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Appendix 4E

Results for Announcement to the Market and Annual Report

BSA Limited
50 088 412 748

FOR THE YEAR ENDED 30 JUNE 2017

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- APPENDIX 4E
- ANNUAL REPORT

RESULTS FOR **ANNOUNCEMENT TO THE MARKET**

FOR THE PERIOD ENDED **30 JUNE 2017**

PREVIOUS CORRESPONDING PERIOD 30 JUNE 2016

APPENDIX 4E

				$'000
Revenue from ordinary activities	Down	**(3.8%)**	to	**492,317**
Profit from ordinary activities after income tax attributable to members	Up	**278.6%**	to	**3,963**
Net profit for the period attributable to members	Up	**278.6%**	to	**3,963**

	2017 cents	**2016 cents**
Basic earnings per share	0.94	(0.52)
Diluted earnings per share	0.93	(0.52)
Net tangible asset backing per ordinary share	5.14	3.63

DIVIDENDS

	Amount per security (cents)	**Franked amount per security at 30% tax (cents)**
Interim dividend (fully franked)	Nil	Nil
Final dividend (fully franked)	0.50	0.50

Record date for determining entitlement to dividends	12 October 2017
Payment date of dividend	2 November 2017
Total dividend payable	$2,115,000

The company's Dividend Reinvestment Plan is not in operation for this dividend.

None of this dividend is foreign sourced.

This report is based on the consolidated financial statements which have been audited by Deloitte Touche Tohmatsu, with the Independent Auditor's Report included in the financial statements.

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2017 BSA LIMITED ANNUAL REPORT

BSA | Build is providing a full Mechanical Services Package for Monash Clayton in VIC including Laboratory Gases, Gas Detection Systems and Fume Cupboards

The image above shows 2 plant decks of 5 for the fume cupboard exhaust stacks. As part of the contract works 150 fume cupboards in total were installed.

CONTENTS

CHAIRMAN'S REPORT

Michael Givoni
Chairman

For BSA, 2017 has been a successful year in that we have resolved key legacy issues, bolstered the executive team, and significantly enhanced our business development focus. These achievements, in addition to our strong balance sheet ensure that BSA is well placed for the year ahead and to take advantage of strategic growth opportunities in the future.

BSA | Build provides Mechanical and Fire services to the International Convention Centre Hotel, Sydney

Coming into 2017 the two major legacy issues requiring resolution were the NSW Office of State Revenue (OSR) matter and the new Royal Adelaide Hospital (nRAH) project. As previously announced to the market, BSA signed a settlement deed with the project's Head Contractor (a joint venture between Hansen Yuncken and CPB (formerly Leighton Contractors)). The deed resulted in a cash receipt of $5.3 million but negative impact on EBITDA of $2.6 million. There are a number of commercial issues which require resolution including more recent variations which BSA consider clear scope changes.

Whilst outside the reporting period, we have also made progress on the NSW OSR matter. BSA reached an in principle commercial settlement with the OSR in August 2017, which signals an end to this long running and complex tax issue. An additional provision for the impact of this settlement has been recognised in the FY2017 financial statements.

The BSA Management Team was bolstered during the year by the appointment of our Chief Operating Officer, Tim Harris. This critical move has enabled our Chief Executive Officer (Nicholas Yates) and Chief Financial Officer (Nick Benson) to return to more traditional roles. Since commencing in September 2016, Tim has made a positive impact in terms of restructuring and refining our operational processes and strengthening the commercial practices within our business unit teams.

A detailed review of our results is provided within the Managing Director's report; however the key highlights are as follows:

Revenue $492.3 million (2016: $511.9 million)

EBITDA $11.1 million (2016: $4.1 million)

EBITDA excluding significant items $17.8 million (2016: $18.6 million)

NPAT $4.0 million (2016: loss $2.2 million)

NPAT excluding significant items $8.7 million (2016: $8.0 million)

Operating cash outflow $0.8 million (2016 inflow $2.0 million)

Basic earnings per share of 0.94 cents (2016: basic loss per share of 0.52 cents)

Final dividend declared 0.5 cents per share (2016: Nil)

BSA | Build continued its strong business development focus and after securing a number of major contract wins throughout the year enters 2018 with a record order book of $251 million. The Fire business has continued its expansion focus and the Queensland Fire business is now well established and contributing to the Group result.

Whilst the **BSA | Connect** result was impacted by the NSW OSR settlement and lower than anticipated revenues across some clients, the team has had a successful year in terms of mobilisation of key contracts awarded in the previous year (including nbn works) and the successful launch into the electrical metering space.

BSA | Maintain has delivered a significant margin improvement in FY2017. Business development has also been a key priority for this Business Unit, resulting in the growth of annuity revenue by $10 million compared with the previous year.

2017 has also been a successful year in relation to workplace health and safety, with BSA exceeding targets across all key metrics in this arena.

We are pleased to announce the return to dividend payments in 2017. A dividend of ½ cent per share will be paid on 2 November 2017 for all shares on the register as at 12 October 2017.

The market outlook remains positive for the sectors in which we operate and the Group has also identified a number of opportunities for expansion into new markets. As mentioned, the Group is confidently entering 2018 with a solid forward order book and contracted recurring revenue streams. These factors, combined with the resolution of key legacy issues and strengthened management team, should signal the emergence of a sustainable growth period for BSA.

BSA has again enjoyed a robust and supportive relationship with its financiers throughout FY2017 and we look forward to their continued support in FY2018.

On behalf of the Board I would like to thank our CEO, Nicholas Yates, the executive team and their staff for their continued efforts and ongoing commitment to our customers and shareholders.

I would like to acknowledge my fellow Directors for their contribution to BSA and for their support during FY2017.

Michael Givoni
Chairman

28 August 2017

KEY HIGHLIGHTS

$492.3 million

Revenue

$11.1 million *

EBITDA

$4.0 million

NPAT

* Reconciliation on page 13

Nicholas Yates
Managing Director and
Chief Executive Officer

OPERATIONAL AND FINANCIAL HIGHLIGHTS AND OUTLOOK

FY2017 has seen BSA undertake a series of essential programs. Necessary work was undertaken on a number of outstanding legacy issues, with headway made on all fronts. As announced at the 2016 AGM, the Group appointed Tim Harris as Chief Operating Officer during the year. The key focus for this role has been margin improvement and further development of project controls; even at this early stage we are seeing tangible results.

I have personally led a renewed focus on Business Development continued throughout the year, with this investment yielding results both in the areas of expansion into new contracts with existing clients and also diversification into new markets such as metering and energy. We are pleased that for the second reporting period in a row we can report a group record order book.

GROWTH

The Group launched into FY2018 with a construction forward order book increased to $251 million and annualised recurring revenues of $309 million.

Along with steady growth in our existing markets, we are well on the way to expansion of our services and diversification into new markets. BSA has invested in a CEO Incubator program, designed to analyse new markets and service offerings whilst not detracting from our core focus on margin improvement. This program was the launchpad for our ventures into both the smart metering and solar markets where we anticipate further expansion within FY2018 and beyond.

