



**Appendix 4E – Preliminary Final Report
For the Financial Year Ended 30 June 2008**

E&A Limited

ABN 22 088 588 425

This Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period:	Financial Year Ended 30 June 2008
Previous Corresponding Period:	Financial Year Ended 30 June 2007

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28 August 2008

The Manager
Company Announcements Platform
Australian Stock Exchange Ltd

E&A Limited dividend as forecast following maiden full year profit

The Directors of diversified South Australian-based investment and engineering services group, E&A Limited, today announced the Company's maiden operating results for the 12 month period ended 30 June 2008.

E&A Limited, which listed on the ASX in December following an oversubscribed IPO, achieved total sales revenue of \$89.1 million resulting in underlying earnings before interest and tax (EBIT) of \$8.4 million.

The second half underlying EBIT result of \$5.1 million was a significant increase on the first half underlying EBIT result of \$3.3 million.

Net profit after tax (NPAT) of \$4.227 million after significant one-off IPO costs was above the mid-point of the earnings guidance announced by E&A Limited in June 2008.

Directors have forecast a significant lift in NPAT to around \$8 million in the current 2008-2009 financial year.

A fully franked final dividend of 4.5¢ per share has been declared, payable on 30 October 2008 to E&A Limited shareholders registered on 3 October 2008, taking the fully franked full-year dividend to 7.5¢, as forecast in the IPO Prospectus.

This annual dividend represents a pre-tax yield on the Company's initial IPO share price of 10.7% and an 18.2% pre-tax dividend yield on yesterday's share price of \$0.59.

E&A Limited also today announced settlement of the acquisition of Blucher Australia announced in June this year.

OVERVIEW

E&A Limited's Executive Chairman, Mr Stephen Young, described the maiden result as satisfactory given the significant change in trading conditions following the collapse of the US Subprime market which in turn lead to the rapid deterioration of the Australian debt and equity markets.

Mr Young said earnings had been adversely affected by higher than expected expansion and integration costs and the underperformance of the wholly-owned Ottoway Engineering and Whyalla Fabrications subsidiaries.

"Following the change in market conditions both these fabrication businesses struggled to maintain turnover and productivity as contracts were deferred or cancelled. Both businesses also faced rapidly escalating steel and subcontractor costs which were passed on where possible, however the combination of the quantum and the rate of escalation in costs and the tightening market conditions resulted in an erosion of contract margins," he said.

"The management teams of both businesses have been strengthened to meet the current trading conditions. Furthermore, the outlook for new fabrication work in the mining, defence and water industries in South Australia, Western Australia, Queensland, and the Northern Territory remained buoyant."

Mr Young also announced the following major developments:

- E&A Limited has signed the lease and taken occupation of the 6,800 square metre facility in Whyalla.
- A consortium of E&A Limited subsidiaries had been advised it would be requested to lodge a tender for the construction of blocks for the Air Warfare Destroyer contract. Mr Young said that E&A Limited understood that five other companies or consortia had been shortlisted although only two bidders were likely to be awarded block construction contracts. The E&A Group tender would involve utilising the recently leased 6,800 square metre fabrication facility at Whyalla.
- Whyalla Fabrications was involved in ongoing discussions regarding the potential fabrication of dump truck trays at the new Whyalla facility.
- The provision of labour pursuant to a three-year labour and equipment services contract with Austrian Energy & Environment (AE&E) announced in June had commenced. This contract is expected to significantly increase Ottoway Engineering's workforce.
- Work has commenced under the Metso Alliance and QMM Qld has signed a lease to relocate to a 1,000 square metre facility in the suburb of Brendale in Brisbane. The facility is twice the size of the existing QMM Qld premises.

"In addition to the aforementioned long term opportunities the outlook for Ottoway and Whyalla Fabrication has improved due to ongoing contract commitments from OneSteel, BHP Billiton, Santos, Beach Petroleum and Monadelphous," Mr Young said.

“Also, the outlook for the water industry remains strong with E&A Limited’s Fabtech, Ottoway and Blucher subsidiaries all enjoying increased levels of tender activity, both from recently announced desalination projects, pump stations, pipelines and water retention projects,” he said.

“The E&A Limited management team is focused on improving operational performance over the next six months and consequently we are confident of improved earnings in FY09.

“The Directors continue to evaluate a number of further strategic acquisition opportunities and remain committed to building shareholder value through delivering a blend of organic and acquisition growth.”

Mr Young’s comments in respect of E&A Limited’s operating segments are as follow:

INVESTMENT & ADVISORY

SEGMENT REPORTING INVESTMENT & ADVISORY	FIRST HALF 6 MONTHS	SECOND HALF 6 MONTHS	FY 2008 12 MONTHS
Segment Revenue	1,981	1,850	3,831
Operating Results (Before Finance Expense and Income Tax Expense)	(471)	655	184

The investment and advisory business had a very strong year, due to a number of external advisory transactions that were completed during the financial year.

The advisory business’ established track record of meeting its clients’ expectations and delivering solutions to complex financial and commercial transactions was further enhanced as a result of continuing to deliver outcomes notwithstanding difficult debt and equity markets.

The operating result of \$0.184m was after expensing one-off IPO costs of \$0.7 million during the first half of FY08.

PROCUREMENT SERVICES

SEGMENT REPORTING PROCUREMENT SERVICES	FIRST HALF 6 MONTHS	SECOND HALF 6 MONTHS	FY 2008 12 MONTHS
Segment Revenue	16,040	15,923	31,963
Operating Results (Before Finance Expense and Income Tax Expense)	841	724	1,565

This segment comprises the Louminco and Blucher businesses.

Louminco provides procurement, maintenance, engineering support and project management services to the industrial, mining, base metals, defence and power generation industries, and continues to take advantage of the growth in the mining sector. Louminco is focused on sourcing fabricated and manufactured components and spare parts.

Louminco recently submitted a proposal to OneSteel for a three-year extension to its procurement services contract both in Whyalla as well as an option for the provision of these services in other OneSteel locations. This proposal remains under evaluation.

