Half Year Report & Appendix 4D

For the Half Year Ended 31 December 2015

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 2015
Previous Corresponding Period:	Half Year Ended 31 December 2014

Contents

Results for announcement to the market

Half Year Report for the Period Ended 31 December 2015

Revenue and Net Profit

		Percentage Change %		Amount $'000
Revenue from ordinary activities *	Down	24%	To	81,570
Reported net (loss) / profit from ordinary activities after tax attributable to members	Down	563%	To	(10,733)
Underlying EBIT from ordinary activities **	Down	114%	To	(710)
Underlying net (loss) / profit after tax	Down	236%	To	(3,147)

* *Excludes other income*

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

Underlying (losses) /profits are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011.Underlying adjustments have been considered in relation to their size and nature, and have been adjusted from the Statutory information for disclosure purposes to assist readers to better understand the financial performance of the underlying business in each reporting period. These adjustments include the fair valuation adjustments to intangibles, work in progress and the finance establishment costs. The exclusion of these items provides a result which, in the Directors' view, is more closely aligned with the ongoing operations of the Consolidated Group. The non-IFRS information has been subject to review by the auditor.

Earnings Per Share

	2015	2014
Earnings Per Share (undiluted)	(7.84) cents	1.79 cents
Earnings Per Share (diluted)	(7.84) cents	1.79 cents

Net Tangible Assets

	31 Dec 2015	31 Dec 2014
NTA Per Share (undiluted)	(14.29) cents	8.99 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 2015

E&A Limited reports half year revenue and earnings

- **Revenue of $81.6 million, down 24%, impacted by tighter market conditions and delays following the RET review;**
- **Underlying EBIT loss of $0.7 million, compared with $5.0 million in prior corresponding period ('pcp')**
- **Underlying Net loss after tax of $3.1 million, compared with a net profit after tax of $2.3 million in pcp**
- **All of E&A Limited's subsidiaries continue to improve their safety cultures through proactive safety leadership, training and communication**

FY16 HALF YEAR RESULTS SUMMARY *EAL GROUP ($000's)*	HALF YEAR FY16	HALF YEAR FY15	PERCENTAGE CHANGE (%)
Revenue (including 'Other Income')	**82,579**	107,713	**(23%)**
Underlying EBIT from continuing operations	**(710)**	5,042	**(114%)**
Net interest expense	(3,834)	(1,831)	109%
Underlying profit before tax	**(4,544)**	3,211	**(242%)**
Tax expense	1,397	(892)	(257%)
Underlying net profit / (loss) after tax	**(3,147)**	2,319	**(236%)**
Significant one-off items (after tax)			
Goodwill impairment	(6,077)	-	
Work in progress impairment	(261)	-	
Finance establishment and restructuring costs	(1,248)	-	
Reported Statutory net profit / (loss) after tax	**(10,733)**	2,319	**(563%)**

THE 2016 HALF YEAR IN REVIEW

Income Statement

Diversified investment company, E&A Limited (ASX: EAL) (the 'Company' or 'Group'), has recorded a net underlying loss after tax of $3.1 million for the six months ended 31 December 2015 (First Half 2016). In addition, EAL took a non-cash goodwill impairment of $6.1 million against the goodwill associated with its Heavy Steel Fabrication & Engineering CGU and other significant one off costs of $1.5 million, resulting in a total statutory net loss after tax was $10.7 million, down from the previous corresponding period profit after tax of $2.3 million.

Sales revenue for the period was $81.6 million, down 24% from the record levels achieved in the first half of FY15. The Company generated an underlying EBIT loss of $0.7 million, which compares with a corresponding result of $5.0 million profit in the first half of 2015.

This result was adversely impacted by the finalisation of two problematic contracts, one for the New Royal Adelaide Hospital (NRAH) and the other for the construction of de-watering facilities for Sino Iron at Cape Preston. The second quarter performance has improved as a consequence of the substantial completion of the contract works on the NRAH and Sino Iron projects.

As discussed in the operating Segments summary following, the trend-line of operating performance improved over the period, albeit within very challenging market conditions, with second quarter underlying EBITDA of $2.9 million.

Non-Cash Impairment of Goodwill

In response to the current market environment, the Company has carried out a detailed assessment of its assets and has determined that it is appropriate to recognise a non-cash impairment to goodwill of $6.1 million in the period.