HEALTH SAFETY, ENVIRONMENT & QUALITY (HSEQ)

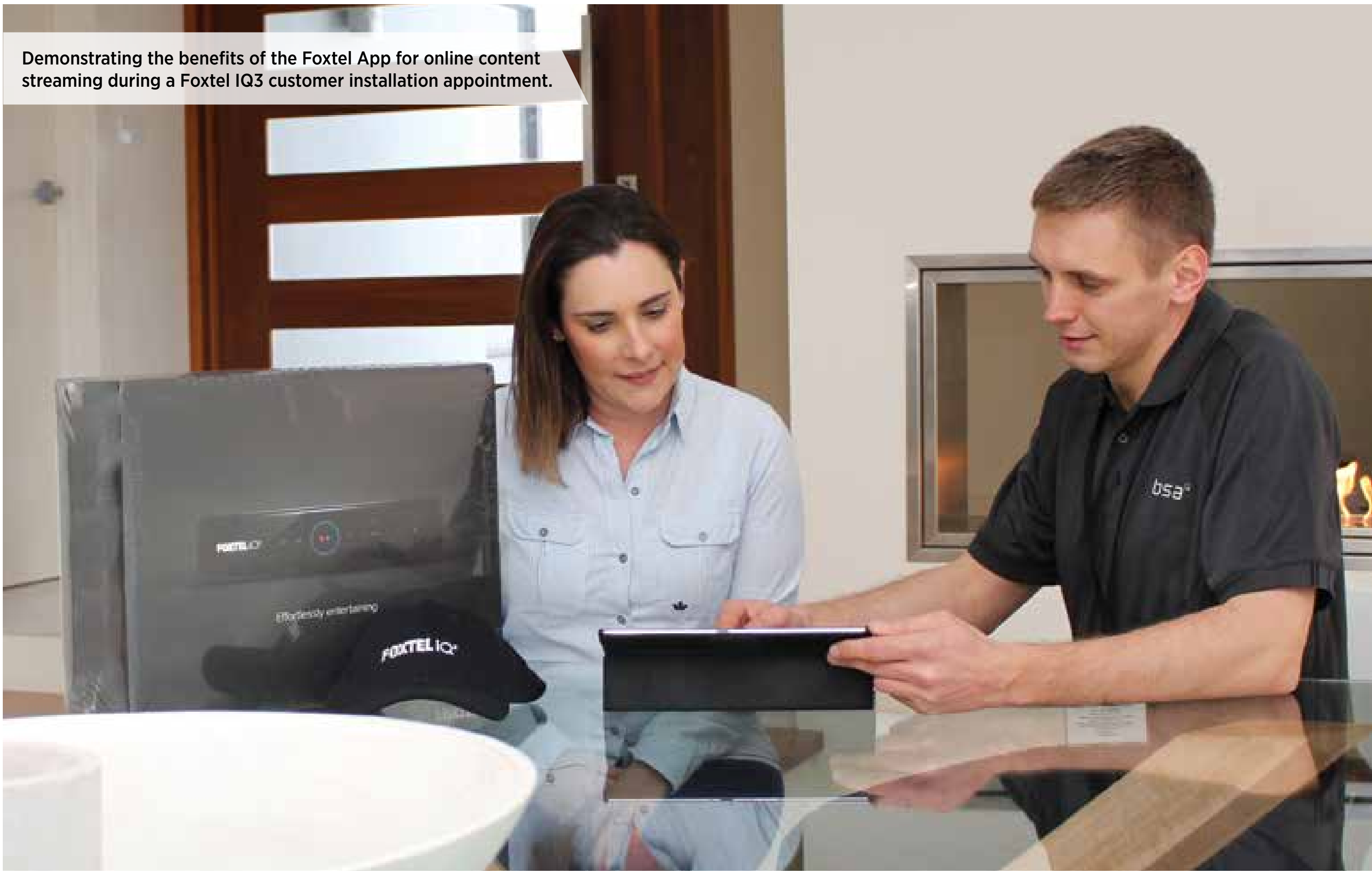
FY2017 has seen excellent outcomes in Health and Safety. Once again BSA has well and truly exceeded the targeted 20% reduction in Total Recordable Injury Frequency Rate (TRIFR), with a reduction of 49%. This trend is indicative of a maturing approach to Health and Safety and a higher priority on medical treatment injuries.

The coming year will see the formal roll-out of the enhanced BSA Group Induction. This will continue to embed the concepts intrinsic to the BSA Business Process Framework which are:

- The recognition of BSA's Basic Safety Attitudes;
- To have workers who are capable, competent, aware, engaged & resourced whilst being personally accountable for their actions;
- To enhance BSA's ways of operating through the embedding of processes & systems that provide a standard and value adding way of working that applies the recognition of change;
- To focus upon hazard identification and risk management in all areas of the business through the identification and management of Significant Risk Activities; and
- To proactively strengthen the HSEQ culture through the focus on present and felt leadership.

COMMUNITY SUPPORT

During the year BSA, its subsidiaries and its employees, contributed to a number of charity fundraisers including Property Industry Foundation, Everyday Hero, Love Mercy Foundation, Oxfam Australia Trailwalker, Redkite, the SNRLFC "Sleepy's Cancer Day" and Toy's for Kids Christmas Appeal. We also continued our longstanding support of Youngcare through the provision of services in-kind.



Demonstrating the benefits of the Foxtel App for online content streaming during a Foxtel IQ3 customer installation appointment.

BSA | CONNECT

BSA | Connect has continued to consolidate its market position as a leading national provider of telecommunications operations & maintenance services and large scale workforce management solutions. Our focus on operational excellence, service diversification, margin improvement and growth has continued throughout FY2017, with the business unit delivering an EBITDA result of $9.5 million. This result represents a $1.8 million or 23% increase from the prior year and was also after a $2.5 million additional provision taken to settle the NSW OSR Issue.

FY2017 has seen a ramp up in our operational resourcing & capability to support the mobilisation of a number of key contracts awarded during FY2016 and early FY2017. Significant mobilisations undertaken in the year include both the nbn Operate and Maintain (OMMA) contract awarded in December 2015 and nbn Multi-technology Integrated Master Agreement (MIMA) contract awarded in July 2016. The nbn MIMA contract covers the architecture solutions required to deploy nbn's fixed line broadband network and Hybrid Fibre Coax (HFC) into the Brisbane and Melbourne markets. Whilst initial nbn volumes received during FY2017 were below expectations, which impacted FY2017 revenue & earnings, pleasingly, the business has now started to see a ramp up of volumes across both contracts.

BSA | Connect is now covering the emerging market sectors of Solar, Energy and connected services via the Internet of Things (IoT).

BSA | Connect successfully renegotiated and extended agreements with longstanding clients Foxtel and Optus within the year. In addition, Registered Training Organisation (RTO), Blue Sky Academy continues to complement the business unit operations, providing accredited training support across all key platforms.

Business Development continues to be a key priority, covering both core telecommunication sector (both fixed line & mobile) and diversification of client offerings and market segments including the emerging markets

BSA metering technician undertaking a residential advanced metering installation as part of the "Power of Choice" rollout.

sectors of Solar, Energy and connected services via the Internet of Things (IoT). In addition to nbn MIMA, key contracts that we have successfully launched during FY2017 include:

- Ericsson three year services agreement to provide a broad range of field services including Fixed Wireless and Satellite Connection Service Australia-wide;
- Awarded a new services agreement with Fox Sports for installation and maintenance services; and
- Agreement with Vector to provide Smart Metering field services. This contract provides a significant opportunity for the business to leverage upcoming changes to the National Electricity Market from December 2017 onwards.

FY2017 has been a period of significant change, optimisation & rationalisation and the business is well placed both operationally and strategically to further capitalise on opportunities within the sectors in which we choose to operate.

BSA | Connect

$186.5 million

Revenue

[2016: $205.7 million]

$9.5 million *

EBITDA

[2016: $7.7 million]

NB: Excludes Corporate Recharges

BSA | **Maintain**

$89.5 million

Revenue

[2016: $79.9 million]

$4.7 million *

EBITDA

[2016: 2.0 million]

NB: Excludes Corporate Recharges

BSA | Maintain provides programmed maintenance on the mechanical services equipment for Canberra's New Acton Nishi Base Building and Cinemas. This includes the Annual fire shut down of the HVAC equipment and Annual Thermal Scan of all mechanical switch boards.

BSA | Maintain have been providing services to Sonic's pathology labs located at North Ryde. These services have been ongoing for the past 10 years and include preventative maintenance to their Air-conditioning and Ventilation systems.

BSA | **MAINTAIN**

BSA | Maintain revenue increased by 12% to $89.5 million as the business unit continued its focus on building recurring annuity style maintenance revenue and expanding its National Contract capabilities.

The business unit delivered a 135% increase in EBITDA compared with the previous year. This increase was achieved primarily as a result of a number of key profitable maintenance contracts, primarily in Western Australia and Victoria, which have yielded significant pull through.

A significant change in executive and senior management was implemented towards the end of the reporting period. This was done to maintain strong operational performance underpinned by a culture of disciplined and focused customer service. **BSA | Maintain** remains a market leader through the provision of industry leading maintenance services in Heating, Ventilation & Air Conditioning (HVAC), Fire and Multi-Services and is aiming to build on this capability in the future.

