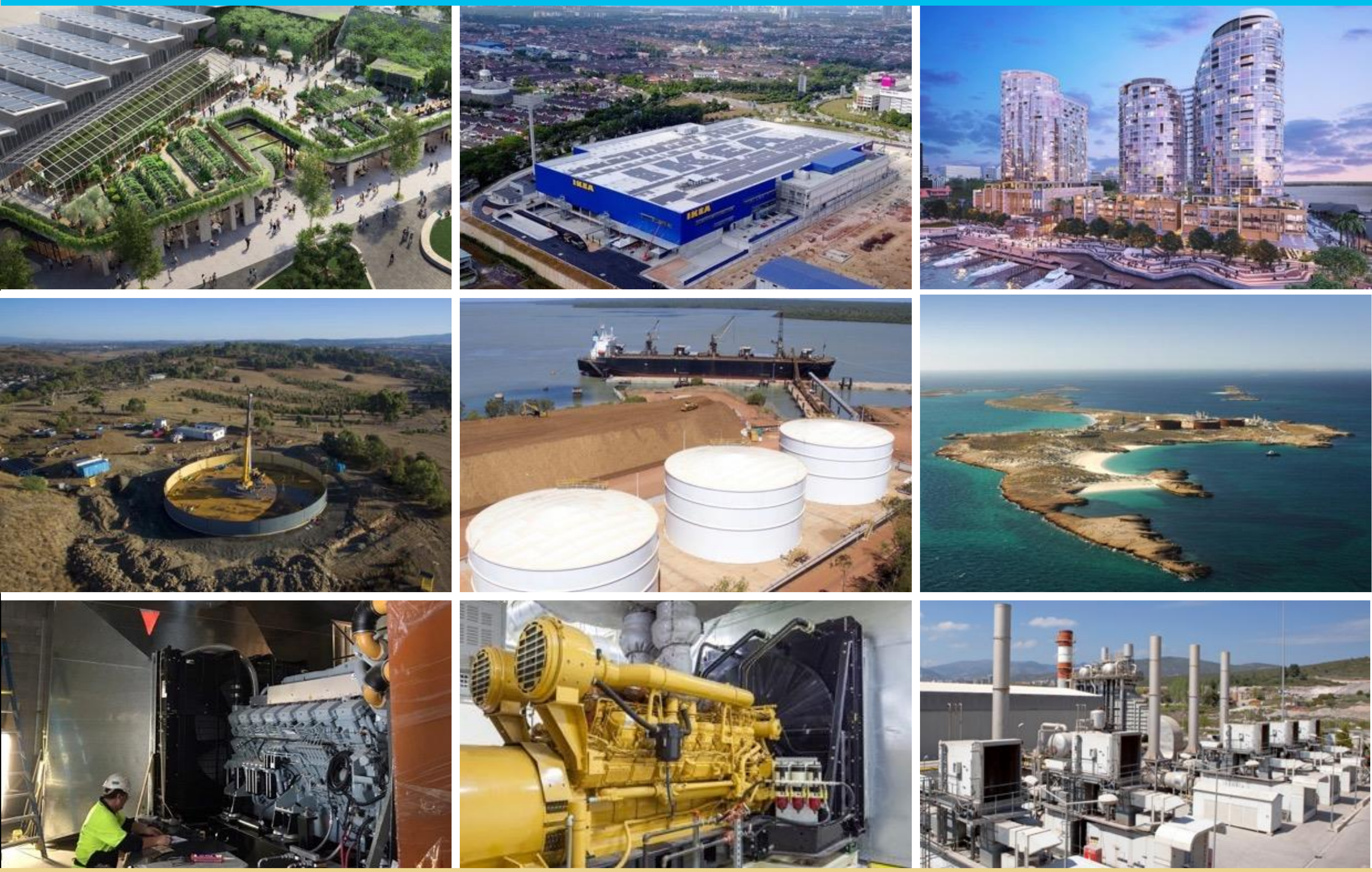

EVZ Limited
Annual Financial Report

For the year ended 30 June 2020

ACN 010 550 357

Engineering The Future

Chairman's report

I would like to commence my report by thanking our shareholders for their continued support in a difficult period for all Australians, as well as for EVZ. The directors and management of EVZ are committed to adapting the company to new market conditions and opportunities and returning to profit in the 2021 financial year.

I would also like to commend the senior management in each business as well as their teams for their ongoing commitment to their customers' needs, and the quality products and services they consistently deliver. They represent the EVZ Group in the best possible way in doing so. I also thank my fellow directors Rob Edgley and Ian Luck for their tireless work on the governance and direction of EVZ.

The following comments summarise the results for the financial year:

- For the 2020 financial year, the group recovered to deliver a profitable second half year following a disappointing first half year FY2020 result. The consolidated full year EBITDA loss was $0.4M (EBITDA loss in first half of $1.6M). This result included financial recognition and full contract settlement after completion of our major Victorian tank project which was handed over to a very satisfied customer in June 2020.
- Sales revenue declined from FY2019 due to the focus on several larger projects and the slower commencement of further large projects in the liquid fuel storage sector.
- On 6th July, 2020 a 16 month extension of the existing CBA banking facility was agreed on like terms.
- COVID-19 impacts, notably on project delivery timelines and restrictions in customer site access, peaked in April and May before returning to conditions more closely aligned to normal operations from mid-June 2020. The group was able to access the JobKeeper payment for the June 2020 quarter.

Activities of the three operating divisions are summarised below:

Brockman Engineering successfully completed the major Victorian crude tank project during the second half of the financial year. This was Brockman's largest project to date with collateral benefits of increased skills and management systems as a long-term benefit. The second half profit reversed the disappointing first half loss to produce a second half profit. Brockman continues to be a lead player in petrochemical and water tank construction, maintenance and piping fabrication sector. Brockman currently has a consistent workload for the ensuing six months and is actively bidding and providing advisory roles on new and upcoming larger scale projects in the fuel terminal and refinery sector.

Syfon Systems continues to be the leading syphonic roof stormwater drainage company in Australia and South East Asia. While still producing a profitable operating performance in the 2020 financial year, its Malaysian business was impacted by international travel and movement restrictions within the country itself in response to the COVID-19 pandemic. The Malaysian business is expected to rebound in the 2021 financial year. Syfon remains committed to expanding in other Asian countries to continue a progressive geographic expansion strategy.

TSF Power is steadily growing capability and reach for its power generation breakdown and maintenance services. The 2020 financial year divisional loss was due to the combined impact of COVID-19 and costs involved in better locating the New South Wales operation and growing its skilled technical team. TSF Power is well placed to return to profitability in the 2021 financial year.

Sincerely

Graham Burns
Chairman

Annual financial report
2020

Contents

Corporate directory

Directors	G Burns	(Non-Executive Chairman)
	R Edgley	(Non-Executive Director)
	I Luck	(Non-Executive Director)

Chief Executive Officer	S Farthing
Chief Financial Officer & Company Secretary	P van der Wal
Registered & principal office	115 | 838 Collins Street Melbourne Vic 3008 Telephone: (03) 9545 5288 Facsimile: (03) 9542 6061 Email: pieter.vanderwal@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	Grant Thornton Collins Square, Tower 5 727 Collins Street Melbourne Vic 3008
Bankers	Commonwealth Bank of Australia
Stock exchange listing	Australian Securities Exchange Limited (Home exchange – Melbourne) ASX Code: EVZ

Directors' report

The Directors present their report on the financial statements of the Company and consolidated entity for the year ended 30 June 2020. 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:

Graham Burns
Robert Edgely
Ian Luck

Information on directors

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

Graham Burns

Appointed 1 February 2008 – Non-Executive Chairman. Mr Burns was appointed Chairman on 5 July 2016.
Mr Burns, age 65, 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 holds a Master of Business Administration in Technology from the Australian Graduate School of Management and is a Fellow of the Institute of Company Directors. He is a member of the Remuneration, Audit and Nomination Committees.

Interest in EVZ Limited Shares:	9,489,894 ordinary shares
Other current directorships:	None
Previous directorships (last 3 years):	None

Robert Edgley

Appointed 26 August 2011 – Non-Executive Director.
Mr Edgley, age 55, has significant experience and skills in strategic planning, performance management and marketing and has proven abilities in building businesses. His career has been predominantly focused in International Finance and Investment Banking in Australia, the UK and throughout Asia.

Mr Edgley holds a bachelor's degree in Economics from Monash University together with a second degree in Japanese language.

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

Interest in EVZ Limited Shares:	2,295,715 ordinary shares.
Other current directorships:	Self Wealth Limited (SWF) (Appointed 16 April 2019)
Previous directorships (last 3 years):	None

Directors' report (continued)

Information on directors (continued)

Ian Luck

Appointed 3 July 2017– Non-Executive Director.
Mr Luck, age 68, has significant experience in the engineering and construction sector with 40 years' experience in business leadership in Australia. His career features a balanced blend of complex business leadership, strategy and governance roles that focus on creating high performing teams to deliver outstanding growth and profitability. He currently is a Non-Executive Director of McConnell Dowell (an Australian design and construction group which is a fully owned subsidiary of Aveng Limited, which is listed on the Johannesburg Stock Exchange in South Africa). Previously he has been the Managing Director of Baulderstone and a key manager in Leighton Contractors.

Mr Luck has a B Tech. Civil Engineering, is a Fellow of the Institute of Engineers Australia and is a CPEng (Ret).

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

Interest in EVZ Limited Shares:	625,000 ordinary shares
Other current directorships:	McConnell Dowell Corporation Limited
Previous directorships (last 3 years):	None

Directors' Meetings

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

Directors' Meetings
Total number of meetings held: 13

	No. Attended	*No. Held Whilst a Director*
G Burns	13	13
R Edgley	13	13
I Luck	13	13

Remuneration Committee Meetings
Total number of meetings held: 3

	No. Attended	*No. Held Whilst a Member*
G Burns	3	3
R Edgley	3	3
I Luck	3	3

Directors' report (continued)

Audit committee meetings
Total number of meetings held: 5

	No. Attended	*No. Held Whilst a Member*
R Edgley – Chairman	5	5
I Luck	3	5
G Burns	5	5

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

Company secretary
The Company Secretary is Pieter van der Wal. He was appointed 4 September 2017. Mr van der Wal has a Bachelor of Business and is a Chartered Accountant with company secretarial experience.

Principal activities
The Group operates in the engineering and energy services sectors and its principal activities are:

- Design, manufacture, service and maintenance of large steel tanks for use in the water, petrochemical and chemical industries.
- Design, construction, on-site installation, maintenance and shutdown engineering services to the mining, wood chip, petrochemical, aluminium, glass, cement, defence and agriculture industries.
- Design and installation of syphonic roof drainage systems to major buildings including airports, shopping centres and sporting venues throughout Australia and South East Asia.
- Design, installation and maintenance of clean energy solutions, base and back-up power generation equipment, communications equipment, marine installations and provision of mobile generation capabilities.

Operating results
The net loss for the Group for the year after income tax expense was ($2,751,440) compared to a net profit after income tax expense in 2019 of $1,624,975.