The board considered the carrying value of the goodwill associated with its Heavy Steel Fabrication & Engineering CGU, as a result of the continued delay in wind tower orders following the recently completed Renewable Energy Target review and the uncertainty surrounding Arrium's operations in Whyalla. The Board decided that the Company impair part of the goodwill associated with the Heavy Steel Fabrication & Engineering CGU by $6.1 million.

Strategy for Rebuilding Shareholder Value

E&A Limited has adopted four major strategies to rebuild shareholder value:

1. The negotiation of a two year US$10M convertible note facility with LIM Advisors and the restructure of the term, repayment obligations and borrowing cost of our NAB loan facilities;

2. The recovery of the disputed variation, delay and disruption contract claims for their existing carrying value;

3. The delivery of an improved EBITDA; and

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

   Progress has been made in respect of each of these strategies, details of the achievements to date are included in the operational review.

OPERATIONAL OVERVIEW
Safety & Our People

Safety

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

In line with our belief that safety is a mutual responsibility between our management, our employees and their families, a number of EAL subsidiaries have embraced Arrium's "Swear By Safety" program, which invites our people to pledge to safe work practices via a commitment that is dear to their hearts. The "Swear By Safety" program is expected to be adopted by all remaining EAL subsidiaries throughout the course of FY16.

All of EAL's subsidiaries continue to improve their safety cultures through proactive safety leadership, training and communication with their employees, ensuring safe workplaces, processes, and procedures. The outcome of this is reflected in our safety performance which resulted in significant milestones, during first half FY16 and subsequently:

- ICE completed 3,458 days without a Lost Time Injury (LTI) and has worked more than 1,800,000 hours on site without a LTI claim.
- Fabtech completed 2,304 days without an LTI and has worked more than 1,600,000 hours on site without a LTI claim.
- Ottoway Engineering completed 1,964 days without a LTI and has worked more than 2,730,000 hours in the workshop and on site without a LTI.
- Ottoway Fabrication completed 1,891 days without a LTI and worked more than 1,233,000 hours in the workshop and on site without a LTI.

- QMM completed 1,855 days without a LTI and worked more than 510,000 hours in the workshop and on-site without a LTI.
- Tasman Power & Tasman Rope Access completed 1,670 days without a LTI and worked more than 913,000 hours in the workshop and on-site without a LTI.
- Heavymech completed 1,105 days without a LTI and worked more than 194,000 hours in the workshop and on-site without a LTI.

Since obtaining self-insurance status in July 2014, EAL has resolved 11 out of the 12 workers' compensation claims which were transitioned from Return to Work SA.

EAL's focus on safety has enabled it to significantly reduce its workers compensation costs which it has in turn shared with its clients as part of EAL's subsidiaries commitment to meet their clients' expectation of cost reduction in everything they do.

People

Throughout the first half of FY16, EAL subsidiaries have reduced their labour costs in line with the market demand. On an overall level, it is pleasing that increasing contractual wins and work commitments particularly for Tasman Power, Tasman Rope Access, Fabtech and Ottoway Engineering has seen our total employee numbers have risen by 12% to 746 employees over the last six months.

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

Productivity and Profit Improvement Program

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

EAL 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 sector, faces uncertainties in respect of the timing and location of the construction programs for the off-shore patrol boats, frigates and the replacement of the Collins-class submarines.

EAL is continuing to implement its Productivity and Profit Improvement Programs so as to adapt each of our subsidiaries' cost structures to meet our clients' requirements in the market. There are a number of 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 indirect personnel levels, organisational changes to harness productivity improvements and reduction in overheads.

FINANCIAL OVERVIEW

Cashflow

EAL recorded negative cashflow from operations, before interest and tax, of $11.7 million and, after payment of interest, tax and deferred earn out agreements, a net outflow of $19.0 million.

As previously as advised to the market, EAL subsidiary Ottoway Engineering received $6.1 million on 8 January 2016 in relation to its previously disputed contractual claim associated with the New Royal Adelaide Hospital (NRAH) project.

The operating cash flow performance during the period was impacted by the working capital requirements associated with large construction projects undertaken on major projects for iron ore and infrastructure clientele which were subject to disputed variation, delay and disruption contract claims and also the costs associated with the LIM OCMF finance facility together with the prepayment of interest on that facility.

These non performing construction contracts have now been completed although the final resolution of the outstanding contract claims will take time.

