



Appendix 4D – Half Year Report

For the Half Year Ended 31 December 2010

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 2010

Previous Corresponding Period: Half Year Ended 31 December 2009

Contents

1. Results for Announcement to the Market
2. Media Release
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Results for announcement to the market

Half Year Report for the Period Ended 31 December 2010

Revenue and Net Profit

		Percentage Change %		Amount \$'000
Revenue from ordinary activities	Up	6.4%	To	72,712
Underlying EBIT from ordinary activities*	Up	3.0%	To	4,427
Underlying net profit after tax*	Down	3.1%	To	2,053
Reported net profit from ordinary activities after tax attributable to members	Down	98.4%	To	32

*** Underlying profit excludes once-off provisioning associated with Snapper project and AE&E debt.**

Dividends

	Amount per security	Percentage Franked %
Final Dividend	-	-
Record Date for determining entitlements to the dividend	-	-
Date of Dividend Payment	-	-
Previous corresponding period	1 cent	100%

Earnings Per Share

	2010	2009
Underlying Earnings Per Share (undiluted)	2.13 cents	3.07 cents
Earnings Per Share (undiluted)	0.03 cents	2.97 cents
Underlying Earnings Per Share (diluted)	2.12 cents	3.05 cents
Earnings Per Share (diluted)	0.03 cents	2.95 cents

Net Tangible Assets

	31 Dec 2010	31 Dec 2009
NTA Per Share (undiluted)	-3.32 cents	-4.14 cents

Review of Operations

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



25 February 2011

The Manager
 Company Announcements Platform
 Australian Stock Exchange Ltd

REVIEW OF OPERATIONS

First half underlying net profit after tax of \$2.053 million

- Half year consolidated revenue of \$72.9 million up from \$68.6 million.
- Underlying first half EBIT of \$4.427 million up from \$4.296 million.
- Reported Statutory net profit after tax of \$0.032 million affected by the provision for once-off significant items totalling \$2.021 million in relation to the collection of AE&E debt and prolongation claims for adverse weather events on the Snapper project.
- Strong second half expected with record tendering activity across the majority of operating segments and improved weather expectations.
- Strong positive cash flow from operations expected during second half.

REPORTED & UNDERLYING NET PROFIT EAL GROUP (000's)	HALF YEAR FY11	HALF YEAR FY10	PERCENTAGE (%)
Revenue	72,945	68,561	6.4%
Underlying EBIT from continuing operations	4,427	4,296	3.0%
Net interest expense	(1,463)	(1,240)	(18.0%)
Underlying profit before tax	2,964	3,056	(3.0%)
Tax expense on underlying profit	(911)	(937)	(2.8%)
Underlying net profit after tax	2,053	2,119	(3.1%)
Significant Once-off Items (after tax)			
AE&E bad debt provision	(662)	-	
Snapper prolongation claims for adverse weather	(1,359)	-	
EAC Merger Costs	-	(68)	
Reported statutory net profit after tax	32	2,051	(98.4%)

Diversified South Australian Investment Company, E&A Limited (ASX:EAL) today announced an underlying net profit after tax of \$2.053 million for the half year ended 31 December 2010. This result is consistent with the prior corresponding period.

EAL achieved total consolidated revenue of \$72.9 million which represented a growth over the previous corresponding period of 6.4%.

The reported statutory net profit after tax of \$0.032 million was affected by two period-end once-off provisions totalling \$2.021 million after tax. These provisions of \$0.662 million and \$1.359 million respectively were raised on account of a bad debt and unrecoverable costs incurred in relation to exceptionally bad weather experienced over the last six months. The EAL Board resolved to make these provisions yesterday following recommendation from management.

As previously advised to the market, Ottoway Engineering Pty Ltd's (Ottoway) major client, AE&E Australia Pty Ltd (AE&E) entered into voluntary administration on 25 November 2010. Ottoway has significant claims against AE&E however it has elected to take a conservative position in respect of these claims. It is estimated that the uninsured amount of Ottoway's debt is in the order of \$0.662 million after tax, which has now been fully provided for. EAL's cash flow has been adversely impacted as a consequence of the delayed process involved in recovering trade debt insurance proceeds.

The Executive Chairman of EAL, Mr Stephen Young said that "AE&E entering voluntary administration has consumed significant executive management time over the last four months however Ottoway has managed to establish alternate contracting relationships with both Sino Iron Pty Ltd (Sino Iron) the owner of the Sino Iron project in Karratha, Western Australia and WR Carpenter 1 Pty Ltd (WR Carpenter) the owner of the Worsley Power Station in Western Australia."

As a consequence, Ottoway expects to complete all of the site fabrication and installation works that AE&E had contracted to Ottoway by working directly for the owners of both projects. Mr Young said that "This work alone should account for \$20 million of the next six months' turnover." Mr Young said that "Both Ottoway and ICE Engineering & Construction (ICE) were looking to further expand their operations in Western Australia where the majority of Australia's mining development was under construction."

