Half Year Report & Appendix 4D

For the Half Year Ended 31 December 2016

E&A Limited

ABN 22 088 588 425

This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.

Current Reporting Period:	Half Year Ended 31 December 2016
Previous Corresponding Period:	Half Year Ended 31 December 2015

Contents

Results for announcement to the market

Half Year Report for the Period Ended 31 December 2016

Revenue and Net Profit

		Percentage Change %		Amount $'000
Revenue from ordinary activities *	Down	11%	To	72,390
Reported net (loss) / profit from ordinary activities after tax attributable to members	Up	65%	To	(3,747)
Underlying EBIT (LBIT) from ordinary activities **	Up	187%	To	617
Underlying net (loss) / profit after tax	Up	41%	To	(1,865)

* *Excludes other income*

*** Underlying (loss) / profit excludes the one-off significant expenses relating to Work in Progress and financing establishment, legal and restructuring costs. Please refer to the reconciliation of underlying profit to reported statutory net profit contained in the review of operations.*

Underlying (losses) /profits are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011.Underlying adjustments have been considered in relation to their size and nature, and have been adjusted from the Statutory information for disclosure purposes to assist readers to better understand the financial performance of the underlying business in each reporting period. These adjustments include the fair valuation adjustments to intangibles, work in progress and the finance establishment costs. The exclusion of these items provides a result which, in the Directors' view, is more closely aligned with the ongoing operations of the Consolidated Group. The non-IFRS information has not been subject to review by the auditor.

Earnings Per Share

	2016	2015
(Loss) / Earnings Per Share (undiluted)	(2.74) cents	(7.84) cents
(Loss) / Earnings Per Share (diluted)	(2.74) cents	(7.84) cents

Net Tangible Assets / (Liabilities)

	31 Dec 2016	31 Dec 2015
NTA / (NL) Per Share (undiluted)	(23.69) cents	(14.29) cents

Dividends

	Amount per security	Percentage Franked %
Interim Dividend	-	-
Record Date for determining entitlements to the dividend	-	-
Date of Dividend Payment	-	-
Previous corresponding period	-	-

Review of Operations

For commentary on current period operations, please refer to the attached Review of Operations.

Review of Operations

For the Half Year Ended 31 December 2016

E&A Limited reports half year revenue and earnings:

- **Revenue of $72.7 million, down 12% from the prior corresponding period ('pcp'), continuation of tighter market conditions in the mining services and maintenance sectors and delays to new wind tower projects.**
- **Statutory net loss after tax was $3.7 million, compared to $10.7 million in the pcp.**
- **Underlying EBITDA of $2.3 million, compared with $1.1 million in the pcp.**
- **Underlying net loss after tax of $1.9 million, compared with a net loss after tax of $3.1 million in pcp.**
- **Significant progress has been made in the prosecution of legacy construction claims with two claims awaiting judgement. Arbitration hearing and court trial dates are scheduled in the 2017 calendar year for the remainder of the claims.**
- **Execution of subsidiary business plans with strategic focus on growing customer relationships, delivery of safe and high quality recurring maintenance services and the delivery of total cost savings to customers through experience and innovation.**
- **Exit from large fixed price contracts in the Heavy Mechancial and Electical Engineering segment that requires the fabrication of free issue imported materials which has been a root cause factor for a number of the legacy construction claims.**
- **Improved outlook for Whyalla busines operations (Ottoway Fabrication, ICE and Heavymech) as a consequence of the turnaround of Onesteel Whyalla operations and the improved iron ore price.**
- **Improved outlook for wind tower fabrication with the award of 14 wind towers to Ottoway Fabrication in February 2017, and with fabrication commencing in May 2017, we anticipate more orders will follow.**
- **A 22% reduction in adminstration and operating expenses from pcp, with further material cost saving initiatives to be realised in the second half of 2017.**
- **All of E&A Limited's subsidiaries continue to improve their safety cultures through proactive safety leadership, training and communication.**

FY17 Half Year Results Summary EAL Group (000's)	Half Year FY17	Half Year FY16	Percentage Change (%)
Revenue (including Other Income)	**72,703**	82,579	**(12%)**
Underlying EBITDA from continuing operations#	**2,262**	1,063	**113%**
Underlying EBIT from continuing operations#	**617**	(710)	**187%**
Net interest expense	(4,069)	(3,834)	6%
Underlying net profit before tax#	**(3,452)**	(4,544)	**24%**
Tax expense / (benefit)	(1,587)	(1,397)	14%
Underlying net profit / (loss) after tax#	**(1,865)**	(3,147)	**41%**
Significant items (after tax)			
Goodwill impairment	-	(6,077)	**(100%)**
Work in progress write down	(489)	(261)	**87%**
Financing establishment, legal and restructuring costs	(1,393)	(1,248)	**12%**
Reported statutory net (loss) after tax	**(3,747)**	(10,733)	**65%**
Cash from Operating Activities before tax and interest	**(4,626)**	(11,700)	**60%**
Net Cash from Operating Activities	**(8,092)**	(18,986)	**57%**

Underlying (loss) / profit excludes the one-off significant expenses relating to Work in Progress and financing establishment and restructuring costs. Underlying (losses) /profits are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011.Underlying adjustments have been considered in relation to their size and nature, and have been adjusted from the Statutory information for disclosure purposes to assist readers to better understand the financial performance of the underlying business in each reporting period. These adjustments include the fair valuation adjustments to intangibles, work in progress and the finance establishment and restructuring costs. The exclusion of these items provides a result which, in the Directors' view, is more closely aligned with the ongoing operations of the Consolidated Group. The non-IFRS information has not been subject to review by the auditor.

