



Half Year Report & Appendix 4D

For the Half Year Ended 31 December 2013

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 2013

Previous Corresponding Period:

Half Year Ended 31 December 2012

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Results for announcement to the market

Half Year Report for the Period Ended 31 December 2013

Revenue and Net Profit

		Percentage Change %		Amount \$'000
Revenue from ordinary activities	Up	20%	To	116,826
Reported net profit from ordinary activities after tax attributable to members	Up	6%	To	4,387
Reported EBIT from ordinary activities	Up	7%	To	7,585

Earnings Per Share

	2013	2012
Earnings Per Share (undiluted)	3.75 cents	3.93 cents
Earnings Per Share (diluted)	3.75 cents	3.93 cents

Net Tangible Assets

	31 Dec 2013	31 Dec 2012
NTA Per Share (undiluted)	13.04 cents	4.02 cents

Dividends

	Amount per security	Percentage Franked %
Interim Dividend	2.75 cents	100%
Record Date for determining entitlements to the dividend	2 June 2014	
Date of Dividend Payment	16 June 2014	
Previous corresponding period	2.5 cents	100%

Review of Operations

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

Review of Operations

For the Half Year Ended 31 December 2013

E&A Limited reports record half year revenue and earnings in half year result

- **Record Revenue of \$116.8 million, up 20%**
- **EBIT of \$7.6 million up 7%**
- **Net profit after tax of \$4.4 million, up 6%**
- **Dividend increased to 2.75 cents fully franked**
- **Safety record extended with LTI-free performance**

FY14 HALF YEAR RESULTS SUMMARY EAL GROUP (000's)	HALF YEAR FY14	HALF YEAR FY13	PERCENTAGE CHANGE (%)
Revenue	116,826	97,451	20%
EBIT from continuing operations	7,585	7,099	7%
Net interest expense	(1,299)	(1,161)	(12%)
Net profit before tax	6,286	5,938	6%
Tax expense	(1,899)	(1,797)	6%
Reported statutory net profit after tax	4,387	4,141	6%
Cash from Operations	1,830	4,666	(61%)
Cash from Operations Before Tax and Interest	3,396	7,137	(52%)

Diversified Investment Company, E & A Limited (ASX:EAL) today announced a record interim statutory net profit after tax of \$4.4 million for the six months ended 31 December 2013, up from \$4.1 million. The interim dividend has been increased to 2.75 cents per share.

Executive Chairman, Mr Stephen Young, said the result was in line with guidance for the 2014 first half to exceed the previous year's record interim result of \$4.1 million. Earnings before interest and tax rose to \$7.6 million, up from \$7.1 million in the 2013 first half.

The increased earnings were generated from total revenue of \$116.8 million, up 20% on the 2013 first half revenue of \$97.5 million.

Mr Young advised that the growth in first half earnings had been sourced from strong performances by the Water and Fluid solutions segment, where Fabtech and Blucher were experiencing strong demand from the Coal Seam Gas (CSG) sector and the Investment and Corporate Advisory segment where Equity & Advisory lifted its contribution.

Mr Young said that the profit and revenue growth trends for the period were consistent with expectations for the start up and learning curve associated with manufacturing its first 20 wind towers and the transition costs associated with establishing ICE Engineering & Construction into the Hydrocarbons market, which has now been achieved.

Mr Young was pleased with the organic revenue growth achieved and that the diversified portfolio of the specialist niche engineering businesses has delivered revenue and earnings growth notwithstanding softer demand and tough cost environments in some sectors.

Mr Young said he remained positive about the prospects for the Company and advised that the outlook in the CSG market remained solid. Furthermore, EAL expected to announce during the second half of the current financial year at least one of a number of potential acquisitions it had under evaluation under a strategy of expansion into related sectors and regions.

The majority of revenue growth experienced by E&A Limited operating subsidiaries was driven by the CSG sector.

CASHFLOW

E&A Limited generated a cashflow from operations of \$1.8 million after payment of interest and tax. Before payment of interest and tax, cashflow from operations of \$3.4 million was generated.

