



E&A Limited

ABN 22 088 588 425

**Interim Financial Report
as at 31 December 2021**

Current Reporting Period:

Half year ended 31 December 2021

Previous Corresponding Period:

Half year ended 31 December 2020

Contents

- 1. Review of operations**
- 2. Directors' report**
- 3. Consolidated interim financial statements**

Review of Operations

For the Half Year Ended 31 December 2021

Overview

E&A Limited, an investment company (**the ‘Company’ or ‘Group’ or ‘EAL’**), reports a statutory net profit after tax of \$7.24 million for the half year ended 31 December 2021. The result is 11.2% higher than the prior corresponding period.

EAL reports consolidated interim financial performance as follows:

- Revenue of \$116.45 million, up 31.4% on the prior corresponding period, primarily due to increased activity from mining and industrial customers;
- Statutory net profit after tax of \$7.24 million;
- EBITDA of \$15.08 million, up 9.1% from \$13.82 million in 2020;
- Received positive cash flow from operations of \$18.8 million;
- Interim Dividend of 1.20 cents fully franked declared;
- The Group’s improved trading results reflect the ongoing strategic focus on recurring revenue generated from providing maintenance, shutdown and skilled labour services to “Essential Industry” asset owners;
- All of EAL’s subsidiaries maintained their safety cultures and exceptional safe work record through safety leadership, training and communication. The Group proactively and successfully managed employees and suppliers exposure to COVID-19 by working closely with their customers to mitigate risk whilst continuing to provide “Essential Industry” maintenance and shutdown services across Australia.
- As a consequence of the debt repayments and improved earnings, the net debt divided by the trailing 12 months underlying EBITDA is 0.71x and the lowest in EAL’s history.
- EAL acquired Laptek Systems Pty Ltd and Technical Lubrication Services (Australasia) Pty Ltd effective 1 January 2022 for a Purchase Consideration of \$3.5 million. Laptek business activities include the scoping, installing and maintaining of high performing mining lubrication systems.
- The Group continues to provide maintenance and shutdown services across Australia to “Essential Industry” asset owners for which demand remains strong. The Australian Iron Ore Industry remains buoyant, whilst skilled labour supply shortages in particular in WA proved challenging during the first half. Further challenges are expected with the escalation of COVID-19 in WA as a consequence of the opening up of borders in the second half. Subject to being able to navigate through these expected challenges, management expects to deliver a second half result consistent with the first half resulting in a forecast record profit for FY22.

FINANCIAL OVERVIEW

Income Statement

Consolidated Interim Financial Results	H1 FY22 \$'000	H1 FY21 \$'000	Percentage change (%)
Revenue	116,450	88,642	31.4
Earnings before interest, tax and depreciation (EBITDA)*	15,078	13,822	9.1
Earnings before interest and tax (EBIT)	11,950	11,390	4.9
Statutory profit before tax	10,114	9,132	10.7
Statutory net profit after tax	7,238	6,510	11.2
Cash generated from operations	18,830	12,244	53.8

The underlying profit / (losses) and EBITDA are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011. Underlying adjustments have been considered in relation to their size and nature and have been adjusted from the Statutory information for disclosure purposes to assist readers to better understand the financial performance of the underlying business in each reporting period. The exclusion of these items provides a result, which, in the Directors' view, is more closely aligned with the ongoing operations of the Consolidated Group. The non-IFRS information has not been subject to review by the auditor.

Cash flow

EAL generated a net cash inflow from operations, before interest, borrowings costs and tax of \$18.8 million and, after payment of interest and tax, a net inflow of \$18.6 million for the half year ended 31 December 2021.

Net Debt & Gearing

At 31 December 2021, net debt excluding leases previously referred to as operating leases was \$17.6 million and gearing was 32.1% (as measured by the ratio of net debt to net debt plus shareholder equity).