EAL has progressed the resolution of significant variation, disruption and delay claims throughout the year and has received $10.3 million following successful adjudication on two of its claims. EAL is working to resolve these claims as promptly as possible.

Net Debt & Gearing

Net debt at 31 December 2015 was $96.9 million, compared with $77.4 million at the prior corresponding period. Gearing at 31 December 2015 was 68% (as measured by the ratio of net debt to net debt plus shareholder equity).

The increase in the gearing ratio is a consequence of the operating loss sustained during the reporting period and was impacted by the additional working capital required to fund the works undertaken for iron ore and infrastructure projects which are subject to disputed contract variation, disruption and delay contract claims.

EAL subsidiary Ottoway Engineering received $6.1 million on 8 January 2016 in relation to its contractual claim associated with the New Royal Adelaide Hospital (NRAH) project, with the majority of these proceeds being applied to debt reduction.

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

Interim Dividend

The company has not declared any dividends in respect of the in respect of the period ended 31 December 2015.

OPERATING SEGMENTS ACTIVITY

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

Heavy Steel Fabrication & Engineering

Heavy Steel Fabrication & Engineering *(in thousands)*	**Half Year FY16**	**Half Year FY15**		**Percentage Change (%)**
Segment Revenue	**43,810**	64,855	▼	**(32%)**
Underlying EBIT	**(2,346)**	1,538	▼	**(253%)**

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

The Heavy Steel Fabrication and Engineering segment's revenue fell 32% and contributed an underlying loss of $2.3 million compared to an earnings contribution of $1.5 million in the pcp.

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

Ottoway Engineering has secured in excess of $20 million of new construction, tank fabrication, well-head skid fabrication and capital equipment repair work, which delivered an improved second quarter performance.

ICE Engineering & Construction had a soft first quarter due to delays in the commencement of recently won contracts and the general market conditions.

ICE Engineering & Construction has secured more than $8 million of electrical installation and associated upgrade work across the oil & gas, mining and water industries. Following the commencement of work on these new contracts, ICE Engineering & Construction second quarter performance has also improved.

Ottoway Fabrication first half for FY16 has been slower than expected. Ottoway Fabrication expected the revised changes to the RET which were legislated in June 2015, to deliver increased opportunities during the second quarter of FY16. This has not yet eventuated.

The windfarm industry is confident that compliance with the legislative 2020 RET will require the procurement and construction of more than 1,600 wind towers. The Australian steel industry, wind tower fabricators and, more broadly, the community at large expect the renewable energy industry to require a significant level of local manufacturing. As a consequence EAL Management expect wind tower orders to come on stream during the remainder of FY16 and that steady state fabrication will occur through to 2020.

Notwithstanding the positive outlook there has been an unforeseen impasse in windfarm commitments whilst the RET review was being undertaken. Confidence is only slowly returning to the renewable energy industry and there has to date been a reluctance for participants to enter into long term power purchasing agreements. As a consequence of this uncertainty and the uncertainty surrounding Arrium's operations in Whyalla, the Company has decided to impair all of the goodwill held in the accounts of Ottoway Fabrication for an amount of $6.1 million, which is part of the Heavy Steel Fabrication & Engineering CGU.

Water & Fluid Solutions

Water & Fluid Solutions *(in thousands)*	Half Year FY16	Half Year FY15		Percentage Change (%)
Segment Revenue	**18,709**	26,975	▼	**(31%)**
EBIT	**225**	1,260	▼	**(82%)**

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 31% decrease in revenue and 82% decrease in operating earnings compared to the pcp.

Fabtech Australia (Fabtech) has recently been awarded more than $18 million of geomembrane supply and installation work across the mining, oil & gas, landfill and water industries. Fabtech's first half remained subdued due to the challenging market conditions and delays in commencing scheduled new work, however Fabtech expects to have an improved second half for FY16.

Blucher's first half for FY16 has been slower than anticipated. In particular, the Queensland market has continued to remain weak for longer than anticipated. The expansion of new processing facilities to accommodate growth in the agribusiness sector is providing increased opportunities to Blucher. Blucher, through product innovation, has reached in principle agreement with two new customers for recurring sales of Blucher products.

Blucher will launch a number of new products to the market during the second half of FY16 which are also expected to improve sales and earnings. However, due to the underlying market conditions, the pressure on margins, in part as a consequence of the weaker exchange rate, will remain.