The Directors provide the following comments for the financial year:

- Following a disappointing first half to FY2020 result (Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) loss of - $1.6M) the Group recovered to deliver a profitable second half and record a consolidated full year EBITDA loss of $0.4M.
- Sales revenue reduced from FY2019 due to the completion of larger projects and the slower commencement of new larger projects in the liquid fuels sector.
- The company agreed with Commonwealth Bank an extension of its existing banking facility on the same terms until 31 October 2021.
- The impact of COVID-19 on project delivery timelines and customer site access peaked in April and May before returning to conditions more closely aligned to normal operations by mid-June 2020. The Group was able to access to the Job Keeper Payment for Q2 and Q3 2020.

Dividends
No dividends were declared or paid during the year.

Directors' report (continued)

Changes in state of affairs
There was no change in the state of affairs.

Subsequent events
On 6th of July 2020, the Group's bank loan facility was agreed to be extended for 16 months from 1 July 2020 to 31 October 2021. There have not been any other matters or circumstances, 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 Group, the results of those operations, or the state of affairs of the Group in future financial years after the financial year.

Future developments and outlook
The Group will continue its focus on investing in growth across all its businesses and the reduction/retirement of debt. However, the economic outlook both locally and internationally remains uncertain due to COVID-19. While it is likely that the ongoing COVID-19 pandemic may lead to further economic stimulus, which should be favourable to the Group, the future financial performance of the Group will be dependant how the pandemic impacts our clients and our people.

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.

Environmental regulation
The Group 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 year there was $2,500 (2019: Nil) of non-audit services provided by the Company's auditors.

Auditors' independence declaration
As required under Section 307C of the Corporations Act 2001, EVZ Limited has obtained an Independence Declaration from its auditors, Grant Thornton. This is included on page 23 of this financial report.

Directors’ report (continued)

Remuneration report (audited)

This report details the nature and amount of remuneration for each Director of the Company and for Key Management Personnel.

Remuneration policy
The remuneration policy of the Company 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 Group’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 Group, as well as to 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 Group 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 Group’s performance, each Executive’s performance and comparable information from industry sectors and listed companies in similar industries. The performance of each Executive is measured against criteria agreed and is predominantly measured by comparing actual growth against forecast growth of the Group’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.

The Remuneration Committee set certain key performance indicators for the key Executives in the Group to determine eligibility for short term incentive payments. The key performance indicators were both quantitative and qualitative measures. Short term incentives paid/payable for the year were $nil, (2019: $105,766).

Long term incentives, linked with performance rights issued under the Company’s’ Directors’ and Employees’ Benefits Plan, were not met during the year and no performance rights, options or shares were issued.

Executives receive a superannuation guarantee contribution as required by the Government 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.

Directors' report (continued)

Remuneration report (continued)

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 Group. 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
Shareholders had previously approved the EVZ Directors' and Employees' Benefits Plan (the "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.

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.

There were no share-based payments during the year.

Performance based remuneration
During the year to 30 June 2020, there was no performance-based remuneration paid or payable. The payments made in 2019 of $105,766 related to 2018 financial performance. No Incentives were paid or payable for the 2019 financial year performance.

Short term performance-based payments were based on achieving certain key performance indicators which were quantitative measures based on business profitability and improvement in forward work in hand. Both measures are considered to be drivers of shareholder value.

Directors’ report (continued)

Remuneration report (continued)

Company performance, shareholder wealth and directors’ and executives’ remuneration

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

Details of remuneration for the year ended 30 June

The remuneration for each Director and each of Key Management Personnel of the Group during the year was as follows:

Directors	Short-term employee benefits		Post-employment benefits		
	Salary	Fees	Superannuation Contributions	Other	Total
2020	**$**	**$**	**$**		**$**
G Burns	-	77,333	-	-	77,333
R Edgley	-	48,333	-	-	48,333
I Luck	-	48,333	-	-	48,333
	-	**174,000**	**-**	**-**	**174,000**
2019					
G Burns	-	80,000	-	-	80,000
R Edgley	-	50,000	-	-	50,000
I Luck	-	50,000	-	-	50,000
	-	**180,000**	**-**	**-**	**180,000**

Key management personnel of the Consolidated entity

Key management personnel of the Consolidated entity	Short-term employee benefits			Post-employment benefits		
	Salary	Profit share & bonus	Non cash benefits	Superannuation Contributions	Termination benefits	Total
2020	**$**	**$**	**$**	**$**		**$**
S Farthing (Chief Executive Officer)	367,570	-	-	20,964	-	388,534
P van der Wal *(Chief Financial Officer & Company Secretary)*	211,866	-	-	21,001	-	232,867
A Bellgrove *(General Manager, Syfon Systems)*	275,988	-	28,608	21,002	-	325,598
C Bishop *(General Manager, Brockman Engineering)*	275,876	-	-	25,000	-	300,876
J Hughes *(appointed 15 October 2018)* *(General Manager, TSF Power)*	196,153	-	-	18,635	-	214,788
	1,327,453	**-**	**28,608**	**106,602**	**-**	**1,462,663**

	Short-term employee benefits			Post-employment benefits		
	Salary	Profit share & bonus	Non cash benefits	Superannuation Contributions	Termination benefits	Total
2019	**$**		**$**	**$**		**$**
S Farthing (Chief Executive Officer)	397,716	-	-	20,451	-	418,167
P van der Wal *(Chief Financial Officer & Company Secretary)*	219,178	-	-	20,822	-	240,000
A Bellgrove *(General Manager, Syfon Systems)*	284,063	39,737	34,200	20,531	-	378,531
C Bishop *(General Manager, Brockman Engineering)*	280,371	7,229	-	25,551	-	313,151
J Hughes *(appointed 15 October 2018)* *(General Manager, TSF Power)*	138,461	-	-	13,154	-	151,615
I Whitford *(Resigned 28 September 2018)* *(General Manager, TSF Power)*	52,698	-	-	5,006	-	57,704
	1,372,487	**46,966**	**34,200**	**105,515**	**-**	**1,559,168**

Directors' report (continued)

Remuneration report (continued)

Remuneration and other terms of employment for key Executives are formalised 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.

Additional disclosures relating to key management personnel

The number of ordinary shares held by key management personnel of the Group during the financial year is as below. There were no share options or rights held by key management personnel during the financial year:

2020	Balance at beginning of year	Granted as remuneration	Purchased or (Sold)	Balance at end of year
G Burns	8,135,200	-	1,354,694	9,489,894
R Edgley	2,295,715	-	-	2,295,715
I Luck	500,000	-	125,000	625,000
S Farthing	1,487,728	-	129,112	1,616,840
P van der Wal	100,000	-	-	100,000
C Bishop	-	-	-	-
A Bellgrove	1,369,171	-	-	1,369,171
J Hughes	-	-	-	-
	13,887,814	**-**	**1,608,806**	**15,496,620**

2019	Balance at beginning of year	Granted as remuneration	Purchased or (Sold)	10:1 Share Consolidation	Balance at end of year
G Burns	80,000,000	-	1,352,000	(73,216,800)	8,135,200
R Edgley	22,957,142	-	-	(20,661,427)	2,295,715
I Luck	5,000,000	-	-	(4,500,000)	500,000
S Farthing	11,640,483	3,236,794	-	(13,389,549)	1,487,728
P van der Wal	1,000,000	-	-	(900,000)	100,000
C Bishop	-	-	-	-	-
A Bellgrove	12,405,493	1,286,215	-	(12,322,537)	1,369,171
J Hughes (appointed 15 October 2018)	-	-	-	-	-
I Whitford (resigned 28 September 2018)	-	-	-	-	-
	133,003,118	**4,523,009**	**1,352,000**	**(124,990,313)**	**13,887,814**

This concludes the remuneration report, which has been audited.

Directors' report (continued)

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

Director – G Burns

Signed at Melbourne this 25th day of September 2020.

Corporate governance statement
For the year ended 30 June 2020

Introduction

The Board of the Company 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 policies and practices of the company are in accordance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3rd Edition".

Unless otherwise indicated, the best practice principles of the ASX Corporate Governance Council and suggested disclosures, have been adopted by the company for the year ended 30 June 2020 as relevant to the size and complexity of the company and its operations.

The Corporate Governance Statement is current at the date of approval of the annual report and has been approved by the Board of Directors.

Principle 1: Lay Solid Foundations for Management and Oversight

Recommendation 1.1: Respective roles and responsibilities of the Board and management.

The 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.

Corporate governance statement (continued)
For the year ended 30 June 2020

Recommendation 1.2: Directors appointment

Non-Executive Directors appointed during the year hold office until the next annual general meeting, where they must stand for re-election. Each year one third of the Board of Directors (excluding the Managing Director) must retire and if they wish seek re-election at the annual general meeting. Board support for a Director's re-election is not automatic and is subject to satisfactory Director performance.

Appropriate background checks are undertaken before a Director is nominated. At the annual general meeting shareholders are provided with all material information concerning the Director seeking election or re-election.

Recommendation 1.3: Terms of appointment

The Company has written agreements with all senior executives setting out the terms of their appointment. Written agreements have now been implemented for all new director appointments. The duties of the Directors as detailed above were provided to all directors.

Recommendation 1.4: Company secretary

The appointment and removal of the Company Secretary is a decision of the Board. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters relating to the proper functioning of the Board and is responsible for ensuring compliance with Board procedures and governance matters. All Directors have direct access to the Company Secretary.

Recommendation 1.5: 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:

	2020		2019	
Measure	**No.**	**%**	**No.**	**%**
Women employees	31	10	31	8
Women Senior Executives *	-	-	-	-
Women Non-Executive Directors	-	-	-	-

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

Recommendation 1.6: Board and committee performance
The Board and its committees undertook self-assessment in accordance with their relevant charters during the financial year. The Chairman 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.

Recommendation 1.7: Senior executive performance
Reviews of the performance of Senior Executives are undertaken annually against established key performance indicators. At the same time goals and targets for the coming year are discussed and implemented. The annual evaluation of the CEO's performance is a specific function of the Remuneration Committee.

Principle 2: Structure the board to add value

Recommendation 2.1: 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 2.2 and 2.3: Board composition
The Company's Board is comprised of Non-Executive Directors.

Details of Directors and relevant skills are detailed in the following tables:

Corporate governance statement (continued)
For the year ended 30 June 2020

Details of directors

Director	Term in office	Qualifications	Status
Graham Burns	Appointed 1 February 2008	MBA (Tech), FAICD	Independent
Robert Edgley	Appointed 26 August 2011	B Ec	Independent
Ian Luck	Appointed 3 July 2017	B Tech. Civil Engineering, FIE Australia, CPEng (Ret).	Independent

Areas of competence and skills of the board of directors

Area	Competence and skills
Leadership	Business leadership Public listed company experience
Business & Finance	Accounting expertise Business strategy Corporate turnarounds Corporate financing Mergers and acquisitions Risk management Commercial agreements
Sustainability and Stakeholder management	Corporate governance Remuneration
Market and Industry	Financial services expertise
International	Geographical experience and international business management

Recommendation 2.4: Director independence

All Directors 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 in accordance with the Company's constitution but may stand for re-election by the shareholders. 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.

Corporate governance statement (continued)
For the year ended 30 June 2020

Directors are encouraged to be long term shareholders in the company. Directors shareholdings are disclosed in the annual report. Any change in Directors' shareholdings are disclosed in accordance with ASX Listing Rules. The Company's policies allow Directors to seek independent advice at the Company's expense.

