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EVZ

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 9999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10.00 am (AEDT) on Wednesday 23 November 2016**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of EVZ Limited hereby appoint

☐ the Chairman of the Meeting

 OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of EVZ Limited to be held at Level 17, 181 William Street, Melbourne, Victoria on Friday 25 November 2016 at 10.00 am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration and loan from a related entity related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 2 and 3 (except where I/we have indicated a different voting intention below) even though Resolutions 2 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman and a loan from a related entity.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 2 and 3 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Re-election of Robert Edgley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Loan from a Related Entity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

EVZ Limited

ABN 87 010 550 357

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of EVZ Limited ACN 010 550 357 ("**Company**") will be held at Level 17, 181 William Street, Melbourne, Victoria **at 10.00 am (AEDT) on Friday 25th November 2016.**

BUSINESS

Financial Report

To consider and receive the 2016 annual financial report, the directors' report and audit report of the Company.

Resolution 1:

RE-ELECTION OF ROBERT EDGLEY

To consider and (if thought fit) to pass, with or without modification, the following resolution:

"That, having retired pursuant to the Constitution of the Company, Robert Edgley is re-elected as a director."

For an explanation of this resolution, see the Explanatory Memorandum that forms part of this Notice.

Resolution 2:

LOAN FROM A RELATED ENTITY

To consider and (if thought fit) to pass, with or without modification, the following resolution:

"The Shareholders of ordinary securities in the Company resolve to approve TSFM and TSFE entering into the Transactions, such approval being granted in accordance with ASX Listing Rule 10.1, and to act upon the exercise of an Option in the event of either the Put Option or the Call Option being exercised with respect to the sale and acquisition of the Shares in TSFM".

For the purposes of this Resolution “Transactions” means:

- A Loan Facility Agreement between TSF Corporation Pty Ltd (ACN 614 366 595) (“the Lender”) and TSF Maintenance Services Pty Ltd (ACN 096 903 699) (“TSFM”) for the advance of \$1,000,000.00 by the Lender to TSFM to be applied to the working capital requirements of TSFM on security of:
 - 1.1 A General Security Agreement over all of the assets and undertaking of TSFM in favour of the Lender; and
 - 1.2 A General Security Agreement over the shares of TSFM held by TSF Engineering Pty Ltd (“TSFE”) in favour of the Lender.
- A Put and Call Option Agreement between the Lender and TSFE with respect to the shares held by TSFE in TSFM.

Shareholders are urged to read the Independent Expert's Report prepared by ShineWing Australia Corporate Finance Pty Ltd. This report is attached as Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting. The Independent Expert has concluded that the proposal which is the subject of Resolution 2 is not considered fair but is reasonable to the Non-associated Shareholders of the Company.

Voting Exclusion Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- a) Mr Graham Burns
- b) Mr Max Findlay
- c) Mr Robert Edgley
- d) Mr Scott Farthing
- e) A Closely Related Party of such persons.

Resolution 3:

REMUNERATION REPORT

To consider and (if thought fit) to pass, with or without modification, the following resolution:

"That the remuneration report for the year ended 30 June 2016 is adopted."

Notes:

- 1. Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.**
- 2. The vote on this Resolution is advisory only and does not bind the Directors of the company.**

Voting Exclusion Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- a) A member of the Key Management Personnel, including Directors, details of whose remuneration are included in the Remuneration Report; or
- b) A Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

1. The person does so as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; or
2. The person so appointed is the Chairperson and the appointment does not specify how the proxy is to vote on this Resolution but authorises the Chairperson to vote on this Resolution even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
3. The vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

By order of the Board:



Ian Wallace - Company Secretary

NOTES

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to vote instead of the member.
2. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes.
3. A proxy need not be a member of the Company.
4. The proxy form must be signed by the member or the member's attorney. Proxies given by corporations must be executed under seal or signed under the hand of a duly authorised officer or attorney.
5. To be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be lodged:
 - a) **at the offices of Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Victoria 3067, by mail to GPO Box 242, Melbourne Victoria 3001, or on fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia);** or
 - b) at the registered office of the Company, 22 Hargreaves Street, Huntingdale, Victoria 3166, or on fax number (03) 9542 6061.
 - c) **Custodian voting** - For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.
 - d) electronically, via the electronic proxy lodgement platform at www.investorvote.com.au by following the instructions provided.not later than 48 hours before the time for commencement of the meeting.
6. A person may attend the meeting under an appointment of corporate representative pursuant to section 250D of the Corporations Law or Power of Attorney only if a copy of that appointment or Power of Attorney is provided to the share registrars of the Company before the meeting. Documents can be provided by post or facsimile as follows:
 - a) at the offices of Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Victoria 3067, by mail to GPO Box 242, Melbourne Victoria 3001; or
 - b) by faxing it to the offices of Computershare Investor Services Pty Limited on fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).
7. For Persons entitled to vote, under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the share register at 7.00pm (AEDT) on Wednesday, 23 November 2016.
8. A hardcopy of the 2016 Annual Report has been mailed with this notice of meeting to those shareholders who had previously requested it. The Company wishes to advise that an electronic copy of the 2016 Annual Report is available on the Company's website at www.evz.com.au.

EVZ Limited

ABN 87 010 550 357

EXPLANATORY MEMORANDUM

Introduction.

The following information provides a detailed explanation on each resolution set out in the Notice of Annual General Meeting.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

The Directors recommend that Shareholders read the Independent Expert's Report contained in Annexure A in full before making any decision in relation to Resolution 2. Shareholders should note that the Independent Expert has concluded that the granting of security over TSF Maintenance Services Pty Ltd (a wholly owned subsidiary of EVZ Ltd) for a loan of \$1 million and as contained in the loan agreement between TSF Corporation Pty Ltd (a company associated with the Directors of EVZ Ltd and the Chief Executive Officer) and TSF Maintenance Services Pty Ltd is not considered fair but is reasonable to the Non-associated Shareholders.

Financial Report.

The 2016 Annual Financial Report of EVZ Limited has been sent to shareholders who had previously requested a copy of the Financial Report. Shareholders can also view a copy of the Financial Report on the Company's website. Shareholders will be given the opportunity at the Meeting to ask questions of the Board of Directors and the Auditor on matters contained in the Financial Report.

Resolution 1 – Re-election of a Director.

The Company's Constitution requires one third of the directors (other than the Managing Director) to retire at each AGM, being those directors longest in office at the date of the AGM. Mr Edgley must therefore retire and has offered himself for re-election.

Resolution 2 – Loan from a related entity

The ASX Listing Rules prohibit an entity entering into a transaction to acquire or dispose of substantial assets with an interested party without the prior approval of the holders of ordinary securities in the entity or a child entity, such approval to be given or withheld in a General Meeting.

TSF Corporation Pty Ltd (TSFC), a company related to Mr Graham Burns, Mr Max Findlay, Mr Rob Edgley (being Directors of EVZ Ltd) and Mr Scott Farthing (being the Chief Executive Officer of EVZ Ltd) has advanced monies to TSF Maintenance Services Pty Ltd (TSFM), a company whose ultimate parent is EVZ Ltd, to assist with the working capital requirements of TSF Maintenance Services and the EVZ Group as a whole.

The terms of the loan by TSFC (the Lender) are as follows:

- Principal - \$1 million
- Interest rate – 3.5% pa
- Maturity date – 15 December 2017
- Security –
 - (i) General Security Interest Agreements over all of the assets and undertaking of TSFM and the shares held by TSF Engineering Pty Ltd (TSFE), a wholly owned subsidiary of EVZ Ltd, in TSFM
 - (ii) an Option Agreement with TSFC with respect to the Shares held by TSFE in TSFM

The Transactions envisaged by the proposed Resolution are governed by the provisions of the ASX Listing Rule 10.1 as EVZ Limited is proposing that its child entities, namely TSFE and TSFM enter into an Option Agreement with the Lender with respect to the Shares held by TSFE in TSFM and to grant security over assets of TSFE and TSFM in the form of General Security Interest Agreements over all of the assets and undertaking of TSFM and the shares held by TSFE in TSFM. The Lender is a related party for the purposes of the ASX Listing Rules.

In the event of default, the transactions allow the Lender to exercise a power of sale over all the assets and undertaking of TSFM to recoup the loan advanced by the Lender to TSFM or to acquire the shares in TSFM from TSFE in satisfaction of the loan so advanced.

Rule 10.1 ASX Listing Rules

Rule 10.1 of the ASX Listing Rules states as follows:

“An entity must ensure that neither it nor any of its child entities acquires substantial assets or disposes of substantial assets without approval of the holders of the securities to:

- (i) a related party*
- (ii) a child entity of the entity*
- (iii) a substantial holder in the entity.”*

For the purposes of Rule 10.1 “acquires” means:

- (i) Granting or exercising an option;
- (ii) Enforcing collateral;
- (iii) Increasing the economic benefit.

For the purposes of Rule 10.1 “disposes” means:

- (i) Granting or exercising an option;
- (ii) Using an asset as collateral;
- (iii) Decreasing economic benefit.

Shareholders are urged to read the Independent Expert's Report prepared by ShineWing Australia Corporate Finance Pty Ltd. This report is attached as Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting. The Independent Expert has concluded that whilst the proposal reflected in Resolution 2 is not considered fair, it is however reasonable to the Non-associated Shareholders of the Company

Voting Exclusion Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- a) Mr Graham Burns
- b) Mr Max Findlay
- c) Mr Robert Edgley
- d) Mr Scott Farthing
- e) A Closely Related Party of such persons

Resolution 3 – Remuneration Report

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed in the Company's 2016 Annual Report.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to Directors and other Key Management Personnel and sets out the details of any share based compensation.