BSA | Maintain has secured a number of substantial new contracts during the year which is reflected in the revenue growth. Key contracts won include:

- Sydney Cricket and Sports Ground Trust (NSW)
- Global Switch (NSW)
- Telstra (National)
- Shell (WA)
- Honeywell (WA)
- Newscorp (National)

Our successful relationships with key clients Monash University, Harvey Norman, Broadspectrum and Spotless Defence continued throughout the year, contributing to the increased revenue results for the Business Unit.

The following key contract extensions have been secured during the financial year:

- Ausgrid
- Fiona Stanley
- Suncorp Stadium
- Sydney Water
- Westfield
- Honeywell

Work has continued to unite the **BSA | Build** and **BSA | Maintain** teams across the HVAC, Fire and Multi Service sectors, in order to deliver life cycle asset solutions in the HVAC and Fire market segments, underpinned by an increased focus on BSA's Advisory services and specifically energy efficiency solutions. The goal is to provide these services in every capital city across Australia.

BSA | Build completed works at 1 Parramatta Square which comprised of the design, engineering, drafting, supply, installation and commissioning of the mechanical services systems.

BSA | BUILD

BSA | Build

$216.6 million

Revenue

[2016: $226.4 million]

$1.4 million *

EBITDA

[2016: $1.5 million loss]

NB: Excludes Corporate Recharges

During 2017, the operational structure of **BSA | Build** was further streamlined and refocused to optimise our market offering of leading design and construct solutions in HVAC systems and Fire Protection. Geographically the business is present in all major state capital cities across Australia.

During the year the Group undertook the consolidation of the Sydney and Brisbane HVAC divisions. The restructuring has impacted the EBITDA during the year with net losses of $3.3 million. These changes will result in a significant financial improvement in the HVAC divisions in 2018 and beyond.

All businesses within **BSA | Build** continued to establish and maintain their status as tier 1 solution providers with end-to-end in-house capability in the Fire and HVAC sectors.

The new Royal Adelaide Hospital (nRAH) project reached commercial acceptance during the financial year and accepted its first patient on 14 August 2017. We have been focusing on remaining a significant market player in South Australia. This was achieved through the award of the design and construct contract for the Calvary Hospital worth $23.4 million.

The ongoing redesign and re-embedding of key functional disciplines to facilitate enhanced project delivery; improved risk mitigation and improved profitability is continuing. The poor financial results were largely as a consequence of the previously announced nRAH settlement and completion costs of $2.6 million along with tougher than expected conditions in Queensland.

In FY2017 **BSA | Build** delivered works on a large number of landmark projects in almost every state. Examples include:

- Global Switch East Stage 2 (NSW)
- International Convention Centre Hotel (NSW)
- Williamtown RAAF Base (NSW)
- Macarthur Square (NSW)
- Capital Square T1 (WA)
- 1 Parramatta Square (NSW)
- RACV Cape Schanck Resort Development (VIC)
- 664 Collins Street Melbourne (VIC)
- Whitford City Stage ELP (WA)
- La Trobe University Donald Whitehead Building (VIC)

BSA | Build enters FY2018 with significant work in hand of $251 million with further opportunities across Australia. During FY2017 the business unit was awarded a number of signifigant projects including the following:

- The Glen Shopping Centre (VIC)
- Blacktown Hospital (NSW)
- Battlefield Airlifter Project (QLD)
- Sunshine Coast Plaza – Fire (QLD)
- North East Plot DA – Fire (NSW)
- ITB Northern HVAC Upgrade (QLD)
- QT Hotel (WA)
- Mascot Tunnel (NSW)
- Brookside Shopping Centre (QLD)
- 105 Phillip St Parramatta – Fire (NSW)

BSA has commenced building business value propositions for customers across their asset lifecycles as well as other value add services. Renewable Energy advisory has commenced to key clients within **BSA | Build;** the purpose of which is to align with prospective clients earlier and provide detailed solar energy design solutions and procurement advisory services in advance of bid work and final contract awards.

Our FY2018 focus will include significant targeted projects as we continue to build a solid disciplinary foundation in the way we win, execute and maintain our projects.

nRAH

As previously advised to the market, in November 2016 BSA Limited executed a deed of settlement in relation to its contract on the new Royal Adelaide Hospital project in Adelaide. The deed provided for the resolution of a number of significant outstanding claims and disputes. The remaining works undertaken since the execution of the deed in November are currently under negotiation and largely relate to instructed scope changes.

OSR

While after the close of the Financial Year, BSA Limited has reached a commercial settlement in principle with the NSW OSR in relation to our long running dispute concerning payroll tax. The settlement has had an impact on the year's results but now draws a line under the longest running and most complex BSA legacy issue. The cash impact of the settlement arrangement has been mitigated by way of a three year payment plan.

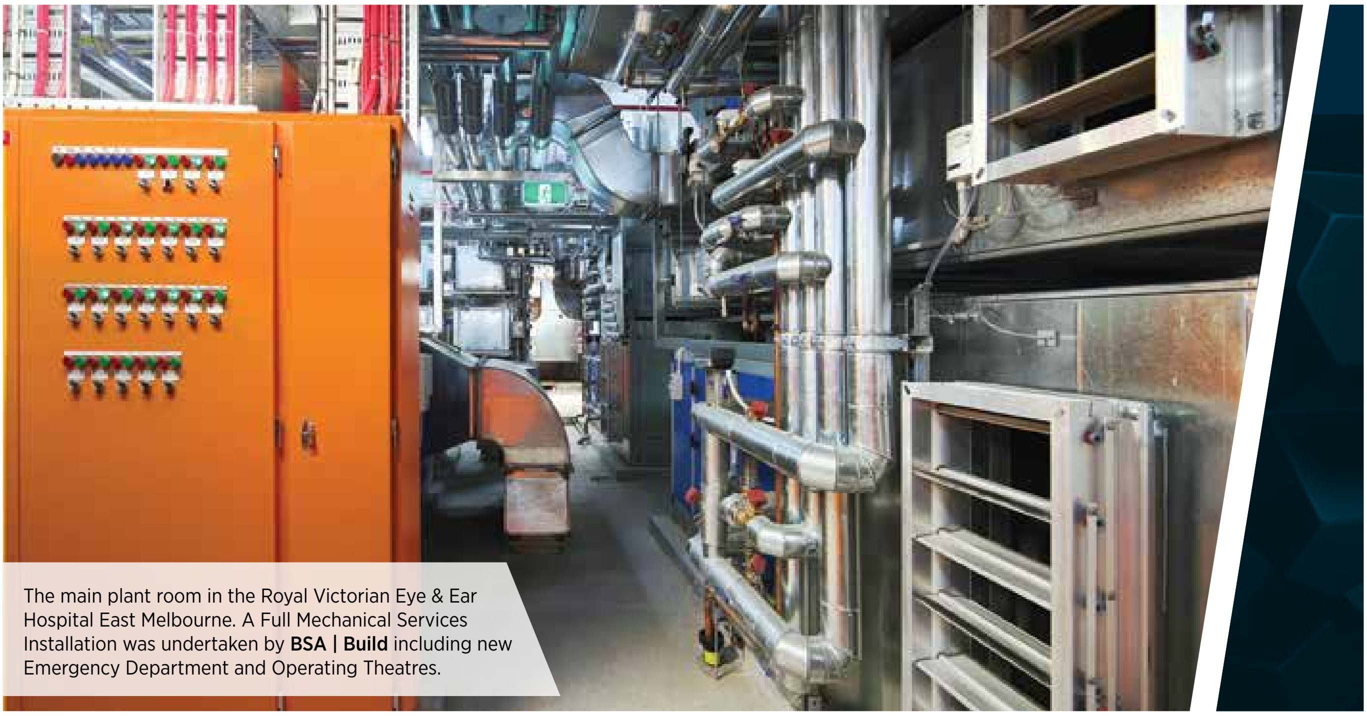
Nicholas Yates
Managing Director and
Chief Executive Officer

28 August 2017

DISCLOSING NON-IFRS FINANCIAL INFORMATION

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

	FY2017 A$'000	FY2016 A$'000
Profit/(loss) for the year from continuing Operations	3,963	(2,219)
Add back		
Income tax expense/(benefit)	1,671	(795)
Finance costs	595	741
Interest revenue	(166)	(96)
Depreciation	4,260	5,029
Amortisation expense	738	1,440
EBITDA	11,061	4,100
Total Significant Items (note 8.5)	6,751	14,534
EBITDA excluding Significant Items	17,812	18,634



The main plant room in the Royal Victorian Eye & Ear Hospital East Melbourne. A Full Mechanical Services Installation was undertaken by **BSA | Build** including new Emergency Department and Operating Theatres.

