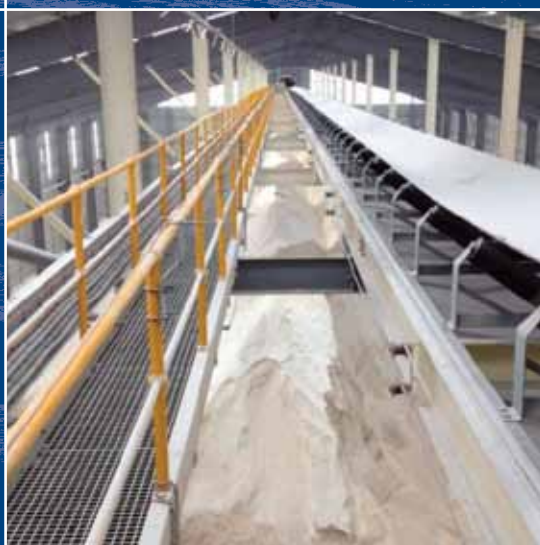




**EVZ** *limited*  
Engineering The Future

## Annual Report 2012



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## DIRECTORS

Max Findlay (Non-Executive Chairman)

Graham Burns (Non-Executive Director)

Rob Edgley (Non-Executive Director)

Raelene Murphy (appointed 28/9/12) (Non-Executive Director)



M Findlay, Chairman



G Burns



R Edgley



R Murphy

## CHIEF EXECUTIVE OFFICER

Scott Farthing (appointed 24/9/12)



S Farthing

## CHIEF FINANCIAL OFFICER and COMPANY SECRETARY

Ian Wallace

## REGISTERED & PRINCIPAL OFFICE

15 Clifford Street  
HUNTINGDALE VIC 3166  
Telephone: (03) 9545 5288  
Facsimile: (03) 9558 9944  
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



During the 2012 financial year (FY12), EVZ refocused its business and finalised the disposal of non-strategic loss-making activities. EVZ, during this period, also strategically defined the Group's business mix and its future strategy for growth was determined.

## Platform for Growth

During and since FY12, the following initiatives and measures have been put in place, which your directors believe have set the platform for the future growth of shareholder value.

- The Group formally divested itself of the National Engineering business which had continued to under-perform. Whilst this divestment had a negative effect on the 2012 result of \$5.3m, the continuing drag on future Group results and cash reserves has now been stopped.
- The Group finalised the Brockman and Danum merger. This consolidated tank and piping operation now provides a broader product offering to existing and new customers and has been well received in the markets it services. Whilst there were costs associated with the merger, Brockman is firmly established as a major player in its market.
- The Power segment, through the Group's TSF operations, is now widely recognised as a reputable leader in design and construction in the ever-expanding clean energy sector. It is to this sector that strategic Group resources have been channeled to maximise the opportunities arising in clean energy.

The Power segment continues to reposition itself as the core business proposition for EVZ and it reflects EVZ's capabilities in energy systems, power design and construction and as a leader in creating clean energy opportunities in a high growth sector.

- The Group has recently appointed Mr Scott Farthing as Chief Executive Officer. Mr Farthing has significant experience and knowledge of the energy market and it is his brief to drive the Group's energy offering. In addition, significant resources have been added to business development and contract control in this segment.
- The syfonic roof drainage operation, Syfon Systems, both in Australia and in Asia, has performed extremely well in FY12 with both geographic operations meeting original profit budgets in a market where competition has been fierce and margins have been squeezed.

The operation has also significantly increased its Asian footprint and has secured for the new financial year a number of significant large Asian projects including Putra Stadium (Malaysia), Sepinggan Airport (Indonesia), KK Times Square (Malaysia) and the MGM Casino (Vietnam).

## Reinvesting in Growth

The challenging economic backdrop for FY12, where projects were continually delayed, competition was significant and margins reduced, coupled with the divestment of the National business, has impacted on the Group profitability and cash reserves. It is a priority for the Group to rebuild its cash reserves to underpin its expected growth. Therefore, directors have determined it prudent to not pay a dividend for FY12. The return to a dividend payout policy will be made when available cash reserves to fund the payment of dividends are at more appropriate levels.

## Board Restructure

In August 2012, Mr Peter Jones decided to retire from his EVZ directorship. Peter has been a key supporter of EVZ for many years and was influential in acquiring a number of businesses in the EVZ stable. All of the directors wish to thank Peter for his time, effort and continued support and wish him well in the private ventures he is now pursuing.

The Board vacancy has been filled by Ms Raelene Murphy who was appointed on 28 September 2012. In her prior role as Interim Chief Executive Officer, Raelene played a large part in the strategic changes that have occurred in EVZ Limited.

## Conclusion

The Group has targeted significant improvements in performance for the 2013 financial year. These targets in the current economic climate will be difficult to reach, however directors and management at this stage believe they are achievable.

The restructuring undertaken in FY12 has set the platform for growth which should see the EVZ Group return to profitability and provide an improvement in shareholder value.

I wish to thank all of our employees for their ongoing commitment, and my fellow directors and senior management for their significant input and support into turning the fortunes of the EVZ Group around.

Finally, significant gratitude must be given to our shareholders who, in general, have remained loyal and supportive during a difficult phase in the Group's history.



**Max Findlay**





# Directors' Report



The Directors present their report on the financial statements of the Company and economic entity for the year ended 30 June 2012. 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**

**Graham BURNS**

**Robert EDGLEY (appointed 26/8/11)**

**Peter JONES (resigned 28/8/12)**

## 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 66, 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**

### Graham Burns

Appointed 1 February 2008 – Non-Executive Director.

Mr Burns, age 57, 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 and a member of the Nomination Committee.

**Interest in Shares: 8,600,000 ordinary shares**

### Robert Edgley

Appointed 26 August 2011 – Non-Executive Director

Mr Edgley, age 47, holds a Bachelor's degree in Economics from Monash University together with a second degree in Japanese language. Mr Edgley's career has been predominantly focused in International Finance and Investment Banking in Australia, the UK and throughout Asia.

Mr Edgley has significant experience and skills in strategic planning, performance management and marketing and has proven abilities in building businesses.

Mr Edgley has been appointed to the Audit Committee and is a member of the Nomination Committee.

**Interest in Shares: 975,000 ordinary shares**

### Peter Jones

Mr Jones resigned as a Director on 28 August 2012.





## 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

<b>Total number of meetings held:</b>		<b>16</b>
	<b>No. Attended</b>	<b>No. Held Whilst a Director</b>
M Findlay – Chairman	16	16
P Jones (resigned 28/8/12)	14	16
G Burns	16	16
R Edgley (appointed 26/8/11)	14	14

## REMUNERATION COMMITTEE MEETINGS

<b>Total number of meetings held:</b>		<b>3</b>
	<b>No. Attended</b>	<b>No. Held Whilst a Member</b>
G Burns – Chairman	3	3
M Findlay	3	3
P Jones (resigned 28/8/12)	3	3

## AUDIT COMMITTEE MEETINGS

<b>Total number of meetings held:</b>		<b>2</b>
	<b>No. Attended</b>	<b>No. Held Whilst a Member</b>
P Jones – Chairman (resigned 28/8/12)	2	2
M Findlay	2	2
R Edgley (appointed 26/8/11)	1	1

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 sector and its principal activities are:

- Design, installation and maintenance of base and back-up power generation equipment, communications equipment, marine installations and provision of mobile generation capabilities.
- 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.

## OPERATING RESULTS

The net loss for the economic entity for the year after income tax expense was \$14,149,900 compared to a net profit after income tax expense in 2011 of \$207,400.

## DIVIDENDS

No dividends were declared or paid during the year.

## REVIEW OF ACTIVITIES

During the year under review the Company:

- Faced significantly difficult trading conditions resulting from the prevailing economic conditions.
- Closed its structural steel operations following continued poor performance.
- Continued to expand its customer, product and geographic base from an increased investment in business development.

## 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, Bentleys Melbourne Partnership. This is included on page 23 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.