There have been considerable weather delays incurred on projects being undertaken by Fabtech in the Coal Seam Gas field in Queensland and also the work undertaken by Ottoway and ICE in Central Australia.

Some of the costs associated with the extreme adverse weather in Central Australia are recoverable, however, EAL has provisioned for unrecoverable once-off losses on the Snapper Project for the half year of \$1.359 million after tax.

Mr Young advised that he expected more favourable trading and weather conditions and consequently an improvement in the EAL results for the second half. Importantly all work on the Honeymoon and Snapper Projects had now been completed. Mr Young said "The expected costs associated with the Queensland floods in January 2011 are expected to be offset by a stronger last quarter of the financial year. The demand across all of EAL's operating segments is continuing to grow and a number of EAL's operating subsidiaries are

experiencing record tendering activity. Accordingly, EAL expects an improvement on last year's second half performance based on the increase in tendering activity and improved margins expected to be achieved due to stronger demand".

Mr Young stated that "EAL subsidiaries were well positioned in the medium term to take advantage of the development of the Coal Seam Gas sector in Queensland." EAL subsidiaries have a number of established relationships in Western Australia and have already undertaken Coal Seam Gas work either directly or indirectly for Origin, Santos, Arrow and Queensland Gas.

EAL is geographically positioned for the increased mining developments expected to occur in South Australia. Mr Young stated that "In addition to the development plans of the junior iron ore miners, he, together with most South Australians, expected BHP Billiton to make an investment decision to proceed with the modular expansion of Olympic Dam within 12 months, subject to BHP Billiton receiving the necessary regulatory approvals."

CASHFLOW

Cash utilised by operations for the six month period ended 31 December 2010 was \$4.195 million before interest and tax and \$6.062 million after interest and tax. This result was the direct consequence of the following three matters:

- AE&E went into administration on 25 November 2010. Ottoway elected to continue to work on the Worsley Power Station site and as a consequence at 31 December 2010 was owed \$0.843 million on account of work done on the Worsley site. Ottoway has subsequently been paid by WR Carpenter all monies owed to it by AE&E in relation to the Worsley contract. Ottoway continues to provide skilled labour services to the Worsley site.
- In relation to the debt owed to Ottoway by AE&E for the Cape Preston Project, Ottoway Engineering anticipates receiving debtor insurance proceeds of approximately \$2.55 million before year end. As at 31 December 2010 Ottoway was owed \$3.495 million by AE&E. Ottoway's Proof of Debt claim is presently being settled by the Administrator of AE&E.
- As a consequence of adverse weather both the Honeymoon Uranium Extraction Plant and the Snapper Wet Concentrator Plant being constructed by Ottoway and ICE, have extended beyond their original contract completion dates. Both Ottoway and ICE have significant variation and extension of time claims under negotiation with the respective principal's for these projects. Ottoway anticipates resolving these claims in part or in full before the year-end which will assist Ottoway and ICE to return to positive operating cash flow.

Given the above matters EAL's bankers agreed to increase facilities and varied some of EAL Group debt covenant requirements as at 31 December 2010.

Mr Young said "Our bankers had been supportive during this period and EAL will apply the proceeds from the trade debt insurance and extension of time claims to reduce bank debt."

INTERIM DIVIDEND

The directors of E&A Limited do not intend to declare an interim dividend.

The directors have resolved to review the declaration of an interim dividend after the insurance proceeds and the variation and extension of time proceeds in relation to the Honeymoon and Snapper Projects have been received.

Detailed comments in respect of EAL's operating segments for the six months to the 31 December 2010 are as follows:

HEAVY MECHANICAL & ELECTRICAL ENGINEERING

Operating Businesses

This segment comprises the services provided by Ottoway Engineering Pty Ltd (Ottoway), E&A Contractors Pty Ltd (EAC) and ICE Engineering & Construction Pty Ltd (ICE).

This segment offers services across a range of industries including industrial, mining, water, defence, power generation oil and gas, petro-chemical and infrastructure.

Services

Ottoway operates nationally from South Australia as a structural, mechanical and piping fabrication and construction business and offers turn-key project management including design, engineering, procurement, manufacture, fabrication, machining, installation and maintenance. Ottoway has facilities at Ottoway in Adelaide and Dalby in Queensland.

ICE provides services and contract labour throughout Australia to the electrical and instrumentation sector of the industrial, water and mining sectors.

EAC operates nationally and in Papua New Guinea and offers its clients fully integrated solutions including design, drafting, engineering, procurement, fabrication and on-site construction from its facilities in Whyalla, Adelaide, Mt Isa and Papua New Guinea.

