

# **EVZ LIMITED AND CONTROLLED ENTITIES**

ABN 87 010 550 357



## **ANNUAL REPORT**

**2017**

## CHAIRMANS REPORT

During the 2017 Financial Year the EVZ Group delivered improved financial outcomes from operations compared to 2016.

However, the most significant progress was centred on strengthening our financial structure to facilitate further competitive participation in our markets and growing cash flow from operations. This improvement was a continuous process during the financial year, as it will be in the current financial year. Key points:

- ❶ With the support of our principal financier Commonwealth Bank of Australia, we renegotiated the terms of our banking facilities, achievement of a debt forgiveness of \$7.28 million with a corresponding reduction in debt service costs to form a new facility agreement current until June 2020.
- ❶ Completion of a successful capital raising to further assist in the strengthening of the financial base, and to set a path of growth in earnings from existing activities. The capital raising was made possible with the participation of our largest shareholders including Thorney Investment Group Australia, in addition to a number of new sophisticated investors to EVZ.
- ❶ The Directors and Chief Executive Officer advanced \$1 million to assist with the Group's working capital. An Extraordinary General Meeting after balance date ratified the conversion of \$600,000 of this debt to ordinary shares, and extended maturity of the residual advance to June 2018. This advance is secured over one of the Group's businesses, TSF Maintenance Services Pty Ltd.

Activities of the four operating divisions are summarised below:

**Brockman Engineering** continues to be a lead player in petrochemical and water tank construction, maintenance and piping fabrication sector. The relocation to new a more modern Geelong premises was completed in July 2016 and has delivered significant operating efficiencies and an increased capacity to service the needs of our clients. Brockman's significant tender pipeline and increase in secured contacts provides a consistent and stable outlook now and into 2018.

**Syfon Systems** continued to improve its financial performance during the 2017 financial year. Syfon is the market dominant siphonic drainage provider in Australia and Malaysia that continues to experience consistently strong outlook underpinned by near record levels of contracted work. New projects and client base expansion in other parts of the Asia, including Vietnam are now setting a base for further diversity of revenue streams and growth.

**TSF Engineering** our tri-generation power station contractor concluded commissioning of the Melbourne Airport Trigeneration project in December 2016, and is expected to shortly finalise its overall project completion plan including warranty period.

**TSF Maintenance Services** providing power generation breakdown and maintenance continues to grow profitably with awarded long term maintenance contracts underwriting its objectives of expanding both its geographic technician network and client base.

I would like to thank our loyal shareholders for their support and welcome new shareholders who have joined us on the expectation of improved value from growth in operational turnover and profitability. Your Directors are totally committed to achieving these goals.

## **CHAIRMANS REPORT (continued)**

I would like to thank the senior management teams and their people for their ongoing commitment to their quality products and customers and who represent the EVZ Group in the best possible way in doing so. My sincere thanks are extended to Max Findlay, Chairman until June 2016, who has continued to act as a Non-Executive Director of EVZ Limited until his retirement from the position in July 2017. I also thank my fellow Directors Rob Edgley and Ian Luck.

I commend the 2017 Annual Report to you,

Sincerely

Graham Burns  
Chairman

# ANNUAL REPORT 2017

## CONTENTS

CORPORATE DIRECTORY.....	5
DIRECTORS' REPORT .....	6
CORPORATE GOVERNANCE STATEMENT .....	16
AUDITOR'S INDEPENDENCE DECLARATION .....	25
CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	26
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	27
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	28
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	29
CONSOLIDATED STATEMENT OF CASH FLOWS .....	30
NOTES TO AND FORMING PART OF THE ACCOUNTS .....	31
DIRECTORS' DECLARATION .....	73
INDEPENDENT AUDIT REPORT TO THE MEMBERS .....	74
ADDITIONAL SHAREHOLDER INFORMATION .....	79

## CORPORATE DIRECTORY

<b>DIRECTORS</b>	<p>G Burns (Non-Executive Chairman)</p> <p>R Edgley (Non-Executive Director)</p> <p>I Luck (Non-Executive Director)</p>
<b>CHIEF EXECUTIVE OFFICER</b>	S Farthing
<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	P van der Wal
<b>REGISTERED &amp; PRINCIPAL OFFICE</b>	<p>115   838 Collins Street</p> <p>MELBOURNE VIC 3008</p> <p>Telephone: (03) 9545 5288</p> <p>Facsimile: (03) 9542 6061</p> <p>Email: pieter.vanderwal@evz.com.au</p>
<b>SHARE REGISTRY</b>	<p>Computershare Investor Services Pty Ltd</p> <p>452 Johnston Street</p> <p>ABBOTSFORD VIC 3067</p> <p>Telephone: 1300 137 328</p> <p>Facsimile: 1300 137 341</p>
<b>AUDITORS</b>	<p>Crowe Horwath Melbourne</p> <p>Level 17</p> <p>181 William Street</p> <p>MELBOURNE VIC 3000</p>
<b>BANKERS</b>	Commonwealth Bank of Australia
<b>STOCK EXCHANGE LISTING</b>	<p>Australian Securities Exchange Limited</p> <p>(Home Exchange – Melbourne)</p> <p>ASX Code: EVZ</p>

## DIRECTORS' REPORT

The Directors present their report on the financial statements of the Company and economic entity for the year ended 30 June 2017. In order to comply with the provisions of the Corporations Act, the Directors report as follows:

### DIRECTORS

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

Graham BURNS  
Robert EDGLEY  
Ian LUCK (appointed 3 July 2017)  
Maxwell FINDLAY (resigned 3 July 2017)

### 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 62, 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 FAICD, is a member of the Remuneration, Audit and Nomination Committees.

Interest in Shares: 77,157,119 ordinary shares

**Robert Edgley** Appointed 26 August 2011 – Non-Executive Director.  
Mr Edgley, age 52, holds a Bachelor's degree in Economics from Monash University together with a second degree in Japanese language. Mr Edgley's career has been predominantly focused in International Finance and Investment Banking in Australia, the UK and throughout Asia.

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

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

Interest in Shares: 18,457,142 ordinary shares.

## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS (Continued)

#### Ian Luck

Appointed 3 July 2017– Non-Executive Director.

Mr Luck, age 65, 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). Previously he has been the Managing Director of Boulderstone and a key manager in Leighton Contractors.

Mr Luck has a B Tech. Civil Engineering, a FIE Aust and a CPEng

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

Interest in Shares: 1,603,252 ordinary shares

### DIRECTORS' MEETINGS

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

#### DIRECTORS' MEETINGS

**Total number of meetings held: 18**

	<i>No. Attended</i>	<i>No. Held Whilst a Director</i>
G Burns	18	18
R Edgley	18	18
I Luck (Appointed 3 July 2017)	0	0
M Findlay (Resigned 3 July 2017)	17	18

#### REMUNERATION COMMITTEE MEETINGS

**Total number of meetings held: 1**

	<i>No. Attended</i>	<i>No. Held Whilst a Member</i>
I Luck (Appointed 28 July 2017)	0	0
G Burns	1	1
R Edgley	1	1
M Findlay (Resigned 3 July 2017)	1	1



## DIRECTORS' REPORT

### AUDIT COMMITTEE MEETINGS

Total number of meetings held: 1

	<i>No. Attended</i>	<i>No. Held Whilst a Member</i>
R Edgley – Chairman	1	1
I Luck (Appointed 28 July 2017)	0	0
G Burns	1	1
M Findlay (Resigned 3 July 2017)	1	1

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. During the financial year Mr Ian Wallace was Company Secretary. Mr Wallace resigned 4 September 2017. Mr van der Wal has a Bachelor of Business, and is a Chartered Accountant with accounting and company secretarial experience.

### PRINCIPAL ACTIVITIES

The economic entity 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 syfonic 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 profit for the economic entity for the year after income tax expense was \$3,609,689 compared to a net loss after income tax expense in 2016 of \$2,438,195.

The following significant achievements were concluded successfully during the financial year:

1. Reduction in interest bearing debt to \$6.0M (from \$13.3M) by forgiveness agreement with the Commonwealth Bank of Australia.
2. Negotiation and execution of a new three year banking facility agreement with the Commonwealth Bank of Australia providing the group with a stable platform from which to drive growth and profitability.
3. Successful raising of \$4.4M new equity through a placement and pro-rata entitlement offer.
4. Achievement of Practical Completion of the Melbourne Airport Trigenation Power Plant. The completion of this project delivered a world-class 8MV Tri Generation plant for Melbourne Airport. Resources and Capital engaged in this long term project are now free to be allocated to the Groups' core areas of growth moving forward.



## **DIRECTORS' REPORT**

### **DIVIDENDS**

No dividends were declared or paid during the year.

### **REVIEW OF ACTIVITIES**

During the year under review the Company:

- Continued to expand its customer, product and geographic base from an increased investment in business development.
- Significantly improved its project delivery management.
- Reduced its interest bearing debt by forgiveness from its financier.
- Extended its remaining banking facilities for a three year term.
- Raised \$4.4m of new equity through a placement and pro-rata entitlement offer.

### **CHANGES IN STATE OF AFFAIRS**

There was no change in the state of affairs.

## **DIRECTORS' REPORT**

### **SUBSEQUENT EVENTS**

Subsequent to balance date shareholders approved the conversion of \$600,000 of a related entity debt into 43,165,467 fully paid ordinary shares in the Company. The issue price for these shares was 1.39 cents per share. Following this shareholder approval, the maturity date for the remaining \$400,000 loan has been extended to 15 June 2018.

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 economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years after the financial year.

### **FUTURE DEVELOPMENTS**

The Group will continue its focus on investing in growth across all of its businesses and the reduction/retirement of debt.