Recommendation 2.5: Independence of chairman
The chairman, Graham Burns, 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. The role of Chairman is independent to the role of CEO, which is held by Scott Farthing. There is a clear division of responsibility between these roles.

Recommendation 2.6: Induction and training
Any new Director will receive a letter of appointment. Directors are provided access to the company's policies including the Board's Charter. At Board meetings Directors receive regular updates and also undertake site visits, attend customer and financier meetings as required. These assist Directors to keep abreast of relevant market and industry developments.

Principle 3: Act ethically and responsibly

Recommendation 3.1: Code of conduct
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

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1: 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.

The audit committee consists of:

- Robert Edgley - Chairperson
- Ian Luck
- Graham Burns

Corporate governance statement (continued)
For the year ended 30 June 2020

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 4.2: CEO and CFO assurance
The CEO and CFO have provided to the Board formal declarations 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.

Recommendation 4.3: Auditor attendance
The Company’s Auditor is Grant Thornton. The Auditor has and will continue to attend the Annual General Meeting in order to be available to answer questions relating to the audit raised by security holders.

Principle 5: Make timely and balanced disclosure
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: Website
The Company has a website which includes details of the Company and the operating entities in the Group. The website also includes the Company's annual report and a separate Corporate Governance page.

Recommendation 6.2: Communications with investors
The Board recognises that shareholders are the beneficial owners of the company and respects their rights and is continually seeking ways to assist shareholders in the exercise of those rights. The Board also recognises that as owners of the company the shareholders may best contribute to the company's growth, value and prosperity if they are appropriately informed. To this end the Board seeks to empower shareholders by:

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

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

Recommendation 6.3: Participation at meetings by security holders
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 *Corporate Governance Principles and Recommendations* in respect of notices of meetings;
- providing sufficient time and adequate opportunity at meetings for shareholders to ask questions and make comments to the Board, 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.

The current size of the Company prohibits technology such as live webcasting and meetings across multiple venues linked by live telecommunications. The Company allows electronic lodgement of proxies for its meetings.

Recommendation 6.4: Electronic communication
The Company provides security holders with the option to receive communications from the entity and its security registry, such as notice of meetings, explanatory memorandums, proxy forms and annual reports electronically. A corporate email address is provided via the website to allow security holders to communicate with the Company.

The Company allows electronic lodgement of proxies for its meetings.

Principle 7: Recognise and manage risk

Recommendation 7.1: Risk committee
Overall risk management is the responsibility of the Audit Committee and covered within that Committee's Charter.

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 and 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. In addition, a monthly risk report is tabled at the Board meeting for consideration.

Recommendation 7.2: Risk management framework
Given the relatively small and centralised management team, the nature of the business of the company and that a majority of independent Directors sit on the audit committee, the Board is continuously kept informed of the effectiveness of the company's internal control systems. In addition, a monthly risk report is tabled at the Board meeting for consideration.

Recommendation 7.3: Internal audit
The Company does not currently have any internal audit function. The Board considers that given the Company's current size there is no benefit in having an internal audit function. Independent advice will be sought as necessary. The Board has overall responsibility for the identification, assessment, management and monitoring of the risks faced by the company.

Recommendation 7.4: Risk management
The Board monitors its exposure to all risks, including economic, environmental and social sustainability risks on a monthly basis. Any material business risks will be disclosed in the annual report, which also outlines the activities, performance, financial position of the Company and its businesses.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 and 8.2: Remuneration committee and policies
The company has a duly appointed remuneration committee. The committee operates pursuant to the remuneration committee charter.

The remuneration committee consists of:
- Ian Luck
- Graham Burns
- Rob Edgley

Corporate governance statement (continued)
For the year ended 30 June 2020

The Company's approach to remuneration is set out in the Remuneration Report contained within this annual report.

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.

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, under the Directors' and Employees' Benefits Plan, with shares, performance rights and/or options and bonuses as part of their remuneration and incentive package.

There are no Executive Directors.

Recommendation 8.3: Equity based remuneration scheme
There is currently in place an EVZ Directors' and Employees' Benefits Plan (the "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.

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.

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Auditor's Independence Declaration

To the Directors of EVZ Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of EVZ Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B L Taylor
Partner – Audit & Assurance

Melbourne, 25 September 2020

Consolidated statement of profit or loss
For the year ended 30 June 2020

	Notes	Consolidated entity 2020 $	2019 $
Continuing operations			
Revenue		66,224,710	78,042,293
Cost of sales		(59,347,320)	(65,643,997)
Gross profit		6,877,390	12,398,296
Other Income	2(a)	1,757,443	72,777
Administration and business development costs		(9,348,065)	(8,965,536)
Corporate costs		(1,324,540)	(1,365,164)
Profit/(loss) before finance costs and income tax		(2,037,772)	2,140,373
Net finance costs	2(c)	(722,164)	(411,955)
Profit/(loss) before income tax from continuing operations		(2,759,936)	1,728,418
Income tax (expense)/benefit	3	8,496	(103,443)
Profit/(loss) for the year attributed to members after tax		**(2,751,440)**	**1,624,975**

Earnings per share		**Cents**	**Cents**
Overall operations:			
Basic earnings per share	17	(2.863)	1.735
Diluted earnings per share	17	(2.863)	1.708
Continuing operations:			
Basic earnings per share	17	(2.863)	1.735
Diluted earnings per share	17	(2.863)	1.708

Due to the net loss for the 30 June 2020 period, dilutive earnings per share is the same as basic earnings per share.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

EVZ limited
Engineering The Future

Consolidated statement of comprehensive income
For the year ended 30 June 2020

	Notes	Consolidated entity 2020 $	2019 $
Profit/(loss) for the year after tax		(2,751,440)	1,624,975
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	16(b)	(31,271)	35,647
Total comprehensive income for the year attributable to owners of the company		**(2,782,711)**	**1,660,622**

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 2020

	Notes	Consolidated entity 2020 $	2019 $
Current assets			
Cash and cash equivalents	22	5,869,679	2,772,182
Trade and other receivables	4	10,659,607	16,540,057
Contract assets	5	2,014,330	3,156,104
Inventories	6(a)	2,317,810	2,313,984
Financial assets	6(b)	306,441	189,612
Total current assets		21,167,867	24,971,939
Non-current assets			
Trade and other receivables	4	1,092,338	1,612,075
Property, plant and equipment	7	7,522,609	4,870,664
Deferred tax assets	8	2,610,870	2,604,954
Intangibles	9	12,072,010	12,072,010
Total non-current assets		23,297,827	21,159,703
Total assets		**44,465,694**	**46,131,642**
Current liabilities			
Trade and other payables	10	11,258,671	13,853,414
Contract liabilities	5	1,578,399	1,584,027
Tax liabilities	8	-	31,335
Short-term borrowings	11	4,337,430	3,300,000
Short-term lease liabilities	11	698,921	72,272
Provisions	13	3,184,008	2,926,188
Total current liabilities		21,057,429	21,767,236
Non-current liabilities			
Long-term lease liabilities	12	2,097,427	284,397
Deferred tax liabilities	8	49,623	50,549
Provisions-non current	13	55,992	41,526
Total non-current liabilities		2,203,042	376,472
Total liabilities		**23,260,471**	**22,143,708**
Net assets		**21,205,223**	**23,987,934**
Equity			
Issued capital	14	56,457,180	56,457,180
Reserves	16	245,900	277,171
Accumulated losses	16	(35,497,857)	(32,746,417)
Total equity		**21,205,223**	**23,987,934**

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 2020

Consolidated entity	Issued capital	Accumulated losses	Share options reserve	Foreign currency translation reserve	Total
As at 30 June 2019	**$**	**$**		**$**	**$**
Balance at 30 June 2019	**56,457,180**	**(32,746,417)**	**300,000**	**(22,829)**	**23,987,934**
Total comprehensive profit for period					
Profit/(loss) for period	-	(2,751,440)	-	-	(2,751,440)
Foreign currency translation reserve	-	-	-	(31,271)	(31,271)
Total comprehensive income for period	-	(2,751,440)	-	(31,271)	(2,782,711)
Transactions with owners, recorded directly in equity:					
Shares issued	-	-	-	-	-
Share Issue Costs	-	-	-	-	-
Balance at 30 June 2020	**56,457,180**	**(35,497,857)**	**300,000**	**(54,100)**	**21,205,223**

Consolidated entity	Issued capital	Accumulated losses	Share options reserve	Foreign currency translation reserve	Total
As at 30 June 2018	**$**	**$**		**$**	**$**
Balance at 30 June 2018	**52,972,129**	**(34,371,392)**	**300,000**	**(58,476)**	**18,842,261**
Total comprehensive profit for period					
Profit/(loss) for period	-	1,624,975	-	-	1,624,975
Foreign currency translation reserve	-	-	-	35,647	35,647
Total comprehensive income for period	-	1,624,975	-	35,647	1,660,622
Transactions with owners, recorded directly in equity:					
Shares issued	3,681,061	-	-	-	3,681,061
Share Issue costs	(196,010)	-	-	-	(196,010)
Balance at 30 June 2019	**56,457,180**	**(32,746,417)**	**300,000**	**(22,829)**	**23,987,934**

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 2020

	Notes	Consolidated entity 2020 $	Consolidated entity 2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		78,757,999	82,525,701
Payments to suppliers and employees (inclusive of GST)		(75,165,348)	(79,501,810)
JobKeeper subsidy received		996,000	-
Interest received		694	9,090
Finance costs		(685,428)	(421,046)
Income tax paid		(30,505)	(147,125)
Net cash provided by operating activities	22	**3,873,412**	**2,464,810**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		32,367	5,169
Purchase of plant and equipment	7	(903,853)	(1,738,659)
Net cash used in investing activities		**(871,486)**	**(1,733,490)**
Cash flows from financing activities			
Proceeds from equity raising		-	3,484,850
Share issue costs		-	(196,010)
Proceeds from loans		1,000,000	-
Repayment of loans		-	(3,248,951)
Proceeds from finance leases		-	294,090
Repayment of leases		(904,429)	-
Net cash provided by financing activities		**95,571**	**333,979**
Net increase/(decrease) in cash held		3,097,497	1,065,299
Cash at beginning of the period		2,772,182	1,706,883
Cash at end of the period	22	**5,869,679**	**2,772,182**

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

Notes to the consolidated financial statements
For the year ended 30 June 2020

1. Summary of significant accounting policies

General information and statement of compliance
This financial report includes the consolidated financial statements and notes of EVZ Limited and controlled entities (‘Consolidated Entity’ or ‘Group’).

The consolidated financial statements of the Group have been prepared in accordance with the requirements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation
The Group’s financial statements have been prepared on an accrual basis and under the historical cost convention. They assume that the Group operates on a going concern basis.

(a) New standards adopted as at 1 July 2019

The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

AASB 16 – Leases
AASB 16 ‘Leases’ replaces IAS 17 ‘Leases’ along with three Interpretations (IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC 15 ‘Operating Leases-Incentives’ and SIC 27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’). The new Standard has been applied using the modified retrospective approach. Prior periods have not been restated.

For contracts in place at the date of initial application, The Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied AASB 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, The Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, The Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

Notes to the consolidated financial statements
For the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(a) New standards adopted as at 1 July 2019 (continued)

AASB 16 – Leases (continued)

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 6.95%.