# Directors' Report - Remuneration Report



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 2012 no incentives were paid to Executives of the economic entity (2011: \$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

At the 2011 Annual General Meeting of the Company, shareholders approved the introduction of the Directors and Employees Benefits Plan which allows Employees, Directors and Others ("Eligible Persons") to be granted Shares, Options and Performance Rights in the Company. The object of this plan is to help the Company recruit, reward, retain and motivate its Employees and Directors.

Such Shares, Options and Performance Rights would be offered only to those Eligible Persons entitled to receive an invitation. Those Eligible Persons would be:

- a Director or Secretary of a Group Company;
- an employee in permanent full time or permanent part time employment of a Group Company;
- or
- a Contractor to a Group Company

who is selected by the Board to participate in the Plan.

# Directors' Report - Remuneration Report



Invitations to eligible persons will be made by the Board and may be made subject to such conditions and rules as the Board determines, including:

- In the case of Options, the exercise period, the exercise price and the exercise conditions.
- In the case of Shares, the issue price payable on acceptance of the application by the Company and issue of the shares and any other specific terms and conditions of issue.
- In the case of Performance Rights, the performance criteria and the performance period in which those performance criteria must be satisfied.

The issue of any securities (including options or performance rights) issued to any Director or their associates will still require shareholder approval under ASX Listing Rule 10.14.

The maximum number of shares issued pursuant to the Plan would be not more than 5% of the equity interests in the Company.

No securities have been issued under the Directors and Employees Benefits Plan in the year to 30 June 2012.

## **Performance based remuneration**

During the year to 30 June 2012, there was no performance based remuneration paid.

## **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.



# Directors' Report - Remuneration Report



## Details of remuneration for the year ended 30 June 2012

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	Total
	Salary	Fees	Superannuation Contributions	
Directors 2012	\$	\$	\$	\$
M Findlay	-	110,000	-	110,000
P Jones	-	45,000	-	45,000
G Burns	-	45,000	-	45,000
R Edgley (appointed 26/8/11)	-	38,188	-	38,188
	-	<b>238,188</b>	-	<b>238,188</b>

## Directors 2011

M Findlay	-	120,000	-	120,000
P Jones	-	45,000	-	45,000
G Burns	-	45,000	-	45,000
K Fagg (retired 31/5/11)	-	-	41,250	41,250
	-	<b>210,000</b>	<b>41,250</b>	<b>251,250</b>





# Directors' Report - Remuneration Report

## Key management personnel of the economic entity

	Short Term Employee Benefits			Post Employment Benefits		Total
	Salary	Share based Remuneration	Non cash benefits	Superannuation Contributions	Termination Benefits	
2012	\$	\$	\$	\$	\$	\$
A Powis (Chief Executive Officer – retired 23/3/12)	252,126	-	13,067	16,625	157,200	439,018
I Wallace (Chief Financial Officer and Company Secretary)	191,570	-	16,729	50,000	-	258,299
A Bellgrove (General Manager Syfon Systems Group)	266,643	-	6,445	15,775	-	288,863
M Goddard (General Manager Brockman Engineering Pty Ltd)	265,416	-	3,709	15,775	-	284,900
A Green (General Manager TSF Engineering Group)	239,953	-	-	21,295	-	261,248
S Fairbairn (General Manager, EVZ Energy Pty Ltd)	123,853	-	9,303	11,147	-	144,303
J Gonzalez (General Manager National Engineering Pty Ltd retired 13/1/12)	91,826	-	-	25,894	-	117,720
	<b>1,431,387</b>	<b>-</b>	<b>49,253</b>	<b>156,511</b>	<b>157,200</b>	<b>1,794,351</b>

Ms R Murphy acted as interim Chief Executive Officer from 4 February 2012. Ms Murphy was engaged on a sub-contract basis through 333 Management Pty Ltd. Fees paid to 333 Management Pty Ltd relating to Ms Murphy's engagement as interim Chief Executive Officer were \$252,166.

## 2011

A Powis (Chief Executive Officer)	288,276	-	4,608	15,199	-	308,083
I Wallace (Chief Financial Officer and Company Secretary)	179,213	-	16,830	50,000	-	246,043
A Bellgrove (General Manager Syfon Systems Group)	257,405	-	831	15,199	-	273,435
M Goddard (General Manager Brockman Engineering Pty Ltd and Danum Engineering Pty Ltd)	234,416	-	5,605	34,979	-	275,000
J Gonzalez (General Manager, National Engineering Pty Ltd – commenced 28/3/11)	38,055	-	-	6,695	-	44,750
A Green (General Manager TSF Engineering Group)	236,084	-	460	21,039	-	257,583
	<b>1,233,449</b>	<b>-</b>	<b>28,334</b>	<b>143,111</b>	<b>-</b>	<b>1,404,894</b>

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. There are no other standard termination provisions excluding notice periods. Notice periods are generally between three and six months.

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



Director - M Findlay

Signed at Melbourne this 26th day of September 2012.

# Corporate Governance Statement for the year ended 30 June 2012



## 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 2012 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**

During the financial year, the board comprised of 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 was held by Raelene Murphy on an interim basis from 4 February 2012 to 24 September 2012 and by Andrew Powis prior to that date. Mr Scott Farthing commenced his employment as the Group CEO effective 24 September 2012.





## **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.

Given the size of the board, the board has determined it appropriate for the nomination committee to consist of the full board of directors.

## **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) (resigned 28/8/12)
- Max Findlay
- Robert Edgley (appointed 26/8/11)

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.

# Corporate Governance Statement for the year ended 30 June 2012



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 continues to formalise 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 (resigned 28/8/12)
- 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.

There are no executive directors.





## DIVERSITY POLICY

The Group's ultimate success is under-pinned by its employees. To maximise success, the Group encourages a diverse population of employees within its operations.

Diversity is defined to include race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, skill levels, family status, religious, political and other beliefs and work styles. The Group recognises that differences in ideas, backgrounds, patterns of thinking and approaches to work can generate value for the Group's stakeholders: its customers, shareholders, personnel and the communities in which it operates. It is the Group's policy to promote these differences within a productive, inclusive and performance-based environment in which everybody feels valued, where their skills are fully utilised, their performance is recognised, professional accountability is expected and organisational goals are met.

The Group's approach to diversity is based on the following objectives:

- retain, promote and hire the best people possible, focusing on actual and potential contribution in terms of performance, competence, collaboration and professional accountability;
- foster an inclusive culture and ensure that current and future employee opportunities are based on competence and performance, irrespective of race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, family status, religious, political and other beliefs and work styles. This includes being intolerant of behaviour that denigrates or otherwise diminishes such attributes or that discriminates on the basis of such attributes;
- create and manage appropriate human resource processes which take a unified and talent-based approach to recruitment, training and development, performance management, retention and succession planning;
- provide a fair level of reward in order to attract and retain high calibre people – and build a culture of achievement by providing a transparent link between reward and performance; and
- be compliant with all mandatory diversity reporting requirements.

## The Group's Measurable Objective and Current Gender Profile:

The Group's measurable objective for increasing gender diversity is to increase the representation of women at all levels of its organisation over time. The Group's progress towards achieving that objective, along with the proportion of women employees within the Group, women in senior executive positions and women non-executive directors, is set out in the table below:

Measure	2012 No.	%
Women employees	24	8
Women senior executives *	1	20
Women non-executive directors	0	0

\* This includes both employees and specific contractors engaged by the Group.



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**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 2012 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 MELBOURNE PARTNERSHIP  
CHARTERED ACCOUNTANTS**

**MARTIN FENSOME  
PARTNER**

Dated in Melbourne on this 26 day of September 2012.





