E & A LIMITED
2016 ANNUAL GENERAL MEETING
CHAIRMAN & MANAGING DIRECTOR'S ADDRESS

1. INTRODUCTION – CHAIRMAN'S ADDRESS

Good afternoon ladies and gentlemen,

My name is John Nicholls, and as Non- Executive Chairman of your company, I welcome you to the 2016 Annual General Meeting of E & A Limited.

The Company Secretary has advised me that we have complied with the relevant requirements for convening this meeting, and that a quorum is present.

I therefore declare the meeting open.

Let me begin by introducing the other members of the Board:

- Mr Stephen Young, Managing Director
- Mr Mark Vartuli, Executive Director & Company Secretary;
- Mr Michael Terlet, Non-Executive Director; and
- Mr David Klingberg, Non-Executive Director.

Later in the meeting, I will recommend the re-election of Mr Michael Terlet and Mr Mark Vartuli.

Details of Michael's and Mark's extensive experience, together with that of your other Directors, were included in the Annual Report.

I would also like to introduce Mr David Sanders from EY, the Company's auditors, who are present to answer any questions relevant to the conduct of the audit, the audit report and the Company's accounting policies for the 2016 financial year.

As the notice convening this meeting was sent to all shareholders on the E & A Limited register in accordance with the Company's Constitution, I intend to take the Notice of Meeting as read and declare that the meeting has been held at a time and place convenient to our shareholders.

The annual accounts of E & A Limited and its controlled entities together with the reports of the directors and auditors for the year ended 30 June 2016 have been published and distributed to shareholders.

E&A Limited is an investment company focused on identifying both organic and acquisition growth opportunities. We invest shareholder funds in our subsidiaries and proactively manage these investments.

E&A Limited's subsidiaries provide skilled trade services to the oil & gas, mining, defence, infrastructure, water, renewable energy & power and financial services industries.

2016 was a challenging financial year for E&A Limited, albeit marked an improvement on the previous year.

In the 2016 financial year, E&A Limited achieved:

- Revenue of $163.3 million, down 18% impacted by tighter market conditions; and

- Net Loss After Tax of $19.9 million after non-cash goodwill impairment of $6.1 million, impairment of work in progress of $8.1m primarily related to the Bluenergy CMC Sino Iron contract and restructuring significant one off costs of $1.3 million.

Before moving to the resolutions contained in the Notice of Meeting, I would like to invite E&A's Managing Director, Mr Stephen Young to comment in more detail on:

- The market conditions and outlook for E & A subsidiaries products and services;
- The strategy being pursued by E&A to rebuild shareholder value;
- The financial performance of E & A Limited over the last financial year;
- E&A Limited's FY17 first quarter operations update and outlook for the remainder of FY17; and
- The safety and people performance of E&A Limited.

2. MANAGING DIRECTOR'S ADDRESS

MARKET CONDITIONS

Overview

Thank you, John.

Good afternoon, ladies and gentlemen.

From an overview perspective E&A Limited's outlook is to a significant degree dependent on the outlook of the industries to which we provide skilled trade services.

The trading outlook for skilled trade services remained subdued during financial year 2016, however improved commodity prices and government procurement decisions have contributed to a more encouraging outlook for the minerals and energy, defence, renewable energy and water sectors, within which E&A Limited subsidiaries predominately operate.

Minerals & Energy

The last twelve months have seen many political and economic events including Brexit, the US Presidential Campaign and subsequent Election and OPEC production quotas create considerable uncertainty in the commodity markets. These markets have been volatile for the majority of the 2015 and 2016 Calendar Years resulting in cost cutting and suspending of all non-critical capital expenditure by our customers in the minerals and energy sectors. However, the fourth quarter of Calendar Year 2016 has seen a pick-up in sentiment.

Iron Ore

The iron ore price started the 2016 Calendar Year at about US$40 a tonne. It remained volatile for much of the year stabilising between $US50 and $US59 for much of September into early October 2016. However in past six weeks the iron ore price has risen to almost $US80 a tonne, which is a 100 per cent increase since January 2016.

This is due to two key factors, with the first being increased physical demand from China and the second being financial market speculation of increased demand under a Donald Trump-led US government.

Economic analysts report that China is restimulating the more steel intensive parts of its economy particularly infrastructure spending and property development as part of its ongoing effort to ensure China's growth rate meets the Government's growth target of a 6.7% for this year whilst at the same time cutting back on its own domestic iron ore production by about 6% thus far this year. These two factors mean China is importing more iron ore.