The vote on this Resolution is advisory only and does not bind the Directors or the Company. Directors will however consider the outcome of the vote and any comments made by shareholders on the Remuneration Report when setting the Company's remuneration policy for future financial years.

Where at least 25% of the votes cast are against adoption of the Remuneration Report at the 2016 AGM, and then again at the 2017 AGM, the Company will be required to put a resolution to the 2017 AGM, to approve calling an extraordinary general meeting (**spill resolution**). If 50% or more of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2017 AGM. All of the Directors who were in office when the 2017 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

Voting

Note that a voting exclusion applies to Resolution 3 as follows:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- a) A member of the Key Management Personnel including Directors, details of whose remuneration are included in the Remuneration Report; or
- b) A Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- 1. The person does so as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; or
- 2. The person so appointed is the Chairperson and the appointment does not specify how the proxy is to vote on this Resolution but authorises the Chairperson to vote on this Resolution even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
- 3. The vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

In summary, the directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chair will use any such proxies to vote in favour of this Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

Annexure A to the EVZ Limited
Notice of Annual General Meeting

Independent Expert Report in relation to
Resolution 2 of the Notice of Meeting

11 October 2016

The Directors
EVZ Limited
22 Hargreaves St
Huntingdale VIC 3166

Dear Sirs

Independent Expert's Report

Introduction

EVZ Limited ("**EVZ**" or the "**Company**") is listed on the Australian Securities Exchange ("**ASX**") and operates in the engineering and energy services sector. The principal activities of EVZ include the design, manufacture, installation, service and maintenance of large steel tanks, syfonic roof draining systems, clean energy solutions and power generation equipment. As at 5 October 2016, EVZ has a market capitalisation of \$1.68 million.

On 31 August 2016, EVZ announced that TSF Corporation Pty Ltd ("**TSFC**" or the "**Lender**"), a company related to the Directors and Chief Executive Officer of the Company, had provided a \$1.0 million loan ("**Loan**") to fund working capital requirements of EVZ and its subsidiaries ("**EVZ Group**" or the "**Group**").

The Loan, subject to EVZ shareholders' approval, will be secured by general security agreements and a put and call option agreement over the assets and shares ("**Secured Assets**") of TSF Maintenance Services Pty Ltd ("**TSFM**"), a wholly-owned subsidiary of EVZ¹ (collectively, the "**Security Transactions**").

The key terms of the relevant agreements are set out in **Section 1**.

Purpose of the report

Shareholder approval for the Security Transactions is required under ASX Listing Rule 10.1 as the Security Transactions constitute the potential disposal of substantial assets by the Company to a related party.

Accordingly, the Directors of EVZ have engaged ShineWing Australia Corporate Finance Pty Ltd ("**ShineWing Australia Corporate Finance**" or "**SWA**") to prepare an independent expert's report stating whether, in its opinion, the Security Transactions are fair and reasonable to the shareholders of EVZ not associated with the Lender ("**Non-Associated Shareholders**").

This report has been prepared for inclusion in EVZ's Explanatory Memorandum to accompany the Notice of Meeting to be sent to the Non-Associated Shareholders to assist them in deciding whether to approve the Security Transactions as set out in Resolution 2 of the Explanatory Memorandum.

¹ EVZ's equity interest in TSFM is held via another wholly-owned subsidiary, which in turn holds 100% of the equity interest in TSFM.

Summary and conclusion

ShineWing Australia Corporate Finance has concluded that the Security Transactions are NOT FAIR BUT REASONABLE to the Non-Associated Shareholders.

Fairness

In considering the fairness of the Security Transactions, we have considered the fair market value of the Secured Assets that would be provided to the Lender pursuant to the Security Transactions in the event of default, compared to the fair market value of the Loan that would be settled under the terms of the Loan Facility Agreement (as defined in **Section 1**).

The Security Transactions are fair if the fair market value of the Secured Assets that would be provided to the Lender in the event of default, is equal to or less than, the fair market value of the Loan that would be settled under the terms of the Loan Facility Agreement.

The results of our analysis are summarised in the table below:

\$		Low	High	Reference
Fair market value of the Secured Assets	A	1,410,000	1,880,000	Section 7
Fair market value of the Loan ¹	B	1,045,030	1,045,030	
Excess / (Shortfall)	A-B	364,970	834,970	

Source: SWA Analysis

Note:

¹ The Loan was disbursed in two tranches of \$300,000 and \$700,000 around 24 August 2016 and 5 September 2016 respectively. EVZ management ("**Management**") have advised that as permitted under the Loan Facility Agreement, EVZ's intention is to capitalise the interest payable on the Loan, and pay the capitalised interest along with the principal on maturity. On that basis, we have estimated the fair market value of the Loan inclusive of capitalised interest of 3.5% per annum.

As illustrated in the table above, the assessed fair market value of the Secured Assets that would be provided to the Lender pursuant to the Security Transactions in the event of default is higher than the assessed fair market value of the Loan that would be settled under the terms of the Loan Facility Agreement.

On this basis, we consider **the Security Transactions are not fair to the Non-Associated Shareholders.**

Reasonableness

Having concluded that the Security Transactions are not fair, we have also considered whether there are any other factors that suggest that the Non-Associated Shareholders should, on balance, approve the Security Transactions.

In assessing the reasonableness of the Security Transactions, we have considered the following potential advantages and disadvantages and other factors.

Advantages

Access to funding

EVZ has an existing banking facility with the Commonwealth Bank of Australia, which has been fully drawdown.

Management has advised that despite their efforts to identify alternative funding sources, the Loan was the only viable option available that provides working capital funding to EVZ.

Having regard to the gearing level of EVZ and the Commonwealth Bank of Australia's security over the assets and undertakings of EVZ, we consider it unlikely that financial institutions and other debt providers would advance further funds to EVZ. We believe any further debt funding obtained by EVZ, if available, is unlikely to be at a more favourable interest rate than the Loan (i.e. 3.5% per annum).

We understand that the Commonwealth Bank of Australia has expressed willingness to release its security over TSFM, to facilitate a first ranking charge to be made by the Lender pursuant to the Security Transactions.

Management has indicated that if the Security Transactions are not approved, the Loan will remain unsecured under the terms of the Loan Facility Agreement.

While it is difficult to anticipate the potential actions of the Lender, we consider that, if the Loan remains unsecured, the Lender will be more inclined to call up the Loan in the event of a default or not support any further request by EVZ for advances in the future.

Ability to continue as a going concern

The report of the Company's auditors in the financial report of EVZ for the financial year ended 30 June 2016 ("FY16") includes an emphasis of matter on the Group's ability to continue as a going concern.

In the financial report of EVZ for FY16, the auditors note that the Group's ability to continue as a going concern is dependent on continuing support of the Commonwealth Bank of Australia, including the granting of any waiver relating to covenants, and the Group's ability to continue to meet its profit forecasts.

If the matters discussed below had not occurred subsequent to 30 June 2016, and based on the statement of financial position of EVZ as at 30 June 2016 (as referred to in **Section 3**), EVZ Group could technically be considered insolvent.

The Loan which was advanced to EVZ subsequent to 30 June 2016 provides immediate funding to EVZ to fund the working capital requirements of the Group. We also understand that EVZ executed a revised facility agreement with the Commonwealth Bank of Australia on 30 August 2016 which provides for the extension of the banking facilities to 31 December 2017 and a moratorium on principal repayments to the same date.

Management has indicated that the Loan advanced and the revised bank facility agreement provide the working capital required by the Group to continue as a going concern and return to a profitable trading position. Management is confident improvement in the Company's business model together with the Loan advanced, provide sufficient financial means for EVZ to continue as a going concern.

Retention of surplus proceeds in the event of disposal

The Loan Facility Agreement implicitly allows EVZ Group to seek if it wishes to, up to the exercise date of the put and call option, an orderly sale of TSFM for a price which may potentially be within the range of our assessed value of TSFM. In such a scenario, any proceeds greater than the Loan amount will be able to be retained by EVZ Group.

Rights under the put option

Under the Put and Call Option Agreement (as defined in **Section 1**), in the event TSFM is unable to pay the principal and interest on the Loan on the due date, TSF Engineering Pty Ltd² ("TSFE") has until 28 January 2018 to require the Lender to acquire the shares in TSFM, in exchange for \$1,000,000, which can be utilised to repay the principal on the Loan.

² TSFE is a wholly-owned subsidiary of EVZ, which in turn holds 100% of the equity interest in TSFM.

No change in security profile

The Commonwealth Bank of Australia has a secured interest in the Secured Assets under EVZ's existing banking facilities.

The granting of security over the assets, undertakings and shares of TSFM under the General Asset Security Agreement and General Share Security Agreement (as defined in **Section 1**) does not represent a significant change in the security profile as the security is effectively being transferred from the Commonwealth Bank of Australia to the Lender.

However, we note that under the terms of the Put and Call Option Agreement, the Lender has a call option to acquire the TSFM shares held by TSFE for \$1,000,000.

In the event that the realisable value of the TSFM shares is more than \$1,000,000 at the time the call is exercised by the Lender, TSFE will lose its ownership in TSFM in return for \$1,000,000. The Lender will retain any upside in the realisable value of the TSFM shares.