### **PROCEEDINGS ON BEHALF OF THE COMPANY**

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

### **SHARE OPTIONS**

During the year 15,000,000 Unlisted Options were issued in connection with the Capital Raising during the year. The Unlisted Options were issued for nil cash consideration. The Unlisted Options are exercisable at \$0.02 per share and expire 4 years after their issue date (7 June 2017).

### **ENVIRONMENTAL REGULATION**

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

### **INSURANCE OF OFFICERS**

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

### **NON-AUDIT SERVICES**

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

### **AUDITORS' INDEPENDENCE DECLARATION**

As required under Section 307C of the Corporations Act 2001, EVZ Limited has obtained an Independence Declaration from its auditors, Crowe Horwath. This is included on page 25 of this financial report.

## DIRECTORS' REPORT

### REMUNERATION REPORT

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

#### Remuneration Policy

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

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

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

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 incentive payments for the year were \$Nil (2016: \$Nil).

Long term incentives, linked with performance rights issued under the EVZ 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

### 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 economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may be able to participate in any employee share/option plan introduced.

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

#### Shares and Options Issued as part of Remuneration

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 2017, performance based remuneration paid/payable totaled \$Nil (2016: \$Nil). 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

### 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 2017

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

<u>Directors</u>	Short-term Employee Benefits		Post- Employment Benefits Superannuation Contributions	Total
	Salary	Fees		
<b>2017</b>	\$	\$	\$	\$
G Burns	-	80,000	-	80,000
M Findlay	-	35,000	-	35,000
R Edgley	-	35,000	-	35,000
	-	<b>150,000</b>	-	<b>150,000</b>
<b>2016</b>	\$	\$	\$	\$
M Findlay	-	80,000	-	80,000
G Burns	-	35,000	-	35,000
R Edgley	-	35,000	-	35,000
R Murphy (Resigned 4 March 2016)	-	23,333	-	23,333
	-	<b>173,333</b>	-	<b>173,333</b>

#### Key Management Personnel of the Economic Entity

	Short Term Employee Benefits			Post Employment Benefits		Total
	Salary	Profit Share & Bonus	Non Cash Benefits	Super- annuation Contribution	Termination Benefits	
<b>2017</b>	\$	\$	\$	\$	\$	\$
<b>S Farthing</b> (Chief Executive Officer)	356,027	-	2,802	18,973	-	377,802
<b>I Wallace</b> (Chief Financial Officer & Company Secretary)	204,660	-	-	16,833	-	221,493
<b>A Bellgrove</b> (General Manager, Syfon Systems)	266,099	-	28,431	32,772	-	327,302
<b>C Bishop</b> (General Manager, Brockman Engineering)	251,235	-	-	24,658	-	275,893
<b>I Whitford</b> (General Manager, TSF Maintenance Services)	168,950	-	15,000	16,050	-	200,000
	<b>1,246,971</b>	-	<b>46,233</b>	<b>109,286</b>	-	<b>1,402,490</b>

## DIRECTORS' REPORT

### REMUNERATION REPORT (Continued)

	Short Term Employee Benefits			Post Employment Benefits		Total
	Salary	Profit Share & Bonus	Non Cash Benefits	Super-annuation Contribution	Termination Benefits	
<b>2016</b>						
	\$	\$	\$	\$	\$	\$
<b>S Farthing</b> (Chief Executive Officer)	356,027	-	2,949	18,973	-	377,949
<b>I Wallace</b> (Chief Financial Officer & Company Secretary)	196,170	-	176	35,000	-	231,346
<b>A Bellgrove</b> (General Manager, Syfon Systems)	276,898	-	-	20,037	-	296,935
<b>C Bishop</b> (General Manager, Brockman Engineering)	250,030	-	-	25,000	-	275,030
<b>I Whitford</b> (General Manager, TSF Maintenance Services)	136,986	-	15,000	13,014	-	165,000
	<b>1,216,111</b>	<b>-</b>	<b>18,125</b>	<b>112,024</b>	<b>-</b>	<b>1,346,260</b>

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 each Key Management Personnel of the Group during the financial year is as follows:

	Balance at beginning of year	Granted as remuneration	Other changes	Balance at end of year
<b>30 June 2017</b>				
G Burns	11,210,652	-	37,169,489	48,380,141
M Findlay (resigned 3 July 2017)	1,644,500	-	2,362,728	4,007,228
R Edgley	3,741,232	-	6,802,241	10,543,473
S Farthing	3,109,375	-	5,653,410	8,762,785
I Wallace	75,008	-	136,379	211,387
C Bishop	-	-	-	-
A Bellgrove	4,401,949	-	8,003,544	12,405,493
I Whitford	-	-	-	-
	<b>24,182,716</b>	<b>-</b>	<b>60,127,791</b>	<b>84,310,507</b>

## DIRECTORS' REPORT

### REMUNERATION REPORT (Continued)

This concludes the remuneration report, which has been audited

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



Director – G Burns

Signed at Melbourne this 27<sup>th</sup> day of September 2017.



## **CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

### **Introduction**

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

The policies and practices of the company are in accordance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3<sup>rd</sup> 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 2017 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 EVZ Limited Board charter sets out the function and responsibilities of the Board. The Directors of the company are accountable to shareholders for the proper management of business and affairs of the company.

The key responsibilities of the Board are to:

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

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

## **CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

### ***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.

## CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

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

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

Measure	2017		2016	
	No.	%	No.	%
Women employees	18	8	18	8
Women Senior Executives *	0	0	0	0
Women Non-Executive Directors	0	0	0	0

\* 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 FOR THE YEAR ENDED 30 JUNE 2017

### Details of Directors

Director	Term in Office	Qualifications	Status
Graham Burns	Appointed 1 February 2008	FAICD	Independent
Robert Edgley	Appointed 26 August 2011	BEC	Independent
Ian Luck	Appointed 3 July 2017	B Tech. Civil Engineering	Independent
Maxwell Findlay	Appointed 14 May 2008 – Resigned 3 July 2017	BEC, FAICD	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 FOR THE YEAR ENDED 30 JUNE 2017**

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 (appointed 28 July 2017)
- Graham Burns
- Max Findlay (resigned 3 July 2017)

## **CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

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 Crowe Horwath. 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.

## **CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

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 which contains within it the Company's Corporate Governance statement. The Company is currently updating this website to include 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 lodgment 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.



## **CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

The Company allows electronic lodgment 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 (appointed as Chairman on 28 July 2017)
- Graham Burns
- Rob Edgley
- Max Findlay (resigned 3 July 2017)

## **CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

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

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.

# Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of EVZ Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of

- I. The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- II. Any applicable code of professional conduct in relation to the audit.



**CROWE HORWATH MELBOURNE**



**DAVID MUNDAY**  
Partner

**Melbourne, Victoria**  
**27 September 2017**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Economic Entity	
		2017 \$	2016 \$
Revenue		51,902,016	63,986,789
Cost of sales		(41,949,860)	(53,223,235)
Gross profit		9,952,156	10,763,554
Other income	2(a)	93,345	402,678
Administration and business development costs		(9,474,695)	(10,666,538)
Corporate costs		(1,127,360)	(1,089,499)
Debt forgiveness	11	7,285,000	-
Impairment of other assets		(67,786)	(98,104)
Impairment of plant and equipment		(64,132)	-
Profit/(Loss) before finance costs and income tax		6,596,528	(687,909)
Net finance costs	2(c)	(1,193,433)	(1,534,999)
Profit /(Loss) before income tax from continuing operations		5,403,095	(2,222,908)
Income tax (expense)/benefit	3	(1,793,406)	(215,287)
<b>Profit/(Loss) for year attributed to members after tax</b>		<b>3,609,689</b>	<b>(2,438,195)</b>
		<b>Cents per share</b>	<b>Cents per share</b>
<b>Overall operations</b>			
Basic earnings per share	17	1.47	(1.16)
Diluted earnings per share	17	1.46	(1.16)
<b>Continuing operations</b>			
Basic earnings per share	17	1.47	(1.16)
Diluted earnings per share	17	1.46	(1.16)

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Economic Entity	
		2017	2016
		\$	\$
Profit/(Loss) for the year after tax		3,609,689	(2,438,195)
Other comprehensive income:			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising on translation of foreign operations	16(b)	(172,609)	(40,486)
<b>Total comprehensive income/(loss) for the year attributable to owners of the company</b>		<b>3,437,080</b>	<b>(2,478,681)</b>

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	Economic Entity	
		2017	2016
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	22	1,551,970	1,561,574
Trade and other receivables	4	11,858,174	11,249,768
Inventories	5	1,607,744	1,764,881
Financial assets	6	28,487	31,417
<b>TOTAL CURRENT ASSETS</b>		<b>15,046,375</b>	<b>14,607,640</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	4	1,119,934	1,449,202
Plant and equipment	7	3,777,140	4,688,822
Deferred tax assets	8	2,668,652	4,313,415
Intangible assets	9	12,072,010	12,072,010
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,637,736</b>	<b>22,523,449</b>
<b>TOTAL ASSETS</b>		<b>34,684,111</b>	<b>37,131,089</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	10,819,022	14,478,636
Tax liabilities	8	79,970	94,554
Short-term borrowings	11	1,085,286	13,317,789
Provisions	13	2,666,446	3,081,940
<b>TOTAL CURRENT LIABILITIES</b>		<b>14,650,724</b>	<b>30,972,919</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	12	6,033,330	122,958
Deferred tax liabilities	8	45,198	43,237
Provisions	13	386,834	206,997
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,465,362</b>	<b>373,192</b>
<b>TOTAL LIABILITIES</b>		<b>21,116,086</b>	<b>31,346,111</b>
<b>NET ASSETS</b>		<b>13,568,025</b>	<b>5,784,978</b>
<b>EQUITY</b>			
Issued capital	14	50,434,876	46,088,909
Reserves	16	(262,417)	(89,808)
Accumulated losses	16	(36,604,434)	(40,214,123)
<b>TOTAL EQUITY</b>		<b>13,568,025</b>	<b>5,784,978</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