Since the US presidential election, financial markets are anticipating that Donald Trump's administration will undertake a very large infrastructure spending program, which in turn would require a lot of steel and concrete.

As a result of this, two of the world's biggest economies are being seen by markets as requiring more iron ore and other commodities over the years ahead.

It is remains unclear whether the iron ore price will stabilise at current levels as market observers are sceptical about continued medium-to-long term demand from China funded via a Government stimulus as the Chinese Government remains concerned about the Chinese property market overheating. Additionally, increased supply from Brazil is forecast to come on stream over the next couple of years. As a consequence of this uncertain outlook all of our major customers continue to demand cost reductions and improved service efficiencies in order to ensure they remain competitive at reduced iron ore prices.

Oil & Gas

On 28 September 2016 the OPEC producers, led by Saudi Arabia, surprised financial markets by agreeing to limit oil production to 33 million barrels a day. As a result of the OPEC outcome, oil market analysts now expect oil prices to fluctuate between high US$40s and low US$50s a barrel for the remainder of 2016 before reaching mid to high US$50s a barrel by the end of 2017.

The growth in Australian LNG production is progressing slower than expected, particularly in Queensland where two out of three LNG terminals have been running well below capacity for much of the year. LNG prices remain subdued, although the markets expect they have now reached bottom and should slowly increase throughout Calendar Year 2017.

Whilst there is some improved confidence in the oil & gas outlook, it remains to be seen whether this will translate into meaningful increases in capital expenditure and activity. The oil & gas producers continue to look for ways to lower their production and maintenance costs by reducing the recurrent cost they incur from their supplier base. Our long-term success relies on our capability to innovate the way we provide services so as to make money whilst still saving our clients' money. The recent development of our Tasman Rope Access business is a good example of a service line which is expanding profitably whilst simultaneously generating savings for our clients.

Renewable Energy

As previously reported in late 2013, the 2020 Renewable Energy Target ("RET") was unexpectedly reviewed by the new Abbott Government and as a consequence, the RET was reduced in June 2015 from the previously legislated 41,000 GWh to 33,000 GWh. During the review period the renewable energy business stalled. The new 2020, 33,000GWh RET was a compromise brokered by the Clean Energy Council following 15 months of "lost" investment caused by the review.

The key outcomes from the new target are as follows:

- Approximately 6,000 MW of new renewable energy capacity to be built by 2020.
- The target requires approximately of $40.4 billion worth of investment and more than 15,200 jobs.
- Between 30 to 50 major projects are likely to be built in the next five years to meet the target.
- The wind farm industry has forecast this extra demand is likely to translate into approximately 1,500 towers.

Since the introduction of the revised legislation, investment into the renewable energy sector has been slow to restart as electricity retailers have been reluctant to enter into long term power purchasing agreements with the proposed owners of new wind farms or other sources of renewable energy.

Furthermore, local wind tower manufacturers are facing increased competition from low-cost international wind tower fabricators, mainly from China, South Korea and Vietnam. Whilst Australian Government imposed anti-dumping tariffs on Chinese and South Korean towers, the subsidised steel cost advantage from low labour cost international suppliers remains significant. It is pleasing to note that Australian wind farm owners remain keen to create renewable energy jobs to meet due to community and union expectations.

Ottoway Fabrication has established relationships with the majority of the leading wind tower Original Equipment Manufacturers and has tendered to fabricate towers for 13 projects which would require the construction of 886 wind towers within the 400 kilometre radius from its wind tower manufacturing facility located in Whyalla. Ottoway Fabrication expects to participate in some of these projects due to the cost advantages arising from its close proximity to these projects. Some of these projects are expected to start during the first half of Calendar Year 2017.

Defence

The Federal Government released the long-awaited Defence White Paper on 3 March 2016. This paper provided an outline of the Federal Government's strategic judgements regarding risk and opportunities for the Australian Defence Force and forecast a $195 billion spend on defence capability and equipment.

South Australia, E&A Limited's home state, is set to benefit mostly from three major naval defence projects as follows:

Firstly, the construction of **12 Offshore Patrol Vessels**. It is proposed that 2 vessels be assembled in South Australia whilst the remaining 10 vessels are to be built in Western Australia. The total estimated cost is $3 billion. The three shortlisted designers are Damen of the Netherlands, Fassmer of Germany and Lurssen of Germany, however neither the preferred designer nor builder has been selected as yet. It is expected that the construction of the Offshore Patrol Vessels will commence in 2018.