Disadvantages

The Security Transactions are not fair

As determined in our analysis in the preceding page, the Security Transactions are considered not fair to the Non-Associated Shareholders as the assessed fair market value of the Secured Assets that would be provided to the Lender pursuant to the Security Transactions in the event of default is higher than the assessed fair market value of the Loan that would be settled under the terms of the Loan Facility Agreement.

However, we note that in a commercial loan arrangement with a financial institution, it is not uncommon for the amount of a loan advanced to be between 60% and 80% of the security value i.e. the security value in a commercial transaction is typically higher than the loan advanced.

Future fund raising requirements

TSFM will require funds in the future to repay the principal and interest of the Loan when they fall due on 15 December 2017.

EVZ may potentially need to raise funds in the future through a capital raising, if debt funding is not available. This may potentially dilute the Non-Associated Shareholders' interest in the Company.

Other factors

Alternate proposals

The Directors of EVZ have advised that there are no other alternative proposals in place to obtain funding.

The implications if the Security Transactions are approved

If the Security Transactions are approved, the Lender may exercise the security due to the failure by TSFM to repay the Loan, and EVZ will lose some or all of the assets in TSFM and / or 100% of its equity interest in TSFM.

In the event the realisable value of TSFM's assets or its shares under the General Security Agreements is greater than the Loan amount that would be settled in the event of a default, any surplus proceeds would be returned to EVZ. However, EVZ will lose ownership of the TSFM assets or TSFM shares.

In the event the Lender exercises its option to purchase 100% of the equity interest in TSFM in return for \$1,000,000 in cash under the Put and Call Option Agreement, EVZ will lose its equity stake in TSFM, however, it will have sufficient funds to repay the principal of the Loan. In this case, the capitalised interest on the Loan will have to be paid by EVZ from internally generated funds or external funding.

The implications if the Security Transactions are not approved

Management has indicated that if the Security Transactions are not approved, the Loan will remain unsecured under the terms of the Loan Facility Agreement.

We note, however, that if the Loan remains unsecured, it is likely that the Lender will call up the Loan in the event of a default. If the Security Transactions are approved and the Loan is secured, in our view, the Lender will be less inclined to call up the Loan when due.

Reasonableness conclusion

In our opinion, on balance, the advantages of the Non-Associated Shareholders approving the Security Transactions outweigh the disadvantages. Accordingly, we consider **the Security Transactions are reasonable to the Non-Associated Shareholders.**

Other matters

ShineWing Australia Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

This report has been prepared solely for the purpose of assisting the Non-Associated Shareholders in considering the merits of the Security Transactions. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose, including but not limited to investment or lending decisions in relation to EVZ.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Security Transactions to the shareholders as a whole. We have not considered the potential impact of the Security Transactions on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Security Transactions on individual shareholders.

ShineWing Australia Corporate Finance's opinion should not be construed as a recommendation as to whether or not to vote in favour of the Security Transactions. The decision of whether to approve the Security Transactions is a matter for each Non-Associated Shareholder to decide based on their views as to matters including value, future market conditions, risk profile and investment strategy. Our opinion therefore does not consider the financial situation, objectives or needs of individual Non-Associated Shareholders. If in any doubt, the Non-Associated Shareholders should consult an independent professional adviser.

This letter should be read in conjunction with the full text of this report as attached including the appendices.

Yours faithfully

ShineWing Australia Corporate Finance Pty Ltd



Phillip Rundle
Director

Financial Services Guide

We are required to issue to you, as a retail client, a Financial Service Guide (FSG). The FSG, dated 7 October 2016, is designed to assist retail clients in their use of the general financial product advice provided by ShineWing Australia Corporate Finance Pty Ltd ABN 13 068 744 114 ("**ShineWing Australia Corporate Finance**") as a corporate authorised representative (389399) of ShineWing Australia Wealth Pty Ltd ABN 34 006 341 386, Australian Financial Services License (AFSL) number 236556 ("**ShineWing Australia Wealth**"). This FSG contains information about:

1. Who we are, what our engagement is and who engaged our services;
2. The services we are authorised to provide under the AFSL held by ShineWing Australia Wealth;
3. Remuneration that we may receive in connection with the preparation of the general financial product advice;
4. Any relevant associations, relationships and or referrals arrangements;
5. Our internal and external complaints handling procedures and how you may access them;
6. The compensation arrangements that ShineWing Australia Wealth has in place;
7. Our privacy policy; and
8. Our contact details.

This FSG forms part of an Independent Expert's Report ("**Report**") which has been prepared for inclusion in an Explanatory Memorandum to be dated on or about 13 October 2016 prepared by EVZ Limited ACN 010 550 357 ("**Explanatory Memorandum**"). The purpose of the Explanatory Memorandum is to help you make an informed decision in relation to a financial product.

1. About us

ShineWing Australia Corporate Finance is a related entity of ShineWing Australia and independent member of ShineWing International Limited – members in principal cities throughout the world.

The general financial product advice in our Report is provided by ShineWing Australia Corporate Finance and not by ShineWing Australia which provide services primarily in the areas of audit, tax and business consulting.

ShineWing Australia Corporate Finance has been engaged by EVZ Limited to issue a Report for inclusion in the Explanatory Memorandum.

2. Financial services we are authorised to provide and our responsibility to you

We are authorised by ShineWing Australia Wealth to provide general financial product advice for securities only to retail and wholesale clients.

ShineWing Australia Wealth is responsible for the financial services we provide.

The Report contains only general financial product advice as it was prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances and consider obtaining personal financial advice from an appropriately licensed person before you act on the general advice in the Report.

You should also consider all other parts of the Explanatory Memorandum before making any decision in relation to the financial product.

The Report has been prepared for the directors of EVZ Limited. You have not engaged us directly but have received a copy of the Report because you have been provided with a copy of the Explanatory Memorandum.

Neither ShineWing Australia Corporate Finance nor ShineWing Australia Wealth are acting for any person other than EVZ Limited.

ShineWing Australia Corporate Finance and ShineWing Australia Wealth are responsible and accountable to you for ensuring there is a reasonable basis for the conclusions in the Report.

3. Fees, commission and other benefits we may receive

ShineWing Australia Corporate Finance charges fees for providing reports, which are agreed to upfront, and paid by, the entity who engages us to provide the report.

Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In this case, EVZ Limited has agreed to pay us approximately \$22,000 for preparing the Report.

Except for the fees referred to above, neither ShineWing Australia, nor any of its directors, authorised representatives, employees, associates or related entities, received any pecuniary benefit, directly or indirectly, for or in connection with the provision of the Report. All employees receive a salary and bonus based on overall productivity and not linked to our opinions expressed in this Report.

Further details may be provided on request.

4. Associations, relationships and referrals

The ShineWing Australia group, including ShineWing Australia, ShineWing Australia Corporate Finance and ShineWing Australia Wealth are members of ShineWing International Limited, consisting of independent member firms and correspondents.

ShineWing Australia and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products in the ordinary course of its business. Partners of ShineWing Australia through their shareholdings will receive a direct benefit from the fees received.

No individual involved in the preparation of the Report holds an interest in, or is a substantial creditor of EVZ Limited or has other material financial interests in the transaction proposed by the Explanatory Memorandum.

ShineWing Australia group does not pay commissions or provide any benefits to any person for referring customers to them in connection with the Report.

5. Complaints

Internal complaints resolution

If you have concerns with the general advice provided in the Report, please contact us at the details provided in section 8 below. If your concerns are not addressed in a timely manner, please send your complaint in writing to the General Manager, ShineWing Australia Wealth Pty Ltd, Level 10, 530 Collins St, Melbourne, VIC 3000.

External dispute resolution

If your concern is not resolved, or if you are not satisfied with the decision, you may contact the Financial Ombudsman Service (FOS). FOS independently and impartially resolves disputes between consumers, including some small businesses, and participating financial services providers. The FOS provides an independent dispute resolution process covering complaints about financial services. You may contact the FOS by:

Financial Ombudsman Service
GPO Box 3, Melbourne VIC 3001
Toll free: 1300 780 808,
Email: info@fos.org.au
Website: www.fos.org.au

The Australian Securities & Investments Commission (ASIC) is Australia's corporate, markets and financial services regulator. ASIC contributes to maintaining Australia's economic reputation by ensuring that Australia's financial markets are fair and transparent, and is supported by informed investors and consumers alike. ASIC seeks to protect consumers against misleading or deceptive and unconscionable conduct affecting all financial products and services. You may contact ASIC by:

Australian Securities & Investments Commission
GPO Box 9827, Your Capital City
Phone: 1300 300 630
Website: www.asic.gov.au;

Before you send your concern to any of these respective bodies, please contact them first to understand the process of lodging your concern with them.

6. Compensation arrangements

The law requires ShineWing Australia Wealth to have arrangements in place to compensate certain persons for the loss or damage they suffer from certain breaches of the Corporations Act by its representatives. ShineWing Australia Wealth has internal compensation arrangements, as well as

professional indemnity insurance that satisfy these requirements.

7. Privacy Statement

We are required or authorised to collect personal information from you by certain laws. Details of these laws are in our privacy policy.

Our full privacy policy is available at <http://www.shinewing.com.au/privacy-policy>. It covers:

- how you can access the personal information we hold about you and ask for it to be corrected;
- how you may complain about a breach of the Privacy Act 1988 (Cth), or a registered privacy code and how we will deal with your complaint; and;
- how we collect, hold, use and disclose your personal information in more detail.