At 31 December 2021, EAL's last twelve month rolling net debt to EBITDA ratio is 0.72x. This is expected to reduce further in FY22 and beyond as EAL is forecasting strong operating cash flows, combined with the benefit of a deferred tax asset to offset income tax payable.

Safety

EAL's management and employees share a mutual responsibility to deliver work in a manner which does not harm either the employee or those who work alongside them. EAL's group subsidiary employees maintained their attention to this essential obligation last financial year and once again we are proud to announce another year's lost time injury free performance with the EAL group extending its overall LTI free record to now more than eight years.

EAL subsidiaries maintain workers' compensation self-insurance status for its South Australian operations. The South Australian self-insured license has been extended to 2023.

FINANCIAL OVERVIEW (continued)

People

EAL's subsidiaries have managed their direct and indirect employment levels in line with project demands often requiring expedited recruitment efforts to match customer requirements. EAL subsidiaries continue to foster essential skills and maintain skilled employment within their respective areas of expertise.

Proactive response to COVID-19

EAL has taken, and continues to take, proactive measures to ensure the long-term sustainability of the business amongst the volatility and disruptions, by focussing on three priorities: looking after our people; continuing to deliver products and services to our customers; and managing the economic and social impacts caused by the COVID-19 pandemic.

Proactive measures undertaken included:

- Maintaining a strong focus on revenue, expenses and cashflow, across all subsidiaries.
- Implementing safeguards to ensure all our employees have been able to operate in safe working environments without affecting productivity or work ethic; and
- Focussing on business development and execution of work, to ensure our services and products continue to be available to all our customers, while also protecting the safety of customers, suppliers and our employees.

The Group's prudent financial management practices resulted in a strong cash flow from operations for the half year and a strengthening of the balance sheet.

Whilst the general economic outlook remains uncertain, the markets in which the Group operates, continue to experience demand for products and services. With precautionary measures gradually being lifted in some Australian States, we remain confident of the Group's ability to emerge from this period of unprecedented disruption in a strong competitive position.

Interim dividend

The EAL Board has declared a fully franked interim dividend of 1.20 cents per share. The interim dividend will be paid on 14 June 2022, with the date for determining entitlements being 30 April 2022.

Outlook for FY22

Demand remains strong for maintenance and shutdown services across Australia. The Australian Iron Ore Industry remains buoyant, whilst skilled labour supply shortages in particular in WA proved challenging during the first half. Further challenges are expected with the escalation of COVID-19 in WA as a consequence of the opening up of borders in the second half. Subject to the Company and its customers being able to navigate through these expected challenges, management expects to deliver a second half result consistent with the first half resulting in a forecast record profit for FY22.

OPERATING SEGMENTS ACTIVITY

Engineering services

	H1 FY22 \$'000	H1 FY21 \$'000	Percentage change (%)
Segment Revenue	112,102	84,876	32.08%
Earnings before interest and tax	10,401	10,459	(0.01%)

Engineering Services comprises the services provided by AusPress Systems Pty Ltd, Fabtech Australia Pty Ltd, Heavymech Pty Ltd, ICE Engineering & Construction Pty Ltd, ICE USG Mining & Civil Pty Ltd, M&B Civil Pty Ltd, North West Mining & Civil Pty Ltd, Quarry & Mining Manufacture Pty Ltd, Tasman Power WA Pty Ltd and Tasman Rope Access Pty Ltd.

The Engineering Services segment revenue increased by 32.08% and contributed \$10.40 million EBIT compared to \$10.46 million in the prior corresponding period.

All operating entities generated a positive EBIT result with ICE Engineering & Construction, Tasman Power, North West Mining & Civil, and Fabtech being the highest contributors to profitability for the six months period ended 31 December 2021. These entities continue to have positive outlooks for the current financial year.

Demand remains strong for maintenance and shutdown services across Australia, and in particular the Australian Iron Ore Industry remains buoyant.