E&A Limited subsidiaries have already secured orders to supply material for the Cape Class Patrol Boat project which will be undertaken by Austal Ships in Western Australia. This project is regarded as a pre-cursor to the Offshore Patrol Vessels program.

Secondly, the build of **9 new anti-submarine warfare Future Frigates**, all of which are proposed to be assembled in South Australia with an estimated program cost of $35 billion. The three shortlisted designers are BAE Systems, Fincantieri of Italy and Navantia of Spain. No preferred designer or builder has been selected as yet. Construction of the Future Frigates is anticipated to start in 2020.

Thirdly, the construction of **12 Future Submarines** which have been committed to be built in South Australia. The estimated program cost is $50 billion. The Federal Government has selected DCNS of France as its international design partner. The builder is yet to be announced, however it is expected to be an Australian ship building entity created by DCNS. Construction is expected to start in 2024.

E&A Limited has number of work streams which its subsidiaries would be able to undertake for each of three major naval defence projects. E&A Limited is presently building relationships with the likely shipbuilders for these projects and is exploring supply chain opportunities.

E&A Limited subsidiaries have previously undertaken a number of projects for the Air Warfare Destroyer Program and now wait for the opportunities that should arise from the significant naval defence programs scheduled for assembly in Adelaide over the next three decades.

Water

The outlook for water services industry is stable but margins remain very competitive.

More generally, water is increasingly being regarded and treated as a scare resource and demand for its proper storage whether for human consumption or food production continues to increase.

Furthermore, the protection of water ways from wastewater, polluted landfill and tailings dams remain a growing sector and demand for geomembrane protected dams and land fill is ongoing. However, the coal seam gas wastewater storage market remains subdued and new project opportunities within this sector are limited.

STRATEGY FOR REBUILDING SHAREHOLDER VALUE

Last year E&A Limited advised it has adopted four major strategies to rebuild shareholder value, namely:

1. The establishment of a two year US$10M convertible note facility with LIM Opportunistic Credit Master Fund (“LIM”) and the restructure of the term, repayment obligations and borrowing cost of our NAB loan facilities;
2. The recovery of the disputed disruption, delay and variation contract claims for their existing carrying value;
3. The delivery of an improved EBITDA; and
4. The potential sale of one or more of the Group’s operating subsidiaries.

I will now provide further commentary on these strategies:

Strategic Funding Agreement with LIM

The first USD $6.0M tranche of the LIM facility was drawn down on 1 September 2015 and the second USD $4.0M tranche was drawn down on 24 December 2015. Since that date USD $0.9M has been repaid. The facility is due for repayment on 31 August 2017. It is intended to repay this loan with proceeds received from disputed claim settlements.

Refinance of National Australia Debt

As part of the strategic funding relationship with LIM, the National Australia Bank ('NAB') agreed to convert $31.0M of EAL's working capital facilities to Longer Term Commercial Bill debt.

The NAB loan facilities prior to 30 June 2016 were also further extended to 31 August 2017.

The NAB facilities are scheduled to be reduced during the course of FY17.

I would like to acknowledge the support provided to EAL by NAB and LIM.

Recovery of the disputed disruption, delay and variation contract claims

EAL has previously advised of its intention to protect shareholder value through diligent and prudent pursuit of claims for amounts considered owing to the Group. While these claims relate to difficult contracts, they are also symptomatic of an uncompromising business climate and the increasingly litigious nature of the Australian construction industry.

EAL has equipped itself to deal with the requirement for legal advice and the need for litigation support by establishing an in-house legal and commercial team together with the retention of an experienced construction counsel on a permanent basis.

To date, the Company has collected $10.3 million from successful claim adjudication decisions in respect of the GELOR and NRAH claim disputes. The Ottoway Engineering ‘Roma’ claim and ICE ‘Mooka’ claim have been progressed to arbitration and mediation phases respectively and outcomes for both of these matters are expected during FY17. In addition the Ottoway Engineering commenced proceedings against Pooncarie Operations Pty Ltd in the Supreme Court of New South Wales (Technology & Construction List) on 14 November 2016 in relation to its Snapper claim.

E&A Limited has an unwavering commitment to the prosecution and recovery of each of its legitimate and rightful claims for work completed.

E&A Limited will provide further updates to Shareholders on the status of claim recoveries throughout FY17.

