



Annual Report & Appendix 4E
For the Financial Year Ended 30 June 2014

E&A Limited

ABN 22 088 588 425

This Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period:	Financial Year Ended 30 June 2014
Previous Corresponding Period:	Financial Year Ended 30 June 2013

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Results for announcement to the market

Financial Year Ended 30 June 2014

Revenue and Net Profit

	% Change		Amount \$'000
Revenue from ordinary activities*	17%	To	234,620
Reported net profit from ordinary activities after tax attributable to members	-	To	7,714
EBIT from ordinary activities	1%	To	14,014

* Excludes 'Other Income'

Earnings Per Share

	2014	2013
Earnings per share (diluted)	6.44 cents	7.16 cents
Earnings per share (undiluted)	6.44 cents	7.16 cents

Net Tangible Assets

	2014	2013
NTA per share (undiluted)	14.59 cents	6.51 cents

Dividends

	Amount per security	Percentage Franked %
Interim dividend	2.75 cents	100%
Final dividend	2.75 cents	100%
Record Date for determining entitlements to the dividend	14 November 2014	
Date of dividend payment	28 November 2014	

Review of Operations

For commentary on current year operations, please refer to the attached Media Release.



REVIEW OF OPERATIONS

For the Financial Year Ended 30 June 2014

- Record revenue, EBITDA and increased dividend
- Revenue of \$235.41 million an increase of 17% on the prior year.
- Net profit after tax of \$7.71 million, consistent with the prior year.
- EBITDA of \$17.22 million, representing an increase of 6% on the prior year.
- EBIT of \$14.01 million, representing an increase of 1%.
- Final dividend increased to 2.75 cents fully franked. Full year dividend of 5.50 cents fully franked representing an increase of 10% on last year.
- Cash Flow from operations of \$1.29 million before interest and tax.
- Zero Lost time injuries recorded
- E&A Limited's strong safety record assists the Company to gain self insurance accreditation with Workcover SA with effect from 1 July 2014.

FY14 FULL YEAR RESULTS SUMMARY EAL GROUP (\$'000's)	FULL YEAR FY14	FULL YEAR FY13	PERCENTAGE CHANGE (%)
Revenue (including 'Other Income')	235,405	200,878	17%
EBIT from continuing operations	14,014	13,874	1%
Net interest expense	(3,101)	(2,790)	11%
Net profit before tax	10,913	11,084	(2%)
Tax expense	(3,199)	(3,378)	(5%)
Reported statutory net profit after tax	7,714	7,706	0%
Cash from Operations	(3,141)	5,121	(161%)
Cash from Operations Before Tax and Interest	1,290	9,460	(86%)

* The Directors have presented non-IFRS profit information as part of its Review of Operations in order to improve the users' understanding of the Group's performance compared to the prior year. Non-IFRS profit information reported has not been the subject of independent audit procedures.

Diversified investment company, E & A Limited (ASX:EAL) today announced a statutory net profit after tax (NPAT) of \$7.71 million for the twelve months ended 30 June 2014. The 2014 full year NPAT is consistent with the 2013 full year result of \$7.71 million. Earnings before interest and tax (EBIT) rose by 1% to \$14.01 million, up from \$13.87 million in the prior year.

The FY14 NPAT was generated from 17% higher turnover. Earnings growth trailed revenue growth due to lower margins earned from Heavy Mechanical and Electrical Engineering, Maintenance Engineering and Plant Construction. The factors involved in these results are discussed below and in the Operating Segment Commentary that follows.

Executive Chairman, Mr Stephen Young, said the full year result featured strong revenue growth of 17% primarily driven by upstream activity in the Oil & Gas sector.

EAL's result included strong performance from the Fluid and Water Solutions segment where Fabtech and Blucher experienced strong demand associated with peak activity in CSG sector.

EAL's largest operating segment, Heavy Mechanical and Electrical Engineering, increased revenue but contributed lower earnings, principally due to the costs associated with the establishment of the wind tower fabrication business and the subsequent disruption to that business brought by the RET Review.

The segment's earnings contribution was also adversely impacted by difficult contracting conditions associated with a rapid increase in activity which caused all participants, namely EPCM, Tier 1 and Tier 2 contractors, to struggle to maintain program construction schedules, material supply chains, acceptable quality and reasonable labour costs.

Mr Young said the maintenance of net profit at the record result of the previous year was a creditable outcome given the challenging circumstances brought by the establishment of wind tower fabrication capability, the subsequent disruption of the RET review and the conditions experienced within the mining and resources services industry. The results achieved reflect the benefits of E&A Limited's strategy on diversifying its business across a range of services, products, regions and industries. In this respect the performance of Water and Fluid solutions segment was outstanding.

Mr Young also expressed disappointment that an acquisition which was due for settlement in the second half of FY14 was not completed. Litigation has commenced to recoup EAL's damages / losses associated with the circumstances of the transaction not completing, given the commitment and management resources invested in this transaction.

FINAL DIVIDEND

E&A Limited Directors are pleased to declare a final fully franked dividend of 2.75 cents per share payable on 28 November 2014. This represents a 10% increase in the final dividend and an increase of 10% in the full year dividend to 5.5 cents. The record date for the dividend will be 14 November 2014. The Company's Dividend Reinvestment Plan (**DRP**) will again be available to shareholders.

The final dividend of 2.75 cents can be taken in cash or reinvested in EAL shares at a discount of 2.5% to the volume weighted average price of all EAL shares traded on the Australian Securities Exchange during the five trading days after the record date. The Company's **DRP** is strongly supported with approximately 70% participation, including the participation of EAL's executive directors, which effectively means the cash payout ratio of EAL's full year NPAT is typically below 30%.

SAFETY & OUR PEOPLE

The safety of E&A Limited's operating entities' employees and those who work alongside them continues to be management's primary objective and is a key performance measure for both its executive managers and those who report to them.

EAL subsidiaries have entered into direct safety agreements with all of their employees. As a direct consequence of the safety leadership, training and care by both managers and employees last year's operations were undertaken without a lost time injury (LTI).

During the period to 20 August 2014, a number of E&A Limited's subsidiaries achieved significant milestones:

- ICE completed over 2,530 days and has worked more than 1,500,000 hours on site without a Lost Time Injury (LTI).
- Fabtech completed over 1,845 days and has worked more than 1,100,000 hours in the workshop and on site without a Lost Time Injury (LTI).
- QMM completed over 1,669 days and has worked more than 400,000 hours in the workshop and on site without a Lost Time Injury (LTI).

- Ottoway Engineering completed over 1,460 days and has worked more than 2,000,000 hours in the workshop and on site without a Lost Time Injury (LTI).
- E&A Contractors completed over 1,377 days and has worked more than 1,000,000 hours in the workshop and on site without a Lost Time Injury (LTI).
- Heavymech completed over 588 days and has worked more than 80,000 hours in the workshop and on site without a Lost Time Injury (LTI).

The Company wishes to acknowledge the exemplary commitment of its employees and their management in delivering these outstanding safety results. Their day to day focus on taking the time to plan the way they work to ensure that they, and their work colleagues, complete their tasks safely is a credit to them all. The Company is very proud of their individual and collective performance.

As a direct consequence of the outstanding safety performance EAL was granted WorkCover SA self-insurance status with effect from 1 July 2014.

NET DEBT & GEARING

Gearing at 30 June 2014 was 38.2% (as measured by the ratio of net debt to net debt plus shareholders equity). Borrowing costs for the twelve months to June increased by \$0.3 million (11%) from \$2.8 million to \$3.1 million.

Net debt at 30 June was \$44.6 million which compares with the previous corresponding result of \$35.2 million. The increase includes investment in capacity in Whyalla which is yet to be reflected in earnings generation and the additional working capital requirements arising from substantial CSG upstream construction contracts in Southern Queensland. These contracts have required increased working capital to fund the increased level of activities and also have unresolved claims associated with changes in scope and construction delays. As these projects are now being completed, it is expected that the resolution of outstanding claims will result in a strong cashflow during FY15.

CASHFLOW

EAL's subsidiaries generated cashflow from operations of \$1.29 million before payment of interest and tax. Cashflow from operations after payment of interest and tax resulted in a deficit of \$3.14 million.

EAL typically expects its subsidiaries to generate cash flow from operations before payment of interest and tax at a level equal to its earnings before interest and tax ("EBIT"). This did not occur over the last 12 months principally as a consequence of the following factors:

- The turnover of the business increased by \$34.6 million during the year, necessitating an increase in working capital as the majority was associated with specialist labour.
- A significant increase in working capital funding resulting from unresolved claims associated with Principals failing to permit access to work fronts, supply free issue materials on time, in sequence and/or of sufficient quality all of which have caused a significant delays and/or inefficiencies.

OUTLOOK FOR FY15

Current work on hand and forecast business activity suggest comparable revenue in FY15 to the previous year. Last year EAL secured growth in part by “doing more for less”. EAL expects margins to stabilise in a number of its special engineering services subsidiaries and additionally EAL has commenced a companywide improvement and cost reduction program in order to ensure it is able to meet, if not exceed, customer expectations. This program will focus on the following areas:

- A review of project management, delivery and reporting methodologies;
- A review of all EBAs in order to ensure the delivery of labour on a cost competitive basis;
- A review of all procurement policies and processes in order to ensure optimal procurement costs;
- A review of the timeliness and effectiveness of project invoicing, claims resolution and collections; and
- Consolidation of back-office services where appropriate

The Company expects to maintain a payout ratio of between 60 - 70% of NPAT for FY15 (based on high DRP participation) and is offering a high dividend yield based on the current share price.

EAL subsidiaries are well-placed to win and perform the growing maintenance requirements that will arise from the \$300 billion of mining and resources capacity completed in Australia over the past 3 years.

EAL subsidiaries have intentionally maintained their factory based EBAs and have paid salary uplifts in accordance with site agreements which have usually been negotiated by either their clients or their client's Tier 1 contractors. EAL subsidiaries all have maintenance cultures and accordingly each of the subsidiaries is seeking to enter into long-term contracts to provide services to maintain the infrastructure which has been created. It is expected that this aspect of EAL subsidiaries' business will increase as the recently constructed plants come online.

The activity levels in EAL's home state of South Australia is encouraging for the construction element of EAL's specialist engineering services which have facilities well located for the opportunities emerging including:

- the Cooper Infrastructure Expansion Project (CIEP) announced by Santos in February 2014, including the intention to spend \$5 billion over the next 10 years. Works have started on this project and three of EAL's subsidiaries have already secured CIEP work.
- Olympic Dam: Mr Andrew McKenzie, CEO of BHP Billiton also announced in February 2014 that “costs had been reduced at their Olympic Dam operations and that they intended to continue to work that operation hard.” Consistent with that announcement BHPB continue to improve the throughput and efficiency of the Olympic Dam operations with programed upgrades. It is expected the level of off-site work to be undertaken by EAL subsidiaries will increase in preparation for major smelter maintenance campaign scheduled to commence in June 2015.
- Nyrstar's announcement in April 2014 of its intention, as a result of receiving a SA Government guarantee, to proceed with a \$514 million redevelopment of its Port Pirie smelter into an advanced metals recovery and refining facility.
- Port Bonython: in July 2014 Mitsubishi announced its intention to establish a diesel import terminal at Port Bonython, which is adjacent to E&A Contractors' fabrication facility in Whyalla. EAL has been working with the engineers designing this project and is thereby confident that it will be involved in part of the delivery of the \$110 million of infrastructure necessary for this project.
- Arrium, which has increased its iron ore export capacity up to a run rate of 13 million tonnes per annum over recent years. Arrium has recently announced that it intends to “increase its focus on cost reductions as well as work on excess to lower cost ores from the Middleback Ranges”. EAL subsidiaries have been supporting the ongoing maintenance of the equipment necessary to achieve Arrium's throughput and furthermore have recently secured work on construction programs necessary to access lower cost ores.

- Sundrop Farms, who have retained John Holland to lead the construction of its \$150 million, 20 hectare greenhouse and solar desalination project near Port Augusta. EAL's subsidiaries have been in negotiation with John Holland for the supply of pipework and geomembrane lining for this project.

A number of project opportunities have been secured by EAL subsidiaries in Western Australia. Specifically, Ottoway Engineering has secured a significant piping fabrication contract at Sino Iron and ICE have secured an electrical construction project at Mooka. It is anticipated that both these projects will lead to further work.

EAL subsidiaries continue to undertake work for the four principal owners in the CSG sector. It is expected that the level of work undertaken in this sector will be lower during FY15, although the nature of the activities is such that drilling activity will continue and as a consequence new wells will be linked into both existing and new infrastructure. As mentioned above, there will be a significant level of operations and maintenance activity which EAL subsidiaries will increasingly pursue.

E&A Contractors were recently awarded a small order for the fabrication of 3 wind towers. E&A Contractors are in advanced discussions for other major fabrication works and expects, subject to the outcome of the RET Review, that further orders will be received for the fabrication of wind towers as soon as a decision is made by the Government on the Renewable Energy Target.

The outlook for the Water & Fluid Solution segment is expected to remain favourable, although it is unlikely that the outstanding results from FY14 can be repeated. Fabtech have recently won another major geomembrane supply and install contract at the QCG's Northern Waste Water plant. However, it is anticipated there will be less activity in the second half of FY15.

The outlook for Maintenance Engineering & Plant Construction is favourable, with increased demand based on current tender activity.

EAL has previously advised its intention to complete acquisitions in complementary sectors and regions as part of its growth strategy. EAL is currently in exclusive due diligence in relation to a potential value-adding transaction and expects to be in a position to provide further information about this opportunity in the near future.

OPERATING SEGMENTS COMMENTARY

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

HEAVY MECHANICAL & ELECTRICAL ENGINEERING

HEAVY MECHANICAL & ELECTRICAL ENGINEERING (in thousands)	FULL YEAR FY14	FULL YEAR FY13	PERCENTAGE CHANGE (%)
Segment Revenue	166,117	139,115	19%
EBIT	4,231	6,943	(39%)

* Refer to Annual Financial Report and Note 26 *Segment Reporting* for reconciliation between segments and statutory results

The Heavy Mechanical and Electrical Engineering segment includes the services provided by Ottoway Engineering Pty Ltd (**Ottoway**), ICE Engineering & Construction Pty Ltd (**ICE**) and E&A Contractors Pty Ltd (**EAC**).

This segment delivered an increase in revenue of 19%, however operating earnings declined by 39% compared to the prior year due to the previously reported issues with the start-up of wind tower fabrication and subsequent disruption from the RET review and the transition of ICE into the hydrocarbons sector.

In addition, margins from Ottoway Engineering were significantly affected by a disrupted major SMP construction project in Southern Queensland. The project was scheduled for construction over a six month period, however, at the time originally scheduled for practical completion, less than 20% of the pipe required for construction had been delivered by the Principal. Extensions of time had been granted and the project has now been completed eight months later than originally scheduled. These claims have recently been submitted in respect of the additional costs incurred and these claims are expected to be resolved over the coming months.

Ottoway continues to successfully undertake fabrication and construction work on the new Royal Adelaide Hospital and ASC AWD program, both of which will continue for the greater part of FY15. ICE is building relationships with clients in the Cooper Basin and Queensland following its transition into the hydrocarbon sector.

E&A Contractors is well positioned through its Whyalla facility to complete the work expected to arise from the increased level of construction activity in northern South Australia as outlined in the preceding FY15 Outlook section of this report.

