Half Year Report & Appendix 4D

For the Half Year Ended 31 December 2014

E&A Limited

ABN 22 088 588 425

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

Current Reporting Period:	Half Year Ended 31 December 2014
Previous Corresponding Period:	Half Year Ended 31 December 2013

Contents

Results for announcement to the market

Half Year Report for the Period Ended 31 December 2014

Revenue and Net Profit

		Percentage Change %		Amount $'000
Revenue from ordinary activities	Down	7.6%	To	107,448
Reported net profit from ordinary activities after tax attributable to members	Down	47.1%	To	2,319
Reported EBIT from ordinary activities	Down	33.5%	To	5,042

Earnings Per Share

	2014	2013
Earnings Per Share (undiluted)	1.79 cents	3.75 cents
Earnings Per Share (diluted)	1.79 cents	3.75 cents

Net Tangible Assets

	31 Dec 2014	31 Dec 2013
NTA Per Share (undiluted)	8.99 cents	13.04 cents

Dividends

	Amount per security	Percentage Franked %
Interim Dividend	-	-
Record Date for determining entitlements to the dividend	-	-
Date of Dividend Payment	-	-
Previous corresponding period	2.75 cents	100%

Review of Operations

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

Review of Operations

For the Half Year Ended 31 December 2014

E&A Limited reports half year revenue and earnings

- **Revenue of $107.4 million, down 7.6%, impacted by RET uncertainty and by tighter market conditions**
- **EBIT of $5.0 million, compared with $7.6 million in prior corresponding period (‘pcp’)**
- **Net profit after tax of $2.3 million, compared with $4.4 million in pcp**
- **Fully franked dividend expected to be declared and paid pending the resolution of a significant claim**
- **Successful acquisition and integration of Tasman Power**
- **Safety record extended with LTI-free performance**
- **Successful transition into workers’ compensation self-insurance regime**

HY15 Results Summary EAL Group ($'000)	Half Year FY15	Half Year FY14
Revenue	**107,448**	116,329
EBIT from continuing operations	**5,042**	7,585
Net interest expense	(1,831)	(1,299)
Net profit before tax	**3,211**	6,286
Tax expense	(892)	(1,899)
Reported statutory net profit after tax	**2,319**	4,387

Diversified investment company, E&A Limited (ASX: EAL) (the ‘Company’ or ‘Group’), has recorded net profit after tax of $2.3 million for the six months ended 31 December 2014 (First Half 2015), down from the previous corresponding period result of $4.4 million.

In the event that a significant disruption and delay claim is resolved prior to 30 June 2015, the board expects to declare and pay a fully franked dividend.

Sales revenue for the period was $107.4 million, down 7.6% from the record levels achieved in the first half of 2014. The Company generated EBIT of $5.0 million, which compares with a corresponding result of $7.6 million in the first half of 2014.

The movement in earnings is largely attributable to a $3.7 million fall in contribution from Water and Fluid Solutions activities, which as previously foreshadowed, experienced lower activity levels as demand from the Coal Seam Gas (CSG) sector shifted following the completion of the Phase 1 upstream works necessary to feed the Curtis Island Liquified Natural Gas (LNG) facilities. Whilst this was offset in part by an increased contribution from Heavy Engineering and Electrical Engineering operations, on the back of earnings contributions from late October 2014 from Tasman Power, the revenue and EBIT generation of this segment were below expectations principally as a result of the impact of the sharp decline in oil prices and the flow-on impact on work originating from this sector. EAL’s largest clients are companies operating in the oil and gas sector, who have terminated existing contracts, deferred capital expenditure or downsized operations over the last few months.

Profitability was also negatively impacted by lower capacity utilisation of Ottoway Fabrication's upgraded workshop facility in Whyalla as a consequence of the uncertainty arising from the Federal Government's inability to reach agreement with the opposition on the appropriate level for the Renewable Energy Target (RET). EAL has invested aproximately $15 million in expectation that the legislated RET would remain unchanged until 2016, at which time, a minor adjustment to the RET could have been anticipated. Since early 2014, when the Abbott government first announced the RET Review, EAL has been directly and indirectly encouraging all stakeholders involved in the RET Review to make a decision, as the uncertainty continues to jeopardise the renewable energy industry which had previously been meeting all of its objectives, including delivering lower wholesale electricity prices, encouraging new investment and employment growth.

EAL expects the Federal Government will reach an agreement in respect of the new RET in the near future as all stakeholders now appreciate the real economic impact of further delay.

The first half result includes a number of one-off charges, including transaction costs incurred in the acquisition of Tasman Power, a bad debt as a result of the failure of Western Desert Resources (ASX: WDR) and one-off redundancy and restructure costs incurred in December as part of EAL's Productivity and Profit Improvement Program, which is expected to provide cost savings over the second half of 2015.