The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases. The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

Total operating lease commitments disclosed at 30 June 2019	**2,599,193**
Recognition exemptions:	
▪ Leases of low value assets	(2,667)
▪ Leases with remaining lease term of less than 12 months	(738,368)
Variable lease payments not recognised	-
Other minor adjustments relating to commitment disclosures	-
Total Recognition exemptions:	(741,035)
Operating lease liabilities before discounting	1,858,158
Discounted using incremental borrowing rate	(540,935)
Operating lease liabilities	1,317,223
Reasonably certain extension options	1,023,494
Finance lease obligations	356,669
Total lease liabilities recognised under IFRS 16 at 1 July 2019	**2,697,386**

The lease asset recognised equals the lease liability at 1 July 2019. Lease assets are included within the Group's property, plant and equipment.

Interpretation 23 – Uncertainty over income tax treatments

Interpretation 23 clarifies the application of AASB 112 to accounting for income tax treatments that have yet to be accepted by tax authorities, in scenarios where it may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept an entity's tax treatment. There was no significant effect from the adoption of Interpretation 23 on the Group.

(b) Principles of consolidation

A controlled entity is any entity EVZ Limited is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. 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 Group, 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 Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

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 (i.e. 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 profit or loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

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

(c) Income tax

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (benefit). 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.

1. Summary of significant accounting policies (continued)

(c) Income tax (continued)

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 (benefit) 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.

1. Summary of significant accounting policies (continued)

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

The carrying amount of inventories is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

(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 a cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when probable 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 statement of profit or loss during the financial period in which they are incurred.

Depreciation

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

1. Summary of significant accounting policies (continued)

(f) Leased assets

As described in Note 1(a), the Group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means that comparative information is still reported under IAS 17 and IFRIC 4.

i. Leases accounting policy applicable from 1 July 2019

The Group as a lessee:
For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lease:
At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

1. Summary of significant accounting policies (continued)

(f) Leased assets (continued)

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included as short-term or long-term lease liabilities.

ii. Leases accounting policy applicable before 1 January 2019

The Group as a lessee:

Finance leases:
Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See Note 1(e) for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases:
All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(g) Financial instruments

Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss (FVPL), which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the consolidated financial statements
For the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Classification and subsequent measurement of financial assets
The Group classifies its financial assets in the following measurement category:

• those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Impairment of financial assets
AASB 9's impairment requirements use forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Trade and other receivables and contract assets
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets under AASB 15 and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities
The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(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 statement of profit or loss.

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

1. Summary of significant accounting policies (continued)

(h) Impairment of assets (continued)

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.

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 coincide with the Group's individual companies. All businesses operate in the engineering services industry sector.

(i) Goodwill

Goodwill is 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 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.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss. 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 statement of profit or loss.

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.

1. Summary of significant accounting policies (continued)

(j) Foreign currency transactions and balances (continued)

Group companies (continued)

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 statement of profit or loss in the period in which the operation is disposed.

(k) Employee benefits

Provision is made for the Group'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.

Defined contribution plans

Contributions to defined superannuation plans are expensed when incurred.

Share based payments

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 three months or less and which are subject to insignificant risk of changes in value, and bank overdrafts.

(n) Revenue

Revenue is recognised when an entity satisfies a performance obligation by transferring control of a promised good or service to a customer.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price,
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

1. Summary of significant accounting policies (continued)

(n) Revenue (continued)

The core principle of AASB 15 is that an entity shall recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred rather than on transfer of risks and rewards.

Construction revenue

The contractual terms and the way in which the Group operates its construction contracts is predominantly derived from projects containing one performance obligation. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation. Contracted revenue is recognised over time by comparing costs incurred with total estimated costs required to deliver the project to measure progress. Estimated costs are reviewed on a monthly basis. The requirements of over time measurement are met as the construction creates assets with no alternative use to the Group and there is an enforceable right to payment for performance completed.

Contract variations are assessed to determine whether they represent a separate contract with the customer or are modifications to the original contract.

Most contracts are billed according to approved monthly progress claim schedules or in some cases according to contracted milestone schedules. When payments received from customers exceed revenue recognised to date on a particular contract, an excess (a contract liability)) is reported in the statements of financial position. Alternatively, where revenue to be recognised exceeds amounts invoiced to customers, the excess (contract asset) is reported.

Services revenue

Services revenue arises from maintenance and other services supplied to infrastructure assets and facilities which may involve a range of services and processes.

Under AASB 15, these are recognised over time with reference to inputs (time and materials) as services are provided. These services have been determined to be one performance obligation as they are highly inter-related and fulfilled over time therefore revenue is recognised over time.

As with construction revenue, contract variations are assessed to determine whether they represent a separate contract with the customer or are modifications to the original.

(o) Other income - Government grants

Government grants are recognised when there is a reasonable certainty that the grant will be received and all grant conditions are met.

Government grants include amounts received or receivable under the Federal Government's JobKeeper payment scheme, which provides temporary subsidies to eligible businesses significantly affected by COVID-19.

Notes to the consolidated financial statements
For the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(p) Borrowing costs

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

(q) 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 statement of financial position 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.

(r) Comparative figures

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

(s) 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 the potential for existence of impairment of non-financial assets other than Goodwill at each reporting date by evaluating conditions specific to each asset or cash generating unit that indicates the existence of impairment. 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.

Expected credit losses

The Group estimates expected credit losses using its historical experience, external indicators and forward-looking information.

At 30 June 2020, a provision for impairment of $327,226 (2019: $327,273) was raised against receivables from continuing operations. There is no provision raised for impairment against work in progress. (2019: $nil).

Notes to the consolidated financial statements
For the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(s) Critical accounting estimates and judgments (continued)

Recognition of deferred tax assets
The Group has recognised deferred tax assets in relation to Provisions and Other payables of $1,286,727 (2019: $1,280,811) and Un-recouped tax losses $1,324,143 (2019: $1,351,968).

The realisation of these deferred tax assets is dependent upon generating sufficient taxable profit in the coming years.

The Group has projected its profits over the next five years and believes that future taxable profit will be available against which the benefits of the deferred tax assets can be utilised.

Construction contracts and work-in-progress
Construction profits and losses are recognised on the stage-of-completion basis and measured by comparing construction contract costs incurred to date against expected final costs and recoveries of the construction contract.

Expected final costs are estimated following an assessment of each contract and a determination of expected costs still to be incurred.

Whilst expected final costs can vary, the Group believes that the expected final costs in its various construction contracts are appropriate at 30 June 2020.

(t) Going concern

The financial report for the year ended 30 June 2020 has been prepared on a going concern basis, which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business.

In considering the going concern basis for the Group, the director’s noted that the following factors are significant:

- On 6th of July 2020, the groups bank loan facility was agreed to be extended for 16 months from 1 July 2020 to 31 October 2021.
- The economic outlook both locally and internationally remains uncertain due to COVID-19. While it is likely that the ongoing COVID-19 pandemic may lead to further economic stimulus, which should be favourable to the Group, the future financial performance of the Group will be dependent how the pandemic impacts the Group’s clients and its’ people.

Notes to the consolidated financial statements
For the year ended 30 June 2020

		Consolidated entity	
		2020	2019
		$	$
2.	**Profit/(loss) from continuing operations**		
(a)	**Other income**		
	Sundry income	160,993	72,777
	Job keeper subsidy	1,596,450	-
		1,757,443	**72,777**
(b)	**Expenses**		
	Impairment - receivables	(47)	204,691
	Total employee costs	31,483,365	32,246,006
	Defined contribution superannuation expense	1,726,320	2,730,708
	Foreign exchange gains	(27,212)	(83,132)
	Profit on sale of plant and equipment	(32,367)	(5,169)
	Operating lease payments	210,363	1,143,125
	Depreciation of plant and equipment	1,591,957	747,300
(c)	**Net finance costs:**		
	Finance costs	555,846	421,045
	Interest expense on lease liabilities	167,012	-
	Interest income	(694)	(9,090)
	Net finance costs from continuing operations	**722,164**	**411,955**

3.	**Income tax**		
(a)	The prima facie tax on profit/(loss) before income tax from continuing operations is reconciled to income tax as follows:		
	Profit/(loss) before income tax	(2,759,936)	1,728,418
	Income tax calculated at 30% (2019: 30%)	(827,981)	518,525
	Tax effect of permanent differences	97,298	8,652
	Recognition of additional tax losses	-	(500,000)
	Current year tax losses not booked	724,767	-
	Taxation expense / (benefit) - offshore subsidiary	(2,580)	76,266
	Income tax expense/(benefit)	**(8,496)**	**103,443**
	The applicable weighted average effective tax rates are:	0%	6%
(b)	The components of tax expense comprise:		
	Current tax	(2,580)	604,091
	Deferred tax	(5,916)	(648)
	Recognition of additional tax losses	-	(500,000)
		(8,496)	**103,443**

Notes to the consolidated financial statements
For the year ended 30 June 2020

	Notes	Consolidated entity 2020 $	Consolidated entity 2019 $
4. Trade and other receivables			
Current			
Trade receivables		9,145,846	15,494,869
Provision for impairment		(327,226)	(327,273)
		8,818,620	15,167,596
Retention receivables		626,291	495,972
		9,444,911	15,663,568
Other debtors and receivables		1,214,696	876,489
		10,659,607	**16,540,057**
Non-current			
Retention receivables		1,092,338	1,612,075
		1,092,338	**1,612,075**

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.

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:

	Consolidated entity 2020 $	Consolidated entity 2019 $
Australia	8,824,098	13,529,062
Asia	3,255,073	4,950,343
	12,079,171	**18,479,405**

Notes to the consolidated financial statements
For the year ended 30 June 2020

4. Trade and other receivables (continued)

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.

	Gross Amount	Past Due & Impaired	Past Due not Impaired (Days Overdue)			Within Trading Terms
Consolidated entity			**<30 Days**	**31-60 Days**	**>61 Days**	
	$	**$**	**$**	**$**	**$**	**$**
2020						
Trade & term receivables	10,864,475	333,546	2,561,522	593,342	830,646	6,545,419
Other receivables	1,214,696	-	-	-	-	1,214,696
	12,079,171	333,546	2,561,522	593,342	830,646	7,760,115
2019						
Trade & term receivables	17,602,916	333,895	9,375,236	3,510,421	2,119,747	2,263,617
Other receivables	876,489	-	-	-	-	876,489
	18,479,405	333,895	9,375,236	3,510,421	2,119,747	3,140,106

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.

	Consolidated entity	
	2020	**2019**
	$	**$**
Provision for impairment of receivables		
Opening balance as at 1 January per AASB 139	327,273	13,644
Adjustment for adoption of AASB 9	-	108,938
Adjusted opening balance as at 1 July	327,273	122,582
Receivables written off	(95,554)	(12,469)
Provision recognised	95,507	217,160
Closing balance	**327,226**	**327,273**

Whilst the Group has experienced a reduction in aged receivables, the expected credit loss rate has increased due to the currently economic uncertainties with Covid-19 which have been factored into the provision at balance date.

		Consolidated entity 2020 $	Consolidated entity 2019 $
5.	**Contract assets and contract liabilities**		
	Contract assets related to contracts	2,014,330	3,156,104
	Contract liabilities related to contracts	1,578,399	1,584,027

Contract assets
Contract assets are balances due from customers under long term contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the Group's right to consideration for the services transferred to date. Amounts are generally reclassified to accounts receivable when there is an unconditional right to receive payment.