WATER & FLUID SOLUTIONS

WATER & FLUID SOLUTIONS (in thousands)	FULL YEAR FY14	FULL YEAR FY13	PERCENTAGE CHANGE (%)
Segment Revenue	66,945	47,871	40%
EBIT	7,797	5,015	55%

* Refer to Annual Financial Report and Note 26 *Segment Reporting* for reconciliation between segments and statutory results

This segment comprises the services provided by Fabtech Australia Pty Ltd (**Fabtech**) and Blucher (Australia) Pty Ltd (**Blucher**) both of which contributed record results.

The Water & Fluid Solutions segment recorded an increase in revenue of 40%, and operating earnings increased by 55% compared to the prior year.

This segment has performed strongly off the back of the coal seam gas sector in SE Queensland.

During the year Fabtech has completed three large coal seam gas contracts in SE Queensland and each contract has been in excess of \$10 million. At the same time Fabtech completed a large contract to line the Morewell River.

Fabtech anticipates revenue and earnings in FY15 will be lower as demand moderates over the course of the year from the peak levels of FY14.

Blucher has once again had its best year since it was acquired by EAL. The new product lines introduced by Blucher in FY14 have contributed to the record result and are expected to grow during FY15. As a consequence, Blucher's profitability is forecast to continue to improve.

The product segments that Blucher services face increased competition from online competitors. However, Blucher has an exceptional network of industry experts and as a consequence has been able to maintain both market share and its margin by providing a full service in a technically complex industry.

MAINTENANCE ENGINEERING & PLANT CONSTRUCTION

MAINTENANCE ENGINEERING & PLANT CONSTRUCTION (in thousands)	FULL YEAR FY14	FULL YEAR FY13	PERCENTAGE CHANGE (%)
Segment Revenue	18,190	18,352	(1%)
EBIT	841	911	(8%)

* Refer to Annual Financial Report and Note 26 *Segment Reporting* for reconciliation between segments and statutory results

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

The segment recorded a marginal reduction in revenue, and operating earnings decreased by 8% compared to the prior year.

Improved level of project work and earnings during the second half enabled management to offset the revenue impact of reduced quarry and mine construction and maintenance activity in the first half.

The outlook for the next six months with QMM is sound as a consequence of major project work secured in August 2014 and continued provision of underground maintenance work at Olympic Dam with BHP Billiton. QMM continues to expand its spare parts offering and is increasingly selling these spare parts throughout Australia.

Heavymech is dependent on local business activity for the repair and maintenance aspect of its machining business both in Adelaide and Whyalla. Flat local activity levels in the former resulted in Heavymech's earnings for 2014 being less than budget.

However, Heavymech's Whyalla operations grew significantly during the year and made an important contribution to the overall result. During the second half of FY14, Heavymech were able to acquire Leighton's Whyalla equipment and personnel when that operation was closed. Heavymech expects to deliver an improvement on FY14's performance as a consequence of the associated upgrade to its workforce and machinery.

INVESTMENT & CORPORATE ADVISORY

INVESTMENT & CORPORATE ADVISORY <i>(in thousands)</i>	FULL YEAR FY14	FULL YEAR FY13	PERCENTAGE CHANGE (%)
Segment Revenue (Note 1)	5,244	5,055	4%
EBIT	1,145	1,005	14%

Note 1: Excludes intercompany dividend revenue

* Refer to Annual Financial Report and Note 26 *Segment Reporting* for reconciliation between segments and statutory results

The Investment and Corporate Advisory segment comprises the services provided by Equity & Advisory Ltd (**Equity & Advisory**) and includes the listing and corporate costs associated with the parent entity, EAL.

Segment revenue increased by 4% compared to the prior year. More importantly the full year EBIT increased by 14%.

The South Australian market continues to show signs of improvement in corporate advisory activity. The advisory business earnings improved during FY14 as a consequence of Equity & Advisory receiving a success fee from acting as corporate advisor for an external client on the divestment of a material asset.

Annual Financial Report

For the Financial Year Ended 30 June 2014

E&A Limited





ABN 22 088 588 425










COMPANY OVERVIEW

E&A Limited is a diversified South Australian based investment and engineering services group comprising the following wholly owned operating businesses:

SEGMENT	OPERATING COMPANIES		SERVICES	INDUSTRY EXPOSURE	EMPLOYEES
Investment & Corporate Advisory	E&A Limited		<ul style="list-style-type: none"> Comprehensive range of corporate advisory services relating to the analysing, negotiating, financing and completing of business transactions for external and internal clients 	<ul style="list-style-type: none"> Public Private Government organisations E&A Limited subsidiaries 	13
	Equity & Advisory		<ul style="list-style-type: none"> Investment and Corporate Advisory also 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	Fabtech Australia		<ul style="list-style-type: none"> Flexible geomembrane liners and floating covers for dams, reservoirs, tunnels, channels and landfills 	<ul style="list-style-type: none"> Industrial Mining Waste water Waste management Ship building Food & beverage processing Potable and waste water containment Agriculture 	159
	Blucher Australia		<ul style="list-style-type: none"> Drainage and supply systems for industrial and commercial applications 		



COMPANY OVERVIEW

SEGMENT	OPERATING COMPANIES		SERVICES	INDUSTRY EXPOSURE	EMPLOYEES
Heavy Mechanical & Electrical Engineering	Ottoway Engineering		<ul style="list-style-type: none"> Pipe fabrication and installation involving all aspects of turn-key project management including design, engineering, procurement, manufacture, fabrication, machining, installation and maintenance Steel fabrication and structural engineering services, including project management, design, engineering support, procurement, structural steel fabrication and erection, pipe welding and pipework installation, pneumatic and hydraulic installations, and light machining Electrical engineering consultancy and project management including the design of electrical control systems for heavy industry, manufacturing and commercial installations 	<ul style="list-style-type: none"> Industrial Petro-chemical Oil & gas Mining Water Defence Power generation Infrastructure Petro-chemical 	664
	E&A Contractors				
	ICE Engineering & Construction				
Maintenance Engineering & Plant Construction	Heavymech		<ul style="list-style-type: none"> Breakdown and repair services to the heavy industrial, mining and power generation industries Equipment, spare parts, plant construction and repair, and onsite maintenance to the quarry, recycling and mining sectors 	<ul style="list-style-type: none"> Mining Power Quarry Recycling Heavy industrial 	90
	QMM				



DIRECTORS' BIOGRAPHIES

Information on directors

The following persons acted as directors of the Company during the year and up to the date of this report.

MR STEPHEN YOUNG

Executive Chairman,

B. Ec, FCA, FAICD

Stephen Young is the Executive Chairman of E&A Limited and its subsidiaries. Stephen has a Bachelor of Economics, is a Chartered Accountant and a Fellow of the Institute of Company Directors. Stephen has more than 30 years experience involving large corporate advisory, corporate recovery, business turnaround, listed public and private advisory and board engagements.

Stephen was a senior employee and partner of Allert Heard & Co, a specialist corporate recovery firm and a member of the Ferrier Hodgson Group from 1979 to 1989. Stephen was Managing Partner of Arthur Andersen's Adelaide office following their merger with Allert Heard & Co from 1989 to 1997. Stephen was a member of the Arthur Andersen Worldwide Advisory Council for a two year term from 1991 and held a number of national and international leadership positions within the firm.

Stephen has been retained on a number of listed public company boards often in a "turnaround" capacity, Government business enterprises, sporting and charitable boards including Adelaide Football Club, A Raptis & Sons Pty Ltd (current), ASC Pty Ltd (formerly Australian Submarine Corporation), Adelaide University Council (current), aiLimited, Common Ground (current), ETSA Corporation, Land Management Corporation, Major Projects Task Force (Olsen Government), Michell Australia Group, Shaw and Smith (current) and the Premier's Roundtable (SA).

MR MARK VARTULI

Executive Director,

M. Comm, B.Com, FCA

Mark Vartuli is the Managing Director of Equity & Advisory and specialises in providing commercial advice in relation to capital raisings, mergers and acquisitions, divestments, infrastructure projects and corporate restructures.

Mark is an Executive Director of E&A Limited and sits on the board of its subsidiaries.

Over the past fifteen years Mark has acted as the commercial advisor on transactions involving the sale, purchase and valuation of businesses and infrastructure projects which have a cumulative value in excess of \$5 billion.

Mark is also a retained advisor to a number of leading Australian private companies. Prior to joining Equity & Advisory in April 1998, Mark worked for Arthur Andersen in their Assurance and Business Advisory Division and is a Fellow of the Institute of Chartered Accountants and holds a Masters in Commerce.



DIRECTORS' BIOGRAPHIES

MR MICHAEL ABBOTT

Non-Executive Director,

AO, QC, LLB

Michael Abbott is a Barrister resident in South Australia. He graduated with a law degree from The University of Adelaide in 1965 and commenced in private practice in 1966. He is a past President of the South Australian Bar Association and has appeared as Counsel in a number of significant cases and Royal Commissions in Australia. In 2006 he represented six of the officers of AWB at the Cole Commission into Iraqi wheat payments in Sydney. Michael also acted for the Non-Executive Directors of the State Bank of South Australia and Beneficial Finance Pty Ltd during the Royal Commission into the State Bank of South Australia and in the subsequent litigation against the bank's Directors. He has lectured on corporate responsibility, the fiduciary duties of Directors and other topics relating to the role of Directors.

Michael is the Chairman of the Art Gallery of South Australia, Chairman of the Legal Services Commission and has recently been appointed Chairman of the Festival Centre Trust.

MR MICHAEL TERLET

Non-Executive Director,

AO, MBA FAIM, FAICD, JP(ret)

Michael Terlet is Chairman of ACHA Hospital Group, Tidswell Financial Services Ltd, Operation Flinders Foundation, International Centre of Excellence in Water Resources Management and a director of Statewide Super, Business SA and Australian Centre for Plant Functional Genomics.

Michael was responsible for the formation and growth of Australia's largest private sector defence and aerospace company, AWA Defence Industries, from 1978 to 1992. In 1991, he was recognised and made an officer of the General Order of Australia for contributions to industry and export.

He has undertaken a number of directorships in both private and public companies and has served as Chairman of Australia's largest privately owned water company, United Water International Pty Ltd, Workcover, SA Centre for Manufacturing, Defence Manufacturing Council SA (MTIA), South Australian Small Business Advisory council, SDS Corporation Ltd and as President of the South Australian Employers Chamber of Commerce and Industry and the Engineering Employers Association.

MR DAVID KLINGBERG

Non-Executive Director,

AO, FTSE, DUniSA, B.Tech (Civil), FIEAust, FAusIMM, FAICD, KSJ

David Klingberg is an Engineer with over 40 years experience in project development and business management and governance. David holds a number of non executive board appointments with both private and public bodies. He is the Chairman of Centrex Metals Limited and a director of Codan Limited. David is also patron of the Cancer Council of South Australia and the St Andrew's Hospital Foundation.

Formerly Managing Director of Kinhill Limited, one of Australia's largest professional engineering firms operating as consultants and contractors in the resources and public infrastructure sectors, David has developed substantial professional expertise in project evaluation, management and systems and in the structuring of major infrastructure projects.



ANNUAL FINANCIAL REPORT

Financial report for the financial year ended 30 June 2014

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors is committed to ensuring the Group is properly directed and accordingly the Directors have adopted corporate governance policies and practices designed to continue to promote the responsible management and conduct of E&A Limited's business. The main policies and practices currently in place are summarised below. In addition, many governance elements are set out in the Constitution.

The overriding objective of the corporate governance practices adopted by the Company is to maintain and increase shareholder value in the Company within an appropriate framework that protects the rights and interests of shareholders and ensures the Company and its controlled entities are properly managed. The objective is supported by an organisation-wide commitment to the highest standards of legislative compliance and financial and ethical behaviour.

A summary of how the Company complies with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Recommendations is included below. In summary, E&A Limited departs from the Guidelines in one key area as the Chairman is not an independent director because he holds the position equivalent to a Chief Executive Officer. The Board has resolved that in view of the size of E&A Limited, the nature of the business and the equity position held that Mr Young's role as Executive Chairman is in the best interests of all shareholders.

The various charters and policies are available on the E&A Limited website: www.ealimited.com.au.

The Company's corporate governance statement is structured with reference to the principles and recommendations, which are outlined in the following pages.



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
Principle 1: Lay Solid Foundations for Management and Oversight		
1.1 A listed entity should disclose: <ul style="list-style-type: none"> a) The respective roles and responsibilities of its board and management; and b) Those matters expressly reserved to the board and those delegated to management. 	Complying	<p>The Board has adopted a Corporate Governance Board Charter which establishes the role of the Board and its relationship with management.</p> <p>The role of the Board of Directors of the Company, as defined by the Board Charter, is to use its expertise to develop, review and implement the strategic direction of the Company while at all times representing the shareholders, protecting the interests of the Company and fulfilling the Board's duties and obligations under the Company's constitution, and the Corporations Act 2001 (Cth).</p> <p>The Board Charter sets out the following key responsibilities and functions of the Board:</p> <ul style="list-style-type: none"> ▪ regularly considering and monitoring the implementation of corporate strategies and objectives, including E&A Limited's control and accountability systems; ▪ appointing and removing the Managing Director/Chief Executive Officer and where appropriate ratifying the appointment and removal of senior executives; ▪ monitoring and evaluating the performance of all Group management teams and the implementation of corporate strategies and performance objectives; ▪ approving and monitoring compliance with systems of financial reporting, continuous disclosure, corporate governance, legal requirements and ethical standards; ▪ approving and monitoring major capital expenditure, capital management and acquisitions and divestitures; ▪ reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance; ▪ ensuring appropriate resources are available to senior executives; ▪ issuing securities in E&A Limited and establishing any incentive plans for directors and/or staff; ▪ confirming that audit arrangements (including internal and external) are in compliance with all legal requirements and reviewing E&A Limited's policies on such issues; and ▪ delegating an appropriate level of authority to management. <p>The Board retains ultimate authority over management; however, as is customary, the Board has delegated authority over the day-to-day management of E&A Limited to the Executive Directors and in turn to management.</p>



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
<p>1.2 A listed entity should:</p> <p>a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Complying	<p>To assist in the execution of its responsibilities, the Board has established a Nomination and Remuneration Committee ("Remuneration Committee") and an Audit and Risk Management Committee ("Audit Committee"). These committees have written charters.</p> <p>The following information about a candidate standing for election or re-election as a director is provided to security holders to enable them to make an informed decision on whether or not to elect or re-elect a candidate:</p> <ul style="list-style-type: none"> ■ biographical details, including their relevant qualifications and experience and the skills they bring to the board; ■ details of any other material directorships currently held by the candidate; ■ any material adverse information revealed by the checks E&A Limited has performed concerning the director; ■ details of any interest, position, association, or relationship that might influence in a material respect the director's capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders in general; ■ the term of office already served by the director (if applicable); ■ if the board considers the director to be an independent director, a statement to that effect; and ■ a statement by the board as to whether it supports the election or re-election of the candidate.
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complying	<p>Each new non-executive Director is required to sign and return a letter of appointment which sets out the key terms of the Director's appointment. The content of the letters of appointment for new non-executive Directors is consistent with the ASX principles.</p> <p>E&A Limited also has formal employment contracts in place with the executive Directors which describe amongst other things, their term of office, duties, rights, responsibilities and entitlements. E&A Limited conducts annual performance reviews of all senior management. E&A Limited will conduct a review of Directors' performance before the end of the calendar year.</p>



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
1.4 A company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complying	<p>The role of the company secretary includes:</p> <ul style="list-style-type: none"> ■ Advising the board and its committees on governance matters; ■ Monitoring that board and committee policy and procedures are followed; ■ Coordinating the timely completion and despatch of board and committee papers; ■ Ensuring that the business at board and committee meetings is accurately captured in the minutes; and ■ Helping to organise and facilitate the induction and professional development of directors. <p>Each director has the ability to communicate directly with the company secretary and vice versa.</p>
1.5 A listed entity should: <ul style="list-style-type: none"> a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; b) Disclose that policy or a summary of it; and 	Complying	<p>E&A Limited is a 'relevant employer' as defined under the Workplace Gender Equality Act.</p> <p>The Company has established a Group Diversity Policy which is available on the Company's website.</p> <p>The Company believes its people are its greatest asset and is strongly committed to the principles of diversity and to promoting a culture that supports the development of a diverse mix of employees throughout all levels of the organisation.</p> <p>Key objectives set by the Board in achieving diversity are as follows:</p> <ul style="list-style-type: none"> ■ To create a diverse workforce; ■ To ensure employment and career progression determined by merit, competency, qualifications and ability to effectively perform the role; ■ To ensure work practices have the flexibility to support achievement of E&A Limited's diversity objectives; ■ To promote indigenous employment in the workforce; ■ To promote apprenticeships within our workforce; ■ To proactively pursue 457 VISA employment of skilled tradespersons where shortfalls exist in Australian workforce skills and sponsor Australian citizenship of these skilled workers; ■ Provide relevant and challenging professional development and training opportunities for employees; and ■ Provide flexible work arrangements to accommodate family commitments, cultural traditions and other personal choices of employees.