THE BOARD OF DIRECTORS PRESENTS ITS REPORT

The Directors of BSA Limited ('BSA' or the 'Company') present their report on the Company and its subsidiaries for the financial year ended 30 June 2017.

THE BOARD OF DIRECTORS AS AT 30 JUNE 2017

MICHAEL GIVONI

CHAIRMAN (NON-EXECUTIVE)

Mr Givoni has had extensive executive experience in the business-to-business (B2B) areas of commerce. His particular area of expertise is in strategy, business development and mergers and acquisitions. Michael has held senior executive roles in listed companies including Spotless Group Ltd. Prior to his executive career, Michael was a partner in a prominent Melbourne legal practice. Michael joined BSA as a Non-Executive Director on 23 March 2005 and was appointed as Chairman from 29 April 2015. He holds a number of other Non-Executive Director and Chair roles in significant privately owned businesses including Winslow Group, RSEA, First5Minutes and Buzz Products.

NICHOLAS YATES

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Yates graduated with a Bachelor of Engineering (Mechanical) from the University of Sydney and went on to forge an extensive career in the building services and facilities management industries. Commencing as a site engineer overseeing mechanical services installations, Nicholas then progressed through various management roles within Lend Lease and eventually moved on to become CEO of APP Corporation Pty Limited, Australia's leading Construction Project Management consulting business. When APP was acquired by Transfield Services, Mr Yates moved into a series of leadership roles within Transfield Services, most recently Chief Executive Officer, Infrastructure ANZ. Nicholas sits on the Boards of a number of private companies and was appointed Managing Director and Chief Executive Officer of BSA Limited on 13 March 2014.

MARK LOWE

NON-EXECUTIVE DIRECTOR

Mr Lowe was appointed as a Director of BSA on 1 August 2007 upon completion of the acquisition of the Triple 'M' Group. Mark brings a wealth of knowledge to the Company from his 30 years' experience in the installation and maintenance of Air Conditioning and Fire Protection Services. He is a former Director of Construction Information Systems Limited (NATSPEC) and a former National President of the Air Conditioning Mechanical Contractors Association of Australia. Following his retirement from executive duties Mark was appointed a Non-Executive Director on 2 March 2012.

PAUL TEISSEIRE

NON-EXECUTIVE DIRECTOR

Mr Teisseire is a professional independent Non-Executive Director. He spent over 20 years in private practices as a corporate lawyer specialising in business and corporate law with a special interest in corporate governance. He is a Non-Executive Director of Drake Supermarkets Pty Ltd. Paul was appointed as a Non-Executive Director on 23 March 2005 and is currently Chair of the Audit Committee.

MAX COWLEY

NON-EXECUTIVE DIRECTOR

Mr Cowley practised as Principal of Chartered Accounting firm E M Cowley & Co for 47 years. His years of corporate and financial experience are extensive. Max is a director of WIN Corporation Pty Ltd, Australia's largest regional television network and has been involved with that organisation from its commencement and over the past 36 years. Max is a Director of a number of Private Companies. Having previously served on the Board of BSA from 2 May 2006 until 27 November 2012, Max was appointed as a Non-Executive Director on 14 April 2014.

GRAEME BARCLAY

NON-EXECUTIVE DIRECTOR

Mr Barclay has extensive experience in executive leadership and strategic development in areas that brings valuable skills to the BSA board and company. Mr Barclay successfully led all aspects of a major telecommunications group for more than a decade in the role of Group CEO with responsibility for financial performance, strategy, sales, corporate development, international expansion, operations and capital structure.

Mr Barclay also has senior executive level experience within investment banking and chartered accounting businesses, with responsibilities including property investment banking, corporate finance and corporate restructuring.

Mr Barclay is a member of the Australian Institute of Company Directors, a Fellow of the Financial Services Institute of Australasia and is a qualified Chartered Accountant in Scotland and Australia/NZ. Mr Barclay is currently a Director and Non-Executive Chairman of MGH Holdco Pty Ltd and a Non-Executive Director of Codan Limited and of Axicom Group Holdings Pty Limited. Graeme was appointed as a Non-Executive Director on 30 June 2015, and is currently Chair of the Remuneration Committee.

BSA | Build Engineer reviewing concepts for innovation opportunity

DIRECTOR INDEPENDENCE

The Board considers three of BSA's Directors independent, as defined under the guidelines of the ASX Corporate Governance Council, being: Michael Givoni, Paul Teisseire and Graeme Barclay.

In assessing the independence of Directors, the Board follows the ASX guidelines as set out in the Corporate Governance Statement on the Company's website.

PERFORMANCE OF DIRECTORS

In accordance with Principle 2.5 of the ASX Corporate Governance Principles and Recommendations, the Board conducts a review of the performance of its Directors and the Board's function as a whole each year. The evaluation of Directors is carried out in accordance with the process established by the Board, led by the chairman of the Remuneration Committee.

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Mr Graham Seppelt - Mr Seppelt has had extensive experience as a contract accountant and in corporate advisory roles. He is currently Company Secretary for Legend Corporation Limited, Erinbar Limited and UXA Resources Limited.

ENVIRONMENTAL REGULATION AND PERFORMANCE

BSA was not subject to any particular or significant environmental regulations of the Commonwealth, individual states, or territories, during the financial year.

CORPORATE GOVERNANCE

BSA continued to follow best practice recommendations as set out by the ASX Corporate Governance Council. Where the Company has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement which is available on the Company's website at **www.bsa.com.au/pages/about/corporate-governance.html**

REVIEW OF OPERATIONS

Information relating to the operations of BSA including a description of principal activities, a review of operations, significant changes in activities and affairs during the year and likely future developments and prospects can be found in the Chairman's Report and Managing Director's Report on pages 4 to 13.

DIRECTORS’ REPORT

INFORMATION ON DIRECTORS

As at 30 June 2017, the following information is provided in relation to Directors:

Director	Special Responsibilities	Ordinary Share	Options	Share Rights
Michael Givoni				
	Non-Executive Director	796,400	Nil	Nil
	Chairman of Board			
	Member of Remuneration Committee			
	Member of Audit Committee			
Nicholas Yates				
	Executive Director	2,727,273	Nil	1,116,667
	Managing Director			
Max Cowley				
	Non-Executive Director	67,204,000*	Nil	Nil
	Member of Remuneration Committee			
	Member of Audit Committee			
Paul Teisseire				
	Non-Executive Director	680,012	Nil	Nil
	Member of Remuneration Committee			
	Chairman of Audit Committee			
Mark Lowe				
	Non-Executive Director	10,315,403	Nil	Nil
	Member of Remuneration Committee			
	Member of Audit Committee			
Graeme Barclay				
	Non-Executive Director	Nil	Nil	Nil
	Chairman of Remuneration Committee			
	Member of Audit Committee			

*Max Cowley is a director of Birketu Pty Ltd which holds the 67,204,000 ordinary shares in BSA Limited.

At the date of this Annual Report, there has been no change to the above directors’ interest in shares, rights or options.

BSA | Build are providing full Mechanical Services Installation to RACV Cape Schanck Resort VIC including 100 Hotel Rooms, Restaurant, Bar, Pool and Golf Club.

DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES

Period of Appointment	Name of Company	Position Held (Non-Executive or Executive Director)
Graeme Barclay		
Appointed 1 February 2015	Codan Limited	Non-Executive Director

REMUNERATION REPORT - AUDITED

This remuneration report details the nature and amount of remuneration for each key management person of BSA Limited.

The Company's policy for determining the nature and amount of remuneration for Board members and Senior Executives of the Company is as follows and is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Cash bonuses

E. Share-based compensation

F. Remuneration Consultants

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives, the creation of value for shareholders and conforms to market practice for how the reward is paid. The Board ensures that executives' reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation;
- Transparency; and
- Capital management.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- Has the achievement of target financial profit as a core component of performance reward;
- As well as focusing each executive on key performance metrics relevant to the role; and
- Attracts and retains high calibre executives.