### ECONOMIC ENTITY

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Total
<u>30 June 2017</u>	\$	\$	\$	\$
Balance at 1 July 2016	46,088,909	(40,214,123)	(89,808)	5,784,978
<b>Total comprehensive income (loss) for year</b>				
Profit for year	-	3,609,689	-	3,609,689
Foreign currency translation reserve	-	-	(172,609)	(172,609)
Total comprehensive income (loss) for year	-	3,609,689	(172,609)	3,437,080
<b>Transactions with owners, recorded directly in equity</b>				
Shares Issued	4,682,614	-	-	4,682,614
Share issue costs	(336,647)	-	-	(336,647)
Dividends	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>50,434,876</b>	<b>(36,604,434)</b>	<b>(262,417)</b>	<b>13,568,025</b>
<u>30 June 2016</u>				
Balance at 1 July 2015	46,088,909	(37,775,928)	(49,322)	8,263,659
<b>Total comprehensive loss for year</b>				
Loss for year	-	(2,438,195)	-	(2,438,195)
Foreign currency translation reserve	-	-	(40,486)	(40,486)
Total comprehensive loss for year	-	(2,438,195)	(40,486)	(2,478,681)
<b>Transactions with owners, recorded directly in equity</b>				
Shares Issued	-	-	-	-
Dividends	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>46,088,909</b>	<b>(40,214,123)</b>	<b>(89,808)</b>	<b>5,784,978</b>

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



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Economic Entity	
		2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		56,292,930	75,268,312
Payments to suppliers and employees (inclusive of GST)		(59,977,746)	(72,495,316)
Income tax paid		(163,227)	(120,733)
Interest received		3,505	10,529
Finance costs		(1,196,938)	(1,545,528)
<b>NET CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	22(ii)	<b>(5,041,476)</b>	<b>1,117,264</b>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		175,198	276,792
Purchase of plant and equipment		(367,162)	(591,619)
<b>NET CASH FLOWS (USED) BY INVESTING ACTIVITIES</b>		<b>(191,964)</b>	<b>(314,827)</b>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		-	5,200,000
Repayment of bank loans		-	(250,000)
Proceeds from equity raising		4,682,614	-
Share issue costs		(336,647)	-
Proceeds from other loans		1,000,000	-
Payments for lease financing		(122,131)	(126,933)
<b>NET CASH FLOWS PROVIDED/(USED) BY FINANCING ACTIVITIES</b>		<b>5,223,836</b>	<b>4,823,067</b>
NET DECREASE IN CASH HELD		(9,604)	5,625,504
Cash at beginning of financial year		<b>1,561,574</b>	<b>(4,063,930)</b>
<b>CASH AT END OF FINANCIAL YEAR</b>	22(i)	<b>1,551,970</b>	<b>1,561,574</b>

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

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*, as appropriate for for-profit orientated entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs.

#### Accounting Policies

##### (a) Principles of Consolidation

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

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

#### Business Combinations

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

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

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

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (a) Principles of Consolidation (Continued)

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.

#### (b) 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.

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.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (b) Income Tax (Continued)

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

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

#### (c) Inventories

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

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

#### (d) Construction Contracts and Work in Progress

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

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

#### (e) Plant and Equipment

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

Plant and equipment is measured on the cost basis.

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

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Plant and Equipment (Continued)

disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

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

#### Depreciation

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

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

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Plant and equipment	5 to 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

#### (f) Leases

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

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

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

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

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

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (g) Financial instruments

##### **Recognition and Initial Measurement**

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

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

##### **Derecognition**

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

##### **Financial Assets**

##### **Loans and Receivables**

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

##### **Financial Liabilities**

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

##### **Impairment**

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

#### (h) Impairment of Assets

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

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

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

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

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) Impairment of Assets (continued)

rather than be allocated to other intangible assets. The acquisition of the businesses that generate the goodwill was determined on the abilities of the entities, as a whole, to generate future profits and hence other intangibles have not been recognised.

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

#### (i) Intangibles

##### Goodwill

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

#### (j) Foreign Currency Transactions and Balances

##### Functional and Presentation Currency

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

##### Transaction and Balances

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

Exchange differences arising on the translation of monetary items are recognised in the income statement.

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

##### Group Companies

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

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

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



## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (k) Employee Benefits

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

#### 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### (n) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Contract revenue is recognised in accordance with Note 1(d).

#### (o) Borrowing Costs

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

#### (p) Goods and Services Tax (GST)

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

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (q) Comparative Figures

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

#### (r) Critical Accounting Estimates and Judgments

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

#### Key Estimates

##### **Impairment**

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the 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.

At 30 June 2017, a provision for impairment of \$32,447 (2016: \$113,295) was raised against receivables from continuing operations. In addition, a provision for impairment of \$150,000 against work in progress was raised (2016: \$Nil).

##### **Recognition of Deferred Tax Assets**

The Group has recognised deferred tax assets in relation to Provisions and Other payables of \$560,459 and Un-recouped tax losses \$2,108,193.

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 2017.

#### (s) Going Concern

The financial report for the year ended 30 June 2017 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.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (s) Going Concern (continued)

Subsequent to balance date the shareholders approved a \$600,000 debt to equity conversion relating to a related company loan (refer Note 11 and Note 30). In addition, the maturity of the remaining loan of \$400,000 will be extended to 15 June 2018.

#### (t) New and Amended Accounting Standards

##### **New and amended accounting standards adopted by the Group**

In the current year, the Group has applied a number of new and revised accounting standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2016, as follows:

- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*;
- AASB 2014-4 *Acceptable methods of depreciation and amortisation*;
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*;
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*; and
- AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs*.

Adoption of these standards has not resulted in any material changes to the Group's financial statements.

##### **New accounting standards and interpretations not yet adopted**

The following standards, amendments to standards and interpretations are relevant to current operations. They are available for early adoption but have not been applied by the Group in this Financial Report.

##### **AASB 9 – Financial Instruments**

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets. The standard is not applicable until 1 July 2018.

The Group does not have any existing hedge and does not expect the standard to have a significant impact on the recognition or measurement of the Group's financial instruments.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses. Whilst the Group has yet to finalise its detailed assessment of the impact of AASB 9 and its interaction with AASB 15 any impact is expected to be minimal.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (t) New and Amended Accounting Standards (continued)

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to have minimal impact on the nature and extent of the Group's disclosure about its financial instruments particularly in the year of adoption of the new standard.

#### **AASB 15 – Revenue from Contracts with Customers**

AASB 15 changes the way revenue is recognised and provides for a significant increase in the disclosure requirements for the business. The core principle is that an entity recognises revenue to depict the transfer of promised goods or 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.

The standard is only expected to impact those contracts that are ongoing at the date of adoption. The Group is in the process of assessing the full impact of the application of AASB 15, which involves carrying out a review of all existing major contracts to ensure the impact and effect of the new standard is fully understood in advance of the effective date. As at 30 June 2017, a high-level impact assessment has been performed across the Group along with detailed contract reviews on a sample of key contracts across the businesses.

AASB 15 will become mandatory for reporting periods beginning on or after 1 July 2018. The Group does not intend to early adopt this standard before its mandatory effective date and therefore AASB 15 will be applied for the first time in the 2019 Financial Report.

While a detailed assessment is yet to be concluded, the Group expects the following impacts:

- AASB 15 has a higher threshold of probability and therefore revenue is to be recognised only when it is highly probable that a significant reversal will not occur. It is expected this will impact the timing/quantum of project variances, variable and incentive based payments, and claims recognised as part of "amounts due from customers for construction contracts".
- AASB 15 requires only incremental costs of obtaining a contract to be capitalised and then expensed over the contract period.
- Implementation may require some development of current reporting systems and processes.

The new standard also introduces expanded disclosure requirements and changes in presentation, particularly in relation to key judgements and future revenue expected to be generated. These are expected to change the nature and extent of the Group's disclosure about its revenue from contracts with customers and associated assets, particularly in the year of adoption of the new standard.

AASB 15 needs to be implemented either fully retrospectively, which would require restatement of comparatives, or using the cumulative effect method, which would not require a restatement of comparatives, upon the effective date of 1 July 2018. AASB 15 contains a number of practical expedients for the full retrospective approach including the option to omit the restatement impact of completed contracts that begin and end within the same annual reporting period and/or completed at the beginning of the earliest period presented. The transaction price at the date of contract completion may also be used, rather than estimating variable consideration amounts in each comparative period.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (t) New and Amended Accounting Standards

Contract modifications presented in the earliest reporting period may not be required to be separately evaluated. The Group is in the process of assessing the available options for transition.

#### **AASB 16 – Leases**

AASB 16 will replace the current leasing standard AASB 117, and contains significant changes to the accounting treatment of leases around how to recognise, measure and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, with the exception of short-term (less than 12 months) and low value leases. AASB 16 applies to annual reporting periods beginning on or after 1 July 2019.

As at reporting date, the Group has Non-cancellable operating lease commitments of \$2,385,517 (refer Note 25). The Group manages its owned and leased assets to ensure there is an appropriate level of equipment to meet its current obligations and to tender for new work. The decision as to whether to lease or purchase an asset is dependent on the finance available at the time and the residual risk of ownership following the anticipated completion of the project.