Maintenance Engineering & Plant Construction

Maintenance Engineering & Plant Construction *(in thousands)*	Half Year FY16	Half Year FY15		Percentage Change (%)
Segment Revenue	28,346	18,427	▲	54%
EBIT	1,575	2,149	▼	(27%)

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

The segment recorded a 54% increase in revenue, although operating earnings declined by 27% compared to the pcp.

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

Whilst revenue rose during the first half, margins earned have reduced due to client pressure following further falls in commodity prices.

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

The market conditions for breakdown, repair and maintenance services offered by Heavymech continued to remain soft during the first half.

Heavymech's Whyalla division continues to predominately undertake mechanical repairs for OneSteel's Steelworks and provide on-site services to Arrium's mines in the Middleback Ranges. Demand for Heavymech Whyalla services have been impacted by the challenging conditions facing the iron ore and steelmaking industries.

QMM SA also has been impacted by the reduction in commodity prices for quarrying, mining and material handling products. Underground maintenance work at Olympic Dam with BHP Billiton also reduced during the first half.

Investment & Corporate Advisory

Investment & Corporate Advisory *(in thousands)*	Half Year FY16	Half Year FY15		Percentage Change (%)
Segment Revenue	2,646	2,545	▲	4%
Underlying EBIT	(164)	95	▼	(273%)

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

Segment revenue has increased by 4% compared to the pcp, and contributed an underlying EBIT loss of $0.2 million, and a statutory EBIT loss of $1.7 million. The segment incurred significant one off fees relating to the restructuring costs together with the costs associated with establishing the LIM OCMF finance facility. In addition this segment impaired the carrying value of work in progress by $0.4 million.

Equity & Advisory's focus during the first half has been on implementing the strategy to rebuild shareholder value for E&A Limited.

OUTLOOK FOR FY16

The challenging market conditions experienced by a number of EAL's trading entities on the back of lower iron ore, oil and gas commodity prices during the first half is not expected to change during the second half of FY16.

Several EAL subsidiaries have started 2016 with improved order books and recent trading performance has been profitable as a consequence of these newly secured works.

Major construction projects activity remains subdued however the maintenance, shutdown and sustaining capital projects in the oil & gas and mining sectors remains stable, albeit at competitive margins.

EAL has strategically repositioned its businesses, focusing on maintenance and sustaining capital projects which enjoy a stronger recurring work profile, and a lower contractual risk than major lump sum contracts.

EAL also expects to benefit from the earnings contribution of the newly established Tasman Rope Access business during the second half of FY16.

The new RET is expected to underwrite demand of about 1,500 to 1,750 wind towers over the next 5 years to 2020. EAL is well positioned to capitalise on the anticipated lift of activity, however this activity has been slower to pick up than originally forecast by management.

In the medium to long-term, EAL expects to benefit from the recently announced $39 billion of defence shipbuilding budget for the construction of the new class corvettes and frigates to be built in its home state of South Australia. EAL has sophisticated naval construction expertise gained during the construction of the Air Warfare Destroyer project.

EAL also expects to capitalise on the benefits of the Productivity & Profit Improvement Program which has been implemented and is delivering improvements. This program will continue to be further enhanced and refined. EAL is focused on identifying and delivering further productivity improvements across all of its businesses in order to meet demand of its clients in what will remain a highly competitive market place.

Half Year Report
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E&A Limited

Directors' report

The Directors present their report together with the consolidated financial report for the six months ended 31 December 2015 and the review report thereon.

Directors

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

Name	Period of directorship
Executive	
Mr Stephen E Young (Managing Director)	Appointed 12/07/1999
Mr Mark G Vartuli	Appointed 26/07/2007
Non-executive	
Mr John Nicholls – Chairman	Appointed 01/09/2015
Mr Michael 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 reported a net loss after tax of $10.7 million (2014: $2.3 million profit) or (7.84) cents per share. For further commentary on current period performance, please refer to the attached Review of Operations.

Dividends

The company has not declared any dividends in respect of the in respect of the period ended 31 December 2015.

Auditor's independence declaration

The auditor's independence declaration is set out on page 20 and forms part of the directors' report for the six months ended 31 December 2015.

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 29th day of February 2016.