The delivery of an improved EBITDA

EAL established an ongoing Productivity and Profit Improvement Program (PPIP) under the leadership of a senior executive reporting directly to the Managing Director. This PPIP has delivered actual administration and overhead costs savings in expenses of $7.2 million last year. Actual annualised savings now exceed $13 million.

In addition to absolute cost reduction, the PPIP has been addressing internal processes to ensure that all contracts are more tightly managed, monitored and contracting risks are identified such that these risks are mitigated to the maximum degree possible. The in-house legal and commercial team are assisting the EAL subsidiaries in identifying and mitigating risk at the time of contract award as well as dealing expeditiously with contractual issues as they arise.

EAL subsidiaries are presently trading across a range of industries all of whom are experiencing significant challenges. During FY16, EAL worked closely with the Federal and State Governments to influence policy in the renewable energy industry, the South Australian steel and mining industry and also the defence industry's naval shipbuilding sector. The Federal and State Governments' commitment to each of these industries has been exceptional.

The Company has successfully increased the volume of recurrent maintenance, shutdown and minor upgrade projects for established clients. This type of work offers recurrent revenue, lower risk and is less litigious than major greenfield construction work.

Consistent with this initiative, EAL established a new maintenance business in 2015, Tasman Rope Access. This service line successfully competes with the traditional scaffolding industry and provides an opportunity for clients to reduce both the cost of repairs and maintenance and the down time associated with programmed or emergency shutdowns.

The focus on recurrent maintenance, shutdown and minor upgrade projects, as opposed to winning major construction projects, has been successful.

Furthermore, in the past month, EAL Management has restructured its Ottoway Engineering operations to only focus on the following:

- Specialist shop fabrication piping and mechanical works;
- Specialist skilled shop and on-site labour hire; and
- Maintenance Contracting.

Ottoway Engineering intends to exit major greenfield construction activities where it is responsible for installing and constructing client issued materials fabricated overseas under onerous fixed lump sum contracts. Whilst this is expected to reduce Ottoway Engineering's turnover, the offset will be lower risk as major greenfield construction work is often delayed and disrupted due to poor quality free issued materials and late delivery of critical components.

The potential sale of one or more of the Group's operating subsidiaries.

As previously reported, EAL engaged advisors to ascertain interest in a potential purchase of some of EAL's subsidiaries. The sale of any subsidiary for commercial value is, to a significant degree, dependent upon investor confidence on the outlook for the industries in which the subsidiary operates, and certainty in respect of ongoing contracts. Whilst this process has generated expressions of interest, no transaction is imminent at this time.

Shareholder Value Restoration

The restoration of shareholder value will take time. Significant progress has been made during the year on the turnaround of some of EAL subsidiaries. Furthermore the outlook for the industries in which they operate is more positive this financial year than it was at the same time last financial year.

Shareholder value continues to be constrained by EAL's debt. The Company's borrowings are scheduled to reduce progressively over the course of the next twelve months. The servicing of EAL's debt, whilst significant, has been assisted by the low interest rate environment, which is evidenced by the interest rate futures market, is forecast to continue for at least the next three years.

THE 2016 FINANCIAL YEAR IN REVIEW

On behalf of the E&A Limited Board of Directors, I report the Company's financial results for the 12 month period ended 30 June 2016.

Income Statement

E&A Limited achieved consolidated revenue of $163.3 million which represented a 18% decrease on last year and is reflective of the depressed market conditions experienced during FY16.

E&A Limited incurred a Net Loss After Tax of $19.9 million after non-cash goodwill impairment of $6.1 million, impairment of work in progress of $8.1 million primarily related to the Bluenergy CMC Sino Iron contract and restructuring significant one off costs of $1.3 million.

Cashflow

EAL recorded negative cashflow from operating activities of $14.6 million during the year ended 30 June 2016.

Cashflow for the year was consistent with the demands brought by the difficult contracts and claims already noted and the decision by a number of major clients to extend trading terms from 30 to 45 days or 60 days.

However, there was a marked improvement in cash generation in the closing six months for the year during which the company recorded a positive net inflow of $4.4 million from operations.

Net Debt & Gearing

Net debt at 30 June 2016 was $94.6 million. Gearing at 30 June 2016 was 77% (as measured by the ratio of net debt to net debt plus shareholder equity). The increase in debt included the drawdown of the LIM first USD $6 million tranche on 1 September 2015 and second USD $4 million tranche on 24 December 2015. Since then USD $0.9 million has been repaid against these LIM facilities. This debt is expected to be reduced over the remainder of FY17 from collection of proceeds from disputed claims.