To date, management has focused on the identification of the provisions of the standard which will most impact the Group and is in the process of determining whether any additional arrangements in excess of the current portfolio will be considered as a lease, together with a review of the lease contracts and financial reporting systems in place. As such, the Group has not quantified yet the effect of the new standard; however, the following impacts are expected on implementation date:

- Total assets and total liabilities will increase, due to the recognition of a “Right of Use Asset” and a “Lease Liability” grossing up the assets and liabilities in the Consolidated Statement of Financial Position;
- Interest expense will increase due to the effective interest rate implicit in the lease, where the interest expense component is higher on early years on the lease;
- Depreciation charge will increase as the right of use assets is recognised;
- Lease rental expenses will decrease due to the recognition of interest and depreciation noted above; and
- Operating cash flows will be higher as repayment of the principle portion of all lease liabilities will be classified as financing activities.

AASB 16 needs to be implemented retrospectively, either with the restatement of comparatives or with the cumulative impact of application recognised as at 1 July 2019 under the modified retrospective approach. AASB 16 contains a number of practical expedients, one of which permits the classification of existing contracts as leases under current accounting standards to be carried over to AASB 16. Under the modified retrospective approach, on a lease-by-lease basis, the right of use of an asset may be deemed to be equivalent to the liability at transition or calculated retrospectively as at inception of the lease. The Group is in the process of assessing the available options for transition.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (t) New and Amended Accounting Standards

##### Other

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15. Refer to the section on AASB 15 above;*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9. Refer to the section on AASB 9 above;*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15. Refer to the section on AASB 15 above;*
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses;*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107;*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15. Refer to the section on AASB 15 above;*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions;*
- AASB 2014-10 *Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture; and*
- IFRIC23 *Uncertainties over Income Tax Treatments.*

The financial report was authorised for issue on 27<sup>th</sup> September 2017 by the Board of Directors.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

		Economic Entity	
		2017	2016
		\$	\$
<b>2. PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>			
<b>(a) OTHER INCOME</b>			
Sundry income		93,345	46,604
Gain on acquisition of assets		-	356,074
		<b>93,345</b>	<b>402,678</b>
<b>(b) EXPENSES</b>			
Bad debts		290,928	118,603
Impairment – receivables		(80,848)	(291,336)
Total employee costs		31,535,892	36,229,543
Defined contribution superannuation expense		2,238,567	2,747,491
Foreign exchange losses/(gains)		273,877	(103,522)
Losses on sale of plant and equipment		208,789	118,280
Operating lease payments		920,376	980,162
Depreciation of plant and equipment		795,069	937,325
Impairment – other assets		67,786	98,104
Impairment – plant and equipment		64,132	-
<b>(c) NET FINANCE COSTS</b>			
Finance costs		1,196,938	1,545,528
Interest income		(3,505)	(10,529)
		<b>1,193,433</b>	<b>1,534,999</b>
<b>3. INCOME TAX</b>			
<b>(a)</b> 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		5,403,095	(2,222,908)
Income tax calculated at 30% (2016: 30%)		1,620,929	(666,872)
Tax effect of permanent differences		23,834	(118,002)
Under provision/(over provision) in prior years		66,736	-
Tax Losses not recognized		-	784,874
Taxation expense - offshore subsidiary		81,907	215,287
Income tax expense/(benefit)		<b>1,793,406</b>	<b>215,287</b>
<i>The applicable weighted average effective tax rates are as follows:</i>		33%	-
<b>(b)</b> The components of tax expense comprise:			
Current tax		(850,621)	215,287
Deferred tax		2,577,291	-
Under provision/(over provision) in prior years		66,736	-
		<b>1,793,406</b>	<b>215,287</b>



## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity	
	2017	2016
	\$	\$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables	10,518,262	9,613,809
Provision for impairment	(32,447)	(113,295)
	<u>10,485,815</u>	<u>9,500,514</u>
Amounts due from customers for construction contracts (refer Note 31)	391,626	580,161
Provision for Impairment	(150,000)	-
Retention receivables	<u>357,757</u>	<u>418,554</u>
	<u>11,085,198</u>	<u>10,499,229</u>
Other debtors and prepayments	<u>772,976</u>	<u>750,539</u>
	<b><u>11,858,174</u></b>	<b><u>11,249,768</u></b>
<b>Non-Current</b>		
Retention receivables	<u>1,119,934</u>	<u>1,449,202</u>
	<b><u>1,119,934</u></b>	<b><u>1,449,202</u></b>

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

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

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

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

### Credit Risk – Trade and Other Receivables

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

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

	Economic Entity	
	2017	2016
	\$	\$
Australia	8,853,965	8,273,824
Asia	<u>4,124,143</u>	<u>4,425,146</u>
	<b><u>12,978,108</u></b>	<b><u>12,698,970</u></b>



## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 4. TRADE & 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. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

Economic Entity	<u>Gross</u>	<u>Past Due not Impaired (Days Overdue)</u>				<u>Within</u>
	<u>Amount</u>	Past Due & Impaired	<30 Days	31-60 Days	>61 Days	<u>Trading</u>
	\$	\$	\$	\$	\$	\$
2017						
Trade & term receivables	12,387,579	182,447	2,544,756	280,088	1,229,771	8,150,517
Other receivables	772,976	-	-	-	-	772,976
	13,160,555	182,447	2,544,756	280,088	1,229,771	8,923,493
2016						
Trade & term receivables	12,061,726	113,295	2,011,219	933,365	1,689,935	7,313,912
Other receivables	750,539	-	-	-	-	750,539
	12,812,265	113,295	2,011,219	933,365	1,689,935	8,064,451

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

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

#### Provision for Impairment of Receivables

	<u>Economic Entity</u>	
	<u>2017</u>	<u>2016</u>
	\$	\$
Opening balance	113,295	404,631
Charge for year	(80,848)	(291,336)
Closing balance	<u>32,447</u>	<u>113,295</u>

### 5. INVENTORIES

#### Current

Raw materials and stores – at cost	1,607,744	1,764,881
	<u>1,607,744</u>	<u>1,764,881</u>

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

### 6. FINANCIAL ASSETS

#### Current assets

Funds on deposit	28,487	31,417
	<u>28,487</u>	<u>31,417</u>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

**Economic Entity**  
**2017**                      **2016**  
**\$**                              **\$**

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

### 7. PLANT AND EQUIPMENT

#### Plant and equipment

At cost	10,180,907	11,133,324
Accumulated depreciation	(6,403,767)	(6,444,502)
	<b>3,777,140</b>	<b>4,688,822</b>

#### Movement in carrying amounts

Carrying amount – opening balance	4,688,822	5,082,502
Additions	367,162	591,619
Disposals	(383,987)	(395,072)
Depreciation	(795,069)	(937,325)
Assets acquired – nil consideration	-	356,074
Impairment	(64,132)	-
Exchange rate adjustment	(35,656)	(8,976)
Carrying amount – closing balance	<b>3,777,140</b>	<b>4,688,822</b>

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

### 8. TAX ASSETS

#### NON-CURRENT

Deferred tax assets	<b>2,668,652</b>	<b>4,313,415</b>
Deferred tax assets comprise:		
Provisions	511,369	891,679
Other	49,090	60,571
Un-recouped tax losses	2,108,193	3,361,165
	<b>2,668,652</b>	<b>4,313,415</b>

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

#### Provisions

Opening balance	891,679	891,679
Credited/(expensed) to income account	(380,310)	-
	511,369	891,679

#### Other

Opening balance	60,571	60,571
Credited/(expensed) to income account	(11,481)	-
	49,090	60,571

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity	
	2017 \$	2016 \$
<b>8. TAX ASSETS (Continued)</b>		
<b>Unrecouped tax losses</b>		
Opening balance	3,361,165	3,361,165
Tax losses recognised/(recouped)	(1,252,972)	-
	<u>2,108,193</u>	<u>3,361,165</u>
<b>Closing balance</b>	<b><u>2,668,652</u></b>	<b><u>4,313,415</u></b>

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 a 5% growth path. These projections support the recovery of the carrying value of deferred tax assets at 30 June 2017 of \$2,668,652 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, tax losses not recognized at 30 June 2017 total \$7,296,249. If these losses had been recognized at 30 June 2017 the net profit after tax would have increased by \$2,188,875. Correspondingly the carrying values of deferred tax assets in the Statement of Financial Position would increase by \$2,188,875.

### TAX LIABILITIES

#### CURRENT

Income tax	<u>79,970</u>	<u>94,554</u>
------------	---------------	---------------

#### NON-CURRENT

Provision for deferred tax	<u>45,198</u>	<u>43,237</u>
----------------------------	---------------	---------------

<b>Opening balance</b>	43,237	23,469
Additional provisions raised during year	6,191	20,364
Exchange rate movement	(4,230)	(596)
<b>Closing balance</b>	<b><u>45,198</u></b>	<b><u>43,237</u></b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity	
	2017	2016
	\$	\$
<b>9. INTANGIBLE ASSETS</b>		
Goodwill on consolidation – at cost	3,282,532	3,282,532
Less accumulated impairment	-	-
	<u>3,282,532</u>	<u>3,282,532</u>
Goodwill on acquisition – at cost	24,606,758	24,606,758
Less accumulated impairment	(15,817,280)	(15,817,280)
	<u>8,789,478</u>	<u>8,789,478</u>
	<b>12,072,010</b>	<b>12,072,010</b>

### Movements in carrying amounts

#### **Goodwill on consolidation**

Opening balance	3,282,532	3,282,532
Movement in the year	-	-
<b>Closing balance</b>	<b>3,282,532</b>	<b>3,282,532</b>

#### **Goodwill on acquisition**

Opening balance	8,789,478	8,789,478
Movement in the year	-	-
<b>Closing balance</b>	<b>8,789,478</b>	<b>8,789,478</b>

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

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

Water Group – Syfon Systems	3,282,532	3,282,532
Engineering Group – Brockman Engineering	8,789,478	8,789,478
Energy Group – TSF Engineering	15,817,280	15,817,280
Impairment – TSF Engineering	(15,817,280)	(15,817,280)
	<u>12,072,010</u>	<u>12,072,010</u>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

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

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.