THE 2017 HALF YEAR IN REVIEW

Income Statement

Diversified investment company, E&A Limited (ASX: EAL) (the 'Company' or 'Group'), has recorded a statutory net loss after tax of $3.7 million, an improvement from the previous corresponding period statutory loss after tax of $10.7 million and a net underlying loss after tax of $1.9 million for the six months ended 31 December 2016. In addition, EAL took a non-cash write down of $0.5 million against its work in progress within its Heavy Mechanical & Electical Engineering CGU and incurred financing, legal and restructuring costs of $1.4 million.

Sales revenue for the period was $72.7 million, down 12% from the first half of FY16. The Company generated an underlying EBITDA of $2.3 million, which compares with a corresponding underlying result of $1.1 million in the first half of FY16.

Strategy for Rebuilding Shareholder Value

E&A Limited continues to implement the four major strategies to rebuild shareholder value as follows:

1. The negotiation and restructure of the term, repayment obligations and cost of our loan borrowing facilities;
2. The recovery of the disputed variation, delay and disruption contract claims for at least their carrying value;
3. The delivery of improved underlying business performance and profitability; and
4. The potential sale of one or more of the Group's operating subsidiaries.

Progress has been made in respect of each of these strategies. Details of the progress to date are included in the operational review.

The Board is aware of the need to strengthen the Group's balance sheet and is considering options for the raising of capital to reduce debt.

OPERATIONAL OVERVIEW

Safety & Our People

Safety

The health and safety of our people, the subcontractors who work alongside us, and the communities in which we operate are essential to our success. EAL actively promotes and encourages all of our employees to take shared and individual responsibility for their safety as well as the safety of those around them, as they carry out their daily activities. Our safe work achievements in this critical area of importance have been and continue to be exceptional.

All of EAL's subsidiaries continue to improve their safety cultures through proactive safety leadership, training and communication with their employees, ensuring safe workplaces, processes, and procedures.

EAL is pleased to announce another six months work across all of its subsidiaries without a loss time injury, the last lost time injury was 9 January 2013.

People

Throughout the first half of FY17, EAL subsidiaries have continued to reduce labour costs in line with the market demand. The workforce totalled 592 employees as at 31 December 2016, a 12% decrease from 30 June 2016.

The present volatile employment markets have created opportunities for EAL subsidiaries to complement their senior executives and operational teams by attracting experienced managers and high quality tradespersons and to build on the skills and expertise of our existing workforce. EAL remains focussed on improving the strength of our executive teams and those who work with them.

Productivity and Profit Improvement Program

EAL is committed to aligning its business cost structure with the prevailing market conditions to ensure overheads reflect reduced activity levels, and driving productivity improvements, thereby protecting its profit margins.

EAL is continuing to adapt to the lower cost environment and is beginning to see an improved outlook in mining services on the back of improved commodity prices and the recommencement of sustaining capital expenditure programs from the large miners following a period of significant spending restraint.

The site experience and technical knowledge of EAL companies has facitlitated significant total cost savings for their customers and strengthen the long term customer relationships.

FINANCIAL OVERVIEW

Cashflow

EAL recorded net cash outflows from operations, before interest and tax, of $4.6 million. After payment of interest, tax and earn out agreements, a net cash outflow of $8.1 million.

The operating cash flow performance during the period was impacted by the working capital requirements associated with a large contract for Air Liquide at the Port Pirie Nyrstar Lead Smelter along with the legal, expert and funding costs associated with prosecuting the variation, delay and disruption contract claims.

EAL has made significant progress in the resolution of the major claims and has scheduled arbitration hearing and trial dates throughout 2017.

Net Debt & Gearing

Net debt at 31 December 2016 was $104.8 million, compared with $94.6 million at 30 June 2016. Gearing at 31 December 2016 was 81% (as measured by the ratio of net debt to net debt plus shareholder equity).

The increase in the gearing ratio is a consequence of the operating loss sustained during the reporting period, timing of cash receipts for project claims and was impacted by the additional working capital required to fund the legal and expert costs of prosecuting the disputed contract variation, disruption and delay contract claims.

NAB facilities have been extended to 1 March 2018.

The LIM OCMF debt facility and part of the commercial bill debt is expected to be repaid during the 2017 calendar year from the collection of proceeds from the disputed variation, disruption and delay contract claims.

EAL remains open to the sale of one or more subsidiaries and whilst this process has generated some expressions of interest at this stage no transaction is imminent.

Interim Dividend

The company has not declared any dividends in respect of the period ended 31 December 2016.

OPERATING SEGMENTS ACTIVITY

Detailed comments in respect of E&A Limited's operating segments are presented below.

Heavy Mechanical & Electrical Engineering

Heavy Mechanical and Electrical Engineering *(in thousands)*	**Half Year FY17**	**Half Year FY16**		**Percentage Change (%)**
Segment Revenue	**28,834**	43,810	▼	**(34%)**
Underlying EBIT / (LBIT)	**(1,729)**	(2,346)	▲	**26%**

Heavy Mechanical and Electrical Engineering comprises the services provided by Ottoway Engineering Pty Ltd (**Ottoway Engineering**), ICE Engineering & Construction Pty Ltd (**ICE**), and Ottoway Fabrication Pty Ltd (**Ottoway Fabrication**).

The Heavy Mechanical and Electrical Engineering segment revenue fell 34% and contributed an underlying EBIT loss of $1.7 million compared to an underlying EBIT loss of $2.3 million in the pcp.

Ottoway Engineering's first half performance was adversely impacted as a consequence of a decision taken to restructure the business and exit from large fixed price contracts that require the fabrication of free issue imported materials which have been a root cause factor for a number of the legacy construction claims.

ICE Engineering & Construction market operating conditions continued to remain challenging during the first half of FY17. ICE is continuing to pursue opportunities across the mining, oil & gas and defence sector in both greenfield and brownfield expansion projects together with increasing its labour hire and maintenance service offerings.

