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The Manager
Company Announcements Platform
Australian Stock Exchange Ltd

EAL Half Year Earnings Update for FY12

Diversified South Australian Investment Company (ASX "EAL") expects its underlying and reported EBIT (earnings before interest and tax) for the six month period ended 31 December 2011 to be approximately \$4.8 million, resulting in an underlying and reported NPAT (net profit after tax) in the range of \$2.0 million to \$2.2 million.

Reported NPAT in the range of \$2.0 to \$2.2 million is significantly higher than the prior period result of \$0.032 million, which was adversely impacted by significant once-off provisions recorded in the prior year.

EBIT of \$4.8 million represents an improvement on the prior year actual EBIT of \$1.5 million and underlying EBIT result of \$4.4 million.

EAL achieved consolidated revenue, before intercompany eliminations, of \$80 million, which represents a small increase over the previous year.

This result is based on internal management accounts and may be subject to change following completion of the half-year review.

In line with EAL's improved first half trading performance, demand for the specialty engineering services offered by the EAL Group subsidiaries is continuing to grow and a number of EAL's subsidiaries are experiencing a steady increase in secured work.

Details of the recently secured work includes:

- **E&A Contractors**

Contracts in the order of \$3 million for the BHP Billiton expansion early works including pilot plant steel work and other fabrications associated with the expansion.

Increased work orders from ASC Ship Building ("ASC") for the second Air Warfare Destroyer "AWD" and the fabrication of ship cradles to transport AWD modules.

It is expected the value of work to be undertaken for ASC by E&A Contractors will exceed \$5 million this financial year.

- **ICE Engineering & Construction**

ICE have recently secured electrical construction work in excess of \$12 million in Western Australia. In addition, ICE is in exclusive negotiation to secure three further significant projects. As a consequence ICE expects its turnover this calendar year to increase by at least \$10 million.

ICE has recently established a branch office in Roxby Downs and expects to participate either directly or indirectly in BHP Billiton's early expansion works.

- **Ottoway Engineering**

Ottoway Engineering has been awarded a significant contract from Iluka Resources to relocate a sand mining plant at Ouyen in Victoria.

Ottoway has also secured an extension to its contract with Citic Pacific Mining, together with two other labour hire contracts in the Pilbara Region. As a consequence, Ottoway expects to continue maintain approximately 100 employees in Western Australia for at least a further three to six months.

Ottoway has also secured additional pipe spooling work from BHP Billiton and ASC. As a consequence of these recent contract wins, as a consequence of these recent contract wins Ottoway expects to maintain its \$60 million turnover for this financial year notwithstanding the anticipated reduction in turnover associated with the completion of the 460 mega watt Sino Iron Power Station.

Mr Young said he was pleased with the recent contract wins, the first half performance and the continuing improvement in the gross margin realised on secured work.

This update has been released to satisfy the requirements of ASX listing rule 3.1 and ASX Guidance Note 8. EAL plans to release its half-year results by the end of February 2012 at which time it will provide a full update of its half-year operating and financial performance in FY12 and outlook for the remainder of the financial year.

For further information:

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