Contract liabilities
Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise if a milestone payment exceeds the revenue recognised to date. Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was $1,584,027 (2019: $1,853,116).

Contract assets and contract liabilities are offset where they relate to the same contract.

Contract assets and contract liabilities at the start of the reporting period was $3,156,104 (2019: 1,853,116) and $1,584,027 (2019: 1,465,268). All contracts assets recognised at the start of the reporting period have been reclassified to accounts receivable during the financial year and all contract liabilities have been recognised as revenue during the financial year.

The decrease in contract assets is a result of the timing of contracts in progress at 30 June 2020.

		Consolidated entity 2020 $	Consolidated entity 2019 $
6(a)	**Inventories**		
	Current		
	Raw materials and stores - at cost	2,317,810	2,313,984
		2,317,810	**2,313,984**

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.

		Consolidated entity 2020 $	Consolidated entity 2019 $
6(b)	**Financial assets**		
	Funds on deposit	306,441	189,612
		306,441	**189,612**

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

Notes to the consolidated financial statements
For the year ended 30 June 2020

7. Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amounts are as follows:

2020	Buildings	Plant and equipment	Total
At cost	2,793,428	13,627,829	16,421,257
Accumulated depreciation	(598,372)	(8,300,276)	(8,898,648)
Total carrying amount	**2,195,056**	**5,327,553**	**7,522,609**
Movement in carrying amounts			
Carrying amount - opening balance	-	4,870,664	4,870,664
Adjustments on transition to AASB 16 - Leases	2,340,717	-	2,340,717
Additions	207,559	1,699,685	1,907,244
Disposals	-	-	-
Depreciation	(598,372)	(993,585)	(1,591,957)
Exchange rate movement	-	(4,059)	(4,059)
Carrying amount - closing balance	**1,949,904**	**5,572,705**	**7,522,609**

2019	Buildings	Plant and equipment	Total
At cost	-	12,305,560	12,305,560
Accumulated depreciation	-	(7,434,896)	(7,434,896)
Total carrying amount	**-**	**4,870,664**	**4,870,664**
Movement in carrying amounts			
Carrying amount - opening balance	-	3,869,464	3,869,464
Additions	-	1,738,659	1,738,659
Disposals	-	-	-
Depreciation	-	(747,300)	(747,300)
Exchange rate movement	-	9,841	9,841
Carrying amount - closing balance	**-**	**4,870,664**	**4,870,664**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Consolidated entity	
	2020	**2019**
Buildings	1,742,691	-
Plant and equipment	263,200	-
Right-of-use assets at carrying amount	**2,005,891**	**-**

The depreciation expense attributable to right-of-use assets during the financial year:

Buildings	(598,026)	-
Plant and equipment	(11,793)	-
Right-of-use assets depreciation expense	**(609,820)**	**-**

Other than AASB 16 right of use assets, 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 the consolidated financial statements
For the year ended 30 June 2020

	Consolidated entity 2020 $	Consolidated entity 2019 $
8. Tax assets		
Current	-	-
Non-current	2,610,870	2,604,954
Deferred tax assets	**2,610,870**	**2,604,954**
Deferred tax assets comprise:		
Provisions	1,192,267	1,112,663
Other	94,460	168,148
Un-recouped tax losses	1,324,143	1,324,143
	2,610,870	**2,604,954**
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	1,112,663	1,090,488
Credited/(expensed) to income account	79,604	22,175
Closing balance	1,192,267	1,112,663
Other		
Opening balance	168,148	189,675
Credited/(expensed) to income account	(73,688)	(21,527)
Closing balance	94,460	168,148
Unrecouped tax losses		
Opening balance	1,324,143	1,351,968
Tax losses recognised/(recouped)	-	(27,825)
	1,324,143	1,324,143
Closing balance of tax assets	**2,610,870**	**2,604,954**

The company has considered it appropriate to not recognize in the financial accounts the benefit of all tax losses available to the Company at the end of the financial year.

The company has extrapolated profit projections based on 0% growth for the year ending 30 June 2021 due to the impact of the COVID-19 pandemic and then 2% for subsequent years. These projections support the recovery of the carrying value of deferred tax assets at 30 June 2020 of $2,610,870 within a five year time frame. The Directors consider this to be an acceptable timeframe for assessing the recovery of the carrying value of deferred tax assets as probable.

As a result, gross tax losses not recognized at 30 June 2020 are $8,045,473 (2019: $5,629,582).

Notes to the consolidated financial statements
For the year ended 30 June 2020

	Consolidated entity 2020 $	Consolidated entity 2019 $
8. Tax assets (continued)		
Tax liabilities		
Current		
Income Tax	-	31,335
Non-current		
Provision for deferred tax	49,623	50,549
Opening balance	50,549	49,200
Additional / (Reduction) in provisions raised during year	(353)	-
Exchange rate movement	(573)	1,349
Closing balance	**49,623**	**50,549**

	2020 $	2019 $
9. Intangible assets		
Goodwill – at cost	27,889,290	27,889,290
Less accumulated impairment	(15,817,280)	(15,817,280)
Total Intangible assets	**12,072,010**	**12,072,010**
Movements in goodwill carrying amounts:		
Opening balance	12,072,010	12,072,010
Movement in the year	-	-
Closing Balance	**12,072,010**	**12,072,010**
Goodwill by cash generating unit (CGU):		
Water Group - Syfon Systems	3,282,532	3,282,532
Engineering Group - Brockman Engineering	8,789,478	8,789,478
	12,072,010	**12,072,010**

It has been determined that the balances of the goodwill have an indefinite life. The excess of the purchase price over the fair value of net assets of the businesses acquired has been allocated to goodwill.

9. Intangible assets (continued)

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 (engineering and water) 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 discount rate determined individually for each CGU and reflects current market assessment of the time value of money and segment-specific risk factors. All discount rates are pre-tax.

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 forecasts used in the value-in-use calculations are based on the management approved budgets.

Other key assumptions in the value-in-use calculation include gross margin, additional allowances for potential capital expenditure and normalisation of working capital changes. Due to the correlation of these factors, assumptions for growth rates and discount rates are the most sensitive in the value-in-use calculation.

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

	2020		2019	
	Growth Rates	**Discount Rates**	**Growth Rates**	**Discount Rates**
Water (Syfon Systems Group):				
Growth year 1	-9%	13%	5%	15%
Growth subsequent years	2%	13%	5%	15%
Engineering (Brockman Eng.):				
Growth year 1	28%	13%	5%	15%
Growth subsequent years	2%	13%	5%	15%

The change in discount rates during 2020 arose from a detailed management review of the inputs utilised in determining the discount rate. The risk factor incorporated in the discount rate is consistent with the prior year.

The year one growth rate modelled for Syfon Systems is negative 9% for revenue on the conservative basis that COVID-19 impedes growth. Gross margin is not expected to be impacted. For Brockman, a revenue rebound of 28% has been modelled as the prior year revenue was impacted significantly due to the business taking a significant project write-down which produced an operating loss.

Subsequent years model a conservative 2% growth rate reflecting the minimum expected growth that is expected in each of the relevant CGUs.

All growth rates consider forward work-in-hand levels, weighted project prospects, consideration of future expected activities and giving consideration to historical growth rates achieved.

Notes to the consolidated financial statements
For the year ended 30 June 2020

9. Intangible assets (continued)

Key estimates

The following sensitivity analysis was undertaken with respect to the value in use calculations and the imbedded assumptions and estimates used in performing the impairment testing on the carrying value of goodwill.

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

The following table illustrates sensitivities to changes in those discount rates and growth rates. The discount and growth rates used and the results of the sensitivity analysis are:

	2020		2019	
	Growth Rates	**Discount Rates**	**Growth Rates**	**Discount Rates**
Water (Syfon Systems Group):				
Growth year 1	-9%	18%	3%	20%
Growth subsequent years	0%	18%	3%	20%
Engineering (Brockman Eng.):				
Growth year 1	18%	18%	3%	20%
Growth subsequent years	0%	18%	3%	20%

Value of impairment to carrying value of goodwill based on sensitivity analysis:	**2020 $**	**2019 $**
Water (Syfon Systems Group)	-	-
Engineering (Brockman Engineering)	-	-
	-	-

The sensitivity discount rate for 2020 has been reduced to 18% to reflect current market conditions. Growth rates for subsequent years have been reduced to nil. As a result, there is no impairment in either Syfon Systems group or Brockman Engineering.

	Consolidated entity	
	2020 $	**2019 $**
10. Trade and other payables		
Trade payables	9,073,903	9,517,171
Sundry payables and accrued expense	2,184,768	4,336,243
	11,258,671	**13,853,414**

	Notes	Consolidated entity 2020 $	2019 $
11. Short-term borrowings			
Bank loans - secured		3,300,000	3,300,000
Other Loans - unsecured		1,037,430	-
Lease liabilities - secured	24.	698,921	72,272
		5,036,351	**3,372,272**

Bank loans - secured

On 6th of July 2020, the bank loan facility was agreed to be extended for 16 months from 1 July 2020 to 31 October 2021. As the agreement was not formally completed until after the 30 June 2020 reporting period, the loan is required to be classified as current in accordance with AASB 101 – Presentation of financial statements.

The interest rate on the remaining Bank Loans is variable at balance date. The interest on these loans is charged at the prevailing bank bill rate plus an applicable line fee. Interest is payable monthly in arrears. The current interest rate is 5.46%.

The extended loan facility contains the following financial covenants:

- Minimum EBITDA requirements of $500,000 per quarter for the duration of the agreement.
- Mandatory repayments on the marker rate loan of $150,000 per quarter from 30 September 2020.
- An annual limit on capital expenditure to $1,000,000 without prior bank approval.
- No dividend distributions for the term of the facility without prior bank approval.

	2020	2019
Current	3,300,000	3,300,000
1 to 2 years	-	-
2 to 3 years	-	-
Total bank loans	**3,300,000**	**3,300,000**

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

At 30 June 2020, the Group has $ Nil in undrawn bank loan facilities (2019: Nil).

Other loans - unsecured

During the year, the Group arranged and fully drew down an unsecured $1,000,000 loan from a director related entity at an interest rate of 6%. The loan is repayable by 31 March 2021.

Notes to the consolidated financial statements
For the year ended 30 June 2020

		Consolidated entity 2020 $	Consolidated entity 2019 $
12. Long-term borrowings			
Lease liabilities - secured	24.	2,097,427	284,397
		2,097,427	**284,397**

Also refer to Note 24 leases for further information on lease liabilities, reconciliation and maturity details.

		2020 $	2019 $
13. Provisions			
Current			
Employee benefits		3,184,008	2,926,188
		3,184,008	**2,926,188**
Movement in employee benefits:			
Opening employee balance		2,926,188	2,986,944
Provisions created/(utilised) during year		257,820	(60,756)
Closing balance		**3,184,008**	**2,926,188**
Non current			
Employee benefits		55,992	41,526
Other non current provisions		-	-
		55,992	**41,526**
Movement in employee benefits:			
Opening employee balance		41,526	21,903
Provisions created/(utilised) during year		14,466	19,623
Closing balance		**55,992**	**41,526**

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 measurement and recognition criteria relating to employee benefits are disclosed in Note 1(k).