Louminco achieved revenue growth during the financial year however the majority of this increase was at lower than expected margins. Furthermore a number of special projects anticipated in Roxby Downs either did not eventuate or were deferred to FY09. Due to the strong Australian Dollar and competitive offshore manufacturing costs ILS, Louminco's Hong Kong based procurement business made a strong contribution to earnings.

Blucher was acquired with an effective date of acquisition of 1 May 2008 and made a small contribution to the earnings of this segment. Management is confident about the opportunities for the Blucher business and expects that it will make a significant contribution to earnings during FY09.

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

MAINTENANCE ENGINEERING & PLANT CONSTRUCTION

SEGMENT REPORTING	FIRST HALF	SECOND HALF	FY 2008
MAINTENANCE ENGINEERING & PLANT CONSTRUCTION	6 MONTHS	6 MONTHS	12 MONTHS
Segment Revenue	1,780	8,976	10,756
Operating Results (Before Finance Expense and Income Tax Expense)	432	1,171	1,603

This segment comprises the Heavymech and Quarry & Mining Manufacture (QMM) businesses.

Heavymech provides emergency breakdown, maintenance and machining services to a wide variety of industries including mining, earthmoving, foundry, water hydraulic, marine, defence and power generation.

This subsidiary again made a solid contribution growing both revenue and earnings in FY08. Management expects it to continue to deliver organic revenue and earnings growth in FY09.

QMM has an established reputation as a provider of superior technical and customer focused services in the supply and construction of processing plants, spare parts, repair, and onsite maintenance to the quarry, recycling and mining sectors.

QMM was acquired from 1 January 2008 and has performed in line with expectations given the acquisition integration costs. Management is confident that QMM will make a further contribution to earnings during FY09, especially in the second half of the financial year when it expects the benefits of the recently announced alliance with Metso Minerals for minor plant construction and maintenance to contribute to revenue and earnings.

QMM Queensland is scheduled to relocate premises during the month of September.

FABTECH

SEGMENT REPORTING	FIRST HALF	SECOND HALF	FY 2008
FABTECH	6 MONTHS	6 MONTHS	12 MONTHS
Segment Revenue	6,099	12,661	18,760
Operating Results (Before Finance Expense and Income Tax Expense)	1,038	2,523	3,561

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

The integration of this acquisition and performance of the business was outstanding during the year under review. The second half turnover and profit doubled the turnover and profit of the first half.

Management is enthusiastic about the prospects for this business given the current order book and level of tender enquiries compared to this time last year, and expects Fabtech to deliver further organic growth during FY09.

HEAVY STEEL FABRICATION & ENGINEERING

SEGMENT REPORTING	FIRST HALF	SECOND HALF	FY 2008
HEAVY STEEL FABRICATION & ENGINEERING	6 MONTHS*	6 MONTHS	12 MONTHS
Segment Revenue	10,568	17,322	27,890
Operating Results (Before Finance Expense and Income Tax Expense)	408	320	728

*Note First Half 6 Months only includes 3 months of operations for Whyalla Fabrications.

This segment comprises the Ottoway Engineering and Whyalla Fabrication businesses.

Ottoway provides a range of piping and fabrication engineering services in the petro-chemical, oil and gas, mining, water, defence, power, infrastructure and wine industries.

Whyalla Fabrication provides a range of steel fabrication and structural steel engineering services, including project management, heavy engineering design, fabrication and erection, pipe welding and installation, pneumatic and hydraulic installation, sheet metal work, and light machining.

Ottoway underperformed during the year due to higher than expected integration costs and the earlier than expected completion of two large labour and equipment hire projects. Furthermore, Ottoway was unable to pass onto clients rapidly escalating material and subcontractor costs resulting in materially lower margins.

Ottoway's strong relationship with a number of its major clients - namely, Santos, Beach Petroleum, BHP Billiton, Samaras, and Monadelphous - has facilitated a growth in employee numbers from 100 in July 2007 to 140 in August 2008.

Management is confident that Ottoway will improve its earnings contribution during FY09 due to the stronger order book and the commencement of a three year preferred labour and equipment hire agreement to support Austrian Energy & Environment (Australia) Pty Ltd (AE&E) with its recently secured contracts to build power plants for Condamine Power in Queensland, Sino Iron at Cape Preston, and Worsley Alumina near Bunbury. AE&E has indicated that the labour requirement for these projects is expected to exceed 600,000 hours.

A number of the employees required for the current and expected growth have been recruited from the Philippines under the 457 Visa skilled immigration program.

Whyalla Fabrications also underperformed during the financial year due to a combination of business acquisition implications and also rework incurred on a significant major tank contract for the Prominent Hill mining project.

Furthermore, as was the case with Ottoway, Whyalla Fabrication was unable to pass onto clients rapidly escalating material and subcontractor costs resulting in materially lower margins.

The management team at Whyalla Fabrication has been strengthened and the leadership team is focused on both securing work at satisfactory margins and delivering on time and on budget.

During August E&A Limited entered into a 5 plus 5 year lease to occupy the Onesteel "MKA" Building, a 6,800 square metre heavy engineering facility on Port Augusta Road, Whyalla. The facility is the largest heavy engineering facility in the Iron Triangle region of Northern South Australia where the majority of the mining construction boom is expected to occur. This facility has already positioned Whyalla Fabrication for defence and dump truck tray construction opportunities.

Management considers that the new facility provides an outstanding strategic opportunity for Whyalla Fabrications to grow and contribute improved earnings in FY09 and the years come.

The relocation of the Whyalla Fabrications business to the new facility and the development of improved contract management systems necessary to support the larger contracts expected to be secured at that site will require both time and further investment.

During August E&A Limited formed E&A Contractors Pty Ltd to lead the initiative to secure small Engineering Procurement and Construction Management (EPCM) contracts. This business will initially focus on EPCM contracts with a completed value between \$5 million to \$20 million. It is expected that this contracting vehicle will work closely with other E&A Limited businesses drawing upon their resources and capacity as required.

DIVIDEND REINVESTMENT PLAN & FINAL DIVIDEND

E&A Limited Directors have approved a Dividend Reinvestment Plan which will be despatched shortly to shareholders and enable them to reinvest their final dividend entitlement for FY08 in the Company's shares.