EAL's longstanding financier, the National Australia Bank, agreed to convert $31 million of current overdraft debt into commercial bills and extend its due date 31 August 2017. It is anticipated the date for repayment of these facilities will be further extended in the near future.

2016 FINANCIAL YEAR EARNINGS CONTRIBUTION BY SEGMENT

The E&A Limited business is reported in four segments:

- Heavy Mechanical & Electrical Engineering;
- Water & Fluid Solutions;
- Maintenance Engineering & Plant Construction; and
- Investment and Corporate Advisory.

An overview of the contribution provided by each segment in FY16 is outlined in further detail below.

Heavy Mechanical and Electrical Engineering

This segment comprises the 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's revenue fell 33% and contributed a loss before interest and tax of $17.4 million including a non-cash goodwill impairment of $6.1 million and the provision for disputed debts of $8.1 million primarily related to Bluenergy CMC, which entered liquidation on the petition of Ottoway Engineering after failing to pay outstanding debts. This compared to a loss of $30.1 million in the prior financial year.

Ottoway Engineering's first half performance was adversely impacted by the finalisation of two problematic contracts, one for the New Royal Adelaide Hospital ('NRAH') and the other for the construction of de-watering facilities in an alliance agreement with Bluenergy CMC for Sino Iron at Cape Preston. Ottoway Engineering's second half performance improved as a consequence of the substantial completion of the contract works on the NRAH and Sino Iron projects.

Ottoway Engineering was engaged to construct the gas making facilities, together with Air Liquide Australia, for Nyrstar at Port Pirie and AGL at Torrens Island. Ottoway Engineering has recently won further work at Port Pirie working directly for Nyrstar and at Olympic Dam with BHPB as well as a number of labour hire engagements. The turnover however is down significantly on prior years.

ICE has established a strong foothold in the oil & gas sector, whilst retaining presence in the mining and infrastructure industry. Throughout FY16 ICE has continued to work with Santos and Beach Energy in the Cooper Basin and Arrium in Whyalla. ICE has also won contracts to perform the electrical work for Air Liquide Australia at both Port Pirie and Torrens Island.

Ottoway Fabrication's FY16 performance was impacted by the uncertainty associated with the future of Arrium's Whyalla steel and mining operations business and the unanticipated delays in the recommencement of the wind tower fabrication business. As at the 31 December 2015 the Board of Ottoway Fabrication after considering the uncertainty associated with both Arrium and the outlook for the fabrication of wind towers, resolved to impair the Heavy Mechanical and Electrical Engineering segment goodwill by $6.1 million.

On 7 April 2016, Arrium entered Voluntary Administration. EAL subsidiaries have worked closely with the Arrium Administrator and continue to lobby both the Federal and State Governments to provide certainty for the Australian Steel Industry and funding for the upgrade of the Whyalla mining and steel making facilities. Both the Federal and State Governments have made commitments that should ensure that the Whyalla mining and steel businesses be sold as a going concern and its facilities be upgraded so that they are competitive and profitable in the future.

Ottoway Fabrication has secured further work with the Arrium Administrator, BHPB, Nyrstar and Air Engineering.

In line with my earlier comments, the Australian windfarm industry remains confident that compliance with the legislative 2020 Renewable Energy Target will require the procurement and construction of more than 1,500 wind towers. 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 employment as the closure of fossil fuel fired generators is causing significant levels of unemployment. The anticipated demand arising from the establishment of new wind farms remains high. However, the principal issue causing delays seems to be the unwillingness of electrical retailers to commit to long term power take-off agreements. Recently, the debate about the merits of Renewable Energy became even more complex as a result of the price volatility and system reliability in the South Australian electricity generation and transmission sectors. In August 2016 the Council of Australian Governments (‘COAG’) met to discuss the Australian Power Market and, whilst the delays are most frustrating, all participants agreed that system improvements will be required to enable Australia to meet its 2020 RET. It is important to note that there does not appear to be any waiver to the Federal Governments bipartisan commitment to the RET. On the other hand the commitment of certain State Governments to significantly increase their own state based Renewable Energy Targets are under reconsideration.

In addition to the delay in commitment to establishing new wind farms, Ottoway Fabrication faces unfair competition from overseas wind tower suppliers. Anti-dumping duties have already been imposed on Chinese and South Korean wind towers and similar duties are sought in respect of wind towers manufactured in Vietnam.