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment												
<p>c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>i. The respective proportions of men and women on the board, in senior executive positions and across the whole organisation; or</p> <p>ii. If the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined in and published under that Act.</p>		<p>The Board is pleased to advise progress continues to be made in achieving the above objectives and reports the following key achievements in FY14:</p> <ul style="list-style-type: none"> Enhancement of E&A Limited's Indigenous Reconciliation Action Plan to promote the recruitment of Indigenous Australians; Continued promotion of the Group Diversity Policy; Continued support of professional development programs undertaken by employees; and Continued provision of flexible work arrangements to accommodate family commitments and cultural traditions of employees. <p>E&A Limited reports on the Group's gender representation at 30 June 2014 below:</p> <table> <tr> <th>Gender Representation</th><th>Female (%)</th><th>Male (%)</th></tr> <tr> <td>Board Representation</td><td>0%</td><td>100%</td></tr> <tr> <td>Executive & Senior Management Representation</td><td>5%</td><td>95%</td></tr> <tr> <td>Group Representation</td><td>8%</td><td>92%</td></tr> </table> <p>The Board will report on progress in achieving its objectives on an annual basis.</p>	Gender Representation	Female (%)	Male (%)	Board Representation	0%	100%	Executive & Senior Management Representation	5%	95%	Group Representation	8%	92%
Gender Representation	Female (%)	Male (%)												
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Group Representation	8%	92%												



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
1.6 A listed entity should: <ul style="list-style-type: none"> a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Complying	<p>To assist in the execution of its responsibilities, the Board has established a Nomination and Remuneration Committee ("Remuneration Committee") and an Audit and Risk Management Committee ("Audit Committee"). These committees have written charters.</p> <p>The Remuneration Committee is responsible for periodically evaluating the performance of the board and individual directors.</p> <p>A performance evaluation was undertaken in the reporting period in accordance with the process developed by the Remuneration Committee.</p>
1.7 A listed entity should: <ul style="list-style-type: none"> a) Have and disclose a process for periodically evaluating the performance of its senior executives; and b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Complying	<p>To assist in the execution of its responsibilities, the Board has established a Nomination and Remuneration Committee ("Remuneration Committee") and an Audit and Risk Management Committee ("Audit Committee"). These committees have written charters.</p> <p>The Remuneration Committee is responsible for periodically evaluating the performance of senior executives.</p> <p>A performance evaluation was undertaken in the reporting period in accordance with the process developed by the Remuneration Committee.</p>



CORPORATE GOVERNANCE STATEMENT

ASX Principle		Status	Reference/Comment
Principle 2: Structure the Board to Add Value			
2.1	<p>The board of a listed entity should:</p> <p>a) Have a nomination committee which:</p> <ul style="list-style-type: none"> i. Has at least three members, a majority of whom are independent directors; and ii. Is chaired by an independent director; iii. Discloses the charter of the committee; iv. The members of the committee; and v. As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Complying	<p>The Board has established a Nomination and Remuneration Committee and an associated Nomination and Remuneration Committee Charter.</p> <p>The Nomination and Remuneration Committee is responsible for:</p> <ul style="list-style-type: none"> ■ examining and implementing adequate selection and appointment practices to ensure the composition of the Board is appropriate to meet the needs of the Company; and ■ ensuring the remuneration within the Company is appropriately designed to enhance corporate and individual performance whilst also meeting the needs of the Company as a whole. <p>The Remuneration Committee:</p> <ul style="list-style-type: none"> ■ Has three members, all of which are independent directors; ■ Is chaired by an independent director; and ■ Makes disclosures where appropriate. <p>The Nomination and Remuneration Committee consists of the independent non-executive Directors. Mr Terlet chairs the Nomination and Remuneration Committee.</p>



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment																		
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Complying	<p>E&A Limited is currently in the process of developing a board 'skills matrix'.</p> <p>Please refer to the Directors' Biographies section of the Annual Report for further details regarding the directors' relevant qualifications and experience.</p> <p>The board has an extensive range of relevant industry experience, financial and other skills and expertise to meet its objectives. The board considers that the non-executive directors collectively bring the appropriate range of skills, knowledge and experience necessary to direct the Company.</p>																		
2.3 A listed entity should disclose: <ul style="list-style-type: none"> a) The names of the directors considered by the board to be independent directors; b) If a director has an interest, position, association or relationship but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and c) The length of service of each director. 	Complying	<p>The following directors are considered to be independent:</p> <ul style="list-style-type: none"> ▪ Michael Abbott, QC; ▪ Mike Terlet; and ▪ David Klingberg. <p>The following table provides details of the date of appointment of each director:</p> <table border="1"> <thead> <tr> <th>Name</th><th>Particulars</th><th>Appointed</th></tr> </thead> <tbody> <tr> <td>Stephen Young</td><td>Executive Chairman</td><td>Appointed 12 July 1999</td></tr> <tr> <td>Mark Vartuli</td><td>Executive Director</td><td>Appointed 26 July 2007</td></tr> <tr> <td>Michael Abbott</td><td>Non-executive Director</td><td>Appointed 16 October 2007</td></tr> <tr> <td>Michael Terlet</td><td>Non-executive Director</td><td>Appointed 16 October 2007</td></tr> <tr> <td>David Klingberg</td><td>Non-executive Director</td><td>Appointed 16 October 2007</td></tr> </tbody> </table>	Name	Particulars	Appointed	Stephen Young	Executive Chairman	Appointed 12 July 1999	Mark Vartuli	Executive Director	Appointed 26 July 2007	Michael Abbott	Non-executive Director	Appointed 16 October 2007	Michael Terlet	Non-executive Director	Appointed 16 October 2007	David Klingberg	Non-executive Director	Appointed 16 October 2007
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CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment																								
		<p>The relevant interest in E&A Limited of each director is as follows:</p> <table><tr><th>Director</th><th>Number of Ordinary Shares</th><th>Number of Options over Ordinary Shares</th><th>Percentage ownership interest in E&A Limited (diluted)</th></tr><tr><td>Stephen Young</td><td>57,020,637</td><td>Nil</td><td>44.82%</td></tr><tr><td>Mark Vartuli</td><td>17,275,149</td><td>Nil</td><td>13.58%</td></tr><tr><td>Michael Abbott</td><td>2,851,386</td><td>Nil</td><td>2.24%</td></tr><tr><td>Michael Terlet</td><td>830,843</td><td>Nil</td><td>0.65%</td></tr><tr><td>David Klingberg</td><td>245,455</td><td>Nil</td><td>0.19%</td></tr></table>	Director	Number of Ordinary Shares	Number of Options over Ordinary Shares	Percentage ownership interest in E&A Limited (diluted)	Stephen Young	57,020,637	Nil	44.82%	Mark Vartuli	17,275,149	Nil	13.58%	Michael Abbott	2,851,386	Nil	2.24%	Michael Terlet	830,843	Nil	0.65%	David Klingberg	245,455	Nil	0.19%
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2.4	The majority of the board of a listed entity should be independent directors.	<p>Complying</p> <p>The composition of the E&A Limited Board complies with practices recommended as a majority of the Directors are non-executives and independent as defined by ASX guidance notes. The Board has adopted a Policy on Independence of Directors on which the board will assess the independence of the Directors of the Company.</p> <p>Directors are appointed on the specific skills required by the Company and on the independence of their decision-making and judgement. The experience and skills of the Directors is set out in the Directors' Biographies section of this Annual Report.</p> <p>The current Board comprising three non-executive Directors and two executive Directors is appropriate for the size of the Company.</p>																								



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Non Complying	<p>E&A Limited does not comply with ASX Recommendation 2.5 as the Chairman, Mr Stephen Young, is not an independent Director. As Executive Chairman, he holds the position equivalent to a Chief Executive Officer. Mr Young is also a substantial shareholder in E&A Limited as at 30 June 2014. In this regard, Mr Young is not considered to be an independent Director. Full details of the capacity of Mr Young's relationship with E&A Limited is disclosed within this Annual Report, including remuneration, related party transactions, shareholder interest and employee position.</p> <p>The Board has resolved that in view of the size of E&A Limited, the nature of the business and the equity position held, that Mr Young's role as Executive Chairman is in the best interests of all shareholders.</p>
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Complying	<p>The Board has adopted an Induction, Continuing Education and Evaluation of Directors Policy which reflects the Company's emphasis on the importance of a Board of Directors with knowledge regarding the business of the Company and the principles of good corporate governance.</p> <p>The policy prescribes the process of evaluating the performance of the Board.</p> <p>Any director appointed to fill a casual vacancy since the date of the previous Annual General Meeting must submit themselves to shareholders for election at the next Annual General Meeting.</p> <p>Retiring directors are not automatically re-appointed. Any director who retires at the end of their term may offer themselves for re-election by shareholders at the next Annual General Meeting.</p> <p>All directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate. Subject to consultation with the Chairman, the reasonable cost of continuing education and training is met by the Company.</p>



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
Principle 3: Act Ethically and Responsibly		
3.1 A listed entity should: <ul style="list-style-type: none"> a) Have a code of conduct for its directors, senior executives and employees; and b) Disclose that code or a summary of it. 	Complying	<p>The Company has established a Code of Conduct which provides guidance to all levels of the Company on how to maintain the standards and meet the expectations placed on all employees by both the Company and the community.</p> <p>As the conduct differs between the levels of the Company, the Code separately addresses the conduct of:</p> <ul style="list-style-type: none"> a) all employees and agents of the Company; b) senior management and executives; c) directors; and d) the Company as a whole, with particular attention to its social responsibility.
Principle 4: Safeguard Integrity in Corporate Reporting		
4.1 The board of a listed entity should: <ul style="list-style-type: none"> a) Have an audit committee which: <ul style="list-style-type: none"> i. Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and ii. Is chaired by an independent director, who is not chair of the board; iii. Disclose the charter of the committee; iv. The relevant qualifications and experience of the members of the committee; and v. In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or 	Complying	<p>The Company has an Audit and Risk Management Committee. The Audit and Risk Management Committee is a committee established by the Board of Directors of the Company.</p> <p>The objective of the Audit and Risk Management Committee is to assist the Board in discharging its corporate governance duties in relation to:</p> <ul style="list-style-type: none"> ■ implementing and maintaining appropriate policies and procedures in relation to risk management and auditing; ■ financial reporting, internal control structure and internal and external audit functions; and ■ establishing a sound system of risk oversight and management and internal controls. <p>The Audit and Risk Management Committee consists of three non-executive Directors. Mr Abbott chairs the Audit and Risk Management Committee.</p> <p>The Audit and Risk Management Committee has a formal charter which sets out the Committee's role and responsibilities, composition, structure and membership requirements. The Audit and Risk Management Committee is given the necessary powers and resources to meet its charter.</p>



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complying	The board confirms that prior to approving this Annual Report, the board received a declaration from the Executive Chairman and Managing Director that, in their opinion, the financial records of E&A Limited have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of E&A Limited and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complying	E&A Limited's external auditor, EY, attends its AGM and is available to answer questions from security holders relevant to the audit.



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
Principle 5: Make Timely and Balanced Disclosure		
5.1 A listed entity should: <ul style="list-style-type: none"> a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and b) Disclose that policy or a summary of it. 	Complying	<p>The Company recognises and understands that it has an obligation to disclose information to its Shareholders, the Australian Securities and Investment Commission and the Australian Stock Exchange. The Company respects the importance and value in maintaining an accurate, efficient and informed market place through the continuous disclosure of information to its Shareholders and the market.</p> <p>The Company has adopted a Continuous Disclosure Policy which outlines the procedure, content and responsibility of compliance with the Continuous Disclosure Obligations.</p>
Principle 6: Respect the Rights of Security Holders		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Complying	<p>The Company provides information about itself and its governance to investors via its website, including:</p> <ul style="list-style-type: none"> ▪ The names, photographs and biographical information for each of its directors and senior executives; ▪ The Company's constitution, its board charter and the charters of each of its board committees; ▪ The corporate governance policies and other corporate governance materials; ▪ Annual Reports and other financial statements; ▪ ASX releases; ▪ An overview of E&A Limited's current business; and ▪ Share price information.
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complying	<p>The Board has adopted a Shareholder Communication Policy which aims to ensure that all Shareholders are informed about all material developments in the management and operation of the Company and its business, in a manner which is timely and readily accessible to all Shareholders.</p>
6.3 & A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.		<p>To ensure flexibility for Shareholders, relevant information will be communicated to Shareholders via a number of methods, as follows:</p> <ol style="list-style-type: none"> 1. The Annual Report will communicate to Shareholders annual information about the Company's general and financial performance together with information on the future prospects for the Company. 2. At the Annual General Meeting Shareholders will receive information about the activities of the Company in the past year, the proposed activities for the Company in the forthcoming year, notification of any significant issues for the Company, and have an opportunity to ask questions of the Board of Directors.

CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
6.4 A listed entity should give security holders the option to receive communication from, and send communication to, the entity and its security registry electronically.		3. The Company will publish its half-year and full year-results on its website as soon as reasonably possible after they have been disclosed to the ASX. 4. All major announcements to the Australian Stock Exchange are posted on the Company's website. 5. The Company will provide the following shareholder information on its website: <ul style="list-style-type: none"> - contact details of the Company's share registry; - current share price; - instructions regarding change of Shareholders details; - shareholder forms; and - corporate profile.
Principle 7: Recognise and Manage Risk		
7.1 The board of a listed entity should: <ul style="list-style-type: none"> a) Have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> i. Has at least three members, a majority of whom are independent directors; and ii. Is chaired by an independent director; iii. Disclose the charter of the committee; iv. The members of the committee; and v. As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) If it does not have a risk committee that satisfies (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. 	Complying	<p>The Company recognises that a strong system of risk management and oversight is essential to the success of its business operations. The Board has adopted a Risk Management Policy which formalises the Company's response to risk management and oversight, and allocates various aspects of the risk management system to different levels of the Company including reporting, monitoring and review.</p> <p>The Board is responsible for the oversight and establishment of effective and consistent systems to address the risks relevant to the business. In addition, the Audit and Risk Management Committee also monitors compliance with risk management strategies throughout the Company.</p>



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
7.2 The board or a committee of the board should: <ul style="list-style-type: none"> a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b) Disclose, in relation to each reporting period, whether such a review has taken place. 	Complying	<p>The Company as a whole is responsible for the day to day identification, assessment and management of risks. Risk assessment and risk management systems are integrated throughout all levels of the business. All employees, officers and agents of the Company are made aware of this policy and the importance of reporting any risks they identify in their day to day duties, including any suggested mechanisms for managing such risks.</p> <p>The Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.</p>
7.3 A listed entity should disclose: <ul style="list-style-type: none"> a) If it has an internal audit function, how the function is structured and what role it perform; or b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	Complying	<p>The board receives monthly reports about the financial condition and operational results of E&A Limited and its controlled entities.</p> <p>While E&A Limited does not have a formal internal audit function, the role of the Investor Representative in each of the subsidiary investee companies is designed to ensure there is an appropriate level of oversight over risk management and internal control processes.</p>
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complying	<p>The board and management recognise that risk management and internal compliance and control are key elements of good corporate governance.</p> <p>The Company's approach to risk management is based on the identification, assessment, monitoring and management of material business risks embedded in its business and integrated management systems.</p> <p>The board and its Audit and Risk Committee is responsible for the oversight of the material business risks identified. Senior executives are responsible for overseeing the implementation of the Company's stated strategies.</p> <p>The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include:</p>



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
		<ul style="list-style-type: none"> The board receives regular updates on key risks associated with the development of major projects and tenders; Implementation of board approved annual operating budgets and plans, then monitoring of actual progress against those budgets and plans; and The board review annually the Company's strategic plan and prospects and the material business risks which may impact the achievement of the Company's strategies.
Principle 8: Remunerate Fairly and Responsibly		
8.1 The board of a listed entity should: <ul style="list-style-type: none"> a) Have a remuneration committee which: <ul style="list-style-type: none"> i. Has at least three members, a majority of whom are independent directors; and ii. Is chaired by an independent director; iii. Disclose the charter of the committee; iv. Disclose the members of the committee; v. Disclose at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	Complying	<p>The Board has in place a Nomination and Remuneration Committee.</p> <p>The Nomination and Remuneration Committee is responsible for advising the Board on the composition of the Board and its Committees, reviewing the performance of the Board and individual Directors, and developing succession plans.</p> <p>The Nomination and Remuneration Committee is also responsible for ensuring that the remuneration within the E&A Group is appropriately designed to enhance corporate and individual performance whilst also meeting the needs of E&A Limited as a whole.</p> <p>This Committee is responsible for setting the terms and conditions of employment for the Executive Chairman, Executive Director and other senior executives. The Company recognises that a transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and confident in the management of the Company. The Company also understands the importance of attracting and maintaining high quality individuals from directors right through to support staff.</p> <p>The Nomination and Remuneration Committee consists of three non-executive Directors. Mr Terlet chairs the Nomination and Remuneration Committee.</p>



CORPORATE GOVERNANCE STATEMENT

ASX Principle	Status	Reference/Comment
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complying	Details of the Directors and key senior executives remuneration are set out in the Remuneration Report of the Annual Report.
8.3 A listed entity which has an equity-based remuneration scheme should: a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) Disclose that policy or a summary of it.	Complying	E&A Limited does not have an equity-based remuneration scheme. At the Executive Chairman's discretion, an annual bonus of E&A Limited shares may be achieved when clearly defined Key Performance Indicators are met by individuals in accordance with their Annual Performance Plans.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

The Directors of E&A Limited submit herewith the annual financial report of the consolidated entity (referred to hereafter as the Group or E&A Limited) consisting of E&A Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014 and the independent auditor's report thereon.

Directors

The following persons were Directors of E&A Limited during the financial year ended 30 June 2014.

Name	Particulars	Appointed
Stephen Young	Executive Chairman	Appointed 12 July 1999
Mark Vartuli	Executive Director	Appointed 26 July 2007
Michael Abbott	Non-executive Director	Appointed 16 October 2007
Michael Terlet	Non-executive Director	Appointed 16 October 2007
David Klingberg	Non-executive Director	Appointed 16 October 2007

Company Secretary

Name	Particulars
Matt Proctor	Qualified Chartered Accountant Bachelor of Commerce (Accounting) Bachelor of Business (Commercial Law)

Directorships of Other Listed Companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Stephen Young	Nil	-
Mark Vartuli	Nil	-
Michael Abbott	Nil	-
Michael Terlet	The International Wine Investment Fund	Appointed May 2000 Resigned 11 July 2013
David Klingberg	Codan Limited Centrex Metals Limited	Appointed December 2004 Appointed April 2005

Directors' biographies are contained on pages 4 to 5.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

Directors' Interests in the Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the interests of the Directors in the shares and options of E&A Limited and its related bodies corporate were:

Director	Number of Ordinary Shares	Number of Options over Ordinary Shares	Percentage ownership interest in E&A Limited (diluted)
Stephen Young	57,020,637	Nil	44.82%
Mark Vartuli	17,275,149	Nil	13.58%
Michael Abbott	2,851,386	Nil	2.24%
Michael Terlet	830,843	Nil	0.65%
David Klingberg	245,455	Nil	0.19%

Information on Company Secretary

Matt Proctor was appointed Company Secretary of E&A Limited on 20 December 2013. Matt is a qualified Chartered Accountant, holds a Bachelor of Commerce (Accounting) and a Bachelor of Business (Commercial Law). Matt is a Senior Manager within Equity & Advisory's financial advisory business and previously held roles within the Assurance and Transaction Advisory Services divisions within a 'Big 4' Accounting and Professional Services Firm. Matt is currently completing a Graduate Diploma in Applied Corporate Governance.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee member).

Director	BOARD OF DIRECTORS		AUDIT & RISK MANAGEMENT COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
	Attended	Maximum Possible	Attended	Maximum Possible	Attended	Maximum Possible
Stephen Young*	8	8	2	2	2	2
Mark Vartuli*	8	8	2	2	2	2
Michael Abbott	8	8	2	2	2	2
Michael Terlet	8	8	2	2	2	2
David Klingberg	8	8	2	2	2	2

* Mr Young and Mr Vartuli do not form part of the Audit and Risk Management Committee or the Nomination and Remuneration Committee. Mr Young and Mr Vartuli have been invited to attend meetings when deemed appropriate.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

Principal Activities

During the year the principal continuing activities of the Group consisted of the provision of:

- engineering services to the oil and gas industry;
- engineering services to the mining and resources industry;
- engineering services to the water industry;
- engineering services to the defence industry;
- engineering services to the power and energy industry; and
- financial advisory services to the corporate sector.

Results

The net profit after income tax of the Group for the financial year was \$7.71 million (2013: \$7.71 million). The review of operations is contained in the front section of this Report.

Dividends

Subsequent to year-end, the Directors have declared a final fully franked dividend of 2.75 cents per share. Complete details regarding dividends can be found in Note 22 to the Annual Financial Report.

Review of Operations

The review of operations and activities is included in the front section of this Report.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the year. Further descriptions relating to the principal activities of each segment within the Group can be found in Note 26 of this Report.

Subsequent Events After the Balance Date

Subsequent to year-end, the Directors have declared a final fully franked dividend of 2.75 cents per share.

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

Future Developments and Expected Results

Other than as referred to in this report, further information as to likely developments in the operations of the consolidated entity would, in the opinion of the directors, be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation and Performance

The consolidated entity's operations are subject to environmental regulations under Commonwealth and State legislation. The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations.

For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Profit is considered as one of the financial performance targets in setting short term incentives. Bonuses are paid to executives of each operating subsidiary based on exceeding annual profit targets set at the operating entity level.

As the largest shareholders of EAL, the Executive Directors' remuneration is fixed and is aligned to increasing shareholder wealth both in the short term and long term. For this reason, the remuneration arrangements of the Executive Directors do not include the payment of short term incentives at this present time. Please refer to Section A of this Remuneration Report for further information.

The remuneration report is set out under the following Sections:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share based compensation
- E. Key management personnel

A. Principles Used to Determine the Nature and Amount of Remuneration

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Group is required to ensure that Shareholders remain informed and confident in the management of the Group. The Group also understands the importance of attracting and maintaining high quality individuals from directors right through to support staff.

The Group's remuneration policy details the types of remuneration to be offered by the Group and factors to be considered by the Board, Nomination and Remuneration Committee and management in determining the appropriate remuneration strategy. The key objectives of the remuneration policy include:

- to create a transparent system of determining the appropriate level of remuneration throughout all levels of the Group;
- to encourage people to perform to their highest level;
- to allow the Group to compete in each relevant employment market;
- to provide consistency in remuneration throughout the Group; and
- to align the performance of the business with the performance of key individuals and teams within the Group.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

REMUNERATION REPORT (AUDITED)

Non-executive Directors

The Constitution of the Company provides that subject to the Corporations Act and the Listing Rules, non-executive Directors may be paid, as remuneration for their services, a fixed sum not exceeding the aggregate maximum sum determined from time to time by Shareholders in a general meeting. The aggregate maximum sum may be divided amongst the non-executive Directors in such manner and proportion as the Directors agree. Currently, a maximum aggregate amount of \$300,000 per annum is approved to be paid to non-executive Directors of E&A Limited.

The Company will remunerate non-executive Directors in a manner designed to attract and maintain high quality board members. Non-executive Directors will receive a set fee (including superannuation) for their service and shall not be entitled to any options, bonus payments or retirement benefits. Non-executive Directors may not be paid a commission on or a percentage of profits or operating revenue. The remuneration of non-executive Directors must be consistent with, and supportive of, maintaining the non-executive Director's independence.

Where a non-executive Director, or an associated entity of a non-executive Director, provides services outside the scope of ordinary duties of a Director, E&A Limited may pay a fixed sum determined by the directors, in addition to or instead of the director's remuneration. No payment may be made if the effect of the payment would be to exceed the aggregate maximum amount of director's remuneration determined by the Shareholders at the general meeting.

All directors are also entitled to be paid reasonable accommodation and travelling expenses incurred as a consequence of their attendance at meetings of directors and otherwise in the execution of their duties as directors.

Subject to the Corporations Act and ASX Listing Rules, E&A Limited may provide termination benefits to a director or his widows/dependants on retirement or loss of office, including payment of a gratuity, pension or allowance.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

REMUNERATION REPORT (AUDITED)

Executive Pay

With the assistance of the Nomination and Remuneration Committee, the Board will approve the forms of remuneration to be offered to group executives.

Executive remuneration comprises five components:

- Fixed Remuneration;
- Performance Based Remuneration (short-term incentives);
- Equity Based Remuneration (long-term incentives);
- Termination Payments; and
- Employee Entitlements.

The combination of these components comprises the executive's total remuneration.

Fixed Remuneration

The Board, in consultation with the Nomination and Remuneration Committee and Human Resources, will from time to time determine the fixed remuneration level for each senior executive within the Group. Such remuneration levels will be determined according to industry standards, relevant laws and regulations, labour market conditions and scale of the Group's business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Group. Employees may be offered the opportunity to receive part of their fixed remuneration in the form of direct benefits such as company cars.

Short-term Incentives

In addition to fixed remuneration the Group has implemented a system of bonuses and incentives designed to create a strong relationship between performance and remuneration. Performance based remuneration will be linked to specific performance targets which will be disclosed to relevant employees regularly.

Long-term Incentives

To motivate executives and management to pursue the long term growth and success the Group may include various plans and initiatives to deliver parts of the performance based remuneration as equity in the Company. The terms and conditions of any employee share plans will be approved by the Nomination and Remuneration Committee and the Board and disclosed to the shareholders and market in accordance with the continuous disclosure policy.

Termination Payments

Each contract will set out in advance the entitlement to payment upon termination of employment for each employee. The Nomination and Remuneration Committee and the Board must approve all termination payments provided to all employees at the level of director, executive or senior management to ensure such payments reflect the Group's remuneration policy.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

REMUNERATION REPORT (AUDITED)

Employee Entitlements

The Group will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, sick, parental and maternity leave.

Company Performance and Shareholder Wealth

The Nomination and Remuneration Committee is a committee established by the Board of Directors of the Company to ensure the remuneration within the Group is appropriately designed to enhance corporate and individual performance whilst also meeting the needs of the Group as a whole. The Group's remuneration policy aims to achieve a link between the remuneration received by executives, increase Group earnings and the creation of shareholder wealth.

As required by the Corporations Act 2001, the following information is presented:

Historical Company Performance	2009	2010	2011	2012	2013	2014
Net Profit After Tax (\$'000s)	558	1,504	1,634	2,879	7,706	7,714
Dividends Paid Per Share (cents)	6.0	2.5	0.0	4.0	5.0	5.5
Earnings Per Share (cents)	0.01	3.10	1.70	3.00	7.20	6.44
Share Price at 30 June (\$)	0.25	0.24	0.12	0.17	0.52	0.56

Short term incentives are not included in the remuneration of Executive Directors at this present time. Accordingly, no short term incentives have been paid to the Executive Directors throughout the historical period presented above.

B. Details of Remuneration

Amounts of Remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the consolidated group for the year ended 30 June 2014, are set out in the following tables.

The key management personnel of the Group are the executive directors of E&A Limited and those executives who have significant authority and responsibility for planning, directing and controlling the activities of the group and also act in the capacity of executive directors for each operating subsidiary within the Group.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

REMUNERATION REPORT (AUDITED)

Remuneration of Key Management Personnel

Details of the nature and amount of each element of the remuneration of each non-executive director, executive director and key management personnel of the Company and consolidated entity for the years ended 30 June 2014 and 30 June 2013 are set out in the following table.

KMP		Base Salary and Fees	Non Monetary Benefits	Post Employment & Super Contribution s	Value of Shares / Options	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		\$	\$	\$	\$	\$	%	%
NON EXECUTIVE DIRECTORS								
Michael Abbott	2014	60,000	-	5,520	Nil	65,520	-	-
	2013	60,000	-	5,400	Nil	65,400	-	-
Michael Terlet	2014	60,000	-	5,520	Nil	65,520	-	-
	2013	60,000	-	5,400	Nil	65,400	-	-
David Klingberg	2014	60,000	-	5,520	Nil	65,520	-	-
	2013	60,000	-	5,400	Nil	65,400	-	-
EXECUTIVE DIRECTORS								
Stephen Young	2014	707,851	12,380	65,477	Nil	785,708	-	-
	2013	707,851	9,436	63,707	Nil	780,994	-	-
Mark Vartuli	2014	525,000	5,947	25,000	Nil	555,947	-	-
	2013	497,829	5,615	24,938	Nil	528,382	-	-



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

REMUNERATION REPORT (AUDITED)

C. Service Agreements

Each executive and senior management employee has entered into employment contracts with the Company which clearly set out the terms and conditions of the remuneration package for that person. The contract sets out the expectations for the performance of the role and the key performance indicators, measures and criteria for assessment. The Nomination and Remuneration Committee and the Board approve all contracts for Key Management Personnel, Executive Directors and Senior Executives.