In keeping with the Prospectus projections, the Board has declared a fully franked final dividend of 4.5 cents per share. This dividend can be taken in cash or reinvested in E&A Limited shares 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.

The record date for the final dividend will be 3 October 2008 and the final dividend will be paid 30 October 2008.

SETTLEMENT OF BLUCHER ACQUISITION

E&A Limited is pleased to announce the settlement of the acquisition of Blucher Australia Pty Ltd for \$7.1 million. The acquisition of this business has been funded by debt, vendor finance (which is subject to an earn-out) and equity. E&A Limited issued 1,188,564 ordinary shares to partially fund the acquisition. The business has been acquired for approximately 4 times maintainable EBIT.

The Blucher acquisition will enhance the quality of E&A Limited's earnings and cash flows and further diversifies E&A Limited's operations.

CASHFLOW - ACQUISITION AND WORKING CAPITAL FUNDING

Notwithstanding the deterioration of the debt markets E&A Limited continues to secure ongoing funding for both working capital expansion and acquisitions such as the recent Blucher acquisition on competitive terms.

The increase in the cost of materials and subcontractors together with the deterioration of the cash to cash cycle and tight debt markets made the management of working capital a key issue during the year. As a consequence of these issues and the timing of debtor collections around the 30 June 2008 balance date the working capital requirements of a number of the businesses increased significantly on a year on year basis. From a group perspective the present acquisition principles and low debt to equity and interest cover ratios remain appropriate for the current credit environment.

2009 GUIDANCE

There has been much publicity regarding the uncertain business climate, including higher interest rates which are now forecast to ease, higher fuel costs, the uncertainty surrounding debt and equity capital markets and the length of the boom in commodity prices.

E&A Limited's management share BHP Billiton's view on the positive long term outlook for the base metals, petroleum and iron ore markets. E&A Limited subsidiaries principally operate in the service sector of markets that exhibit strong growth prospects, including the mining, defence, and water industries.

E&A Limited expects significant improvements from both Ottoway Engineering and Whyalla Fabrications and significant contributions from its two most recent acquisitions, namely Blucher Australia and also Quarry & Mining Manufacture. These contributions coupled with the budgeted performance of the other businesses are expected to deliver a significant increase in profitability next year.

The Directors have adopted budgets for the FY09 year that forecast the net profit after tax will increase to approximately \$8.0 million.

Results for announcement to the market

Financial Year Ended 30 June 2008

E&A Limited listed on the Australian Stock Exchange on 17 December 2007. Comparative information on earnings per share, net tangible assets per share, dividends per share and percentage increase in revenue and net profit after tax for the twelve months ending 30 June 2008 have not been presented as the company was not a publicly listed company at that time.

Revenue and Net Profit

		Percentage Change %		Amount \$'000
Revenue from ordinary activities	Up	n/a	To	\$89,068
Underlying EBIT from ordinary activities, before IPO costs	Up	n/a	To	\$8,364
Underlying net profit from ordinary activities after tax attributable to members, before IPO costs	Up	n/a	To	\$4,700
Net profit from ordinary activities after tax attributable to members	Up	n/a	To	\$4,227

Dividends

	Amount per security	Percentage Franked %
Interim Dividend	3.0 cents	100%
Record Date for determining entitlements to the dividend	31 March 2008	
Date of Dividend Payment	11 April 2008	
Final Dividend	4.5 cents	100%
Record Date for determining entitlements to the dividend	3 October 2008	
Date of Dividend Payment	30 October 2008	
Full Year Total Dividend	7.5 cents	100%

Results for announcement to the market

Financial Year Ended 30 June 2008

Earnings Per Share

	2008	2007
Earnings Per Share (undiluted)	7.88 cents	n/a
Earnings Per Share (diluted)	7.80 cents	n/a

Net Tangible Assets

	2008	2007
NTA Per Share (undiluted)	-19.94 cents	n/a

Review of Operations

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

Statement as to whether the report is based on accounts which have been audited

This report is based on financial statements that are in the process of being audited. The Directors are not aware of any material disputes or disagreements with KPMG, the Group's auditors.

Comparatives

The 2007 comparative figures presented in this Preliminary Final Report comprise the consolidated results of E & A Limited (prior to listing on the ASX) and the seven month contribution of Panado Pty Ltd in which control was obtained on 30 November 2006.

The consolidated 2008 results presented in this Preliminary Final Report contain the contribution from a number of acquisitions which occurred throughout the period, and further information on each of these business combinations is presented in Note 13.

Comparison of the FY08 and FY07 financial results should therefore be viewed in light of the significant change in E & A Limited's Group structure from 1 July 2007 and post listing on the ASX on 17 December 2007.

Consolidated Preliminary Income Statement

For the Financial Year Ended 30 June 2008

In thousands of SAUD

	Note	2008	2007
Continuing Operations			
Revenue	4	89,068	16,524
Cost of sales		63,933	13,407
Gross Profit		25,135	3,117
Other income	5	708	8
Operations expenses		7,227	1,257
Administrative expenses		8,489	1,272
Marketing expenses		297	36
Occupancy expenses		1,304	122
Other expenses		837	17
Results from operating activities		7,689	421
Finance income	6	136	39
Finance expenses	6	1,736	50
Net finance income / (expense)		(1,600)	(11)
Profit before income tax		6,089	410
Income tax expense		1,862	209
Profit from continuing operations		4,227	201
Attributable to:			
Equity holders of the Company		4,227	159
Minority interest		-	42
Profit for the period		4,227	201
Earnings per share			
Basic earnings per share (AUD)		7.88 cents	n/a
Diluted earnings per share (AUD)		7.80 cents	n/a

The notes on pages 7 to 29 are an integral part of these consolidated preliminary financial statements.