Operating Performance

The following table provides a summary of the financial performance of the Heavy Mechanical and Electrical Engineering segment for the six months ended 31 December 2010 in comparison to the previous corresponding period.

SEGMENT REPORTING	HALF YEAR FY11	HALF YEAR FY10	PERCENTAGE (%) INCREASE / (DECREASE)
HEAVY MECHANICAL & ELECTRICAL ENGINEERING (<i>in thousands</i>)			
Segment Revenue	56,561	51,208	10.45%
Underlying Operating Results (Before Finance Expense and Income Tax) *	4,065	2,860	42.12%
Operating Results (Before Finance Expense and Income Tax Expense)	1,179	2,763	(57.34%)

* Underlying Operating Results exclude once-off year-end provisioning totalling \$2.886 million before tax

The Heavy Mechanical and Electrical Engineering segment achieved revenue growth of 10.45% and underlying operating earnings growth of 42.12% and a reduction in reported operating earnings of 57.34% compared to the previous corresponding period.

Ottoway's turnover for the six months ended 31 December 2010 was essentially in line with the previous corresponding period. This has been primarily due to the provision of specialist skilled labour to Sino Iron's Cape Preston Project and also the WR Carpenter Worsley Power Project. Ottoway expects these contracts to continue up to and beyond 30 June 2011. As mentioned previously, Ottoway has made a once-off provision for the uninsured amount of Ottoway's claims in relation to AE&E debt of \$0.662 million after tax.

In addition, Ottoway has been involved in the completion of two significant construction contracts namely, the Honeymoon uranium extraction plant and the Snapper floating wet concentrator plant. As previously advised, both of these contracts have been significantly impacted by unseasonal and adverse weather experienced across Central Australia over the last six months. This weather has caused major delays in the construction schedule and these delays are the subject matter of prolongation claims. This has resulted in Ottoway and ICE realising significant once off losses on the Snapper contract of \$1.359 million after tax during the first six month period. Both Ottoway and ICE have completed all contracted works and are involved in negotiations with the principals for these contracts in relation to variation and prolongation claims.

The outlook for Ottoway for the remainder of this financial year and beyond is strong. Ottoway has recently secured a significant contract with Ertech at Roxby Downs for BHP Billiton. Ottoway has also renewed its workshop fabrication contract with Santos for a further two years. Ottoway's pipe bending contract with ASC Pty Ltd for the AWD Program is now building momentum and ASC is expected to provide continuous work for 30 men in Ottoway's workshop facility for the next three years.

Ottoway is experiencing tender activity at record levels, particularly in relation to the coal seam gas industry in South East Queensland. Ottoway has submitted a number of tenders for which it has been shortlisted and is confident of being awarded further work. The majority of this work is not anticipated to commence until the last quarter of this financial year but is expected to provide significant work for Ottoway over the next financial year.

ICE made a positive contribution to earnings during the first half. However, its earnings were adversely impacted by once-off significant losses incurred on the Snapper project. The tender activity for ICE has increased this calendar year and management expect to build a strong order book for work from the last quarter of the current financial year onwards. ICE continues to enjoy a high level of customer satisfaction with both the safety and quality of the services it provides.

During the last six months ICE has established an Adelaide-based Projects Division in order to better position itself to pursue larger project work. ICE is also in the process of establishing an office at Roxby Downs.

EAC incurred a loss for the six months ended 31 December 2010 principally as a consequence of insufficient work throughput to fully recover overheads. The Whyalla region has been depressed and EAC's initiative to seek work from further afield has taken longer than initially expected.

EAC is now ASC's preferred fabrication subcontractor for the Air Warfare Destroyer program and has received increased work packages for delivery from March 2011 onwards. EAC has been winning increased levels of work from BHP Billiton at Roxby Downs and is focussed on continuing to build this relationship.

EAC has recently secured work from Downer EDI on Onesteel's Iron Baron Ore Benefication Plant.

The medium term outlook for EAC continues to improve as a direct consequence of the development of junior iron ore miners and mining infrastructure throughout the Iron Triangle. These expansion initiatives will require both mine site facilities and port infrastructure.

Over the last few months, EAC's long term outlook has improved significantly with the announcement by Arafura Resources Limited to establish a rare earth processing plant at Whyalla commencing in early 2012 with a forecast construction cost of \$1 billion and BHP Billiton's confirmation of its intention to make an investment decision within twelve months on Olympic Dam, subject to regulatory review.

The EAL Board continues to closely monitor E&A Contactors' transition to profitable trading.

WATER & FLUID SOLUTIONS

Operating Businesses

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

Services

Fabtech is a national leader in the provision of flexible geomembrane liners and floating covers for dams, reservoirs, channels & tunnels in such industries as mining, resources, potable and waste water containment, waste management and agriculture.

Blucher supplies high quality stainless steel products for both drainage and supply systems for industrial and commercial applications.