		2020 $	2019 $
14. Issued capital			
Issued and paid up			
2020: 96,116,734 ordinary shares			
2019: 96,116,734 ordinary shares	14(a)	56,457,180	56,457,180
		56,457,180	56,457,180
(a) Issued and fully paid up ordinary shares			
Opening balance		56,457,180	52,972,129
Shares issued		-	3,681,061
Share issue costs		-	(196,010)
Closing balance		**56,457,180**	**56,457,180**

Notes to the consolidated financial statements
For the year ended 30 June 2020

(a)	Issued and fully paid up ordinary shares (continued)	No. of shares	No. of shares
	Opening balance	96,116,734	83,027,195
	Shares issued	-	13,089,539
	Closing balance	**96,116,734**	**96,116,734**

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)	Share options	No. of options	No. of options
	Opening balance	1,500,000	1,500,000
	Options issued	-	-
	Closing balance	**1,500,000**	**1,500,000**

During 2017, 1,500,000 Unlisted Options were issued in connection with the Capital Raising during the year. The Unlisted Options were issued for nil cash consideration and vested upon issue. The Unlisted Options are exercisable at $0.20 per share and expire 4 years after their issue date (7 June 2017).

(c) Capital management:

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide shareholders with adequate returns and ensure the Group can fund its operations and continue as a going concern. The Group'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 Group's capital by assessing the Group'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 Group's gearing ratio is represented as net debt as a percentage of total capital and is determined as follows:

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

As at 30 June 2020 the Group's gearing ratio was 6% (2019: 4%).

15.	Dividends		
	Interim fully franked ordinary dividend	-	-
	Final fully franked ordinary dividend	-	-
	Total dividends	-	-
	Balance of franking account	**1,813,797**	**1,813,797**

Notes to the consolidated financial statements
For the year ended 30 June 2020

		Consolidated entity 2020 $	2019 $
16.	**Reserves and accumulated losses**		
(a)	**Accumulated losses:**		
	Accumulated losses at the beginning of the financial year	(32,746,417)	(34,262,454)
	Adjustment on adoption of AASB 9- financial Instruments	-	(108,938)
	Net profit/(loss) attributable to members of the parent entity	(2,751,440)	1,624,975
	Accumulated losses at the end of the financial year	**(35,497,857)**	**(32,746,417)**
(b)	**Reserves:**		
	Foreign currency translation and share option reserves:		
	Reserves at beginning of year	277,171	241,524
	Movement for year - share option reserve	-	-
	Movement for year - Foreign currency translation reserve	(31,271)	35,647
	Reserves at end of year	**245,900**	**277,171**
17.	**Earnings per share**		
(a)	Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	96,116,734	93,662,110
(b)	Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings per share	96,116,734	95,162,110

Due to the net loss for the 30 June 2020 period, dilutive earnings per share is the same as basic earnings per share.

18. Key management personnel

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

Mr G Burns	Non-Executive Chairman
Mr R Edgley	Non-Executive Director
Mr I Luck	Non-Executive Director
Mr S Farthing	Chief Executive Officer
Mr P van der Wal	Chief Financial Officer and Company Secretary
Mr A Bellgrove	General Manager of Syfon Systems Group
Mr C Bishop	General Manager of Brockman Engineering
Mr J Hughes (appointed 15 October 2019)	General Manager of TSF Power
Mr I Whitford (Resigned 28 September 2019)	General Manager of TSF Power

18. Key management personnel (continued)

Remuneration of key management personnel is:

	Consolidated entity 2020 $	Consolidated entity 2019 $
Short term employee benefits	1,530,061	1,633,653
Post-employment benefits	106,602	105,515
	1,636,663	**1,739,168**

Refer to disclosures in Note 20 for other transactions with Directors and Key Management Personnel.

Refer to disclosures in the Directors report for the number of ordinary shares held by each Key Management Personnel of the Group during the financial year.

There were no share options issued for the year ended 30 June 2020 (2019: Nil).

Remuneration policy
The remuneration policy of the Company 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 Group'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 Group, as well as to 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 Group 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 Group's performance, each Executive's performance and comparable information from industry sectors and listed companies in similar industries. The performance of each Executive is measured against criteria agreed with each Executive and is based predominantly on forecast growth of the Group'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.

Notes to the consolidated financial statements
For the year ended 30 June 2020

18. Key management personnel (continued)

The Remuneration Committee set certain key performance indicators for the key Executives in the Group. The key performance indicators were both quantitative and qualitative measures. During the financial year no Executives met these key performance indicators and therefore the Remuneration Committee did not approve any short term incentive payments (2019: Nil). Long term incentives, linked with performance rights issued under the EVZ Directors' and Employees' Benefits Plan, were not met during the current year and no performance rights, options or shares were issued in respect of the current year.

Executives receive a superannuation guarantee contribution as required by the Government 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 Group. 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.

	Consolidated entity	
	2020	**2019**
	$	**$**
19. Auditors remuneration		
Remuneration paid/payable to auditors for:		
audit or review of financial report	100,500	90,000
non-audit services	2,500	-
taxation services	-	-
	103,000	**90,000**

Notes to the consolidated financial statements
For the year ended 30 June 2020

20. Related party disclosures

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

- Mr G Burns
- Mr R Edgley
- Mr I Luck

(b) Transactions with director related entities

- G Burns: Directors fees paid of $80,000 (2019: $86,667) and $17,333 (2019: $20,000) is payable.
- R Edgely: Directors fees paid of $50,000 (2019: $50,000) and $6,667 (2019: $8,333) is payable.
- I Luck: Directors fees paid of $50,000 (2019: $50,000) and $6,667 (2019: $8,333) is payable.

During the year, the Group arranged and fully drew down an unsecured $1,000,000 loan from a director related entity at an interest rate of 6%. Accrued Interest payable at 30 June 2020 is $37,430. The loan is repayable by 31 March 2021.

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.

Notes to the consolidated financial statements
For the year ended 30 June 2020

21. Segment reporting (continued)

ii. Energy

The energy segment designs and installs constant load power stations, back-up power generation equipment and sustainable/clean 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 maker 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.

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:

- Impairment of assets and other Non-recurring items of revenue or expense
- Income tax expense
- Current tax liabilities
- Other financial liabilities

Notes to the consolidated financial statements
For the year ended 30 June 2020

21. Segment reporting (continued)

(a) Segment reporting - continuing operations

Twelve months ended 30 June 2020:	Engineering $	Energy $	Water $	Corporate $	Total $
Revenue					
External sales	37,413,130	7,175,772	21,635,808	-	66,224,710
Total segment revenue	**37,413,130**	**7,175,772**	**21,635,808**	**-**	**66,224,710**
Reconciliation of segment revenue to group revenue:					
Total group revenue	**37,413,130**	**7,175,772**	**21,635,808**	**-**	**66,224,710**
Segment net profit /(loss) before interest and tax	(1,842,515)	(287,339)	1,416,622	(1,324,540)	(2,037,772)
Reconciliation of net profit before interest and tax to group net profit/(loss) before tax					
Unallocated items					
Net finance costs from continuing operations					(722,164)
Net profit/(loss) before tax from continuing operations					**(2,759,936)**
Included in segment net profit before interest and tax:					
Depreciation	823,013	226,494	500,769	41,681	1,591,957
Impairment:					
Receivables	-	-	(47)	-	(47)

Notes to the consolidated financial statements
For the year ended 30 June 2020

21. Segment reporting (continued)

(a) Segment Reporting - continuing operations (continued)

Twelve months ended 30 June 2019:	Engineering $	Energy $	Water $	Corporate $	Total $
Revenue					
External sales	53,091,236	5,271,972	19,679,085	-	78,042,293
Inter-segment sales	-	-	-	-	-
Total segment revenue	**53,091,236**	**5,271,972**	**19,679,085**	**-**	**78,042,293**
Reconciliation of segment revenue to group revenue:					
Inter-segment elimination	-	-	-	-	-
Total group revenue	**53,091,236**	**5,271,972**	**19,679,085**	**-**	**78,042,293**
Segment net profit /(loss) before interest and tax	2,550,624	(461,509)	1,416,421	(1,365,163)	2,140,373
Reconciliation of net profit before interest and tax to group net profit/(loss) before tax					
Unallocated items					
Other non-operating					-
Net finance costs from continuing operations					(411,955)
Net profit/(loss) before tax from continuing operations					**1,728,418**
Included in segment net profit before interest and tax:					
Depreciation	469,924	72,146	201,117	4,113	747,300
Impairment:					
Receivables	-	-	204,691	-	204,691

Notes to the consolidated financial statements
For the year ended 30 June 2020

21. Segment reporting (continued)

Twelve months ended 30 June 2020:	Engineering	Energy	Water	Corporate	Total
Segment assets					
Segment Assets	22,563,013	3,247,537	23,256,002	7,796,765	56,863,317
Inter-segment elimination					(12,397,623)
Total group assets					**44,465,694**
Segment asset increases for the period:					
Capital expenditure	63,184	60,875	779,794	-	903,853
	63,184	**60,875**	**779,794**	**0**	**903,853**
Segment liabilities					
Segment liabilities	16,500,478	5,936,391	4,028,301	4,745,678	31,210,848
Inter-segment elimination					(7,950,377)
Total group liabilities					**23,260,471**

Twelve months ended 30 June 2019:	Engineering	Energy	Water	Corporate	Total
Segment assets					
Segment Assets	25,050,443	2,069,816	22,403,573	8,259,141	57,782,973
Inter-segment elimination					(11,651,331)
Total group assets					**46,131,642**
Segment asset increases for the period:					
Capital expenditure	1,396,530	178,474	100,164	63,491	1,738,659
	1,396,530	**178,474**	**100,164**	**63,491.00**	**1,738,659**
Segment liabilities					
Segment liabilities	16,744,777	4,447,458	4,455,857	3,660,520	29,308,612
Inter-segment elimination					(7,164,904)
Total group liabilities					**22,143,708**

Notes to the consolidated financial statements
For the year ended 30 June 2020

21. Segment reporting (continued)

(c)	Revenue by category: *All revenue is recognised over time*	Engineering $	Energy $	Water $	Corporate $	Total $
	For the year ended 30 June 2020					
	Revenue					
	Construction contracts	37,413,130	-	21,635,808	-	59,048,938
	Services revenue	-	7,175,772	-		7,175,772
	Total revenue from contracts	**37,413,130**	**7,175,772**	**21,635,808**	**-**	**66,224,710**
	For the year ended 30 June 2019					
	Revenue					
	Construction contracts	53,091,236	-	19,677,312	-	72,768,548
	Services revenue	-	5,273,745	-		5,273,745
	Total group revenue	**53,091,236**	**5,273,745**	**19,677,312**	**-**	**78,042,293**

(d)	Revenue by geographical locations:	Engineering $	Energy $	Water $	Corporate $	Total $
	For the year ended 30 June 2020					
	Revenue					
	Australia	37,413,130	7,175,772	16,698,959	-	61,287,861
	Asia	-	-	4,936,849	-	4,936,849
	Total revenue from contracts	**37,413,130**	**7,175,772**	**21,635,808**	**-**	**66,224,710**
	For the year ended 30 June 2019					
	Revenue					
	Australia	53,091,236	5,273,745	13,884,095	-	72,249,076
	Asia	-	-	5,793,217	-	5,793,217
	Total group revenue	**53,091,236**	**5,273,745**	**19,677,312**	**-**	**78,042,293**

(e)	Assets by geographical locations:	Consolidated entity 2020 $	 2019 $
	Australia	37,483,135	37,950,629
	Asia	6,982,559	8,181,013
	Total assets	**44,465,694**	**46,131,642**

Major customers

The Group has a number of customers to whom it provides products and services. In the current year, the Group had two major customers in the Engineering segment who account for 29% and 12% respectively (2019: 30% and 14%) of external revenue. There are no other significant client accounts.