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

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# Consolidated Income Statement

for the year ended 30 June 2012

	Notes	Economic Entity 2012 \$	Economic Entity 2011 \$
Revenue		62,561,655	65,958,548
Cost of sales		(50,443,540)	(52,685,685)
Gross profit		12,118,115	13,272,863
Other income	2(a)	77,197	89,827
Administration costs		(9,393,577)	(8,293,020)
Business development costs		(1,208,270)	(1,170,596)
Corporate costs		(1,789,224)	(1,462,311)
Impairment of intangibles		(7,900,000)	-
Results from operating activities		(8,095,759)	2,436,763
Net finance costs	2(c)	(1,031,572)	(804,273)
Profit/(Loss) before income tax from continuing operations		(9,127,331)	1,632,490
Income tax expense/(benefit)	3	(318,215)	482,219
Profit/(Loss) from continuing operations	2	(8,809,116)	1,150,271
Loss from discontinued operations after tax	2(d)	(5,340,784)	(942,871)
<b>Profit/(Loss) for year</b>		<b>(14,149,900)</b>	<b>207,400</b>
<b>Net Profit/(Loss) attributable to:</b>			
Members of the parent entity		(14,077,481)	207,400
Non-controlling interest		(72,419)	-
		<b>(14,149,900)</b>	<b>207,400</b>
		<b>Cents per share</b>	<b>Cents per share</b>
<b>Overall operations</b>			
Basic earnings per share	17	(6.8)	0.10
Diluted earnings per share	17	(6.8)	0.10
<b>Continuing operations</b>			
Basic earnings per share	17	(4.24)	0.55
Diluted earnings per share	17	(4.24)	0.55
<b>Discontinued operations</b>			
Basic earnings per share	17	(2.57)	(0.45)
Diluted earnings per share	17	(2.57)	(0.45)

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

# Consolidated Statement of comprehensive income for the year ended 30 June 2012

	Notes	Economic Entity 2012 \$	Economic Entity 2011 \$
Profit/(Loss) for the year		(14,149,900)	207,400
Other comprehensive income:			
Exchange differences arising on translation of foreign operations	16(b)	(4,421)	(190,710)
<b>Total comprehensive income/(loss) for the year attributable to owners of the company</b>		<b>(14,154,321)</b>	<b>16,690</b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Members of the parent entity		(14,081,902)	16,690
Non-controlling interest		(72,419)	-
		<b>(14,154,321)</b>	<b>16,690</b>

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

# Consolidated Statement of Financial Position as at 30 June 2012

	Notes	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	22	4,303,530	4,210,546
Trade and other receivables	4	11,551,418	17,502,083
Inventories	5	1,892,032	1,855,800
<b>TOTAL CURRENT ASSETS</b>		<b>17,746,980</b>	<b>23,568,429</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	4	430,220	372,550
Plant and equipment	7	6,273,610	6,029,408
Deferred tax assets	8	3,187,157	2,077,202
Intangible assets	9	19,989,290	29,342,776
Financial assets	6	114,554	111,232
<b>TOTAL NON-CURRENT ASSETS</b>		<b>29,994,831</b>	<b>37,933,168</b>
<b>TOTAL ASSETS</b>		<b>47,741,811</b>	<b>61,501,597</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	8,743,638	12,746,828
Short-term borrowings	11	4,439,843	6,947,950
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,183,481</b>	<b>19,694,778</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	12	9,608,139	3,709,740
Deferred tax liabilities	8	19,838	18,068
Other long-term provisions	13	1,182,982	177,319
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,810,959</b>	<b>3,905,127</b>
<b>TOTAL LIABILITIES</b>		<b>23,994,440</b>	<b>23,599,905</b>
<b>NET ASSETS</b>		<b>23,747,371</b>	<b>37,901,692</b>
<b>EQUITY</b>			
Issued capital	14	46,023,159	46,023,159
Reserves	16	22,741	27,162
Accumulated losses	16	(22,226,110)	(8,148,629)
<b>PARENT ENTITY</b>		<b>23,819,790</b>	<b>37,901,692</b>
Non-controlling interest		(72,419)	-
<b>TOTAL EQUITY</b>		<b>23,747,371</b>	<b>37,901,692</b>

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



# Consolidated Statement of Changes in Equity for the year ended 30 June 2012

ECONOMIC ENTITY	Issued Capital	Accumulated Losses	Capital Reserves	Foreign Currency Translation Reserve	Sub-Total	Non Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$
<b>30 June 2012</b>							
Balance at 1 July 2011	46,023,159	(8,148,629)	198,700	(171,538)	37,901,692	-	37,901,692
<b>Total comprehensive loss for year</b>							
Loss for year	-	(14,077,481)	-	-	(14,077,481)	(72,419)	(14,149,900)
Foreign currency translation reserve	-	-	-	(4,421)	(4,421)	-	(4,421)
Total comprehensive loss for year	-	(14,077,481)	-	(4,421)	(14,081,902)	(72,419)	(14,154,321)
<b>Transactions with owners, recorded directly in equity</b>							
Shares issued	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
<b>Balance at 30 June 2012</b>	<b>46,023,159</b>	<b>(22,226,110)</b>	<b>198,700</b>	<b>(175,959)</b>	<b>23,819,790</b>	<b>(72,419)</b>	<b>23,747,371</b>
<b>30 June 2011</b>							
Balance at 1 July 2010	46,023,159	(8,356,029)	198,700	19,172	37,885,002	-	37,885,002
<b>Total comprehensive income for year</b>							
Profit for year	-	207,400	-	-	207,400	-	207,400
Foreign currency translation reserve	-	-	-	(190,710)	(190,710)	-	(190,710)
Total comprehensive income for year	-	207,400	-	(190,710)	16,690	-	16,690
<b>Transactions with owners, recorded directly in equity</b>							
Shares issued	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>46,023,159</b>	<b>(8,148,629)</b>	<b>198,700</b>	<b>(171,538)</b>	<b>37,901,692</b>	<b>-</b>	<b>37,901,692</b>

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

# Consolidated Statement of Cash Flows

for the year ended 30 June 2012

	Notes	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		85,649,506	88,126,217
Payments to suppliers & employees (inclusive of GST)		(85,593,828)	(84,394,100)
Income tax paid		(52,359)	(182,840)
Interest received		108,256	183,229
Finance costs		(1,261,740)	(1,067,940)
<b>NET CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	22(ii)	<b>(1,150,165)</b>	<b>2,664,566</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of plant and equipment		37,923	61,607
Purchase of plant and equipment		(2,185,066)	(1,145,996)
<b>NET CASH FLOWS (USED) BY INVESTING ACTIVITIES</b>		<b>(2,147,143)</b>	<b>(1,084,389)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from bank loans		2,500,000	-
Repayment of bank loans		(1,812,500)	(1,937,500)
Proceeds from lease financing		508,080	123,230
Payments for lease financing		(195,944)	(123,542)
Proceeds from other loans		325,000	-
<b>NET CASH FLOWS PROVIDED/(USED) BY FINANCING ACTIVITIES</b>		<b>1,324,636</b>	<b>(1,937,812)</b>
<b>NET DECREASE IN CASH HELD</b>		<b>(1,972,672)</b>	<b>(357,635)</b>
Cash at beginning of financial year		3,451,867	3,809,502
<b>CASH AT END OF FINANCIAL YEAR</b>	22(i)	<b>1,479,195</b>	<b>3,451,867</b>

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

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 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.

# Notes to and forming part of the accounts for the year ended 30 June 2012

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 expensed 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 probable 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.



# Notes to and forming part of the accounts for the year ended 30 June 2012

## (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 probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

## 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
• 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.

# Notes to and forming part of the accounts for the year ended 30 June 2012

## (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.

# Notes to and forming part of the accounts for the year ended 30 June 2012

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 use 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) Goods 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.

# Notes to and forming part of the accounts for the year ended 30 June 2012

## **(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 cash generating unit 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.

During the year the carrying value of Goodwill attributable to the TSF Engineering Group was impaired. The impairment was \$7,900,000. During the year, receivables from continuing operations were impaired by \$123,067.

No impairment has been recognised in respect of plant and equipment for the year ended 30 June 2012.

## **(s) New and Amended 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. There has been no financial impact on their adoption. Also refer to Note 33.

The financial report was authorised for issue on 26 September 2012 by the Board of Directors.



