Appendix 4D – Half Year Report

For the Half Year Ended 31 December 2011

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 2011
Previous Corresponding Period:	Half Year Ended 31 December 2010

Contents

E&A Limited
ABN 22 088 588 425

Results for announcement to the market

Half Year Report for the Period Ended 31 December 2011

Revenue and Net Profit

		Percentage Change %		Amount $'000
Revenue from ordinary activities	Up	6.9%	To	77,698
Reported net profit from ordinary activities after tax attributable to members	Up	6,850%	To	2,224
Underlying EBIT from ordinary activities*	Up	8.3%	To	4,793
Underlying net profit after tax*	Up	8.3%	To	2,224

**** Underlying profit in the prior period excludes significant provisioning associated with contract weather claims and bad debts expense. Please refer to reconciliation of underlying profit to reported statutory profit below.***

REPORTED & UNDERLYING PROFIT (Note 1) EAL GROUP (000's)	HALF YEAR FY12	HALF YEAR FY11	PERCENTAGE CHANGE (%)
Revenue	77,971	72,945	6.9%
Underlying EBIT from continuing operations	4,793	4,427	8.3%
Net interest expense	(1,684)	(1,463)	(15.1%)
Underlying profit before tax	3,109	2,964	4.9%
Tax expense on underlying profit	(885)	(911)	2.8%
Underlying net profit after tax	2,224	2,053	8.3%
Significant Items (after tax)			
AE&E bad debt provision	-	(662)	
Snapper prolongation claims for adverse weather	-	(1,359)	
EAC Merger Costs	-	-	
Reported statutory net profit after tax	2,224	32	6850.0%

Note 1: The Directors have presented non-IFRS profit information as part of its Review of Operations in order to improve the users' understanding of the Group's underlying performance compared to the prior year. Underlying profit information has been reconciled to reported statutory profit in the above table.

Earnings Per Share

	2011	2010
Earnings Per Share (undiluted)	2.30 cents	0.03 cents
Underlying Earnings Per Share (undiluted)	2.30 cents	2.13 cents
Earnings Per Share (diluted)	2.30 cents	0.03 cents
Underlying Earnings Per Share (diluted)	2.30 cents	2.12 cents

Results for announcement to the market (Continued....)

Half Year Report for the Period Ended 31 December 2011

Net Tangible Assets

	31 Dec 2011	31 Dec 2010
NTA Per Share (undiluted)	0.65 cents	-3.32 cents

Dividends

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

Review of Operations

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

23 February 2012

The Manager
Company Announcements Platform
Australian Stock Exchange Ltd

REVIEW OF OPERATIONS

- Half year consolidated revenue of $78.0 million up from $72.9 million.
- Reported first half net profit after tax of $2.224 million up from $0.032 million, which was adversely impacted by significant once-off provisions in the prior year.
- Underlying first half EBIT of $4.8 million up from $4.4 million.
- Underlying first half net profit after tax of $2.224 million up from $2.053 million.
- Improvement in gross margin realised of 22.5% up from 18.9%
- Strong first half performance together with growing order book of secured work along with increasing tendering activity has E&A Limited's specialist engineering services businesses well positioned for earnings growth.

REPORTED & UNDERLYING PROFIT (Note 1) EAL GROUP (000's)	HALF YEAR FY12	HALF YEAR FY11	PERCENTAGE CHANGE (%)
Revenue	77,971	72,945	6.9%
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Net interest expense	(1,684)	(1,463)	(15.1%)
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EAC Merger Costs	-	-	
Reported statutory net profit after tax	2,224	32	6850.0%

Note 1: The Directors have presented non-IFRS profit information as part of its Review of Operations in order to improve the users' understanding of the Group's underlying performance compared to the prior year. Underlying profit information has been reconciled to reported statutory profit in the above table.

Diversified South Australian Investment Company, E & A Limited (ASX:EAL) today announced an underlying net profit after tax (NPAT) of $2.224 million for the half year ended 31 December 2011.

The reported statutory NPAT was $2.224 million which represents a significant increase on the previous corresponding period statutory NPAT result of $0.032 million. The previous corresponding period statutory NPAT result was adversely impacted by significant provisions. After adding back the significant provisions raised in the previous corresponding period, the current period NPAT of $2.224 million represents an increase of $0.171 million on the underlying NPAT for the previous corresponding period.