Ottoway Fabrication's first half of FY17 has been slower than expected with no wind tower fabrication work performed during the period and significant available capacity in its fabrication facilities.

Ottoway Fabrication has recently seen an increase in volume of work through its Whyalla premises with work to commence in May 2017 on the fabrication of 14 wind towers. The outlook for the business has improved significantly.

The windfarm industry is confident that compliance with the legislative 2020 RET will require the procurement and construction of more than 1,600 wind towers, many of which are likely to be located in southern Australia. The capacity of the E&A Limited facility in Whyalla is approximately 100 towers per annum.

The Australian steel industry, wind tower fabricators and, more broadly, the community at large expect the renewable energy industry to require a significant level of local manufacturing. However competition from overseas fabricated towers remains very high and pricing is very competitive.

There remains continued interest in the construction of alternative power generation capacity in the South Australian market and E&A businesses have the capability, capacity and facilities to support the construction of these facilities.

Water & Fluid Solutions

Water & Fluid Solutions *(in thousands)*	**Half Year FY17**	**Half Year FY16**		**Percentage Change (%)**
Segment Revenue	**20,939**	18,709	▲	**12%**
Underlying EBIT	**269**	225	▲	**20%**

This segment comprises the services provided by Fabtech Australia Pty Ltd (**Fabtech**) and Blucher (Australia) Pty Ltd (**Blucher**).

The Water & Fluid Solutions segment recorded a 12% increase in revenue and 20% increase in operating earnings compared to the pcp.

Fabtech's first half performance was an improvement on the prior year's first half from both a revenue and earnings perspective. Fabtech continues to actively pursue opportunities across the water, waste water, landfill, mining, oil and gas and agricultural industries.

Blucher's first half performance was in line with the first half for FY16 and an improvement on the second half of FY16. Blucher continues to build momentum and opportunities in a number of its product line offerings, through industry leading innovation and high technical excellence.

Maintenance Engineering & Plant Construction

Maintenance Engineering & Plant Construction *(in thousands)*	**Half Year FY17**	**Half Year FY16**		**Percentage Change (%)**
Segment Revenue	**26,429**	28,346	▼	**(7%)**
Underlying EBIT	**2,051**	1,575	▲	**30%**

The Maintenance Engineering & Plant Construction segment comprises the services provided by Quarry & Mining Manufacture Pty Ltd (**QMM**), Heavymech Pty Ltd (**Heavymech**) and Tasman Power WA Pty Ltd (**Tasman Power**) and Tasman Rope Access Pty Ltd (**Tasman Rope Access**).

The segment recorded a 30% improvement in operating earnings, despite the 7% decrease in revenue compared to the pcp.

The electrical maintenance division of Tasman Power, has continued to expand its maintenance, shutdown and sustainability project work in the Pilbara region with Australia's leading iron ore producers.

Tasman Rope Access was established in 2015. This business continues to expand in line with the business plan approved by the Board. The Tasman Rope Access business has been making a positive contribution to revenue and earnings and has secured a number of new customers, contracts and work opportunities for its specialist rope access services.

The market conditions for breakdown, repair and maintenance services offered by Heavymech continued to improve during the first half for its Adelaide division.

Heavymech's Whyalla division continues to predominately undertake mechanical repairs for OneSteel's Steelworks and provide on-site services to Arrium's mines in the Middleback Ranges.

QMM's first half performance has been impacted by the reduction in commodity prices for quarrying, mining and material handling products. The outlook for the 2017 calendar year has improved.

Investment & Corporate Advisory

Investment & Corporate Advisory *(in thousands)*	**Half Year FY17**	**Half Year FY16**		**Percentage Change (%)**
Segment Revenue	**2,219**	2,646	▼	**(16%)**
Underlying EBIT / (LBIT)	**26**	(164)	▲	**116%**

The Investment and Corporate Advisory segment comprises the services provided by Equity & Advisory Ltd (**Equity & Advisory**) and E&A Limited (**EAL**).

Segment revenue has decreased by 16% compared to the pcp, and contributed a break-even underlying EBIT in comparison to an underlying EBIT loss of $0.2m in the pcp.

Equity & Advisory remains principally focussed on the recovery of the major legacy claims and delivery of the EAL Profit Improvement Program.

OUTLOOK

Market Conditions

Recent improvements in mineral and oil & gas prices have underwritten the recovery of the Mining Services & Maintenance sector. As a result, business confidence is strengthening for a number of market participants, who have returned to routine sustaining capital expenditure.

Legacy Project Claims

E&A Limited is progressing the resolution of the majority of legacy project claims during the 2017 calendar year, having progressed two claims to judgements and the remaining claims to Arbitration Hearing and Court Trial stage.

Proceeds from claim recoveries will be used to repay debt and thereby strengthen E&A Limited's balance sheet.

Order Book & Tenders

The outlook for the Renewable Energy sector has improved with a number of wind farm projects in the pipeline for commencement over 2017 and beyond. E&A Limited is well positioned to capitalise on the anticipated increase in activity expected from revised Renewable Energy Target which requires 33,000 gigawatt hours, to come from clean energy sources by 2020. This Government legislated target is anticipated to generate demand for approximately 1,600 wind towers for at least the next 4 years to 2020.

Subsequent to balance date, Ottoway Fabrication has received an order for 14 wind towers which it will commence fabricating throughout the second half of FY17. Ottoway Fabrication has tendered for a number of further wind tower fabrication opportunities and expects to grow its order book over the course of the 2017 calendar year.

E&A Limited businesses exposed to the Mining Services & Maintenance sectors are seeing increased tendering opportunities for sustaining capital projects and maintenance services.