We will update our privacy policy from time to time.

Where you have provided information about another individual, you must make them aware of that fact and the contents of this privacy statement.

8. Contact Details—ShineWing Australia Corporate Finance and ShineWing Australia Wealth

Level 10, 530 Collins Street
Melbourne, VIC 3000
Australia

T: +61 3 8635 1800
F: +61 3 8102 3400

www.shinewing.com.au

This Financial Services Guide has been authorised for distribution by the authorising licensee.

References to 'we' or 'us' or 'ours' should be read as ShineWing Australia Corporate Finance Pty Ltd (ABN 13 068 744 114), in its capacity as a corporate authorised representative (389399) of ShineWing Australia Wealth Pty Ltd (ABN 34 006 341 386), AFSL 236556.

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1. Overview of the Security Transactions

1.1. Background

On 31 August 2016, EVZ announced that the Lender had provided a \$1.0 million loan to fund working capital requirements of EVZ Group.

The loan will be secured, subject to the shareholders' approval, by general security agreements and a put and call option agreement over the assets and shares of TSFM³, a wholly-owned subsidiary of EVZ.

The key terms of the relevant agreements are set out below.

1.2. Key terms of the Loan Facility Agreement

The Loan Facility Agreement dated 26 September 2016 is between the Lender, TSFM and TSFE.

The key terms of the Loan Facility Agreement are summarised below:

- The Lender will provide an initial advance of \$300,000 plus any further advances, up to a maximum of \$1,000,000 plus capitalised interest (if any), to TSFM;
- Interest on the loan of 3.5% per annum is payable monthly in arrears, and can be capitalised by prior agreement of the parties;
- The loan is repayable on the earliest of:
 - An event of default;
 - 15 December 2017; or
 - Any earlier date permitted by the Lender.
- Subject to the approval of EVZ shareholders, the loan will be secured by the following:
 - a security over the assets and undertaking of TSFM; and
 - a security over the shares held by TSFE in TSFM;
- Subject to the approval of EVZ shareholders, TSFM will enter into a put and call option agreement with the Lender and TSFE, in relation to the shares held by TSFE in TSFM; and
- An event of default includes inter alia, the following:
 - a default by TSFM in making interest and other payments when due;
 - a receiver of the assets or undertaking of TSFM or TSFE is appointed;
 - either TSFM or TSFE goes into liquidation or is wound up; and
 - TSFM or TSFE, without the prior consent of the Lender, creates a security mortgage over the assets and undertaking of TSFM, which ranks in priority or equally with the security created under the Loan Facility Agreement.

³ EVZ Management has indicated that the Commonwealth Bank of Australia has expressed willingness to release its security over TSFM, to facilitate a first ranking charge to be made by the Lender pursuant to the Security Transactions.

1.3. Key terms of the General Asset Security Agreement

The General Security Agreement dated 26 September 2016 in relation to TSFM's assets and undertaking is between the Lender and TSFM ("**General Asset Security Agreement**").

The key terms of the General Asset Security Agreement are summarised below:

- TSFM grants a fixed and floating charge over its assets and undertaking to the Lender as security for the loan granted under the Loan Facility Agreement; and
- The Lender may, among other remedial actions, exercise a power of sale over the assets and undertaking of TSFM to recoup the loan advanced by it to TSFM, after an event of default which includes inter alia, the following:
 - the loan is not paid when due;
 - the indebtedness of TSFM or a related entity:
 - becomes payable before maturity due to an event of default; or
 - is not paid when due.

1.4. Key terms of the General Share Security Agreement

The General Security Agreement dated 26 September 2016 in relation to the TSFM shares owned by TSFE is between the Lender and TSFE ("**General Share Security Agreement**").

The key terms of the General Share Security Agreement are summarised below:

- TSFE grants a fixed charge over the TSFM shares owned by it to the Lender as security for the loan granted under the Loan Facility Agreement;
- The Lender may, among other remedial actions, exercise a power of sale over the shares held by TSFE in TSFM to recoup the loan advanced by it to TSFM, after an event of default which includes inter alia, the following:
 - the loan is not paid when due;
 - the indebtedness of TSFM or a related entity:
 - becomes payable before maturity due to an event of default; or
 - is not paid when due.

1.5. Key terms of the Put and Call Option Agreement

The Put and Call Option Agreement dated 26 September 2016 is between the Lender, TSFM and TSFE ("**Put and Call Option Agreement**").

The key terms of the Put and Call Option Agreement are summarised below:

- The Lender is granted a call option to acquire the TSFM shares held by TSFE with the following terms:
 - Exercise price: \$1,000,000
 - Exercisable period: 1 December 2017 to 28 January 2018
 - The call option can only be exercised on occurrence of the following events:
 - The expiration of the period ending midnight on 1 December 2017
 - The default of any financial obligation to a lending institution by TSFE or TSFM
 - The application for the appointment or appointment of an administrator, receiver or liquidator for TSFE or TSFM or any of their related entities;
 - The call option expires when the option has been exercised for an option event, or when the deed is revoked by the parties.
- TSFE grants the Lender a floating charge over the TSFM shares, which converts into a fixed charge on exercise of the call option by the Lender.

- TSFE is granted a put option to require the Lender to acquire the TSFM shares from TSFE with the following terms:
 - Exercise price: \$1,000,000
 - Exercisable period: 1 December 2017 to 28 January 2018
 - The put option can only be exercised after midnight on 1 December 2017
 - The put option expires when the option has been exercised for an option event, or when the deed is revoked by the parties.
- On exercise of the option, the Lender will pay the \$1,000,000 exercise price to TSFE within fourteen days of the exercise date.
- Notwithstanding the exercise of the call or put option, TSFE may terminate the obligation to transfer the TSFM shares by written notice to the Lender at any time prior to the due date for payment of the exercise price, provided TSFE or TSFM pays the Lender the amounts owing to it under the Loan Facility Agreement.

2. Purpose and scope of the report

2.1. Purpose

ASX Listing Rule 10.1 requires a listed entity to obtain shareholders' approval before acquiring or disposing of a substantial asset from a related party, when the value of the asset, or the value of the consideration to be paid, is 5% or more of the equity interest of the entity.

EVZ management indicated that the Lender is a related party to Graham Burns, Max Findlay, Rob Edgley (being Directors of EVZ) and Scott Farthing (being the Chief Executive Officer of EVZ)⁴.

In the event of default, the Security Transactions allow the Lender to exercise a power of sale over all the assets and undertaking of TSFM to recoup the loan advanced by it to TSFM or to acquire the shares in TSFM from TSFE in satisfaction of the loan advanced.

Given that the Security Transactions constitute the potential disposal of substantial assets (being assets worth more than 5% of the equity interests of EVZ) by the Company to a related party, Listing Rule 10.10.2 requires that the Notice of Meeting to approve the Security Transactions be accompanied by a report from an independent expert stating whether the Security Transactions are fair and reasonable to the Non-Associated Shareholders.

Accordingly, the Directors of EVZ have engaged ShineWing Australia Corporate Finance to prepare an independent expert's report stating whether, in its opinion, the Security Transactions are fair and reasonable to the Non-Associated Shareholders.

2.2. Basis of assessment

ShineWing Australia Corporate Finance has had regard to Regulatory Guide 111 *Content of expert reports* ("RG 111") and RG76 *Related Party Transactions* issued by the Australian Securities and Investments Commission ("ASIC").

The term "fair and reasonable" does not have any statutory definition, although, over time, a commonly accepted meaning has evolved. RG 111 provides some guidance to the use of that term.

RG111 states that where an expert assesses whether a related party transaction is "fair and reasonable", there should be a separate assessment of whether the transaction is "fair" and "reasonable", as in a control transaction.

RG 111 notes that:

- an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison is made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash.
- RG 111 states that an offer is "reasonable" if it is fair. It might also be reasonable if despite being "not fair" the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

Having regard to the above, in considering the fairness of entering into the Security Transactions, we have compared the fair market value of the Secured Assets that would be provided to the Lender pursuant to the Security Transactions in the event of default, compared to the fair market value of the Loan that would be settled under the terms of the Loan Facility Agreement.

⁴ Graham Burns, Max Findlay, Rob Edgley and Scott Farthing each hold less than 10% of the issued ordinary shares in EVZ. Together, they hold approximately 9.4% of the issued ordinary shares in EVZ.

In considering whether the Security Transactions are reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Security Transactions are fair;
- The implications to EVZ and the Non-Associated Shareholders if the Security Transactions are not approved; and
- Other likely advantages and disadvantages associated with the Security Transactions.