EAL achieved total consolidated revenue of $78.0 million which represented growth of 7% over the previous corresponding period.

EAL achieved underlying earnings before interest and tax (EBIT) of $4.793 million, a growth of 8% on the previous corresponding period's underlying EBIT of $4.427 million. The improved profitability was a direct consequence of an improvement in gross margin realised on completed work from 18.9% to 22.5%.

E&A Limited's Executive Chairman, Stephen Young said "E&A Limited has now achieved four straight quarters of positive earnings and that E&A Limited is continuing this momentum into the new calendar year. E&A Limited remains well positioned for organic revenue and earnings growth from the increasing mining construction activity in the South Australian, Western Australian and Queensland markets, where E&A Limited continues to focus its resources".

In this regard, Mr Young said "It was pleasing to see new work opportunities emerge from E&A Limited's decision to invest company resources into the Western Australian and Queensland mining construction markets".

Mr Young further commented that he "Expected E&A Limited subsidiaries to benefit from supporting BHP Billiton's Olympic Dam expansion plans both directly and indirectly, as together they are South Australia's pre-eminent specialty engineering service providers with workshop facilities throughout the state".

SAFETY & OUR PEOPLE

As reported previously, E&A Limited considers its most valued asset to be its people. Management is committed to continuous improvement in our safety culture and performance.

The safety of E&A Limited's operating entities' employees and those who work alongside them continues to be our primary objective and is a key performance measure for all of its operating subsidiaries. As E&A Limited subsidiaries continue to grow their employee numbers, they continue to enhance their safety culture by training and communicating with their employees, ensuring safe workplaces, processes, and procedures.

Since E&A Limited released its Full Year results for 2011, E&A Limited's subsidiaries have continued to improve both their safety cultures and their lost time injury free performances.

CASHFLOW

Cash utilised by operations for the six month period ended 31 December 2011 was $2.896 million before payment of interest and tax and $5.037 million after interest and tax. This investment in the working capital requirement of our subsidiaries was a consequence of the following:

- Ottoway has secured a number of new labour hire contracts in Western Australia as the Sino Iron Power Station Contract draws to a close. The trading terms of these new contracts are less favourable than the trading terms on the Sino Iron Project from a cashflow perspective, which has necessitated an increase in working capital.

- E&A Contractors' Whyalla Division continues to expand on the back of additional work both directly and indirectly from Onesteel, ASC Shipbuilding and BHP Billiton. This additional project work is more working capital intensive than E&A Contractors' Adelaide Division procurement business. E&A Contractors has been able to maintain its turnover whilst improving its profitability, however due to the change in the character of work being undertaken its working capital requirements have increased.

OUTLOOK FOR 2012

E&A Limited is confident of achieving continued organic growth given the positive outlook in the industries in which E&A Limited operates, namely: mining; resources; oil & gas; energy; water and defence.

As a consequence of an increase in secured work and tendering activity continuing to reach new levels, Mr Young said he "Remained confident of continuing to deliver revenue and earnings growth".

LITIGATION

The disputed claims for completed work, variations and extension of time on both the Honeymoon Uranium Extraction Plant and the Snapper Wet Concentrator Plant remain unresolved. Both Ottoway and ICE have significant claims. Progress continues to be made in relation to the resolution of these claims and it is anticipated that they will be resolved this year. Ottoway has made provisions against the amount of its claims in respect of the Honeymoon and Snapper projects and expects to recover the written down value of these claims. The satisfactory resolution of these claims will significantly improve the cash and balance sheet strength of E&A Limited.

SUBSEQUENT EVENTS

Subsequent to 31 December 2012, the liquidator of AE&E has admitted Ottoway's debt for the sum of $4.1 million. The balance of Ottoway's claim against AE&E relates to Ottoway's entitlement on account of early termination which is disputed. This matter will only be further pursued in the unlikely event that the liquidator of AE&E is able to pay a dividend.

As a consequence of its Proof of Debt being admitted Ottoway has been able to negotiate a partial settlement with its trade credit insurer and has received interim payments of $2.2 million.

Ottoway expects to recover further instalments in the order of $0.3 million which will finalise the recovery of its insured debt. Ottoway made provisions in the previous corresponding period against the carrying value of the debt due by AE&E and expects to recover the full amount of the written down balance of its debt.