The various E&A Limited businesses employ senior executives and managers under employment contracts which contain standard terms and conditions for agreements of this nature. All employment agreements contain standard terms and conditions of engagement which include confidentiality, restraint on competition and intellectual property provisions. The Executive Service Agreements for E&A Limited's Executive Directors are summarised in the table below:

Key Executive Director Service Agreements		
Name	Stephen Young	Mark Vartuli
Position / Title	Executive Chairman	Managing Director
Length of service (to date)	15 years	15 years
Contract Term	5 years (from 30 September 2012)	5 years (from 30 September 2012)
Remuneration	\$771,558 (excluding car allowance, car park and FBT)	\$550,000 (excluding car park and FBT)
Termination by Company	12 months notice or breach	12 months notice or breach
Termination by Employee	After 5 year term, with 12 months notice	After 5 year term, with 12 months notice
Restraint	12 month non-solicitation and non-competition if resigns, terminated for cause or payment in lieu of notice. 12 months non-solicitation if 5 year term expires or termination on notice.	12 month non-solicitation and non-competition if resigns, terminated for cause or payment in lieu of notice. 12 months non-solicitation if 5 year term expires or termination on notice.
Review	Annual Performance Review	Annual Performance Review

As the largest shareholders of EAL, the Executive Directors' remuneration is fixed and is aligned to increasing shareholder wealth both in the short term and long term. For this reason, the remuneration arrangements of the Executive Directors do not include the payment of short term incentives at this present time.

D. Share Based Compensation

Options are granted to executives at the discretion of the Board. Entitlements to the options are vested as soon as they become exercisable. Other than the Board's discretion to issue options and the achievement of the relevant exercise price there is no specific performance criteria related to the issue of options.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

REMUNERATION REPORT (AUDITED)

E. Key Management Personnel

Disclosures relating to key management personnel are set out in the Directors' Report.

Key Management Personnel Compensation

The key management personnel compensation included in employee benefits expense (see Note 7) are as follows:

<i>In thousands of \$AUD</i>	2014	2013
Short-term employee benefits	1,431	1,401
Post-employment benefits	107	105
Share based payments	-	-
Total	1,538	1,506

Loans from Directors and Key Management Personnel

As at 30 June 2014, the balance of unsecured loans payable to directors and key management personnel was \$1.995 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.

<i>In thousands of \$AUD</i>	2014	2013
Related Party "Come & Go" Facility *		
Beginning of the year	1,493	1,472
Loans advanced	502	21
Loan repayments made	-	-
End of year	1,995	1,493

*Port Tack is a related party of Stephen Young as outlined in Note 29 (d) (v).

Loans to Directors and Key Management Personnel

As at 30 June 2014, the balance of unsecured loans receivable from directors and key management personnel was \$0.075 million. Net repayments made throughout the period were nil. Interest was payable on amounts owing on normal commercial terms and conditions and at market rates.

<i>In thousands of \$AUD</i>	Balance at Beginning of Period	Advancement/ (Repayment) of Loans	Balance Outstanding
	1 July 2013		30 June 2014
Stephen Young and controlled entities	75	-	75
Total	75	-	75



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

REMUNERATION REPORT (AUDITED)

Other Related Party Transactions

Port Tack is an entity controlled by Stephen Young, the Chairman of E&A Limited. In addition, Regent Street Pty Ltd (Regent Street) is an associated entity of Stephen Young. The following related party transactions have been entered into as at 30 June 2014.

(i) Regent Street lease of Northfield premises

Regent Street entered into a lease agreement dated 2 November 2007 with Heavymech to lease the Heavymech premises for \$100,000 per annum (exclusive of GST). The lease commenced on 31 January 2008 and continued for a period of 2 years together with two rights of renewal for further periods of 5 years each. The lease is based on commercial arms-length terms and conditions. The related party benefits resulting from execution of the Heavymech premises were approved by the shareholders of E&A Limited on 5 November 2007 in accordance with section 208 of the Corporations Act.

(ii) Regent Street lease of Plymouth Road premises

Regent Street entered into a lease agreement dated 1 February 2013 with Ottoway to lease the Ottoway premises for \$388,055 per annum (exclusive of GST). The lease is effective from 1 February 2013 and will expire 31 January 2023 together with three rights of renewal for further periods of 5 years each. The lease is based on commercial arms-length terms and conditions. Accordingly, the Directors considered the lease payments which accrued to Regent Street as a related party did not require Shareholder Approval under Chapter 2E of the Corporations Act.

(iii) Regent Street lease of Mt Isa premises

Regent Street entered into a lease agreement dated 1 August 2012 with E&A Contractors to lease the Mt Isa premises for \$58,731 per annum (exclusive of GST). The renewed lease will expire 31 July 2017. The lease is based on commercial arms-length terms and conditions. The related party benefits resulting from the execution of the original Mt Isa agreement to lease was approved by the shareholders of E&A Limited on 5 November 2007 in accordance with section 208 of the Corporations Act. The lease renewal has been based on commercial arms-length terms and conditions and the Directors considered the lease payments which accrued to Regent Street as a related party did not require Shareholder Approval under Chapter 2E of the Corporations Act.

(iv) Regent Street lease of Duncan Court premises

Regent Street entered into a lease agreement dated 1 February 2013 with Ottoway Engineering for \$249,000 per annum (exclusive of GST). Ottoway and QMM operate from these premises. The Ottoway Lease renewal will continue for a period of 5 years together with three rights of renewal for further periods of 5 years each. The related party benefits resulting from the execution of the original Ottoway agreement to lease was approved by the shareholders of E&A Limited on 5 November 2007 in accordance with section 208 of the Corporations Act. The lease renewal has been based on commercial arms-length terms and conditions and the Directors considered the lease payments which accrued to Regent Street as a related party did not require Shareholder Approval under Chapter 2E of the Corporations Act.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

REMUNERATION REPORT (AUDITED)

(v) Port Tack "Come & Go" Loan Facility

Port Tack has entered into a "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 million and has been subordinated to the bank debt and cannot be repaid in cash within 12 months. The balance outstanding at 30 June 2014 was \$1.995 million. The Directors consider the Loan Facility is on arms-length terms and conditions, and therefore the financial benefit (i.e. interest payments) which may accrue to Port Tack Pty Ltd as a related party of the Company does not require Shareholder approval under Chapter 2E of the Corporations Act.

The following transactions occurred with related parties:

In thousands of \$AUD

	2014	2013
Sale of goods and services	-	-
Rental paid to other related parties	898	557

(vi) Movements in shares

The movement during the reporting period in the number of ordinary shares in E&A Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2013	Purchases	Sales	Held at 30 June 2014
Directors and Key Management				
Mr S Young	54,537,581	4,638,168	(2,155,112)	57,020,637
Mr M Vartuli	15,814,650	1,636,924	(176,425)	17,275,149
Mr M Abbott	2,603,322	248,064	-	2,851,386
Mr M Terlet	774,079	56,764	-	830,843
Mr D Klingberg	245,455	-	-	245,455



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

Share Options Granted to Directors and other Key Management Personnel

There were no options issued to directors or other key management personnel in the year.

Shares Under Option

No options to acquire unissued ordinary shares of E&A Limited exist as at 30 June 2014.

No options have been granted since the end of the financial year.

Shares Issued on the Exercise of Options

There were no shares issued on the exercise of options during the year.

Indemnification and Insurance of Directors and Officers

During the financial year, E&A Limited paid premiums in respect of Directors' and Officers' liability. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of Directors' and Officers' liability.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of entities in the consolidated entity.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, EY, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify EY during or since the financial year.

Non-Audit Services

The Company may decide to employ the auditor on assignments in addition to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (EY) for audit and non-audit services provided during the year are set out below. There were no non-audit services provided during the financial year.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 38.



DIRECTORS' REPORT

For the Financial Year Ended 30 June 2014

Details of the amount paid or payable to the auditor of E&A Limited in relation to the provision for audit and non-audit services are set out below:

Remuneration Payable to EY		\$
Audit services and review of financial reports and other work under the Corporations Act 2001		
Total remuneration for audit services		200,000
Total remuneration for other services		-
TOTAL REMUNERATION FOR ALL SERVICES		200,000

Rounding of amounts

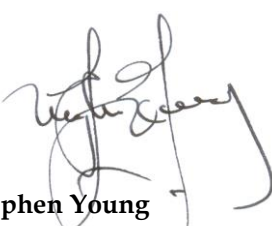
The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

Auditor's independence declaration

The auditor's independence declaration is set out on page 38 and forms part of the Directors' Report for the financial year ended 30 June 2014.

This report is made in accordance with a resolution of the directors:

Dated at Adelaide this 28th day of August 2014


Stephen Young
Executive Chairman



Ernst & Young
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Adelaide SA 5000 Australia
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Auditor's Independence Declaration to the Directors of E&A Limited

In relation to our audit of the financial report of E&A Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

David Sanders
Partner
Adelaide
28 August 2014



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2014

In thousands of \$AUD

	Note	2014	2013
Revenue	4	234,620	200,041
Cost of sales		(188,039)	(160,399)
Gross profit		46,581	39,642
Other income	5	785	837
Administrative expenses		(33,112)	(26,394)
Marketing expenses		(240)	(211)
Results from operating activities (EBIT*)		14,014	13,874
Finance income	6	32	12
Finance expenses	6	(3,133)	(2,802)
Net finance income / (expense)		(3,101)	(2,790)
Profit before income tax		10,913	11,084
Income tax expense	8	(3,199)	(3,378)
Profit (NPAT)		7,714	7,706
Total comprehensive income for the period		7,714	7,706
Earnings per share			
Basic earnings per share (AUD)	21	6.44 cents	7.16 cents
Diluted earnings per share (AUD)	21	6.44 cents	7.16 cents

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

The notes on pages 43 to 91 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2014

In thousands of \$AUD

	Note	Share Capital	Retained Earnings	Options Reserve	Total Equity
Balance at 1 July 2012		53,564	1,874	74	55,512
Profit for the year		-	7,706	-	7,706
Total Comprehensive Income		-	7,706	-	7,706
Shares issued under dividend reinvestment plan		3,429	-	-	3,429
Dividends paid	22	-	(4,815)	-	(4,815)
Balance at 30 June 2013		56,993	4,765	74	61,832
Balance at 1 July 2013		56,993	4,765	74	61,832
Profit for the year		-	7,714	-	7,714
Total Comprehensive Income		56,993	12,479	74	69,546
Shares issued under dividend reinvestment plan		4,421	-	-	4,421
Dividends paid	22	-	(6,481)	-	(6,481)
Share issue		5,037	-	-	5,037
Share issue cost		(214)	-	-	(214)
Balance at 30 June 2014		66,237	5,998	74	72,309

The notes on pages 43 to 91 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

In thousands of \$AUD

	Note	2014	2013
Current assets			
Cash and cash equivalents	9	436	2,196
Trade and other receivables	10	26,795	34,215
Inventories	11	47,685	26,752
Other current assets	12	508	350
Total current assets		75,424	63,513
Non-current assets			
Other non-current assets	13	1,058	432
Property, plant and equipment	14	29,505	23,637
Intangible assets	15	54,825	54,825
Deferred tax assets	16	5,085	4,118
Total non-current assets		90,473	83,012
Total assets		165,897	146,525
Current liabilities			
Trade and other payables	17	34,699	37,581
Loans and borrowings	18	14,933	14,734
Provisions	19	5,051	3,995
Current tax liability		4,612	3,371
Total current liabilities		59,295	59,681
Non-current liabilities			
Loans and borrowings	18	30,139	22,683
Provisions	19	833	604
Deferred tax liability	16	3,321	1,725
Total non-current liabilities		34,293	25,012
Total liabilities		93,588	84,693
Net assets		72,309	61,832
Equity			
Issued share capital		66,237	56,993
Reserves		74	74
Retained profits		5,998	4,765
Total equity attributable to equity holders of the Company		72,309	61,832
Total equity		72,309	61,832

The notes on pages 43 to 91 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 30 June 2014

In thousands of \$AUD

	Note	2014	2013
Cash flows from operating activities			
Cash receipts from customers		219,113	213,616
Cash paid to suppliers and employees		(217,823)	(204,156)
Cash generated from operations		1,290	9,460
Interest paid		(3,133)	(2,802)
Interest received		32	12
Income taxes paid		(1,330)	(1,549)
Net cash from / (used in) operating activities	30	(3,141)	5,121
Cash flows from investing activities			
Payment of vendor earn-out/settlement liability		(72)	(389)
Payments for acquisition of property, plant and equipment		(9,196)	(12,830)
Proceeds from disposal of property, plant and equipment		339	101
Net cash from / (used in) investing activities		(8,929)	(13,118)
Cash flows from financing activities			
Proceeds from the issue of share capital		4,732	-
Proceeds from borrowings		13,532	10,799
Repayment of borrowings		(6,859)	(5,031)
Movement in finance lease liabilities		1,325	(583)
Related party loans (to)/from		502	21
Dividends paid		(2,046)	(1,386)
Net cash from / (used in) financing activities		11,186	3,820
Net increase / (decrease) in cash and cash equivalents		(884)	(4,177)
Cash and cash equivalents at 1 July		(3,956)	221
Cash and cash equivalents at 30 June	9	(4,840)	(3,956)

The notes on pages 43 to 91 are an integral part of these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

1. Reporting Entity

E&A Limited (the “Company”) is a company domiciled in Australia. The address of the Company’s registered office is Level 27, 91 King William Street Adelaide SA 5000. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group is a for-profit consolidated entity and is primarily involved in providing engineering services to the mining and resources, water and defence industries and financial advisory services to the corporate sector (refer Note 26).

2. Basis of Preparation of the Financial Report

Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Boards (IASB).

The consolidated financial statements were approved by the Board of Directors on 27 August 2014.

Basis of Presentation

These consolidated financial statements are presented in Australian dollars, which is the Company’s and Group’s functional currency.

The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention.

Estimates

The preparation of consolidated financial statements 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

2. Basis of Preparation of the Financial Report (Continued)

In preparing these consolidated financial statements, the significant judgements and estimates 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, including:
 - determination of the stage of completion;
 - estimation of the total contract revenue and costs;
 - assessment of the probability of customer approval of variations and acceptance of claims;
 - estimation of project completion date; and
 - assumed level of project execution productivity.
- the recoverability of trade and other receivables (note 10 & 11);
- goodwill and the key assumptions underlying the discounted cash flows that surround its carrying value (note 15);
- lease classification; and
- estimation of the useful life of property, plant and equipment.

3. Significant Accounting Policies

The principal accounting policies adopted in the presentation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls and investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Statement of Comprehensive Income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly dispose of the related assets or liabilities.

A list of all subsidiaries appears in Note 27.

(b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, allowances and duties and taxes paid. Revenue is recognised when goods have been despatched to a customer, or a service has been provided to a customer pursuant to a sales order.

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. For fixed price contracts, the stage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract.

Project profitability is estimated at a project's inception based on the agreed contract value with the client and the budgeted total cost. Profitability is then reviewed and reassessed on a regular basis.

Unapproved variation revenue is recognised where it is probable that the revenue will be certified by the client and approved. Claim recoveries against clients are recognised when:

- it is probable that the client will accept the claim; and
- the amounts can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

Fees from financing transactions are recognised as revenue when the Group has provided all services necessary for a final closing of the transaction, the transaction has closed, the fee is payable and the likelihood of any contingency occurring that could result in a reduction of the fee is remote.