Alignment to program participants' interests:

- Rewards capability and experience;
- Reflects competitive reward for contribution to financial performance;
- Provides a clear structure for earning rewards; and
- Provides recognition for contribution.

The framework provides a mix of fixed and variable at-risk pay for executives and senior managers as well as additional long-term incentives for the most senior executives. As executives gain seniority and greater responsibility within the Group, the balance of this mix shifts to a higher proportion of at-risk rewards.

The Board has established a Remuneration Committee that provides advice on remuneration and incentive policies and practices, as well as specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors. The Corporate Governance Statement provides further information on the role of this committee.

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2017:

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Revenue	$492.3m	$511.9m	$543.7m	$491.5m	$474.2m
Net profit/(loss) before tax	$5.6m	($3.0)m	$5.4m	($61.3)m	$2.8m
Net profit/(loss) after tax	$4.0m	($2.2)m	$3.9m	($54.8)m	$3.8m
Share price at start of year	$0.245	$0.165	$0.100	$0.145	$0.200
Share price at end of year	$0.340	$0.245	$0.165	$0.100	$0.145
Interim Dividend [1]	0.00 cps	0.00 cps	0.00 cps	0.00 cps	0.50 cps
Final Dividend [2]	0.50 cps	0.00 cps	0.00 cps	0.00 cps	0.00 cps
Basic earnings per share	0.94cps	(0.52)cps	1.11 cps	(23.97) cps	1.64 cps
Diluted earnings per share	0.93cps	(0.52)cps	1.10 cps	(23.97) cps	1.60 cps

[1] Franked to 100% at 30% corporate income tax rate.

[2] Declared after the end of the reporting period and not reflected in the financial statements.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors.

The Chairman's fees are determined independently to the fees of Non-Executive Directors based on the Director's experience and comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' and Chairman's Fees

The current base remuneration for Directors was last reviewed and determined on 26 June 2012, therefore there has been no increase in the base remuneration paid to a Director for five years. Directors' fees are inclusive of superannuation and include the requirement to sit on two or more Board committees for the duration of their tenure. A Director's expected time commitment is a minimum ten hours per month. Directors are reimbursed actual expenses or paid a per diem allowance for attendance at the monthly meetings.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $600,000 per annum which was approved by shareholders at the Annual General Meeting (AGM) on 26 November 2007. There has been no change to the aggregate fee pool for non-executive directors for approximately 10 years. The following fees have applied during the year to 30 June 2017:

Base fees	
Chairman	$170,829
Other Non-Executive Directors	$91,560

Non-Executive Directors do not participate in any share or option incentive plan.

Retirement Allowances for Directors

There are no retirement schemes or retirement benefits, other than statutory superannuation, paid to Non-Executive Directors.

Executive Pay

The Executive pay and reward framework has three components:

- Base pay and benefits, including superannuation;
- Short-term performance incentives; and
- Long-term incentives through participation in the employee share scheme, employee option plan and performance rights plan.

The combination of these components comprises the executive's total remuneration.

Base Pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for Senior Executives is reviewed annually to ensure the executive's pay is competitive with the market and reflects the responsibilities of the position. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in the Senior Executive terms of employment.

Benefits

Executives receive benefits including allowances.

Retirement Benefits

All employees are eligible to participate in the Company's default superannuation fund. With the change in legislation as at 1 July 2005, employees can exercise choice as to where their superannuation is paid.

Short Term Incentives

Executive remuneration packages include a bonus based on a combination of the Company achieving a pre-determined profit target and certain operational pre-determined targets being met. Using a profit target ensures variable at-risk reward is only available when value has been created for shareholders and when achieved profit is consistent with the business plan.

Each executive and senior manager with operational responsibilities has a Short-Term Incentive (STI) depending on the accountabilities of the role and impact on organisation and business unit performance.

The maximum target bonus opportunity is 80% of base salary. To the extent an STI bonus is earned, 50% of the bonus is paid in cash, and the other 50% could be either cash or performance rights, is retained for a period of two years.

For the year ended 30 June 2017, the targets under the STI plans were based on the group and individual business unit financial objectives. The target achievement required performance in reducing operating cost, increasing revenue to deliver an overall increase in EBITDA. The Group targets apply to the whole of the management team.

The Remuneration Committee is responsible for assessing whether the targets are met. Targets are set at the beginning of each financial year and are set for the year. Short-term bonus payments are adjusted in line with actual performance versus target performance levels. Because short-term targets cover several operational areas of the business as well as the overall Group target, a proportion of STI may be paid when operational targets are achieved although the Group's overall target may not be met.

Options

No options were exercised under the BSA options scheme during the year ended 30 June 2017.

No amounts are unpaid on any shares issued on the exercise of options.

All options have expired as at 30 June 2017.

No options were granted to any executive, senior manager or director during the year. 78,200 options previously granted in connection with rights granted under the BSA Performance Rights Plan, as a consequence of the 2014 captial raising, were exercised during the year.

Employee Share scheme

A scheme under which shares were issued by the Company to employees for no cash consideration was ratified by shareholders at the 2004 AGM. All permanent employees (including Executive Directors) who were continuously employed by the consolidated entity for a period of at least one year were eligible to participate in the scheme. Employees could elect not to participate in the scheme.

Under the scheme, eligible employees were offered $1,000 worth of fully-paid ordinary shares in BSA Limited for the year ended 30 June 2004 for no cash consideration. The market value of shares issued under the scheme, measured as the weighted average market price on the day of issue of the shares, was recognised in the Consolidated Statement of Financial Position as share capital and as part of employee benefit costs.

Offers under the scheme are at the discretion of the Company. No offers were made to any Director or employee of BSA Limited during the year ended 30 June 2017.

Executives Securities Plan

The establishment of the BSA Executive Securities Plan was approved by shareholders at the 2005 AGM. The plan was established as a mechanism to provide the Company's key executives with a direct equity interest in the Company to better align them with the shareholders.

The number of securities to be offered and the time at which securities may be offered from time to time to executives, and the price and terms of payment are determined by the Board in its discretion.

The Board may at such times as it determines invite any executive to be a member of the plan.

This plan provided for the Company to provide loans to executives to acquire shares. The maximum amount of any loan is not to exceed the total subscription price for the shares applied for.

The terms of the loan included a provision that no interest is payable by the Borrower under the Loan Agreement.

All shares are held in escrow until loans are fully repaid. An executive must not sell, mortgage, charge, assign or otherwise dispose of or encumber any shares before payment or repayment of any loan outstanding to the Company.

Subject to this restriction and to the terms of the loan from the Company (if any), an executive shall from the Date of Allotment, be the absolute beneficial owner of the shares.

Unless the Directors of the Company otherwise provide in the terms of any invitation, all Plan Shares shall rank for dividends declared on or after the Date of Allotment and shall in all respects rank equally with and have the same rights and entitlements as all other fully paid ordinary shares of the Company.

No offers were made under the Executive Securities Plan to any Directors or employees of BSA Limited during the year ended 30 June 2017.

The number of shares held in escrow, and the amount of the outstanding loans, as at 30 June 2017 is set out in section E of this report.

Employee Performance Rights Plan

At the AGM held on 25 November 2008, shareholders approved the introduction of the BSA Employee Performance Rights Plan.

This incentive plan is designed to increase the motivation of eligible key staff and to create a stronger link between increasing shareholder value and employee reward.

To achieve its corporate objectives, the Company needs to attract and retain key staff. The Board believes that awards made to selected eligible employees under this plan:

- Provide an incentive for the creation of, and focus on, shareholder wealth;
- Enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- Link the reward of key staff with the achievement of strategic goals and the performance of the Company;
- Align the financial interests of participants with those of Company shareholders; and
- Ensure the remuneration packages of employees are consistent with market practice.

Vesting of rights or shares under this Plan requires the achievement of appropriate perfomance or service hurdles to be determined by the Board:

(i) Service condition of a specified period; or

(ii) The Company's performance as measured by earnings per share (EPS), being the EPS for the relevant Measurement Period as determined by the Board having regard to the financial statements. Certain growth in EPS for the shares must be attained in respect of each Measurement Period and pro-rata in respect of the initial Measurement Period. The Company must achieve these performance conditions before the rights vest.