A number of parties have expressed interest in developing solar parks in the Iron Triangle (Port Pirie, Port Augusta and Whyalla). Ottoway Fabrication has already fabricated the pipe work and solar tower for the Sundrop 20 hectare solar powered greenhouse facility located in Port Augusta. Ottoway Fabrication has entered into discussions to assemble components and erect solar panels with a number of potential solar farm developers.

Water and Fluid Solutions

This segment comprises the Fabtech Australia Pty Ltd ('Fabtech') and Blucher (Australia) Pty Ltd ('Blucher') businesses.

The activity in this segment significantly contracted during FY16 as a result of both mining and coals seam gas construction downturn. This eroded turnover and margins.

Fabtech have started FY17 with secured and expected orders of approximately $23 million of geomembrane supply and installation. As a consequence, Fabtech expects to improve its contribution to EAL group profitability during FY17. Fabtech has secured Australia's largest geomembrane project in the Northern Territory where Fabtech is capping a large deposit of process waste. This project will be completed during the 2017 financial year.

Blucher's FY16 was also impacted by the mining and oil and gas construction downturn. In particular, the Queensland market has continued to remain weak for longer than anticipated. The expansion of new food processing facilities to accommodate growth in the agribusiness sector is providing increased opportunities to Blucher in Australia and New Zealand.

Blucher will launch a number of new products to the market during FY17 which are expected to improve sales and earnings.

Maintenance Engineering and Plant Construction

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

The segment recorded a 34% increase in revenue and operating earnings rose by 38% compared to the prior financial year.

The electrical maintenance division of Tasman Power, has continued to expand its maintenance, shutdown and sustainability project work in the Pilbara region. Importantly, during the year Tasman Power secured services agreement contract extensions for two of its major customers in the Pilbara. Whilst revenue rose during FY16, margins have reduced due to client demand following further falls in commodity prices.

Tasman Rope Access was established in 2015. This business seeks to disrupt the scaffolding industry by offering a more efficient means of undertaking work at height. This enables Tasman's clients to shorten the length of fixed plant shutdown programs, whilst also reducing their shutdown costs. The business is forecast to continue to grow as its services are offered to a broader range of sites and clients.

The market demand for breakdown, repair and maintenance services offered by Heavymech continued to remain soft during FY16. Furthermore, Heavymech's Whyalla division continues to predominately undertake mechanical repairs for OneSteel's Steelworks and on-site services for Arrium's mines in the Middleback Ranges. Both of Arrium's business units experienced significant financial difficulties during the year and were progressively restructured both before, and following, entry into Voluntary Administration. Trading conditions with Arrium have now settled, although work is being undertaken at reduced margins.

The FY17 outlook for Heavymech has improved although this remains dependent upon the continuance of Arrium's Whyalla businesses as going concerns.

As the Federal Government rolls out its 'Roads for the Future' infrastructure plan, demand for quarry materials is progressively increasing. QMM is beginning to see the impact of increased throughput by its customers in terms of requests for fixed plant upgrades and new equipment.

During FY16, QMM completed the construction of a fixed plant at Arrium's Iron Baron Mine. QMM is well placed to assist with the construction of the Iron Ore Beneficiation Plants to be constructed at Iron Duke and Iron Baron in the Middleback Ranges. QMM has tendered for the fabrication of two large material handling fixed plants and its outlook for FY17 remains dependent upon securing one of these major plant fabrication and construction programs.

Investment and Corporate Advisory

This segment comprises the Equity & Advisory Ltd ('Equity & Advisory') business and corporate head office costs associated with E&A Limited.

During the last financial year this segment incurred significant one-off restructuring costs together with the costs associated with establishing the LIM OCMF finance facility. In addition earnings of this segment were impacted by the impaired the carrying value of work in progress by $0.4 million.

Throughout FY16 the principle focus of Equity & Advisory staff was on internal matters including work on the recovery of outstanding contract claims, refinancing of EAL and the implementation of Productivity & Profit Improvement Plan and Strategic Review initiatives for EAL's operating subsidiaries. This is also expected to be the case throughout FY17.

FY17 FIRST QUARTER OPERATIONS UPDATE and OUTLOOK

FY17 First Quarter Operations Update

The difficult trading conditions experienced last financial year still persist, however a number of EAL subsidiaries have experienced improved trading conditions and performance during the first quarter of FY17 compared to the prior corresponding period.