Operating Performance

The following table provides a summary of the financial performance of the Water & Fluid Solutions segment for the six months ended 31 December 2010 in comparison to the previous corresponding period.

SEGMENT REPORTING WATER & FLUID SOLUTIONS (<i>in thousands</i>)	HALF YEAR FY11	HALF YEAR FY10	PERCENTAGE (%) INCREASE / (DECREASE)
Segment Revenue	11,877	12,807	(7.26%)
Operating Results (Before Finance Expense and Income Tax Expense)	(48)	1,655	(102.92%)

The Water and Fluid Solutions segment had negative revenue growth of 7.26% and a reduction in operating results of 102.92% compared to the previous corresponding period.

Fabtech's first half performance was impacted by the inclement weather experienced in Queensland during the first half. The costs associated with lost productivity as a consequence of inclement weather have been expensed by Fabtech in the ordinary course of business. A significant portion of Fabtech's work is now undertaken in Queensland for coal seam gas industry participants.

Fabtech has also invested heavily in the development of large above-ground water tanks during the first half for which it expects to receive significant orders and recoup its investment through streamlining the manufacturing production of these tanks. Fabtech has patented this intellectual property.

The opportunities for the geomembrane industry as a consequence of the tender activity in the coal seam gas sector in South East Queensland are significant. Fabtech's Management anticipate a strong second half performance based on its order book and tender enquiry.

Blucher's revenue declined by 7.91% compared to the previous corresponding period and consequently earnings also declined. This drop in revenue is principally a consequence of deferred projects.

Blucher expects its second half performance to be a significant improvement on the first half given the anticipated commencement of deferred projects.

MAINTENANCE ENGINEERING & PLANT CONSTRUCTION

Operating Businesses

This segment comprises the services provided by Quarry & Mining Manufacture Pty Ltd (QMM) and Heavymech Pty Ltd (Heavymech).

Services

QMM is a provider of maintenance, engineering and plant construction services to the quarry, recycling and mining sectors. QMM has workshop facilities in Adelaide and Brisbane.

Heavymech provides emergency breakdown, maintenance and machining services to a wide variety of industries including mining, earthmoving, foundry, water, marine, defence and power generation. Heavymech operates from a large machine shop located in the northern suburbs of Adelaide, and has a smaller workshop in Whyalla.

Operating Performance

The following table provides a summary of the financial performance of the Maintenance Engineering and Plant Construction segment for the six months ended 31 December 2010 in comparison to the previous corresponding period.

SEGMENT REPORTING	HALF YEAR FY11	HALF YEAR FY10	PERCENTAGE (%) INCREASE / (DECREASE)
MAINTENANCE ENGINEERING & PLANT CONSTRUCTION (<i>in thousands</i>)			
Segment Revenue	8,594	7,820	9.90%
Operating Results (Before Finance Expense and Income Tax Expense)	337	577	(41.63%)

The Maintenance Engineering and Plant Construction segment achieved revenue growth of 9.90% and a decline in operating earnings of 41.63% compared to the previous corresponding period.

QMM experienced a growth in turnover for the first half due to an increase in workshop activity and plant construction work undertaken in the Queensland market. In addition, QMM continued to strengthen its relationship with BHP Billiton through the continued provision of mining shutdown services at Olympic Dam.

QMM has recently secured additional shutdown work with Oz Minerals at Prominent Hill which should improve second half earnings.

Workshop activity for the second half in Queensland will improve as QMM has been awarded a contract to manufacture and install a concrete batching plant for Boral. When combined with off-site mining shutdown work, QMM is expected to deliver a strong second half performance.

Major plant construction activity in South Australia was more subdued during the first half, however, QMM has continued to service the repairs and maintenance requirements of its major customers, including Holcim, Boral, Humes, Jeffries and IWS.

The outlook for QMM is closely linked to urban infrastructure and large construction activity. The rebuilding of Queensland infrastructure following the recent floods and cyclone is anticipated to provide plant construction and upgrade opportunities for QMM during the remainder of the calendar year.

Heavymech experienced solid revenue growth of 28.08 % compared to the previous corresponding period.

Heavymech has a number of strong client relationships which it continues to maintain in order to build its market presence. The greater part of Heavymech's revenue arises from scheduled and emergency maintenance work and as a consequence its turnover and profitability are closely linked to the level of activity in the broader industrial, construction, mining, water and power generation markets. The outlook for these markets continues to improve.

Heavymech has expanded its operations in Whyalla and expects this business to make a positive contribution this financial year.

INVESTMENT & CORPORATE ADVISORY

Operating Businesses

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

Services

The 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. Equity & Advisory provides corporate



advisory services to public, private and government organisations. In addition, Equity & Advisory provides a range of corporate advisory and management services to EAL subsidiaries post acquisition and as they continue to expand, both organically and through acquisition.