Signed in accordance with a resolution of the Directors:

S E Young
Managing Director

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 December 2015

In thousands of $AUD

	31 Dec 2015	31 Dec 2014
Revenue	81,570	107,448
Cost of sales	(68,307)	(83,316)
Gross Profit	**13,263**	**24,132**
Other income	1,009	265
Administrative expenses	(15,228)	(18,099)
Occupancy expenses	(891)	(1,256)
Impairment expense	(6,449)	-
Results from operating activities (EBIT*)	**(8,296)**	**5,042**
Finance income	1	3
Finance expenses	(3,835)	(1,834)
Net finance income / (expense)	**(3,834)**	**(1,831)**
(Loss) / Profit before income tax (NPBT)	**(12,130)**	**3,211**
Income tax benefit / (expense)	1,397	(892)
(Loss) / Profit after tax (NPAT)	**(10,733)**	**2,319**
Total comprehensive income for the period	**(10,733)**	**2,319**
Earnings per share		
Basic earnings per share (AUD)	(7.84) cents	1.79 cents
Diluted earnings per share (AUD)	(7.84) cents	1.79 cents

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

The notes on pages 7 to 17 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2015
In thousands of $AUD

	Share Capital	Retained Earnings	Options Reserve	Total Equity
Balance at 1 July 2014	**66,237**	**5,998**	**74**	**72,309**
Profit for the period	-	2,319	-	2,319
Total comprehensive income	**66,237**	**2,319**	**74**	**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**
Balance at 1 July 2015	**70,652**	**(22,104)**	**74**	**48,622**
Loss for the period	-	(10,733)	-	(10,733)
Total comprehensive income	**70,652**	**(32,837)**	**74**	**37,889**
Dividends paid	-	-	-	-
Dividends reinvested	-	-	-	-
Share issue	-	-	-	-
Balance at 31 December 2015	**70,652**	**(32,837)**	**74**	**37,889**

The notes on pages 7 to 17 are an integral part of these consolidated interim financial statements.

Consolidated Interim Balance Sheet

As at 31 December 2015

In thousands of $AUD

	Note	31 Dec 2015	30 Jun 2015
Current assets			
Cash and cash equivalents	4	5,224	1,606
Trade and other receivables		32,075	20,330
Inventories		40,891	38,188
Prepayments		26	535
Other current assets		680	117
Current tax asset		-	198
Total current assets		**78,896**	**60,974**
Non-current assets			
Other non-current assets		7,752	7,768
Other financial assets	13	201	-
Property, plant and equipment		28,205	29,107
Intangible assets	9	57,454	63,531
Deferred tax assets		14,381	14,023
Total non-current assets		**107,993**	**114,429**
Total assets		**186,889**	**175,403**
Current liabilities			
Trade and other payables		32,861	31,837
Loans and borrowings	5	22,728	48,850
Deferred revenue		4,907	-
Provisions		3,357	7,139
Current tax liability		461	-
Total current liabilities		**64,314**	**87,826**
Non-current liabilities			
Trade and other payables		1,873	3,379
Loans and borrowings	5	79,366	30,150
Other financial liabilities	13	139	-
Provisions		754	1,886
Deferred tax liability		2,554	3,540
Total non-current liabilities		**84,686**	**38,955**
Total liabilities		**149,000**	**126,781**
Net assets		**37,889**	**48,622**
Equity			
Issued share capital		70,652	70,652
Reserves		74	74
Retained profits		(32,837)	(22,104)
Total equity attributable to equity holders of the Company		**37,889**	**48,622**

The notes on pages 7 to 17 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2015
In thousands of $AUD

	Note	31 Dec 2015	31 Dec 2014
Cash flows from operating activities			
Cash receipts from customers		81,609	100,549
Cash paid to suppliers and employees		(93,309)	(104,452)
Cash from / (used in) operations		**(11,700)**	**(3,903)**
Interest paid		(4,985)	(1,834)
Interest received		2	3
Income taxes paid		(1,288)	(1,508)
Payment of vendor earn-out/settlement liability		(1,015)	-
Net cash from / (used in) operating activities		**(18,986)**	**(7,242)**
Cash flows from investing activities			
Payments for acquisition of subsidiary		-	(6,800)
Payments for acquisition of property, plant and equipment		(961)	(649)
Proceeds from disposal of property, plant and equipment		196	117
Net cash from / (used in) investing activities		**(765)**	**(7,332)**
Cash flows from financing activities			
Net dividends paid		-	(1,275)
Proceeds from borrowings		52,233	24,741
Repayment of borrowings		(4,473)	(11,161)
Repayment of finance lease liabilities		(912)	(623)
Net cash from / (used in) financing activities		**46,848**	**11,682**
Net increase / (decrease) in cash and cash equivalents		**27,097**	**(2,892)**
Cash and cash equivalents at 1 July		(31,109)	(4,840)
Cash and cash equivalents at 31 December	4	**(4,012)**	**(7,732)**

The notes on pages 7 to 17 are an integral part of these consolidated interim financial statements.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

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 2015 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 2015 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.