EAL advanced its long-term growth strategy through diversification of revenue sources by acquring Tasman Power, an electrical contractor providing electrical and instrumentation services, specialising in the planning, scheduling, management and execution of electrical maintenance services, sustaining capital projects and shutdowns for major blue chip iron ore producers in Western Australia, in October 2014. This acquisition has expanded EAL's geographical footprint with a firm base in Australia's pre-eminent mining region and secured further growth in related sectors. Tasman Power continues to experience strong demand for its services as a consequence of the record production of iron ore in the Pilbara, Western Australia. We are pleased to report that Tasman Power has smoothly transitioned to EAL's ownership whilst continuing to perfom well since acquisition and contributing positively to the Group result.

OPERATIONAL OVERVIEW

Safety & Our People

As at 20 February 2015, EAL subsidiaries' workforce totalled 684 people. This represents a 26% reduction in employee numbers since 30 June 2014, in-line with slowing market activity. A large amount of these employees were employed on a casual basis or engaged for a specific construction project. However, the reduction in employee numbers is reflective of the reduction in activity.

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 all of its operating subsidiaries. It is pleasing to report that EAL extended its record safety performance during the period.

As at 20 February 2015, all of EAL's subsidiaries extended their Lost Time Injury (LTI) free periods and reported the following statistics:

- ICE completed 3,125 days without a LTI and has worked more than 1,600,000 hours on site without a LTI.
- Fabtech has been LTI free for 1,971 days, which is in excess of 1,500,000 hours in the workshop and on site.
- QMM achieved 1,855 days without an LTI and has worked more than 440,000 hours LTI free in the workshop and on site.
- Ottoway Engineering has completed over 1,631 days without a LTI and has now worked more than 2,500,000 hours in the workshop and on site without a LTI.

- Ottoway Fabrication has completed 1,558 days without a LTI and has now worked more than 1,100,000 hours in the workshop and on site without a LTI.

- Tasman Power achieved over 1,337 days without a LTI and has worked more than 595,000 hours on site without a LTI.

- Heavymech has been LTI free for 769 days and has worked more than 88,000 hours in the workshop and on site without a LTI.

As a result of its strong safety record and robust work, health and safety and injury management system, EAL was granted workers' compensation self-insurance status by Return To Work SA in South Australia from 1 July 2014. EAL continues to perform strongly against the self-insurance performance standards, continually improving its safety processes and procedures and injury management performance, resulting in significant savings in regards to workers' compensation and insurance costs.

EAL is also pleased to announce that Tasman Power was granted AS4801 Safety Accredidation, ISO9001 Quality Accreditation and AS14001 Environmental Accrediation on 20 February 2015.

Productivity and Profit Improvement Program

EAL has committed to changing its business cost structure to ensure overheads reflect reduced activity levels, drive productivity improvements and protect margins.

EAL subsidiaries are presently trading across a range of industries all of whom are experiencing significant challenges. In addition to the renewable energy industry, the oil and gas industry and the mining industry are facing commodity prices at 10-year lows. The defence industry, and in particular, the naval ship building industry, faces strategic and political uncertainties in respect of both the frigates and the replacement of the Collins-class submarine programs.

EAL is applying its Productivity and Profit Improvement Program to adapt each of our subsidiaries' cost structures to meet our clients' requirements in the market. There are a number of significant construction opportunities in South Australia, and when considered with the recent Tasman Power acquisition, EAL is focussed on maintaining its revenue and rebuilding its profitability from its diversified portfolio of businesses.

Key initiatives implemented during the six month period include reductions in personnel levels, structural changes to harness productivity improvements and reduction in overheads by closing surplus facilities. This included the closure of Ottoway Engineering's Dalby workshop in December 2014, in anticipation of reduced levels of demand. Work in hand and future orders from Queensland will now be fabricated in Adelaide.

EAL's ongoing Productivity and Profit Improvement Program continues and the majority of the initiatives are expected to be implemented by 31 March 2015.

FINANCIAL OVERVIEW

Cashflow

EAL recorded negative cashflow from operations, before interest and tax, of $3.9 million and after payment of interest and tax, a net outflow of $7.2 million from operating activities.

The operating cash flow performance during the period has been impacted by working capital funding requirements associated with large construction projects undertaken for coal seam gas, iron ore and infrastructure clientele.

EAL is currently resolving a significant disruption and delay claim which was incurred on a project completed in 2014. Negotiations are progressing and settlement is expected to be reached prior to 30 June 2015, which will significantly improve the cashflow performance in the second half of 2015 and strengthen EAL's balance sheet position by reducing debt levels.

Net Debt & Gearing

Net debt at 31 December 2014 was $61.1 million compared with $44.6 million at the beginning of the period. Gearing at 31 December 2014 was 44.8% (as measured by the ratio of net debt to net debt plus shareholder equity). The increase in debt included the funds borrowed to acquire Tasman Power. In addition to the acquisition, net debt was impacted by the additional working capital required to fund the works undertaken for coal seam gas, iron ore and infrastructure projects which are subject to contract variation and prolongation claims.