The operating cash flow performance during the period has been impacted by the following factors which are expected to provide cash flow benefits in the subsequent period:

- working capital funding requirements associated with 20% revenue growth; and
- contract invoicing arrangements associated with work being undertaken in the CSG sector where fabricated product is only being paid for 30 days after delivery to site.

NET DEBT & GEARING

Net debt at 31 December was \$37.0 million compared with \$35.2 million at the beginning of the period. Gearing at 31 December was 38% (as measured by the ratio of net debt to net debt plus shareholders equity) in line with the position at the beginning of the financial year. Net debt was impacted by the increased working capital required to fund the 20% increase in revenue, the acquisition of the Whyalla Property located on Port Augusta Rd, the upgrade of that property and facilities to manufacture and fabricate wind towers.

The Company successfully completed a \$5 million capital raising during October 2013. These funds have been applied to strengthen the balance sheet and will also be utilised to fund in part the acquisition opportunities currently being assessed by EAL.

Resolution of E&A Limited's outstanding claim with Bemax in respect of the Snapper Project continues to progress. EAL expects this matter to be resolved during the mediation process within the next six months.

INTERIM DIVIDEND

E&A Limited Directors are pleased to declare an increased interim fully franked dividend of 2.75 cents per share payable on 16 June 2014.

The interim dividend of 2.75 cents can be taken in cash or reinvested in EAL shares at a discount of 2.5% to the volume weighted average price of all EAL shares traded on the Australian Securities Exchange during the five trading days after the record date.

The record date for the dividend will be 2 June 2014 and the dividend will be paid on 16 June 2014.

OUTLOOK FOR FY14

Tendering activity and order book levels have continued to remain strong, and EAL is expecting a second half revenue that is broadly comparable with the \$117 million recorded in the six months to December.

Mr Young said that the majority of Australia's large capital projects were under cost pressure. As a consequence the various participants along the supply chain were being required to do more for less and this requirement was being achieved through both structural change with the consolidation of different levels within the supply chain and by individual companies reducing rates. Whilst EAL is confident of its aspiration to deliver further growth it considers this will be achieved in part by doing more for less and ensuring tight control over indirect costs.

Tendering activity in the oil & gas sector remains high and EAL subsidiaries expect to continue to win work in the coming six months.

EAL Senior Management remain focussed on managing execution risk and improving productivity for the benefit of both clients and EAL subsidiaries.

The company expects to continue to derive its financial and business growth from a combination of organic growth and business acquisition and, to this end, is currently evaluating opportunities that will provide synergistic and earnings accretive expansion into related sectors and regions with a view to completion during the current year.

SAFETY & OUR PEOPLE

The safety of E&A Limited's operating entities' employees and those who work alongside them continues to be management's primary objective and is a key performance measure for all of its operating subsidiaries.

As at 31 January 2014, EAL subsidiaries had grown its employee numbers to 902 people. This is a further increase of 150 or approximately 19% since 30 June 2013.

As E&A Limited subsidiaries continue to grow, they continue to strengthen their safety culture through visible safety leadership, training and communicating with their employees, ensuring safe workplaces, processes, and procedures.

As at 7 February 2014, a number of E&A Limited's subsidiaries achieved further significant milestones:

- ICE completed its 2,336 days without a Lost Time Injury (LTI) and has worked more than 1,393,955 hours on site without a LTI.
- Fabtech has been LTI free for 1,651 days, which is in excess of 1,000,000 hours in the workshop and on site.
- QMM achieved 1,475 days without an LTI and has worked more than 334,723 hours LTI free in the workshop and on site.
- Ottoway Engineering has completed over 1,255 days without a LTI and has now worked more than 1.5 million hours in the workshop and on site without a LTI.
- E&A Contractors has completed 1,183 days without a LTI and has now worked more than 937,468 hours in the workshop and on site without a LTI.
- Heavymech has been LTI free for 394 days and has worked more than 63,333 hours in the workshop and on site without a LTI.

This performance has enabled EAL subsidiaries to enter the Workcover Retro Paid Loss Scheme, which is expected to deliver savings. More importantly, the ongoing outstanding performance has enabled EAL subsidiaries to apply for self-insurance, which is targeted to be secured with effect from 1 July 2014. This outcome will enable EAL to continue to receive financial benefits from the delivery of a safe work environment for employees.