DIVIDEND

The Directors previously resolved to defer consideration of any dividend until such time as the AE&E insurance claim had been resolved (which has now occurred) and the proceeds from at least one of the variation and extension of time claims have been received.

OPERATING SEGMENTS COMMENTARY

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

HEAVY MECHANICAL & ELECTRICAL ENGINEERING

Operating Businesses

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

Ottoway, ICE and EAC offer services across a range of industries including industrial, mining, water, defence, power generation, oil and gas, petro-chemical and infrastructure.

Services

Ottoway operates 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.

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

EAC offers its clients fully integrated solutions including design, drafting, engineering, procurement, fabrication and on-site construction.

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 2011 in comparison to the previous corresponding period.

SEGMENT REPORTING HEAVY MECHANICAL & ELECTRICAL ENGINEERING *(in thousands)*	HALF YEAR FY12	HALF YEAR FY11	PERCENTAGE (%) INCREASE / (DECREASE)
Segment Revenue	54,577	56,561	(3.51%)
Underlying Operating Results (Before Finance Expense and Income Tax) (Note 1)	3,898	4,065	(4.11%)
Less: AE&E bad debt provision (pre-tax)	-	(945)	
Less Snapper prolongation claims for adverse weather (pre-tax)	-	(1,941)	
Operating Results (Before Finance Expense and Income Tax Expense)	3,898	1,179	230.62%

Note 1: Underlying Operating Results exclude significant period-end provisioning totalling $2.886 million before tax in the prior corresponding period. The pre-tax provising of $2.886 million equates to $2.021 million on an after-tax basis.

The Heavy Mechanical and Electrical Engineering segment saw a reduction in revenue of 3.51%, with operating earnings decreasing by 4.11% compared to the previous corresponding period.

The small decrease in revenue compared to the previous corresponding period was principally a consequence of the completion of the work associated with the two significant construction contracts awarded to Ottoway Engineering (Ottoway) and ICE Engineering & Construction (ICE), namely the Honeymoon Uranium Extraction Plant and the Snapper Floating Wet Concentrator Plant.

The Honeymoon and Snapper contracts were adversely affected by unseasonal weather experienced across Central Australia during Calendar Year 2010, which caused major delays in the construction schedule and are the subject matter of significant prolongation claims, resulting in significant provisioning in the prior period.

Ottoway and ICE have managed to replace these significant contracts with a number of smaller contracts.

Ottoway has recently 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 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, Ottoway expects to achieve approximately $60 million in turnover for this financial year notwithstanding the anticipated reduction in turnover associated with the staged completion of the 460 mega watt Sino Iron Power Station.

ICE's revenue was 2.7% lower than the previous corresponding period.

ICE has 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. ICE anticipates that it will maintain or increase its turnover this year with significant growth expected next financial year.

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.

E&A Contractors (EAC) revenue was 4.8% lower than the previous corresponding period, however most importantly it achieved a $0.85 million improvement in earnings compared to the previous corresponding period. As mentioned earlier, EAC has replaced its procurement turnover in Adelaide with project work which is principally undertaken in Whyalla.

Specifically, EAC has secured contracts in the order of $3 million for the BHP Billiton expansion early works including pilot plant steel work and other fabrication associated with the expansion. EAC has also received 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.

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 and 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 2011 in comparison to the previous corresponding period.

SEGMENT REPORTING WATER & FLUID SOLUTIONS *(in thousands)*	HALF YEAR FY12	HALF YEAR FY11	PERCENTAGE (%) INCREASE / (DECREASE)
Segment Revenue	14,202	11,877	19.58%
Operating Results (Before Finance Expense and Income Tax Expense)	649	(48)	1452.08%

The Water & Fluid Solutions segment achieved revenue growth of 19.58%, with operating earnings increasing significantly compared to the previous corresponding period. The previous corresponding period was impacted by exceptional wet weather in South East Queensland.

Fabtech achieved revenue growth of 15.1% over the previous corresponding period.
A significant portion of Fabtech's revenue continues to be sourced in South East Queensland which continues to experience unpredictable weather, however Fabtech has continued to improve its processes, procedures and contracting arrangements to ensure the impact of unseasonal weather is mitigated to the maximum extent possible.