# Notes to and forming part of the accounts for the year ended 30 June 2012

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>2. PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		
<b>(a) OTHER INCOME</b>		
Sundry income	77,197	89,827
	<b>77,197</b>	<b>89,827</b>
<b>(b) EXPENSES</b>		
Movement in employee benefits	(102,040)	30,855
Bad debts	74,414	26,811
Impairment – receivables	123,067	8,522
Total employee costs	30,467,828	28,039,359
Foreign exchange losses	18,441	83,712
Losses on sale of plant and equipment	6,818	9,804
Operating lease payments	1,050,817	946,864
Depreciation of plant and equipment	794,800	729,988
<b>(c) NET FINANCE COSTS</b>		
Finance costs – other persons	1,137,540	986,926
Interest income – other persons	(105,968)	(182,653)
	<b>1,031,572</b>	<b>804,273</b>

## (d) LOSS FROM DISCONTINUED OPERATIONS

At the company's Annual General Meeting held on 25 November 2011, shareholders were advised that the company would seek to divest itself of the National Engineering business located in Young, NSW. Shareholders were also advised that the company would look to quarantine any losses associated with this divestment to the current financial year. At 30 June 2012, the business has been sold and provisions have been raised to cover any further associated costs.

The financial performance of the discontinued operation for the period, which is included in the loss from discontinued operations per the Consolidated Statement of Comprehensive Income, is as follows:

Revenue	10,507,278	13,706,412
Other income	51,625	65,400
Expenses	(16,543,042)	(14,959,572)
	(5,984,139)	(1,187,760)
Net finance costs	(121,912)	(80,438)
Net loss from discontinued operations before tax	(6,106,051)	(1,268,198)
Income tax benefit	765,267	325,327
Loss from discontinued operations	<b>(5,340,784)</b>	<b>(942,871)</b>

# Notes to and forming part of the accounts for the year ended 30 June 2012

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>3. INCOME TAX</b>		
<b>(a) The prima facie tax on profit/(loss) before income tax from continuing operations is reconciled to income tax as follows:</b>		
Profit/(Loss) before Income Tax	(9,127,331)	1,632,490
Income tax calculated at 30% (2011: 30%)	(2,738,199)	489,747
Tax effect of permanent differences	2,369,881	6,201
Under provision/(over provision) in prior years	26,064	(34,890)
Taxation expense - offshore subsidiary	24,039	21,161
Income tax expense/(benefit)	<b>(318,215)</b>	<b>482,219</b>
<i>The applicable weighted average effective tax rates are as follows:</i>	<i>(3%)</i>	<i>30%</i>
<b>(b) The components of tax expense comprise:</b>		
Current tax	(221,040)	450,629
Deferred tax	(123,239)	66,480
Under provision/(over provision) in prior years	26,064	(34,890)
	<b>(318,215)</b>	<b>482,219</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables	9,507,649	13,338,195
Provision for impairment	(275,008)	(9,982)
	9,232,641	13,328,213
Amounts due from customers for construction contracts (refer Note 31)	1,280,701	3,543,819
Retention receivables	165,148	149,870
	10,678,490	17,021,902
Other debtors and prepayments	872,928	480,181
	<b>11,551,418</b>	<b>17,502,083</b>
<b>Non-Current</b>		
Retention receivables	430,220	340,553
Other debtors	-	31,997
	<b>430,220</b>	<b>372,550</b>

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.

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 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 2012 \$	Economic Entity 2011 \$
Australia	10,691,471	16,809,797
Asia	1,290,167	1,064,836
	<b>11,981,638</b>	<b>17,874,633</b>

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 \$	
<b>Economic entity</b>						
<b>2012</b>						
Trade and term receivables	11,383,718	275,008	2,419,911	887,741	726,432	7,074,626
Other receivables	872,928	-	-	-	-	872,928
	<b>12,256,646</b>	<b>275,008</b>	<b>2,419,911</b>	<b>887,741</b>	<b>726,432</b>	<b>7,947,554</b>
<b>2011</b>						
Trade and term receivables	17,372,437	9,982	4,832,227	881,367	1,155,942	10,492,919
Other receivables	512,178	-	-	-	-	512,178
	<b>17,884,615</b>	<b>9,982</b>	<b>4,832,227</b>	<b>881,367</b>	<b>1,155,942</b>	<b>11,005,097</b>

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, are provided as security against the group's bank facilities. Also refer Notes 11 and 12.

# Notes to and forming part of the accounts for the year ended 30 June 2012

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>5. INVENTORIES</b>		
<b>Current</b>		
Raw materials and stores – at cost	1,892,032	1,925,800
Less provision for impairment	-	(70,000)
	<b>1,892,032</b>	<b>1,855,800</b>

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

## 6. FINANCIAL ASSETS

<b>Non-current assets</b>		
Funds on deposit	114,554	111,232
	<b>114,554</b>	<b>111,232</b>

Funds on deposit represent a security deposit covering a guarantee for property lease obligations and security deposits against contract performance bonds.

## 7. PLANT AND EQUIPMENT

<b>Plant and equipment</b>		
At cost	10,007,235	10,241,933
Accumulated depreciation	(3,733,625)	(4,212,525)
	<b>6,273,610</b>	<b>6,029,408</b>

### Movement in carrying amounts

Carrying amount – opening balance	6,029,408	6,038,887
Additions	2,185,066	1,145,996
Disposals	(920,025)	(56,864)
Depreciation	(1,020,403)	(1,074,209)
Exchange rate adjustment	(436)	(24,402)
Carrying amount – closing balance	<b>6,273,610</b>	<b>6,029,408</b>

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



# Notes to and forming part of the accounts for the year ended 30 June 2012

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>8. TAX ASSETS</b>		
<b>NON-CURRENT</b>		
<b>Deferred tax assets</b>	<b>3,187,157</b>	<b>2,077,202</b>
Deferred tax assets comprise:		
Provisions	647,555	1,061,674
Other	78,627	92,556
Un-recouped tax losses	2,460,975	922,972
	<b>3,187,157</b>	<b>2,077,202</b>
The movement in deferred tax assets for each temporary difference during the year is as follows:		
<b>Provisions</b>		
Opening balance	1,061,674	1,101,946
Credited/(expensed) to income account	(414,119)	(40,272)
	647,555	1,061,674
<b>Other</b>		
Opening balance	92,556	34,894
Credited/(expensed) to income account	(13,929)	57,662
	78,627	92,556
<b>Unrecouped tax losses</b>		
Opening balance	922,972	957,407
Tax losses recognised/(recouped)	1,527,871	(26,714)
Prior year adjustment	10,132	(7,721)
	2,460,975	922,972
<b>Closing balance</b>	<b>3,187,157</b>	<b>2,077,202</b>
<b>TAX LIABILITIES</b>		
<b>CURRENT</b>		
Income Tax	-	-
<b>NON-CURRENT</b>		
Provision for deferred tax	<b>19,838</b>	<b>18,068</b>
<b>Opening balance</b>	18,068	16,859
Additional provisions raised during year	1,846	3,772
Exchange rate movement	(76)	(2,563)
<b>Closing balance</b>	<b>19,838</b>	<b>18,068</b>

# Notes to and forming part of the accounts for the year ended 30 June 2012

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>9. INTANGIBLE ASSETS</b>		
Goodwill on consolidation – at cost	3,282,532	3,282,532
Less accumulated impairment	-	-
	<b>3,282,532</b>	<b>3,282,532</b>
Goodwill on acquisition – at cost	24,606,758	27,513,731
Less accumulated impairment	(7,900,000)	(1,453,487)
	<b>16,706,758</b>	<b>26,060,244</b>
	<b>19,989,290</b>	<b>29,342,776</b>

## Movements in carrying amounts

<b>Goodwill on consolidation</b>		
Opening balance	3,282,532	3,282,532
Movement in the year	-	-
<b>Closing balance</b>	<b>3,282,532</b>	<b>3,282,532</b>
<b>Goodwill on acquisition</b>		
Opening balance	26,060,244	26,060,244
Impairment – National Engineering	(1,453,486)	-
Impairment – TSF Engineering	(7,900,000)	-
<b>Closing balance</b>	<b>16,706,758</b>	<b>26,060,244</b>

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.

Water Group – Syfon Systems	3,282,532	3,282,532
Engineering Group – Brockman Engineering	8,789,478	8,789,478
Power Group - TSF Engineering	15,817,280	15,817,280
National Engineering	-	2,906,973
Impairment	(7,900,000)	(1,453,487)
	<b>19,989,290</b>	<b>29,342,776</b>

During the year the net carrying value of the goodwill relating to National Engineering of \$1,453,486 (2011: \$1,453,486) was written off following the closure of the cash generating unit.