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:

	2017		2016	
	Growth Rates	Discount Rates	Growth Rates	Discount Rates
Syfon Systems Group	5%	18%	5%	18%
Brockman Engineering	5%	18%	5%	18%

The risk factor incorporated in the discount rate is consistent with the prior year.

The growth rates used in the value-in-use calculations are conservative rates reflecting the minimum expected growth in each of the relevant CGUs. These rates are based on forward work-in-hand levels, weighted project prospects, consideration of future expected activities and giving consideration to historical growth rates achieved.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 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 in the sensitivity analysis are:

	Growth Rates	Discount Rates
Syfon Systems Group	3%	25%
Brockman Engineering	3%	25%

	Impairment to Carrying Value of Goodwill
	\$
Syfon Systems Group	2,160,413
Brockman Engineering	-

### 10. TRADE AND OTHER PAYABLES

	Economic Entity	
	2017	2016
	\$	\$
<b>Current – unsecured</b>		
Trade payables	4,701,590	6,779,377
Sundry payables and accrued expense	6,117,432	7,699,259
	<b>10,819,022</b>	<b>14,478,636</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity	
	2017 \$	2016 \$
<b>11. BORROWINGS – SHORT TERM</b>		
Bank loans – secured	-	13,200,000
Other Loans - secured	1,000,000	-
Lease liabilities (Note 24) – secured	85,286	117,789
	<b>1,085,286</b>	<b>13,317,789</b>

### Bank Loans - Secured

During the year the Group's financier, the Commonwealth Bank of Australia reduced its loans to the Company by forgiving \$7,285,000 in interest bearing loans and extended the maturity of the remaining facility to 30 June 2020.

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 facility contains the following covenants:

- Minimum annual EBITDA requirements for each of the remaining years in the facility term starting at \$1,800,000 for 2018 and increasing to \$3,000,000 by 30 June 2020.
- Net Debt Cover Ratio commencing at 6:1 at 30 June 2018 reducing to 3:1 by 30 June 2020.
- An annual limit on capital expenditure to \$1,000,000 without prior bank approval.
- An annual limit of Dividend distribution to 10 % of EBIT for the term of the facility without prior bank approval.

Current	-	13,200,000
1 to 2 years	-	-
2 to 3 years	6,000,000	-
<b>Total Bank Loans</b>	<b>6,000,000</b>	<b>13,200,000</b>

Bank loans are secured by a registered equitable mortgage over the assets and undertakings of EVZ Limited and an unlimited guarantee from EVZ Limited's Australian controlled entities: Syfon Systems Pty Ltd, Brockman Engineering Pty Ltd, NuSource Water Pty Ltd, A.C.N. 124919508 Pty Ltd and TSF Engineering Pty Ltd. Also refer to Note 32 for quantification of assets secured by Australian entities.

At 30 June 2017, the economic entity has \$Nil in undrawn bank loan facilities (2016: Nil).

### Other Loans - Secured

During the year, the Group has been able to arrange a term loan from the Directors and management for \$1 million to assist with the Group's working capital position. The loan has an attached interest rate of 3.5%pa. The loan, is secured by a general security agreement and a put and call option over the assets and shares of a 100% owned subsidiary, TSF Maintenance Services Pty Ltd.

Subsequent to balance date shareholders approved the conversion of \$600,000 of this debt into 43,165,467 fully paid ordinary shares in the Company. The issue price for these shares was 1.39cents per share. Following this shareholder approval, the maturity date for the remaining \$400,000 loan has been extended to 15 June 2018.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity	
	2017	2016
	\$	\$
<b>12. BORROWINGS - LONG-TERM</b>		
Bank loans – secured	6,000,000	-
Lease liabilities (Note 24) – secured	33,330	122,958
	<b>6,033,330</b>	<b>122,958</b>

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

### 13. PROVISIONS

#### Current

Employee benefits	2,666,446	3,081,940
	<b>2,666,446</b>	<b>3,081,940</b>

Movement in employee benefits:

Opening employee balance	3,081,940	3,127,660
Provisions created/(utilised) during year	(415,494)	(45,720)

<b>Closing balance</b>	<b>2,666,446</b>	<b>3,081,940</b>
------------------------	------------------	------------------

#### Non-current

Employee benefits	386,834	206,997
	<b>386,834</b>	<b>206,997</b>

Movement in employee benefits:

Opening employee balance	206,997	149,738
Provisions created/(utilised) during year	179,837	57,259

<b>Closing balance</b>	<b>386,834</b>	<b>206,997</b>
------------------------	----------------	----------------

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

### 14. ISSUED CAPITAL

Issued and paid up

678,810,138 ordinary shares

(2016: 210,548,789 ordinary shares) – refer Note 14(a)

50,434,876	46,088,909
<b>50,434,876</b>	<b>46,088,909</b>

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

Opening balance	46,088,909	46,088,909
Shares issued	4,682,614	-
Share issue costs	(336,647)	-

<b>Closing balance</b>	<b>50,434,876</b>	<b>46,088,909</b>
------------------------	-------------------	-------------------



## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 14. ISSUED CAPITAL (Continued)

	2017 No.	2016 No.
Opening balance	210,548,789	210,548,789
Issue	468,261,349	-
<b>Closing balance</b>	<b>678,810,138</b>	<b>210,548,789</b>

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

#### (b) Share options

During the year 15,000,000 Unlisted Options were issued in connection with the Capital Raising during the year. The Unlisted Options were issued for nil cash consideration. The Unlisted Options are exercisable at \$0.02 per share and expire 4 years after their issue date (7 June 2017).

#### (c) Capital management:

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

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

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

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

As at 30 June 2017 the economic entity's gearing ratio was 29% (2016: 67%).

### 15. DIVIDENDS

Interim fully franked ordinary dividend	-	-
Final fully franked ordinary dividend	-	-
	-	-
<b>Balance of franking account</b>	<b>1,813,797</b>	<b>1,813,797</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

		Economic Entity	
		2017	2016
		\$	\$
<b>16. RESERVES AND ACCUMULATED LOSSES</b>			
<b>(a) Accumulated Losses</b>			
Accumulated losses at the beginning of the financial year	(40,214,123)	(37,775,928)	
Net profit/(loss) attributable to members of the parent entity	3,609,689	(2,438,195)	
Accumulated losses at the end of the financial year	<b>(36,604,434)</b>	<b>(40,214,123)</b>	
<b>(b) Reserves</b>			
<b>Foreign Currency Translation Reserve</b>			
Reserve at beginning of year	(89,808)	(49,322)	
Movement for year	(172,609)	(40,486)	
Reserve at end of year	<b>(262,417)</b>	<b>(89,808)</b>	

		Economic Entity	
		2017	2016
		No.	No.
<b>17. EARNINGS PER SHARE</b>			
<b>(a)</b> Weighted average number of ordinary shares outstanding during the year used in calculation of Basic Earnings per Share	245,565,708	210,548,789	
<b>(b)</b> Weighted average number of ordinary shares outstanding during the year used in calculation of Diluted Earnings per Share	246,634,202	210,548,789	

## 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 (appointed 3 July 2017)	Non-Executive Director
Mr M Findlay (resigned 3 July 2017)	Non-Executive Director
Mr S Farthing	Chief Executive Officer
Mr I Wallace (resigned 4 September 2017)	Chief Financial Officer and Company Secretary
Mr A Bellgrove	General Manager of Syfon Systems Group
Mr C Bishop	General Manager of Brockman Engineering
Mr I Whitford	General Manager of TSF Maintenance Services

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 18. KEY MANAGEMENT PERSONNEL (Continued)

Remuneration of Key Management Personnel is:

	2017	2016
	\$	\$
• Short term employee benefits	1,443,204	1,407,569
• Post-employment benefits	109,286	112,024
	<b>1,552,490</b>	<b>1,519,593</b>

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

The number of ordinary shares held by each Key Management Personnel of the Group during the financial year is as follows:

	Balance at beginning of year	Granted as remuneration	Other changes	Balance at end of year
<b>30 June 2017</b>				
G Burns	11,210,652	-	37,169,489	48,380,141
M Findlay (resigned 3 July 2017)	1,644,500	-	2,362,728	4,007,228
R Edgley	3,741,232	-	6,802,241	10,543,473
S Farthing	3,109,375	-	5,653,410	8,762,785
I Wallace	75,008	-	136,379	211,387
C Bishop	-	-	-	-
A Bellgrove	4,401,949	-	8,003,544	12,405,493
I Whitford	-	-	-	-
	<b>24,182,716</b>	<b>-</b>	<b>60,127,791</b>	<b>84,310,507</b>

<b>30 June 2016</b>				
G Burns	10,543,985	-	666,667	11,210,652
M Findlay	1,644,500	-	-	1,644,500
R Edgley	3,741,232	-	-	3,741,232
R Murphy (Resigned 4 Mar 2016)	42,500	-	(42,500)	-
S Farthing	3,109,375	-	-	3,109,375
I Wallace	75,008	-	-	75,008
C Bishop	-	-	-	-
A Bellgrove	4,401,949	-	-	4,401,949
I Whitford	-	-	-	-
	<b>23,558,549</b>	<b>-</b>	<b>624,167</b>	<b>24,182,716</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 18. KEY MANAGEMENT PERSONNEL (Continued)

There are no share options issued at 30 June 2017 (2016: Nil).

#### Remuneration Policy

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

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

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

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. Certain Executives met some of these key performance indicators and the Remuneration Committee approved short term incentive payments totaling \$Nil (2016: \$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.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 18. KEY MANAGEMENT PERSONNEL (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 economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may be able to participate in any employee share/option plan introduced.