Maintenance Services

In line with its strategic goal to increase exposure to maintenance and shutdown services, E&A Limited businesses are actively de-risking their revenue lines through increased cost reimbursable maintenance and shutdown work. E&A Limited business have strategically exited undertaking fixed price work on free issued imported material on major construction projects, which have been the root cause for the majority of the legacy project claims.

Profit & Productivity Improvement Program

E&A Limited's Profit & Productivity Improvement Program will focus on further optimizing productivity and realising cost reductions of its administration and operating costs throughout the 2017 calendar year.

Capital Raising

The Board is aware of the need to strengthen the Group's balance sheet and is considering options for the raising of capital to reduce debt.

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E&A Limited

Directors' report

The Directors present their report together with the consolidated financial report for the six months ended 31 December 2016 and the review report thereon.

Directors

The Directors of the Company at any time during or since the end of the interim period are:

Name	**Period of directorship**
Executive	
Mr Stephen E Young (Managing Director)	Appointed 12/07/1999
Mr Mark G Vartuli	Appointed 26/07/2007
Non-executive	
Mr John Nicholls – Chairman	Appointed 01/09/2015
Mr Michael J Terlet	Appointed 16/10/2007
Mr David J Klingberg	Appointed 16/10/2007 Resigned 30/11/2016

Review of operations

The Company has reported a net loss after tax of $3.7 million (2015: $10.7 million loss) or (2.74) cents per share. For further commentary on current period performance, please refer to the attached Review of Operations.

Dividends

The company has not declared any dividends in respect of the period ended 31 December 2016.

Auditor's independence declaration

The auditor's independence declaration is set out on page 21 and forms part of the directors' report for the six months ended 31 December 2016.

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Dated at Adelaide this 28th day of February 2017.

Signed in accordance with a resolution of the Directors:

S E Young
Managing Director

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 December 2016
In thousands of $AUD

	31 Dec 2016	31 Dec 2015
Revenue	72,390	81,570
Cost of sales	(61,343)	(68,307)
Gross Profit	**11,047**	**13,263**
Other income	313	1,009
Administrative expenses	(11,769)	(15,228)
Other operating expenses	(856)	(891)
Impairment expense	-	(6,449)
Results from operating activities (EBIT*)	**(1,265)**	**(8,296)**
Finance income	-	1
Finance expenses	(4,069)	(3,835)
Net finance income / (expense)	**(4,069)**	**(3,834)**
(Loss) / Profit before income tax (NPBT)	**(5,334)**	**(12,130)**
Income tax benefit / (expense)	1,587	1,397
(Loss) / Profit after tax (NPAT)	**(3,747)**	**(10,733)**
Total comprehensive income for the period	**(3,747)**	**(10,733)**
(Loss) / Earnings per share		
Basic (loss) / earnings per share (AUD)	(2.74) cents	(7.84) cents
Diluted (loss) / earnings per share (AUD)	(2.74) cents	(7.84) cents

* *Earnings before net finance costs and income tax expense ('EBIT')*

The notes on pages 7 to 18 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2016

In thousands of $AUD

	Share Capital	Retained Earnings	Options Reserve	Total Equity
Balance at 1 July 2015	**70,652**	**(22,104)**	**74**	**48,622**
Loss for the period	-	(10,733)	-	(10,733)
Total comprehensive income	**70,652**	**(32,837)**	**74**	**37,889**
Dividends paid	-	-	-	-
Balance at 31 December 2015	**70,652**	**(32,837)**	**74**	**37,889**
Balance at 1 July 2016	**70,652**	**(41,967)**	**74**	**28,759**
Loss for the period	-	(3,747)	-	(3,747)
Total comprehensive income	**70,652**	**(45,714)**	**74**	**25,012**
Dividends paid	-	-	-	-
Balance at 31 December 2016	**70,652**	**(45,714)**	**74**	**25,012**

The notes on pages 7 to 18 are an integral part of these consolidated interim financial statements.

Consolidated Interim Balance Sheet

As at 31 December 2016

In thousands of $AUD

	Note	31 Dec 2016	30 Jun 2016
Current assets			
Cash and cash equivalents	4	3,007	1,206
Trade and other receivables		19,047	23,573
Inventories		44,815	35,615
Prepayments		892	952
Other current assets	12	520	390
Current tax asset		299	313
Total current assets		**68,580**	**62,049**
Non-current assets			
Other non-current assets		488	7,102
Property, plant and equipment		26,663	27,290
Intangible assets	8	57,454	57,454
Deferred tax assets		17,146	15,463
Total non-current assets		**101,751**	**107,309**
Total assets		**170,331**	**169,358**
Current liabilities			
Trade and other payables	13	27,337	33,177
Loans and borrowings	5	35,261	20,530
Deferred revenue		2,631	2,895
Provision for employee entitlements		3,526	3,578
Total current liabilities		**68,755**	**60,180**
Non-current liabilities			
Trade and other payables		1,932	3,011
Loans and borrowings	5	72,552	75,273
Provision for employee entitlements		720	848
Provision for workers' compensation		615	637
Deferred tax liability		745	650
Total non-current liabilities		**76,564**	**80,419**
Total liabilities		**145,319**	**140,599**
Net assets		**25,012**	**28,759**
Equity			
Issued share capital		70,652	70,652
Reserves		74	74
Retained profits		(45,714)	(41,967)
Total equity attributable to equity holders of the Company		**25,012**	**28,759**

The notes on pages 7 to 18 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2016