Investment and corporate advisory services

	H1 FY22 \$'000	H1 FY21 \$'000	Percentage change (%)
Segment Revenue	4,348	3,766	15.45%
Earnings before interest and tax	1,549	931	66.38%

The Investment and Corporate Advisory segment comprise the services provided by Equity & Advisory Pty Ltd (Equity & Advisory), E&A Limited (EAL) and E&A Corporate Services Limited.

This segment's revenue has increased by 15.45% compared to the prior corresponding period and generated an underlying EBIT of \$1.55 million compared to an underlying EBIT of \$0.93 million in the prior corresponding period.

The external advisory business has delivered strong first half performance and continues to secure a strong pipeline of mandates.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2021

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DIRECTORS' REPORT

For the half year ended 31 December 2021

The Directors of E&A Limited present their report together with the consolidated interim financial report for the half year ended 31 December 2021 for E&A Limited (referred to hereafter as the Group or E&A Limited) and the independent auditor's review report thereon.

Directors

The names of the Company Directors in office during the half year and up until the date of this report are.

Name	Particulars	Appointed
Stephen Young	Managing Director	Appointed 12 July 1999
Mark Vartuli	Executive Director	Appointed 26 July 2007
Michael Terlet	Non-executive Director & Chairman	Appointed 16 October 2007
Jason Pryde	Executive Director	Appointed 1 September 2021

Company Secretary

Name	Particulars	Appointed
Mark Vartuli	M. Comm, B.Com, FCA	Appointed 18 January 2016

Review of Operations and Financial Results

The Group has recorded a profit after tax for the half year of \$7.24 million (H1 FY21: \$6.51 million). The review of operations is outlined in the front section of the interim financial report.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the consolidated entity during the half year under review.

Dividends

The EAL Board has declared a fully franked interim dividend of 1.20 cents per share. The interim dividend will be paid on 14 June 2022, with the date for determining entitlements being 30 April 2022.

Subsequent Events After the Balance Date

Business Acquisition

On 1 January 2022, E&A limited acquired Perth based businesses Laptek Systems Pty Ltd and Technical Lubrication Services (Australasia) Pty Ltd ("**Laptek**") for \$3.5 million. Laptek business activities include the scoping, installing and maintaining of high performing mining lubrication systems.

Laptek Systems installs automated lubrication systems in iron ore, coal, alumina, gold and other various processing mine sites across Australia, enhancing the performance of equipment. Such as process plants, screen houses and crusher buildings, conveyer transfer areas, stackers, loaders.

Technical Lubrication Services provides skilled technicians to service, inspect, monitor and repair fixed plan lubrication systems. This specialised servicing extends hydraulic equipment life and reduces downtime. EAL considers Laptek is an exciting growth opportunity for the Group with significant strategic benefits due to complimentary operations with our other businesses.

DIRECTORS' REPORT (continued)

For the half year ended 31 December 2021

Subsequent Events After the Balance Date (continued)

Loans and Borrowings

The Group has established a new term loan facility with Bank SA, a division of Westpac Banking Corporation, for \$37.5 million repayable within 5 years. The Group drewdown on this facility on 28 March 2022, with proceeds applied towards the refinance and discharge in full of all amounts owing under the Longreach Credit Investors Pty Ltd facility (\$30.5 million), the establishment of a Bank Guarantee Facility and acquisition facility. The interest cost associated with the Bank SA facility is materially lower than the Longreach facility.

Other than the above, there has not arisen in the interval between the end of the financial period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Rounding of amounts

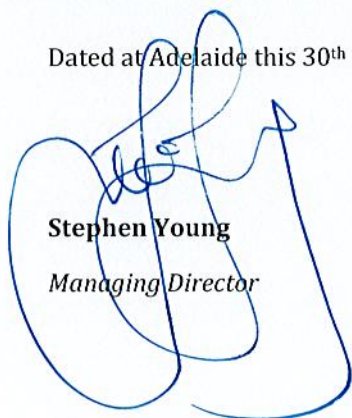
The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Auditor's Independence Declaration

The auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the half year ended 31 December 2021.