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

### 19. AUDITORS' REMUNERATION

	Economic Entity	
	2017	2016
	\$	\$
Remuneration paid/payable to auditors for:		
- audit or review of financial report	109,000	105,000
- taxation services	-	-
	<b>109,000</b>	<b>105,000</b>

### 20. RELATED PARTY DISCLOSURES

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

Mr M Findlay

Mr G Burns

Mr R Edgley

#### (b) Transactions with Director related entities

- Directors fees of \$41,125 (2016: \$6,000) were paid and \$89,750 (2016: \$50,875) is payable to G Burns.
- Directors fees of \$42,709 (2016: \$6,000) were paid and \$36,458 (2016: \$44,167) is payable to R Edgley.
- Directors fees of \$46,121 (2016: \$6,000) were paid and \$123,379 (2016: \$134,500) is payable to M Findlay.

### 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.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 21 SEGMENT REPORTING (Continued)

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

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

#### *Types of products and services by segment*

##### *i. Engineering*

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

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

##### *ii. 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 syfonic 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.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 21 SEGMENT REPORTING (Continued)

#### 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

### Segment Reporting – Continuing Operations

	Engineering	Energy	Water	Corporate	Total
30 June 2017	\$	\$	\$	\$	\$
<b>REVENUE</b>					
External sales	25,629,563	6,247,444	20,025,009	-	51,902,016
Inter-segment sales	-	-	-	-	-
<b>Total segment revenue</b>	<b>25,629,563</b>	<b>6,247,444</b>	<b>20,025,009</b>	<b>-</b>	<b>51,902,016</b>

#### *Reconciliation of segment revenue to Group revenue*

Inter-segment elimination	-
<b>Total Group revenue</b>	<b>51,902,016</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 21. SEGMENT REPORTING (Continued)

30 June 2017	Engineering	Energy	Water	Corporate	Total
	\$	\$	\$	\$	\$
Segment net profit/(loss) before interest and tax	592	(995,013)	1,704,664	5,886,285	6,596,528

*Reconciliation of segment result to Group net profit before tax*

Unallocated items

• Net finance costs	(1,193,433)
---------------------	-------------

<b>Net profit before tax from continuing operations</b>	<b>5,403,095</b>
---	------------------

*Included in segment net profit before interest and tax*

Depreciation	411,980	119,010	262,218	1,861	795,069
Impairment					
• Other Assets	-	67,786	-	-	67,786
• Plant and Equipment	-	64,132	-	-	64,132
• Work in Progress	-	-	-	150,000	150,000
• Receivables	16,656	-	(97,504)	-	(80,848)
• Goodwill	-	-	-	-	-

### 30 June 2016

External sales	34,309,073	7,039,326	22,638,390	-	63,986,789
Inter-segment sales	2,544	-	-	-	2,544
<b>Total segment revenue</b>	<b>34,311,617</b>	<b>7,039,326</b>	<b>22,638,390</b>	<b>-</b>	<b>63,989,333</b>

*Reconciliation of segment revenue to Group revenue*

Inter-segment elimination	(2,544)
---------------------------	---------

<b>Total Group revenue</b>	<b>63,986,789</b>
----------------------------	-------------------

Segment net profit/(loss) before interest and tax	(862,771)	(756,946)	2,021,307	(1,089,499)	(687,909)
---	-----------	-----------	-----------	-------------	-----------

*Reconciliation of segment result to Group net profit before tax*

Unallocated items

• Net finance costs	(1,534,999)
---------------------	-------------

<b>Net loss before tax from</b>	<b>(2,222,908)</b>
---------------------------------	--------------------



## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 21 SEGMENT REPORTING (Continued)

*Included in segment net profit before  
interest and tax*

Depreciation	493,700	146,387	290,815	6,423	937,325
Impairment					
• Receivables	-	-	(291,336)	-	(291,336)
• Goodwill	-	-	-	-	-

### Secondary Reporting

30 June 2017	Engineering	Energy	Water	Corporate	Total
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
<b>Segment assets</b>	<b>21,357,858</b>	<b>(2,735,104)</b>	<b>15,850,098</b>	<b>32,299,642</b>	<b>66,772,494</b>

*Reconciliation of segment assets to  
Group assets*

Inter-segment eliminations	(32,088,383)
<b>Total Group assets</b>	<b>34,684,111</b>

*Segment asset increases for the period*

Capital expenditure	159,042	82,301	125,819	-	367,162
	<b>159,042</b>	<b>82,301</b>	<b>125,819</b>	<b>-</b>	<b>367,162</b>

### **LIABILITIES**

<b>Segment liabilities</b>	<b>25,452,599</b>	<b>19,231,821</b>	<b>3,792,556</b>	<b>7,193,667</b>	<b>55,670,643</b>
----------------------------	-------------------	-------------------	------------------	------------------	-------------------

*Reconciliation of segment liabilities to  
Group liabilities*

Inter-segment eliminations	(34,554,557)
<b>Total Group liabilities</b>	<b>21,116,086</b>

### **30 June 2016**

<b>Segment assets</b>	<b>21,117,699</b>	<b>(2,546,759)</b>	<b>16,224,647</b>	<b>29,749,215</b>	<b>64,544,802</b>
-----------------------	-------------------	--------------------	-------------------	-------------------	-------------------

*Reconciliation of segment assets to  
Group assets*

Inter-segment eliminations	(27,413,713)
<b>Total Group assets</b>	<b>37,131,089</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 21 SEGMENT REPORTING (Continued)

*Segment asset increases for the period*

Capital expenditure	445,453	9,320	136,846	-	591,619
	<b>445,453</b>	<b>9,320</b>	<b>136,846</b>	<b>-</b>	<b>591,619</b>

### LIABILITIES

<b>Segment liabilities</b>	<b>25,213,774</b>	<b>18,349,465</b>	<b>5,383,579</b>	<b>13,941,012</b>	<b>62,887,830</b>
----------------------------	-------------------	-------------------	------------------	-------------------	-------------------

*Reconciliation of segment liabilities to  
Group liabilities*

Inter-segment eliminations					(31,541,719)
<b>Total Group liabilities</b>					<b>31,346,111</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 21. SEGMENT REPORTING (Continued)

#### REVENUE BY GEOGRAPHICAL REGION

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:

	Economic Entity	
	2017 \$	2016 \$
Australia	44,495,372	56,438,135
Asia	7,406,644	7,548,654
<b>Total revenue</b>	<b>51,902,016</b>	<b>63,986,789</b>

#### ASSETS BY GEOGRAPHICAL REGION

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

Australia	27,797,039	29,572,486
Asia	6,887,072	7,558,603
<b>Total assets</b>	<b>34,684,111</b>	<b>37,131,089</b>

#### MAJOR CUSTOMERS

The Group has a number of customers to whom it provides products and services. In the current year, the Group has a single customer in the Engineering segment who accounts for 23% (2016: 40% in the Energy segment) of external revenue. There are no other significant client accounts.

### 22. STATEMENT OF CASH FLOWS

#### (i) Cash balances comprise:

Cash on hand	1,551,970	1,561,574
Bank overdraft	-	-
<b>Closing cash balance</b>	<b>1,551,970</b>	<b>1,561,574</b>

#### (ii) Reconciliation of the operating profit/(loss) after tax to net cash flows from operations:

Operating profit/(loss) after tax	3,609,689	(2,438,195)
Loss on sale of plant and equipment	208,789	118,280
Depreciation - plant & equipment	795,069	937,325
Debt forgiveness	(7,285,000)	-
Foreign currency translation	(136,953)	(31,510)
Impairment/(write back) - receivables	(80,848)	(291,336)
Impairment - plant and equipment	64,132	-
Impairment - Work in Progress	150,000	-
Gain on acquisition of fixed assets	-	(356,074)
<b>Changes in assets and liabilities adjusted for effects of acquisition/disposal of operations during financial year</b>		
Increase/(Decrease) in provisions for employee entitlements	(235,657)	11,539
(Increase)/Decrease in inventories	157,137	60,183

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 22. STATEMENT OF CASH FLOWS (Continued)

	Economic Entity	
	2017	2016
	\$	\$
(Increase)/Decrease in trade and other receivables	(345,360)	3,385,519
(Increase)/Decrease in deferred tax assets	1,644,763	-
Increase/(Decrease) in payables	(3,574,614)	(392,789)
Increase/(Decrease) in tax liabilities	(12,623)	114,322
<b>Net cash provided/(used) by operating activities</b>	<b>(5,041,476)</b>	<b>1,117,264</b>

### 23. STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

Controlled entities in the economic entity have Contingent Liability Bank Guarantee facilities and Letter of Credit Facilities totaling \$2,800,000 available to them as at 30 June 2017 (2016: \$3,509,340). Of this total facility, \$2,263,868 had been utilised and \$536,132 (2016: \$345,368) remained unused and available for the controlled entities use as at 30 June 2017. The facilities are secured by a registered equitable mortgage over the assets and undertakings of all Australian companies in the economic entity.