Notes to the consolidated financial statements
For the year ended 30 June 2020

	Consolidated entity 2020 $	Consolidated entity 2019 $
22. Consolidated statement of cash flows		
Cash balances comprise:		
Cash on hand	5,869,679	2,772,182
Closing cash balance	**5,869,679**	**2,772,182**
Reconciliation of the operating profit after tax to net cash flows from operations:		
Operating profit after tax	(2,751,440)	1,624,975
(Gain)/Loss on sale of plant and equipment	(32,367)	(5,169)
Depreciation - plant & equipment	1,591,957	747,300
(Gain)/loss on foreign currency translation	(27,212)	(83,132)
Share based payments	-	196,211
Changes in assets and liabilities adjusted for effects of acquisition/disposal of operations during financial year:		
Increase/(decrease) in provisions for employee entitlements	273,109	(41,129)
(Increase)/decrease in inventories	(3,825)	(342,883)
(Increase)/decrease in trade and other receivables	7,425,132	(2,791,607)
(Increase)/decrease in deferred tax assets	(6,842)	28,525
Increase/(decrease) in payables	(2,562,941)	3,203,926
Increase/(decrease) in tax liabilities	(32,159)	(72,207)
Net cash provided/(used) by operating activities	**3,873,412**	**2,464,810**

23. Standby arrangements and unused credit facilities

Controlled entities in the Group have Contingent Liability Bank Guarantee facilities and Letter of Credit Facilities totalling $4,900,000 available to them as at 30 June 2020 (2019: $5,500,000). Of this total facility, $4,839,886 has been utilised and $60,114 (2019: $182,429) remained unused and available for the controlled entities use as at 30 June 2020. The facilities are secured by a registered equitable mortgage over the assets and undertakings of all Australian companies in the Group.

In addition to the above facility, the Group has provided a cash backed bank guarantee of $ nil at 30 June, 2020 (2019: $292,199) as performance security on a major project. The bank guarantee is secured by a term deposit of the same amount.

For further information on bank guarantees, please also refer to Note 30, subsequent events.

Notes to the consolidated financial statements
For the year ended 30 June 2020

	Consolidated entity 2020 $	Consolidated entity 2019 $
24. Leases		
Lease liabilities recognised in the statement of financial position:		
Current	698,921	72,272
Non-current	2,097,427	284,397
Total lease liability	**2,796,348**	**356,669**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments are as follows:

2020	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
Lease payments	974,241	865,741	650,196	370,076	252,532	42,294	**3,155,079**
Finance charges	(155,029)	(104,265)	(58,162)	(28,814)	(12,097)	(365)	**(358,731)**
Net present values	**819,212**	**761,476**	**592,034**	**341,262**	**240,435**	**41,929**	**2,796,348**

2019	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
Lease payments	75,645	55,932	240,722	-	-	-	**372,299**
Finance charges	(3,176)	(2,348)	(10,106)	-	-	-	**(15,630)**
Net present values	**72,469**	**53,584**	**230,616**	**-**	**-**	**-**	**356,669**

25. Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	Consolidated entity 2020 $
Short term leases	210,363
Leases of low value assets	-
Total lease liability	**210,363**

26. Contingent liabilities

Apart from drawn bank guarantee facilities (refer Note 23), there were no contingent liabilities as at 30 June 2020 (2019: Nil).

Notes to the consolidated financial statements
For the year ended 30 June 2020

27. Financial instruments

The Group's financial instruments consist mainly of deposits with banks, 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 Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

- *Interest rate risk*
  Of the total consolidated entity's borrowings, $3,300,000 (2019: $3,300,000) take the form of bank loans. All bank loans are scheduled to mature on 31 October 2021. The interest cost for these bank loans is comprised of a fixed line fee plus the prevailing bank bill rate.

- *Foreign currency risk*
  The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The Group monitors its foreign exchange exposure on a regular basis.

- *Liquidity risk*
  The Group 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 Group does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the Group.

(a) Interest rate risk exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate, assets and liabilities to maturity. The table below shows the Group's interest rate risk exposure as at 30 June.

Notes to the consolidated financial statements
For the year ended 30 June 2020

27. Financial instruments (continued)

Consolidated entity	Floating Interest rate	Fixed Interest			Non Interest Bearing	Total
		< 1 year	1 to 5 years	> 5 years		
	$	$	$	$	$	$
2020						
Financial assets						
Cash & cash equivalents	-	-	-	-	5,869,679	5,869,679
Trade & other receivables	-	-	-	-	11,751,945	11,751,945
Financial assets	-	-	-	-	306,441	306,441
Total financial assets	**-**	**-**	**-**	**-**	**17,928,065**	**17,928,065**
Weighted average interest rate					*0.00%*	*0.00%*
Financial liabilities						
Trade & other payables	-	-	-	-	10,640,931	10,640,931
Borrowings	3,300,000	1,037,430	-	-	-	4,337,430
Finance Lease liabilities	-	42,156	37,872	-	-	80,028
Total financial liabilities	**3,300,000**	**1,079,586**	**37,872**	**-**	**10,640,931**	**15,058,389**
Weighted average interest rate	*5.46%*	*6.39%*			*0.00%*	
Net financial assets/(liabilities)	**(3,300,000)**	**(1,079,586)**	**(37,872)**	**-**	**7,287,134**	**2,869,676**
2019						
Financial assets						
Cash & cash equivalents	-	-	-	-	2,772,182	2,772,182
Trade & other receivables	-	-	-	-	18,152,132	18,152,132
Financial assets	-	-	-	-	189,612	189,612
Total financial assets	**-**	**-**	**-**	**-**	**21,113,926**	**21,113,926**
Weighted average interest rate					*0.00%*	*0.00%*
Financial liabilities						
Trade & other payables	-	-	-	-	11,293,537	11,293,537
Borrowings	3,300,000	-	-	-	-	3,300,000
Finance Lease liabilities	-	72,272	284,397	-	-	356,669
Total financial liabilities	**3,300,000**	**72,272**	**284,397**	**-**	**11,293,537**	**14,950,206**
Weighted average interest rate	*6.95%*	*6.89%*			*0.00%*	
Net financial assets/(liabilities)	**(3,300,000)**	**(72,272)**	**(284,397)**	**-**	**9,820,389**	**6,163,720**

	Consolidated entity	
	2020	**2019**
Reconciliation of Net Financials Assets/(Liabilities) to Net Assets	**$**	**$**
Net financial assets/(liabilities)	2,869,676	6,163,720
Add/(subtract) Non-financial assets and liabilities:		
Contract Assets	2,014,330	3,156,104
Inventories	2,317,810	2,313,984
Plant and equipment	7,522,609	4,870,664
Deferred tax assets	2,610,870	2,604,954
Intangible assets	12,072,010	12,072,010
Contract Liabilities	(1,578,399)	(1,584,027)
AASB 16 Lease Liabilities	(2,716,320)	-
Provisions	(3,289,623)	(3,018,263)
Accruals	(617,740)	(2,591,212)
Net Assets	**21,205,223**	**23,987,934**

Notes to the consolidated financial statements
For the year ended 30 June 2020

27. Financial instruments (continued)

(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 Group 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 except for retention receivables totalling $1,718,629 (2019: $2,108,047), (refer Note 4) are current and due within 12 months.

(d) Sensitivity analysis

The interest rate on Bank loans is variable. The Group believes it has minimal exposure to interest rate risk for the remainder of the facility term given the current economic stability in interest rates.

(e) Foreign currency risk

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

(f) Price risk

The Group 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 ended 30 June 2020.

29. Investment in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holdings		Cost of parent entity's investment	
			2020	2019	2020 $	2019 $
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
Syfon Systems Pte Ltd	Singapore	Ordinary	100%	100%	-	-
Syfon Systems SE Asia, Inc.	Philippines	Ordinary	100%	100%	-	-
Syfon Systems Vietnam Co Ltd	Vietnam	Ordinary	100%	-	-	-
Syfon International Pty Ltd	Australia	Ordinary	100%	100%	-	-
Brockman Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
TSF Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
TSF Power Pty Ltd	Australia	Ordinary	100%	100%	-	-
					3,735,154	**3,735,154**

Syfon International Pty Ltd and TSF Power Pty Ltd did not trade during the year or the prior year.

Notes to the consolidated financial statements
For the year ended 30 June 2020

30. Subsequent events

On 6th of July 2020, the groups bank loan facility was agreed to be extended for 16 months from 1 July 2020 to 31 October 2021.

The economic outlook both locally and internationally remains uncertain due to COVID-19. While it is likely that the ongoing COVID-19 pandemic may lead to further economic stimulus, which should be favourable to the Group, the future financial performance of the Group will be dependant how the pandemic impacts our clients and our people.

There have not been any other 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 Group, the results of those operations, or the state of affairs of the Group in future financial years after the financial year.

31. Construction contracts

	2020 $	2019 $
Aggregate amount of contract revenue recognised during the financial year	**59,046,186**	**72,768,652**
Aggregate of contract costs incurred and profits recognised (including losses recognised) to date on contracts in progress	60,214,736	63,998,908
Progress billings	(59,778,805)	(62,426,831)
Receipts in advance	1,578,399	1,584,027
Amounts due from customers for contract work in progress	**2,014,330**	**3,156,104**
Total receivable from customers for contract work in progress as included in Note 4	**7,772,205**	**14,465,143**
Retention receivables as included in Note 4	**1,718,629**	**2,108,047**

Contacts which have remaining performance obligations at 30 June 2020 total $32,128,712

32. Deed of cross guarantee

During the financial year;

A deed of cross guarantee between EVZ Ltd (Parent Entity) and TSF Engineering Pty Ltd, Brockman Engineering Pty Ltd, Danum Engineering Pty Ltd, A.C.N. 124919508 Pty Ltd, Syfon Systems Pty Ltd, NuSource Water Pty Ltd, Syfon International 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.

In the 2017 financial year, the EVZ Group gave as security for a loan from TSF Corporation Pty Ltd, the shares and assets of TSF Power Pty Ltd ("TSFP"). A further condition of the loan was the deconsolidation/removal of TSFP from the deed of cross guarantee. TSFP was subsequently removed from the deed of cross guarantee during the 2017 financial year. The loan from TSF Corporation was repaid in full during the 2019 financial year.