Operating Performance

The following table provides a summary of the financial performance of the Investment & Corporate Advisory segment for the six months ended 31 December 2010 in comparison to the previous corresponding period.

SEGMENT REPORTING	HALF YEAR	HALF YEAR	PERCENTAGE (%)
INVESTMENT & CORPORATE ADVISORY (<i>in thousands</i>)	FY11	FY10	INCREASE / (DECREASE)
Segment Revenue *	1,743	1,534	13.62%
Operating Results (Before Finance Expense and Income Tax Expense)	73	(796)	109.23%

* Excludes Intercompany dividend revenue

The Investment & Corporate Advisory segment revenue increased compared to the previous corresponding period by 13.62% due primarily to an improvement in the market for mergers, acquisitions and divestments transaction mandates during the period.

Operating results reflected the improved performance of the advisory business as well as the allocation of audit, taxation and insurance costs to the subsidiaries which had not been allocated to the operating subsidiaries in the prior period.

The Corporate Advisory business expects increased opportunities for its services as the capital and debt markets continues to show signs of improvement.



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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 2010 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
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
Executive	
Mr Stephen E Young (Chairman)	Appointed 12/07/1999
Mr Mark G Vartuli	Appointed 26/07/2007

Review of operations

The Company has achieved a net profit after tax of \$0.032 million (2009: \$2.051 million) or 0.03 cents per share.

Dividends

The Board of Directors do not intend to declare an interim dividend at this time.

The directors have resolved to review the declaration of an interim dividend after such time as the insurance proceeds from the outstanding AE&E debt and proceeds in relation the Honeymoon and Snapper project variations and extensions of time have been received.



Auditor's independence declaration

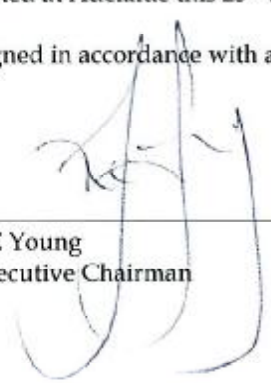
The auditor's independence declaration is set out on page 23 and forms part of the directors' report for the six months ended 31 December 2010.

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 25th day of February 2011.

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 2010

In thousands of \$AUD

	31 Dec 2010	31 Dec 2009
Revenue	72,712	68,369
Cost of sales	(58,993)	(51,499)
Gross Profit	13,719	16,870
Other income	233	191
Administrative expenses	(11,145)	(11,565)
Marketing expenses	(131)	(190)
Occupancy expenses	(1,135)	(996)
Other expenses	-	(111)
Results from operating activities	1,541	4,199
Finance income	20	37
Finance expenses	(1,483)	(1,277)
Net finance income / (expense)	(1,463)	(1,240)
Profit before income tax	78	2,959
Income tax expense	(46)	(908)
Profit from operations	32	2,051
Attributable to:		
Equity holders of the Company	32	2,051
Profit for the period	32	2,051
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive income for the period	32	2,051
Earnings per share		
Basic earnings per share (AUD)	0.03 cents	2.97 cents
Diluted earnings per share (AUD)	0.03 cents	2.95 cents

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 2010

In thousands of \$AUD

	Share Capital	Retained Earnings	Options Reserve	Total Equity
Balance at 1 July 2009	41,454	(879)	60	40,635
Profit for the year	-	2,051	-	2,051
Total recognised income and expense for the year	-	2,051	-	2,051
Shares issued as consideration for business acquisitions	1,000	-	-	1,000
Dividends provided for or paid	-	(922)	-	(922)
Issue of ordinary shares under capital raising	8,616	-	-	8,616
Issue of ordinary shares under DRP	588	-	-	588
Costs of capital raising recognised directly in equity	(195)	-	-	(195)
Income tax on costs of capital raising recognised in equity	58	-	-	58
Equity settled transactions, net of tax	-	-	14	14
Balance at 31 December 2009	51,521	250	74	51,845
Balance at 1 July 2010	52,231	(707)	74	51,598
Profit for the year	-	32	-	32
Total recognised income and expense for the year	-	32	-	32
Balance at 31 December 2010	52,231	(675)	74	51,630

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 2010

In thousands of \$AUD

	Note	31 Dec 2010	30 Jun 2010
Current assets			
Cash and cash equivalents	4	1,179	3,075
Trade and other receivables		21,462	25,182
Inventories		23,364	21,557
Other current assets		173	139
Total current assets		46,178	49,953
Non-current assets			
Other financial assets		12	13
Property, plant and equipment		11,119	10,859
Intangible assets	9	54,825	54,825
Deferred tax assets		4,042	3,787
Total non-current assets		69,998	69,484
Total assets		116,176	119,437
Current liabilities			
Trade and other payables		21,033	29,635
Loans and borrowings	5	15,033	10,013
Provisions		3,913	3,852
Current tax liability		1,868	1,475
Total current liabilities		41,847	44,975
Non-current liabilities			
Trade and other payables		2,484	2,419
Loans and borrowings	5	18,098	17,788
Provisions		266	310
Deferred tax liability		1,851	2,347
Total non-current liabilities		22,699	22,864
Total liabilities		64,546	67,839
Net assets		51,630	51,598
Equity			
Issued share capital		52,231	52,231
Reserves		74	74
Retained profits		(675)	(707)
Total equity attributable to equity holders of the Company		51,630	51,598