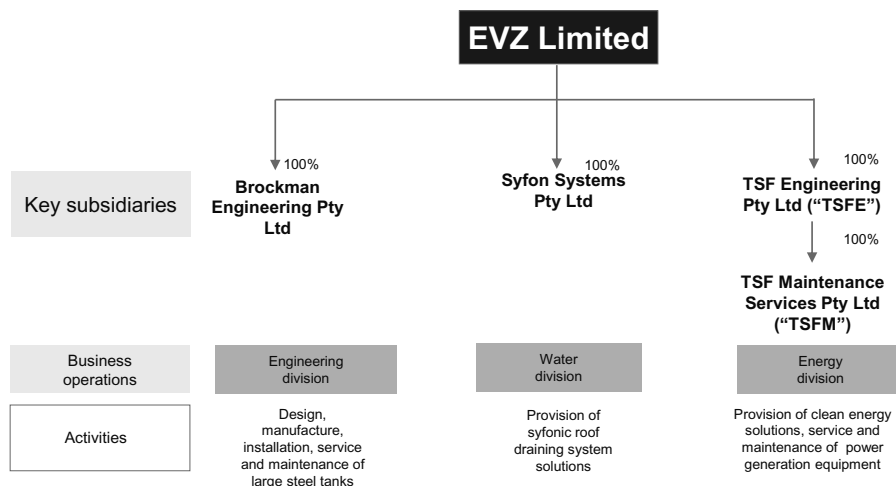
For the purpose of our opinion, fair market value is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

3. Profile of EVZ

3.1. Company overview

EVZ operates in the engineering and energy services sector. The principal activities of EVZ include the design, manufacture, installation, service and maintenance of large steel tanks, syfonic roof draining systems, clean energy solutions and power generation equipment.

EVZ's group structure is set out below:



Source: Management

3.2. Financial performance

The table below summarises EVZ's consolidated statement of comprehensive income for the financial years ended 30 June 2014 ("FY14"), 30 June 2015 ("FY15") and 30 June 2016 ("FY16"):

\$	Actual FY14	Actual FY15	Actual FY16
Revenue	64,433,155	70,311,742	63,986,789
Revenue growth (%)	na	9.1%	(9.0)%
Cost of sales	(53,051,154)	(62,854,962)	(53,223,235)
Gross profit	11,382,001	7,456,780	10,763,554
Gross profit margin (%)	17.7%	10.6%	16.8%
Other income	109,397	71,743	402,678
Administration and business development costs	(11,434,477)	(10,729,945)	(10,666,538)
Corporate costs	(1,439,895)	(1,357,508)	(1,089,499)
Impairment of other assets	(373,712)	(162,855)	-
Impairment of plant and equipment	(343,409)	-	-
Impairment of intangibles	(3,913,481)	(4,003,799)	(98,104)
Profit / (loss) before finance costs and income tax	(6,013,576)	(8,725,584)	(687,909)
Net finance costs	(1,099,611)	(1,664,230)	(1,534,999)
Profit / (loss) before income tax	(7,113,187)	(10,389,814)	(2,222,908)
Income tax (expense) / benefit	901,692	(36,977)	(215,287)
Profit/ (loss) after income tax	(6,211,495)	(10,426,791)	(2,438,195)
Other comprehensive income:			
Items that may be classified subsequently to profit or loss			
Exchange differences arising on translation of	(64,987)	56,598	(40,486)
Total comprehensive income / (loss) for the year attributable to owners of the company	(6,276,482)	(10,370,193)	(2,478,681)

Source: EVZ Annual Reports

We make the following key comments with respect to EVZ's historical financial performance:

- In FY15, the Engineering division continued its strong turnaround with a 56.9% growth in revenue. Lower revenue was generated by the Energy division during the year as the roll out of the Group's clean energy solutions were delayed in the midst of uncertainty regarding the Government's position on a national policy for clean energy and gas pricing.
- In FY16, revenue of the Energy division continued its declining trend with a 53.2% drop from the previous year.
- Despite an increase in revenue of 9.1% in FY15, EVZ's gross profit margin declined from 17.7% in FY14 to 10.6% in FY15. This was due primarily to the provision of expected future costs following the commercial resolution of a number of key projects in the Energy division and the Australian arm of the Water division, which were completed or nearing completion.
- Other income in FY16 includes gain on acquisition of asset of \$356k.
- The lack of energy projects as a result of continuing uncertainty, led to the impairment of goodwill in relation to the Energy division in both FY14 and FY15.
- Net finance cost relates to the Company's bank facilities with Commonwealth Bank of Australia.
- EVZ incurred losses after tax throughout FY14, FY15 and FY16.

3.3. Financial position

The table below summarises EVZ's consolidated statement of financial position as at 30 June 2014, 30 June 2015 and 30 June 2016.

	Actual As at 30 June 2014	Actual As at 30 June 2015	Actual As at 30 June 2016
\$			
Current assets			
Cash and cash equivalents	2,047,109	1,013,866	1,561,574
Trade and other receivables	16,373,386	14,782,087	11,249,768
Inventories	1,983,863	1,825,064	1,764,881
Financial assets	9,947	63,729	31,417
Total current assets	20,414,305	17,684,746	14,607,640
Non-current assets			
Trade and other receivables	525,189	978,754	1,449,202
Plant and equipment	4,648,282	5,082,502	4,688,822
Deferred tax assets	4,313,415	4,313,415	4,313,415
Intangible assets	16,075,809	12,072,010	12,072,010
Financial assets	52,091	-	-
Total non-current assets	25,614,786	22,446,681	22,523,449
Total assets	46,029,091	40,131,427	37,131,089
Current liabilities			
Trade and other payables	13,817,399	14,871,425	14,478,636
Tax liabilities	750	-	94,554
Short-term borrowings	3,666,849	13,454,208	13,317,789
Provisions	2,380,563	3,127,660	3,081,940
Total current liabilities	19,865,561	31,453,293	30,972,919
Non-current liabilities			
Long-term borrowings	7,455,614	241,268	122,958
Deferred tax liabilities	47,219	23,469	43,237
Provisions	60,595	149,738	206,997
Total non-current liabilities	7,563,428	414,475	373,192
Total liabilities	27,428,989	31,867,768	31,346,111
Net assets	18,600,102	8,263,659	5,784,978

Source: EVZ Annual Reports

We make the following key comments with respect to EVZ's historical financial position:

- Deferred tax assets relate primarily to unrecouped tax losses.
- Intangible assets comprise mainly of goodwill in relation to the Engineering and Water divisions. Goodwill relating to the Energy division was fully impaired as at 30 June 2015.
- EVZ breached its bank covenants with its financier, the Commonwealth Bank of Australia throughout FY14 to FY16, and continued to pursue its debt reduction strategy. The maturity date of the Company's bank loans were extended a number of times over the period, and the facilities were restructured.
- As at 30 June 2016, borrowings include market rate loans (\$13.2 million) and lease liabilities (\$241k). Interest on the market rate loans which are payable monthly and quarterly in arrears, are charged at the prevailing bank bill rate plus an applicable line fee. The bank loans are secured by a registered equitable mortgage over the assets and undertakings of EVZ as well as an unlimited guarantee from certain EVZ subsidiaries, including TSFE and TSFM.
- A revised facility agreement with the Commonwealth Bank of Australia executed on 30 August 2016 provides for the extension of the banking facilities to 31 December 2017 and a moratorium on principal repayments to the same date. The covenants associated with this new facility remain unchanged being an interest cover covenant (of 3 times EBIT) and a current ratio covenant (of 1.25 times).
- The report of the Company's auditors in the financial report of EVZ for FY15 and FY16 include an emphasis of matter on the Group's ability to continue as a going concern. In the financial report of EVZ for FY16, the auditors note that the Group's ability to continue as a going concern is dependent on continuing support of the Commonwealth Bank of Australia, including the granting of any waiver relating to covenants, and the Group's ability to continue to meet its profit forecasts.

The EVZ Directors concluded in the FY16 financial report that the circumstances above represent a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern, however, have a reasonable expectation that the group has adequate resources to continue operating for the foreseeable future.

3.4. Capital structure

As at 21 September 2016, EVZ has 210,548,789 ordinary shares on issue. The ordinary shares are listed on the ASX.

The top ten shareholders of EVZ as at 21 September 2016 are set out below:

Shareholder	Number of ordinary shares held	Percentage of issued shares
UBS Nominees Pty Ltd	17,620,429	8.4%
Stuart Andrew Pty Ltd (Campaspe Family a/c)	8,700,000	4.1%
Powis Superannuation Pty Ltd (Powis Super Fund a/c)	8,571,949	4.1%
Myall Resources Pty Ltd (Myall Group Super Fund a/c)	7,650,000	3.6%
Smithley Super Pty Ltd (Smith Super Fund a/c)	7,000,000	3.3%
Linwierik Super Pty Ltd (Linton Super Fund a/c)	5,855,181	2.8%
Airlie Beach Holdings Pty Limited (Burns Family a/c) ¹	5,666,667	2.7%
Airlie Beach Holdings Pty Limited (ABI Super Fund a/c) ¹	5,543,985	2.6%
Keith Andrew Fagg and Heather Elizabeth Fagg (KA & HE Fagg S/fund a/c)	4,828,001	2.3%
CJ Arms Superannuation Fund Pty Ltd (CJ Arms Super Fund a/c)	4,570,178	2.2%
Total Top 10 shareholders	76,006,390	36.1%
Other shareholders	134,542,399	63.9%
Total	210,548,789	100.0%

Source: Management

Note:

¹ An entity related to Graham Burns, a Director and Chairman of EVZ.

4. Profile of TSFM

4.1. Company overview

TSFM is a wholly-owned subsidiary of TSFE, which in turn is wholly-owned by EVZ.

TSFM provides servicing and maintenance services on diesel and gas generators. TSFM also maintains ancillary equipment such as gas and air compressors, chillers and pumps.

TSFM offers 3 service levels of maintenance:

- Breakdown maintenance;
- Routine and breakdown maintenance; and
- Comprehensive maintenance.