OPERATING SEGMENTS COMMENTARY

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

HEAVY MECHANICAL & ELECTRICAL ENGINEERING

HEAVY MECHANICAL & ELECTRICAL ENGINEERING (in thousands)	HALF YEAR FY14	HALF YEAR FY13	PERCENTAGE CHANGE (%)
Segment Revenue	75,440	66,256	14%
EBIT	1,725	4,569	(62%)

Heavy Mechanical and Electrical Engineering comprises the services provided by Ottoway Engineering Pty Ltd (**Ottoway**), ICE Engineering & Construction Pty Ltd (**ICE**) and E&A Contractors Pty Ltd (**EAC**).

This segment delivered an increase in revenue of 14% as a result of the increased activity in the CSG sector performed by Ottoway Engineering.

Earnings before interest and tax generated in the segment were 62% lower than in the previous corresponding period (pcp) due to lower earned margins from EAC on work performed under the initial wind tower fabrication contract and lower revenue and earnings from ICE as it transitioned from a mining sector to hydrocarbon sector focus.

The start-up costs associated with the fabrication of wind towers and demanding quality specification for both the fabrication and painting of these towers was significantly greater than forecast. EAC has now completed its initial wind tower fabrication with all manufactured units meeting client requirements and efficiency and returns improving over the course of the contract to reach satisfactory levels on the final units delivered.

EAC recently secured accreditation from Servion (formerly REpower) and is expecting accreditation from other global wind tower customers during the remainder of this financial year. EAC have recently received their first order from Servion for tower base plates.

ICE has now effectively completed its transition to a hydrocarbons sector focus, whilst maintaining a mining sector presence, albeit work in this sector has declined significantly. This business is expected to deliver improved earnings during the second half as a consequence of new client relationships and contracts.

Outlook for this segment remains positive given the recent contract wins for Ottoway and ICE in the CSG sector and also a recent contract secured by ICE in the Northern Territory.

Tendering activity in the wind tower sector is positive and having established its credentials for quality and delivery capability, EAC are expecting to win further fabrication contracts this year and to complete these at an improved margin.

WATER & FLUID SOLUTIONS

WATER & FLUID SOLUTIONS (in thousands)	HALF YEAR FY14	HALF YEAR FY13	PERCENTAGE CHANGE (%)
Segment Revenue	37,294	23,857	56%
EBIT	4,989	1,940	157%

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

The Water & Fluid Solutions segment recorded a 56% increase in revenue and 157% increase in operating earnings compared to the pcg.

The segment has performed strongly through its service to the CSG sector in South East Queensland, and has generated exceptional operating earnings on a number of large projects which, in the main, have been completed without weather impacting the installation productivity. Blucher also recorded strong growth due to demand arising from the CSG sector.

Whilst management expects the CSG sector to provide further opportunities, and is confident of a strong performance in the second half, this segment is unlikely to achieve the same level of revenue or earnings in the second half, in part due to weather and as demand is expected to moderate slightly.

MAINTENANCE ENGINEERING & PLANT CONSTRUCTION

MAINTENANCE ENGINEERING & PLANT CONSTRUCTION (in thousands)	HALF YEAR FY14	HALF YEAR FY13	PERCENTAGE CHANGE (%)
Segment Revenue	9,620	8,678	11%
EBIT	331	404	(18%)

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

The segment recorded an 11% increase in revenue, although operating earnings declined by 18% compared to the prior year.

Earnings before interest and tax were down as a consequence of difficult cost conditions on project plant construction and softer market conditions for repairs and breakdown work during the first half. Management is expecting an improvement in project work during the second half together with an improved market for breakdown and repair work for Heavymech.

INVESTMENT & CORPORATE ADVISORY

INVESTMENT & CORPORATE ADVISORY (in thousands)	HALF YEAR FY14	HALF YEAR FY13	PERCENTAGE CHANGE (%)
Segment Revenue	2,691	4,046	(33%)
EBIT	540	186	190%

* Half year FY13 includes intercompany dividends

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

Segment revenue declined by 33% compared to the pcp, however earnings before interest and tax were significantly up due to increased advisory work undertaken and completed during the first half. Activity in the mergers, acquisitions and divestment field continues to improve along with external client demand for Equity & Advisory's corporate advisory services.