This report is made in accordance with a resolution of the directors:

Dated at Adelaide this 30th day of March 2022



Stephen Young
Managing Director

Auditor's Independence Declaration

To the Directors of E&A Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of E&A Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J. L. Humphrey
Partner – Audit & Assurance

Adelaide, 30 March 2022



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Half Year Ended 31 December 2021

In thousands of \$AUD

	Note	31 December 2021	31 December 2020
Revenue from contracts with customers	4	116,450	88,642
Cost of sales		(91,182)	(67,396)
Gross profit		25,268	21,246
Other income	5	2,087	1,373
Administrative expenses		(11,956)	(8,798)
Other operating expenses		(3,449)	(2,431)
Operating profit		11,950	11,390
Finance expenses		(1,836)	(2,258)
Profit before tax		10,114	9,132
Income tax expense	6	(2,876)	(2,622)
Profit after tax		7,238	6,510
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		7,238	6,510

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

In thousands of \$AUD

	Note	31 December 2021	30 June 2021
Current assets			
Cash and cash equivalents	7	23,900	11,400
Trade and other receivables	8	41,739	25,215
Contract assets	4	6,065	10,958
Inventories		6,236	5,662
Prepayments		1,176	1,563
Other current assets		1,385	3,064
Total current assets		80,501	57,862
Non-current assets			
Property, plant and equipment		22,709	20,480
Intangible assets	9	53,271	53,271
Deferred tax assets		11,475	14,029
Investments accounted for using the equity method		968	-
Other non-current assets		305	406
Total non-current assets		88,728	88,186
Total assets		169,229	146,048
Current liabilities			
Trade and other payables	10	44,053	29,554
Contract liabilities	4	10,837	7,018
Current tax liability		463	1,305
Provisions		6,001	5,068
Loans and borrowings	11	9,390	7,532
Other current liabilities		-	2,050
Total current liabilities		70,744	52,527
Non-current liabilities			
Trade and other payables	10	2,151	1,951
Provisions		1,084	1,054
Loans and borrowings	11	38,005	39,194
Deferred tax liability		2,461	1,837
Total non-current liabilities		43,701	44,036
Total liabilities		114,445	96,563
Net assets		54,784	49,485
Equity			
Issued share capital	12	83,446	83,446
Accumulated losses		(28,662)	(33,961)
Total equity attributable to equity holders of the Company		54,784	49,485

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 31 December 2021

In thousands of \$AUD

	Share Capital	Accumulated Losses	Total Equity
Balance at 1 July 2021	83,446	(33,961)	49,485
Profit for the half year	-	7,238	7,238
Other comprehensive income	-	-	-
Total comprehensive income	-	7,238	7,238
Dividends paid	-	(1,939)	(1,939)
Balance at 31 December 2021	83,446	(28,662)	54,784
 Balance at 1 July 2020	 83,446	 (41,800)	 41,646
Loss for the half year	-	6,510	6,510
Other comprehensive income	-	-	-
Total comprehensive income	-	6,510	6,510
Dividends paid	-	-	-
Balance at 31 December 2020	83,446	(35,290)	48,156

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2021

In thousands of \$AUD

	Note	31 December 2021	31 December 2020
Cash flows from operating activities			
Cash receipts from customers		122,014	94,450
Cash paid to suppliers and employees		(103,184)	(82,206)
Cash generated from operations		18,830	12,244
Other income		2,012	-
Net interest paid		(1,837)	(2,258)
Income tax paid		(412)	(90)
Net cash from operating activities		18,593	9,986
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		(1,193)	(1,581)
Acquisition of controlled entity, net of cash received	13	-	(580)
Payment of deferred acquisition consideration		-	(500)
Net cash used in investing activities		(1,193)	(2,661)
Cash flows from financing activities			
Repayment of borrowings		(3,538)	(3,377)
Proceeds from borrowings		2,500	-
Repayment of lease liabilities		(1,923)	(1,307)
Dividends paid		(1,939)	-
Loans to / Repayments from related parties		-	(1,000)
Net cash used in financing activities		(4,900)	(5,684)
Net increase in cash and cash equivalents		12,500	1,551
Cash and cash equivalents at 1 July		11,400	5,766
Cash and cash equivalents at 31 December	7	23,900	7,317