4.2. Financial performance

The table below summarises TSFM's financial performance for the financial years ended FY14, FY15 and FY16:

	Actual FY14	Actual FY15	Actual FY16
\$			
Revenue			
Service, maintenance and other revenue	4,652,662	4,940,404	5,236,113
Revenue growth (%)	na	6.2%	6.0%
Cost of goods sold	(2,943,398)	(3,380,008)	(3,771,834)
Gross profit	1,709,264	1,560,397	1,464,279
Gross profit margin (%)	36.7%	31.6%	28.0%
Operating expenses			
Administrative expenses	(203,860)	(112,896)	(76,052)
Other operating expenses	(1,173,171)	(930,647)	(1,049,928)
Total operating expenses	(1,377,032)	(1,043,543)	(1,125,980)
EBITDA	332,232	516,854	338,299
EBITDA margin (%)	7.1%	10.5%	6.5%
Depreciation	(48,239)	(48,150)	(47,548)
EBIT	283,993	468,704	290,751
EBIT margin (%)	6.1%	9.5%	5.6%
Net interest expense	-	-	-
Profit before tax	283,993	468,704	290,751

Source: Management

We make the following key comments with respect to TSFM's historical financial performance:

- TSFM's overall revenue grew at around 6.0% in FY15 and FY16.
- Gross profit margin was lower in FY15 compared to FY14, due in part to greater classification of certain operating expenses as cost of goods sold in FY15.
- Increasing competition within the industry, as well as a delay by a long standing key customer in undertaking its regular maintenance program, contributed to a decline in the gross profit margin from 36.7% in FY14 to 28.0% in FY16.
- TSFM's premises are leased from related companies within the Group at commercial rates.

4.3. Financial position

The table below summarises TSFM's financial position as at 30 June 2014, 30 June 2015, 30 June 2016 and 31 August 2016.

\$	Actual As at 30 June 2014	Actual As at 30 June 2015	Actual As at 30 June 2016	Actual As at 31 August 2016
Current assets				
Cash and cash equivalents	86,981	182,234	23,931	68,386
Receivables	745,177	730,301	900,312	767,806
Loan to TSFE	2,835,655	3,278,269	4,052,021	4,366,999
Loan to EVZ	-	-	-	33,000
Stock	52,680	43,416	47,727	47,727
Work-in-progress	21,619	81,322	155,776	178,767
Total current assets	3,742,111	4,315,541	5,179,766	5,462,685
Non-current assets				
Property, plant and equipment	171,150	147,821	85,892	82,162
Deferred tax asset	30,566	30,566	30,566	30,566
Total non-current assets	201,716	178,387	116,458	112,728
Current liabilities				
Payables	319,245	396,272	765,351	647,354
Loan from EVZ	795,425	880,769	905,769	880,769
Loan from TSFC	-	-	-	300,000
Loan from Brockman Engineering	66,502	66,502	66,502	66,502
Provisions	173,134	177,503	294,970	363,749
Total current liabilities	1,354,307	1,521,047	2,032,592	2,258,375
Net assets	2,589,521	2,972,881	3,263,632	3,317,038

Source: Management

We make the following key comments with respect to TSFM's historical financial position:

- As at 31 August 2016, TSFM has net tangible assets of \$3.3 million.
- Loan to TSFE and EVZ relate mainly to the recharge of costs of employees seconded to the related companies, in times of excess capacity in TSFM, and include the initial advance of \$300,000 provided by the Lender to TSFM under the terms of the Loan Facility Agreement, which TSFM advanced to the related entities for working capital purposes.
These related party loans are non-interest bearing and have no fixed terms for repayment.
- Work-in-progress relates to unbilled work performed for customers.
- Loan from EVZ relates mainly to taxation liabilities of TSFM pursuant to the Group's tax consolidation structure.
- As at 31 August 2016, the loan from TSFC relates to the initial advance of \$300,000 provided by the Lender to TSFM under the terms of the Loan Facility Agreement.
- Brockman Engineering Pty Ltd ("**Brockman Engineering**") is a wholly-owned subsidiary of EVZ. The amount owing to Brockman Engineering is non-interest bearing and have no fixed terms for repayment.
- Provision liability comprise primarily of employee provisions.

4.4. Industry overview

TSFM provides generator maintenance services primarily to the property, social, telecommunication and utility industries.

Demand for plant and equipment maintenance services in the property sector is largely dependent on the scale of building construction activities. There is also growing demand for building safety and accommodation services from the social subsectors, which increases demand for maintenance services.

Infrastructure maintenance services in Australia relates primarily to the mining, energy, utility, transport and telecommunication sectors. IBISWorld expects a scale-back in infrastructure investment over the next 5 years particularly within the mining and energy sectors, as stakeholders increase their focus on the commercial aspects of the investments.

Significant infrastructure investment within the energy and telecommunication sectors in the past 5 years is expected to reduce the level of maintenance required in the near future.

IBISWorld expects industry revenue to increase at an annualised 3.5% to \$24.3 billion over the next 5 years through to FY21.

5. Valuation methodologies

5.1. Share valuation methodologies

The value of shares in a company or the value of a business is usually determined with regard to both asset values and the consistency and quality of earnings / cash flows. The principal methodologies which can be used are as follows:

- capitalisation of maintainable earnings;
- discounted cash flow analysis;
- asset-based valuations;
- comparable market value; and
- quoted market price valuations.

A summary of each of these methodologies is outlined in **Appendix C**.

We have considered the relevance of each of these methodologies prior to undertaking our valuation. Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of the company and available information.

5.2. Valuation approach adopted

We have assessed the fair market value of TSFM under the following methodologies:

- Capitalisation of maintainable earnings methodology: We consider the capitalisation of maintainable earnings methodology to be appropriate as the primary methodology in valuing TSFM due to the following factors:
 - TSFM is an established business that has shown a consistent track record of historical profits, which is expected to continue in future;
 - The net assets method does not reflect the future earnings potential of TSFM; and
 - The lack of long term financial forecasts that may be relied upon do not enable a discounted cash flow methodology to be adopted.
- We have also considered the asset-based approach as a cross-check.

5.3. Premium for control

Controlling interests in companies generally confer benefits greater than non-controlling interests. Such benefits include the ability to:

- elect directors and appoint management;
- influence managerial control, including day to day running of the business;
- determine management compensation;
- set company policies and business strategy;
- award business contracts;
- make acquisitions;
- influence decisions about the corporate structure;
- register the company's shares for a public offering; and
- impact dividend policy.

Accordingly, controlling interests are generally considered to be more valuable than non-controlling interests.

It is observed that takeovers involving the acquisition of a majority interest generally take place at significant premiums to portfolio or minority interests. This premium is generally in the range of 20% to 40% and represents two elements:

- a pure control premium; and
- the expected synergy benefits which the acquirer is prepared to pay the target shareholders.

Observed premiums in takeovers therefore include both elements however it is not possible to separate these two elements in any meaningful way. A number of studies have been conducted in this area, and they are subject to the facts surrounding the company being valued and the unique features of the transaction including:

- the synergies to be achieved; and
- the costs of integrating the businesses.

6. Valuation of TSFM

6.1. Capitalisation of maintainable earnings methodology

When applying the capitalisation of maintainable earnings methodology to derive the fair market value of TSFM, we have:

- Estimated TSFM's future maintainable earnings ("FME");
- Assessed an appropriate range of multiples to apply to our estimated FME;
- Considered any surplus or unrelated assets and liabilities, if applicable; and
- Estimated the fair market value of TSFM.

We have established earnings before interest, tax, depreciation and amortisation ("EBITDA") as an appropriate level of FME in assessing the fair market value of TSFM as earnings multiples based on EBITDA are less sensitive to different capital structures, tax rates, depreciation and amortisation accounting policies.

6.2. Future maintainable earnings

FME reflects a level of earnings expected to be achieved by TSFM in the future on an ongoing basis.

In assessing the FME of TSFM, we have considered the historical financial performance of TSFM for FY14, FY15 and FY16 and adjusted for significant and non-recurring items as set out below:

	Actual FY14	Actual FY15	Actual FY16
\$			
Revenue	4,652,662	4,940,404	5,236,113
Reported EBITDA	332,232	516,854	338,299
Reported EBITDA margin (%)	7.1%	10.5%	6.5%
Normalisation adjustments			
One-off employee and related expenses	-	-	70,000
Normalised EBITDA	332,232	516,854	408,299
Normalised EBITDA margin (%)	7.1%	10.5%	7.8%

Source: Management, SWA Analysis

We have made adjustments to exclude certain employee and related expenses which are non-recurring.

We have estimated the future maintainable EBITDA of TSFM to be \$470,000, having regard to the following:

- While TSFM's overall revenue has been growing steadily, competitive pressure has resulted in a decline in EBITDA margin between FY14 and FY16;
- Delays by a long standing key customer in undertaking its regular maintenance program in the second half of FY16 contributed to a decline in the overall gross profit margin of TSFM in FY16. Management has indicated that subsequent to 30 June 2016, projects with the key customer have recommenced;

- We have also considered Management's budgeted outlook for TSFM. Management has indicated based on the performance in recent months, there is a reasonable expectation that the FY17 financial performance will exceed the FY16 result. Management also expects to continue to gain ground in TSFM's Queensland and Victorian markets with greater focus to drive growth in those market in FY17.

6.3. Earnings multiple

In selecting an appropriate EBITDA multiple for TSFM, we have considered the following:

- Earnings multiple of comparable listed companies; and
- Transaction multiples of recent comparable company acquisitions that have occurred in the relevant industry.