(c) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority, in this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office (ATO), are presented as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

(e) Foreign Currency Transactions and Balances

Foreign currency transactions are initially translated into Australian dollars at the rate of exchange at the date of the transaction. At balance date amounts receivable and payable in foreign currencies are translated into Australian dollars at the rates of exchange current at that date. Resulting exchange variances are brought to account in determining the profit or loss for the year.

(f) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

(g) Goodwill and Intangibles

(i) Goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair value of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

(ii) Other Intangible Assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group, which have indefinite useful lives, are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(h) Impairment of Assets

Goodwill and Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

(i) Property, Plant and Equipment

Property, plant and equipment has been recorded at cost. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

Depreciation is calculated on a diminishing value and straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives, as follows:

Buildings	20 years
Plant and Equipment	5 - 20 years
Office Furniture, Fittings and Equipment	5 - 20 years
Motor Vehicles	4 - 10 years

Rates are consistent with prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

(j) Leases

A distinction is made between finance leases which effectively transfer, from the lessor to the lessee, substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A leased asset and liability are established at the lower of its fair value and present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The leased asset is amortised on a straight-line basis over the term of the lease, or where it is likely that the entity will obtain ownership of the asset, the life of the asset. Lease assets held at reporting date are being amortised over three to five years.

Operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(k) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Inventories

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In the case of manufactured items, cost comprises materials, labour and an appropriate proportion of fixed and variable factory overhead expenses.

(m) Work in Progress

Work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Work in progress is presented as part of inventory in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

(m) Work in Progress (Continued)

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

(n) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

(o) Investments and Other Financial Assets

Classification

The Group classifies its investments and other financial assets in the following categories: financial assets at fair value through profit or loss, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investment at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) *Held-to-Maturity Investments*

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity investments and are measured at amortised cost using the effective interest method, less any impairment loss.

(ii) *Available for Sale Financial Assets*

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell that asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

(iii) *Financial Assets at Fair Value Through Profit or Loss*

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iv) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

(p) Fair Value Estimation

The net fair value of cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amount.

(q) Trade and Other Payables

Trade and other payables are carried at amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

(r) Loans and Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Interest is accrued over the period it becomes due and is recorded as part of other payables. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(s) Employee Entitlements

(i) *Wages and Salaries and Annual Leave*

Liabilities for wages and salaries and annual leave expected to be paid within twelve months of the reporting date are recognised and are measured at the amounts expected to be paid when the liabilities are settled in respect of employees' services up to that date.

(ii) *Long Service Leave*

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of employees' services up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Superannuation*

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(iv) *Share-based payment transactions*

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

(t) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(u) Finance Income and Expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses are recognised as an expense in the period in which they are incurred. Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of line fees, discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease interest; and
- bank charges.

Borrowing costs are capitalised into the cost of an asset when they relate specifically to a qualifying asset.

(v) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(x) Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

(y) Segment Reporting

The Group determines and presents operating segments based on the information that internally is provided to the Executive Chairman, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities for which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Executive Chairman and Board to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Inter segment pricing is determined on an arm's length basis.

Segment results that are reported to the Executive Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangibles assets other than goodwill.

(z) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

3. Significant Accounting Policies (Continued)

(aa) New Standards and Interpretations (Issued But Not Yet Effective)

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2014, but have not been applied in preparing this financial report.

AASB 2012-3 *Amendment to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of ‘currently has a legally enforceable right of set-off’ and that some gross settlement systems may be considered equivalent to net settlement.

AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

AASB 2013-3 *Amendments to AASB136 – Recoverable Amount Disclosures for Non-Financial Assets* amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities* defines an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.

Management has assessed the likely impact of these new standards and do not believe their application will have any impact when adopted.

(ab) Changes in Accounting Policy, Disclosures, Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year.

There are no new or amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013 that impact the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

4. Revenue

In thousands of \$AUD

	2014	2013
Sales revenue	234,620	200,041

5. Other Income

In thousands of \$AUD

	2014	2013
Net foreign exchange gains / (losses)	-	3
Net gain on sale of PP&E	37	11
Other income	748	823
	785	837

6. Finance Income and Expenses

Recognised in profit or loss

In thousands of \$AUD

	2014	2013
Finance Income		
Interest income on bank deposits	32	12
Total Finance Income	32	12
Finance Expenses		
Interest on bank overdrafts and loans	2,728	2,112
Other interest expense	405	690
Total Finance Expense	3,133	2,802
Net Finance Income / (Expense)	(3,101)	(2,790)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

7. Expenses

Profit before income tax includes the following specific expenses:

In thousands of \$AUD

	2014	2013
Depreciation		
Buildings	3	2
Plant and equipment	1,367	1,201
Office equipment, furniture and fittings	281	227
Leasehold improvements	567	110
Motor vehicles	223	184
Assets under finance leases	761	653
Total depreciation	3,202	2,377
Rental expense relating to operating leases		
Premises	2,821	2,676
Motor vehicles	16	18
Office equipment	8	8
Total rental expense relating to operating leases	2,845	2,702
Employee benefits expense	108,502	74,034
Superannuation contributions	10,036	6,663
Impairment of financial assets		
Trade receivables	24	4
Impairment of other assets		
Inventories	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

8. Income Tax Expense

(a) Income Tax Expense

In thousands of \$AUD

	2014	2013
Current Tax Expense		
Current period	2,587	1,770
Adjustment for prior periods	(108)	2
	2,479	1,772
Deferred Tax Expense		
Decrease / (increase) in deferred tax assets (Note 16)	(876)	1,044
(Decrease) / increase in deferred tax liabilities (Note 16)	1,596	562
	720	1,606
Total income tax expense	3,199	3,378

(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

In thousands of \$AUD

	2014	2013
Profit for the period before tax	10,913	11,084
Tax at the domestic tax rate of 30% (2013: 30%)*	3,282	1,040
Entertainment	24	20
Other non-deductible expenses	1	(2)
Franking credits	459	-
Tax offset for franked dividend	(459)	28
Under / (over) provided in prior periods	(108)	2
Income tax expense	3,199	3,378

* Louminco Pty Ltd, as trustee for the Louminco Unit Trust, does not pay tax at a rate of 30%.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

9. Cash and Cash Equivalents

In thousands of \$AUD

	2014	2013
Cash at bank and in hand	436	2,196
Total cash and cash equivalents	436	2,196
Bank overdrafts (Note 18)	(5,276)	(6,152)
Balances per statement of cash flows	(4,840)	(3,956)

(a) Interest Rate Risk Exposure

The Group's exposure to interest rate risk is discussed in Note 31.

10. Trade and Other Receivables

In thousands of \$AUD

	2014	2013
Current		
Trade receivables	25,961	32,613
Provision for impairment of receivables (Note 31)	(50)	(50)
	25,911	32,563
Other receivables and prepayments	884	1,652
Total Current Trade and Other Receivables	26,795	34,215

In thousands of \$AUD

	2014	2013
Opening provision for impairment of receivables	(50)	(63)
Charge for the year	24	4
Utilised	(24)	-
Unused amounts reversed	-	9
Closing provision for impairment of receivables	(50)	(50)

During the year ended 30 June 2014, write downs of trade receivables to their recoverable amount totalled \$0.024 million (2013: \$0.004 million).

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 31.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

11. Inventories

In thousands of \$AUD

	2014	2013
Raw materials	1,117	3,379
Work in progress	38,557	19,366
Finished goods	8,011	4,007
Total inventories	47,685	26,752

During the year ended 30 June 2014 the write down of inventories to net realisable value amounted to nil (2013: nil).

12. Other Current Assets

In thousands of \$AUD

	2014	2013
Other	508	350
Total other current assets	508	350

13. Other Non-Current Assets

In thousands of \$AUD

	2014	2013
Other	1,058	432
Total other non-current assets	1,058	432

14. Property Plant and Equipment

(a) Carrying amounts of Property, Plant and Equipment

<i>In thousands of \$AUD</i>	Buildings	Plant & Equipment	Office Furniture & Equipment	Motor Vehicles	Leasehold Improvements	Leased Assets	Total
At 30 June 2014							
Cost	3,131	15,904	2,866	2,510	11,296	7,998	43,705
Accumulated depreciation	(9)	(6,627)	(1,911)	(1,587)	(1,103)	(2,963)	(14,200)
Net carrying amount	3,122	9,277	955	923	10,193	5,035	29,505
At 30 June 2013							
Cost	36	14,497	2,364	2,232	8,900	6,782	34,811
Accumulated depreciation	(6)	(5,325)	(1,630)	(1,224)	(536)	(2,453)	(11,174)
Net carrying amount	30	9,172	734	1,008	8,364	4,329	23,637

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

14. Property Plant and Equipment (Continued)

(b) Reconciliation of carrying amounts at the beginning and end of the period

In thousands of \$AUD

	Buildings	Plant & Equipment	Office Furniture & Equipment	Motor Vehicles	Leasehold Improvements	Leased Assets	Total
Cost or Deemed Cost							
Balance at 1 July 2012	36	10,251	2,054	1,902	1,352	4,744	20,339
Additions	-	4,329	315	297	7,548	2,267	14,756
Transfers	-	-	-	136	-	(136)	-
Disposals	-	(83)	(5)	(103)	-	(93)	(284)
Balance at 30 June 2013	36	14,497	2,364	2,232	8,900	6,782	34,811
Balance at 1 July 2013	36	14,497	2,364	2,232	8,900	6,782	34,811
Additions	3,095	1,493	503	200	2,396	1,509	9,196
Transfers	-	20	-	218	-	(238)	-
Disposals	-	(106)	(1)	(140)	-	(55)	(302)
Balance at 30 June 2014	3,131	15,904	2,866	2,510	11,296	7,998	43,705
Accumulated Depreciation, Amortisation and Impairment							
Balance at 1 July 2012	4	4,173	1,408	1,027	426	1,953	8,991
Disposals	-	(49)	(5)	(92)	-	(48)	(194)
Transfers	-	-	-	105	-	(105)	-
Depreciation expense	2	1,201	227	184	110	653	2,377
Balance at 30 June 2013	6	5,325	1,630	1,224	536	2,453	11,174
Balance at 1 July 2013	6	5,325	1,630	1,224	536	2,453	11,174
Disposals	-	(84)	-	(73)	-	(19)	(176)
Transfers	-	19	-	213	-	(232)	-
Depreciation expense	3	1,367	281	223	567	761	3,202
Balance at 30 June 2014	9	6,627	1,911	1,587	1,103	2,963	14,200



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

14. Property Plant and Equipment (Continued)

(b) Reconciliation of carrying amounts at the beginning and end of the period (Continued)

In thousands of \$AUD

	Buildings	Plant & Equipment	Office Furniture & Equipment	Motor Vehicles	Leasehold Improvements	Leased Assets	Total
Carrying Amounts							
As at 30 June 2012	32	6,078	646	875	926	2,791	11,348
As at 30 June 2013	30	9,172	734	1,008	8,364	4,329	23,637
As at 30 June 2013	30	9,172	734	1,008	8,364	4,329	23,637
As at 30 June 2014	3,122	9,277	955	923	10,193	5,035	29,505

15. Intangible Assets

In thousands of \$AUD

	Goodwill		Intangibles		Total	
	2014	2013	2014	2013	2014	2013
Cost						
Balance at 1 July	54,625	54,625	200	200	54,825	54,825
Additional amounts recognised from business combinations occurring during the period	-	-	-	-	-	-
Adjustments during the period to amounts initially recognised from business combinations	-	-	-	-	-	-
Balance at 30 June	54,625	54,625	200	200	54,825	54,825
Amortisation and Impairment Losses						
Balance at 1 July	-	-	-	-	-	-
Amortisation for the year	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-
Balance at 30 June	-	-	-	-	-	-
Carrying amounts	54,625	54,625	200	200	54,825	54,825

Intangibles of \$0.2 million relates 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

15. Intangible Assets (Continued)

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

In thousands of \$AUD

	2014	2013
Equity & Advisory	1,058	1,058
Heavymech	4,033	4,033
Fabtech	17,420	17,420
Ottoway	12,131	12,131
E&A Contractors	6,077	6,077
QMM	3,736	3,736
Blucher	5,345	5,345
ICE Engineering	5,025	5,025
Total Goodwill and other Intangibles	54,825	54,825

Each cash generating unit represents one or more operational divisions within the consolidated entity. The recoverable amount of each cash-generating unit was based on value in use calculations. Those calculations use 5 year cash flow projections based on actual and forecast operating results which forecast a return to historical earnings performance. These earnings were extrapolated using consistent growth rates for each CGU of 3.2% for FY16, 3.2% for FY17, 3.2% for FY18 and 3.2% for FY19 (FY13: 3.2% to 9.5%), consistent with the growth prospects of each cash generating unit, and a 3.2% (FY13: 3.2%) terminal value growth rate, which is less than the historical 20 year growth rate of 5.1% (FY13: 5.1%).

A pre-tax discount rate of 9.9% (FY13: range of between 13.3% and 14.3%) has been applied to each cash generating unit in determining the value in use and is based on the target gearing level for E&A Limited (pre-tax nominal WACC).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

16. Deferred Tax Assets and Liabilities

(a) Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of \$AUD</i>	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Property, plant and equipment	35	31	(362)	(316)	(327)	(285)
Inventories	-	-	(2,852)	(1,276)	(2,852)	(1,276)
Loans & borrowings	-	-	(18)	(18)	(18)	(18)
Employee provisions	1,721	1,427	-	-	1,721	1,427
Other provisions and accrued expenses	191	180	(81)	(80)	110	100
Borrowing costs	9	12	(5)	(9)	4	3
IPO and share issue costs	115	76	-	-	115	76
Tax losses and excess franking credits	3,014	2,392	-	-	3,014	2,392
Other items	-	-	(3)	(26)	(3)	(26)
Tax assets (liabilities)	5,085	4,118	(3,321)	(1,725)	1,764	2,393



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

16. Deferred Tax Assets and Liabilities (Continued)

(b) Movement in temporary differences during the year:

<i>In thousands of \$AUD</i>	Balance 1 July 2012	Recognised in Profit or Loss	Recognised in Equity	Balance 30 June 2013
Property, plant and equipment	(257)	(28)	-	(285)
Inventories	(761)	(515)	-	(1,276)
Loans & borrowings	(19)	1	-	(18)
Employee provisions	1,402	25	-	1,427
Other provisions and accrued expenses	319	(219)	-	100
Borrowing costs	(12)	15	-	3
IPO costs	109	(33)	-	76
Tax losses and excess franking credits	3,204	(812)	-	2,392
Other items	14	(40)	-	(26)
Tax assets (liabilities)	3,999	(1,606)	-	2,393

<i>In thousands of \$AUD</i>	Balance 1 July 2013	Recognised in Profit or Loss	Recognised in Equity	Balance 30 June 2014
Property, plant and equipment	(285)	(42)	-	(327)
Inventories	(1,276)	(1,576)	-	(2,852)
Loans & borrowings	(18)	-	-	(18)
Employee provisions	1,427	294	-	1,721
Other provisions and accrued expenses	100	10	-	110
Borrowing costs	3	1	-	4
IPO and share issue costs	76	(52)	91	115
Tax losses and excess franking credits	2,392	622	-	3,014
Other items	(26)	23	-	(3)
Tax assets (liabilities)	2,393	(720)	91	1,764



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

17. Trade and Other Payables

In thousands of \$AUD

	2014	2013
Current		
Trade payables	21,332	27,858
Other payables and accrued expenses	12,040	8,087
Deferred revenue	1,327	1,636
Total current trade and other payables	34,699	37,581
Non-Current		
Other payables and accrued expenses	-	-
Total non-current trade and other payables	-	-

Current other payables and accrued expenses includes \$0.25 million of vendor settlement liabilities relating to business combinations which occurred in previous financial years.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 31.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

18. Loans and Borrowings

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

In thousands of \$AUD

	AS AT 30 JUNE 2014			AS AT 30 JUNE 2013		
	Total facility	Drawn facilities	Undrawn amount	Total facility	Drawn facilities	Undrawn amount
Current						
Bank overdrafts (Note 9)	10,150	5,276	4,874	6,750	6,152	598
Working capital facilities	14,250	1,222	13,028	12,673	3,701	8,972
Commercial bills	6,955	6,955	-	4,024	4,024	-
Finance leases (Note 25)	1,730	1,330	400	881	756	125
Credit cards / other finances	352	150	202	320	101	219
International facility	2,265	-	2,265			
Total current borrowings	35,702	14,933	20,769	24,648	14,734	9,914
Non-current						
Commercial bills	25,064	25,059	5	19,784	18,856	928
Finance leases (Note 25)	3,744	3,085	659	3,243	2,334	909
Related party facility (Note 29)	2,000	1,995	5	2,000	1,493	507
Total non-current borrowings	30,808	30,139	669	25,027	22,683	2,344
Total borrowings	66,510	45,072	21,438	49,675	37,417	12,258

E&A Limited's various finance facilities include both fixed and floating interest rates depending on the nature of the facility. The maturity terms of the various finance facilities are reflected in the Current / Non-current split shown above.