In thousands of $AUD

	Note	31 Dec 2016	31 Dec 2015
Cash flows from operating activities			
Cash receipts from customers		84,151	81,609
Cash paid to suppliers and employees		(88,777)	(93,309)
Cash from / (used in) operations		**(4,626)**	**(11,700)**
Interest paid		(3,079)	(4,985)
Interest received		-	2
Income taxes (paid) / received		13	(1,288)
Payment of deferred earn-out/agreement		(400)	(1,015)
Net cash used in operating activities		**(8,092)**	**(18,986)**
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		(486)	(961)
Proceeds from disposal of property, plant and equipment		114	196
Net cash used in investing activities		**(372)**	**(765)**
Cash flows from financing activities			
Proceeds from borrowings		14,691	52,233
Repayment of borrowings		(4,678)	(4,473)
Repayment of finance lease liabilities		(690)	(912)
Net cash from financing activities		**9,323**	**46,848**
Net increase / (decrease) in cash and cash equivalents		**859**	**27,097**
Cash and cash equivalents at 1 July		(7,673)	(31,109)
Cash and cash equivalents at 31 December	4	**(6,814)**	**(4,012)**

The notes on pages 7 to 18 are an integral part of these consolidated interim financial statements.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

1. Basis of Preparation

(i) Reporting Entity

E&A Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the period ended 31 December 2016 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in providing engineering services to the oil and gas, mining and resources, water and defence industries and financial advisory services to the corporate sector (refer Note 3).

(ii) Basis of Presentation

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the notes and information normally included in a full annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by E&A Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. New Standards effective from 1 July 2016 have not had a material impact on recognition, measurement and disclosure for the half year ended 31 December 2016.

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Comparative information has been reclassified where appropriate to enhance comparability.

Going Concern

The financial report has been prepared on the basis of the going concern and historical cost conventions.

The Group has incurred operating losses after income tax in the current period of $3.7 million (2015: loss of $10.7 million) and at 31 December 2016 has net current liabilities of $0.2 million (30 June 2016: $1.9 million). Included in current assets is a material amount of work in progress relating to disputed contractual amounts that the Group expects to recover in the next 12 months.

The Directors have made an assessment of the ability of the Group to continue as a going concern. In doing so, the Directors have considered the financial position of the Group, the cash flow requirements of business operations, availability of funding, realisation of claims and operating assets and expected settlement of liabilities.

E&A Limited is progressing the resolution of the majority of legacy project claims during the 2017 calendar year, having progressed two claims to judgements and the remaining claims to Arbitration Hearing and Court Trial stage. Proceeds from claim recoveries will be used to repay debt and thereby strengthen E&A Limited's balance sheet.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

1. Basis of Preparation (continued)

The Group uses best estimate assumptions in the development of trading and cash flow forecasts. The forecasts assume that planned cost savings and other operational improvements are achieved. These assumptions are subject to influences and events outside the control of the Group. The current trading environment, presents challenges in terms of revenues, margins and operating cash flows. Whilst the Directors have initiated measures to minimise the cash demands of the business, this environment creates uncertainties over the future trading results and cash flows.

The Directors believe that the Group's operations will generate sufficient operating cash flows in order to justify the adoption of the going concern basis. However, there is material uncertainty about whether the Group will be able to continue as a going concern should the current funding support from the Group's financiers be withdrawn, forecasts not be achieved, further trading losses be incurred or successful settlement of disputed claims not occur. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

2. Significant Accounting Policies

(i) Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty related to:

- contract accounting and the assumptions around recoverability of claims and costs yet to be incurred; and
- goodwill and the key assumptions underlying the discounted cash flows that surround its carrying value.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

3. Segment Reporting

	Investment & Corporate Advisory		Water & Fluid Solutions		Heavy Mechanical & Electrical Engineering		Maintenance Engineering & Plant Construction		Eliminations		Consolidated	
In thousands of $AUD	**31 Dec 2016**	**31 Dec 2015**	**31 Dec 2016**	**31 Dec 2015**	**31 Dec 2016**	**31 Dec 2015**	**31 Dec 2016**	**31 Dec 2015**	**31 Dec 2016**	**31 Dec 2015**	**31 Dec 2016**	**31 Dec 2015**
External sales	170	227	20,866	18,487	25,541	39,526	25,813	27,660	-	(4,330)	72,390	81,570
Inter-segment sales	1,973	2,107	28	125	3,148	4,050	569	206	(5,718)	(6,488)	-	-
Dividend revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other income	76	312	45	97	145	234	47	480	-	(114)	313	1,009
Segment Revenue	**2,219**	**2,646**	**20,939**	**18,709**	**28,834**	**43,810**	**26,429**	**28,346**	**(5,718)**	**(10,932)**	**72,703**	**82,579**
EBITDA	**41**	**(153)**	**620**	**582**	**(919)**	**(1,396)**	**2,519**	**2,030**	**-**	**-**	**2,261**	**1,063**
Depreciation	(15)	(11)	(351)	(357)	(811)	(950)	(467)	(455)	-	-	(1,644)	(1,773)
Significant Items	(666)	(1,509)	-	-	(1,111)	(6,077)	(105)	-	-	-	(1,882)	(7,586)
Segment Result (EBIT)	**(640)**	**(1,673)**	**269**	**225**	**(2,841)**	**(8,423)**	**1,947**	**1,575**	**-**	**-**	**(1,265)**	**(8,296)**
NPAT	**(1,452)**	**(1,687)**	**(125)**	**(235)**	**(3,312)**	**(9,258)**	**1,142**	**922**	-	(475)	**(3,747)**	**(10,733)**
Income tax expense / (credit)	(619)	(719)	(49)	(137)	(1,409)	(1,234)	490	218	-	475	(1,587)	(1,397)
Net finance costs	1,431	733	443	597	1,880	2,069	315	435	-	-	4,069	3,834
Segment Result (EBIT)	**(640)**	**(1,673)**	**269**	**225**	**(2,841)**	**(8,423)**	**1,947**	**1,575**	**-**	**-**	**(1,265)**	**(8,296)**