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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 2013 and the review report thereon.

Directors

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

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

Review of operations

The Company has achieved a net profit after tax of \$4.4 million (2012: \$4.1 million) or 3.75 cents per share. For further commentary on current period performance, please refer to the attached Review of Operations.

Dividends

Subsequent to half year-end, the Directors have declared an increased interim fully franked dividend of 2.75 cents per share. Complete details regarding dividends can be found in note 8 to the Half Year Financial Report.



Auditor's independence declaration

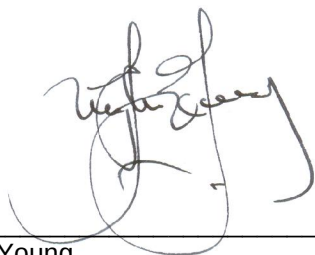
The auditor's independence declaration is set out on page 21 and forms part of the directors' report for the six months ended 31 December 2013.

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 20th day of February 2014.

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 2013

In thousands of \$AUD

	31 Dec 2013	31 Dec 2012
Revenue	116,329	97,060
Cost of sales	(92,008)	(76,984)
Gross Profit	24,321	20,076
Other income	497	391
Administrative expenses	(15,426)	(11,887)
Marketing expenses	(128)	(110)
Occupancy expenses	(1,679)	(1,371)
Results from operating activities (EBIT*)	7,585	7,099
Finance income	42	6
Finance expenses	(1,341)	(1,167)
Net finance income / (expense)	(1,299)	(1,161)
Profit before income tax (NPBT)	6,286	5,938
Income tax expense	(1,899)	(1,797)
Profit after tax (NPAT)	4,387	4,141
Total comprehensive income for the period	4,387	4,141
Earnings per share		
Basic earnings per share (AUD)	3.75 cents	3.93 cents
Diluted earnings per share (AUD)	3.75 cents	3.93 cents

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

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



Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2013

In thousands of \$AUD

	Share Capital	Retained Earnings	Options Reserve	Total Equity
Balance at 1 July 2012	53,564	1,874	74	55,512
Profit for the period	-	4,141	-	4,141
Total comprehensive income	-	4,141	-	4,141
Dividends paid	-	(2,072)	-	(2,072)
Dividends reinvested	1,471	-	-	1,471
Share issue	-	-	-	-
Share issue costs	(11)	-	-	(11)
Balance at 31 December 2012	55,024	3,943	74	59,041
 Balance at 1 July 2013	 56,993	 4,765	 74	 61,832
Profit for the period	-	4,387	-	4,387
Total comprehensive income	-	4,387	-	4,387
Dividends paid	-	(3,079)	-	(3,079)
Dividends reinvested	2,110	-	-	2,110
Share issue	5,037	-	-	5,037
Share issue costs	(214)	-	-	(214)
Balance at 31 December 2013	63,926	6,073	74	70,073

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



Consolidated Interim Balance Sheet

As at 31 December 2013

In thousands of \$AUD

	Note	31 Dec 2013	30 Jun 2013
Current assets			
Cash and cash equivalents	4	3,687	2,196
Trade and other receivables		32,706	34,215
Inventories		37,937	26,752
Other current assets		710	350
Total current assets		75,040	63,513
Non-current assets			
Other non-current assets		617	432
Property, plant and equipment		29,340	23,637
Intangible assets	9	54,825	54,825
Deferred tax assets		4,911	4,118
Total non-current assets		89,693	83,012
Total assets		164,733	146,525
Current liabilities			
Trade and other payables		41,771	37,581
Loans and borrowings	5	12,438	14,734
Provisions		4,045	3,995
Current tax liability		5,815	3,371
Total current liabilities		64,069	59,681
Non-current liabilities			
Loans and borrowings	5	28,226	22,683
Provisions		748	604
Deferred tax liability		1,617	1,725
Total non-current liabilities		30,591	25,012
Total liabilities		94,660	84,693
Net assets		70,073	61,832
Equity			
Issued share capital	6	63,926	56,993
Reserves		74	74
Retained profits		6,073	4,765
Total equity attributable to equity holders of the Company		70,073	61,832