The outlook for the geomembrane industry continues to strengthen as a consequence of the significant upstream Coal Seam Gas development programs in South East Queensland. Both the quantum of secured work in hand and the tender activity for future projects continue to grow.

Blucher achieved revenue growth of 28% over the previous corresponding period.

The majority of Blucher's stainless steel drainage and fluid reticulation products are sold into new or expansion projects. Blucher continues to be a leading industry provider of fluid solutions to its customers and anticipates activity from the Coal Seam Gas industry to provide significant opportunities for its products over the coming years. Sales into the Coal Seam Gas industry were a significant contributor to the increase in revenue over the previous corresponding period.

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 a smaller Whyalla workshop which it established during FY11.

Operating Performance

The following table provides a summary of the financial performance of the Maintenance Engineering & Plant Construction segment for the six months ended 31 December 2011 in comparison to the previous corresponding period.

SEGMENT REPORTING MAINTENANCE ENGINEERING & PLANT CONSTRUCTION *(in thousands)*	HALF YEAR FY12	HALF YEAR FY11	PERCENTAGE (%) INCREASE / (DECREASE)
Segment Revenue	9,702	8,594	12.89%
Operating Results (Before Finance Expense and Income Tax Expense)	252	337	(25.22%)

The Maintenance Engineering & Plant Construction segment achieved revenue growth of 12.89%, however operating earnings fell by 25.22% compared to the previous corresponding period.

Heavymech experienced solid revenue and profit growth during the half year ended 31 December 2011. Heavymech's newly established workshop in Whyalla contributed to the first half improved performance and has strengthened both its on-site shutdown capacity and service offering to Iron Triangle customers.

Heavymech's revenue remains closely linked to the level of activity in the broader industrial, construction, mining, water and power generation markets. Heavymech expects to achieve revenue and earnings growth during FY12.

QMM experienced marginal growth in turnover during the first half of FY12 as a consequence of no new major materials handling plant upgrades commencing during this period. Notwithstanding the lack of major plant upgrade activity, QMM experienced growth in the provision of off-site mining shutdown maintenance services and has continued to service the repairs and maintenance requirements of its major customers, including Holcim, Boral, Humes, Fulton Hogan, Jeffries and IWS.

QMM has continued to develop its specialist mining shutdown services offered and experienced a growth in services provided to BHP Billiton at Roxby Downs, Oz Minerals at Prominent Hill and ERA Ranger Mine in Northern Territory.

Workshop activity in Queensland for the first half was subdued following the completion of two materials handling projects early in FY12. The fall in profitability for this segment was in part the result of the Queensland fabrication division failing to meet budget.

In light of a steady increase in demand and a number of significant plant upgrade opportunities in South Australia, QMM relocated from its Wingfield premises to a 2,600 square metre facility in Maxwell Road Pooraka in the first half of FY12. The costs associated with relocation and the disruption to the business also resulted in the QMM Adelaide fabrication division failing to meet budget. These new facilities, together with a number of major plant upgrade opportunities, is expected to generate an improved performance this Calendar Year.

INVESTMENT & CORPORATE ADVISORY

Operating Businesses

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

Services

The Investment & 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 2011 in comparison to the previous corresponding period.

SEGMENT REPORTING INVESTMENT & CORPORATE ADVISORY *(in thousands)*	HALF YEAR FY12	HALF YEAR FY11	PERCENTAGE (%) INCREASE / (DECREASE)
Segment Revenue (Note 1)	1,757	1,743	0.81%
Operating Results (Before Finance Expense and Income Tax Expense)	(6)	73	(108.22%)

Note 1: Excludes intercompany dividend revenue

The Investment & Corporate Advisory segment achieved marginal revenue growth of 0.81%, with operating earnings decreasing by 108.22% compared to the previous corresponding period.

The decline in operating earnings for the period is primarily a consequence of certain corporate overheads, such as insurance, audit, taxation and directors fees, which had not been allocated to operating subsidiaries during the period.

The Corporate Advisory business secured work is continuing to improve and accordingly this segment should report improved earnings during this Calendar Year.

Half Year Report
Contents

E&A Limited

Directors' report

The directors present their report together with the consolidated financial report for the six months ended 31 December 2011 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 $2.224 million (2010: $0.032 million) or 2.30 cents per share. For further commentary on current period performance, please refer to the attached Review of Operations Media Release.