## Impairment Disclosures

The EVZ Group assesses at each annual reporting date the potential impairment to the carrying value of Goodwill of the relevant cash generating unit (CGU).

The recoverable amount of each CGU (Brockman Engineering, Syfon Systems and TSF Engineering) is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period adjusted for the estimated terminal value of the cash generating unit. The cash flows are discounted using a rate reflecting the Group's weighted average cost of capital plus an appropriate margin for risk factors at the beginning of the budget period. All discount rates are pre-tax.

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 9. INTANGIBLE ASSETS (Continued)

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.

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

	Growth Rates 2012	Discount Rates 2012	Growth Rates 2011	Discount Rates 2011
Syfon Systems Group	5%	20%	7.5%	6.4%
Brockman Engineering Group	5%	20%	0 to 7.5%	6.4%
TSF Engineering Group	5%	20%	10 to 25%	9.0%
National Engineering	-	-	0%	20.0%

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>10. TRADE AND OTHER PAYABLES</b>		
<b>Current – unsecured</b>		
Trade payables	4,111,716	8,593,083
Sundry payables and accrued expense	2,719,537	1,695,641
Employee benefits	1,912,385	2,458,104
	<b>8,743,638</b>	<b>12,746,828</b>

### Financial liabilities classified as trade and other payables

Trade and other payables - current	8,743,638	12,746,828
Less: Employee leave entitlements	(1,912,385)	(2,458,104)
<b>Financial liabilities as trade and other payables</b>	<b>6,831,253</b>	<b>10,288,724</b>

## 11. BORROWINGS - SHORT TERM

Bank loans – secured	1,000,000	6,062,500
Bank overdraft – secured	2,824,335	758,679
Lease liabilities (Note 24) – secured	290,508	126,771
Other loans - unsecured	325,000	-
	<b>4,439,843</b>	<b>6,947,950</b>

### Bank Loans - Secured

Bank loans are in the form of Commercial Bank Bill facilities. The maturity schedule for the Commercial Bank Bill facilities is as follows:

Current	1,000,000	6,062,500
1 to 2 years	7,750,000	3,500,000
2 to 3 years	1,500,000	-
<b>Total Bank Loans</b>	<b>10,250,000</b>	<b>9,562,500</b>

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 11. BORROWINGS - SHORT TERM (Continued)

The interest rates on outstanding Commercial Bank Bills totalling \$7,750,000 have been fixed as follows:

Commercial Bank Bills 2012 \$	Commercial Bank Bills 2011 \$	Interest Rates 2012	Interest Rates 2011
4,250,000	4,250,000	4.55%	6.82%
3,500,000	4,375,000	5.67%	5.67%
-	937,500	-	5.63%
<b>7,750,000</b>	<b>9,562,500</b>		

The interest rates on Commercial Bank Bills totalling \$2,500,000 are variable at balance date.

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, 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.

At 30 June 2012 the economic entity has \$1,000,000 in undrawn commercial bill facilities (2011: \$Nil).

### Other Loans

Other loans represent loans from non-controlling interests in EVZ Energy Pty Ltd. The loans are unsecured and are non-interest bearing.

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>12. BORROWINGS - LONG TERM</b>		
Bank loans – secured	9,250,000	3,500,000
Lease liabilities (Note 24) – secured	358,139	209,740
	<b>9,608,139</b>	<b>3,709,740</b>

Also refer to Note 11 for further information on bank loans.

## 13. OTHER LONG TERM PROVISIONS

### Non-current

Employee benefits	167,862	177,319
Closure costs	1,015,120	-
	<b>1,182,982</b>	<b>177,319</b>
Movement in employee benefits:		
Opening employee balance	177,319	163,837
Provisions created/(utilised) during year	(9,457)	13,482
<b>Closing balance</b>	<b>167,862</b>	<b>177,319</b>

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).

Closure provisions relate to the estimated remaining costs associated with the closure of the National Engineering business.

# Notes to and forming part of the accounts for the year ended 30 June 2012

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>14. ISSUED CAPITAL</b>		
Issued and paid up		
207,939,414 ordinary shares (2011: 207,420,868 ordinary shares) – refer Note 14(a)	46,023,159	45,757,195
Nil fully paid employee shares (2011: 518,546 ordinary shares) – refer Note 14(b)	-	265,964
	<b>46,023,159</b>	<b>46,023,159</b>

## (a) Issued and fully paid up ordinary shares

Opening balance	45,757,195	45,730,205
Conversion of employee shares	265,964	26,990
<b>Closing balance – 30 June 2012</b>	<b>46,023,159</b>	<b>45,757,195</b>

	2012 No.	2011 No.
Opening balance	207,420,868	207,368,245
Conversion of employee shares	518,546	52,623
<b>Closing balance – 30 June 2012</b>	<b>207,939,414</b>	<b>207,420,868</b>

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 could 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. As all employee shares have now vested, all fully paid employee shares were converted to ordinary fully paid shares during the year.

	2012 \$	2011 \$
Opening balance	265,964	292,954
Conversion of employee shares	(265,964)	(26,990)
<b>Closing balance – 30 June 2012</b>	<b>-</b>	<b>265,964</b>

	2012 No.	2011 No.
Opening balance	518,546	571,169
Conversion of employee shares	(518,546)	(52,623)
<b>Closing balance – 30 June 2012</b>	<b>-</b>	<b>518,546</b>



# Notes to and forming part of the accounts for the year ended 30 June 2012

## 14. ISSUED CAPITAL (Continued)

### c) Share options

There are no share options on issue at 30 June 2012 (2011: 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 2012 the economic entity's gearing ratio was 29% (2011: 15%).

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>15. DIVIDENDS</b>		
Interim fully franked ordinary dividend	-	-
Final fully franked ordinary dividend	-	-
	-	-
<b>Balance of Franking Account</b>	<b>1,848,776</b>	<b>1,896,514</b>

## Notes to and forming part of the accounts for the year ended 30 June 2012

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>16. RESERVES AND ACCUMULATED LOSSES</b>		
<b>(a) Accumulated Losses</b>		
Accumulated losses at the beginning of the financial year	(8,148,629)	(8,356,029)
Net profit/(loss) attributable to members of the parent entity	(14,077,481)	207,400
<b>Accumulated losses at the end of the financial year</b>	<b>(22,226,110)</b>	<b>(8,148,629)</b>
<b>(b) Reserves</b>		
<b>Capital Reserve</b>		
Reserve at beginning of year	198,700	198,700
	<b>198,700</b>	<b>198,700</b>
<b>Foreign Currency Translation Reserve</b>		
Reserve at beginning of year	(171,538)	19,172
Movement for year	(4,421)	(190,710)
<b>Reserve at end of year</b>	<b>(175,959)</b>	<b>(171,538)</b>
	<b>22,741</b>	<b>27,162</b>

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

	2012 No.	2011 No.
<b>17. EARNINGS PER SHARE</b>		
<b>(a)</b> 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>(b)</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

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 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 (resigned 28/8/12)	Non-Executive Director
Mr G Burns	Non-Executive Director
Mr R Edgley (appointed 26/8/11)	Non-Executive Director
Ms R Murphy (appointed 3/2/12, resigned 24/9/12)	Interim 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
Mr A Green	General Manager of TSF Engineering Group
Mr S Fairbairn	General Manager of EVZ Energy
Mr J Gonzalez (resigned 13/1/12)	General Manager of National Engineering
Mr A Powis (retired 23/3/12)	Chief Executive Officer

Mr Scott Farthing commenced as the Group CEO on 24 September 2012.

### Remuneration of key management personnel is:

	Economic Entity 2012 \$	Economic Entity 2011 \$
Short term employee benefits	1,718,828	1,471,783
Post employment benefits	313,711	184,361
Consulting fees	252,166	-
	<b>2,284,705</b>	<b>1,656,144</b>

Ms R Murphy acted as interim Chief Executive Officer from 4 February 2012. Ms Murphy was engaged on a sub-contract basis through 333 Management Pty Ltd. Fees paid to 333 Management Pty Ltd relating to Ms Murphy's engagement as interim Chief Executive Officer were \$252,166.