Once rights have been exercised by an eligible employee (subject to relevant service or performance conditions being met), the Company may make non-refundable contributions to either fund the purchase of a new plan share, or to acquire on the ASX existing shares and transfer these to an eligible employee.

The specific terms of a particular grant, including any performance conditions, will be contained in the invitation and associated documentation sent to the eligible employee.

A right granted to a participant is not transferable and may not otherwise be dealt with, except with the Board's approval, or by operation of law on death or legal incapacity.

Rights to acquire shares are not exercisable until the end of the final measurement period, and until those rights have satisfied all vesting conditions and any performance hurdles established by the Board. This is subject to a number of exceptions (including death, cessation of employment, takeovers and schemes of arrangement). The rights will have a specified life determined by the Board. All grants of rights will have a life terminating five (5) years after the grant date or such other date as determined by the Board.

On or after the end of the final measurement period and provided any performance hurdle prescribed by the Board has been achieved and, where applicable, to the extent it has been achieved, the plan participant may then acquire shares by exercising the rights.

A right lapses if the vesting conditions are not met.

Following a review of the Employee Performance Rights Plan by external advisors to the Board, certain recommendations have been made which aim to enhance the above scheme to improve the direct link to performance, incentivise managers and assist the Company in retaining high performing executives and managers. Details of a new Employee Performance Rights Scheme to replace the existing Employee Performance Rights Scheme are being considered by the Board and Remuneration Committee as outlined in section F below which will, if the Board determines to proceed with it, be tabled at the forthcoming Company AGM for approval by shareholders.

B DETAILS OF REMUNERATION

Details of the remuneration of the Directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of BSA and the BSA Group are set out in the following tables.

The Key Management Personnel of the Group are the following:

(i) Chairman - Non-Executive
Michael Givoni

(ii) Executive Directors
Nicholas Yates

(iii) Non-Executive Directors
Paul Teisseire
Max Cowley
Mark Lowe
Graeme Barclay

(iv) Chief Financial Officer
Nicholas Benson

Non-Executive Directors, key management personnel of the Group and other executives of the Company and the Group

2017	Short-term Benefits			Post Employment	Long-term Benefits		Share-based payments			
Name	Cash, Salary & Fees	Cash Bonus	Interest Unwind on Loans	Superannuation	Long Service Leave	Termination Benefits	Rights	Rights	Total	Performance Related
	$	$	$	$	$	$	$	%	$	%
Non-Executive Directors										
Michael Givoni	156,008	-	-	14,821	-	-	-	-	170,829	-
Paul Teisseire	83,616	-	-	7,944	-	-	-	-	91,560	-
Max Cowley	83,616	-	-	7,944	-	-	-	-	91,560	-
Mark Lowe *	107,616	-	-	10,224	-	-	-	-	117,840	-
Graeme Barclay	83,616	-	-	7,944	-	-	-	-	91,560	-
Sub-total Non-Executive Directors	**514,472**	**-**	**-**	**48,877**	**-**	**-**	**-**		**563,349**	
Executive Directors										
Nicholas Yates	643,449	50,000	-	19,308	12,835	-	-	-	725,592	6.89
Other Key Management Personnel Chief Financial Officer										
Nicholas Benson	386,944	50,000	-	25,000	8,457	-	29,355	5.87	499,756	15.88
Total compensation	**1,544,865**	**100,000**	**-**	**93,185**	**21,292**	**-**	**29,355**		**1,788,697**	

* During FY2017 Mark Lowe was contracted to the company within the **BSA | Build** business unit, to assist in driving improved performance from the business unit. $24,000 of Mark Lowe's remuneration relates to his role assisting **BSA | Build** during the year.

2016	Short-term Benefits			Post Employment	Long-term Benefits		Share-based payments			
Name	Cash, Salary & Fees	Cash Bonus	Interest Unwind on Loans	Superannuation	Long Service Leave	Termination Benefits	Rights	Rights	Total	Performance Related
	$	$	$	$	$	$	$	%	$	%
Non-Executive Directors										
Michael Givoni	156,008	-	-	14,821	-	-	-	-	170,829	-
Paul Teisseire	83,616	-	-	7,944	-	-	-	-	91,560	-
Max Cowley	87,230	-	-	8,287	-	-	-	-	95,517	-
Mark Lowe *	311,230	-	-	29,567	-	-	-	-	340,797	-
Graeme Barclay	83,616	-	-	7,944	-	-	-	-	91,560	-
Sub-total Non-Executive Directors	**721,700**	**-**	**-**	**68,563**	**-**	**-**	**-**		**790,263**	
Executive Directors										
Nicholas Yates	659,422	268,000	-	20,010	8,554	-	-	-	955,986	28.03
Other Key Management Personnel Chief Financial Officer										
Nicholas Benson	369,310	72,000	-	26,537	5,155	-	-	-	473,002	15.22
Total compensation	**1,750,432**	**340,000**	**-**	**115,110**	**13,709**	**-**	**-**		**2,219,251**	

* During FY2015 Mark Lowe was contracted to the company within the **BSA | Build** business unit, to assist in driving improved performance from the business unit. $224,000 of Mark Lowe's remuneration relates to his role assisting **BSA | Build** during the year.

Performance Income as a Proportion of Total Remuneration:

Executive Directors and executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Remuneration Committee has set these bonuses to encourage achievement of specific goals that have been given a high level of importance to the future growth and profitability of the consolidated Group.

The Remuneration Committee will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit, to ensure use of the most cost effective and efficient methods.

C. SERVICE AGREEMENTS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director. A copy of the letter can be found on BSA Limited's website.

Remuneration and other terms of employment for the Managing Director and the other key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits, car allowances, and participation, when eligible, in the BSA Limited Option Plan and the BSA Performance Rights Plan. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party with three to six months notice.

D. CASH BONUSES

Bonuses vested as per the below table during the financial year ended 30 June 2017.

Key management personnel and executives are also entitled to a short-term cash incentive based on performance criteria described in section A to this Remuneration Report. Details of these FY2017 short-term incentives recognised as remuneration, forfeited or available for vesting in future financial years is outlined below.

Name	Included in Remuneration	% Vested in current year	% Forfeited in current year
Other key management personnel (Group)			
Nicholas Yates	50,000	100	-
Nicholas Benson	50,000	100	-

E SHARE-BASED COMPENSATION

Executives Securities Plan

Set out below are summaries of Securities held in escrow:

Grant Date	Issue Price (cents)	Balance at Start of the Year Number	Granted During the Year Number	Released from Escrow During the Year Based on Full Loan Repayment Number	Balance in Escrow at End of the Year Number	Amount of Loan $
Consolidated and parent entity						
13 Oct 2006	0.23	700,000	-	-	700,000	161,000
19 Jul 2007	0.63	1,600,000	-	-	1,600,000	1,008,000
11 Sep 2007	0.68	150,000	-	-	150,000	102,000
13 Sep 2007	0.68	200,000	-	-	200,000	136,000
14 Dec 2007	0.68	400,000	-	-	400,000	272,000
10 Feb 2009	0.10	1,700,000	-	-	1,700,000	170,000
Total		**4,750,000**	**-**	**-**	**4,750,000**	**1,849,000**

Employee Performance Rights Plan

Set out below are summaries of Rights issued to key management personnel under the plan:

Name	Grant Date	Vesting Date	Expiry Date	Balance at Start of the Year Number	Granted During the Year Number	Released from Escrow During the Year Number	Forfeited During the Year	Balance in Escrow at End of the Year Number	Fair Value per Right at Grant Date $	Aggregate Fair Value $
Consolidated and parent entity										
Nicholas Yates*	25 Nov 2014	30 Jun 2015	25 Nov 2019	1,116,667	-	-	-	1,116.667	0.165	184,250
Nicholas Benson	29 Nov 2016	6 Feb 2017	29 Nov 2021	-	90,322	-	-	90,322	0.325	29,355
Total				**1,116,667**	**90,322**	**-**		**1,206,989**		**213,605**

Rights are granted over ordinary shares and nil is payable on exercise.

*In addition, the Board has approved that Nicholas Yates be awarded 142,857 performance rights with an exercise price of $0.35 per right, but subject to a tenure of 12 months from 31 January 2017 to 31 January 2018. These are subject to the approval of shareholders at the 2017 AGM.