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 2010

In thousands of \$AUD

	Note	31 Dec 2010	31 Dec 2009
Cash flows from operating activities			
Cash receipts from customers		82,789	79,925
Cash paid to suppliers and employees		(86,984)	(74,104)
Cash generated from operations		(4,195)	5,821
Interest paid		(1,483)	(1,277)
Interest received		20	37
Income taxes paid		(404)	(1,003)
Net cash from (used in) operating activities		(6,062)	3,578
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		-	(3,924)
Payments for acquisition of property, plant and equipment		(1,102)	(904)
Proceeds from disposal of property, plant and equipment		72	137
Net cash from (used in) investing activities		(1,030)	(4,691)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	8,421
Proceeds from borrowings		534	7,353
Repayment of borrowings		(2,239)	(4,310)
Payment of finance lease liabilities		(314)	(372)
Dividends reinvested under Dividend Reinvestment Plan		-	588
Related party loans (to) from		250	(3,153)
Dividends paid		-	(922)
Net cash from (used in) financing activities		(1,769)	7,605
Net increase (decrease) in cash and cash equivalents		(8,861)	6,492
Cash and cash equivalents at 1 July		2,783	(227)
Cash and cash equivalents at 31 December	4	(6,078)	6,265

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 2010

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 2010 comprises the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in providing engineering services to the mining and resources, water and defence industries and financial advisory services to the corporate sector (refer Note 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 2010 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) New Standards and Interpretations Adopted

No new standards have been adopted.

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 31 December 2010, but have not been applied in preparing this financial report.

AASB 9 **Financial Instruments** includes the requirement for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 **Financial Instruments: Recognition and Measurement**. AASB 9 will become mandatory for the Group’s 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.

AASB 124 **Related Party Disclosure** (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Group’s 30 June 2012 financial statements, and are not expected to have any material impact on the financial statements.



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

3. 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 2010

3. Segment Reporting

	Investment & Corporate Advisory		Water & Fluid Solutions (ii)		Heavy Mechanical & Electrical Engineering (ii)		Maintenance Engineering & Plant Construction		Eliminations		Consolidated	
<i>In thousands of \$AUD</i>	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
External sales	702	268	11,838	12,754	51,954	48,255	8,218	7,092	-	-	72,712	68,369
Inter-segment sales	692	1,070	10	-	4,431	2,922	348	620	(5,481)	(4,612)	-	-
Dividend revenue	-	1,669	-	-	-	-	-	-	-	(1,669)	-	-
Other income	349	196	29	53	176	31	28	108	(349)	(197)	233	191
Segment Revenue	1,743	3,203	11,877	12,807	56,561	51,208	8,594	7,820	(5,830)	(6,478)	72,945	68,560
Underlying EBITDA	94	(780)	228	1,822	4,536	3,259	477	726	-	-	5,335	5,027
Depreciation	(21)	(16)	(276)	(167)	(471)	(399)	(140)	(149)	-	-	(908)	(731)
Underlying EBIT	73	(796)	(48)	1,655	4,065	2,860	337	577	-	-	4,427	4,296
Significant items (i)	-	-	-	-	(2,886)	(97)	-	-	-	-	(2,886)	(97)
Segment Result (EBIT)	73	(796)	(48)	1,655	1,179	2,763	337	577	-	-	1,541	4,199
NPAT	33	(578)	(346)	1,029	275	1,353	70	247	-	-	32	2,051
Income tax expense / (credit)	16	(242)	(100)	242	99	809	31	99	-	-	46	908
Net finance costs	24	24	398	384	805	601	236	231	-	-	1,463	1,240
Segment Result (EBIT)	73	(796)	(48)	1,655	1,179	2,763	337	577	-	-	1,541	4,199
Results from operating activities											32	2,051

- (i) Significant costs incurred to 31 December 2010 relate to once-off provisions associated with contract weather claims and bad debts expense. Please refer to EAL Review of Operations Section for further commentary on significant items.
- (ii) 2009 figures have been restated to reflect the change in segments as reported at 31 December 2010.