Results from operating activities	**(3,747)**	**(10,733)**

	31 Dec 2016	**30 June 2016**	**31 Dec 2016**	**30 June 2016**	**31 Dec 2016**	**30 June 2016**	**31 Dec 2016**	**30 June 2016**	**31 Dec 2016**	**30 June 2016**	**31 Dec 2016**	**30 June 2016**
Segment assets	127,056	111,884	27,978	28,128	105,628	91,646	39,298	38,726	(129,629)	(101,026)	170,331	169,358
Segment liabilities	59,961	44,837	26,657	26,681	96,266	100,972	34,555	35,125	(72,120)	(67,056)	145,319	140,559

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

3. Segment Reporting (Continued)

The Group comprises the following main business segments:

Investment & Corporate Advisory

Services: Investment and Corporate Advisory segment provides a comprehensive range of corporate advisory services relating to the analysing, negotiating, financing and completing of business transactions for external and internal clients.

Industry Exposure: Investment and Corporate Advisory provides corporate advisory services to public, private and government organisations. In addition, the corporate advisory business provides a range of corporate advisory services to E&A Limited subsidiaries as they continue to expand both organically and through acquisition.

Water & Fluid Solutions

Services: This segment comprises Fabtech Australia and Blucher. Fabtech provides flexible geomembrane liners and floating covers for dams, reservoirs and tunnels, and the construction of geomembrane lined water storage tanks. Blucher is focused on the supply and design of stainless steel drainage and pressure systems.

Industry Exposure: Water and Fluid Solutions services the oil & gas, mining, defence, power generation, brewery, potable and waste water containment, waste management and agriculture industries.

Heavy Mechanical & Electrical Engineering

Services: This segment comprises the services provided by Ottoway Engineering, Ottoway Fabrication and ICE Engineering & Construction. Ottoway operates as a pipe fabrication and installation business involving all aspects of turn-key project management including design, engineering, procurement, manufacture, fabrication, machining, installation and maintenance. Ottoway Fabrications provides a range of steel fabrication and structural engineering services, including project management, procurement services, heavy engineering design, structural steel fabrication and erection, pipe welding and pipework installation, pneumatic and hydraulic installations, and light machining. ICE Engineering provides electrical engineering consultancy and project management services including the design of electrical control systems for heavy industry, manufacturing and commercial installations, as well as drafting and other maintenance services.

Industry Exposure: Offers services across a range of industries including industrial, petro-chemical, oil and gas, mining, exploration, base metals, water, defence, power generation, infrastructure and wine.

Maintenance Engineering & Plant Construction

Services: This segment comprises the services provided by Heavymech, Tasman Power, Tasman Rope Access and QMM. Heavymech supplies breakdown and repair services to the heavy industrial, mining and power generation industries. QMM supplies equipment, spare parts, plant construction and repair, and onsite maintenance to the quarry, recycling and mining sectors. Tasman Power provides electrical and instrumentation services, specialising in the planning, scheduling, management and execution of electrical maintenance services, sustaining capital projects and shutdowns for major iron ore producers in Western Australia. Tasman Rope Access provides specialist Rope Access maintenance and inspects services to the mining industry and large scale industrial and commercial customers.

Industry Exposure: Offers services across a range of industries including oil & gas, mining, power, quarry, recycling and heavy industrial industries.

As our business continues to grow we will update our segment disclosures accordingly.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

4. Cash and Cash Equivalents

In thousands of $AUD	Consolidated	
	31 Dec 2016	30 Jun 2016
Cash at bank and in hand	3,007	1,206
Cash and cash equivalents	**3,007**	**1,206**
Bank overdraft (Note 5)	(9,821)	(8,879)
Balances per statement of cash flows	**(6,814)**	**(7,673)**

5. Loans and Borrowings

The following loans and borrowings at their carrying amounts are disclosed below:

In thousands of $AUD	Consolidated as at 31 December 2016		
	Total facility	Drawn facilities	Undrawn amount
Current			
Bank overdraft	8,430	9,821	(1,391)
Working capital facilities	10,915	2,244	8,671
Commercial bills	7,590	7,590	-
Finance leases	2,520	1,236	1,284
Credit cards / other finance	355	205	150
Other loan	14,165	14,165	-
Total Current Borrowings	**43,975**	**35,261**	**8,714**
Non-Current			
Commercial bills	68,888	68,888	-
Finance leases	1,269	1,269	-
Government loan	400	400	-
Related party facility	2,000	1,995	5
Total Non-Current Borrowings	**72,557**	**72,552**	**5**
Total Borrowings	**116,532**	**107,813**	**8,719**

All debt facilities are secured. Certain finance facilities contain a number of standard representations, warranties and undertakings (including financial and reporting obligations) from E&A Limited and E&A Limited Group companies in favour of the respective lenders. The facilities also include a cross guarantee between the parent and certain group companies with staged security enforcement rights and obligations. Fixed and floating security has been placed over all Group assets.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

5. Loans and Borrowings (Continued)

In thousands of $AUD	Consolidated as at 30 June 2016		
Current	**Total facility**	**Drawn facilities**	**Undrawn amount**
Bank overdraft	9,150	8,879	271
Working capital facilities	4,415	2,404	2,011
Commercial bills	7,740	7,740	-
Finance leases	2,267	1,225	1,042
Credit cards / other finance	485	282	203
Total Current Borrowings	**24,057**	**20,530**	**3,527**
Non-Current			
Commercial bills	58,888	58,888	-
Other loans	13,010	13,010	-
Finance leases	1,380	1,380	-
Related party facility	2,000	1,995	5
Total Non-Current Borrowings	**75,278**	**75,273**	**5**
Total Borrowings	**99,335**	**95,803**	**3,532**

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December:

In thousands of $AUD	31 Dec 2016	31 Dec 2015
Balance as at 1 July	**95,803**	**79,000**
Capitalised interest (other loan)	677	-
Fair value movement (other loan)	478	-
New Issues		
Bank overdraft	3,373	210
Working capital facilities	4,239	6,055
Commercial bills	10,000	30,999
Other loans	-	14,031
Government loan	400	-
Leasing facilities	590	470
Credit cards / other finances	52	468
Repayments		
Bank overdraft	2,431	23,691
Working capital facilities	4,398	4,323
Commercial bills	150	150
Leasing facilities	690	912
Credit cards / other finances	130	63
Balance as at 31 December	**107,813**	**102,094**

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

6. Share Capital

Movements in shares of the Company were as follows:

In thousands of shares	Ordinary Shares	
	2016	**2015**
Shares on Issue at 1 July	**136,918**	**136,918**
Issued as part of dividend reinvestment plan	-	-
Issued as part of share placement	-	-
Shares on Issue at 31 December	**136,918**	**136,918**

All shares on issue are fully paid. The Company does not have authorised capital or par value in respect of its issued shares.

7. (Loss) / Earnings Per Share

Cents per share	Consolidated	
	31 Dec 2016	**31 Dec 2015**
Basic (loss) / earnings per share (cents)	(2.74)	(7.84)
Diluted (loss) / earnings per share (cents)	(2.74)	(7.84)

Basic & Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

In thousands of $AUD and Shares	Consolidated	
	31 Dec 2016	**31 Dec 2015**
Earnings used in the calculation of basic EPS (i)	(3,747)	(10,733)
Weighted average number of ordinary shares for the purpose of basic earnings per share (ii)	136,918	136,918
Weighted average number of ordinary shares for the purpose of diluted earnings per share (iii)	136,918	136,918

(i) (Loss) / Earnings used in the calculation of total basic earnings per share is equal to the net profit after tax in the income statement.

(ii) Options on issue are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic (loss) / earnings per share. Where dilutive, potential ordinary shares are included in the calculation of dilutive (loss) / earnings per share.

(iii) The weighted average number of ordinary shares for the purpose of diluted (loss) / earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic (loss) /earnings per share as there were no options on issue during the six months ended 31 December 2016.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

8. Goodwill and Intangible Assets

In thousands of $AUD	Goodwill		Intangibles		Total	
	31 Dec 2016	**30 Jun 2016**	**31 Dec 2016**	**30 Jun 2016**	**31 Dec 2016**	**30 Jun 2016**
Balance at beginning of period	57,254	63,331	200	200	57,454	63,531
Impairment Adjustments during the period	-	(6,077)	-	-	-	(6,077)
Balance at end of period	**57,254**	**57,254**	**200**	**200**	**57,454**	**57,454**

Intangibles of $0.2 million relate to the value of exclusive supplier agreements recognised in relation to the business combination of Blucher (Australia) Pty Ltd. These agreements have an indefinite life and are assessed annually for any impairment indicators.

Goodwill and intangibles are allocated for impairment testing purposes to cash generating units as follows:

In thousands of $AUD	Consolidated	
	31 Dec 2016	**30 Jun 2016**
Investment & Advisory	1,058	1,058
Fluid & Water Solutions	22,765	22,765
Heavy Mechanical & Electrical Engineering	17,156	17,156
Maintenance Engineering & Plant Construction	16,475	16,475
Total goodwill and intangibles	**57,454**	**57,454**

The Group performs its impairment test at each reporting date.

The recoverable amount of each CGU has been determined based on a value in use ('VIU') calculation using five year cash flow projections based on actual and forecast operating results. The earnings for the Heavy Mechanical & Electrical Engineering and Fluid & Water Solutions CGU's forecast an improvement in earnings in FY18. The earnings were thereafter extrapolated using annual growth rates of between 2.00% and 2.93%, consistent with the growth prospects of each CGU, and a 1.00% terminal value growth rate, which is less than the historical 20 year growth rate of 3.25%.

A post-tax discount rate of 9.0% has been applied to each CGU in determining the VIU and is based on the target gearing level for E&A Limited (post-tax real WACC).

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

8. Goodwill and Intangible Assets (Continued)

Key assumptions used in the value in use calculations

At 31 December 2016 the recoverable amount of all CGUs combined exceeds the carrying amount. The calculation of VIU for each CGU is most sensitive to assumptions in relation to forecast earnings and discount rates.

Investment & Advisory CGU
Whilst the modelling shows a range of possible outcomes, the recoverable amount of the Investment & Advisory CGU currently exceeds its carrying value. The excess could be reduced to nil should changes in the following assumptions occur: a decrease in the forecast earnings before interest and income tax ("EBIT") by 59%; an increase in the post-tax real WACC to 22.3%.

Heavy Mechanical & Electrical Engineering CGU
Whilst the modelling shows a range of possible outcomes, the recoverable amount of the Heavy Mechanical & Electrical CGU currently exceeds its carrying value by $11.3 million. This excess could be reduced to nil should changes in the following assumptions occur: a decrease in the forecast EBIT by 44%; an increase in the post-tax real WACC to 12.0%.

Fluid & Water Solutions CGU
Whilst the modelling shows a range of possible outcomes, the recoverable amount of the Fluid & Water Solutions CGU currently exceeds its carrying value by $3.9 million. This excess could be reduced to nil should changes in the following assumptions occur: a decrease in the forecast EBIT by 10%; an increase in the post-tax real WACC to 10.1%.