6.3.1. Trading multiple

The trading multiples of comparable listed companies are based on the listed share price, which represents a marketable minority interest value.

We have compiled trading multiples for companies comparable to TSFM as set out below:

Company name	Latest FY	Market capitalisation \$'m	Historical EBITDA multiple FY	Forecast EBITDA multiple FY+1
Decmil Group Limited.	30/06/2016	180	17.3	6.9
UGL Limited	30/06/2016	347	nmf	3.7
RCR Tomlinson Limited	30/06/2016	371	12.6	6.0
Monadelphous Group Limited	30/06/2016	856	6.0	7.1
Downer EDI Limited	30/06/2016	2,337	4.6	5.1
CIMIC Group Limited	31/12/2015	9,041	6.0	7.7
		Average	9.3	6.1
		Median	6.0	6.5
		Low	4.6	3.7
		High	17.3	7.7

Source: S&P Global, ASX announcements, SWA analysis

Notes:

FY – Financial year

FY + 1 - Forecast based on broker estimates

Enterprise value is the sum of the market capitalisation as at 5 October 2016, preference shares and net debt at the latest reporting date

na – Not applicable or information not available

nmf – Not meaningful

We make the following comments in relation to the trading multiples of the observed companies:

- The observed companies are not directly comparable to TSFM;
- The observed companies are significantly larger than TSFM. Larger companies generally have higher earnings multiples;
- The observed companies also have more diversified activities, with engineering and construction services as a primary or significant offering relative to maintenance services. Other companies such as UGL Limited, generates a significant portion of its revenue from the supply of rolling stock for passenger and freight rail; and
- The observed comparable companies have a median historical and forecast EBITDA multiple of 6.0 times and 6.5 times respectively.

Further details including brief descriptions of the business activities of each observed comparable company are set out in **Appendix D**.

6.3.2. Transaction multiple

The transaction multiples of comparable companies provide guidance as to the price that potential acquirers might be willing to pay for a controlling interest in a company.

We have identified the following comparable transactions:

Completion date	Target	Acquiror	% of shares acq.	Transaction value (\$mil)	Implied EBITDA multiple (times)
1/08/2016	SMEC Holdings Limited	Surbana International Consultants Pte Ltd	100%	446.5	11.3
02/05/2016	Broadspectrum Limited	Ferrovial S.A.	100%	1,310.0	4.9
8/02/2016	J & P Richardson Industries Pty Ltd.	VINCI Energies S.A.	100%	98.6	4.0
15/01/2016	Coffey International Limited	Tetra Tech, Inc.	100%	200.4	8.2
23/04/2014	Production Solutions	GR Engineering Services Limited	100%	5.8	2.4
11/02/2014	T & C Services Pty Ltd	Ativo Pty Ltd	100%	34.0	4.4
18/04/2013	Eastcoast Development Engineering Pty Ltd	Decmil Group Limited	100%	29.3	2.3
31/10/2012	G&S Engineering Services Pty Ltd.	Calibre Group Limited	100%	97.0	5.0
Mean					5.3
Median					4.7
Low					2.3
High					11.3

Source: S&P Global, Mergermarket, ASX announcements, SWA analysis

We make the following comments in relation to the implied transaction multiples:

- The observed transactions are not directly comparable to TSFM in terms of business activities and are significantly larger than TSFM;
- A number of the companies acquired specialise in the mining, oil and gas sectors, which are not the primary focus of TSFM, and therefore, may not reflect the same growth profile as TSFM;
- We consider the transactions involving companies that provide operations and maintenance (“O&M”) services to be broadly comparable to TSFM;
- Broadspectrum Limited (“**Broadspectrum**”), formerly Transfield Services Limited, provides logistics, facilities management, construction and O&M services to the defence, social, property, infrastructure, resources and industrial sectors. Broadspectrum also has operations in the Americas.

Broadspectrum’s infrastructure division, which represents around 28% of the FY15 revenue, provides infrastructure construction and O&M services to the utilities, transport and telecommunications sectors.

Ferrovial S.A, a Spanish infrastructure group, acquired Broadspectrum for an implied multiple of 4.9 times EBITDA in 2016.

- Production Solutions which provides O&M and management services to the oil and gas sector, was acquired for an implied multiple of 2.4 times EBITDA in 2014; and
- In 2014, Thomas & Coffey Limited sold its maintenance service business, T&C Services Pty Ltd for an implied multiple of 4.4 times EBITDA. T&C Services Pty Ltd provides maintenance and asset management services to the industrial, manufacturing, mining and utilities sectors.

Further details including brief descriptions of the business activities of each observed comparable company are set out in **Appendix D**.

6.3.3. Determination of the EBITDA multiple

Based on the above analysis, we consider an EBITDA multiple of between 3.0 and 4.0 times to be appropriate in assessing the value of TSFM on a control basis, having regard to the following:

- TSFM is significantly smaller than the observed comparable companies. Generally, larger companies have a higher earnings multiple;
- TSFM secures a level of recurring flow of work from a number of long standing customers, and do not have any key customer concentration risk;
- The growth outlook for TSFM is uncertain, with revenue highly reliant upon clients continuing their maintenance programs; and
- The industry is highly competitive, placing pressure on profit margins.

6.4. Net debt

A valuation undertaken by capitalising EBITDA gives the aggregate fair market value of the company on an ungeared basis, commonly referred to as the enterprise value. In order to determine the value of the equity, net interest bearing debt must be deducted from the enterprise value.

As at 31 August 2016, TSFM has no net debt.

6.5. Surplus assets and liabilities

Surplus assets and liabilities represent those that are not required by the company to continue to realise its principles source of earnings.

Based on discussions with Management, we have identified the following loans owing by / (to) related parties:

\$	
Loan to TSFE	4,366,999
Loan to EVZ	33,000
Loan from TSFC	(300,000)
Loan from Brockman Engineering	(66,502)
Loan from EVZ	(880,769)
Net surplus assets / (liabilities)¹	3,152,728

Source: Management, SWA Analysis

Note:

¹ Based on balances as at 31 August 2016

Management has indicated that the Lender has provided an undertaking to EVZ that any intercompany balances existing between TSFM and the EVZ Group on enforcement of the General Asset Security Agreement, General Share Security Agreement or Put and Call Option Agreement, will be immediately forgiven.

On that basis, we have not included the related party loans above as surplus assets and liabilities of TSFM, in assessing the value of TSFM.

6.6. Valuation summary

Based on our analysis, we estimate the fair market value of 100% of the equity interest in TSFM to be as follows:

\$	Low	High
Future maintainable earnings	470,000	470,000
EBITDA multiple	3.0x	4.0x
Enterprise value	1,410,000	1,880,000
Less: Debt	-	-
	1,410,000	1,880,000
Add / (less): Surplus assets / (liabilities)	-	-
Equity value	1,410,000	1,880,000

Source: SWA Analysis

6.7. Other matters

In 2016, EVZ received a non-binding indicative offer from an external party to acquire 100% of the shares in TSFM.

The indicative valuation of TSFM by the external party pursuant to the non-binding indicative offer, which was subject to due diligence, was within the range of our assessed equity value of TSFM.

We note, however, that neither the due diligence nor non-binding indicative offer proceeded to completion. Therefore, the indicative valuation of TSFM by the external party should be viewed as a guide only, and not necessarily a cross-check to our assessed value for TSFM.

7. Valuation of the Secured Assets

7.1. Background

Subject to the Non-Associated Shareholders' approval being obtained, the Security Transactions effectively allow the Lender to secure the Loan against the following:

- Assets and undertaking of TSFM; and
- Shares in TSFM.

Our assessment of the fair market value of the Secured Assets is set out below.

7.2. Valuation of the assets of TSFM

In the event of a default, the Lender will be able to obtain the proceeds from the disposal of the assets of TSFM under the terms of the General Asset Security Agreement.

We have assessed the value of the assets of TSFM that the Lender may potentially realise in the event of default, by reference to TSFM's statement of financial position as at 31 August 2016. For this purpose, we have assumed that the net book value of the assets as at 31 August 2016 represent their fair market values.

The result of our analysis is set out below.

\$	As at 31 August 2016	Adjustments	Fair market value of the assets of TSFM
Current assets			
Cash and cash equivalents	68,386		68,386
Receivables	767,806		767,806
Loan to TSFE	4,366,999	(4,366,999)	-
Loan to EVZ	33,000	(33,000)	-
Stock	47,727		47,727
Work-in-progress	178,767		178,767
Total current assets	5,462,685		1,062,686
Non-current assets			
Property, plant and equipment	82,162		82,162
Deferred tax asset	30,566	(30,566)	-
Total non-current assets	112,728		82,162
Total assets	5,575,414		1,144,848

Source: Management, SWA Analysis

In relation to the table above, we note that:

- we have not attributed any value to the loans owing by related parties as we understand from Management that the Lender has provided an undertaking that any intercompany balances existing between TSFM and the EVZ Group on enforcement of the General Asset Security Agreement, General Share Security Agreement or Put and Call Option Agreement, will be immediately forgiven.
- property, plant and equipment of TSFM relates to plant and equipment, motor vehicles and office, furniture and fittings; and
- we have not attributed any value to deferred tax assets.

Based on the above, we have estimated the fair market value of the assets of TSFM that the Lender may potentially realise in the event of default to be \$1,144,848.