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 a dividend after such time as at at least one of the variation and extension of time proceeds in relation to the Honeymoon and Snapper projects have been received.

Auditor's independence declaration

The auditor's independence declaration is set out on page 22 and forms part of the directors' report for the six months ended 31 December 2011.

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 23rd day of February 2012.

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 2011

In thousands of $AUD

	31 Dec 2011	31 Dec 2010
Revenue	77,698	72,712
Cost of sales	(60,212)	(58,993)
Gross Profit	17,486	13,719
Other income	273	233
Administrative expenses	(11,552)	(11,145)
Marketing expenses	(131)	(131)
Occupancy expenses	(1,283)	(1,135)
Results from operating activities	4,793	1,541
Finance income	1	20
Finance expenses	(1,685)	(1,483)
Net finance income / (expense)	(1,684)	(1,463)
Profit before income tax	3,109	78
Income tax expense	(885)	(46)
Profit from operations	2,224	32
Attributable to:		
Equity holders of the Company	2,224	32
Profit for the period	2,224	32
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive income for the period	2,224	32
Earnings per share		
Basic earnings per share (AUD)	2.30 cents	0.03 cents
Diluted earnings per share (AUD)	2.30 cents	0.03 cents

The notes on pages 7 to 18 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2011

In thousands of $AUD

	Share Capital	Retained Earnings	Options Reserve	Total Equity
Balance at 1 July 2010	52,231	(707)	74	51,598
Profit for the period	-	32	-	32
Total comprehensive income for the period	-	32	-	32
Balance at 31 December 2010	52,231	(675)	74	51,630
Balance at 1 July 2011	52,231	927	74	53,232
Profit for the period	-	2,224	-	2,224
Total comprehensive income for the period	-	2,224	-	2,224
Balance at 31 December 2011	52,231	3,151	74	55,456

The notes on pages 7 to 18 are an integral part of these consolidated interim financial statements.

Consolidated Interim Balance Sheet

As at 31 December 2011

In thousands of $AUD

	Note	31 Dec 2011	30 Jun 2011
Current assets			
Cash and cash equivalents	4	500	895
Trade and other receivables		26,525	24,781
Inventories		26,406	22,700
Other current assets		199	166
Total current assets		53,630	48,542
Non-current assets			
Other financial assets		7	6
Property, plant and equipment		11,255	11,039
Intangible assets	9	54,825	54,825
Deferred tax assets		4,706	4,650
Other non-current assets		314	-
Total non-current assets		71,107	70,520
Total assets		124,737	119,062
Current liabilities			
Trade and other payables		23,397	24,984
Loans and borrowings	5	19,401	13,545
Provisions		3,951	4,143
Current tax liability		3,034	2,658
Total current liabilities		49,783	45,330
Non-current liabilities			
Trade and other payables		1,164	2,228
Loans and borrowings	5	15,952	15,908
Provisions		280	369
Deferred tax liability		2,102	1,995
Total non-current liabilities		19,498	20,500
Total liabilities		69,281	65,830
Net assets		55,456	53,232
Equity			
Issued share capital		52,231	52,231
Reserves		74	74
Retained profits		3,151	927
Total equity attributable to equity holders of the Company		55,456	53,232

The notes on pages 7 to 18 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2011

In thousands of $AUD

	Note	31 Dec 2011	31 Dec 2010
Cash flows from operating activities			
Cash receipts from customers		81,297	82,789
Cash paid to suppliers and employees		(84,193)	(86,984)
Cash generated from operations		(2,896)	(4,195)
Interest paid		(1,685)	(1,483)
Interest received		1	20
Income taxes paid		(457)	(404)
Net cash from (used in) operating activities		(5,037)	(6,062)
Cash flows from investing activities			
Payment of vendor earn-out / settlement liability		(75)	-
Payments for acquisition of property, plant and equipment		(1,036)	(1,102)
Proceeds from disposal of property, plant and equipment		68	72
Net cash from (used in) investing activities		(1,043)	(1,030)
Cash flows from financing activities			
Proceeds from borrowings		7,569	534
Repayment of borrowings		(3,793)	(2,239)
Payment of finance lease liabilities		(389)	(314)
Related party loans (to) from		22	250
Net cash from (used in) financing activities		3,409	(1,769)
Net increase (decrease) in cash and cash equivalents		(2,671)	(8,861)
Cash and cash equivalents at 1 July		(3,301)	2,783
Cash and cash equivalents at 31 December	4	(5,972)	(6,078)