Maintenance, Engineering & Plant Construction
Whilst the modelling shows a range of possible outcomes, the recoverable amount of the Maintenance, Engineering & Plant Construction CGU currently exceeds its carrying value. This excess could be reduced to nil should changes in the following assumptions occur: a decrease in the forecast EBIT by 47%; an increase in the post-tax real WACC to 21.7%.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

9. Related Parties

Parent and Ultimate Controlling Party

The ultimate controlling entity of the Group is E&A Limited.

Loans from Directors and Key Management Personnel

As at 31 December 2016, the balance of unsecured loans payable to directors and key management personnel was $2.0 million. The balance outstanding relates to the Port Tack related party "Come and Go" unsecured loan facility to provide finance to E&A Limited and subsidiary companies for the purpose of funding working capital needs and short term acquisition funding requirements on an as required basis. The facility limit is $2.0 million and has been subordinated behind the bank debt and the principal cannot be repaid in cash within 12 months. The Directors consider the loan facility to be on arms-length terms and conditions.

In thousands of $AUD	31 Dec 2016	30 June 2016
Related Party "Come & Go" Facility *		
Beginning of the year	1,995	1,995
Loans advanced	-	-
Loan repayments made	-	-
End of year	**1,995**	**1,995**

*Port Tack is a related party of Stephen Young as outlined below.

Loans to Directors and Key Management Personnel

As at 31 December 2016, the balance of unsecured loans outstanding to directors and key management personnel was $175,000.

Interest is payable on amounts owing on normal commercial terms and conditions and at market rates.

In thousands of $AUD	Balance at Beginning of Period	Advancement (Repayment) of Loans	Balance Outstanding
	1 July 2016		31 Dec 2016
Stephen Young and controlled entities	175	-	175
Total	**175**	-	**175**

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

9. Related Parties (Continued)

Other Related Party Transactions

Port Tack is an entity controlled by Stephen Young, the Managing Director of E&A Limited. In addition, Regent Street is an associated entity of Stephen Young. There were no new related party transactions entered into during the six months ended 31 December 2016.

Outstanding balances arising from sales / purchases of goods and services

The following transactions occurred with related parties:

In thousands of $AUD	**Consolidated**	
	31 Dec 2016	**31 Dec 2015**
Rent paid to other related parties	518	420

10. Subsequent events

The directors are not aware of any material events occurring subsequent to balance sheet date that have not otherwise been disclosed or presented in this report.

11. Contingencies

In the normal course of business certain E&A Limited Companies are required to enter into contracts that include performance obligations. These commitments only give rise to a liability where the respective entity fails to perform its contractual obligations. Claims of this nature arise in the ordinary course of construction contracting. Where appropriate a provision is made for these issues. The Directors are not aware of any material claims that have not been appropriately provided for in the financial statements at 31 December 2016.

In FY13, Ottoway Fabrication was granted $2.0 million of government grant funding in relation to the acquisition of the wind tower manufacture/ fabrication assets through the South Australian Enterprise Zone Fund for the Upper Spencer Gulf and the Outback grant program.

Incorporated in the grant funding agreement, were a number of special conditions that are required to comply with in order to retain the grant funding, which included several KPIs that need to be met by 30 June 2017 and 31 December 2017. Management anticipate that it is likely that Ottoway Fabrication will not achieve a number of the KPIs.

Management have notified Senior Government Officials of this likely outcome. Prior to the KPI due dates management intend to request an exemption or extension regarding the KPI clauses from the South Australian Minister for Regional Development.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

12. Other current assets

In thousands of $AUD	Consolidated	
	31 Dec 2016	**30 Jun 2016**
Other assets	245	265
Derivative assets - carried at FVTPL (Note 14)	275	125
	520	**390**

13. Trade and other payables

In thousands of $AUD	Consolidated	
	31 Dec 2016	**30 Jun 2016**
Trade payables	13,642	17,808
Related parties	1,008	784
Other payables and accrued expenses	12,601	14,473
Derivative liabilities - carried at FVTPL (Note 14)	86	112
	27,337	**33,177**

14. Financial instruments

Borrowings and repayment of debt
During the period, a $10,000,000 commercial bill was issued and applied to the bank overdraft facility. Refer to Note 5 for advancements and repayments.

Fair values versus carrying amounts
The fair values of all financial assets and liabilities are equivalent to their carrying amount as at balance sheet date.

Derivatives not designated as hedging instruments
EAL holds a European vanilla put option for US $3,655,000 expiring on 1 September 2017. The fair value of this option was $275,000 at 31 December 2016 and this has been recognised as a financial asset on the balance sheet at 31 December 2016 (Note 12).

EAL also has a currency protection and participation contract for US $3,655,000 also expiring on 1 September 2017. The cost on delivery is US $0.0495 points per AUD. A financial liability of $86,000 has been recognised as a result of the fair value movement of this derivative (Note 13).

The Groups foreign currency derivatives are estimated by discounting future cash flows based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. These have been determined under a Level 2 fair value hierarchy.

E&A Limited

Directors' declaration

In the opinion of the directors of E&A Limited ("the Company"):

1. the financial statements and notes set out on pages 3 to 18, are in accordance with the Corporations Act 2001 including:

    (a) giving a true and fair view of the Group's financial position As at 31 December 2016 and of its performance for the six month period ended on that date; and

    (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. subject to the matters noted in Note 1 to the financial statements there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Adelaide this 28th day of February 2017.

Signed in accordance with a resolution of the directors:

Stephen Young
Managing Director

Building a better working world

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Independent review report to the members of E&A Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of E&A Limited, which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising other selected explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of E&A Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of E&A Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Ernst & Young

Mark Phelps

Mark Phelps
Engagement Partner
Adelaide
28 February 2017

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Auditor's Independence Declaration to the Directors of E&A Limited

As lead auditor for the review of E&A Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of E&A Limited and the entities it controlled during the financial period.

Ernst & Young

Mark Phelps
Partner
Adelaide
28 February 2017