has ceased employment.

	Economic Entity 2010 $	Economic Entity 2009 $
Opening balance	302,951	302,951
Conversion of employee shares	(9,997)	-
Closing balance – 30 June 2010	**292,954**	**302,951**

	Economic Entity 2010 No.	Economic Entity 2009 No.
Opening balance	590,659	590,659
Conversion of employee shares	(19,490)	-
Closing balance – 30 June 2010	**571,169**	**590,659**

(c) Share options

There are no share options on issue at 30 June 2010 (2009: Nil).

(d) Capital management:

Management controls the capital of the economic entity in order to maintain a good debt to equity ratio, provide shareholders with adequate returns and ensure the economic entity can fund its operations and continue as a going concern. The economic entity's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements. Management effectively manages the economic entity's capital by assessing the economic entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The economic entity's gearing ratio is represented as net debt as a percentage of total capital and is determined as follows:

- Net debt is total bank borrowings less cash and cash equivalents.
- Total capital is total equity and net debt.

As at 30 June 2010 the economic entity's gearing ratio was 17% (2009: 17%).

15. DIVIDENDS

	Economic Entity 2010 $	Economic Entity 2009 $
Interim fully franked ordinary dividend of 0.25 cents per share (2009: 0.25 cents per share) franked at the tax rate of 30% - paid - 15 April 2010	519,849	519,849
Final fully franked ordinary dividend	-	519,849
	519,849	**1,039,698**
Balance of Franking Account	**2,553,518**	**2,253,457**

16. RESERVES AND ACCUMULATED LOSSES

	Economic Entity 2010 $	Economic Entity 2009 $
(a) Accumulated Losses		
Accumulated losses at the beginning of the financial year	(8,095,678)	(9,075,285)
Net Profit	259,498	2,019,305
	(7,836,180)	(7,055,980)
Dividends paid/declared	(519,849)	(1,039,698)
Accumulated losses at the end of the financial year	**(8,356,029)**	**(8,095,678)**
(b) Reserves		
Capital Reserve		
Reserve at beginning of year	198,700	198,700
	198,700	**198,700**
Foreign Currency Translation Reserve		
Reserve at beginning of year	15,298	(33,231)
Movement for year	3,874	48,529
Reserve at end of year	**19,172**	**15,298**
	217,872	**213,998**

Capital reserves represent capital profits, which will be used to fund the ongoing business of the economic entity.

17. EARNINGS PER SHARE

	Economic Entity 2010 No.	Economic Entity 2009 No.
(a) Weighted average number of ordinary shares outstanding during the year used in calculation of Basic Earnings per Share	207,939,414	207,939,414
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of Diluted Earnings per Share	207,939,414	207,939,414

18. KEY MANAGEMENT PERSONNEL

Names and positions of Directors and key management personnel in office at any time during the financial year are:

Mr M Findlay	Non-Executive Chairman
Mr P Jones	Non-Executive Director
Mr K Fagg	Non-Executive Director
Mr G Burns	Non-Executive Director
Mr G McKern (retired 26 February 2010)	Non-Executive Director
Mr A Powis	Chief Executive Officer
Mr I Wallace	Chief Financial Officer and Company Secretary
Mr A Bellgrove	General Manager of Syfon Systems Group
Mr M Goddard	General Manager of Brockman Engineering and Danum Engineering
Mr N Chapman	General Manager of National Engineering
Mr A Green	General Manager of TSF Engineering Group
Mr V Juchima (retired 30 April 2010)	Previous General Manager of Danum Engineering

Remuneration of key management personnel is:

	Economic Entity 2010 $	Economic Entity 2009 $
Short term employee benefits	1,976,961	1,733,568
Post employment benefits	225,407	380,792
	2,202,368	**2,114,360**

Also refer to disclosures in Note 20 for other transactions with directors and key management personnel.