EAL was unable to resolve its outstanding claim with Bemax in respect of the Snapper Project at mediation and is now pursuing recovery of the claim through litigation.

Interim Dividend

In the event that a significant disruption and delay claim is resolved prior to 30 June 2015, the board expects to declare and pay a fully franked dividend.

OPERATING SEGMENTS ACTIVITY

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

Heavy Mechanical & Electrical Engineering

Heavy Mechanincal & Electrical Engineering *($'000)*	**Half Year FY15**	**Half Year FY14**
Segment Revenue	**72,371**	75,440
EBIT	**3,499**	1,725

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

Contribution from this segment rose to $3.5 million from $1.7 million principally due to Tasman Power. Revenue generated declined by 4% as work availability contracted following the decline in activity within the oil and gas sector. Capital project demand levels in other resource sectors also remains subdued.

Tasman Power continues to exceed the budgeted expectations set at the time of acquisition. Tasman Power generates revenue from electrical and instrumentation services, specialising in the planning, scheduling, management and execution of electrical maintenance services, sustaining capital projects and shutdowns for major blue chip iron ore producers in Western Australia. Its acquisition has increased EAL's exposure to the growing pool of maintenance work generated by the recent expansion in resource industry plant and capacity.

As stated in the 2014 Annual Report, ICE has successfully transitioned into the hydrocarbons sector, whilst retaining a mining sector presence. Importantly, ICE has maintained its presence in the Cooper Basin on a number of electrical compressor upgrades and plant installations for Santos. This and other new client relationships have yielded an improvement in earnings with ICE's result contributing positively to the segment's performance.

Ottoway Engineering's result, whilst positive, was impacted by an unexpected delay in the supply of materials by the client for contracted works at Sino Iron's Dewatering Plant Construction Project and the re-evaluation of margins on work completed on the New Royal Adelaide Hospital (**NRAH**) and for McConnell Dowell's Roma Hub Project during the six month period ended 31 December 2014. The McConnell Dowell project is now complete and the NRAH project will complete prior to the end of the 2015 financial year.

The earnings of Ottoway Fabrication continue to be impacted by the uncertainty regarding the RET, with only three wind towers being constructed during the six month period in Ottoway Fabrication's Whyalla facility. Notwithstanding this uncertainty, the outlook for wind tower construction for Ottoway Fabrication has improved following the Australian Capital Territory government's decision to award three contracts for the twenty year supply of electricity by wind farms to meet their own renewable energy targets. The largest of these wind farms is located at Hornsdale, South Australia, which is less than 200 kilometres from Ottoway Fabrication's Whyalla facility.

Water & Fluid Solutions

Water & Fluid Solutions *($'000)*	**Half Year FY15**	**Half Year FY14**
Segment Revenue	**26,975**	37,294
EBIT	**1,260**	4,989

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

The Water & Fluid Solutions segment recorded a 28% decrease in revenue and 75% decrease in operating earnings compared to the pcp.

As foreshadowed, activity in this segment has significantly contracted in terms of revenue and earnings as a result of the completion of Phase 1 upstream works necessary to feed the Curtis Island LNG facilities. It is expected that demand for Phase 2 will commence in the second half of this calendar year.

Additionally, due to client production difficulties on an earlier phase of work, Fabtech was unsuccessful in securing the last stage of a large contract in Southern Queensland, for which it was the preferred installer, resulting in a gap in its pipeline of work. Fabtech has now refilled its order book with new work secured in January and February 2015.

Blucher continues to operate in a challenging market with margin pressure and increased competition. The introduction of new product lines and cost reduction savings as part of EAL's Productivity and Profit Improvement Program are expected to deliver an improved result in the second half of 2015.

Maintenance Engineering & Plant Construction

Maintenance Engineering & Plant Construction ($'000)	Half Year FY15	Half Year FY14
Segment Revenue	**10,912**	9,620
EBIT	**188**	331

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 13% increase in revenue, although operating earnings declined by 43% compared to the pcp due to challenging cost conditions on project plant construction, softer market conditions in repair and breakdown work and margin pressure for onsite services.

The forecast for project work remains subdued, however management is expecting an improvement in maintenance work during the second half which, together with cost improvement initiatives, are expecting to generate an improved result.

In particular, Heavymech has been able to grow its business in Whyalla but is under margin pressure from its iron ore and steelmaking customer base.

Investment & Corporate Advisory

Investment & Corporate Advisory ($'000)	Half Year FY15	Half Year FY14
Segment Revenue	**2,545**	2,691
EBIT	**95**	540

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 declined by 5% compared to the pcp, with operating earnings decreasing by 82%.

Earnings have been impacted by a bad debt incurred in respect of services provided to Western Desert Resources (ASX: WDR), acquisition work undertaken in regards to the acquisition of Tasman Power and higher corporate costs, including legal costs relating to the recovery of outstanding claims for EAL's operating subsidiaries.