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



Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2013

In thousands of \$AUD

	Note	31 Dec 2013	31 Dec 2012
Cash flows from operating activities			
Cash receipts from customers		130,255	108,631
Cash paid to suppliers and employees		(126,859)	(101,494)
Cash generated from operations		3,396	7,137
Interest paid		(1,341)	(1,167)
Interest received		42	6
Income taxes paid		(267)	(1,310)
Net cash from / (used in) operating activities		1,830	4,666
Cash flows from investing activities			
Payment of vendor earn-out/settlement liability		(72)	(214)
Payments for acquisition of property, plant and equipment		(6,595)	(3,208)
Proceeds from disposal of property, plant and equipment		54	60
Net cash from / (used in) investing activities		(6,613)	(3,362)
Cash flows from financing activities			
Net dividends paid		(969)	(601)
Proceeds from issue of share capital		5,037	-
Payment of share issue costs		(305)	-
Proceeds from borrowings		8,178	7,409
Repayment of borrowings		(1,640)	(4,447)
Movement in finance lease liabilities		597	(190)
Related party loans (to) from		124	85
Net cash from / (used in) financing activities		11,022	2,256
Net increase / (decrease) in cash and cash equivalents		6,239	3,560
Cash and cash equivalents at 1 July		(3,956)	221
Cash and cash equivalents at 31 December	4	2,283	3,781

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



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

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 2013 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 2013 and any public announcements made by E&A Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Comparative information has been reclassified where appropriate to enhance comparability.

2. Significant Accounting Policies

(i) Estimates

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

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

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



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

3. Segment Reporting

	Investment & Corporate Advisory		Water & Fluid Solutions		Heavy Mechanical & Electrical Engineering		Maintenance Engineering & Plant Construction		Eliminations		Consolidated	
<i>In thousands of \$AUD</i>	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
External sales	1,187	351	37,148	23,735	68,645	64,627	9,349	8,347	-	-	116,329	97,060
Inter-segment sales	768	1,269	35	17	6,490	1,449	161	253	(7,454)	(2,988)	-	-
Dividend revenue	-	1,300	-	-	-	-	-	-	-	(1,300)	-	-
Other income	736	1,126	111	105	305	180	110	78	(765)	(1,098)	497	391
Segment Revenue	2,691	4,046	37,294	23,857	75,440	66,256	9,620	8,678	(8,219)	(5,386)	116,826	97,451
EBITDA	557	201	5,436	2,180	2,694	5,312	492	541	-	-	9,179	8,234
Depreciation	(17)	(15)	(447)	(240)	(969)	(743)	(161)	(137)	-	-	(1,594)	(1,135)
Segment Result (EBIT)	540	186	4,989	1,940	1,725	4,569	331	404	-	-	7,585	7,099
NPAT	385	108	3,293	1,151	511	2,720	197	162	-	-	4,387	4,141
Income tax expense / (credit)	157	49	1,426	497	230	1,180	86	71	-	-	1,899	1,797
Net finance costs	(2)	29	270	292	984	669	48	171	-	-	1,299	1,161
Segment Result (EBIT)	540	186	4,989	1,940	1,725	4,569	331	404	-	-	7,585	7,099

Results from operating activities

4,387 4,141

Segment assets	75,123	62,345	38,992	27,660	89,575	58,821	13,063	11,769	(52,020)	(29,630)	164,733	130,965
Segment liabilities	12,646	6,320	32,169	24,070	79,562	49,680	12,314	11,485	(42,031)	(19,640)	94,659	71,915



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

3. Segment Reporting (Continued)

The Group comprises the following main business segments:

Investment & Corporate Advisory

- **Services:** Investment and Corporate Advisory segment provides a comprehensive range of corporate advisory services relating to the analysing, negotiating, financing and completing of business transactions for external and internal clients.
- **Industry Exposure:** Investment and Corporate Advisory provides corporate advisory services to public, private and government organisations. In addition, the corporate advisory business provides a range of corporate advisory services to E&A Limited subsidiaries as they continue to expand both organically and through acquisition.