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

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

Heavy Mechanical and Electrical Engineering

- **Services:** This segment comprises the services provided by Ottoway Engineering, E&A Contractors and ICE Engineering & Construction. Ottoway operates as a pipe fabrication and installation business involving all aspects of turn-key project management including design, engineering, procurement, manufacture, fabrication, machining, installation and maintenance. E&A Contractors provides a range of steel fabrication and structural engineering services, including project management, procurement services, heavy engineering design, structural steel fabrication and erection, pipe welding and pipework installation, pneumatic and hydraulic installations, 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, petrochemical, oil and gas, mining, exploration, base metals, water, defence, power generation, infrastructure and wine.

Maintenance Engineering & Plant Construction

- **Services:** This segment comprises the services provided by Heavymech and QMM. Heavymech supplies breakdown and repair services to the heavy industrial, mining and power generation industries. QMM supplies equipment, spare parts, plant construction and repair, and onsite maintenance to the quarry, recycling and mining sectors.
- **Industry Exposure:** Offers services across a range of industries including mining, power, quarry, recycling and heavy industrial industries.

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



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

4. Cash and Cash Equivalents

In thousands of \$AUD

	Consolidated	
	31 Dec 2010	30 Jun 2010
Cash at bank and in hand	1,179	3,075
Cash and cash equivalents	1,179	3,075
Bank overdraft	(7,257)	(292)
Balances per statement of cash flows	(6,078)	2,783

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 2010		
	Total facility	Drawn facilities	Undrawn amount
Current			
Bank overdraft	7,500	7,257	243
Working capital facilities	10,638	3,825	6,813
Commercial bills	3,110	3,110	-
Finance leases	960	749	211
Credit cards / other finance	464	92	372
Trade refinance facility	1,010	-	1,010
Total Current Borrowings	23,682	15,033	8,649
Non-Current			
Commercial bills	15,940	15,940	-
Finance leases	2,281	1,277	1,004
Related party facility	2,000	881	1,119
Total Non-Current Borrowings	20,221	18,098	2,123
Total Borrowings	43,903	33,131	10,772

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 all group companies with staged security enforcement rights and obligations. Fixed and floating security has been placed over all Group assets.

Prior to 31 December 2010, E&A Limited obtained a waiver of its requirement to comply with certain Group banking covenants and obtained a deferral of some scheduled principal reductions. The Group's Principal Banker anticipates resetting Group banking covenants prior to 31 March 2011. E&A Limited intend to apply the proceeds from prolongation claims associated with the Honeymoon and Snapper projects and collection of insurance proceeds associated with the AE&E debt in order to reduce debt.



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

5. Loans and Borrowings (Continued)

In thousands of \$AUD

	Consolidated as at 30 June 2010		
	Total facility	Drawn facilities	Undrawn amount
Current			
Bank overdraft	1,500	292	1,208
Working capital facilities	14,138	5,833	8,305
Commercial bills	3,110	3,110	-
Finance leases	699	699	-
Credit cards / other finance	434	79	355
Related party facility	1,010	-	1,010
Total Current Borrowings	20,891	10,013	10,878
Non-Current			
Commercial bills	15,650	15,650	-
Finance leases	2,400	1,507	893
Related party facility	2,000	631	1,369
Total Non-Current Borrowings	20,050	17,788	2,262
Total Borrowings	40,941	27,801	13,140

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 2010	31 Dec 2009
Balance as at 1 July	27,801	31,153
New Issues		
Bank overdraft	7,776	-
Working capital facilities	-	3,347
Commercial bills	500	3,850
Leasing facilities	134	270
Credit cards / other finances	34	156
Related party facility	250	607



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

5. Loans and Borrowings (Continued)

	31 Dec 2010	31 Dec 2009
Repayments		
Bank overdraft	811	316
Working capital facilities	2,008	2,726
Commercial bills	210	1,345
Leasing facilities	314	410
Credit cards / other finances	21	235
Related party facility	-	3,690
Balance as at 31 December	33,131	30,661

6. Share Capital

Movements in shares of the Company were as follows:

In thousands of shares

	Ordinary Shares	
	2010	2009
Shares on Issue at 1 July	96,599	62,037
Issued under EAL capital raising plan	-	26,108
Issued as consideration for business acquisitions	-	4,075
Issued as part of dividend reinvestment plan	-	1,784
Shares on Issue at 31 December	96,599	94,004

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



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

7. Earnings Per Share

per share

	Consolidated	
	31 Dec 2010	31 Dec 2009
Basic earnings per share (cents)	0.03	2.97
Diluted earnings per share (cents)	0.03	2.95

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 2010	31 Dec 2009
Earnings used in the calculation of basic EPS (i)	32	2,051
Weighted average number of ordinary shares for the purpose of basic earnings per share (ii)	96,599	68,959
Weighted average number of ordinary shares for the purpose of diluted earnings per share (iii)	96,879	69,519

(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 plus an additional 559,911 options on issue at 1 July 2010 and expired on 29 September 2010.