Going Concern

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

The Group has incurred operating losses after income tax in the current period of $10.7 million (2014: profit of $2.3 million) and at 31 December 2015 has net current assets of $14.6 million (2014: $48.6 million).

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

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

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

1. Basis of Preparation (continued)

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

2. Summary of 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.

(ii) Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to economically hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value through profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

3. Segment Reporting

	Investment & Corporate Advisory		Water & Fluid Solutions		Heavy Steel Fabrication & Engineering		Maintenance Engineering & Plant Construction		Eliminations		Consolidated	
In thousands of $AUD	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
External sales	227	547	18,487	26,871	39,526	63,194	27,660	17,987	(4,330)	(1,151)	81,570	107,448
Inter-segment sales	2,107	1,338	125	22	4,050	1,291	206	298	(6,488)	(2,949)	-	-
Dividend revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other income	312	660	97	82	234	370	480	142	(114)	(990)	1,009	265
Segment Revenue	**2,646**	**2,545**	**18,709**	**26,975**	**43,810**	**64,855**	**28,346**	**18,427**	**(10,932)**	**(5,090)**	**82,579**	**107,713**
EBITDA	**(153)**	**109**	**582**	**1,663**	**(1,396)**	**2,567**	**2,030**	**2,425**	**-**	**-**	**1,063**	**6,764**
Depreciation	(11)	(14)	(357)	(403)	(950)	(1,029)	(455)	(276)	-	-	(1,773)	(1,722)
Significant Items	(1,509)	-	-	-	(6,077)	-	-	-	-	-	(7,586)	-
Segment Result (EBIT)	**(1,673)**	**95**	**225**	**1,260**	**(8,423)**	**1,538**	**1,575**	**2,149**	**-**	**-**	**(8,296)**	**5,042**
NPAT	**(1,687)**	**32**	**(235)**	**726**	**(9,258)**	**177**	**922**	**1,384**	(475)	-	**(10,733)**	**2,319**
Income tax expense / (credit)	(719)	18	(137)	236	(1,234)	67	218	570	475	-	(1,397)	892
Net finance costs	733	45	597	298	2,069	1,294	435	194	-	-	3,834	1,831
Segment Result (EBIT)	**(1,673)**	**95**	**225**	**1,260**	**(8,423)**	**1,538**	**1,575**	**2,148**	**-**	**-**	**(8,296)**	**5,042**

Results from operating activities	**(10,733)**	**2,319**

	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015
Segment assets	107,303	87,733	30,298	31,539	95,561	97,068	41,929	33,972	(88,202)	(74,909)	186,889	175,403
Segment liabilities	38,814	17,556	27,838	28,846	99,391	111,654	38,680	33,647	(55,721)	(64,921)	149,000	126,781

Note: The segments Heavy Steel Fabrication & Engineering and Maintenance Engineering & Plant Construction's 31 December 2014 comparatives have been restated to reflect the movement within these segments which were announced at 30 June 2015.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

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 Steel Fabrication and Engineering

Services: This segment comprises the services provided by Ottoway Engineering, Ottoway Fabrication and ICE Engineering & Construction. Ottoway operates as a pipe fabrication and installation business involving all aspects of turn-key project management including design, engineering, procurement, manufacture, fabrication, machining, installation and maintenance. 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.