The number of ordinary shares held by each key management personnel of the Group during the financial year is as follows:

30 June 2010	Balance at beginning of year	Granted as Remuneration	Other Changes	Balance at end of year
M Findlay	1,345,000	-	-	1,345,000
P Jones	7,713,748	-	-	7,713,748
K Fagg	1,694,169	-	192,143	1,886,312
G Burns	3,946,606	-	753,394	4,700,000
A Powis	8,571,949	-	-	8,571,949
I Wallace	72,208	-	2,800	75,008
M Goddard	421,949	-	-	421,949
N Chapman	-	-	-	-
A Bellgrove	4,401,949	-	-	4,401,949
A Green	32,000	-	22,000	54,000
G McKern (retired 26 February 2010)	8,193,993	-	(8,193,993)	-
V Juchima (retired 30 April 2010)	3,287,603	-	(3,287,603)	-
	39,681,174	-	**(10,511,259)**	**29,169,915**

30 June 2009	Balance at beginning of year	Granted as Remuneration	Other Changes	Balance at end of year
M Findlay	152,549	-	1,192,451	1,345,000
G McKern	8,193,993	-	-	8,193,993
P Jones	7,713,748	-	-	7,713,748
K Fagg	1,394,169	-	300,000	1,694,169
G Burns	1,200,000	-	2,746,606	3,946,606
A Powis	8,571,949	-	-	8,571,949
I Wallace	20,208	-	52,000	72,208
M Goddard	421,949	-	-	421,949
V Juchima	3,287,603	-	-	3,287,603
N Chapman	-	-	-	-
A Bellgrove	4,401,949	-	-	4,401,949
A Green	-	-	32,000	32,000
	35,358,117	-	**4,323,057**	**39,681,174**

19. AUDITORS' REMUNERATION

	Economic Entity 2010 $	Economic Entity 2009 $
Remuneration paid/payable to Auditors for:		
- audit or review of financial report	156,405	158,394
- taxation services	-	-
	156,405	**158,394**

20. RELATED PARTY DISCLOSURES

(a) The Directors of EVZ Limited during the financial year were:

Mr M Findlay
Mr P Jones
Mr K Fagg
Mr G Burns
Mr G McKern (retired 26 February 2010)

(b) Transactions with Director related entities

- Consulting fees of $145,000 (2009: $104,375) were paid and $10,000 (2009: $35,000) is payable to M Findlay.
- Consulting fees of $22,500 (2009: $45,000) were paid and $45,000 (2009: $22,500) is payable to K Fagg.
- Consulting fees of $45,000 (2009: $45,000) were paid and $11,250 (2009: $11,250) is payable to Mr P Jones.
- Consulting fees of $45,000 (2009: $45,000) were paid and $11,250 (2009: $11,250) is payable to G Burns.
- Consulting fees of $40,000 (2009: $77,500) were paid and $Nil is payable to G McKern.
  Mr McKern retired 26 February 2010.

21. SEGMENT REPORTING

Primary Reporting

The directors have determined that all business operations in the EVZ Group operate in the engineering services segment. All business operations are considered to have similar economic characteristics and are also similar with respect to the following:

- the services provided by the segment;
- the manufacturing process;
- the type or class of customer for the services;
- the distribution method; and
- any external regulatory requirements.

The Board of Directors reviews the performance of EVZ on a group basis.

Secondary Reporting

Geographical Segment	Australia 2010 $	Australia 2009 $	Asia 2010 $	Asia 2009 $	Economic Entity 2010 $	Economic Entity 2009 $
External Segment Revenue	**74,644,593**	**77,859,594**	**2,652,777**	**2,318,945**	**77,297,370**	**80,178,539**
Segment assets by location of assets	**58,851,086**	**62,537,781**	**3,593,840**	**3,365,201**	**62,444,926**	**65,902,982**
Acquisition of non-current assets	**846,835**	**1,168,586**	**61,021**	**25,793**	**907,856**	**1,194,379**