E&A Limited's banking facilities require 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 the majority of Group companies with staged security enforcement rights and obligations. Further details of security arrangements are outlined in Note 31. Fixed and floating security has been placed over all Group assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

18. Loans and Borrowings (Continued)

The following loans and borrowings (non-current and current) were issued and repaid during the year ended 30 June 2014:

<i>In thousands of \$AUD</i>	2014	2013
Balance as at 1 July	37,417	25,692
New Issues		
Bank overdrafts	2,454	5,378
Working capital facilities	113	2,217
Commercial bills	13,451	8,497
Leasing facilities	2,413	1,852
Credit cards / other finances	79	85
Related party facility	502	21
Repayments		
Bank overdrafts	(3,330)	(711)
Working capital facilities	(2,593)	-
Commercial bills	(4,317)	(5,008)
Leasing facilities	(1,088)	(583)
Credit cards / other finances	(29)	(23)
Related party facility	-	-
Balance as at 30 June	45,072	37,417

19. Provisions

In thousands of \$AUD

	2014	2013
Current		
Employee benefits	5,051	3,995
Total current provisions	5,051	3,995
Non-current		
Employee benefits	833	604
Total non-current provisions	833	604



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

20. Share Capital

Movements in shares of the Company were as follows:

In thousands of shares

	ORDINARY SHARES	
	2014	2013
Shares on Issue at 1 July	113,037	103,608
Issued as part of dividend reinvestment plan	6,882	9,429
Issued as private placement	7,300	-
Shares on Issue at 30 June	127,219	113,037

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

E&A Limited operates a dividend reinvestment plan (**DRP**) whereby shareholders may elect to take all or part of their dividend entitlement in EAL scrip. Shares issued under the DRP during FY14 were issued at a discount of 2.5% to the volume weighted average price of all E&A Limited shares traded on the Australian Securities Exchange during the five trading days after the record date.

21. Earnings Per Share

Cents per share

	2014	2013
Basic earnings per share	6.44	7.16
Diluted earnings per share	6.44	7.16

Basic Earnings Per Share

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

In thousands of \$AUD and Shares

	2014	2013
Earnings used in the calculation of basic EPS (i)	7,714	7,706
Weighted average number of ordinary shares for the purpose of basic earnings per share (ii)	119,801	107,595

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

(ii) Options 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 earnings per share. Where dilutive, potential ordinary shares are included in the calculation of dilutive earnings per share.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

21. Earnings Per Share (Continued)

Diluted Earnings Per Share

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

<i>In thousands of \$AUD and Shares</i>	2014	2013
Earnings used in the calculation of basic EPS (i)	7,714	7,706
Weighted average number of ordinary shares for the purpose of diluted earnings per share (ii)	119,801	107,595

(i) Earnings used in the calculation of total diluted earnings per share is equal to the profit in the income statement.

(ii) The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

<i>In thousands of Shares</i>	2014	2013
Weighted average number of ordinary shares used in the calculation of basic EPS	119,801	107,595
Options (Note 23)	-	-
Weighted average number of ordinary shares used in the calculation of diluted EPS	119,801	107,595

22. Dividends

	2014		2013	
	Cents Per Share	Total \$'000	Cents Per Share	Total \$'000
Recognised Amounts				
Interim dividend	2.75	3,395	2.5	2,743
Total dividends recognised	2.75	3,395	2.5	2,743
<i>Both fully franked at a 30% tax rate</i>				
Unrecognised Amounts				
Final dividend	2.75	3,499	2.5	3,086
Total Dividends Unrecognised	2.75	3,499	2.5	3,086
<i>Fully franked at a 30% tax rate</i>				



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

22. Dividends (Continued)

Franking Account Balance

In thousands of \$AUD

	2014	2013
Franking credits available for subsequent financial years based on a tax rate of 30% (2013: 30%)	12,233	7,778

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of current tax liabilities.

The consolidated amounts include franking credits that would be available to the Company if distributable profits of subsidiaries were paid as dividends.

23. Share-Based Payments

Shares Under Option

No options to acquire unissued ordinary shares of E&A Limited exist as at 30 June 2014.

No options have been granted since the end of the financial year.

The share based compensation expense recognised in the current year was nil (2013: nil).

Shares Issued on the Exercise of Options

There were no shares issued on the exercise of options during the year (2013: nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

24. Contingent Liabilities

The Group had contingent liabilities in respect of:

In thousands of \$AUD

	2014	2013
Bank Guarantee Facilities		
Amount used	10,858	7,509
Amount available	6,327	10,578

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 are considered probable, which have not been appropriately provided for in the financial statements at 30 June 2014.

25. Commitments

(a) Capital Commitments

Capital expenditure contracted for at balance date but not recognised as liabilities is as follows:

In thousands of \$AUD

	2014	2013
Property, plant and equipment		
Payable:		
Within one year	-	2,900
Between one and five years	-	-
More than five years	-	-
	-	2,900



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

25. Commitments (Continued)

(b) Lease Commitments

(i) Non-Cancellable Operating Leases

The Group leases various properties and office equipment under non-cancellable operating leases expiring within one to eight years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

In thousands of \$AUD

	2014	2013
Within one year	1,869	1,597
Between one and five years	3,917	4,988
More than five years	-	1,280
	5,786	7,865

(ii) Cancellable Operating Leases

The Group leases various plant and office equipment under cancellable operating leases. The Group is required to give one to two months notice for termination of these leases.

Commitments in relation to cancellable operating leases contracted for at the balance date but not recognised as liabilities are payable as follows:

In thousands of \$AUD

	2014	2013
Within one year	-	66
Between one and five years	-	110
More than five years	-	-
	-	176



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

25. Commitments (Continued)

(b) Lease Commitments

(iii) Finance Leases

The Group leases various plant and motor vehicles with a carrying amount of \$5.04 million (2013: \$4.33 million) under finance leases expiring within one to five years. Under the terms of the leases the Group acquires the assets following the final payment.

In thousands of \$AUD

	2014	2013
Commitments in relation to finance leases are payable as follows:		
Within one year	1,581	967
Between one and five years	3,357	2,606
More than five years	-	-
Minimum lease payments	4,938	3,573
Future finance charges	(523)	(483)
Recognised as a liability	4,415	3,090
Representing lease liabilities:		
Current (Note 18)	1,330	756
Non-current (Note 18)	3,085	2,334
	4,415	3,090



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

26. Segment Reporting

	Investment & Corporate Advisory		Water & Fluid Solutions		Heavy Mechanical & Electrical Engineering		Maintenance Engineering & Plant Construction		Total		Eliminations		Consolidated	
<i>In thousands of \$AUD</i>	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
External sales	3,151	831	66,751	47,643	154,510	136,947	17,066	17,380	241,478	202,801	(6,858)	(2,760)	234,620	200,041
Inter-segment sales	1,043	2,465	5	7	7,477	1,538	722	836	9,247	4,846	(9,247)	(4,846)	-	-
Dividend revenue	1,070	4,195	-	-	-	-	-	-	1,070	4,195	(1,070)	(4,195)	-	-
Other income	1,050	1,759	189	221	4,130	630	402	136	5,771	2,746	(4,986)	(1,909)	785	837
Segment revenue	6,314	9,250	66,945	47,871	166,117	139,115	18,190	18,352	257,566	214,588	(22,161)	(13,710)	235,405	200,878
Underlying EBITDA	1,179	1,037	8,589	5,584	6,260	8,438	1,188	1,192	17,216	16,251	-	-	17,216	16,251
Depreciation	(34)	(32)	(791)	(569)	(2,029)	(1,495)	(348)	(281)	(3,202)	(2,377)	-	-	(3,202)	(2,377)
Underlying EBIT	1,145	1,005	7,797	5,015	4,231	6,943	841	911	14,014	13,874	-	-	14,014	13,874
Significant items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment result (EBIT)	1,145	1,005	7,797	5,015	4,231	6,943	841	911	14,014	13,874	-	-	14,014	13,874
NPAT	799	631	5,108	3,062	1,324	3,589	483	424	7,714	7,706	-	-	7,714	7,706
Income tax expense	337	281	2,067	1,358	586	1,556	209	183	3,199	3,378	-	-	3,199	3,378
Net finance costs	8	93	622	595	2,322	1,798	149	304	3,101	2,790	-	-	3,101	2,790
Segment result (EBIT)	1,145	1,005	7,797	5,015	4,231	6,943	841	911	14,014	13,874	-	-	14,014	13,874

Results from operating activities	7,714	7,706
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Segment assets	78,827	65,918	38,545	30,561	101,433	73,209	13,575	13,912	232,380	183,600	(66,483)	(37,077)	165,897	146,523
Segment liabilities	15,949	7,656	30,978	27,061	90,482	63,695	12,540	13,366	149,949	111,778	(56,361)	(27,087)	93,588	84,691

(i) Segment asset & liability eliminations relate to the elimination of intercompany balances and investments in subsidiaries.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

26. 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 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 mining, defence, power generation, brewery, potable and waste water containment, waste management and agriculture industries.

Heavy Mechanical and Electrical Engineering

Services: This segment comprises the services provided by Ottoway Engineering, E&A Contractors 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. E&A Contractors 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, light machining and wind tower manufacturing. 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 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.

Industry Exposure: Offers services across a range of industries including 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 FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

27. Subsidiaries

Name of Entity	Country of Incorporation	Ownership interest	
		2014	2013
Parent entity			
E&A Limited	Australia	100	100
Subsidiaries			
Blucher (Australia) Pty Ltd	Australia	100	100
Blucher Holdings Pty Ltd	Australia	100	100
Louminco Pty Ltd	Australia	100	100
ILS Limited	Hong Kong	100	100
Starboard Tack Pty Ltd	Australia	100	100
Heavymech Pty Ltd	Australia	100	100
Fabtech Holdings Pty Limited	Australia	100	100
Fabtech Australia Pty Ltd	Australia	100	100
Ottoway Engineering Pty Ltd	Australia	100	100
Ottoway Engineering (WA) Pty Ltd	Australia	100	100
Equity & Advisory Ltd	Australia	100	100
Quarry & Mining Manufacture Pty Ltd	Australia	100	100
Quarry & Mining Manufacture (QLD) Pty Ltd	Australia	100	100
E&A Contractors Pty Ltd	Australia	100	100
E&A Group Pty Ltd (formerly Ironhorse BB Pty Ltd)	Australia	100	100
ICE Engineering & Construction Holdings Pty Ltd	Australia	100	100
ICE Engineering & Construction Pty Ltd	Australia	100	100
ACN 131 958 337 Pty Ltd	Australia	100	100
E&A Capital Pty Ltd	Australia	100	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

28. Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2014, the parent company of the group was E&A Limited.

In thousands of \$AUD

	Company	
	2014	2013
Results of the Parent Entity		
Profit /Comprehensive income for the period	1,104	4,629
Total comprehensive income for the period	1,104	4,629
Financial position of parent entity at year end		
Current assets	33,612	24,151
Total assets	70,875	61,337
Current liabilities	(778)	(2,668)
Total liabilities	(9,912)	(4,254)
Total equity of the parent entity comprising of:		
Share capital	66,237	56,993
Options reserve	74	74
Retained earnings	(5,348)	16
Total Equity	60,963	57,083

Parent Entity Contingencies

The parent entity has no contingent liabilities and no capital commitments for property, plant and equipment for the years ended 30 June 2014 and 2013.

The Company as part of financing facilities has provided a number of standard representations, warranties and undertakings (including financial and reporting obligations) in favour of the respective lenders. The facilities also include a cross guarantee between the parent and all group companies with staged security enforcement rights and obligations.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

29. Related Parties

(a) Parent and Ultimate Controlling Party

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

(b) Subsidiaries

Interests in subsidiaries are set out in Note 27.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in the Remuneration Report in the Directors' Report.

Key Management Personnel Compensation

The key management personnel compensation included in employee benefits expense (see Note 7) are as follows:

<i>In thousands of \$AUD</i>	2014	2013
Short-term employee benefits	1,431	1,401
Post-employment benefits	107	105
Share based payments	-	-
Total	1,538	1,506

Loans from Directors and Key Management Personnel

As at 30 June 2014, the balance of unsecured loans payable to directors and key management personnel was \$1.995 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.

<i>In thousands of \$AUD</i>	2014	2013
Related Party "Come & Go" Facility *		
Beginning of the year	1,493	1,472
Loans advanced	502	21
Loan repayments made	-	-
End of year	1,995	1,493

*Port Tack is a related party of Stephen Young as outlined in Note 29 (d) (v).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

29. Related Parties (Continued)

Loans to Directors and Key Management Personnel

As at 30 June 2014, the balance of unsecured loans receivable from directors and key management personnel was \$0.075 million. Net repayments made throughout the period were nil. Interest was 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 2013		30 June 2014
Stephen Young and controlled entities	75	-	75
Total	75	-	75

(d) Other Related Party Transactions

Port Tack is an entity controlled by Stephen Young, the Chairman of E&A Limited. In addition, Regent Street Pty Ltd (Regent Street) is an associated entity of Stephen Young. The following related party transactions have been entered into as at 30 June 2014.

(i) Regent Street lease of Northfield premises

Regent Street entered into a lease agreement dated 2 November 2007 with Heavymech to lease the Heavymech premises for \$100,000 per annum (exclusive of GST). The lease commenced on 31 January 2008 and continued for a period of 2 years together with two rights of renewal for further periods of 5 years each. The lease is based on commercial arms-length terms and conditions. The related party benefits resulting from execution of the Heavymech premises were approved by the shareholders of E&A Limited on 5 November 2007 in accordance with section 208 of the Corporations Act.