Consolidated Preliminary Statement of Changes in Equity

For the Financial Year Ended 30 June 2008

In thousands of SAUD

	Note	Share Capital	Retained Earnings	Options Reserve	Total	Minority Interest	Total Equity
Balance at 1 July 2006		560	248	-	808	-	808
Share of Panado retained earnings			316	-	316	-	316
Income and expense recognised directly in equity		-	316	-	316	-	316
Profit for the year		-	159	-	159	42	201
Total recognised income and expense for the year		-	475	-	475	42	517
Minority interest on acquisition of subsidiary		-	-	-	-	257	257
Dividends Payable		-	(1,180)	-	(1,180)	-	(1,180)
Balance at 30 June 2007		560	(457)	-	103	299	402
Balance at 1 July 2007		560	(457)	-	103	299	402
Costs of Initial Public Offering (IPO) recognised in equity		(407)	-	-	(407)	-	(407)
Income tax on income and expenses recognised directly in equity		122	-	-	122	-	122
Income and expense recognised directly in equity		(285)	-	-	(285)	-	(285)
Profit for the year		-	4,227	-	4,227	-	4,227
Total recognised income and expense for the year		(285)	4,227	-	3,942	-	3,942
Shares issued under initial public offering		5,530	-	-	5,530	-	5,530
Shares issued as consideration for business acquisitions		33,099	-	-	33,099	-	33,099
Acquisition of minority interests		-	-	-	-	(299)	(299)
Dividends paid		-	(1,699)	-	(1,699)	-	(1,699)
Equity settled transactions, net of tax		-	-	32	32	-	32
Balance at 30 June 2008		38,904	2,071	32	41,007	-	41,007

The notes on pages 7 to 29 are an integral part of these consolidated preliminary financial statements.

Consolidated Preliminary Balance Sheet

As at 30 June 2008

In thousands of SAUD

	Note	2008	2007
Current assets			
Cash and cash equivalents	9	1,433	497
Trade and other receivables		24,400	6,241
Inventories		10,534	888
Other current assets		-	103
Total current assets		36,367	7,729
Non-current assets			
Other financial assets		3	3
Property, plant and equipment		9,192	618
Intangible assets	14	51,331	242
Deferred tax assets		1,460	181
Total non-current assets		61,986	1,044
Total assets		98,353	8,773
Current liabilities			
Trade and other payables		19,613	4,824
Loans and borrowings	10	14,003	101
Provisions		2,164	1,610
Current tax liability		1,738	150
Total current liabilities		37,518	6,685
Non-current liabilities			
Trade and other payables		2,954	-
Loans and borrowings	10	15,862	1,572
Provisions		161	-
Deferred tax liability		851	114
Other liabilities		-	-
Total non-current liabilities		19,828	1,686
Total liabilities		57,346	8,371
Net assets		41,007	402
Equity			
Issued share capital		38,904	560
Reserves		32	-
Retained profits		2,071	(457)
Total equity attributable to equity holders of the Company		41,007	103
Minority interest		-	299
Total equity		41,007	402

The notes on pages 7 to 29 are an integral part of these consolidated preliminary financial statements.

Consolidated Preliminary Cash Flow Statement

For the Financial Year Ended 30 June 2008

In thousands of SAUD

	Note	2008	2007
Cash flows from operating activities			
Cash receipts from customers		89,183	16,963
Cash paid to suppliers and employees		(90,242)	(16,857)
Cash generated from operations		(1,059)	106
Interest paid		(1,670)	(43)
Interest received		136	35
Income taxes paid		(1,803)	(238)
Net cash from (used in) operating activities		(4,396)	(140)
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		(8,995)	(269)
Payments of vendor earn-out/settlement liability		(4,576)	-
Payments for acquisition of property, plant and equipment		(1,180)	(39)
Proceeds from disposal of property, plant and equipment		1,375	5
Net cash from (used in) investing activities		(13,376)	(303)
Cash flows from financing activities			
Proceeds from the issue of share capital		5,530	-
Proceeds from borrowings		16,477	1,500
Repayment of borrowings		(5,178)	(123)
Payment of finance lease liabilities		(356)	(28)
Payment of IPO transaction costs		(1,082)	-
Related party loans (to)/from		3,995	(208)
Dividends paid		(2,249)	(204)
Net cash from (used in) financing activities		17,137	937
Net increase (decrease) in cash and cash equivalents		(635)	494
Cash and cash equivalents at 1 July		497	3
Cash and cash equivalents at 30 June	9	(138)	497

The notes on pages 7 to 29 are an integral part of these consolidated preliminary financial statements.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

1. Basis of Preparation

(i) Reporting Entity

E&A Limited (the “Company”) is a company domiciled in Australia. The consolidated preliminary final statements of the Company as at and for the year ended 30 June 2008 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 8).

(ii) Basis of Presentation

This consolidated preliminary final report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Appendix 4E of the Australian Securities Exchange listing rules. This report is based on financial statements that are in the process of being audited.

The Company is of a kind referred to in ASIC Class Order 98/100 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.

2. Significant Accounting Policies

Given the consolidated preliminary final financial report for the year ended 30 June 2008 represents the Group’s first consolidated full year financial report since the Official Listing of the Company on the ASX on 17 December 2007, a complete listing of significant accounting policies have been detailed below to assist users interpret the preliminary final report for the year ended 30 June 2008.

The Group has elected to early adopt AASB 8 Operating Segments.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by E&A Limited as at 30 June 2008 and the results of all controlled entities for the year then ended. The consolidated financial statements are prepared by combining the financial statements of all entities, being the Company and its subsidiaries as defined in Accounting Standard AASB 127 *Consolidated and Separate Financial Statements*. A list of all subsidiaries appears in Note 12. The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, allowances and duties and taxes paid. Revenue is recognised when goods have been despatched to a customer, or a service has been provided to a customer pursuant to a sales order.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

2. Significant Accounting Policies (Continued)

(b) Revenue Recognition (Continued)

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. For fixed price contracts, the stage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract.

Fees from financing transactions are recognised as revenue when the Group has provided all services necessary for a final closing of the transaction, the transaction has closed, the fee is payable and the likelihood of any contingency occurring that could result in a reduction of the fee is remote.

(c) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority, in this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

2. Significant Accounting Policies (Continued)

(d) Goods and Services Tax (Continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(e) Foreign Currency Transactions and Balances

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts receivable and payable in foreign currencies are translated into Australian currency at the rates of exchange current at that date. Resulting exchange variances are brought to account in determining the profit or loss for the year.