22. STATEMENT OF CASH FLOWS

	Economic Entity 2010 $	Economic Entity 2009 $
(i) Cash balances comprise:		
Cash on Hand	4,442,384	6,095,348
Bank Overdraft	(632,882)	(320,765)
Closing Cash Balance	**3,809,502**	**5,774,583**
(ii) Reconciliation of the Operating Profit after Tax to Net Cash flows from Operations:		
Operating profit after tax	259,498	2,019,305
Gain/loss on sale of plant and equipment	4,265	7,159
Depreciation - plant & equipment	1,036,776	951,685
Foreign currency translation	(59)	35,992
Impairment - goodwill	-	1,453,487
Impairment - receivables	(8,900)	10,360
Impairment - inventories	(81,404)	62,910
Changes in assets and liabilities adjusted for effects of acquisition/disposal of operations during financial year		
Increase/(Decrease) in provisions for employee entitlements	35,770	113,507
(Increase)/Decrease in inventories	1,002,786	(887,838)
(Increase)/Decrease in trade and other receivables	1,404,945	442,793
(Increase)/Decrease in deferred tax assets	117,184	(217,044)
Increase/(Decrease) in payables	(1,356,441)	1,095,385
Increase/(Decrease) in current tax payable	(856,124)	(1,516,540)
Increase/(Decrease) in deferred tax liabilities	7,811	5,472
Net cash provided/(used) by operating activities	**1,566,107**	**3,576,633**

23. STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

Controlled entities in the economic entity have Contingent Liability Bank Guarantee facilities totalling $8,050,000 available to them as at 30 June 2010 (2009: $5,550,000). Of this total facility, $1,543,238 (2009: $1,939,157) remains unused and available for the controlled entities use as at 30 June 2010. The facilities are secured by a registered equitable mortgage over the assets and undertakings of all Australian companies in the economic entity.

Controlled entities in the economic entity have Bank Overdraft facilities totaling $2,000,000 available to them as at 30 June 2010 (2009: $2,000,000). Of the total available facilities, $1,367,118 (2009: $1,679,235) remains unused and available for use.
The facilities are secured by registered equitable mortgages over the assets and undertakings of all Australian companies in the economic entity.

24. LEASE COMMITMENTS

	Economic Entity 2010 $	Economic Entity 2009 $
Leases are payable as follows:		
Not later than 12 months	135,790	120,365
Later than 12 months but not later than 2 years	113,141	80,075
Later than 2 years but not later than 5 years	133,702	105,322
	382,633	305,762
Future lease finance charges	(45,810)	(33,235)
	336,823	**272,527**
Lease liabilities recognised in the statement of financial position:		
Current	113,836	104,635
Non-current	222,987	167,892
Total lease liability	**336,823**	**272,527**

The weighted average interest rate implicit in these leases is 6.8% pa (2009: 6.6% pa). Leases pertain to various plant, equipment and motor vehicles and are secured against the asset to which they relate.

25. OPERATING LEASE COMMITMENTS

Property		
Not later than 12 months	1,037,187	1,108,380
Between 12 months but not later than 5 years	1,052,603	2,142,246
	2,089,790	**3,250,626**
Plant and equipment		
Not later than 12 months	112,877	119,233
Between 12 months but not later than 5 years	95,709	217,377
	208,586	336,610
Total commitments not recognised in the financial statements	**2,298,376**	**3,587,236**

Property leases and plant and equipment leases are non-cancellable with a maximum five year term, with rent payable in advance. Property leases have contingent rental provisions within the lease agreement which require the minimum lease payments to be increased by at least the CPI per annum. Options exist to renew certain leases at the end of their lease term. With the approval of the lessors the property leases may be extended for further terms.

26. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2010 (2009: Nil).

27. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bank bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

(i) Treasury Risk Management

The Board of Directors is responsible for monitoring treasury risk. Currency and interest rate exposures are reviewed regularly to ensure any risk associated with these exposures is minimized.