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Half Year Ended 31 December 2021

1. Reporting entity

E&A Limited (the “Company”) is a company domiciled in Australia. The address of the Company’s registered office is Level 1, 33 Richmond Road, Adelaide SA 5035.

The consolidated interim financial statements of the Company as at and for the half year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group is a for-profit consolidated entity and is primarily involved in providing engineering and maintenance services to the mining and resources, water and defence industries and financial advisory services to the corporate sector.

These interim financial statements were authorised for issue by the Company’s board of directors on 30 March 2022.

2. Basis of accounting

These interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting*, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 30 June 2021 (“last annual financial statements”). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements. The policies have been consistently applied to all the years presented unless otherwise stated.

The AASB has issued new accounting standards, amendments to standards and interpretations which may impact the entity in the period of initial application. Early adoption at 1 July 2021 has not been applied in preparing this financial report. The company is in the process of assessing the impact of any new standards.

These interim financial statements are presented in Australian dollars, which is the Company’s functional currency.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/19 and in accordance with that legislative instrument, amounts in the interim financial statements and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates 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.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Half Year Ended 31 December 2021

4. Revenue from contracts with customers

In thousands of \$AUD

	31 Dec 2021	31 Dec 2020
Sales revenue	116,450	88,642

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

Disaggregation of revenue

Key information relating to the Group's interim financial performance, and revenue disaggregated by major service lines and timing of revenue recognition, is detailed below.

For the half year ended 31 December 2021

In thousands of \$AUD

Type of service	Maintenance and Sustainability	Contracts / Projects	Professional services	Total
Timing of Revenue Recognition				
Revenue recognised at a point of time	11,756	-	-	11,756
Revenue recognised over time	78,971	25,222	501	104,694
Total revenue from contracts with customers	90,727	25,222	501	116,450

For the half year ended 31 December 2020

In thousands of \$AUD

Type of service	Maintenance and Sustainability	Contracts / Projects	Professional services	Total
Timing of Revenue Recognition				
Revenue recognised at a point of time	9,019	8,907	-	17,926
Revenue recognised over time	55,425	14,910	381	70,716
Total revenue from contracts with customers	64,444	23,817	381	88,642

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

In thousands of \$AUD

	31 Dec 2021	30 June 2021
Trade Receivables	34,498	24,425
Contract Assets	6,065	10,958
Contract Liabilities	(10,837)	(7,018)
	29,726	28,365



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Half Year Ended 31 December 2021

5. Other Income

In thousands of \$AUD

	31 Dec 2021	31 Dec 2020
Share of profit from equity accounted investments	1,275	-
Government grant income	354	435
Net gain on sale of PP&E	11	48
Other income	447	890
Total other income	2,087	1,373

6. Tax

Income Tax Expense

In thousands of \$AUD

Current Tax Expense

	31 Dec 2021	31 Dec 2020
Current period	-	(55)
	-	(55)

Deferred Tax Expense

Origination and Reversal of Temporary Differences	235	648
Utilisation of Deferred Tax Asset on tax losses	(3,323)	(3,201)
Adjustment for prior periods	81	127
Other	(131)	(141)
	(2,876)	(2,567)
Total income tax (expense) / benefit	(2,876)	(2,622)

7. Cash and Cash Equivalents

In thousands of \$AUD

	31 Dec 2021	30 June 2021
Cash at bank and in hand	23,900	11,400
Balance per Statement of Cash flows	23,900	11,400



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Half Year Ended 31 December 2021

8. Trade and Other Receivables

In thousands of \$AUD

Current

	31 Dec 2021	30 June 2021
Trade receivables	34,498	23,031
Provision for impairment of receivables (Note 30)	(371)	(371)
Other receivables	7,612	2,555
Total Current Trade and Other Receivables	41,739	25,215

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. Other receivables includes accrued income and other short term receivables.