Activity in the mergers, acquisitions and divestment field has flattened in the last six months together with external demand for Equity & Advisory's corporate advisory services. Equity & Advisory expects to close out a number of current engagements in the coming months which are expected to contribute to an improved result in the second half of 2015.

OUTLOOK FOR FY15

Activity in the mining, oil and gas sectors remains generally subdued with customers curtailing capital expenditure, reducing costs and continuing to focus on optimising production.

Whilst market conditions are expected to remain challenging, overall tender activity remains positive with immediate and emerging opportunities, albeit in a competitive market. EAL subsidiaries are presently engaged with submitted tenders for work in respect of the expansion of Olympic Dam, the Nyrstar Transformation Project, the Port Bonython fuel farm upgrade, the Sundrop desalination project and various other Western Australian iron ore mining upgrades.

Despite the outlook for new major construction contracts being subdued, maintenance prospects remain positive in the mining, oil and gas sectors.

EAL subsidiaries are well-placed to win and perform the growing maintenance requirements anticipated from the $300 billion of mining and resource capacity completed in Australia over the past three years and continue to tender for these opportunities. In this regard, EAL subsidaries are currently tendering for a number of site specific upstream and downstream service contracts.

As evidenced by Tasman Power's performance and record level of secured work, there is an opportunity for a number of EAL's businesses to grow their maintenance, sustaining capital programs and shutdown service offerings. EAL subsidiaries have now firmly turned their focus to providing multidisciplinary maintainance services and sustaining capital projects and shutdowns.

The hiatus in government policy on the RET has impacted returns to date; however, EAL expects that a satisfactory resolution of the RET will be reached by the government in the next few months. EAL has made a significant investment into the wind tower construction industry and remains in a strong position to capitalise on future projects when a decision on the RET Review is finally made.

The second half performance outlook includes:

- A strong order book and ongoing opportunities in maintenance services;
- A full six month contribution from Tasman Power; and
- Improvements arising from the Productivity and Profit Improvement Program.

However, in view of current market volatility and the project nature of work undertaken by a number of EAL's operating subsidiaries, the Company is not in a position to confidently provide specific guidance on EAL's likely financial performance in the second half.

Half Year Report
Contents

E&A Limited

Directors' report

The Directors present their report together with the consolidated financial report for the six months ended 31 December 2014 and the review report thereon.

Directors

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

Name	Period of directorship
Executive	
Mr Stephen E Young (Chairman)	Appointed 12/07/1999
Mr Mark G Vartuli	Appointed 26/07/2007
Non-executive	
Mr Michael L Abbott	Appointed 16/10/2007
Mr Michael J Terlet	Appointed 16/10/2007
Mr David J Klingberg	Appointed 16/10/2007

Review of operations

The Company has achieved a net profit after tax of $2.3 million (2013: $4.4 million) or 1.79 cents per share. For further commentary on current period performance, please refer to the attached Review of Operations.

Dividends

In the event that a significant disruption and delay claim is resolved prior to 30 June 2015, the board expects to declare and pay a fully franked dividend.

Auditor's independence declaration

The auditor's independence declaration is set out on page 23 and forms part of the directors' report for the six months ended 31 December 2014.

Rounding of amounts

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.

Dated at Adelaide this 26th day of February 2015.

Signed in accordance with a resolution of the Directors:

S E Young
Executive Chairman

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 December 2014
In thousands of $AUD

	31 Dec 2014	31 Dec 2013
Revenue	107,448	116,329
Cost of sales	(83,316)	(92,008)
Gross Profit	**24,132**	**24,321**
Other income	265	497
Administrative expenses	(18,018)	(15,426)
Marketing expenses	(81)	(128)
Occupancy expenses	(1,256)	(1,679)
Results from operating activities (EBIT*)	**5,042**	**7,585**
Finance income	3	42
Finance expenses	(1,834)	(1,341)
Net finance income / (expense)	**(1,831)**	**(1,299)**
Profit before income tax (NPBT)	**3,211**	**6,286**
Income tax expense	(892)	(1,899)
Profit after tax (NPAT)	**2,319**	**4,387**
Total comprehensive income for the period	**2,319**	**4,387**
Earnings per share		
Basic earnings per share (AUD)	1.79 cents	3.75 cents
Diluted earnings per share (AUD)	1.79 cents	3.75 cents

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

The notes on pages 7 to 19 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2014

In thousands of $AUD

	Share Capital	Retained Earnings	Options Reserve	Total Equity
Balance at 1 July 2013	**56,993**	**4,765**	**74**	**61,832**
Profit for the period	-	4,387	-	4,387
Total comprehensive income	**-**	**4,387**	**-**	**4,387**
Dividends paid	-	(3,079)	-	(3,079)
Dividends reinvested	2,110	-	-	2,110
Share issue	5,037	-	-	5,037
Share issue costs	(214)	-	-	(214)
Balance at 31 December 2013	**63,926**	**6,073**	**74**	**70,073**
Balance at 1 July 2014	**66,237**	**5,998**	**74**	**72,309**
Profit for the period	-	2,319	-	2,319
Total comprehensive income	**-**	**2,319**	**-**	**2,319**
Dividends paid	-	(3,632)	-	(3,632)
Dividends reinvested	2,357	-	-	2,357
Share issue	2,000	-	-	2,000
Balance at 31 December 2014	**70,594**	**4,685**	**74**	**75,353**

The notes on pages 7 to 19 are an integral part of these consolidated interim financial statements.