(ii) Financial Risks

The main risks the economic entity is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

- Interest rate risk
  The majority of the economic entity's borrowings take the form of bank accepted bills of exchange. Fixed interest bank loans account for 100% (2009: 32%) of the total bank loans currently outstanding.
- Foreign currency risk
  The economic entity is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the economic entity's measurement currency. The economic entity monitors its foreign exchange exposure on a regular basis.
- Liquidity risk
  The economic entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.
- Credit risk
  The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

(a) Interest Rate Risk Exposures

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the economic entity intends to hold fixed rate, assets and liabilities to maturity.

	Floating Interest Rate	Fixed Interest			Non Interest Bearing	Total
		1 year or less	1-5 years	More than 5 years		
	$	$	$	$	$	$
2010						
Financial Assets						
Cash and cash equivalents	4,442,384	-	-	-	-	4,442,384
Trade and other receivables	-	-	-	-	18,431,720	18,431,720
Financial assets	11,795	-	-	-	-	11,795
	4,454,179	-	-	-	18,431,720	22,885,899
Weighted average interest rate	4.5%	-	-	-	-	-
Financial Liabilities						
Trade and other payables	-	-	-	-	9,488,487	9,488,487
Borrowings	632,882	11,500,000	-	-	-	12,132,882
Lease liabilities	-	113,836	222,987	-	-	336,823
	632,882	11,613,836	222,987	-	9,488,487	21,958,192
Weighted average interest rate	10.4%	8.3%	6.8%	-	-	-
Net Financial Assets (Liabilities)	**3,821,297**	**(11,613,836)**	**(222,987)**	-	**8,943,233**	**927,707**
2009						
Financial Assets						
Cash and cash equivalents	6,095,348	-	-	-	-	6,095,348
Trade and other receivables	-	-	-	-	18,967,004	18,967,004
Financial assets	11,715	-	-	-	-	11,715
	6,107,063	-	-	-	18,967,004	25,074,067
Weighted average interest rate	4%	-	-	-	-	-
Financial Liabilities						
Trade and other payables	-	-	-	-	11,360,060	11,360,060
Borrowings	9,320,765	-	4,250,000	-	-	13,570,765
Lease liabilities	-	104,635	167,892	-	-	272,527
	9,320,765	104,635	4,417,892	-	11,360,060	25,203,352
Weighted average interest rate	6.15%	10.92%	9.14%	-	-	-
Net Financial Assets (Liabilities)	**(3,213,702)**	**(104,635)**	**(4,417,892)**	-	**7,606,944**	**(129,285)**

	Economic Entity 2010 $	Economic Entity 2009 $
Reconciliation of Net Financials Assets/(Liabilities) to Net Assets		
Net Financial Assets/(Liabilities)	927,707	(129,285)
Add/(subtract) Non-financial assets and liabilities		
Inventories	2,083,117	3,004,499
Plant and equipment	6,038,887	6,270,209
Intangible assets	29,342,776	29,342,776
Deferred tax assets	2,094,247	2,211,431
Provisions	(2,601,732)	(2,558,151)
Net Assets	**37,885,002**	**38,141,479**

(b) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the economic entity approximate their carrying value.

(c) Liquidity Risk

Refer to Note 27(a) for a maturity analysis of financial assets and liabilities. All floating interest rate balances and all non-interest bearing balances are current and due within 12 months.

(c) Sensitivity Analysis

The interest rates on outstanding Commercial Bank Bills have been fixed. The Group believes it has minimal exposure to interest rate risk.

The Group believes it has minimal external foreign currency risk at balance date.

28. SHARE BASED PAYMENTS

There were no share based payments in the year to 30 June 2010 (2009: Nil).

29. INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holdings 2010	Equity Holdings 2009	Cost of Parent Entity's Investment 2010 $	Cost of Parent Entity's Investment 2009 $
Syfon Systems Pty Ltd	Australia	Ordinary	100%	100%	3,700,650	3,700,650
Syfon Systems Sdn Bhd	Malaysia	Ordinary	100%	100%	34,504	34,504
Brockman Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
NuSource Water Pty Ltd	Australia	Ordinary	100%	100%	-	-
Danum Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
National Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
TSF Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
TSF Maintenance Services Pty Ltd	Australia	Ordinary	100%	100%	-	-
Syfon Systems Pte Ltd	Singapore	Ordinary	100%	100%	-	-
EVZ Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
Cellular Beams Pty Ltd	Australia	Ordinary	100%	100%	-	-
					3,735,154	**3,735,154**

EVZ Engineering Pty Ltd and Cellular Beams Pty Ltd did not trade during the year.

30. SUBSEQUENT EVENTS

There have not been any matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years after this financial year.years after this financial year.

31. CONSTRUCTION CONTRACTS

	Economic Entity 2010 $	Economic Entity 2009 $
Aggregate amount of contract revenue recognised during the financial year	52,495,517	44,076,646
Aggregate of contract costs incurred and profits recognised (including losses recognised) to date on contracts in progress	50,590,237	32,173,641
Progress Billings	(48,126,962)	(30,513,882)
Amounts due from customers for contract work in progress	**2,463,275**	**1,659,759**
Total receivable from customers for contract work in progress as included in Note 4	**9,860,960**	**12,748,725**
Retention Receivables as included in Note 4	**591,463**	**530,930**

32. DEED OF CROSS GUARANTEE

During the financial year, a deed of cross guarantee between EVZ Ltd (Parent Entity) and TSF Engineering Pty Ltd, TSF Maintenance Services Pty Ltd, Brockman Engineering Pty Ltd, Danum Engineering Pty Ltd, National Engineering Pty Ltd, Syfon Systems Pty Ltd, NuSource Water Pty Ltd, Cellular Beams Pty Ltd and EVZ Engineering Pty Ltd (Group Entities) was enacted and relief was obtained from preparing financial statements for those Group Entities under ASIC Class Order 98/1418. Under the deed, EVZ Ltd and the Group Entities jointly guarantee to support the liabilities and obligations of the Group Entities. EVZ Ltd and the Group Entities are the only parties to the Deeds of Cross Guarantee and form the Closed Group. The following are the aggregate totals, for each category, relieved under the deed:

		Closed Group & Parties to Deed of Cross Guarantee 2010 $
Financial information in relation to:		
i.	**Statement of Comprehensive Income**	
	Profit before income tax	39,195
	Income tax expense	(98,644)
	Profit after income tax	(59,449)
	Profit attributable to members of the parent entity	(59,449)
ii.	**Retained Earnings**	
	Retained profits at the beginning of the year	(8,789,646)
	Profit after income tax	(59,449)
	Dividends provided for or paid	(519,849)
	Retained earnings at the end of the year	(9,368,944)
iii.	**Statement of Financial Position**	
	Current assets	
	Cash and cash equivalents	4,174,383
	Trade and other receivables	17,378,599
	Inventories	1,774,880
	Financial assets	11,795
	Total current assets	23,339,657

	Closed Group & Parties to Deed of Cross Guarantee 2010 $
Non-current assets	
Property, plant and equipment	5,878,406
Deferred tax asset	2,094,247
Other receivables	1,304,464
Financial assets	74,503
Intangible assets	29,513,061
Total non-current assets	38,864,681
Total assets	62,204,338
Current liabilities	
Trade and other payables	12,730,170
Short-term borrowings	12,242,620
Total current liabilities	24,972,790
Non-current liabilities	
Long-term borrowings	214,796
Long-term provisions	163,837
Total non-current liabilities	378,633
Total liabilities	25,351,423
Net assets	36,852,915
Equity	
Issued capital	46,023,159
Reserves	198,700
Retained earnings	(9,368,944)
	36,852,915

33. CHANGES IN ACCOUNTING POLICY

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

  The changes made to accounting requirements include:
  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
  - reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
    a. the objective of the entity's business model for managing the financial assets; and
    b. the characteristics of the contractual cash flows.

- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

  These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

  This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

34. PARENT ENTITY DISCLOSURES

	Parent Entity 2010 $	Parent Entity 2009 $
Information relating to the Parent Entity, EVZ Limited, is as follows:		
(i) **Financial Position**		
Assets		
Current assets	1,680,542	541,570
Non-current assets	40,326,911	42,522,594
Total assets	**42,007,453**	**43,064,164**
Liabilities		
Current liabilities	11,826,891	2,465,631
Non-current liabilities	762	11,500,000
Total liabilities	**11,827,653**	**13,965,631**
Equity		
Issued capital	46,023,159	46,023,159
Retained earnings	(16,042,059)	(17,123,326)
Reserves	198,700	198,700
Total equity	**30,179,800**	**29,098,533**
(ii) **Financial Performance**		
Comprehensive income		
Profit for the year	1,601,116	346,715
Other comprehensive income	-	-
Total comprehensive income	**1,601,116**	**346,715**

(iii) **Guarantees entered into by the parent entity in relation to the debts of its subsidiaries**

During the financial year, a deed of cross guarantee between EVZ Ltd (Parent Entity) and TSF Engineering Pty Ltd, TSF Maintenance Services Pty Ltd, Brockman Engineering Pty Ltd, Danum Engineering Pty Ltd, National Engineering Pty Ltd, Syfon Systems Pty Ltd, NuSource Water Pty Ltd, Cellular Beams Pty Ltd and EVZ Engineering Pty Ltd (Group Entities) was enacted and relief was obtained from preparing financial statements for those Group Entities under ASIC Class Order 98/1418. Under the deed, EVZ Ltd and the Group Entities jointly guarantee to support the liabilities and obligations of the Group Entities. EVZ Ltd and the Group Entities are the only parties to the Deeds of Cross Guarantee and form the Closed Group.

There are no contingent liabilities of the Parent Entity or commitments for the acquisition of property, plant and equipment by the Parent Entity.

35. COMPANY DETAILS

The registered office and principal place of business of **EVZ Limited** is Level 7, 410 Collins St, Melbourne, 3000

The principal place of business of
Syfon Systems Pty Ltd is
22 Hargreaves St, Huntingdale, 3166

The principal place of business of
Brockman Engineering Pty Ltd is
340 Forest Rd, Corio, 3214

The principal place of business of
TSF Engineering Pty Ltd is
1 Prosperity Pde, Warriewood, 2102

The principal place of business of
Danum Engineering Pty Ltd is
17 Seaforth St, North Shore, Geelong, 3214

The principal place of business of
National Engineering Pty Ltd is
288 Boorowa St, Young, 2594

The principal place of business of
TSF Maintenance Services Pty Ltd is
1 Prosperity Pde, Warriewood, 2102

Directors' Declaration

The Directors of EVZ Limited declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) the financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;

(c) in the Directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 32 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

SIGNED in accordance with a resolution of the Board of Directors made pursuant to s.295(5) of the Corporations Act 2001.

Director - M Findlay

Signed at Melbourne this 27th day of September 2010.