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

Maintenance Engineering & Plant Construction

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

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 2015

4. Cash and Cash Equivalents

In thousands of $AUD	Consolidated	
	31 Dec 2015	**30 Jun 2015**
Cash at bank and in hand	5,224	1,606
Cash and cash equivalents	**5,224**	**1,606**
Bank overdraft (Note 5)	(9,236)	(32,715)
Balances per statement of cash flows	**(4,012)**	**(31,109)**

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 2015		
	Total facility	**Drawn facilities**	**Undrawn amount**
Current			
Bank overdraft	10,872	9,236	1,636
Working capital facilities	3,015	902	2,113
Commercial bills	7,890	7,890	-
Finance leases	2,142	1,486	656
Credit cards / other finance	740	570	170
International facility	4,450	2,644	1,806
Total Current Borrowings	**29,109**	**22,728**	**6,381**
Non-Current			
Commercial bills	61,486	61,486	-
Other loans	14,031	14,031	-
Finance leases	4,225	1,854	2,371
Related party facility	2,000	1,995	5
Total Non-Current Borrowings	**81,742**	**79,366**	**2,376**
Total Borrowings	**110,851**	**102,094**	**8,757**

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 2015

5. Loans and Borrowings (Continued)

In thousands of $AUD	Consolidated as at 30 June 2015		
	Total facility	**Drawn facilities**	**Undrawn amount**
Current			
Bank overdraft	31,200	32,715	(1,515)
Working capital facilities	5,550	3,814	1,736
Commercial bills	10,540	10,540	-
Finance leases	1,655	1,615	40
Credit cards / other finance	351	166	185
International facility	2,265	-	2,265
Total Current Borrowings	**51,561**	**48,850**	**2,711**
Non-Current			
Commercial bills	25,988	25,988	-
Finance leases	3,851	2,167	1,684
Related party facility	2,000	1,995	5
Total Non-Current Borrowings	**31,839**	**30,150**	**1,689**
Total Borrowings	**83,400**	**79,000**	**4,400**

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 2015	31 Dec 2014
Balance as at 1 July	**79,000**	**45,072**
Acquired through business acquisition	-	463
New Issues		
Bank overdraft	210	4,919
Working capital facilities	6,055	14,718
Commercial bills	30,999	10,000
Other loans	14,031	
Leasing facilities	470	140
Credit cards / other finances	468	23
Related party facility	-	-
Repayments		
Bank overdraft	23,691	280
Working capital facilities	4,323	4,522
Commercial bills	150	6,656
Leasing facilities	912	624
Credit cards / other finances	63	1
Balance as at 31 December	**102,094**	**63,252**

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

6. Share Capital

Movements in shares of the Company were as follows:

In thousands of shares	Ordinary Shares	
	2015	**2014**
Shares on Issue at 1 July	**136,918**	**127,219**
Issued as part of dividend reinvestment plan	-	5,571
Issued as part of share placement	-	-
Issued as part of acquisition of Tasman Power	-	4,128
Shares on Issue at 31 December	**136,918**	**136,918**

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

7. Earnings Per Share

Cents per share	Consolidated	
	31 Dec 2015	**31 Dec 2014**
Basic earnings per share (cents)	(7.84)	1.79
Diluted earnings per share (cents)	(7.84)	1.79

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 2015	**31 Dec 2014**
Earnings used in the calculation of basic EPS (i)	(10,733)	2,319
Weighted average number of ordinary shares for the purpose of basic earnings per share (ii)	136,918	129,654
Weighted average number of ordinary shares for the purpose of diluted earnings per share (iii)	136,918	129,654

(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 2015.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

8. Dividends

In thousands of $AUD	31 Dec 2015		31 Dec 2014	
	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
Fully franked at a 30% tax rate				
Unrecognised amounts				
Interim fully franked ordinary dividend proposed and not recognised as a liability at 31 December	-	-	-	-
Fully franked at a 30% tax rate				

9. Goodwill and Intangible Assets

In thousands of $AUD	Goodwill		Intangibles		Total	
	31 Dec 2015	**30 Jun 2015**	**31 Dec 2015**	**30 Jun 2015**	**31 Dec 2015**	**30 Jun 2015**
Balance at beginning of period	63,331	54,625	200	200	63,531	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	-	(160)	-	-	-	(160)
Impairment Adjustments during the period	(6,077)	-	-	-	(6,077)	-
Balance at end of period	**57,254**	**63,331**	**200**	**200**	**57,454**	**63,531**

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 2015

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 2015	**30 Jun 2015**
Investment & Advisory	1,058	1,058
Fluid & Water Solutions	22,765	22,765
Heavy Steel Fabrication & Engineering	17,156	23,233
Maintenance Engineering & Plant Construction	16,475	16,475
Total goodwill and intangibles	**57,454**	**63,531**

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 between 2.0% and 2.9%, consistent with the growth prospects of each cash generating unit, and a 1% terminal value growth rate, which is less than the historical 20 year growth rate of 5.1%.