Consolidated Interim Balance Sheet

As at 31 December 2014

In thousands of $AUD

	Note	31 Dec 2014	30 Jun 2014
Current assets			
Cash and cash equivalents	4	2,182	436
Trade and other receivables		22,202	26,795
Inventories		56,725	47,685
Other current assets		317	508
Total current assets		**81,426**	**75,424**
Non-current assets			
Other non-current assets		8,086	1,058
Property, plant and equipment		30,178	29,505
Intangible assets	9	63,691	54,825
Deferred tax assets		6,044	5,085
Total non-current assets		**107,999**	**90,473**
Total assets		**189,425**	**165,897**
Current liabilities			
Trade and other payables		34,764	34,699
Loans and borrowings	5	30,039	14,933
Provisions		3,714	5,051
Current tax liability		4,702	4,612
Total current liabilities		**73,219**	**59,295**
Non-current liabilities			
Trade and other payables		1,851	-
Loans and borrowings	5	33,213	30,139
Provisions		2,216	833
Deferred tax liability		3,573	3,321
Total non-current liabilities		**40,853**	**34,293**
Total liabilities		**114,072**	**93,588**
Net assets		**75,353**	**72,309**
Equity			
Issued share capital	6	70,594	66,237
Reserves		74	74
Retained profits		4,685	5,998
Total equity attributable to equity holders of the Company		**75,353**	**72,309**

The notes on pages 7 to 19 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2014
In thousands of $AUD

	Note	31 Dec 2014	31 Dec 2013
Cash flows from operating activities			
Cash receipts from customers		100,549	130,255
Cash paid to suppliers and employees		(104,452)	(126,859)
Cash from / (used in) operations		**(3,903)**	**3,396**
Interest paid		(1,834)	(1,341)
Interest received		3	42
Income taxes paid		(1,508)	(267)
Net cash from / (used in) operating activities		**(7,242)**	**1,830**
Cash flows from investing activities			
Payment of vendor earn-out/settlement liability		-	(72)
Payments for acquisition of subsidiary		(6,800)	-
Payments for acquisition of property, plant and equipment		(649)	(6,595)
Proceeds from disposal of property, plant and equipment		117	54
Net cash from / (used in) investing activities		**(7,332)**	**(6,613)**
Cash flows from financing activities			
Net dividends paid		(1,275)	(969)
Proceeds from issue of share capital		-	5,037
Payment of share issue costs		-	(305)
Proceeds from borrowings		24,741	8,178
Repayment of borrowings		(11,161)	(1,640)
Movement in finance lease liabilities		(623)	597
Related party loans (to) / from		-	124
Net cash from / (used in) financing activities		**11,682**	**11,022**
Net increase / (decrease) in cash and cash equivalents		**(2,892)**	**6,239**
Cash and cash equivalents at 1 July		(4,840)	(3,956)
Cash and cash equivalents at 31 December	4	**(7,732)**	**2,283**

The notes on pages 7 to 19 are an integral part of these consolidated interim financial statements.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

1. Basis of Preparation

(i) Reporting Entity

E&A Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the period ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in providing engineering services to the oil and gas, mining and resources, water and defence industries and financial advisory services to the corporate sector (refer Note 3).

(ii) Basis of Presentation

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

The consolidated interim financial report does not include all of the notes and information normally included in a full annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by E&A Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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.

Comparative information has been reclassified where appropriate to enhance comparability.

2. Significant Accounting Policies

(i) Estimates

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

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

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

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

3. Segment Reporting

	Investment & Corporate Advisory		**Water & Fluid Solutions**		**Heavy Mechanical & Electrical Engineering ***		**Maintenance Engineering & Plant Construction**		**Eliminations**		**Consolidated**	
In thousands of $AUD	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
External sales	547	1,187	26,871	37,148	70,700	68,645	10,481	9,349	(1,151)	-	107,448	116,329
Inter-segment sales	1,338	768	22	35	1,291	6,490	298	161	(2,949)	(7,454)	-	-
Dividend revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other income	660	736	82	111	380	305	133	110	(990)	(765)	265	497
Segment Revenue	**2,545**	**2,691**	**26,975**	**37,294**	**72,371**	**75,440**	**10,912**	**9,620**	**(5,090)**	**(8,219)**	**107,713**	**116,826**
EBITDA	**109**	**557**	**1,663**	**5,436**	**4,600**	**2,694**	**392**	**492**	**-**	**-**	**6,764**	**9,179**
Depreciation	(14)	(17)	(403)	(447)	(1,101)	(969)	(204)	(161)	-	-	(1,722)	(1,594)
Segment Result (EBIT)	**95**	**540**	**1,260**	**4,989**	**3,499**	**1,725**	**188**	**331**	**-**	**-**	**5,042**	**7,585**
NPAT	**32**	**385**	**726**	**3,293**	**1,499**	**511**	**62**	**197**	-	-	**2,319**	**4,387**
Income tax expense / (credit)	18	157	236	1,426	611	230	27	86	-	-	892	1,899
Net finance costs	45	(2)	298	270	1,389	984	99	48	-	-	1,831	1,299
Segment Result (EBIT)	**95**	**540**	**1,260**	**4,989**	**3,499**	**1,725**	**188**	**331**	**-**	**-**	**5,042**	**7,585**