(f) Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control. Cost is measured as the fair value of the assets given, or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition the fair value of the instruments is their published market price at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the company's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 1(g)). If the cost of acquisition is less than the company's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange and included in the cost of acquisition.

(g) Intangible Assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary/business unit at the date of acquisition. Goodwill on acquisition of business units is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment loss.

(ii) Other Intangible Assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

2. Significant Accounting Policies (Continued)

(h) Impairment of Assets

Goodwill and Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Property, Plant and Equipment

Property, plant and equipment has been recorded at cost. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment over their expected useful lives, as follows:

Land	Not depreciated
Buildings	20 years
Plant and Equipment	5 – 20 years
Office Furniture, Fittings and Equipment	5 – 20 years
Motor Vehicles	4 – 10 years

(j) Leases

A distinction is made between finance leases which effectively transfer, from the lessor to the lessee, substantially all the risks and benefits incidental to ownership of leased non current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A leased asset and liability are established at the lower of its fair value and present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The leased asset is amortised on a straight-line basis over the term of the lease, or where it is likely that the entity will obtain ownership of the asset, the life of the asset. Lease assets held at reporting date are being amortised over three to five years.

Operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

2. Significant Accounting Policies (Continued)

(k) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Inventories

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In the case of manufactured items, cost comprises materials, labour and an appropriate proportion of fixed and variable factory overhead expenses.

(m) Construction Work in Progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of inventory in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

(n) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

(o) Investments and Other Financial Assets

Classification

The Group classifies its investments and other financial assets in the following categories: financial assets at fair value through profit or loss, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investment at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this design at each reporting date.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

2. Significant Accounting Policies (Continued)

(o) Investments and Other Financial Assets (Continued)

(i) *Held-to-Maturity Investments*

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity investments and are measured at amortised cost using the effective interest method, less any impairment loss.

(ii) *Available for Sale Financial Assets*

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sale of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell that asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

(iii) *Financial Assets at Fair Value Through Profit or Loss*

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(p) Fair Value Estimation

The net fair value of cash equivalents and non interest bearing monetary financial assets and financial liabilities approximate their carrying amount.

(q) Trade and Other Payables

Trade and other payables are carried at amortised cost. These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid.

(r) Loans and Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Interest is accrued over the period it becomes due and is recorded as part of other payables. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(s) Employee Entitlements

(i) *Wages and Salaries and Annual Leave*

Liabilities for wages and salaries and annual leave expected to be paid within twelve months of the reporting date are recognised and are measured at the amounts expected to be paid when the liabilities are settled in respect of employees' services up to that date.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

2. Significant Accounting Policies (Continued)

(s) Employee Entitlements (Continued)

(ii) Long Service Leave

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of employees' services up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(iv) Share-based Payment Transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

When the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

(t) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(u) Finance Income and Expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses are recognised as an expense in the period in which they are incurred. Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of line fees, discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease interest; and
- bank charges.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

2. Significant Accounting Policies (Continued)

(v) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(x) Earnings per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(y) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(z) New Standards and Interpretations Not Yet 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 30 June 2008, but have not been applied in preparing this financial report:

- Revised AASB 3 *Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs, measurement of contingent consideration at acquisition date with subsequent changes through the income statement, measurement of non controlling (minority) interest at full fair value or the proportionate share of the fair value of the underlying net assets, guidance on issues such as reacquired rights and



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

2. Significant Accounting Policies (Continued)

(z) New Standards and Interpretations Not Yet Adopted (Continued)

vendor indemnities, and the inclusion of combinations by contract alone. The revised standard becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.
- Revised AASB 127 *Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. Key changes include: the re-measurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss, and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.
- AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations* changes the measurement of share-based payments that contain non vesting conditions. AASB2008-1 becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the amending standard on the Group's financial report.

3. Estimates

The preparation of the preliminary final 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 preliminary final report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty related to goodwill and the key assumptions underlying the discounted cash flows that surround its carrying value.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

4. Revenue

In thousands of \$AUD

	Consolidated	
	2008	2007
Continuing operations		
Sales revenue	89,068	16,524

5. Other Income

In thousands of \$AUD

	Consolidated	
	2008	2007
Gain on disposal of property, plant & equipment	107	-
Net foreign exchange gains	265	1
Other income	336	7
	708	8

Gain on disposal of property, plant and equipment includes the gain on sale of the Heavymech premises of \$105,000 (see note 15).

6. Finance Income and Expenses

Recognised in profit or loss

In thousands of \$AUD

	Consolidated	
	2008	2007
Finance Income		
Interest income on bank deposits	136	39
Total Finance Income	136	39
Finance Expenses		
Interest on bank overdrafts and loans	1,498	43
Other interest expense	238	7
Total Finance Expense	1,736	50
Net Finance Income and Expense	(1,600)	(11)

Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

7. Expenses

Profit before income tax includes the following specific expenses:

<i>In thousands of \$AUD</i>	Consolidated	
	2008	2007
Loss on disposal of property, plant and equipment	40	-
Depreciation		
Buildings	5	-
Plant and equipment	411	9
Office equipment, furniture and fittings	171	54
Motor vehicles	224	5
Assets under finance leases	161	17
Total depreciation	972	85
Rental expense relating to operating leases		
Premises	909	80
Plant & Equipment	53	15
Total rental expense relating to operating leases	962	95
Costs of initial public offering (i)	675	-
Employee benefits expense	25,610	2,273
Impairment of financial assets		
Trade receivables	5	48
Impairment of other assets		
Inventories	-	16

- (i) During the twelve months ended 30 June 2008 total costs of \$1,484,000 were incurred in connection with the initial public offering of E&A Limited. Of this amount, \$675,000 was expensed in the income statement, whilst \$407,000 (\$285,000 net of deferred tax) has been recorded against equity. \$402,000 of the IPO costs incurred related to internal changes from Equity & Advisory acting as lead advisor on the transaction, and has been eliminated on consolidation accordingly.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