Water & Fluid Solutions

- **Services:** This segment comprises Fabtech and Blucher. Fabtech provides flexible geomembrane liners and floating covers for dams, reservoirs and tunnels, and the construction of geomembrane lined water storage tanks. Blucher is focused on the supply and design of stainless steel drainage and pressure systems.
- **Industry Exposure:** Water and Fluid Solutions services the oil & gas, mining, defence, power generation, brewery, potable and waste water containment, waste management and agriculture industries.

Heavy Mechanical and Electrical Engineering

- **Services:** This segment comprises the services provided by Ottoway Engineering, 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 oil & gas, mining, power, quarry, recycling and heavy industrial industries.

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



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

4. Cash and Cash Equivalents

In thousands of \$AUD

	Consolidated	
	31 Dec 2013	30 Jun 2013
Cash at bank and in hand	3,687	2,196
Cash and cash equivalents	3,687	2,196
Bank overdraft (Note 5)	(1,404)	(6,152)
Balances per statement of cash flows	2,283	(3,956)

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 2013		
	Total facility	Drawn facilities	Undrawn amount
Current			
Bank overdraft	10,000	1,404	8,596
Working capital facilities	10,323	5,424	4,899
Commercial bills	4,290	4,290	-
Finance leases	1,307	1,190	117
Credit cards / other finance	335	130	205
Trade refinance facility	-	-	-
Total Current Borrowings	26,255	12,438	13,817
Non-Current			
Commercial bills	23,375	23,375	-
Finance leases	3,895	3,234	661
Related party facility	2,000	1,617	383
Total Non-Current Borrowings	29,270	28,226	1,044
Total Borrowings	55,525	40,664	14,861

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



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

5. Loans and Borrowings (Continued)

In thousands of \$AUD

	Consolidated as at 30 June 2013		
	Total facility	Drawn facilities	Undrawn amount
Current			
Bank overdraft	6,750	6,152	598
Working capital facilities	12,673	3,701	8,972
Commercial bills	4,024	4,024	-
Finance leases	881	756	125
Credit cards / other finance	320	101	219
Related party facility	-	-	-
Total Current Borrowings	24,648	14,734	9,914
Non-Current			
Commercial bills	19,784	18,856	928
Finance leases	3,243	2,334	909
Related party facility	2,000	1,493	507
Total Non-Current Borrowings	25,027	22,683	2,344
Total Borrowings	49,675	37,417	12,258

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 2013	31 Dec 2012
Balance as at 1 July	37,417	25,692
New Issues		
Bank overdraft	-	535
Working capital facilities	1,722	-
Commercial bills	6,425	7,384
Leasing facilities	1,996	248
Credit cards / other finances	119	25
Related party facility	124	96
Repayments		
Bank overdraft	4,744	1,646
Working capital facilities	-	797
Commercial bills	1,640	3,635
Leasing facilities	667	190
Credit cards / other finances	88	15
Related party facility	-	11
Balance as at 31 December	40,664	27,686



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

6. Share Capital

Movements in shares of the Company were as follows:

In thousands of shares

	Ordinary Shares	
	2013	2012
Shares on Issue at 1 July	113,037	103,608
Issued as part of dividend reinvestment plan	2,905	6,010
Issued as part of share placement	7,300	-
Shares on Issue at 31 December	123,242	109,618

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

7. Earnings Per Share

Cents per share

	Consolidated	
	31 Dec 2013	31 Dec 2012
Basic earnings per share (cents)	3.75	3.93
Diluted earnings per share (cents)	3.75	3.93

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 2013	31 Dec 2012
Earnings used in the calculation of basic EPS (i)	4,387	4,141
Weighted average number of ordinary shares for the purpose of basic earnings per share (ii)	116,905	105,309
Weighted average number of ordinary shares for the purpose of diluted earnings per share (iii)	116,905	105,309

- (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 2013.