Results from operating activities	**2,319**	**4,387**

Segment assets	91,218	75,123	38,059	38,992	127,353	89,575	14,447	13,063	(81,652)	(52,020)	189,425	164,733
Segment liabilities	21,322	12,646	33,765	32,169	115,946	79,562	14,701	12,314	(71,662)	(42,031)	114,072	94,659

*** Note: Heavy Mechanical & Electrical Engineering includes Tasman Power from 24 October 2014.**

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

3. Segment Reporting (Continued)

The Group comprises the following main business segments:

Investment & Corporate Advisory

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

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

Water & Fluid Solutions

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

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

Heavy Mechanical and Electrical Engineering

Services: This segment comprises the services provided by Ottoway Engineering, Ottoway Fabrication, ICE Engineering & Construction and Tasman Power. 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, and light machining. ICE Engineering provides electrical engineering consultancy and project management services including the design of electrical control systems for heavy industry, manufacturing and commercial installations, as well as drafting and other maintenance services. Tasman Power provides electrical and instrumentation services, specialising in the planning, scheduling, management and execution of electrical maintenance services, sustaining capital projects and shutdowns for major iron ore producers in Western Australia.

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 oil & gas, mining, power, quarry, recycling and heavy industrial industries.

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

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

4. Cash and Cash Equivalents

In thousands of $AUD	Consolidated	
	31 Dec 2014	**30 Jun 2014**
Cash at bank and in hand	2,182	436
Cash and cash equivalents	**2,182**	**436**
Bank overdraft (Note 5)	(9,914)	(5,276)
Balances per statement of cash flows	**(7,732)**	**(4,840)**

5. Loans and Borrowings

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

In thousands of $AUD	Consolidated as at 31 December 2014		
	Total facility	**Drawn facilities**	**Undrawn amount**
Current			
Bank overdraft	10,900	9,914	986
Working capital facilities	24,350	13,419	10,931
Commercial bills	5,090	5,090	-
Finance leases	1,815	1,445	370
Credit cards / other finance	351	171	180
International facility	2,265	-	2,265
Total Current Borrowings	**44,771**	**30,039**	**14,732**
Non-Current			
Commercial bills	28,480	28,287	193
Finance leases	4,798	2,931	1,867
Related party facility	2,000	1,995	5
Total Non-Current Borrowings	**35,278**	**33,213**	**2,065**
Total Borrowings	**80,049**	**63,252**	**16,797**

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

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

5. Loans and Borrowings (Continued)

In thousands of $AUD	Consolidated as at 30 June 2014		
	Total facility	**Drawn facilities**	**Undrawn amount**
Current			
Bank overdraft	10,150	5,276	4,874
Working capital facilities	14,250	1,222	13,028
Commercial bills	6,955	6,955	-
Finance leases	1,730	1,330	400
Credit cards / other finance	352	150	202
International facility	2,265	-	**2,265**
Total Current Borrowings	**35,702**	**14,933**	**20,769**
Non-Current			
Commercial bills	25,064	25,059	5
Finance leases	3,744	3,085	659
Related party facility	2,000	1,995	5
Total Non-Current Borrowings	**30,808**	**30,139**	**669**
Total Borrowings	**66,510**	**45,072**	**21,438**

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

In thousands of $AUD	**31 Dec 2014**	**31 Dec 2013**
Balance as at 1 July	**45,072**	**37,417**
Acquired through business acquisition	463	-
New Issues		
Bank overdraft	4,919	-
Working capital facilities	14,718	1,722
Commercial bills	10,000	6,425
Leasing facilities	140	1,996
Credit cards / other finances	23	119
Related party facility	-	124
Repayments		
Bank overdraft	280	4,744
Working capital facilities	4,522	-
Commercial bills	6,656	1,640
Leasing facilities	624	667
Credit cards / other finances	1	88
Balance as at 31 December	**63,252**	**40,664**

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

6. 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	**127,219**	**113,037**
Issued as part of dividend reinvestment plan	5,571	2,905
Issued as part of share placement	-	7,300
Issued as part of acquisition of Tasman Power (Note 14)	4,128	-
Shares on Issue at 31 December	**136,918**	**123,242**