EAL has recorded a positive EBITDA for the first quarter to 30 September 2016.

Heavy Mechanical & Electrical Engineering

Ottoway Engineering's FY17 first quarter performance was adversely impacted by delays on the Air Liquide at Port Pirie and generally tight margins on work performed.

Given the litigious nature of large construction projects, Ottoway Engineering is restructuring its business in line with EAL's strategic goals towards recurrent maintenance, shutdown and minor upgrade projects. This change in strategy has resulted in a number of one-off redundancy costs.

Ottoway Fabrication FY17 first quarter was slower than expected due to continued uncertainty associated with Arrium's Administration and wind tower construction opportunities

Recently, Ottoway Fabrication has been able to secure a number of shutdown campaigns and labour hire engagements with Arrium as well as fabrication work for Air Engineering and BHP Billiton and after a poor first quarter is now trading in line with budget.

Wind tower fabrication orders are now expected to come on stream progressively during 2017 calendar year.

ICE's FY17 first quarter was in-line with budget expectations, however achieving budget in the second quarter will be tougher due to depressed market conditions in the mining and oil & gas sector. ICE continues to manage costs tightly and has restructured its direct and indirect workforce in line with market demand.

Pleasingly, ICE has recently secured its first win in the defence sector, which is expected to be a significant area of opportunity moving forward.

Water & Fluid Solutions

Fabtech have started FY17 with secured and expected orders of approximately $23 million of geomembrane supply and installation work across the mining, oil and gas, landfill and water industries. This has enabled Fabtech to generate solid revenue and earnings in the FY17 first quarter albeit project margins remain under pressure.

Blucher's FY17 first quarter has delivered strong drainage & stainless steel product sales as a result of increased activity in NSW which has seen earnings track to budget.

Blucher anticipates to introduce new product lines providing water and gas pipe solutions by the third quarter of FY17 which are expected to further improve sales and profit margins.

Maintenance Engineering & Plant Construction

The Tasman Group, including Tasman Power and Tasman Rope Access, has made a solid start to FY17 exceeding revenue and earnings targets during the first quarter.

This is due to continuing demand from the major iron ore producers in the Pilbara although the business has been compelled to deliver future price reductions following pressure from its key customers. The Tasman Group is seeking to manage any contract price reductions by improvements in productivity and reductions in wage rates.

Tasman Rope Access continues to grow its turnover with existing customers by expanding services to additional sites.

The market conditions for breakdown repair and maintenance services offered by Heavymech in Adelaide have improved during the first quarter of FY17.

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. Whilst turnover has improved the long-term outlook remains uncertain, although the Arrium Administrator is confident the Whyalla Steelworks will be sold as a going concern.

Albeit activity levels at QMM have improved throughout the first quarter of FY17, both turnover and margins remain impacted by historically low levels of demand and strong competition. QMM has a number of sizeable plant upgrade opportunities in its pipeline, which if converted, will enable QMM to deliver its budget.

Investment & Corporate Advisory

Equity & Advisory's focus during the first quarter of FY17 has been on implementing the strategy to rebuild shareholder value for E&A Limited supplemented with minor mergers & acquisition mandates.

FY17 Outlook

During FY16 EAL undertook the changes necessary to return the EAL Group to profitability. These actions together with the resolution of the outstanding contractual claims is essential to restoring shareholder value. The EAL board expect this will deliver a significant improvement in earnings in FY17 and a reduction of its debt.

EAL has commenced FY17 with a significant improvement in the value of committed recurrent and project work as compared to FY16. This improvement in part reflects the EAL Board's focus on securing recurrent maintenance, shutdown and sustaining project work from established clients.

EAL's subsidiaries have been progressively adapting their businesses in the expectation that the challenging trading conditions experienced last year will remain for a period of time, however recent improvements in mineral and oil prices have provided a number of indicators of a recovery.

As a consequence of the improved outlook, several of EAL's subsidiaries have budgeted significant improvements in their forecast trading performances for FY17.

EAL also expects to generate increased earnings contribution from the growth of the Tasman Rope Access business during FY17.

As mentioned in its Annual Report to shareholders Ottoway Fabrication is expected to receive wind tower fabrication orders during the 2017 calendar year as Australia's electricity retailers change their electricity generation sources to meet the 2020 RET.

In the longer term a number of EAL's subsidiaries expect to secure additional turnover as the Federal Government begins to implement its commitment to spend $88 billion on three separate Naval Shipbuilding Programs. The majority of the assembly work is forecast to take place at the ASC Osbourne shipyards in Adelaide.