8. Segment Reporting

	Investment & Advisory		Procurement (ii)		Fabtech		Heavy Steel Fabrication & Engineering		Maintenance Engineering & Plant Construction		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<i>In thousands of SAUD</i>														
External sales	3,028	-	31,336	16,524	18,551	-	26,116	-	10,037	-	-	-	89,068	16,524
Inter-segment sales	716	-	513	-	-	-	1,641	-	511	-	(3,381)	-	-	-
Dividend revenue	2,500	1,518	-	-	-	-	-	-	-	-	(2,500)	(1,518)	-	-
Other income	87	-	114	8	209	-	133	-	208	-	(43)	-	708	8
Segment Revenue	6,331	1,518	31,963	16,532	18,760	-	27,890	-	10,756	-	(5,924)	(1,518)	89,776	16,532
Impairment losses	-	-	-	64	-	-	-	-	5	-	-	-	5	64
Underlying EBITDA	901	1,196	1,744	609	3,740	-	1,089	-	1,814	-	48	(1,299)	9,336	506
Depreciation	(42)	-	(179)	(85)	(179)	-	(361)	-	(211)	-	-	-	(972)	(85)
Significant items (i)	(675)	-	-	-	-	-	-	-	-	-	-	-	(675)	-
Segment Result	184	1,196	1,565	524	3,561	-	728	-	1,603	-	48	(1,299)	7,689	421
NPAT	38	1,142	1,068	358	2,180	-	(34)	-	941	-	34	(1,299)	4,227	201
Income tax expense	31	53	386	156	1,009	-	6	-	416	-	14	-	1,862	209
Net finance costs	115	1	111	10	372	-	756	-	246	-	-	-	1,600	11
Segment Result	184	1,196	1,565	524	3,561	-	728	-	1,603	-	48	(1,299)	7,689	421

Results from operating activities (continuing operations)

4,227 201

Segment Assets	46,383	1,953	17,813	8,673	14,235	-	22,959	-	11,073	-	(14,110)	(1,853)	98,353	8,773
Segment Liabilities	6,377	1,161	15,951	7,479	13,355	-	20,694	-	9,825	-	(8,856)	(268)	57,346	8,371
Capital Expenditure	14	-	430	39	427	-	610	-	329	-			1,810	39

(i) Significant costs incurred to 30 June 2008 relate to the costs associated with the initial public offering of E&A Limited.

(ii) Procurement 2007 comparative includes seven months trading post control of Panado on 30 November 2006.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

8. Segment Reporting (Continued)

The Group comprises the following main business segments:

Investment & Advisory

- **Services:** Investment and 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 Advisory provides corporate advisory services to public, private and government organisations. In addition, Investment and Advisory provides a range of corporate advisory services to E&A Limited subsidiaries as they continue to expand both organically and through acquisition.

Procurement Services

- **Services:** This segment comprises the services provided by Louminco and Blucher. Procurement segment provides procurement, maintenance, engineering support and project management services.
- **Industry Exposure:** Procurement segment services the industrial, mining, base metals, defence and power generation industries.

Fabtech

- **Services:** Fabtech provides flexible geomembrane liners and floating covers for dams, reservoirs and tunnels.
- **Industry Exposure:** Fabtech services the mining, potable and waste water containment, waste management and agriculture industries.

Heavy Steel Fabrication and Engineering

- **Services:** This segment comprises the services provided by Ottoway Engineering and Whyalla Fabrications. 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. Whyalla Fabrications provides a range of steel fabrication and structural engineering services, including project management, design, structural steel fabrication and erection, pipe welding and pipework installation, pneumatic and hydraulic installations, and light machining.
- **Industry Exposure:** Offers services across a range of industries including industrial, petrochemical, oil and gas, mining, 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.

Since our half year reporting to 31 December 2007 we have combined Louminco and Blucher to form the Procurement segment, Ottoway and Whyalla Fabrications to form the Heavy Steel Fabrication and Engineering segment and Heavymech and QMM to form the Maintenance Engineering and Plant Construction segment. As our business continues to grow we will update our segment disclosures accordingly.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

9. Cash and Cash Equivalents

In thousands of \$AUD

	Consolidated	
	2008	2007
Cash at bank and in hand	1,397	497
Deposits at call	36	-
Cash and cash equivalents	1,433	497
Bank overdraft	(1,571)	-
Balances per statement of cash flows	(138)	497

10. Loans and Borrowings

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

In thousands of \$AUD

	Consolidated as at 30 June 2008		
	Total facility	Drawn facilities	Undrawn amount
Current			
Bank overdraft	2,289	1,571	718
Working capital facilities	11,000	7,096	3,904
Commercial bills	2,700	2,700	-
Finance leases	1,037	506	531
Credit cards / other finance	244	115	129
Related party facility	2,304	2,015	289
Total Current Borrowings	19,574	14,003	5,571
Non Current			
Commercial bills	12,375	12,375	-
Finance leases	1,780	1,601	179
Other finance	195	190	5
Related party facility	1,696	1,696	-
Total Non-Current Borrowings	16,046	15,862	184
Total Borrowings	35,620	29,865	5,755

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 Group companies in favour of the respective lenders.

Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

10. Loans and Borrowings (Continued)

The following loans and borrowings (non-current and current) were issued and repaid during the year ended 30 June 2008:

<i>In thousands of SAUD</i>	<u>Consolidated</u>
Balance as at 1 July 2007	1,673
Acquisition of interest bearing liabilities through business combinations	12,531
New Issues	
Bank overdraft	1,104
Working capital facilities	6,647
Commercial bills	9,750
Leasing facilities	1,553
Credit cards / other finances	80
Related party facility	3,711
Repayments	
Bank overdraft	(1,650)
Working capital facilities	(231)
Commercial bills	(4,911)
Leasing facilities	(356)
Credit cards / other finances	(36)
Balance as at 30 June 2008	<u>29,865</u>

11. Dividends

	<u>2008</u>		<u>2007</u>	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
Final dividend			N/A	1,180
<i>Fully franked at a 30% tax rate</i>				
Interim dividend	3	1,699	N/A	N/A
<i>Fully franked at a 30% tax rate</i>				
Unrecognised amounts				
Final dividend	4.5	2,549	N/A	N/A
<i>Fully franked at a 30% tax rate</i>				