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 2012	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 (resigned 28/8/12)	8,000,000	-	-	8,000,000
G Burns	6,000,000	-	2,546,389	8,546,389
R Edgley (appointed 26/8/11)	-	-	975,000	975,000
R Murphy (appointed 3/2/12, resigned 24/9/12)	-	-	-	-
I Wallace	75,008	-	-	75,008
M Goddard	421,949	-	-	421,949
A Bellgrove	4,401,949	-	-	4,401,949
A Green	54,000	-	-	54,000
S Fairbairn	-	-	-	-
J Gonzalez (resigned 13/1/12)	-	-	-	-
A Powis (retired 23/3/12)	8,571,949	-	(8,571,949)	-
	<b>28,869,855</b>	<b>-</b>	<b>(5,050,560)</b>	<b>23,819,295</b>

Since the end of the financial year, Directors have acquired a further 53,611 shares.

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 18. KEY MANAGEMENT PERSONNEL (Continued)

30 June 2011	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	-	286,252	8,000,000
G Burns	4,700,000	-	1,300,000	6,000,000
A Powis	8,571,949	-	-	8,571,949
I Wallace	75,008	-	-	75,008
M Goddard	421,949	-	-	421,949
A Bellgrove	4,401,949	-	-	4,401,949
A Green	54,000	-	-	54,000
K Fagg (retired 31/5/11)	1,886,312	-	(1,886,312)	-
J Gonzalez (appointed 28/3/11)	-	-	-	-
N Chapman (retired 9/3/11)	-	-	-	-
	<b>29,169,915</b>	<b>-</b>	<b>(300,060)</b>	<b>28,869,855</b>

There are no share options issued at 30 June 2012 (2011: Nil).

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>19. AUDITORS' REMUNERATION</b>		
Remuneration paid/payable to Auditors for:		
- audit or review of financial report	150,430	144,077
- taxation services	-	-
	<b>150,430</b>	<b>144,077</b>

## 20. RELATED PARTY DISCLOSURES

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

Mr M Findlay  
Mr P Jones (resigned 28/8/12)  
Mr G Burns  
Mr R Edgley (appointed 26/8/11)

### (b) Transactions with director related entities

- Consulting fees of \$105,000 (2011: \$110,000) were paid and \$25,000 (2011: \$20,000) is payable to M Findlay.
- Consulting fees of \$45,000 (2011: \$45,000) were paid and \$11,250 (2011: \$11,250) is payable to Mr P Jones.
- Consulting fees of \$45,000 (2011: \$45,000) were paid and \$11,250 (2011: \$11,250) is payable to G Burns.
- Consulting fees of \$34,438 (2011: \$Nil) were paid and \$3,750 (2011: \$Nil) is payable to R Edgley (appointed 26/8/11).

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 21. SEGMENT REPORTING

### Segment Information

#### Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of product category and service offerings as the diversification of the group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

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

#### Types of products and services by segment

##### i. Engineering

The engineering segment designs, manufactures and installs large steel tanks, silos, cooling towers, pipe spooling, pressure vessels and fabricates structural steel. All products produced are aggregated as one reportable segment as the products are similar in nature, manufactured and distributed to similar types of customers and subject to a similar regulatory environment.

The engineering segment is also involved in the installation process and provides ongoing support and maintenance for its products. Support is provided to existing customers for maintenance required for products under warranty.

##### ii. Power

The power segment designs and installs constant load power stations, back-up power generation equipment and sustainable energy solutions. In addition, the segment services, maintains and hires all types of generators and associated equipment.

##### iii. Water

The water segment designs syphonic roof drainage systems for large and/or complex roof structures, supplies and installs fibreglass panel tanks and prefabricated hydraulic systems.

#### Basis of accounting for purposes of reporting by operating segments

##### i. Accounting policies adopted

Unless stated otherwise, all amounts reported to the board of directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

##### ii. Inter-segment transactions

Inter-segment sales are based on values that would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

##### iii. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.



# Notes to and forming part of the accounts for the year ended 30 June 2012

## 21. SEGMENT REPORTING (Continued)

### iv. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

### v. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Current tax liabilities
- Other financial liabilities
- Discontinuing operations

### Segment Reporting – Continuing Operations

30 June 2012	Engineering	Power	Water	Corporate	Total
REVENUE	\$	\$	\$	\$	\$
External sales	36,533,424	10,726,797	15,301,434	-	62,561,655
Inter-segment sales	-	-	-	-	-
<b>Total segment revenue</b>	<b>36,533,424</b>	<b>10,726,797</b>	<b>15,301,434</b>	<b>-</b>	<b>62,561,655</b>

#### Reconciliation of segment revenue to group revenue

Inter-segment elimination	-
<b>Total group revenue</b>	<b>62,561,655</b>

<b>Segment net profit before interest and tax</b>	<b>1,511,026</b>	<b>(9,013,905)</b>	<b>1,193,082</b>	<b>(1,785,962)</b>	<b>(8,095,759)</b>
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#### Reconciliation of segment result to group net profit before tax

Unallocated items	
• Net finance costs	1,031,572
<b>Net profit before tax from continuing operations</b>	<b>(9,127,331)</b>

The segment net profit before tax for the Power segment includes a provision for the impairment of goodwill of \$7,900,000 (2011: \$Nil).

### 30 June 2011

REVENUE					
External sales	36,336,698	16,972,180	12,649,670	-	65,958,548
Inter-segment sales	-	-	-	-	-
<b>Total segment revenue</b>	<b>36,336,698</b>	<b>16,972,180</b>	<b>12,649,670</b>	<b>-</b>	<b>65,958,548</b>

#### Reconciliation of segment revenue to group revenue

Inter-segment elimination	-
<b>Total group revenue</b>	<b>65,958,548</b>

<b>Segment net profit before interest and tax</b>	<b>1,638,168</b>	<b>1,571,041</b>	<b>689,865</b>	<b>(1,462,311)</b>	<b>2,436,763</b>
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#### Reconciliation of segment result to group net profit before tax

Unallocated items	
• Net finance costs	(804,273)
<b>Net profit before tax from continuing operations</b>	<b>1,632,490</b>

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 21. SEGMENT REPORTING (Continued)

### Secondary Reporting (including Discontinued Operations)

	Engineering	Power	Water	Corporate	Total
	\$	\$	\$	\$	\$
<b>30 June 2012</b>					
<b>ASSETS</b>					
<b>Segment assets</b>	21,410,896	13,125,686	10,785,407	40,421,708	85,743,697
<i>Reconciliation of segment assets to group assets</i>					
Inter-segment eliminations					(38,001,886)
<b>Total group assets</b>					<b>47,741,811</b>
<i>Segment asset increases for the period</i>					
Capital expenditure	322,538	1,427,350	435,178	-	2,185,066
	<b>322,538</b>	<b>1,427,350</b>	<b>435,178</b>	<b>-</b>	<b>2,185,066</b>
<b>LIABILITIES</b>					
<b>Segment liabilities</b>	26,368,868	18,780,395	3,414,901	11,185,403	59,749,567
<i>Reconciliation of segment liabilities to group liabilities</i>					
Inter-segment eliminations					(35,755,127)
<b>Total group liabilities</b>					<b>23,994,440</b>
<b>30 June 2011</b>					
<b>ASSETS</b>					
<b>Segment assets</b>	30,215,552	20,798,782	8,778,541	40,154,762	99,947,637
<i>Reconciliation of segment assets to group assets</i>					
Inter-segment eliminations					(38,446,040)
<b>Total group assets</b>					<b>61,501,597</b>
<i>Segment asset increases for the period</i>					
Capital expenditure	355,283	607,223	170,658	12,832	1,145,996
	<b>355,283</b>	<b>607,223</b>	<b>170,658</b>	<b>12,832</b>	<b>1,145,996</b>
<b>LIABILITIES</b>					
<b>Segment liabilities</b>	30,620,500	17,316,657	1,947,789	9,910,823	59,795,769
<i>Reconciliation of segment liabilities to group liabilities</i>					
Inter-segment eliminations					(36,195,864)
<b>Total group liabilities</b>					<b>23,599,905</b>