F REMUNERATION CONSULTANTS

In December 2016, Godfrey Remuneration Group (GRG) was appointed as independent remuneration advisor to the Board and was engaged, independent of management, to assist the Board with a review of the current structure of the Executive Rights Plan. GRG is assisting the Board to develop and document a new Rights plan which is reflective of the current regulatory and tax environment, including the use of indeterminate rights (which are rights to the value of a share, which may be settled in the future for of a Company share, or the equivalent value in cash). The purpose of the use of indeterminate rights is to manage termination and tax issues that arise rather than to award long term incentives in cash i.e. it would be expected that Rights will be settled in shares, other than in exceptional circumstances. The new plan will also allow executives to elect to extend the deferral of their incentives beyond the default periods, if it is in their view appropriate to their circumstances, and facilitate the sacrificing of cash remuneration into Restricted Rights (which are subject to disposal restrictions). This is intended to encourage executives to hold more equity, for longer, improving alignment with shareholders. GRG was also engaged to develop an opportunity for non-executive directors to purchase equity in BSA through a fee sacrifice scheme, which is also intended to improve the alignment between such directors, and shareholders.

The engagement of GRG by the Chairman of the Remuneration Committee was based on an agreed set of protocols that have been followed by GRG, members of the Remuneration Committee and members of the key management personnel, governing the way in which remuneration recommendations would be developed by GRG and provided non-executive members of the Remuneration Committee.

These arrangements were implemented to ensure that GRG would be able to carry out its work, including information capture and the formation of its recommendations, free from undue influence by Executive directors or executive key management personnel about whom the recommendations may relate.

The Board undertook its own inquiries and review of the processes and procedures followed by GRG and is satisfied that their remuneration recommendations were made free from such influence.

The Board and Remuneration Committee confirm that GRG made remuneration recommendations within the meaning of the Corporations Act in respect of the structure of the Incentive Plans being considered. These remuneration recommendations were made in respect of elements of remuneration and were not in respect of the quantum of the incentives to be provided.

The advice obtained from GRG is currently being considered by the Board and Remuneration Committee and if any new schemes, or amendments to existing schemes, are considered appropriate, they will be brought to shareholders for approval.

The total consideration paid during the year by the company to GRG for the provision of the remuneration recommendations in the 2017 financial year was $5,000 (2016: Nil).

End of Audited Remuneration Report

BSA | Build Parklands Project on the Gold Coast consisted of design and installation of Fire Detection, Fire Sprinklers, Fire Hydrants, Hose Reels, Fire Extinguishers and Occupant warning Systems to 18 midrise towers contained within 5 super lots. The site will contain 1,252 residences and 5 804m2 of retail space. In late 2017 Parklands Project will be transformed into the 2018 Commonwealth Games Village.

MEETINGS OF DIRECTORS

The number of meetings of BSA's Board of Directors and each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each Director were:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Meetings Attended	Meetings Held during tenure in FY2017	Meetings Attended	Meetings Held during tenure in FY2017	Meetings Attended	Meetings Held during tenure in FY2017
Michael Givoni	12	12	3	3	4	4
Nicholas Yates	12	12	*	*	*	*
Graeme Barclay	11	12	3	3	4	4
Max Cowley	11	12	2	3	3	4
Paul Teisseire	12	12	3	3	4	4
Mark Lowe	12	12	2	3	4	4

*Not a member of the relevant committees, but attended all the Audit Committee and Remuneration Committee meetings.

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Directors are subject to retirement by rotation and election by shareholders at a general meeting. No Director, other than the Managing Director, may remain on the Board for more than three years without re-election. Where a Director is appointed during the year, the Director will hold office until the next Annual General Meeting (AGM), and then be eligible for election.

Michael Givoni and Mark Lowe are the Directors who have been longest in office and who, being eligible, offer themselves for re-election at the 2017 Annual General Meeting.

INDEMNIFYING OFFICERS OR AUDITORS

During the year, the Company paid a premium for a contract insuring all Directors, secretaries, Executive officers and officers of the Company, and of each related body corporate of the Company. The insurance does not provide cover for the independent auditors of the Company, or of a related body corporate of the Company.

In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

No liability has arisen under this indemnity as at the date of this report.

OPTIONS

As at the date of this report, there were no unissued ordinary shares of the Company under option.

During the year ended 30 June 2017, no ordinary shares of the Company were issued on the exercise of options granted under the BSA Limited Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

RIGHTS

As at the date of this report, the unissued ordinary shares of the Company, under right, are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Right	Fair value at grant date
25 Nov 2014	25 Nov 2019	$0.00	1,116,667	$0.165
29 Nov 2016	29 Nov 2021	$0.00	290,322	$0.325
			1,406.989	

During the year ended 30 June 2017, 506,000 rights and 344,080 options granted under the BSA Limited Employee Performance Rights Plan were cancelled because vesting conditions were not met. During the year ended 30 June 2017, 115,000 rights and 78,200 options granted under the BSA Limited Employee Performance Rights Plan were exercised. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

No person entitled to exercise the right had, or has, any right by virtue of the right to participate in any share issue of any other body corporate.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the Corporations Act 2001 (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all, or part, of those proceedings.

No proceedings have been brought or intervened on behalf of the Company with leave of the court under section 237 of the Corporations Act 2001 (Cth).

NON AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

Details of the amounts paid or payable to the auditor (Deloitte Touche Tohmatsu) for audit and non-audit services during the year are set out below.

The Board of Directors has considered the position and in accordance with the advice received from the Audit Committee, is satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 (Cth) for the following reasons:

All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditors own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

AUDITORS' REMUNERATION

	2017 $	2016 $
Amounts due for the financial year to Deloitte Touche Tohmatsu for:		
Auditing or reviewing the financial report	366,765	337,461
Taxation services	125,963	152,426
Other non-audit services	12,329	12,333

AUDITORS INDEPENDENCE DECLARATION

The lead auditors' independence declaration for the year ended 30 June 2017 as required under section 307c of the Corporations Act 2001 (Cth) has been received and can be found on page 28 of this report.

ROUNDING OF AMOUNTS

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors.

Michael Givoni
Chairman

28 August 2017

Bolte Tower 10, Docklands Victoria. Mechanical Services provided by **BSA | Build** for 270 Apartments over 30 Levels with Central Plant.

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ACN: 74 490 121 060

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The Board of Directors
BSA Limited
3 Thomas Holt Drive,
Macquarie Park
NSW 2113

28 August 2017

Dear Directors

BSA Limited and its controlled entities

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of BSA Limited.

As lead audit partner for the audit of the financial report of BSA Limited and its controlled entities for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants

nbn Operate and Maintain Technician undertaking works at a pillar for **BSA | Connect**.

FINANCIAL REPORT

BSA LIMITED

ABN 50 088 412 748

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED **30 JUNE 2017**

		Consolidated	
	Note	2017	2016
		$'000	$'000
Revenue	5	492,317	511,856
Investment revenue	6	166	96
Other gains and losses	7	387	120
Share of losses/profits of joint venture	20	-	(277)
Changes in inventories of finished goods and work in progress	8.1	(557)	(1,969)
Subcontractor and raw materials used	8.1	(398,279)	(426,675)
Employee benefits expense	8.4	(45,803)	(46,931)
Depreciation expenses	8.3	(4,260)	(5,029)
Amortisation expenses	8.3	(738)	(1,440)
Occupancy expenses		(6,699)	(6,816)
Finance costs	8.2	(595)	(741)
Other expenses	37	(30,305)	(25,208)
Profit/(loss) before tax		**5,634**	**(3,014)**
Income tax (expense)/benefit	9.1	(1,671)	795
Profit/(loss) for the year		3,963	(2,219)
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Net gain recognised on cash flow hedges		-	-
Total comprehensive income for the year, net of tax		3,963	(2,219)
Earnings per share for profit from continuing operations:			
Basic earnings/(loss) per share	12	0.94 cents	(0.52) cents
Diluted earnings/(loss) per share	12	0.93 cents	(0.52) cents