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

11. Dividends (continued)

Franking account balance

In thousands of SAUD

	Consolidated	
	2008	2007
Franking credits available for subsequent financial years based on a tax rate of 30% (2007: 30%)	4,489	N/A

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of current tax liabilities.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

12. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2008	2007
Parent entity			
E&A Limited	Australia	100	100
Subsidiaries			
Panado Pty Ltd	Australia	100	75
Louminco Pty Ltd	Australia	100	75
ILS Limited	Hong Kong	100	75
Starboard Tack Pty Ltd	Australia	100	-
Heavymech Pty Ltd	Australia	100	-
Fabtech Holdings Pty Limited	Australia	100	-
Fabtech S.A. Pty Ltd	Australia	100	-
Ottoway Engineering Pty Ltd	Australia	100	-
Equity & Advisory Ltd	Australia	100	-
Whyalla Fabrications Pty Ltd	Australia	100	-
Quarry & Mining Manufacture Pty Ltd	Australia	100	-
Quarry & Mining Manufacture (QLD) Pty Ltd	Australia	100	-
Blucher (Australia) Pty Ltd	Australia	100	-

Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

13. Acquisition of Businesses

<i>In thousands of SAUD</i> Name of Business Acquired	Date Controlled	Proportion of Shares controlled	Equity & Cash Consideration Paid / Payable	
			2008	2007
2008				
Quarry & Mining Manufacture Pty Ltd and Quarry & Mining Manufacture (QLD) Pty Ltd	1 January 2008	100%	5,003	-
Blucher (Australia) Pty Ltd	1 May 2008	100%	7,064	-
2007				
Equity & Advisory Ltd	1 July 2007	100%	647	-
Starboard Tack Pty Ltd	1 July 2007	100%	4,082	-
Ottoway Engineering Pty Ltd	1 July 2007	100%	10,727	-
Fabtech Holdings Pty Ltd	16 July 2007	100%	15,050	-
Panado Pty Ltd ⁽ⁱ⁾	30 November 2006	100%	2,064	1,471
Whyalla Fabrications Pty Ltd	2 October 2007	100%	6,447	-
Total consideration			51,084	1,471

⁽ⁱ⁾ Acquired remaining 25% on 1 July 2007

The acquisitions had the following effect on the Group's assets and liabilities:

<i>In thousands of SAUD</i>	Total Fair Value on Acquisition
Net Assets Acquired	
Cash and cash equivalents	2,016
Trade and other receivables	9,200
Inventories	8,164
Other current assets	23
Property, plant and equipment	9,043
Deferred tax assets	653
Intangibles	1,085
Trade and other payables	(12,039)
Interest bearing liabilities	(12,531)
Tax liabilities	(1,079)
Provisions	(2,997)
Other payables	(73)
Deferred tax liabilities	(684)
Outside equity interests	299
Net identifiable assets and liabilities	1,080
Goodwill on acquisition	50,004
	51,084

Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

13. Acquisition of Businesses (Continued)

<i>In thousands of \$AUD</i>	Total Fair Value on Acquisition
Cost of the Combinations	
Shares issued, at fair value	33,098
Cash paid	10,674
Equity consideration payable	713
Cash consideration payable (deferred consideration)	6,137
Directly attributable costs in relation to the acquisitions	462
Total Cost of the Combinations	51,084
The Cash Outflow on Acquisition is as Follows:	
Net cash acquired with the subsidiaries	2,016
Cash paid, including acquisition costs	(11,011)
Net Cash Outflow	(8,995)

Book value was the same as fair value for the acquisitions with the exception of an intangible of \$1,085,000 on the Blucher acquisition and the recognition of a provision of \$350,000 on the Fabtech acquisition.

If all acquisitions had occurred on 1 July 2007, management estimates that consolidated revenue would have been \$101,546,000 and consolidated profit for the period would have been \$5,387,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 July 2007.

As Blucher was acquired on 1 May 2008, we are still finalising the purchase price allocation.

14. Goodwill and Intangible Assets

<i>In thousands of \$AUD</i>	Goodwill		Intangibles		Total	
	2008	2007	2008	2007	2008	2007
Balance at beginning of year	242	-	-	-	242	-
Additional amounts recognised from business combinations occurring during the period	50,004	242	1,085	-	51,089	242
Adjustments during the period to amounts initially recognised from business combinations	-	-	-	-	-	-
Balance at end of year	50,246	242	1,085	-	51,331	242



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Financial Year Ended 30 June 2008

14. Goodwill (continued)

Goodwill and intangibles are allocated for impairment testing purposes to cash generating units as follows:

<i>In thousands of \$AUD</i>	Consolidated	
	2008	2007
Equity & Advisory	1,058	-
Heavymech	4,033	-
Fabtech	17,420	-
Ottoway	13,512	-
Panado	2,027	242
Whyalla Fabrications	4,057	-
QMM	3,944	-
Blucher	5,280	-
Total goodwill and intangibles	51,331	242

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 cash flow projections based on actual and forecast operating results, which were extrapolated using a growth rate consistent with the growth prospects of each cash generating unit.

A discount rate of between 12% and 14% has been applied to each cash generating unit in determining the value in use and is based on the gearing level of each cash generating unit.

15. 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 30 June 2008 the balance of unsecured loans outstanding to directors and key management personnel was \$nil. Net repayments made throughout the period were \$350,000.

Interest was payable on amounts owing on normal commercial terms and conditions and at market rates. The loans to Directors and key management personnel were interest bearing loans and were repaid in full prior to 30 June 2008.



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Financial Year Ended 30 June 2008

15. Related Parties (Continued)

Loans to Directors and Key Management Personnel (Continued)

<i>In thousands of \$AUD</i>	Balance at Beginning of Period 1 July 2007	Repayments	Balance Outstanding 30 June 2008
Stephen Young and controlled entities	216	(216)	-
Eduardo Donoso and controlled entities	134	(134)	-
Total	350	(350)	-

Other Related Party Transactions

Port Tack and Regent Street are entities controlled by Stephen Young, the Chairman of E&A Limited. The following related party transactions were entered into during the twelve months ended 30 June 2008.