### REVENUE BY GEOGRAPHICAL REGION

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:	Economic Entity 2012 \$	Economic Entity 2011 \$
Australia	70,686,075	77,936,517
Asia	2,382,858	1,728,443
<b>Total revenue</b>	<b>73,068,933</b>	<b>79,664,960</b>

### ASSETS BY GEOGRAPHICAL REGION

The location of segment assets by geographical location of the assets is disclosed below:

Australia	44,745,917	59,489,955
Asia	2,995,894	2,011,642
<b>Total assets</b>	<b>47,741,811</b>	<b>61,501,597</b>

# Notes to and forming part of the accounts for the year ended 30 June 2012

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>22. STATEMENT OF CASH FLOWS</b>		
<b>(i) Cash balances comprise:</b>		
Cash on hand	4,303,530	4,210,546
Bank overdraft	(2,824,335)	(758,679)
<b>Closing cash balance</b>	<b>1,479,195</b>	<b>3,451,867</b>
<b>(ii) Reconciliation of the operating profit/(loss) after tax to net cash flows from operations:</b>		
Operating profit/(loss) after tax	(14,149,900)	207,400
Gain/loss on sale of plant and equipment	882,102	(4,743)
Depreciation - plant & equipment	1,020,403	1,074,209
Foreign currency translation	(3,985)	(166,308)
Impairment - receivables	265,026	8,522
Impairment - inventories	(70,000)	(61,506)
Impairment - goodwill	9,353,486	-
<b>Changes in assets and liabilities adjusted for effects of acquisition/disposal of operations during financial year</b>		
Increase/(Decrease) in provisions for employee entitlements	(555,176)	50,550
(Increase)/Decrease in inventories	33,768	288,823
(Increase)/Decrease in trade and other receivables	5,624,647	449,128
(Increase)/Decrease in deferred tax assets	(1,109,955)	17,045
Increase/(Decrease) in payables	(2,442,351)	800,237
Increase/(Decrease) in deferred tax liabilities	1,770	1,209
<b>Net cash provided/(used) by operating activities</b>	<b>(1,150,165)</b>	<b>2,664,566</b>
<b>(iii) Discontinued Operations</b>		
The net cash flows of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows:		
Net cash inflow/(outflow) from operating activities	(849,235)	(547,838)
Net cash inflow/(outflow) from investing activities	(9,285)	(152,967)
Net cash inflow/(outflow) from financing activities	1,613,067	575,208
<b>Net cash increase/(decrease) in cash generated by the discontinued operation</b>	<b>754,547</b>	<b>(125,597)</b>

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 23. STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

Controlled entities in the economic entity have Contingent Liability Bank Guarantee facilities totalling \$5,718,334 available to them as at 30 June 2012 (2011: \$8,050,000). Of this total facility, \$1,521,115 (2011: \$2,546,106) remains unused and available for the controlled entities use as at 30 June 2012. 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 \$3,731,666 available to them as at 30 June 2012 (2011: \$2,000,000). Of the total available facilities, \$907,331 (2011: \$1,241,321) 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.

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>24. LEASE COMMITMENTS</b>		
Leases are payable as follows:		
Not later than 12 months	342,378	149,041
Later than 12 months but not later than 2 years	154,775	98,185
Later than 2 years but not later than 5 years	244,982	131,527
	742,135	378,753
Future lease finance charges	(93,488)	(42,242)
	<b>648,647</b>	<b>336,511</b>
Lease liabilities recognised in the statement of financial position:		
Current	290,508	126,771
Non-current	358,139	209,740
<b>Total lease liability</b>	<b>648,647</b>	<b>336,511</b>

The weighted average interest rate implicit in these leases is 7.55% pa (2011: 6.7% 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	797,292	1,109,526
Between 12 months but not later than 5 years	1,739,637	1,379,983
	<b>2,536,929</b>	<b>2,489,509</b>

### Plant and equipment

Not later than 12 months	80,868	88,059
Between 12 months but not later than 5 years	174,460	89,198
	<b>255,328</b>	<b>177,257</b>
<b>Total commitments not recognised in the financial statements</b>	<b>2,792,257</b>	<b>2,666,766</b>

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 2012 (2011: 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 76% (2011: 100%) 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 opposite. 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.



# Notes to and forming part of the accounts for the year ended 30 June 2012

## 27. FINANCIAL INSTRUMENTS (Continued)

	Floating Interest Rate	Fixed Interest			Non Interest Bearing	Total
		1 year or less	1-5 years	More than 5 years		
	\$	\$	\$	\$	\$	\$
<b>2012</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	4,303,530	-	-	-	-	4,303,530
Trade and other receivables	-	-	-	-	11,981,638	11,981,638
Financial assets	-	-	-	-	114,554	114,554
	4,303,530	-	-	-	12,096,192	16,399,722
Weighted average interest rate	3.5%					
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	-	6,831,253	6,831,253
Borrowings	2,824,335	1,000,000	9,250,000	-	325,000	13,399,335
Lease liabilities	-	290,508	358,139	-	-	648,647
	2,824,335	1,290,508	9,608,139	-	7,156,253	20,879,235
Weighted average interest rate	10.58%	8.37%	8.57%			
<b>Net Financial Assets (Liabilities)</b>						
	1,479,195	(1,290,508)	(9,608,139)	-	4,939,939	(4,479,513)
<b>2011</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	4,210,546	-	-	-	-	4,210,546
Trade and other receivables	-	-	-	-	17,874,633	17,874,633
Financial assets	23,449	-	-	-	87,783	111,232
	4,233,995	-	-	-	17,962,416	22,196,411
Weighted average interest rate	4.75%					
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	-	10,288,724	10,288,724
Borrowings	758,679	6,062,500	3,500,000	-	-	10,321,179
Lease liabilities	-	126,771	209,740	-	-	336,511
	758,679	6,189,271	3,709,740	-	10,288,724	20,946,414
Weighted average interest rate	11.24%	8.39%	8.33%			
<b>Net Financial Assets (Liabilities)</b>						
	3,475,316	(6,189,271)	(3,709,740)	-	7,673,692	1,249,997

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 27. FINANCIAL INSTRUMENTS (Continued)

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>Reconciliation of Net Financial Assets/(Liabilities) to Net Assets</b>		
Net financial assets/(liabilities)	(4,479,513)	1,249,997
Add/(subtract) non-financial assets and liabilities:		
Inventories	1,892,032	1,855,800
Plant and equipment	6,273,610	6,029,408
Intangible assets	19,989,290	29,342,776
Deferred tax assets	3,187,157	2,077,202
Provisions	(3,115,205)	(2,653,491)
<b>Net Assets</b>	<b>23,747,371</b>	<b>37,901,692</b>

### (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.

### (d) Sensitivity analysis

The interest rate on Commercial Bank Bills totalling \$7,750,000 has been fixed. The Group believes it has minimal exposure to interest rate risk.

### (e) Foreign currency risk

Refer Note 21 for a breakdown of revenue and assets by geographical location. Whilst the economic entity monitors its foreign exchange risk, it does not believe there is any material risk associated with its foreign exchange exposure.

### (f) Price risk

The economic entity believes it has minimal exposure to price risk as costs of major materials and components are set at the time of project tender.

## 28. SHARE BASED PAYMENTS

There were no share based payments in the year to 30 June 2012 (2011: Nil).

## 29. INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holdings		Cost of Parent Entity's Investment	
			2012	2011	2012 \$	2011 \$
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%	-	-
Syfon Systems Pte Ltd	Singapore	Ordinary	100%	100%	-	-
EVZ Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
Cellular Beams Pty Ltd	Australia	Ordinary	100%	100%	-	-
EVZ Energy Pty Ltd	Australia	Ordinary	50%	70%	-	-
					<b>3,735,154</b>	<b>3,735,154</b>

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

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 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.

