EVZ Results

Year Ending 30 June 2012

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Summary

The financial year ended 30 June 2012 was a watershed year for the EVZ Group, which has seen the Group restructure and re-position itself for expected future growth and improved shareholder value.

The 30 June 2012 result was a loss after tax of $14.1m compared to a half-year loss to 31 December 2011 of $15.5m.

The second half improvement reflects the company's ability to contain the expected costs of closure of its National Engineering business and improved performance from the remaining operating businesses notwithstanding difficult trading conditions for engineering services**.**

The EVZ Group will release an update to its strategy and guidance for the 2013 financial year on 31 August

Analysis of Result

Analysis of Result for the year ended 30 June 2012

$'000	EVZ Consolidated	Discontinuing Operations	Goodwill Impairment	Continuing Operations	*Continuing Operations*	Continuing Operations
	Year to 30 June 2012				*Six month to 31 December 2011*	Six month to 30 June 2012
Revenue	73,069	10,507	0	62,562	*31,577*	30,985
Expenses	74,013	12,302	0	61,711	*31,560*	30,151
EBITDA	**-944**	**-1,795**	**0**	**851**	***17***	**834**
Depreciation	1,020	225	0	795	*377*	418
EBIT	**-1,964**	**-2,020**	**0**	**56**	***-360***	**416**
Net Finance Costs	1,153	122	0	1,031	*387*	644
Impairment Costs	7,900		7,900	0	*0*	0
Other non-operating	293	41	0	252	*0*	252
Costs of Divestment	3,923	3,923	0	0	*0*	0
Net Loss before Tax	**-15,233**	**-6,106**	**-7,900**	**-1,227**	***-747***	**-480**
Tax Expense/(Benefit)	-1,083	-765	0	-318		
Net Loss after tax	**-14,150**	**-5,341**	**-7,900**	**-909**		

The continuing operations of the Group reported an EBITDA for the year of $0.8m. The consolidated result was impacted by the loss associated with the National Engineering business (discontinued operations) and the Directors' decision to impair the carrying value of goodwill associated with TSF Engineering to a level more appropriate to its current and expected short term performance.

Despite the Group reporting a positive EBITDA from continuing operations, the 2012 financial year has provided an extremely difficult trading environment in which a number of well known companies in the building and construction area have failed.

The EVZ Group, was continually challenged during the year by delays with contracts being awarded, despite having a robust pipeline of work across its businesses. These delays have in turn reduced available work resulting in increased competition and margin pressure.

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Performance of Ongoing Operations

Revenue and EBITDA attributed to ongoing operations for the financial year ended 30 June 2012:

	Brockman Engineering Group $000	TSF Engineering Group $000	Syfon Systems Group $000	Corporate $000	Attributable to Ongoing Operations $000
Revenue	36,533	10,727	15,302	-	62,562
EBITDA	1,935	(937)	1,375	(1,522)	851

Performance of Ongoing Operations

Brockman Group

The Brockman Group financial result was impacted by ongoing delays in the awarding of project work, this increased the competition for available work and reduced margins. In addition, one off costs associated with the merging of the Brockman and Danum businesses were incurred,resulting in a much improved platform for future growth.

As previously announced, Brockman was awarded the Shell Maintenance contract during the year which is worth $30m over 3 years and continued commitment to the Alcoa smelter has meant pot shell maintenance work will continue in the medium term.

Brockman continued to diversify with successful projects undertaken in the clean energy, water and mining sector including remote projects in Gove, Olympic Dam and Karratha.

TSF Group

The TSF Group result, which includes a 50% share of the EVZ Energy portable energy solutions business, reflects a subdued year for the building and construction industry with capital and maintenance spending generally delayed. A number of major contracts which were delayed are expected to start in the 2012/13 year.

Increased electricity costs and an increased appetite for green and distributed energy solutions, have provided a significant increase in opportunities for TSF, particularly with its co- and tri-generation power solution credentials. A significant improvement in the performance of the energy group is expected during 2012/13.

Syfon Group

The Syfon Group continued to perform better than industry indicators and achieved its 2011/12 budget. The Group has strong levels of forward orders as at year end which will underpin the significant growth expected in the 2012/13 year.

The Syfon Group has now established itself in the Western Australian market and has business development resources in each State along the eastern seaboard. It is also expanding throughout Asia and is looking to achieve margin improvement through the transfer of a number of activities to Asia. Weak market conditions, competitive pressure and the collapse of the Hastie Group impacted on margins in 2011/12..

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Impairment of TSF Goodwill

As previously announced, whilst the energy sector will provide significant avenues for growth of the TSF business, the variability of the available contract work during the year under-pinned the Directors' prudent decision to impair the carrying value of TSF's goodwill.

This business was acquired immediately prior to the GFC and its acquisition price and resulting goodwill reflected that era.

Bank Facilities update and Dividend Policy

As advised in the half-year announcement, the Group was able to restructure its existing loan facilities with the Commonwealth Bank of Australia.

The restructuring involved extensions to the maturity of existing facilities and an increased additional facility of $3.5m to assist with the divestment of the National Engineering business and for working capital needs.

The Group continues to meet the covenant conditions of the restructured facility.

The Directors believe it prudent not to declare a dividend. They remain committed, however, to returning the Group to a dividend payment strategy.

Platform for Growth

EVZ has built the platform for future growth and improved shareholder value in the 2012 financial year. In particular:

1

Following the resignation of Mr. Andrew Powis as CEO, Ms. Raelene Murphy has acted as Interim CEO. Ms. Murphy's engagement was to introduce operational efficiencies, develop the ongoing strategy to drive future growth and improved shareholder value and recruit a CEO with the appropriate credentials to deliver and enhance that strategy. An outline of the strategy and earnings targets for 2013 will be released to the market on 31 August. As previously announced, Mr. Scott Farthing has been appointed to the CEO role and commences 24 September . Mr. Farthing's experience in the engineering and construction sector, provides significant additional capability to the Group, particularly in the growing energy sector which EVZ see's strong growth potential and increased activity.

2

The divestment of the National Engineering business which had under-performed for several years has been concluded. The intention to divest was announced at the company's AGM. EVZ was able to find an acquirer for the business which provided ongoing employment of all employees and enabled an orderly novation of obligations under ongoing contracts. The company was able to significantly reduce the expected loss from the closure of this business. The costs of closure at 31 December 2011 were expected to be $5.17m and the company has been able to reduce that cost to $3.92m.

3

The previous Danum piping operation has been consolidated into the Brockman tank business. The integration incurred additional costs in 2011/12 however has released many business synergies and resulted in a more cohesive and highly skilled workforce and wider product offering, particularly in the core petrochemical segment, that has been extremely well received by customers.

Conclusion

The 2012 financial year has been a watershed year for the EVZ Group. It now stands better placed to return to profitability and re-establish shareholder value.

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