9. Intangible Assets

At 31 December 2021, goodwill and other indefinite life intangibles are allocated to cash generating units ('CGUs') as follows:

In thousands of \$AUD

	31 Dec 2021	30 June 2021
Investment & Corporate Advisory	1,062	1,062
Engineering Services	40,446	40,446
Water and Fluid	11,763	11,763
Total Goodwill and other Intangibles	53,271	53,271

The Group is required to consider whether there are any impairment indicators at each reporting date. Accordingly, Management has analysed EBITDA actual results to budget for each CGU for the six months ended 31 December 2021 and has concluded that there are no impairment indicators. The Group will undertake a full impairment analysis at 30 June 2022.

10. Trade and Other Payables

In thousands of \$AUD

Current

	31 Dec 2021	30 June 2021
Trade payables	14,184	10,462
Related parties	1,722	1,792
Other payables and accrued expenses	28,147	17,300
Total current trade and other payables	44,053	29,554

Non-Current

Other payables and accrued expenses	2,151	1,951
Total non-current trade and other payables	2,151	1,951



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Half Year Ended 31 December 2021

11. Loans and Borrowings

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

<i>In thousands of \$AUD</i>	AS AT 31 DECEMBER 2021			AS AT 30 JUNE 2021		
	Total facility	Drawn facilities	Undrawn amount	Total facility	Drawn facilities	Undrawn amount
Current						
Term loan	4,000	4,000	-	3,000	3,000	-
Lease liabilities – Bank	3,807	3,807	-	3,311	3,311	-
Lease liabilities - Other	1,468	1,468	-	1,087	1,087	-
Credit cards / other finances	375	-	375	375	-	375
Government loan	115	115	-	134	134	-
Other loans	29	-	-	-	-	-
Total current borrowings	9,774	9,390	-	7,907	7,532	375
Non-current						
Term loan	27,500	27,500	-	29,500	29,500	-
Lease liabilities – Bank	6,339	6,339	-	5,957	5,957	-
Lease liabilities - Other	4,166	4,166	-	3,691	3,691	-
Government loan	-	-	-	46	46	-
Total non-current borrowings	38,005	38,005	-	39,194	39,194	-
Total borrowings	47,749	47,395	-	47,101	46,726	375

Lease liabilities – Bank represents leases where title transfers to the Group on expiry of the lease, formerly Finance Leases. Lease liabilities – Other represents amounts recognised in respect of property leases and equipment leases for which title does not transfer, formerly Operating Leases.

E&A Limited's various finance facilities include both fixed and floating interest rates depending on the nature of the facility. The maturity terms of the various finance facilities are reflected in the Current / Non-current split shown above.

E&A Limited's banking facilities require 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 the majority of 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

Half Year Ended 31 December 2021

12. Share Capital

	31 Dec 2021	30 June 2021
	\$'000	\$'000
Ordinary shares on issue	83,446	83,446

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

Movements in ordinary shares on issue	Shares	\$'000
At 1 July 2021	193,884,638	83,446
At 31 December 2021	193,884,638	83,446

13. Financial Instruments

Borrowings and repayment of debt

Refer to Note 11 for advancements and repayments.

Fair values versus carrying amounts

The fair values of all financial assets and liabilities are equivalent to their carrying amount as at balance sheet date.

14. Contingencies

The Group had contingent liabilities in respect of:

In thousands of \$AUD

Guarantee Facilities

	31 Dec 2021	30 June 2021
Amount used	1,587	315
Amount available	1,628	626

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 are considered probable, which have not been appropriately provided for in the financial statements at 31 December 2021.