	Economic Entity 2012 \$	Economic Entity 2011 \$
<b>31. CONSTRUCTION CONTRACTS</b>		
Aggregate amount of contract revenue recognised during the financial year	50,607,910	63,517,052
Aggregate of contract costs incurred and profits recognised (including losses recognised) to date on contracts in progress	35,675,938	71,873,250
Progress billings	34,395,237	68,329,431
Amounts due from customers for contract work in progress	<b>1,280,701</b>	<b>3,543,819</b>
Total receivable from customers for contract work in progress as included in Note 4	<b>7,372,787</b>	<b>10,263,036</b>
Retention Receivables as included in Note 4	<b>595,368</b>	<b>490,423</b>

## 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) existed and relief is 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	
	2012 \$	2011 \$
Financial information in relation to:		
i. <b>Statement of Comprehensive Income</b>		
Profit/(Loss) before income tax	(15,282,947)	480,904
Income tax expense/(benefit)	(1,107,521)	153,231
Profit/(Loss) after income tax	(14,175,426)	327,673
Profit/(Loss) attributable to members of the parent entity	(14,175,426)	327,673
ii. <b>Retained Earnings</b>		
Retained losses at the beginning of the year	(9,041,271)	(9,368,944)
Profit/(Loss) after income tax	(14,175,426)	327,673
Dividends provided for or paid	-	-
Retained losses at the end of the year	(23,216,697)	(9,041,271)
iii. <b>Statement of Financial Position</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,103,859	4,161,539
Trade and other receivables	10,095,982	16,729,877
Inventories	1,488,787	1,694,085
<b>Total current assets</b>	<b>15,688,628</b>	<b>22,585,501</b>

# Notes to and forming part of the accounts for the year ended 30 June 2012

## 32. DEED OF CROSS GUARANTEE (Continued)

	Closed Group & Parties to Deed of Cross Guarantee	
	2012	2011
	\$	\$
<b>Non-current assets</b>		
Property, plant and equipment	5,306,333	5,925,254
Deferred tax asset	3,187,157	2,077,202
Other receivables	1,015,733	353,379
Financial assets	97,952	97,952
Intangible assets	20,159,575	29,513,061
Total non-current assets	29,766,750	37,966,848
<b>Total assets</b>	<b>45,455,378</b>	<b>60,552,349</b>
<b>Current liabilities</b>		
Trade and other payables	7,985,934	12,543,818
Short term borrowings	3,996,948	6,944,416
Total current liabilities	11,982,882	19,488,234
<b>Non-current liabilities</b>		
Long-term borrowings	9,284,352	3,706,208
Long-term provisions and other payables	1,182,982	177,319
Total non-current liabilities	10,467,334	3,883,527
<b>Total liabilities</b>	<b>22,450,216</b>	<b>23,371,761</b>
<b>Net assets</b>	<b>23,005,162</b>	<b>37,180,588</b>
<b>Equity</b>		
Issued capital	46,023,159	46,023,159
Reserves	198,700	198,700
Retained losses	(23,216,697)	(9,041,271)
	23,005,162	37,180,588

## 33. NEW AND AMENDED ACCOUNTING STANDARDS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

### 33. NEW AND AMENDED ACCOUNTING STANDARDS (Continued)

The key 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;
- requiring financial assets to be reclassified 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; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Group.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).



## 33. NEW AND AMENDED ACCOUNTING STANDARDS (Continued)

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

- AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

- AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- for an offer that may be withdrawn – when the employee accepts;
- for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

# Notes to and forming part of the accounts for the year ended 30 June 2012

	Parent Entity 2012 \$	Parent Entity 2011 \$
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## 34. PARENT ENTITY DISCLOSURES

Information relating to the Parent Entity, EVZ Limited, is as follows:

### (i) Financial Position

#### Assets

Current assets	779,676	945,962
Non-current assets	25,391,552	39,208,800
<b>Total assets</b>	<b>26,171,228</b>	<b>40,154,762</b>

#### Liabilities

Current liabilities	1,554,734	6,410,823
Non-current liabilities	9,630,669	3,500,000
<b>Total liabilities</b>	<b>11,185,403</b>	<b>9,910,823</b>

#### Equity

Issued capital	46,023,159	46,023,159
Accumulated losses	(31,236,034)	(15,977,920)
Reserves	198,700	198,700
<b>Total equity</b>	<b>14,985,825</b>	<b>30,243,939</b>

### (ii) Financial Performance

#### Comprehensive income

Profit/(Loss) for the year	(15,258,114)	64,139
Other comprehensive income	-	-
<b>Total comprehensive income/(loss)</b>	<b>(15,258,114)</b>	<b>64,139</b>

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

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) is 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 15 Clifford Street, Huntingdale, 3166.

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

The principal place of business of  
**TSF Engineering Pty Ltd**  
is Unit A, 31-33 Sirius Road, Lane Cove, 2066

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

The principal place of business of  
**TSF Maintenance Services Pty Ltd**  
is Unit A, 31-33 Sirius Road, Lane Cove, 2066

The principal place of business of  
**EVZ Energy Pty Ltd**  
is Lot 104, New England Highway, Rutherford, 2320

# 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 this 26th day of September 2012.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVZ LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of EVZ Limited and its controlled entities, which comprises the consolidated statement of financial position as at 30 June 2012 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 of the financial report that gives a true and fair view 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.

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



## 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*, which has been given to the directors of EVZ Limited on 26 September 2012, would be in the same terms if given to the directors as at the time of this auditor's report.

### 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 consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards 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 10 to 14 of the directors' report for the year ended 30 June 2012. 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.

### Opinion

In our opinion, the Remuneration Report of EVZ Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'Bentley's'.

**BENTLEYS MELBOURNE PARTNERSHIP  
CHARTERED ACCOUNTANTS**

A handwritten signature in black ink, appearing to read 'Martin Fensome'.

**MARTIN FENSOME  
PARTNER**

Dated in Melbourne on this 26 day of September 2012



# Additional shareholders' information as at 31 August 2012

## 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	296
1,001 - 5,000	821
5,001 - 10,000	304
10,001 - 100,000	727
100,001 and over	208
	<b>2,356</b>
Number of shareholders with less than a marketable parcel of \$500 at \$0.04 per unit	1,511

## 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. Powis Enterprises Pty Ltd (Powis Super Fund A/c)	5,942,365	2.86
4. Smithley Super Pty Ltd (Smith Super Fund A/c)	5,200,000	2.50
5. Airlie Beach Holdings Pty Limited (Burns Family A/c)	5,000,000	2.40
6. BA & LE Amarant Pty Ltd (BA & LE Amarant P/L S/F A/c)	5,000,000	2.40
7. Linwierik Super Pty Ltd (Linton Super Fund A/c)	4,582,247	2.20
8. CJ Arms Superannuation Fund Pty Ltd (CJ Arms Super Fund A/c)	4,570,178	2.20
9. Mr Adam Bernard Bellgrove (Ingodwi Family A/c)	4,400,000	2.12
10. Pershing Australia Nominees Pty Ltd (Blue Ocean Equities A/c)	3,950,000	1.90
11. Airlie Beach Holdings Pty Ltd (ABI Super Fund A/c)	3,546,389	1.71
12. Mr Keith Andrew Fagg & Mrs Heather Elizabeth Fagg (KA & HE Fagg S/Fund A/c)	3,509,001	1.69
13. Myall Resources Pty Ltd (Myall Group Super Fund A/c)	3,500,000	1.68
14. BT Portfolio Services Limited (Juchima Super Fund A/c)	3,285,654	1.58
15. Onmell Pty Ltd (ONM PBSF A/c)	2,712,581	1.30
16. HSBC Custody Nominees (Australia) Limited	2,681,743	1.29
17. Powis Enterprises Pty Ltd (Powis Family A/c)	2,629,584	1.26
18. DIP Holdings Pty Ltd	2,600,000	1.25
19. NLA Investments Pty Ltd (N & L Allen Family A/c)	2,576,853	1.24
20. Mr William Mark Castleden	2,381,483	1.15
	<b>90,534,579</b>	<b>43.53</b>

## 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.



## **Additional** shareholders' information as at 31 August 2012

### **6. General**

The name of the Company Secretary is Ian Wallace.

The address of the principal registered office is:

15 Clifford Street, Huntingdale, Victoria, 3166

Telephone Number: (03) 9545 5288

Facsimile Number: (03) 9558 9944

Email: [corporate@evz.com.au](mailto: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 and Controlled Entities  
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