The EAL subsidiaries expect to win work associated with the construction of the ship assembly facilities and then heavy engineering work such as pipe spooling and subassemblies for each vessel program.

SAFETY & OUR PEOPLE

Safety

EAL's management and employees share a mutual responsibility to deliver work in a manner which does not harm either the employee, or those who work alongside them. EAL's group subsidiary employees maintained their attention to this essential obligation last financial year and once again we are proud to announce another year's lost time injury free performance.

All of EAL's subsidiaries continue to improve their safety cultures through proactive safety leadership both internally and by working with their customers, training and communication with their employees, ensuring safe workplaces, processes, and procedures. The outcome of this is reflected in their safety performance which resulted in significant milestones as at 15 November 2016, as follows:

- ICE completed 3,759 days (more than 10 years) without a Lost Time Injury (LTI) and has worked more than 1,850,000 hours on site without a LTI claim;

- Fabtech completed 2,605 (more than 7 years) days without an LTI and has worked more than 1,770,000 hours on site without a LTI claim;

- QMM completed 2,489 (more than 6 years) days without a LTI and worked more than 500,000 hours in the workshop and on-site without a LTI;

- Ottoway Engineering completed 2,265 days (more than 6 years) without a LTI and has worked more than 2,900,000 hours in the workshop and on site without a LTI;

- Ottoway Fabrication completed 2,192 days (more than 6 years) without a LTI and worked more than 1,280,000 hours in the workshop and on site without a LTI;

- Tasman Power & Tasman Rope Access completed 1,971 days (more than 5 years) without a LTI and worked more than 1,300,000 hours in the workshop and on-site without a LTI; and

- Heavymech completed 1,406 days (more than 3 years) without a LTI and worked more than 190,000 hours in the workshop and on-site without a LTI.

These safety outcomes are extraordinary and are due to the remarkable efforts of our employees, our management teams and clients, all who contributed to this achievement.

I would like to thank and congratulate our leadership team, our safety management personnel and all our employees on the exemplary commitment which has delivered these outstanding safety results. The Board is proud of their individual and collective efforts and performance.

Workers Compensation Performance & Self-Insurance Status

Our continued proactive approach to safety has led to another year of very low claim incident performance. The only claims of any substance this year were on account of hearing loss. EAL is proactively managing is workers compensation claims and have resolved and settled 11 out of the 12 workers compensation claims which were transitioned from Return to Work SA.

On 14 June 2016, EAL subsidiaries' self-insurance status for South Australian operations was extended for a further term of two years. EAL's focus on safety has enabled it to significantly reduce its workers compensation costs saving more than one million annually. EAL has shared these savings with its clients as part of EAL subsidiaries' commitment to meet their clients' expectations of cost reduction in everything they do.

People

Throughout FY16, EAL's subsidiaries have continued to adjust their direct and indirect employment levels to reflect the market demand. EAL's Board have continued to meet marketplace expectations including, where necessary, reducing margins to maintain skilled employment in order to retain the essential skills which form the core value of our subsidiaries.

Our employee numbers have remained comparable with the prior year, however there was a structural change in the composition of the workforce. During FY16 the number of construction employees fell and in the second half of FY16 and to now the number of maintenance employees increased.

I would like to take this opportunity to thank the EAL subsidiary chief executives and their direct reports, and all of our other employees for their continued support and commitment in what was a very challenging year for E&A Limited.

I would also like to thank my Board colleagues for their guidance, direction and support.

At this point in time I would like to thank Mr David Klingberg AO, who will retire from the Board today. Mr Klingberg foreshadowed his decision to retire from the Board some twelve months ago. Mr Klingberg is 72 years of age and has been a member of the Board in excess of 9 years enriching it with his considerable experience, deep business and engineering know-how and astute corporate stewardship.

I extend our gratitude as a board and my personal thanks to Mr Klingberg for his valued and outstanding contribution to the Company and wish him well in his retirement.

As shareholders would be aware Mr Michael Abbott retired from the board on the 2nd of June 2016. Mr Abbott who is 73 years of age indicated last year that he only wished to extend his appointment for another year as he was seeking to reduce his workload.

On behalf of the Board, I thank Mr Abbott also for his wise counsel and exceptional contribution to the Company.

Prior to handing back to the Company’s Chairman and moving on to the formal business of today’s meeting, including the consideration of the 2016 Annual Report, I invite questions on my address.