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

7. Earnings Per Share

Cents per share	Consolidated	
	31 Dec 2014	**31 Dec 2013**
Basic earnings per share (cents)	1.79	3.75
Diluted earnings per share (cents)	1.79	3.75

Basic & Diluted Earnings Per Share

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

In thousands of $AUD and Shares	Consolidated	
	31 Dec 2014	**31 Dec 2013**
Earnings used in the calculation of basic EPS (i)	2,319	4,387
Weighted average number of ordinary shares for the purpose of basic earnings per share (ii)	129,654	116,905
Weighted average number of ordinary shares for the purpose of diluted earnings per share (iii)	129,654	116,905

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

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

(iii) 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 there were no options on issue during the six months ended 31 December 2014.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

8. Dividends

In thousands of $AUD	31 Dec 2014		31 Dec 2013	
	Cents per share	**Total $'000**	**Cents per share**	**Total $'000**
Recognised amounts				
Fully franked final dividend declared and paid during the half-year	2.75	3,632	2.50	3,079
Fully franked at a 30% tax rate				
Unrecognised amounts				
Interim fully franked ordinary dividend proposed and not recognised as a liability at 31 December	-	-	2.75	3,389
Fully franked at a 30% tax rate				

In the event that a significant disruption and delay claim is resolved prior to 30 June 2015, the board expects to declare and pay a fully franked dividend.

9. Goodwill and Intangible Assets

In thousands of $AUD	Goodwill		Intangibles		Total	
	31 Dec 2014	**30 Jun 2014**	**31 Dec 2014**	**30 Jun 2014**	**31 Dec 2014**	**30 Jun 2014**
Balance at beginning of period	54,625	54,625	200	200	54,825	54,825
Additional amounts recognised from business combinations occurring during the period	8,866	-	-	-	8,866	-
Adjustments during the period to amounts initially recognised from business combinations	-	-	-	-	-	-
Balance at end of period	**63,491**	**54,625**	**200**	**200**	**63,691**	**54,825**

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

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

9. Goodwill and Intangible Assets (Continued)

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

In thousands of $AUD	Consolidated	
	31 Dec 2014	**30 Jun 2014**
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
Tasman Power	8,866	-
Total goodwill and intangibles	**63,691**	**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. These earnings were extrapolated using a growth rate of 3.2%, consistent with the growth prospects of each cash generating unit, and a 3.2% terminal value growth rate, which is less than the historical 20 year growth rate of 5.1%.

A pre-tax discount rate of 9.6% 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 Interim Financial Statements

For the six months ended 31 December 2014

10. Related Parties

Parent and Ultimate Controlling Party

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

Loans from Directors and Key Management Personnel

As at 31 December 2014, the balance of unsecured loans payable to directors and key management personnel was $2.0 million. The balance outstanding relates to the Port Tack related party "Come and Go" unsecured loan facility to provide finance to E&A Limited and subsidiary companies for the purpose of funding working capital needs and short term acquisition funding requirements on an as required basis. The facility limit is $2.0 million and has been subordinated behind the bank debt and the principal cannot be repaid in cash within 12 months. The Directors consider the loan facility to be on arms-length terms and conditions.

In thousands of $AUD	**31 Dec 2014**	**30 June 2014**
Related Party "Come & Go" Facility *		
Beginning of the year	1,995	1,493
Loans advanced	-	502
Loan repayments made	-	-
End of year	**1,995**	**1,995**

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

Loans to Directors and Key Management Personnel

As at 31 December 2014 the balance of unsecured loans outstanding to directors and key management personnel was $0.07 million. Net repayments throughout the period were $8.0k.

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

In thousands of $AUD	**Balance at Beginning of Period** **1 July 2014**	**Advancement (Repayment) of Loans**	**Balance Outstanding** **31 Dec 2014**
Stephen Young and controlled entities	75	(8)	67
Total	**75**	**(8)**	**67**

Other Related Party Transactions

Port Tack is an entity controlled by Stephen Young, the Chairman of E&A Limited. In addition, Regent Street is an associated entity of Stephen Young. There were no new related party transactions entered into during the six months ended 31 December 2014.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

10. Related Parties (Continued)

Outstanding balances arising from sales / purchases of goods and services

The following transactions occurred with related parties:

In thousands of $AUD	Consolidated	
	31 Dec 2014	**31 Dec 2013**
Rental paid to other related parties	942	1,127

11. Subsequent events

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

12. Contingencies

In the normal course of business certain E&A Limited Companies are required to enter into contracts that include performance obligations. These commitments only give rise to a liability where the respective entity fails to perform its contractual obligations. Claims of this nature arise in the ordinary course of construction contracting. Where appropriate a provision is made for these issues. The Directors are not aware of any material claims that have not been appropriately provided for in the financial statements at 31 December 2014.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

13. Financial instruments

AASB 13 established a single source of guidance under Australian Accounting Standards for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards. AASB 13 defines fair value as an exit price. AASB 13 also requires additional disclosures. Application of AASB 13 has not materially impacted the fair value measurements of the Group.