A post-tax discount rate of 9.5% 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 (post-tax real WACC).

In response to the current market environment, the Company has carried out a detailed assessment of its assets and has determined that it is appropriate to recognise a non-cash impairment to goodwill of $6.077 million in the period.

The board considered the carrying value of the goodwill associated with its Heavy Steel Fabrication & Engineering CGU, as a result of the continued delay in wind tower orders following the recently completed Renewable Energy Target review and the uncertainty surrounding Arrium's operations in Whyalla. The Board decided that the Company impair part of the goodwill associated with the Heavy Steel Fabrication & Engineering CGU by $6.1 million.

Key assumptions used in the value in use calculations

At 31 December 2015 the recoverable amount of the combined cash generating units ('CGU's') of the group are 1.5 times the carrying amount. The CGU's are most sensitive to assumptions in relation to the weighted average cost of capital ('WACC').

Investment & Advisory
An increase in the post-tax real WACC to 18.2% would reduce the recoverable amount to be equal to the carrying amount.

Heavy Steel Fabrication & Engineering
Following the impairment during the period, any significant adverse change in the key assumptions would likely result in a further impairment.

Fluid & Water Solutions
An increase in the post-tax real WACC to 11.8% would reduce the recoverable amount to be equal to the carrying amount.

Maintenance, Engineering & Plant Construction
An increase in the post-tax real WACC to 30.3% would reduce the recoverable amount to be equal to the carrying amount.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

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 2015, 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 2015**	**30 June 2015**
Related Party “Come & Go” Facility *		
Beginning of the year	1,995	1,995
Loans advanced	-	-
Loan repayments made	-	-
End of year	**1,995**	**1,995**

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

Loans to Directors and Key Management Personnel

As at 31 December 2015 the balance of unsecured loans outstanding to directors and key management personnel was $139,000. Net repayments throughout the period were $49,000.

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

In thousands of $AUD	**Balance at Beginning of Period**	**Advancement (Repayment) of Loans**	**Balance Outstanding**
	1 July 2015		**31 Dec 2015**
Stephen Young and controlled entities	165	(49)	139
Total	**165**	**(49)**	**139**

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 2015.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

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 2015	**31 Dec 2014**
Rent paid to other related parties	420	942

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 2015.

In 2012 EAL subsidiary Ottoway Fabrication received a Government grant of $2.0 million to facilitate the establishment of its wind tower fabrication facilities in Whyalla, South Australia. This grant was subject to a requirement to achieve certain employment measures by 30 June 2017. Ottoway Fabrication will need to secure wind tower fabrication contracts prior to 30 June 2017 to satisfy this requirement.

13. Financial instruments

Interest bearing loans and borrowings have a fair value and carrying value of $102,094,000.

Borrowings and repayment of debt
During the period, EAL entered into a loan agreement with LIM OCMF for US $10,000,000 repayable 31 August 2017.

Furthermore new commercial bills were issued for $31,000,000 which were applied to bank overdraft and working capital facilities of approximately $28,014,000.

Derivatives designated as hedging instruments
During the period, EAL entered into a currency option transaction for a European vanilla put option for US $3,655,000 with a strike rate of USD to AUD of 0.666 expiring on 1 September 2017. The fair value of this option was $201,500 at 31 December 2015 and this has been recognised as a financial asset on the balance sheet at 31 December 2015.

In addition, EAL entered into a currency protection and participation contract expiring for US $3,655,000 at a protection rate of USD to AUD of 0.666 and also on 1 September 2017. The cost on delivery is US $0.0495 points per AUD. A financial liability of $139,026 has been recognised as a result of the fair value movement of this derivative.

The foreign exchange derivatives are categorised as level 2 within the fair value hierarchy with the fair value based valuation techniques with market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, and currency basis spreads between the respective currencies.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 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 3 to 17, 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 2015 and of its performance for the six month period ended on that date; and

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

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

Dated at Adelaide this 29th day of February 2016.

Signed in accordance with a resolution of the directors:

Stephen Young
Managing Director

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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 2015, 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 2015 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.

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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 2015 and of its performance for the half-year ended on that date; and

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

Emphasis of Matter

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

Ernst + Young

Ernst & Young

David Sanders
Partner
Adelaide
29 February 2016

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working world

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

As lead auditor for the review of E&A Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst + Young

Ernst & Young

David Sanders
Partner
Adelaide
29 February 2016