(a) Regent Street acquisition of Heavymech premises

Regent Street entered into an agreement dated 2 November 2007 to acquire the Heavymech Premises for \$1,200,000 with settlement occurring on 15 February 2008. The sale of the Heavymech Premises was approved by the shareholders of E&A Limited on 5 November 2007 in accordance with section 208 of the Corporations Act. A gain of \$105,000 was recorded in the consolidated income statement on sale.

(b) Regent Street Lease of Heavymech premises

Regent Street entered into a lease agreement dated 2 November 2007 with Heavymech to lease the Heavymech Premises for \$100,000 per annum (exclusive of GST). The lease commenced on 31 January 2008 and will continue for a period of 2 years together with two rights of renewal for further periods of 5 years each. The related party benefits resulting from execution of the Heavymech Premises were approved by the shareholders of E&A Limited on 5 November 2007 in accordance with section 208 of the Corporations Act.

(c) Regent Street lease of Mt Isa premises

Regent Street has entered into a lease agreement in relation to the Louminco Mt Isa Premises for \$48,273 per annum (exclusive of GST). The lease was effective from 1 August 2007 and will expire 31 July 2012. There is an option to extend the lease for a further period of 5 years. The related party benefits resulting from the execution of the Mt Isa agreement to lease was approved by the shareholders of E&A Limited on 5 November 2007 in accordance with section 208 of the Corporations Act.

(d) Regent Street lease of Ottoway premises

Port Tack entered into a put & call option with the owners of the Ottoway Premises which was exercised on 5 December 2007 ("Ottoway Option"). Ottoway Engineering, a wholly owned subsidiary of E&A Limited has entered into a lease with the owners of the Ottoway Premises, the benefit of which has been assigned to Port Tack as a result of the exercise of the Ottoway Option. The rental for the Ottoway Premises is initially \$240,000 per annum. The Ottoway Lease commenced on 1 June 2007 and will continue for a period of 5 years and 6 months together with three rights of renewal for further periods of 5 years each. In contemplation of the exercise of the Ottoway Option, in accordance with section 208 of the Corporations Act, on 5 November 2007 the shareholders of E&A Limited approved any financial benefit which may flow from the exercise of the option.



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Financial Year Ended 30 June 2008

15. Related Parties (Continued)

Other Related Party Transactions

(e) Whyalla premises Call Option

Port Tack has entered into a call option with the owners of the Whyalla Premises which may be exercised in the three year period commencing between 2 October 2009 and 2 October 2012. (“Whyalla Option”). Whyalla Fabrications has obtained an assignment of the benefit of a lease with the owners of the Whyalla Premises. The benefit of the Whyalla Lease will be assigned to Port Tack as a result of the exercise of the Whyalla Option. The rental for the Whyalla Premises is initially \$150,000 per annum. The Whyalla Lease commenced on 1 September 2007 and will continue for a period of 5 years and 1 month together with three rights of renewal for further periods of 5 years each.

(f) Port Tack “Come & Go” Loan Facility

Port Tack has entered into a “Come & 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 agreement matures on 30 June 2010 and is for a limit of \$4,000,000. The facility is interest only until 31 December 2008 followed by facility limit reductions of \$1,000,000 six monthly until maturity. Interest is charged on normal commercial terms and conditions. The balance outstanding at 30 June 2008 was \$3,762,000.

(g) Related Party Put Option

Stephen Young and Mark Vartuli in their own individual capacity have entered into personal agreements with Mogens Jensen (“Jensen”) and I&K Johnson Plumbing Pty Ltd (“Johnson”), directors of Blucher (Australia) Pty Ltd, granting an off-market put option over 595,282 E&A limited shares each provided to Jensen and Johnson as part-consideration for the sale of Blucher (Australia) Pty Ltd. The exercise period for the shares is between 1 September 2010 and 15 September 2010 after which time the options will automatically lapse. The purchase price for the shares is \$1.20 per share.

Outstanding balances arising from sales / purchases of goods and services

The following transactions occurred with related parties:

<i>In thousands of \$AUD</i>	Consolidated	
	2008	2007
Rental paid to other related parties	218	21



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Financial Year Ended 30 June 2008

15. Related Parties (Continued)

Outstanding balances arising from sales / purchases of goods and services (Continued)

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

<i>In thousands of \$AUD</i>	Consolidated	
	2008	2007
Current receivables		
Other related parties	-	350
Current loans and borrowings		
Other related parties	2,015	-
Non Current loans and borrowings		
Other related parties	1,696	-

Loans to / from Related Parties

<i>In thousands of \$AUD</i>	Loans to other related parties		Loans from other related parties	
	2008	2007	2008	2007
Loans to /from other related parties				
Beginning of the year	350	150	-	-
Loans advanced	-	196	3,645	-
Loan repayments received	(346)	-	-	-
Interest charged	15	16	66	-
Interest received	(19)	(12)	-	-
End of year	-	350	3,711	-

16. Working Capital

The working capital deficiency has resulted from the recording of the acquisition of Blucher with a settlement liability of \$5,335,000 recorded within current trade and other payables. The working capital deficiency was rectified when settlement occurred on 27 August 2008 and this amount was settled via bank debt and the issue of share capital. The bank debt is long term in nature and subject to the normal covenants expected of borrowings of this nature.



Notes to the Preliminary Final Report

Financial Year Ended 30 June 2008

17. Subsequent events

- (a) In accordance with a resolution of the Board of Directors, the Directors declared a final dividend of 4.5 cents per share on ordinary shares on 26 August 2008. The total amount of the dividend will be \$2,549,601 and is payable on 30 October 2008.
- (b) Further to the announcement to the market on 16 June 2008, during August 2008, E&A Limited entered into a 5 plus 5 year lease to occupy the Onesteel “MKA” Building, a 6,800 square metre heavy engineering facility on Port Augusta Road, Whyalla. The facility is the largest heavy engineering facility in the Iron Triangle region of Northern South Australia. This facility has already positioned Whyalla Fabrication for defence and dump truck tray construction opportunities.

18. 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 30 June 2008.