7.3. Valuation of the shares in TSFM

As set out in **Section 6**, we have assessed fair market value of the equity in TSFM to be between \$1,410,000 and \$1,880,000.

7.4. Valuation of the Secured Assets

While the Lender has several options as to the type of security it could exercise under the terms of the Security Agreements, we do not consider it unreasonable to assume that a more likely option is for the Lender to exercise the security over the undertaking (i.e. business) or shares in TSFM, as it provides an opportunity for the Lender to benefit from any future growth in the TSFM business.

Further, we note that our assessed value range of the TSFM shares is higher than the value of the TSFM assets as discussed in **Section 7.2** and **Section 7.3** above.

Based on the above, we have assessed the fair market value of the Secured Assets to be between \$1,410,000 and \$1,880,000.

Appendix A - Qualification, limitation and consent

Qualifications and independence

ShineWing Australia Corporate Finance is an authorised representative of ShineWing Australia Wealth Pty Ltd ABN 34 006 341 386, Australian Financial Services Licence 236556.

ShineWing Australia Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, ShineWing Australia Corporate Finance considered its independence with respect to EVZ and all other parties involved in the Security Transactions with reference to the ASIC Regulatory Guide 112 “Independence of expert” and APES 110 “Code of Ethics for Professional Accountants” issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to EVZ, its shareholders and all other parties involved in the Security Transactions.

ShineWing Australia Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with EVZ or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Security Transactions.

ShineWing Australia Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

ShineWing Australia Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. ShineWing Australia Corporate Finance’s out-of-pocket expenses in relation to the preparation of this report will be reimbursed. ShineWing Australia Corporate Finance will receive no other benefit for the preparation of this report.

ShineWing Australia Corporate Finance considers itself to be independent in terms of RG 112.

Draft reports

An advance draft of this report was provided to the management of EVZ for their comments as to its factual accuracy. As a result, certain changes were made to factual statements in this report. However, no alterations were made to the methodology, valuations or conclusions as a result of these factual reviews.

Valuation basis

Our valuation assumes that EVZ will continue as a going concern.

Analysis undertaken

In preparing this report, we have used and relied upon the information set out in **Appendix B** and representations made by the management of EVZ. All material information and explanations requested to prepare this report have been made available.

We have considered and relied upon this information. We believe that the information from which this report was compiled was reliable, complete and appropriate for our purposes and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of preparing our report. However, we do not warrant that our enquiries have identified or verified all the matters which an audit, extensive examination or ‘due diligence’ investigation might disclose. None of these additional tasks have been undertaken.

ShineWing Australia Corporate Finance has been provided with historical information prepared by EVZ and whilst ShineWing Australia Corporate Finance has in part relied upon this information in preparing this report, EVZ remains responsible for all aspects of this information.

Other than this report, ShineWing Australia Corporate Finance has not been involved in the preparation of the Notice of Meeting, Explanatory Statement or any other document prepared in respect of the Security Transactions. Accordingly, we take no responsibility for the content of the Notice of Meeting and Explanatory Statement as a whole or any other document prepared in respect of the Security Transactions other than this report.

Market changes

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Our valuation of EVZ at the valuation date does not take into account events that have occurred subsequent to our valuation date, that were not expected to occur at that date.

Indemnity

Recognising that ShineWing Australia Corporate Finance may rely on information prepared by EVZ and its officers, EVZ has agreed to make no claim against ShineWing Australia Corporate Finance to recover any loss or damage which EVZ may suffer as a result of reasonable reliance by ShineWing Australia Corporate Finance on the information provided by EVZ, and to indemnify ShineWing Australia Corporate Finance and its officers and employees, who may be involved in or in any way associated with the preparation of this report, against any and all losses, claims, damages and liabilities arising out of or related to the performance of services by ShineWing Australia Corporate Finance in connection with our assessment and occasioned by reliance by ShineWing Australia Corporate Finance on information provided by EVZ or its representatives which is subsequently found to be false or misleading or not complete. Complete information is deemed to have been provided, which at the time of completing our report, should have been available to ShineWing Australia Corporate Finance and would reasonably have been expected to have been made available to ShineWing Australia Corporate Finance to enable us to form our opinion.

Consents

ShineWing Australia Corporate Finance consents to the inclusion of this report in the form and context in which it accompanies the Notice of Meeting and Explanatory Statement to be issued to the Shareholders of EVZ including the Non-Associated Shareholders. Neither the whole nor any part of this report or any reference thereto may be included in any other document without the prior written consent of ShineWing Australia Corporate Finance as to the form or context in which it appears.

Appendix B - Sources of information

In preparing this report, we have considered the following key sources of information:

- the draft Notice of Meeting and Explanatory Memorandum;
- Annual Report of EVZ for the financial year ended 30 June 2014, 30 June 2015 and 30 June 2016;
- Loan Facility Agreement between TSFC, TSFM and TSFE (unsigned);
- General Security Agreement between TSFC and TSFM (unsigned);
- General Security Agreement between TSFC and TSFE (unsigned);
- Put and Call Option Agreement between TSFC, TSFM and TSFE (unsigned);
- Unaudited profit and loss and balance sheet of TSFM for the financial year ended 30 June 2014, 30 June 2015, 30 June 2016 and 2 months ended 31 August 2016;
- IBISWorld Industry Report;
- Other information provided by EVZ;
- S&P Global;
- Mergermarket;
- ASX announcements for EVZ and observed comparable companies;
- Other publicly available information; and
- Discussions with the Management of EVZ.

Appendix C - Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix D - Description of comparable companies

A brief description of the comparable companies is as follows:

Decmil Group Limited

Decmil Group Limited provides design, engineering, and construction works for the oil and gas, resources, government, and infrastructure sectors in Australia and internationally.

UGL Limited

UGL Limited provides outsourced engineering, construction, and asset management and maintenance services to blue-chip companies, government agencies, private enterprise, and public institutions in Australia and internationally.

RCR Tomlinson Limited

RCR Tomlinson Limited, a multi-disciplinary engineering and infrastructure company, together with its subsidiaries, provides integrated engineering solutions to the resources, energy, mining, and infrastructure sectors in Australia and internationally.

Monadelphous Group Limited

Monadelphous Group Limited, an engineering group, provides construction, maintenance, and industrial services to the resources, energy, and infrastructure sectors in Australia.

Downer EDI Limited

Downer EDI Limited provides various services to customers in the transportation, mining, energy and industrial engineering, utilities, communications, and facilities markets in Australia and internationally.

CIMIC Group Limited

CIMIC Group Limited provides construction, mining, engineering, concessions, and operation and maintenance services to the infrastructure, resources, and property markets in the Asia Pacific, the Middle East, Sub-Saharan Africa, and South America.

A brief description of the target companies is as follows:

SMEC Holdings Limited

SMEC Holdings Limited provides engineering and related consultancy services in Australia, New Zealand, the Asia Pacific, South Asia Middle East, and Africa.

Broadspectrum Limited

Broadspectrum Limited provides operations, maintenance and asset management services across various industry sectors including infrastructure, telecommunications, energy, facilities management, defence, power and hydrocarbons.

J & P Richardson Industries Pty Ltd

J & P Richardson Industries Pty Ltd provides services in the electrical and mechanical contracting field in Australia.

Coffey International Limited

Coffey International Limited provides consulting services in the geoservices, international development, and project management areas worldwide.

Production Solutions

Production Solutions Pty Ltd provides engineering services, maintenance, and well management services to the oil and gas sector.

T & C Services Pty Ltd

T & C Services Pty Ltd is a specialised maintenance and asset management service provider to the industrial, manufacturing, mining and utilities sectors.

Eastcoast Development Engineering Pty Ltd

Eastcoast Development Engineering Pty Ltd is a Brisbane-based engineering business specialising in the fabrication and installation of high pressure pipes, vessels and tanks for the mining and energy industries.

G&S Engineering Services Pty Ltd

G&S Engineering Services Pty Ltd is an operations and maintenance, and asset management services provider predominantly to the Queensland coal industry.

Appendix E - Glossary of terms

\$ or AUD	Australian dollars
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Corporations Act	the Corporations Act, 2001
DCF	Discounted cash flow
FME	Future maintainable earnings
FSG	Financial Services Guide
FYXX	Financial year ended 30 June 20XX
EVZ or the Company	EVZ Limited
EVZ Group or the Group	EVZ and its subsidiaries
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EV	Enterprise value
Loan	The \$1,000,000 loan advanced to TSFM pursuant to the Loan Facility Agreement
Loan Facility Agreement	Loan Facility Agreement between TSFC, TSFM and TSFE dated 26 September 2016
Non-Associated Shareholders	Shareholders of EVZ not associated with the Lender
General Asset Security Agreement	General Security Agreement between TSFC and TSFM dated 26 September 2016
General Share Security Agreement	General Security Agreement between TSFC and TSFE dated 26 September 2016
Put and Call Option Agreement	Put and Call Option Agreement between TSFC, TSFM and TSFE dated 26 September 2016
ShineWing Australia Corporate Finance or SWA	ShineWing Australia Corporate Finance Pty Ltd
Secured Assets	Assets and shares of TSFM which are proposed to be secured pursuant to the Security Transactions
Security Transactions	Proposal to enter into the General Asset Security Agreement, General Share Security Agreement and Put and Call Option Agreement, over the assets and shares of TSFM, as security for the Loan
TSFC or the Lender	TSF Corporation Pty Ltd
TSFM	TSF Maintenance Services Pty Ltd