The notes on pages 7 to 18 are an integral part of these consolidated interim financial statements.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2011

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 2011 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 2011 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 2011, 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 2011

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 2011

4. Segment Reporting

	Investment & Corporate Advisory		Water & Fluid Solutions		Heavy Mechanical & Electrical Engineering		Maintenance Engineering & Plant Construction		Eliminations		Consolidated	
In thousands of $AUD	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
External sales	501	702	14,125	11,838	53,604	51,954	9,468	8,218	-	-	77,698	72,712
Inter-segment sales	1,062	692	14	10	780	4,431	217	348	(2,073)	(5,481)	-	-
Dividend revenue	600	-	-	-	-	-	-	-	(600)	-	-	-
Other income	194	349	63	29	193	176	17	28	(194)	(349)	273	233
Segment Revenue	2,357	1,743	14,202	11,877	54,577	56,561	9,702	8,594	(2,867)	(5,830)	77,971	72,945
Underlying EBITDA	11	94	918	228	4,458	4,536	405	477	-	-	5,792	5,335
Depreciation	(17)	(21)	(269)	(276)	(560)	(471)	(153)	(140)	-	-	(999)	(908)
Underlying EBIT	(6)	73	649	(48)	3,898	4,065	252	337	-	-	4,793	4,427
Significant items (i)	-	-	-	-	-	(2,886)	-	-	-	-	-	(2,886)
Segment Result (EBIT)	(6)	73	649	(48)	3,898	1,179	252	337	-	-	4,793	1,541
NPAT	(30)	33	237	(346)	1,967	275	50	70	-	-	2,224	32
Income tax expense / (credit)	(12)	16	24	(100)	851	99	22	31	-	-	885	46
Net finance costs	36	24	388	398	1080	805	180	236	-	-	1,684	1,463
Segment Result (EBIT)	(6)	73	649	(48)	3,898	1,179	252	337	-	-	4,793	1,541

Results from operating activities	2,224	32

(i) Significant costs incurred in the prior corresponding period related to once-off provisions associated with contract weather claims and bad debts expense. Total pre-tax provisioning of $2.886 million equates to $2.021 million on an after tax basis.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2011

4. 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, petro-chemical, oil and gas, mining, exploration, base metals, water, defence, power generation, infrastructure and wine.

Maintenance Engineering & Plant Construction

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

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

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2011

5. Cash and Cash Equivalents

In thousands of $AUD	Consolidated	
	31 Dec 2011	30 Jun 2011
Cash at bank and in hand	500	895
Cash and cash equivalents	500	895
Bank overdraft (Note 5)	(6,472)	(4,196)
Balances per statement of cash flows	(5,972)	(3,301)

6. Loans and Borrowings

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

In thousands of $AUD	Consolidated as at 31 December 2011		
	Total facility	Drawn facilities	Undrawn amount
Current			
Bank overdraft	10,075	6,472	3,603
Working capital facilities	3,473	1,543	1,930
Commercial bills	10,400	10,400	-
Finance leases	1,109	853	256
Credit cards / other finance	395	133	262
Trade refinance facility	-	-	-
Total Current Borrowings	25,452	19,401	6,051
Non-Current			
Commercial bills	13,678	13,678	-
Finance leases	2,301	871	1,430
Related party facility	2,000	1,403	597
Total Non-Current Borrowings	17,979	15,952	2,027
Total Borrowings	43,431	35,353	8,078

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.

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, pay dividends and pursue further acquisition opportunities.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2011

6. Loans and Borrowings (Continued)

In thousands of $AUD	Consolidated as at 30 June 2011		
	Total facility	Drawn facilities	Undrawn amount
Current			
Bank overdraft	8,075	4,196	3,879
Working capital facilities	8,488	3,741	4,747
Commercial bills	4,690	4,690	-
Finance leases	848	848	-
Credit cards / other finance	485	70	415
Related party facility			
Total Current Borrowings	22,586	13,545	9,041
Non-Current			
Commercial bills	13,477	13,477	-
Finance leases	2,577	1,050	1,527
Related party facility	2,000	1,381	619
Total Non-Current Borrowings	18,054	15,908	2,146
Total Borrowings	40,640	29,453	11,187