### 24. LEASE COMMITMENTS

Leases are payable as follows:

Not later than 12 months	90,189	129,575
Later than 12 months but not later than 2 years	10,268	93,689
Later than 2 years but not later than 5 years	23,523	34,525
Later than 5 years	-	-
	123,980	257,789
Future lease finance charges	(5,364)	(17,042)
	<b>118,616</b>	<b>240,747</b>
Lease liabilities recognised in the statement of financial position:		
Current	85,286	117,789
Non-current	33,330	122,958
Total lease liability	<b>118,616</b>	<b>240,747</b>

The weighted average interest rate implicit in these leases is 4.33% pa (2016: 6.8% pa). Leases pertain to various plant, equipment and motor vehicles and are secured against the asset to which they relate.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity	
	2017	2016
	\$	\$
<b>25. OPERATING LEASE COMMITMENTS</b>		
<b>Property</b>		
Not later than 12 months	566,680	490,809
Between 12 months but not later than 5 years	984,686	737,214
	<u>1,551,366</u>	<u>1,228,023</u>
<b>Plant and equipment</b>		
Not later than 12 months	284,362	263,214
Between 12 months but not later than 5 years	549,789	578,676
	<u>834,151</u>	<u>841,890</u>
Total commitments not recognised in the financial statements	<b><u>2,385,517</u></b>	<b><u>2,069,913</u></b>

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

### 26. CONTINGENT LIABILITIES

Apart from drawn bank guarantee facilities (refer Note 23), there were no contingent liabilities as at 30 June 2017 (2016: Nil).

### 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 economic entity 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 economic entity's borrowings, \$6,000,000 take the form of bank loans. All bank loans are scheduled to mature on 30 June 2020. The interest cost for these bank loans is comprised of a fixed line fee plus the prevailing bank bill rate. The interest cost on the other borrowing of \$1,000,000 is fixed at 3.5%.

- *Foreign currency risk*

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

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 27. FINANCIAL INSTRUMENTS (Continued)

- *Liquidity risk*

The economic entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.

- *Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The economic entity does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the economic entity.

#### (a) Interest Rate Risk Exposures

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

	Floating interest rate	Fixed Interest			Non- Interest bearing	Total
		1 year or less	1-5 years	More than 5 years		
2017	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>						
Cash & cash equivalents	-	-	-	-	1,551,970	1,551,970
Trade & other receivables	-	-	-	-	12,978,108	12,978,108
Financial assets	-	-	-	-	28,487	28,487
	-	-	-	-	14,558,565	14,558,565
Weighted average interest rate	-	-	-	-	-	-
<b>Financial Liabilities</b>						
Trade & other payables	-	-	-	-	10,898,992	10,898,992
Borrowings	6,000,000	1,000,000	-	-	-	7,000,000
Lease liabilities	-	85,286	33,330	-	-	118,616
	6,000,000	1,085,286	33,330	-	10,898,992	18,017,608
Weighted average interest rate	6.95%	3.56%	4.33%	-	-	-
<b>Net financial assets (liabilities)</b>	<b>(6,000,000)</b>	<b>(1,085,286)</b>	<b>(33,330)</b>	<b>-</b>	<b>3,659,573</b>	<b>(3,459,043)</b>
<b>2016</b>						
<b>Financial Assets</b>						
Cash & cash equivalents	-	-	-	-	1,561,574	1,561,574
Trade & other receivables	-	-	-	-	12,698,970	12,698,970
Financial assets	-	-	-	-	31,417	31,417
	-	-	-	-	14,291,961	14,291,961
Weighted average interest rate	-	-	-	-	-	-

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 27. FINANCIAL INSTRUMENTS (Continued)

2016	Floating interest rate \$	<u>Fixed Interest</u>			Non- interest bearing \$	Total \$
		1 year or less \$	1-5 years \$	More than 5 years \$		
<b>Financial Liabilities</b>						
Trade & other payables	-	-	-	-	14,478,636	14,478,636
Borrowings	13,200,000	-	-	-	-	13,200,000
Lease liabilities	-	117,789	122,958	-	-	240,747
	13,200,000	117,789	122,958	-	14,478,636	27,919,383
Weighted average interest rate	8.75%	6.80%	6.80%	-	-	-
<b>Net financial assets (liabilities)</b>	<b>(13,200,000)</b>	<b>(117,789)</b>	<b>(122,958)</b>	<b>-</b>	<b>(186,675)</b>	<b>(13,627,222)</b>

	<u>Economic Entity</u>	
	2017 \$	2016 \$
<b>Reconciliation of Net Financials Assets/(Liabilities) to Net Assets</b>		
Net financial assets/(liabilities)	(3,459,043)	(13,627,422)
Add/(subtract) Non-financial assets and liabilities:		
Inventories	1,607,744	1,764,881
Plant and equipment	3,777,140	4,688,822
Intangible assets	12,072,010	12,072,010
Deferred tax assets	2,668,652	4,313,415
Provisions	(3,098,478)	(3,426,728)
<b>Net Assets</b>	<b>13,568,025</b>	<b>5,784,978</b>

#### (b) Net Fair Value of Financial Assets and Liabilities

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

#### (c) Liquidity Risk

Refer to Note 27(a) for a maturity analysis of financial assets and liabilities. All floating interest rate balances and all Non-interest bearing balances except for Retention Receivables totaling \$1,477,691 (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 economic entity monitors its foreign exchange risk, it does not believe there is any material risk associated with its foreign exchange exposure.

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### (f) Price Risk

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

### 28. SHARE BASED PAYMENTS

There were no share based payments in the year ended 30 June 2017.

### 29. INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holdings		Cost of Parent Entity's Investment	
			2017	2016	2017	2016
					\$	\$
Syfon Systems Pty Ltd	Australia	Ordinary	100%	100%	3,700,650	3,700,650
Syfon Systems Sdn Bhd	Malaysia	Ordinary	100%	100%	34,504	34,504
Brockman Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
NuSource Water Pty Ltd	Australia	Ordinary	100%	100%	-	-
Danum Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
A.C.N. 124919508 Pty Ltd	Australia	Ordinary	100%	100%	-	-
TSF Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
Syfon Systems Pte Ltd	Singapore	Ordinary	100%	100%	-	-
EVZ Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
Syfon International Pty Ltd	Australia	Ordinary	100%	100%	-	-
					<b>3,735,154</b>	<b>3,735,154</b>

EVZ Engineering Pty Ltd, Syfon International Pty Ltd and NuSource Water Pty Ltd did not trade during the year.

### 30. SUBSEQUENT EVENTS

Subsequent to balance date shareholders approved the conversion of \$600,000 of a related entity debt into 43,165,467 fully paid ordinary shares in the Company. The issue price for these shares was 1.39cents per share. Following this shareholder approval, the maturity date for the remaining \$400,000 loan has been extended to 15 June 2018.

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 economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years after the financial year.



## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 31. CONSTRUCTION CONTRACTS

	Economic Entity	
	2017	2016
	\$	\$
Aggregate amount of contract revenue recognised during the financial year	39,199,192	51,202,022
Aggregate of contract costs incurred and profits recognised (including losses recognised) to date on contracts in progress	59,004,728	38,106,619
Progress billings	59,841,741	39,056,095
Receipts in advance	1,078,639	1,529,637
Amounts due from customers for contract work in progress	<b>241,626</b>	<b>580,161</b>
Total receivable from customers for contract work in progress as included in Note 4	<b>6,503,759</b>	<b>5,602,456</b>
Retention receivables as included in Note 4	<b>1,477,691</b>	<b>1,867,756</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 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.
- The EVZ Group gave as security for a loan from TSF Corporation Pty Ltd, the shares and assets of TSF Maintenance Services Pty Ltd [TSFM] (Refer Note 11). A further condition of loan was the deconsolidation/removal of TSFM from the Deed of Cross Guarantee. This condition was satisfied during the 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:

		<b>Closed Group &amp; Parties to Deed of Cross Guarantee</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
Financial information in relation to:			
<b>(i) Statement of Profit or Loss and Other Comprehensive Income</b>			
Profit/(Loss) before income tax		5,339,681	(2,630,680)
Deconsolidation of TSF Maintenance Services Pty Ltd		(3,261,867)	-
Income tax (expense)/benefit		(1,644,763)	-
Profit/(Loss) after income tax		433,051	(2,630,680)
Profit/(Loss) attributable to members of the parent entity		433,051	(2,630,680)
<b>(ii) Retained Earnings</b>			
Retained losses at the beginning of the year		(41,958,484)	(39,327,804)
Profit/(Loss) after income tax		433,051	(2,630,680)
Retained losses at the end of the year		(41,525,433)	(41,958,484)
<b>(iii) Statement of Financial Position</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,084,472	1,265,290
Trade and other receivables		7,240,205	8,112,175
Inventories		763,779	837,184
Financial assets		-	-
<b>TOTAL CURRENT ASSETS</b>		<b>9,088,456</b>	<b>10,214,649</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		3,157,094	4,324,331
Deferred tax asset		2,627,673	4,313,415
Other receivables		3,192,887	3,173,725
Financial assets		-	-
Intangible assets		12,242,295	12,242,295
<b>TOTAL NON-CURRENT ASSETS</b>		<b>21,219,949</b>	<b>24,053,766</b>
<b>TOTAL ASSETS</b>		<b>30,308,405</b>	<b>34,268,415</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### 32 DEED OF CROSS GUARANTEE (Continued)

	Closed Group & Parties to Deed of Cross Guarantee	
	2017 \$	2016 \$
<b>CURRENT LIABILITIES</b>		
Trade and other payables	11,180,857	16,557,510
Short-term borrowings	73,464	13,277,003
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,254,321</b>	<b>29,834,513</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	6,024,192	99,148
Long-term provisions and other payables	4,120,449	204,329
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>10,144,641</b>	<b>303,477</b>
<b>TOTAL LIABILITIES</b>	<b>21,398,962</b>	<b>30,137,990</b>
<b>NET ASSETS</b>	<b>8,909,443</b>	<b>4,130,425</b>
<b>EQUITY</b>		
Issued capital	50,434,876	46,088,909
Retained losses	(41,525,433)	(41,958,484)
	<b>8,909,443</b>	<b>4,130,425</b>