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:

EVZ limited
Engineering The Future

Notes to the consolidated financial statements
For the year ended 30 June 2020

32. Deed of cross guarantee (continued)

	Closed group & parties to deed of cross guarantee 2020 $	2019 $
Financial information in relation to:		
(i) Statement of profit or loss and other comprehensive income		
Profit/(loss) before income tax	(2,759,936)	1,728,418
Deconsolidation of TSF Power Pty Ltd & Syfon Systems Sdn Bhd	506,881	5,191,854
Income tax (expense)/benefit	5,917	(27,177)
Profit/(Loss) after income tax	(2,247,138)	6,893,095
Profit/(Loss) attributable to members of the parent entity	(2,247,138)	6,893,095
(ii) Retained earnings		
Retained losses at the beginning of the year	(32,956,571)	(39,849,666)
Profit/(Loss) after income tax	(2,247,138)	6,893,095
Retained losses at the end of the year	(35,203,709)	(32,956,571)
(iii) Statement of financial position		
Current assets		
Cash and cash equivalents	4,605,522	2,221,124
Trade and other receivables	9,507,035	15,186,892
Inventories	877,930	885,768
Total current assets	**14,990,487**	**18,293,784**
Non-current assets		
Property, plant and equipment	5,875,167	4,100,494
Deferred tax asset	2,610,870	2,604,954
Other receivables	6,246,356	6,553,557
Intangible assets	12,072,010	12,072,010
Total non-current assets	**26,804,403**	**25,331,015**
Total assets	**41,794,890**	**43,624,799**
Current liabilities		
Trade and other payables and provisions	14,231,743	16,448,115
Short-term borrowings	5,036,350	3,366,016
Total current liabilities	**19,268,093**	**19,814,131**
Non-current liabilities		
Long-term provisions and other payables	1,309,626	325,925
Total non-current liabilities	**1,309,626**	**325,925**
Total liabilities	**20,577,719**	**20,140,056**
Net assets	**21,217,171**	**23,484,743**
Equity		
Issued capital	56,120,880	56,141,314
Reserves	300,000	300,000
Accumulated losses	(35,203,709)	(32,956,571)
	21,217,171	**23,484,743**

33. Parent entity disclosures

Information relating to the parent entity, EVZ Limited, is as follows:

	Parent Entity	
	2020	2019
	$	$
(i) Financial position		
Assets		
Current assets	133,600	381,573
Non-current assets	7,657,249	7,904,745
Total assets	**7,790,849**	**8,286,318**
Liabilities		
Current liabilities	4,564,146	318,991
Non-current liabilities	181,533	3,341,529
Total liabilities	**4,745,679**	**3,660,520**
Net assets	**3,045,170**	**4,625,798**
Equity		
Issued capital	56,759,485	56,759,485
Accumulated losses	(53,714,315)	(52,133,687)
Total equity	**3,045,170**	**4,625,798**
(ii) Financial performance		
Comprehensive income		
Profit/(Loss) for the year	(1,553,451)	(23,135,597)
Transfer from capital profits reserve	-	-
Total comprehensive income/(loss)	**(1,553,451)**	**(23,135,597)**

(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, Brockman Engineering Pty Ltd, Danum Engineering Pty Ltd, A.C.N. 124919508 Pty Ltd (formerly National Engineering Pty Ltd), Syfon Systems Pty Ltd, NuSource Water Pty Ltd, Syfon International Pty Ltd (previously EVZ Energy 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.

34. Company details

The registered office and principal place of business of:

EVZ Limited is
115/838 Collins Street, Docklands, Victoria 3008
Australia

The principal place of business of:

Brockman Engineering Pty Ltd is:
87 St Georges Road, Norlane, 3214
Australia

Syfon Systems Pty Ltd is:
22 Hargreaves Street, Huntingdale, 3166
Australia

Syfon Systems Sdn Bhd is:
6 & 8, Jalan Angklung 33/20, Shah Alam Technology Park
40460 Shah Alam, Selangor Darul Ehsan
Malaysia

Syfon Systems Pte Ltd is:
10 Anson Road, #18-17, International Plaza
Singapore 079903

Syfon Systems SE Asia, Inc. is:
30/F Burgundy Corporate Tower
Sen. Gil Puyat Avenue, Makati City
Philippines

Syfon Systems Vietnam Co Ltd is:
No. 20, Street No. 7, Tan Kieng Ward
District 7, Ho Chi Minh City
Vietnam

TSF Engineering Pty Ltd is:
Unit 3, 74 Glendenning Rd, Glendenning, NSW, 2761
Australia

TSF Power Pty Ltd is:
Unit 3, 74 Glendenning Rd, Glendenning, NSW, 2761
Australia

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 Group; 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 Corporations (Wholly-owned companies) instrument 2016/785 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 – G Burns

Signed at Melbourne this 25th day of September 2020.

Grant Thornton

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Independent Auditor's Report

To the Members of EVZ Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of EVZ Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue from contracts with customers (Notes 5 and 21)	
For the year ended 30 June 2020 the Group recognised revenue from construction contracts of $66,224,710. Revenue for these contracts is recognised over time with reference to the input method to determine revenue to be recognised. In accordance with AASB 15 *Revenue from Contracts with Customer,* revenues from goods and services are recognised based on the completion of performance obligations under each contract. The determination of the appropriate timing of revenue recognition requires estimation of the inputs (costs) remaining in the contract and the expected margins earned on the contracts which requires management judgement. This area is a key audit matter due to the high level of estimation and management judgement required to determine the revenue recognised from each contract.	Our procedures included, amongst others: ▪ Assessing the revenue recognition policies for appropriateness and compliance with AASB 15; ▪ Performing detailed testing of a sample of revenue transactions during the year by agreeing to supporting documentation and cash receipts to verify occurrence; ▪ Reviewing the terms and condition of individual contracts to test whether revenue was recognised correctly in accordance with AASB 15; ▪ Performing analytical review of revenue and gross margin analysis across the Group; ▪ Reviewing of contracts assets at 30 June 2020 to ensure the calculations are accurate and the assumptions utilised in determining these assets (and the revenue recognised) are reasonable and supported; ▪ Reviewing information subsequent to balance date to confirm that key assumptions utilised in management's estimates were accurate at 30 June 2020; and ▪ Reviewing appropriateness of financial statement disclosures.
Goodwill impairment (Note 9)	
As at 30 June 2020, the Group has goodwill of $12,072,010 across two cash generating units ("CGU's"). The Group is required to perform an annual impairment test of goodwill in accordance with AASB 136 *Impairment of Assets*. The Group estimates the recoverable of its CGU's by employing a discounted cash flow model and, in doing so, must determine the following key inputs and assumptions: ▪ forecast cash flows from operations; ▪ working capital adjustments; ▪ capital expenditure estimates; ▪ discount and growth rates; and ▪ a terminal value This area is a key audit matter due to management estimation and judgement involved in the assessment.	Our procedures included, amongst others: ▪ Obtaining management's discounted cash flow model; ▪ Assessing management's determination of the Group's cash generating units ("CGUs") based on our understanding of the nature of the Group's business; ▪ Evaluating the key assumptions in the model for reasonableness by obtaining corroborating evidence, this included considering the reasonableness of the revenue and cost forecasts against historical actuals; ▪ Performing a sensitivity analysis on the key assumptions; ▪ Testing the mathematical accuracy of the model; ▪ Using our internal valuation specialist to assess reasonableness of the model and discount rates utilised; and ▪ Assessing the adequacy of financial report disclosures.
Recoverability of deferred tax assets (Note 8)	
Australian Accounting Standards require deferred tax assets to be recognised only to the extent that it is probable that sufficient future taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. The Group has recognised a deferred tax asset of $2,610,870 at 30 June 2020, of which $1,324,143 relates to tax losses carried forward. This is a key audit matter due to the magnitude of the deferred tax assets recognised and the judgment involved in determining the recoverability of the tax asse1	Our audit procedures included, among others: ▪ Testing the accuracy of managements deferred tax calculations; ▪ Reviewing management's calculation for the expected timing and nature of the recovery of the tax losses; ▪ Assessing the Group's financial forecasts to ensure the forecast assumptions are reasonable given the current and historical performance of the business; and ▪ Reviewing the Group's taxation disclosures in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of EVZ Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B L Taylor
Partner – Audit & Assurance

Melbourne, 25 September 2020

Additional shareholder information
As at 2 September 2020

1. Substantial shareholders

Rank	Name	Units Held	% of Total held
1	UBS NOMINEES PTY LTD	18,285,822	19.02%
2	AIRLIE BEACH HOLDINGS PTY LIMITED	9,489,894	9.87%
3	BOND STREET CUSTODIANS LIMITED <SALTER - D64848 A/C>	9,186,977	9.56%
		36,962,693	**38.46%**

2. Distribution of shareholding

Range of Holding			No of Shareholders	Units Held	% of Units
1	to	1000	1,165	346,579	0.36%
1,001	to	5,000	317	747,313	0.78%
5,001	to	10,000	103	785,151	0.82%
10,001	to	100,000	147	5,374,679	5.59%
100,001	and	over	87	88,863,012	92.45%
Company totals			**1,819**	**96,116,734**	**100.00%**
Unmarketable shareholder parcels of less than $500 at $0.088/unit			1,505	1,218,144	1.27%

3. Names of 20 largest shareholders

Rank	Name	Holding	% Held
1	UBS NOMINEES PTY LTD	18,285,822	19.02%
2	BOND STREET CUSTODIANS LIMITED <SALTER - D64848 A/C>	9,186,977	9.56%
3	AIRLIE BEACH HOLDINGS PTY LIMITED <BURNS FAMILY A/C>	5,989,894	6.23%
4	AIRLIE BEACH HOLDINGS PTY LIMITED <ABI SUPER FUND A/C>	3,500,000	3.64%
5	ONMELL PTY LTD <ONM BPSF A/C>	2,643,462	2.75%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,598,561	2.70%
7	MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	2,545,754	2.65%
8	BT PORTFOLIO SERVICES LIMITED <THE AL'N'ALL A/C>	2,477,250	2.58%
9	H&C TRUONG PTY LTD <TRUONG FAMILY SUPER FUND A/C>	2,314,379	2.41%
10	RUSTICA PTY LTD <COAD FAMILY A/C>	2,253,760	2.34%
11	TAYCO INVESTMENTS PTY LTD	2,199,964	2.29%
12	THIRD RETURN SUPER PTY LTD <THIRD RETURN SUPER FUND A/C>	2,000,000	2.08%
13	RANGEWORTHY PTY LTD <THE EDGLEY FAMILY A/C>	1,936,396	2.01%
14	ARCHWIN PTY LTD <SHARP RETIREMENT FUND A/C>	1,635,838	1.70%
15	STF ENTERPRISES PTY LTD	1,616,840	1.68%
16	MR ADAM BELLGROVE + MRS ANDREA BELLGROVE <BELLGROVE SUPER FUND A/C>	1,368,621	1.42%
17	EXPLORER CORPORATION PTY LTD	1,079,628	1.12%
18	BOND STREET CUSTODIANS LIMITED <RSALTE - V39117 A/C>	1,000,000	1.04%
19	POWIS SUPERANNUATION PTY LTD <POWIS SUPER FUND A/C>	1,000,000	1.04%
20	MS SERENA SALANITRI	900,000	0.94%
21	T R B MANAGEMENT PTY LIMITED <BOWDEN SUPER FUND A/C>	900,000	0.94%
Total top 21 holders of ordinary fully paid shares		**67,433,146**	**70.16%**
Total remaining holders balance		**28,683,588**	**29.84%**
Total ordinary shares		**96,116,734**	**100.00%**

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. General

The name of the company secretary is Pieter van der Wal.

The address of the principal registered office is:
115 / 838 Collins Street,
Docklands Vic 3008
Telephone: (03) 9545 5288
Email: pieter.vanderwal@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

6. Stock exchange listing

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

www.evz.com.au