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report for the year ended 30 June 2014.

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated interim balance sheet, are as follows:

	Carrying amount $’000	Fair value $’000
Financial assets		
Cash and cash equivalents	2,182	2,182
Trade and other receivables	24,261	24,261
Inventories	61,763	61,763
	88,206	**88,206**
Financial liabilities		
Trade and other payables	36,615	36,615
Interest-bearing loans and borrowings	63,252	63,252
	99,867	**99,867**

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

14. Business combinations: Acquisition of Tasman Power

On 24 October 2014, EAL acquired 100% of the issued share capital of Tasman Power WA Pty Ltd, Tasman Recruitment Pty Ltd and Tasman Mechanical Pty Ltd ('Tasman Power'). Tasman Power provides electrical and instrumentation services, specialising in the planning, scheduling, management and execution of electrical maintenance services, sustaining capital projects and shutdowns for major iron ore producers in Western Australia.

Tasman Power was acquired to expand the niche engineering service capabilities of the Group and its geographic footprint.

The acquisition of Tasman Power has been accounted for using the acquisition method. The interim consolidated financial statements include the results of Tasman Power from the acquisition date of 24 October 2014.

The fair values of the identifiable assets and liabilities of Tasman Power as at the date of acquisition were:

	Fair value recognised on acquisition $'000
Assets	
Property, plant and equipment	1,594
Trade and other receivables	4,823
Inventory	781
Other assets	1,600
	8,798
Liabilities	
Trade and other payables	3,755
Loans and borrowings	1,641
Tax liabilities	270
Provisions	97
	5,763
Total identifiable net assets at fair value	3,035
Goodwill arising on acquisition	8,866
Purchase consideration transferred	**11,901**
Cost of the acquisition	
Cash	6,800
Shares issued, at fair value	2,000
Contingent consideration	3,101
	11,901

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

14. Business combinations: Acquisition of Tasman Power Group (continued)

At the date of the acquisition, both the fair value and gross amount of the trade receivables amounts to $4.82 million. At 31 December 2014, none of the trade receivables have been impaired.

At the date of acquisition, contingent consideration of $3.10 million was recognised. The consideration is contingent on Tasman Power achieving a specified level of profitability over FY'15, FY'16, FY'17 and FY'18. The total amount of contingent consideration payable is capped at $3.25 million. EAL considers that it is likely that the contingent consideration earn-out targets will be achieved.

The goodwill recognised is primarily attributed to the cashflow earnings expected to be generated by the business in excess of the net identifiable tangible assets acquired. The goodwill is not deductible for income tax purposes.

Acquisition related costs in the amount of $0.1 million incurred in relation to the business combination include legal expenses, establishment fees, travel costs and other out-of-pocket expenses incurred in relation to the acquisition.

Information regarding the amounts of revenue and profit or loss of Tasman Power since the acquisition date included in the consolidated statement of comprehensive income for the reporting period has not been included in the Half Year Report as agreed at the time of the acquisition this information is confidential and the directors believe the disclosure would likely result in unreasonable prejudice to the Group and to the previous owners of Tasman Power.

15. Workers' Compensation Self-insurance

From 1 July 2014, EAL has been granted workers' compensation self-insurance status by Return To Work SA in South Australia.

As part of the transition to self-insurance, Return To Work SA engaged an independent actuary to estimate the liability for outstanding claims in relation to South Australian workers' compensation claims against the Group. This estimated liability includes consideration of EAL's claims history and a review of specific case estimates for current individual claims.

At 31 December 2014, EAL's provision for workers' compensation claims is $1.2 million, an amount which is materially consistent with the liability estimated on transition to self-insurance at 1 July 2014. Management have reviewed the estimated liability and consider the level of provisioning adequate based on the level of new claims received and claims settled during the six month period ended 31 December 2014.

EAL will engage and independent actuary to assess the Group's estimated liability at 30 June 2015.

E&A Limited

Directors' declaration

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

1. the financial statements and notes set out on pages 4 to 19, are in accordance with the Corporations Act 2001 including:

   (a) giving a true and fair view of the Group's financial position As at 31 December 2014 and of its performance for the six month period ended on that date; and

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

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Adelaide this 26th day of February 2015.

Signed in accordance with a resolution of the directors:

Stephen Young
Executive Chairman

Building a better working world

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To the members of E&A Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of E&A Limited, which comprises the consolidated balance sheet as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising other selected explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of E&A Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

Ernst + Young

Ernst & Young

David Sanders
Partner
Adelaide
26 February 2015

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

In relation to our review of the financial report of E&A Limited for the half-year ended 31 December 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

Ernst & Young

David Sanders
Partner
Adelaide
26 February 2015