### 33. PARENT ENTITY DISCLOSURES

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

	Parent Entity	
	2017 \$	2016 \$
<b>(i) Financial Position</b>		
<b>Assets</b>		
Current assets	773,978	89,261
Non-current assets	22,383,028	20,517,318
<b>Total assets</b>	<b>23,157,006</b>	<b>20,606,579</b>
<b>Liabilities</b>		
Current liabilities	1,183,997	13,937,385
Non-current liabilities	6,009,670	3,627
<b>Total liabilities</b>	<b>7,193,667</b>	<b>13,941,012</b>
<b>Equity</b>		
Issued capital	50,434,876	46,088,909
Accumulated losses	(34,471,537)	(39,423,342)
<b>Total equity</b>	<b>15,963,339</b>	<b>6,665,567</b>
<b>(ii) Financial Performance</b>		
<b>Comprehensive income</b>		
Profit/(Loss) for the year	4,951,805	(1,949,517)
Transfer from capital profits reserve	-	-
<b>Total comprehensive income/(loss)</b>	<b>4,951,805</b>	<b>(1,949,517)</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

### (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

Principal place of business of:

**Syfon Systems Pty Ltd** is

22 Hargreaves St, Huntingdale, 3166

**Brockman Engineering Pty Ltd** is

87 St Georges Road, Norlane, 3214

**TSF Engineering Pty Ltd** is

Unit F41, 16 Mars Rd, Lane Cove West, 2066

**TSF Maintenance Services Pty Ltd** is

Unit F41, 16 Mars Rd, Lane Cove West, 2066

## DIRECTORS' DECLARATION

The Directors of EVZ Limited declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;
- (c) in the Directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

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

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



.....  
Director – G Burns

Signed at Melbourne this 27<sup>th</sup> day of September 2017.

# Independent Auditor's Report to the Members of EVZ Limited

## 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 2017, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the 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 2017 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 we addressed the Key Audit Matter
<b>Impairment assessment of goodwill – Note 9</b>	
<p>The Group has significant goodwill that is assessed at least annually for impairment by the directors.</p> <p>As outlined in Note 9, the impairment assessment involves significant judgement in respect of factors such as:</p> <ul style="list-style-type: none"> <li>▪ Budgeted revenue and costs;</li> <li>▪ Discounts rates; and</li> <li>▪ Long term growth rates.</li> </ul> <p>We focussed on this area as a key audit matter due to the high degree of estimation uncertainty and judgement required by the directors to assess whether impairment is required for the goodwill assets and the sensitivity of the recoverable amount of each cash generating unit to changing variables as outlined in Note 9.</p>	<p>We challenged the directors' assumptions that support their position on impairment as follows:</p> <ul style="list-style-type: none"> <li>▪ Obtained the Group's value in use models and agreed amounts to the most recent approved budget;</li> <li>▪ Assessed the accuracy of the forecasts against historical actuals to inform our evaluation of the forecast amounts included in the value in use model;</li> <li>▪ Reviewed the assumptions in the value in use model and the source and determination of the values assigned to long term revenue growth and discount rates;</li> <li>▪ Performed sensitivity analysis on all cash generating units in the following main areas: revenue growth, gross margin and discount rate; and</li> <li>▪ Assessed the Group's disclosures of the quantitative and qualitative considerations in relation to the impairment assessments.</li> </ul>
<b>Recoverability of deferred tax assets – Note 8</b>	
<p>The recognition and disclosure of deferred tax assets is a key audit matter due to the recognition involving judgement by management as to the likelihood of their realisation. The deferred tax assets substantially arise from current and prior year taxable losses. Realisation is dependent on a number of factors including whether there will be sufficient forecast taxable profits in future periods to support recognition.</p> <p>As disclosed in Note 8, at 30 June 2017 the Group has recognised deferred tax assets of</p>	<p>Our procedures in relation to management's assessment and disclosure regarding the recognition of deferred tax assets included:</p> <ul style="list-style-type: none"> <li>▪ Evaluating management's assessment of the sufficiency of future taxable profits to recoup prior taxable losses thereby supporting the recognition of deferred tax assets. This evaluation included comparing management's forecast of future profits to historical results, considering the sensitivities of the taxable profit forecasts and reviewing the reasonableness of assumptions underlying forecasts; and</li> </ul>

Key Audit Matter	How we addressed the Key Audit Matter
\$2,668,652 in the consolidated statement of financial position.	<ul style="list-style-type: none"> <li>Assessing the adequacy of the income tax disclosures in the financial statements, setting out the basis for determining the value of the deferred tax balance and the basis of recognition of the deferred tax asset.</li> </ul>
<b>Revenue recognition from construction contracts – Note 31</b>	
<p>A substantial amount of the Group's revenue relates to revenue from construction contracts. Where these contracts have a long term duration, revenue and margin is recognised based on the stage of completion of individual contracts.</p> <p>Revenue and margin is predominantly calculated on the proportion of total costs incurred at the reporting date compared to management's estimation of total costs of the contract. These calculations usually involve a high level of estimation and judgement, in particular relating to:</p> <ul style="list-style-type: none"> <li>Forecasts of total cost to complete at initiation of the contract; and</li> <li>Revision to total forecast costs that occur during the performance of the contract or that are expected to occur to complete the contract.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Reviewing the Group's estimation process (including the monitoring of project costs and management's review of stage of completion) used in determining the amounts of revenue and costs recognised in the Group's financial report;</li> <li>Selecting a sample of contracts on which detailed substantive testing procedures were performed. Our sample was selected based on a set of criteria including high value contracts, loss making contracts and contracts with significant claims in advance. For each sample selected we performed the following: <ul style="list-style-type: none"> <li>Tested the claims and contract costs to underlying supporting documentation;</li> <li>Examined the projected cost to complete forecast by comparing actual costs to date to approved contract budgets, obtaining an understanding of the costs required to complete the project through detailed discussions with project management and review of project progress documentation; and</li> </ul> </li> <li>Assessing the Group's ability to forecast margins on contracts by analysing the accuracy of previous margin forecasts to actual outcomes.</li> </ul>

## Other Information

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 2017, 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 ability of the Group 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\\_files/ar2.pdf](http://www.auasb.gov.au/auditors_files/ar2.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 on pages 11 to 15 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of EVZ Limited, for the year ended 30 June 2017, 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.



**CROWE HORWATH MELBOURNE**



**DAVID MUNDAY**

**Partner**

**27 September 2017**

## ADDITIONAL SHAREHOLDER INFORMATION AS AT 31 AUGUST 2017

### 1. Substantial Shareholders

UBS Nominees Pty Ltd	135,102,101 Ordinary Shares
Airlie Beach Holdings Pty Ltd	48,380,141 Ordinary Shares

### 2. Distribution of Shareholding

Range of Holding			No of Shareholders
1	to	1,000	277
1,001	to	5,000	696
5,001	to	10,000	249
10,001	to	100,000	491
100,001	and	over	237
			1950
Number of shareholders with less than a marketable parcel of \$500 at \$0.01/unit			1534

### 3. Names of 20 Largest Shareholders

Rank	Name	Holding	%
1.	UBS NOMINEES PTY LTD	140,944,101	20.76
2.	MACE GROUP PTY LTD <MACE FAMILY A/C>	26,858,375	3.96
3.	BT PORTFOLIO SERVICES LIMITED <THE AL'N'ALL A/C>	24,207,498	3.57
4.	ONMELL PTY LTD <ONM BPSF A/C>	20,252,802	2.98
5.	H&C TRUONG PTY LTD <TRUONG FAMILY SUPER FUND A/C>	20,143,782	2.97
6.	ARCHWIN PTY LTD <SHARP RETIREMENT FUND A/C>	20,108,376	2.96
7.	MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	20,071,891	2.96
8.	TAYCO INVESTMENTS PTY LTD	20,014,807	2.95
9.	RUSTICA PTY LTD	20,000,000	2.95
10.	THIRD RETURN SUPER PTY LTD <THIRD RETURN SUPER FUND A/C>	20,000,000	2.95
11.	TRAVERTINE WINES PTY LTD	16,786,485	2.47
12.	AIRLIE BEACH HOLDINGS PTY LIMITED <BURNS FAMILY A/C>	15,969,698	2.35
13.	AIRLIE BEACH HOLDINGS PTY LIMITED <ABI SUPER FUND A/C>	15,623,958	2.30
14.	MR ADAM BELLGROVE + MRS ANDREA BELLGROVE <BELLGROVE SUPER FUND A/C>	12,400,000	1.83
15.	POWIS SUPERANNUATION PTY LTD <POWIS SUPER FUND A/C>	12,000,000	1.77
16.	DEPOFO PTY LTD <ORDINARY A/C>	11,000,000	1.62
17.	STF ENTERPRISES PTY LTD	8,762,785	1.29
18.	STUART ANDREW PTY LTD <CAMPASPE FAMILY A/C>	8,700,000	1.28
19.	T R B MANAGEMENT PTY LIMITED <BOWDEN SUPER FUND A/C>	8,659,091	1.28
20.	NLA INVESTMENTS PTY LTD <N & L ALLEN FAMILY A/C>	7,262,041	1.07
		<b>449,765,690</b>	<b>66.26</b>

## **ADDITIONAL SHAREHOLDER INFORMATION AS AT 31 AUGUST 2017 (Continued)**

### **4. Voting Rights**

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

### **5. Unlisted Options**

During the year 15,000,000 Unlisted Options were issued in connection with the Capital Raising during the year. The Unlisted Options were issued for nil cash consideration. The Unlisted Options are exercisable at \$0.02 per share and expire 4 years after their issue date (7 June 2017).

### **6. 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 Number: (03) 9545 5288

Facsimile Number: (03) 9542 6061

Email: [pieter.vanderwal@evz.com.au](mailto: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

### **7. Stock Exchange Listing**

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