Bentleys
Thinking ahead

Bentleys Melbourne Partnership
ABN 47 075 804 075
Audit & Assurance Services

Level 7, 114 William Street
Melbourne Vic 3000

GPO Box 2266
Melbourne Vic 3001

T +61 3 9274 0600
F +61 3 9274 0736

audit@melb.bentleys.com.au
www.melb.bentleys.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVZ LIMITED

We have audited the accompanying financial report of EVZ Limited, which comprises the statement of financial position as at 30 June 2010, the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Bentleys
Thinking ahead

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EVZ LIMITED (Continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of EVZ Limited on 27 September 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of EVZ Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the report of the directors for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of EVZ Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS

GORDON ROBERTSON
PARTNER

Dated in Melbourne on this 28TH day of September 2010

Additional shareholders information as at 31 August 2010

1. Substantial Shareholders

UBS Nominees Pty Ltd	15,603,089 Ordinary Shares

2. Distribution of Shareholding

Range of Holding	No. of Shareholders Ordinary Shares
1 - 1,000	298
1,001 - 5,000	902
5,001 - 10,000	379
10,001 - 100,000	961
100,001 and over	207
	2,747
Number of shareholders with less than marketable parcel of $500 at $0.073 per unit	1,324

3. Names of the 20 largest shareholders

3. Names of the 20 largest shareholders	Shares held	% Holding
1. UBS Nominees Pty Ltd	15,603,089	7.50
2. Cameron Richard Pty Ltd (Superannuation Fund A/c)	6,863,412	3.30
3. McKern Superannuation Fund Pty Ltd (McKern S/F A/c)	6,507,798	3.13
4. Merrill Lynch (Australia) Nominees Pty Ltd (Berndale A/c)	5,100,000	2.45
5. Powis Enterprises Pty Ltd (Powis Super Fund A/c)	4,942,365	2.38
6. Smithley Super Pty Ltd (Smith Super Fund A/c)	4,809,842	2.31
7. Airlie Beach Holdings Pty Limited (Burns Family A/c)	4,700,000	2.26
8. Linwierik Super Pty Ltd (Linton Super Fund A/c)	4,582,247	2.20
9. CJ Arms Superannuation Fund Pty Ltd (CJ Arms Super Fund A/c)	4,570,178	2.20
10. Mr Adam Bernard Bellgrove (Ingodwi Family A/c)	4,400,000	2.12
11. Mr Ian George Mansbridge	4,010,000	1.93
12. Pegmont Mines Limited	3,700,000	1.78
13. Powis Enterprises Pty Ltd (Powis Family A/c)	3,627,635	1.74
14. Lost Ark Nominees Pty Ltd (MYA Super A/c)	3,500,000	1.68
15. BT Portfolio Services Limited (Juchima Super Fund A/c)	3,285,654	1.58
16. BA & LE Amarant Pty Ltd (BA & LE Amarant P/L S/F A/c)	3,000,000	1.44
17. HSBC Custody Nominees (Australia) Limited	2,840,702	1.37
18. DIP Holdings Pty Ltd	2,600,000	1.25
19. Pegasus Enterprises Limited	2,500,000	1.20
20. Lost Ark Nominees Pty Ltd (ONMBPSF A/c)	2,057,129	0.99
	93,200,051	44.82

4. Voting Rights

A registered holder of shares in the Company may attend general meetings of the Company in person or by proxy and on a poll may exercise one vote for each share held. There are no voting rights attached to options for ordinary shares until the options have been exercised.

5. Unlisted Options

There are no unlisted options on issue.

6. General

The name of the Company Secretary is Ian Wallace.

The address of the principal registered office is:
Level 7,410 Collins Street, Melbourne, Victoria, 3000
Telephone Number: (03) 9670 4545
Facsimile Number: (03) 9670 6670
Email: corporate@evz.com.au

A register of securities is kept at Computershare Investor Services Pty Ltd,
452 Johnston Street, Abbotsford, Victoria, 3067.
Telephone Number: 1300 137 328

7. Stock Exchange Listing

The Company's ordinary securities are listed on the Australian Securities Exchange Limited.

EVZ LIMITED

Level 7, 410 Collins Street, Melbourne, Victoria 3000.
PH: 61 (0) 3 9670 4545 FAX: 61 (0) 3 9670 6670
Email: corporate@evz.com.au
www.evz.com.au