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 2011	31 Dec 2010
Balance as at 1 July	29,453	27,801
New Issues		
Bank overdraft	2,582	7,776
Working capital facilities	505	-
Commercial bills	7,000	500
Leasing facilities	215	134
Credit cards / other finances	64	34
Related party facility	188	250

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2011

6. Loans and Borrowings (Continued)

	31 Dec 2011	31 Dec 2010
Repayments		
Bank overdraft	306	811
Working capital facilities	2,703	2,008
Commercial bills	1,089	210
Leasing facilities	389	314
Credit cards / other finances	1	21
Related party facility	166	-
Balance as at 31 December	35,353	33,131

7. Share Capital

Movements in shares of the Company were as follows:

In thousands of shares	Ordinary Shares	
	2011	2010
Shares on Issue at 1 July	96,599	96,599
Issued under EAL capital raising plan	-	-
Issued as consideration for business acquisitions	-	-
Issued as part of dividend reinvestment plan	-	-
Shares on Issue at 31 December	96,599	96,599

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 2011

8. Earnings Per Share

per share	Consolidated	
	31 Dec 2011	31 Dec 2010
Basic earnings per share (cents)	2.30	0.03
Diluted earnings per share (cents)	2.30	0.03

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 2011	31 Dec 2010
Earnings used in the calculation of basic EPS (i)	2,224	32
Weighted average number of ordinary shares for the purpose of basic earnings per share (ii)	96,599	96,599
Weighted average number of ordinary shares for the purpose of diluted earnings per share (iii)	96,599	96,879

(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 2011.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2011

9. Dividends

In thousands of $AUD	31 Dec 2011		31 Dec 2010	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts				
Fully franked final dividend declared and paid during the half-year	-	-	-	-
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.

10. Goodwill and Intangible Assets

In thousands of $AUD	Goodwill		Intangibles		Total	
	31 Dec 2011	30 Jun 2011	31 Dec 2011	30 Jun 2011	31 Dec 2011	30 Jun 2011
Balance at beginning of period	54,625	54,625	200	200	54,825	54,825
Additional amounts recognised from business combinations occurring during the period	-	-	-	-	-	-
Adjustments during the period to amounts initially recognised from business combinations	-	-	-	-	-	-
Balance at end of period	54,625	54,625	200	200	54,825	54,825

10. 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 2011	30 Jun 2011
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 8%, 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 8.1% and 9.1% has been applied to each cash generating unit in determining the value in use and is based on the target gearing level for E&A Limited (pre-tax nominal WACC).

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2011

11. 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 2011 the balance of unsecured loans outstanding to directors and key management personnel was $165,902. 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	Advancement (Repayment) of Loans	Balance Outstanding
	1 July 2011		31 Dec 2011
Stephen Young and controlled entities	124	42	166
Total	124	42	166

Loans from Directors and Key Management Personnel

As at 31 December 2011, the balance of unsecured loans payable to directors and key management personnel was $1,403,000. 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 million and has been subordinated behind the bank debt and cannot be repaid in cash within 12 months. The Directors consider the loan facility is on arms length terms and conditions.

In thousands of $AUD	31 Dec 2011	30 June 2011
Related Party "Come & Go" Facility *		
Beginning of the year	1,381	631
Loans advanced	188	750
Loan repayments made	(166)	-
End of year	1,403	1,381

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

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 2011.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2011

11. 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 2011	31 Dec 2010
Rental paid to other related parties	362	396

12. 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.

13. 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 2011.

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 18, 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 2011 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 23rd day of February 2012.

Signed in accordance with a resolution of the directors:

Stephen Young
Executive Chairman

Ernst & Young
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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 (the company), which comprises the consolidated interim balance sheet as at 31 December 2011, the 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, other selected explanatory notes and the directors' declaration of the consolidated entity. The consolidated entity comprises 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 complies with the ASX Listing Rules as they relate to Appendix 4D. The directors are also responsible for such internal controls that 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 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. 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.

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:

a. the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

   ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b. the ASX Listing Rules as they relate to Appendix 4D.

Ernst + Young

Ernst & Young

David Sanders
Partner
Adelaide
23 February 2012

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

In relation to our review of the financial report of E&A Limited for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

David Sanders
Partner
Adelaide
23 February 2012