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

8. Dividends

In thousands of \$AUD

	31 Dec 2010		31 Dec 2009	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
Fully franked final dividend declared and paid during the half-year	-	-	1.0	922
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				

Shareholders can elect to have all or a certain number of their shares participate in the Company's Dividend Reinvestment Plan (DRP). Shares allotted under the DRP will be issued at a discount of 2.5% to the volume weighted average price of all E&A Limited shares traded on the Australian Securities Exchange during the five trading days after the record date.

9. Goodwill and Intangible Assets

In thousands of \$AUD

	Goodwill		Intangibles		Total	
	31 Dec 2010	30 Jun 2010	31 Dec 2010	30 Jun 2010	31 Dec 2010	30 Jun 2010
Balance at beginning of period	54,625	54,404	200	200	54,825	54,604
Additional amounts recognised from business combinations occurring during the period	-	-	-	-	-	-
Adjustments during the period to amounts initially recognised from business combinations	-	221	-	-	-	221
Balance at end of period	54,625	54,625	200	200	54,825	54,825



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

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 2010	30 Jun 2010
Equity & Advisory	1,058	1,058
Heavymech	4,033	4,033
Fabtech	17,420	17,420
Ottoway	12,131	12,131
E&A Contractors	6,077	6,077
QMM	3,736	3,736
Blucher	5,345	5,345
ICE Engineering	5,025	5,025
Total goodwill and intangibles	54,825	54,825

Each cash generating unit represents one or more operational divisions within the consolidated entity. The recoverable amount of each cash-generating unit was based on value in use calculations. Those calculations use 5 year cash flow projections based on actual and forecast operating results which forecast a return to historical earnings performance. These earnings were extrapolated using a growth rate of 3.2% to 6%, 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 between 13.8% and 14.9% 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).

The E&A Contractors cash generating unit's recoverable amount which exceeds its carrying value by approximately \$8.3 million is sensitive to a return to profitability, which is premised on the completion of a successful integration and the development of new customer relationships. However, a permanent reduction of 47% of forecast EBIT would be required before any consideration of impairment would be required.

The Fabtech cash generating unit's recoverable amount exceeds its carrying value by approximately \$16.6 million. Fabtech's recoverable amount is sensitive to the forecast growth assumptions used. However, a permanent reduction of more than 51% of forecast EBIT would be required before any consideration of impairment would be required.



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

10. Related Parties

Parent and Ultimate Controlling Party

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

Loans to Directors and Key Management Personnel

As at 31 December 2010 the balance of unsecured loans outstanding to directors and key management personnel was \$111,933. Net repayments throughout the period were nil.

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 2010	Advancement (Repayment) of Loans	Balance Outstanding 31 Dec 2010
Stephen Young and controlled entities	83	29	112
Total	83	29	112

Other Related Party Transactions

Port Tack and Brendale Holdings are entities controlled by, and Regent Street is an entity associated with Stephen Young, the Chairman of E&A Limited. There were no new related party transactions entered into during the six months ended 31 December 2010.

Outstanding balances arising from sales / purchases of goods and services

The following transactions occurred with related parties:

In thousands of \$AUD

	Consolidated	
	31 Dec 2010	31 Dec 2009
Rental paid to other related parties	396	288

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

10. Related Parties (Continued)

The following balances are outstanding at the reporting date in relation to transactions with related parties:

<i>In thousands of \$AUD</i>	Consolidated	
	31 Dec 2010	30 June 2010
Current receivables		
Other related parties	112	83
Current payables		
Other related parties	-	-
Current loans and borrowings		
Other related parties	-	-
Non-Current loans and borrowings		
Other related parties	(881)	(631)

Loans to / from Related Parties

<i>In thousands of \$AUD</i>	Loans to other related parties		Loans from other related parties	
	31 Dec 2010	30 Jun 2010	31 Dec 2010	30 Jun 2010
Loans to / from other related parties				
Beginning of the period	83	-	(631)	(3,887)
Loans advanced	75	83	(250)	(434)
Loan repayments received	(46)	-	-	3,690
Interest charged	-	-	-	-
Interest paid	-	-	-	-
End of period	112	83	(881)	(631)



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2010

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 present 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 2010.



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 2010 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 25th day of February 2011.

Signed in accordance with a resolution of the directors:



Stephen Young
Executive Chairman



Independent auditor's review report to the members of E&A Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of E&A Limited, which comprises the consolidated interim balance sheet as at 31 December 2010, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 12 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's 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 control as the directors determine is 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 Interim and Other Financial Reports 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of E&A Limited, 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*.



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 Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


KPMG


Derek Meates
Partner

Adelaide

25 February 2011



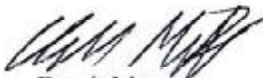
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of E&A Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year year ended 31 December 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG
KPMG


Derek Meates
Partner

Adelaide

25 February 2011