(ii) Regent Street lease of Plymouth Road premises

Regent Street entered into a lease agreement dated 1 February 2013 with Ottoway to lease the Ottoway premises for \$388,055 per annum (exclusive of GST). The lease is effective from 1 February 2013 and will expire 31 January 2023 together with three rights of renewal for further periods of 5 years each. The lease is based on commercial arms-length terms and conditions. Accordingly, the Directors considered the lease payments which accrued to Regent Street as a related party did not require Shareholder Approval under Chapter 2E of the Corporations Act.

(iii) Regent Street lease of Mt Isa premises

Regent Street entered into a lease agreement dated 1 August 2012 with E&A Contractors to lease the Mt Isa premises for \$58,731 per annum (exclusive of GST). The renewed lease will expire 31 July 2017. The lease is based on commercial arms-length terms and conditions. The related party benefits resulting from the execution of the original Mt Isa agreement to lease was approved by the shareholders of E&A Limited on 5 November 2007 in accordance with section 208 of the Corporations Act. The lease renewal has been based on commercial arms-length terms and conditions and the Directors considered the lease payments which accrued to Regent Street as a related party did not require Shareholder Approval under Chapter 2E of the Corporations Act.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

29. Related Parties (Continued)

(d) Other Related Party Transactions (Continued)

(iv) Regent Street lease of Duncan Court premises

Regent Street entered into a lease agreement dated 1 February 2013 with Ottoway Engineering for \$249,000 per annum (exclusive of GST). Ottoway and QMM operate from these premises. The Ottoway Lease renewal will continue for a period of 5 years together with three rights of renewal for further periods of 5 years each. The related party benefits resulting from the execution of the original Ottoway agreement to lease was approved by the shareholders of E&A Limited on 5 November 2007 in accordance with section 208 of the Corporations Act. The lease renewal has been based on commercial arms-length terms and conditions and the Directors considered the lease payments which accrued to Regent Street as a related party did not require Shareholder Approval under Chapter 2E of the Corporations Act.

(v) Port Tack "Come & Go" Loan Facility

Port Tack has entered into a "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 million and has been subordinated to the bank debt and cannot be repaid in cash within 12 months. The balance outstanding at 30 June 2014 was \$1.995 million. The Directors consider the Loan Facility is on arms-length terms and conditions, and therefore the financial benefit (i.e. interest payments) which may accrue to Port Tack Pty Ltd as a related party of the Company does not require Shareholder approval under Chapter 2E of the Corporations Act.

The following transactions occurred with related parties:

In thousands of \$AUD

	2014	2013
Sale of goods and services	-	-
Rental paid to other related parties	898	557



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

29. Related Parties (Continued)

(e) Movements in shares

The movement during the reporting period in the number of ordinary shares in E&A Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2013	Purchases	Sales	Held at 30 June 2014
Directors and Key Management				
Mr S Young	54,537,581	4,638,168	(2,155,112)	57,020,637
Mr M Vartuli	15,814,650	1,636,924	(176,425)	17,275,149
Mr M Abbott	2,603,322	248,064	-	2,851,386
Mr M Terlet	774,079	56,764	-	830,843
Mr D Klingberg	245,455	-	-	245,455



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

30. Notes to the Cash Flow Statement

Reconciliation of Profit for the Period to Net Cash Flows From Operating Activities

In thousands of \$AUD

	2014	2013
Profit for the year	7,714	7,706
Net (gain) / loss on disposal of non-current assets	(37)	(11)
Depreciation and amortisation	3,202	2,377
<i>Changes in operating assets and liabilities, net of effects from acquisition of businesses:</i>		
<i>(Increase) / decrease in assets:</i>		
Receivables	6,640	(6,039)
Inventories	(20,933)	(7,921)
Deferred tax assets	(967)	1,044
<i>Increase / (decrease) in liabilities:</i>		
Trade and other creditors	(2,882)	7,175
Provision for income taxes payable	1,241	223
Other provisions	1,285	5
Deferred tax liabilities	1,596	562
Net cash provided by / (used in) operating activities	(3,141)	5,121



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

31. Financial Instruments

The Group is exposed to the following risks throughout the normal course of business:

- Credit risk;
- Liquidity risk;
- Currency risk; and
- Interest rate risk.

The Board reviews and agrees policies for managing each of these risks and the Audit and Risk Management Committee is responsible for monitoring compliance with risk management strategies throughout the Group.

The Group use basic financial instruments to manage financial risk. The Group does not use or issue derivative or financial instruments for speculative or trading purposes. The Group uses different methods to measure different types of risk to which it is exposed.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The credit policy under which each new and existing customer is assessed for creditworthiness is determined separately by each operating subsidiary of the Group and accordingly reflects the different nature of each business's industry, customers and associated risks. Generally, however, customer credit reviews include external ratings, when available, and in some cases bank references. Customers that fail to meet the relevant benchmark creditworthiness may transact with the Group only on a prepayment basis. The Group holds insurance policies to protect the recoverability of trade receivables.

Goods are, where possible, sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments. This allowance represents a specific loss component that relates to individually significant exposures identified.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

<i>In thousands of \$AUD</i>	Note	2014	2013
Receivables	10	25,961	32,613
Cash and cash equivalents	9	436	2,196
Total at Carrying Amount		26,397	34,809



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

31. Financial Instruments (Continued)

Credit Risk (Continued)

The Group manages its credit risk by maintaining strong relationships with a broad range of quality clients. There are no significant concentrations of credit risk within the Group.

The Group's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

In thousands of \$AUD

	2014	2013
Industrial (mining, defence, water)	25,198	32,254
Corporate (advisory clients)	763	359
Total trade receivables (Note 10)	25,961	32,613

Impairment losses

The ageing of the Group's trade receivables at the reporting date was:

In thousands of \$AUD

	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
Not past due	15,863	-	21,542	-
Past due 0 - 30 days	4,945	-	4,777	-
Past due 31 - 121 days	2,920	-	3,009	-
Past due 121 days to one year	74	-	683	-
Past due more than one year *	2,159	(50)	2,602	(50)
	25,961	(50)	32,613	(50)

*Trade receivables aged greater than one year predominantly relates to the balance of Snapper invoices which are being held up as part of the contract dispute with Bemax Resources.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

31. Financial Instruments (Continued)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Furthermore, the Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Available cash and trade receivables used to manage liquidity risk are outlined in Notes 9 & 10 respectively. The maturity profile of trade receivables is outlined under the credit risk disclosures of Note 31.

The Group's credit facilities are outlined in Note 18 to this financial report.

Guarantees

E&A Limited has extended the term of its banking facilities with its principal financier. The provision of these facilities requires 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 all Group companies with staged security enforcement rights and obligations. Fixed and floating security has been placed over all Group assets.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

		AT 30 JUNE 2014					
<i>In thousands of \$AUD</i>	Note	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 - 2 years	2 - 5 years	More Than 5 years
Non Derivative Financial Liabilities							
Secured bank loans	18	32,014	32,289	11,091	7,583	11,121	8,494
Finance lease liabilities	18	4,415	4,938	1,581	1,553	1,804	-
Related party facility	18	1,995	1,995	-	1,995	-	-
Trade and other payables	17	34,699	34,699	34,699	-	-	-
Working capital facilities	18	1,222	1,236	1,236	-	-	-
Bank overdraft	18	5,276	5,276	5,276	-	-	-
		79,621	80,433	53,883	11,131	12,925	8,494



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

31. Financial Instruments (Continued)

Liquidity Risk (Continued)

		AT 30 JUNE 2013					
<i>In thousands of \$AUD</i>	Note	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 – 2 years	2 – 5 years	More Than 5 years
Non Derivative Financial Liabilities							
Secured bank loans	18	22,880	30,523	4,525	4,324	12,008	9,666
Finance lease liabilities	18	3,090	3,573	967	1,074	1,532	-
Related party facility	18	1,493	1,493	-	1,493	-	-
Trade and other payables	17	37,581	37,581	37,581	-	-	-
Working capital facilities	18	3,701	3,701	3,701	-	-	-
Bank overdraft	18	6,152	6,152	6,152	-	-	-
		74,897	83,023	52,926	6,891	13,540	9,666

Currency Risk

The Group, through its subsidiaries Fabtech and Blucher, is exposed to currency risk on purchases that are denominated in a currency other than the Australian dollar (AUD), primarily the US dollar (USD), euro (EUR), Sterling (GBP) and Canadian dollars (CAN).

Fabtech and Blucher use forward exchange contracts to hedge its currency risk with its foreign suppliers, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

Total purchase transactions denominated in foreign currency account for less than 10% of total Group purchases.

The Group uses forward exchange contracts to minimise the risk of currency movements.

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

<i>In thousands of \$AUD</i>	AUD	USD	GBP	Euro	CAN	AUD	USD	GBP	Euro	CAN
	30 June 2014					30 June 2013				
Trade receivables	-	-	-	-	-	-	-	-	-	-
Trade payables	(1)	(1)	-	-	-	(131)	-	-	(93)	-
Net exposure	(1)	(1)	-	-	-	(131)	-	-	(93)	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

31. Financial Instruments (Continued)

Currency Risk (Continued)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2014	2013	2014	2013
USD	-	1.0271	0.9712	0.9275
Euro	-	0.7949	-	0.7095

Currency risk sensitivity analysis

A 10% strengthening of the Australian dollar against the following currencies at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2013.

A 10% weakening of the Australian dollar against the above currencies at reporting date would have had an equal but opposite effect on the following currencies to the amounts shown below, on the basis that all other variables remain constant.

In thousands of \$AUD

	30 JUNE 2014		30 JUNE 2013	
	Equity	Profit or loss	Equity	Profit or loss
USD	-	-	-	-
Euro	-	-	-	12

Interest Rate Risk

The Group has exposure to interest rate risk in each of its subsidiaries through their various financing facilities.

Profile

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

In thousands of \$AUD

	2014	2013
Variable Rate Instruments		
Financial liabilities (Note 18)	45,072	37,417



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

31. Financial Instruments (Continued)

Interest Rate Risk (Continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2013.

<i>In thousands of \$AUD</i>	AT 30 JUNE 2014			
	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Variable rate instruments	(451)	451	-	-

<i>In thousands of \$AUD</i>	AT 30 JUNE 2013			
	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Variable rate instruments	(374)	374	-	-

Fair Values

Fair values versus carrying amounts

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

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income before interest divided by total shareholder equity, excluding minority earnings and outstanding executive options. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

31. Financial Instruments (Continued)

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs from the asset or liability that are not based on observable market data (unobservable inputs).

For the year ended 30 June 2014	Level 1	Level 2	Level 3	Total
Investment Securities	-	-	-	-
-	-	-	-	-
For the year ended 30 June 2013				
Investment Securities	-	-	-	-
-	-	-	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 30 June 2014

32. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2014	2013
Audit Services		
EY:		
Audit and review of financial reports	200,000	204,000
Other services	-	-
	200,000	204,000

33. Subsequent Events

Subsequent to year-end, the Directors have declared a final fully franked dividend of 2.75 cents per share.

The record date for the dividend will be 14 November 2014 and the dividend will be paid on 28 November 2014.

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



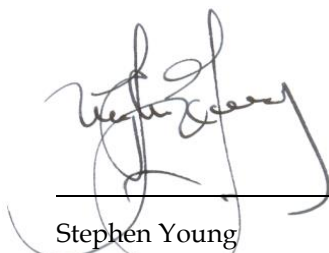
E & A LIMITED

Directors' Declaration

1. In the opinion of the directors of E&A Limited ("the Company"):
 - (a) The consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and company secretary for the financial year ended 30 June 2014.
3. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Adelaide this 28th day of August 2014



Stephen Young
Executive Chairman

Independent audit report to the members of E&A Limited

Report on the financial report

We have audited the accompanying financial report of E&A Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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

Opinion

In our opinion:

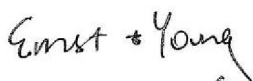
- a. the financial report of E&A Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 27 to 35 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of E&A Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



David Sanders
Partner
Adelaide
28 August 2014



ASX ADDITIONAL INFORMATION

Twenty Largest Shareholders

The names of the twenty largest shareholders of ordinary shares of the Company as at 22 August 2014 are:

SHAREHOLDER	NUMBER OF ORDINARY FULLY PAID SHARES
Port Tack Pty Ltd<Aquarius Investments A/C>	28,820,132
Port Tack Pty Ltd <Aquarius Investments A/C>	22,149,664
Vars Enterprises Pty Ltd	8,953,979
Vars Enterprises Pty Ltd <MV2 Super Fund A/C>	6,744,381
Stephen Young	3,396,752
Maresa Pty Ltd	2,542,052
Obenox Pty Ltd <Michael Abbott Super Fund A/C>	2,449,932
Barmera Marine Pty Ltd <Wimbledon Super Fund A/C>	2,030,097
UBS Wealth Management (Australia Nominees Pty Ltd)	1,500,000
Dr Jason Michael Spencer & Dr Carolyn Jean Nelson	1,425,000
RBC Investor Services <BKCUST A/C>	1,411,110
UBS Nominees Pty Ltd	1,078,567
Mr Nicholas John Bindi & Mrs Carolyn Jane Bindi	1,037,490
Brucar Pty Ltd <Spangler Super Fund A/C>	800,000
Citystyle Holdings Pty Ltd <Gerda Two A/C>	750,000
Terlet Super Pty Ltd <Terlet Super Fund A/C>	738,843
Mr Stephen Mark Gilbert	707,577
Moulou Pty Ltd	684,737
Lamb Capital Pty Ltd	583,022
Mr Malcom James Butler & Mrs Josephine Margaret Butler	576,614
Total	88,379,949

Total held by twenty largest ordinary shareholders as a percentage of this class is 69.47%.



ASX ADDITIONAL INFORMATION

Substantial Shareholders

The names of substantial shareholders listed in the Company's register as at 22 August 2014 are:

SHAREHOLDER	SHARES	%
Stephen Young and controlled entities	57,020,637	44.82%
Mark Vartuli and controlled entities	17,275,149	13.58%

Distribution of Shareholders

Analysis of numbers of shareholders by size of holding as listed in the Company's register as at 22 August 2014 are:

RANGE OF HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF ORDINARY SHARES	%
1 – 1,000	89	25,404	0.02%
1,001 – 5,000	269	825,742	0.65%
5,001 – 10,000	203	1,699,914	1.34%
10,001 – 100,000	521	17,616,018	13.85%
100,001 and Over	103	107,052,260	84.14%
Total	1,185	127,219,338	100%

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders with less than a marketable parcel is 95.

Voting Rights

All ordinary shares issued by E & A Limited carry one vote per share without restriction.



E&A LIMITED - CORPORATE DIRECTORY

Directors	Mr Stephen Young Mr Mark Vartuli Mr Michael Abbott Mr Michael Terlet Mr David Klingberg	Executive Chairman Executive Director Non-executive Director Non-executive Director Non-executive Director
Secretary	Mr Matt Proctor	
Registered and Principal Office	Level 27 91 King William Street Adelaide, South Australia 5000 Telephone (08) 8212 2929 Facsimile (08) 8231 1647 Website www.ealimited.com.au	
Postal Address	GPO Box 1273 Adelaide, South Australia 5001	
Solicitors	Thomson Geer 101 Pirie Street Adelaide, South Australia 5000	
Auditors	EY 121 King William Street Adelaide, South Australia 5000	
Share Register	Link Market Services Limited Level 9, 333 Collins Street Melbourne, Victoria 3000 Telephone 1300 554 474 Website www.linkmarketservices.com.au	
ASX Code	EAL	
ACN	088 588 425	
ABN	22 088 588 425	