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Half Year Ended 31 December 2021

15. Related Parties

(a) Parent and Ultimate Controlling Party

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

(b) Subsidiaries

Interests in subsidiaries are the same as those disclosed in the Group's last annual financial statements.

(c) Key Management Personnel

Key management of the Group include the Executive Directors and Non-Executive Directors

Loans to Directors and Key Management Personnel

As at 31 December 2021, the balance of unsecured loans receivable from directors and key management personnel was NIL.

	Balance at Beginning of Period	Advancement/ (Repayment) of Loans	Balance Outstanding 31 Dec 2021
	1 July 2021		
S Young	-	-	-
M Vartuli	112,000	(112,000)	-
Total	112,000	(112,000)	-

(d) Other Related Party Transactions

Port Tack is an entity controlled by Stephen Young, the Managing Director of E&A Limited. In addition, Regent Street Pty Ltd (Regent Street) is an associated entity of Stephen Young. There have been no new related party transactions entered into other than those disclosed in the Group's last annual financial statements.



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Half Year Ended 31 December 2021

16. Subsequent Events

Dividends

The EAL Board has declared a fully franked interim dividend of 1.20 cents per share. The interim dividend will be paid on 14 June 2022, with the date for determining entitlements being 30 April 2022.

Subsequent Events After the Balance Date

Business Acquisition

On 1 January 2022, E&A limited acquired Perth based businesses Laptek Systems Pty Ltd and Technical Lubrication Services (Australasia) Pty Ltd ("**Laptek**") for \$3.5 million. Laptek business activities include the scoping, installing and maintaining of high performing mining lubrication systems.

Laptek Systems installs automated lubrication systems in iron ore, coal, alumina, gold and other various processing mine sites across Australia, enhancing the performance of equipment. Such as process plants, screen houses and crusher buildings, conveyer transfer areas, stackers, loaders.

Technical Lubrication Services provides skilled technicians to service, inspect, monitor and repair fixed plan lubrication systems. This specialized servicing extends hydraulic equipment life and reduces downtime.

EAL considers Laptek is an exciting growth opportunity for the Group with significant strategic benefits due to complimentary operations with our other businesses.

Loans and Borrowings

The Group has established a new term loan facility with Bank SA, a division of Westpac Banking Corporation, for \$37.5 million repayable within 5 years. The Group drewdown on this facility on 28 March 2022, with proceeds applied towards the refinance and discharge in full of all amounts owing under the Longreach Credit Investors Pty Ltd facility (\$30.5 million), the establishment of a Bank Guarantee Facility and acquisition facility. The interest cost associated with the Bank SA facility is materially lower than the Longreach facility.

Other than the above, there has not arisen in the interval between the end of the financial period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.



E&A LIMITED

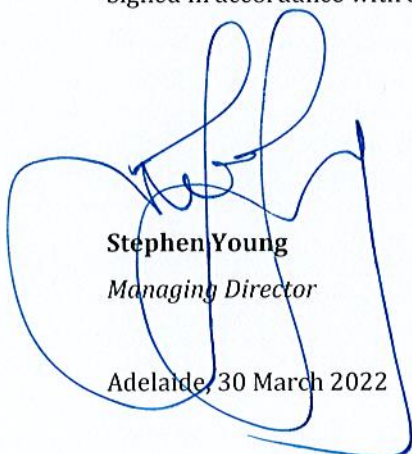
Directors' Declaration

For the half year ended 31 December 2021

In the opinion of the Directors of E&A Limited:

- (a) The consolidated interim financial statements and notes for the half year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
 - (ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Stephen Young
Managing Director
Adelaide, 30 March 2022

Independent Auditor's Review Report

To the Members of E&A Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of E&A Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a giving a true and fair view of the E&A Limited Group financial position as at 31 December 2021 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 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*.

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*.


GRANT THORNTON AUDIT PTY LTD
Chartered Accountants
J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 March 2022