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

8. Dividends

In thousands of \$AUD

	31 Dec 2013		31 Dec 2012	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
Fully franked final dividend declared and paid during the half-year	2.50	3,079	2.00	2,072
<i>Fully franked at a 30% tax rate</i>				
Unrecognised amounts				
Interim fully franked ordinary dividend proposed and not recognised as a liability at 31 December	2.75	3,389	2.50	2,740
<i>Fully franked at a 30% tax rate</i>				

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 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
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

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



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

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 2013	30 Jun 2013
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. These earnings were extrapolated using a growth rate of 4% to 10%, 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 range of 11.8% and 12.6% has been applied to each cash generating unit in determining the value in use and is based on the target gearing level for E&A Limited (pre-tax nominal WACC).



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

10. Related Parties

Parent and Ultimate Controlling Party

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

Loans from Directors and Key Management Personnel

As at 31 December 2013, the balance of unsecured loans payable to directors and key management personnel was \$1.6 million. The balance outstanding relates to the Port Tack related party “Come and Go” unsecured loan facility to provide finance to E&A Limited and subsidiary companies for the purpose of funding working capital needs and short term acquisition funding requirements on an as required basis. The facility limit is \$2 million and has been subordinated behind the bank debt and the principal cannot be repaid in cash within 12 months. The Directors consider the loan facility to be on arms-length terms and conditions.

In thousands of \$AUD

Related Party “Come & Go” Facility *

	31 Dec 2013	30 June 2013
Beginning of the year	1,493	1,472
Loans advanced	124	21
Loan repayments made	-	-
End of year	1,617	1,493

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

Loans to Directors and Key Management Personnel

As at 31 December 2013 the balance of unsecured loans outstanding to directors and key management personnel was (\$4,000). Net repayments throughout the period were \$79,000.

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

In thousands of \$AUD

	Balance at Beginning of Period 1 July 2013	Advancement (Repayment) of Loans	Balance Outstanding 31 Dec 2013
Stephen Young and controlled entities	75	(79)	(4)
Total	75	(79)	(4)

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 2013.



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

10. Related Parties (Continued)

Outstanding balances arising from sales / purchases of goods and services

The following transactions occurred with related parties:

In thousands of \$AUD

	Consolidated	
	31 Dec 2013	31 Dec 2012
Rental paid to other related parties	1,127	345

11. Subsequent events

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

12. Contingencies

In the normal course of business certain E&A Limited Companies are required to enter into contracts that include performance obligations. These commitments only give rise to a liability where the respective entity fails to perform its contractual obligations. Claims of this nature arise in the ordinary course of construction contracting. Where appropriate a provision is made for these issues. The Directors are not aware of any material claims that have not been appropriately provided for in the financial statements at 31 December 2013.



Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

13. Financial instruments

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

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report for the year ended 30 June 2013.

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

	Carrying amount \$'000	Fair value \$'000
Financial assets		
Cash and cash equivalents	3,687	3,687
Trade and other receivables	31,838	31,838
	35,525	35,525
Financial liabilities		
Trade and other payables	38,335	38,335
Interest-bearing loans and borrowings	40,664	40,664
	78,999	78,999

14. Property, plant and equipment

During the six months ended 31 December 2013, the Group acquired assets with a cost of \$6.6 million, excluding leased asset additions. Included within this amount, was the acquisition of the Whyalla Property located on Port Augusta Rd, for a consideration of \$3.1 million.



E&A Limited

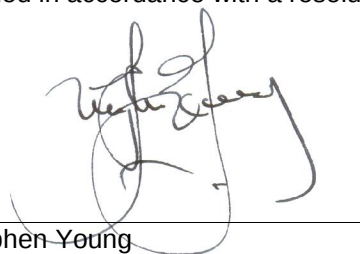
Directors' declaration

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

1. the financial statements and notes set out on pages 4 to 17, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position As at 31 December 2013 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 20th day of February 2014.

Signed in accordance with a resolution of the directors:



Stephen Young
Executive Chairman



Independent review report to members of E&A Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of E&A Limited, which comprises the consolidated balance sheet as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other explanatory information, 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 Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013, and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of E&A Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

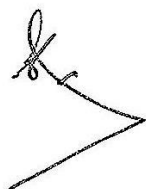
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young



David Sanders
Partner
Adelaide
20 February 2014

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 2013, 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
20 February 2014