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT **30 JUNE 2017**

	Note		Consolidated 2017 $'000	2016 $'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	13		16,432	21,490
Trade and other receivables	14		99,043	77,795
Inventories	15		2,174	2,731
TOTAL CURRENT ASSETS			117,649	102,016
NON-CURRENT ASSETS				
Trade and other receivables	14		2,248	1,957
Other financial assets	19		3	3
Property, plant & equipment	16		9,522	7,723
Deferred tax assets	9.3		6,124	7,795
Goodwill	17		15,185	15,185
Other intangible assets	18		2,414	3,152
TOTAL NON-CURRENT ASSETS			35,496	35,815
TOTAL ASSETS			153,145	137,831
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	23		88,320	70,593
Borrowings	24		1,664	1,895
Provisions	25		14,381	21,684
TOTAL CURRENT LIABILITIES			104,365	94,172
NON-CURRENT LIABILITIES				
Borrowings	24		1,263	1,094
Provisions	25		1,992	1,052
Investment in Joint Venture	20		81	17
TOTAL NON-CURRENT LIABILITIES			3,336	2,163
TOTAL LIABILITIES			107,701	96,335
NET ASSETS			45,444	41,496
EQUITY				
Issued Capital	26		97,564	97,592
Reserves	27	(a)	1,423	1,410
Accumulated losses	27	(b)	(65,243)	(65,243)
Profit Reserve	27	(c)	11,700	7,737
TOTAL EQUITY			45,444	41,496

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED **30 JUNE 2017**

	Issued Capital $'000	Accumulated Losses $'000	Profit Reserve $'000	Share-based Payment Reserve $'000	Total $'000
					Consolidated
Balance at 1 July 2015	97,592	(63,024)	7,737	1,410	43,715
Loss for the year	-	(2,219)	-	-	(2,219)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	**-**	**(2,219)**	**-**	**-**	**(2,219)**
Balance at 30 June 2016	**97,592**	**(65,243)**	**7,737**	**1,410**	**41,496**
Profit for the year	-	-	3,963	-	3,963
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	**3,963**	-	**3,963**
Share-based payment expense	-	-	-	54	54
Shares issued in satisfaction of performance conditions	(28)	-	-	(41)	(69)
Balance at 30 June 2017	**97,564**	**(65,243)**	**11,700**	**1,423**	**45,444**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED **30 JUNE 2017**

	Note	2017 $'000	2016 $'000
			Consolidated
Cash Flows From Operating Activities:			
Cash receipts from customers		539,854	557,462
Payments to suppliers and employees		(540,202)	(554,781)
Interest received		166	96
Interest and other costs of finance paid		(596)	(741)
Net cash (used in)/generated by operating activities	30 (a)	(778)	2,036
Cash Flows from Investing Activities:			
Proceeds from disposal of property, plant and equipment		467	188
Payment for plant and equipment		(4,050)	(1,406)
Net cash used in investing activities		(3,583)	(1,218)
Cash Flows From Financing Activities:			
Payment for shares issued for vesting rights		(41)	-
Proceeds from borrowings		3,801	3,513
Repayment of borrowings		(3,718)	(8,329)
Payment of finance lease and hire purchase liabilities		(711)	(1,578)
Share issue costs paid		(28)	-
Net cash used in financing activities		(697)	(6,394)
Net decrease in cash		(5,058)	(5,576)
Cash and cash equivalents at the beginning of the year		21,490	27,066
Cash and cash equivalents at the end of the year	13	16,432	21,490

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

NOTE 1 GENERAL INFORMATION

BSA Limited (the Company) is a limited company incorporated in Australia. The address of its registered office and principal places of business are disclosed in the Corporate Directory at the end of the Annual Report. The principal activities of the Company and its subsidiaries (the Group) are described in note 29.

NOTE 2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2016.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The Group has applied these amendments for the first time in the current year. The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group did not have any such transactions in the current year.

Amendments to IAS 1 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the basis of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards to the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The Group has applied these amendments for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As the Group already uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The Group has applied the below amendment for the first time in the current year. The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments has had no effect on the Group's consolidated financial statements.

NOTE 2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 Standards and Interpretations on issue not yet adopted

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments	1 January 2017	30 June 2018
AASB 15 Revenue from Contracts with Customers (and the related Clarifications)*	1 January 2018	30 June 2019
AASB 16 'Leases' **	1 January 2019	30 June 2020
Amendments to AASB 2 Classification and Measurement of Share-based Payment Transactions	To be determined	To be determined
Amendments to AASB 10 and AASB 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	To be determined
Amendments to AASB 107 Disclosure Initiative	1 January 2017	30 June 2018
Amendments to AASB 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	30 June 2018

*AASB 15 replaces all current guidance on revenue recognition from contracts with customers. It requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Company will first apply AASB 15 in the financial year beginning 1 July 2018 and is expected to apply the standard retrospectively, recognising the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings.

The impact of the application of this standard is still being assessed by the Company. Any transition adjustment to retained earnings is subject to the revenue streams existing at the date of transition.

** AASB 16 replaces the current AASB 117 Leases standard and sets out a comprehensive model for identifying lease arrangements and the subsequent measurement. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The majority of leases from the lessee perspective within the scope of AASB 16 will require the recognition of a 'right of use' asset and a related lease liability, being the present value of future lease payments. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense.

AASB 16 is effective for the Company for the annual period beginning 1 July 2019 with the option to early adopt in the financial year beginning 1 July 2018.

The Company is expected to apply the standard retrospectively, recognising the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings. Alternative methods of calculating the 'right of use' asset are allowed under AASB 16 which impact the size of the transition adjustment. The Company is still evaluating which method to apply.

The application of this standard is currently being assessed by the Company. Refer to Section 3.9 for Leasing.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared using Australian equivalents to International Financial Reporting Standards compliant with IFRS.

The financial statements were authorised for issue by the Directors on 28 August 2017.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The parent entity carries its investment in subsidiaries at cost less impairment (if any).

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements, are recognised and measured in accordance with AASB 112 Income Taxes and AASB 19 respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree, are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date (see note 3.12); and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree' s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another A-IFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 3.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Interests in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3.7.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.7.2 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

The Group's policy for recognition of revenue from construction contracts is described at 3.8 below.

3.7.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Construction contracts and work in progress

Construction contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract revenue for work performed to date relative to the estimated total contract value. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

3.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.9.1 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 3.10 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 31.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.13.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.13.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13.4 Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 August 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is BSA Limited. The members of the tax-consolidated group are identified in note 19. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from un-used tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or received by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

3.14 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Consolidated Statement of Financial Position at cost.

Depreciation on buildings is recognised in profit or loss.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.15 Intangible assets

3.15.1 Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.15.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The following intangible assets were recognised separately from goodwill acquired during business combinations:

- Customer relationships acquired during a business combination which were assessed to have a useful life of 9 years
- Backlog of orders acquired during business combinations which were assessed to have useful lives of 1 to 9.5 years.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on the basis of weighted average cost. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.18.1 Warranties

Provisions for the expected cost of warranty obligations under construction contracts are recognised at the Directors' best estimate of the expenditure required to settle the Group's obligation.

3.18.2 Make Good

Provisions for the estimated cost of work to comply with make good provisions in certain Group property leases are recognised at the Directors' best estimate of the expenditure to settle the Group's obligation.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Financial Assets

Financial assets are classified into the specified category of 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.19.1 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

3.19.2 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.19.3 Impairment of financial assets

Financial assets, other than those at Fair Value Through Profit or Loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3.20 Financial liabilities and equity instruments issued by the Group

3.20.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.20.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.20.3 Financial Liabilities

Financial liabilities are classified as 'other financial liabilities'.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20.4 Other Financial Liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying on initial recognition.

3.21 Derivative financial instruments

From time to time the Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in note 35.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3.21.1 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Consolidated Statement of Profit or Loss and Other Comprehensive Income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.22 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

NOTE 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1.1 Contracts - estimates to complete

Construction contracts are accounted for as per 3.8. Inherent in the assessment of profitability of each contract is the estimate to complete. This estimate requires the Directors to assess the conduct of the contract to date and the expected cost to complete the contract. In addition, where appropriate, Management and the Directors assess the probability of recovery of variations within the contract estimates.

Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable. Claims and variations can be both approved and not approved by the customer. Where the claim and/or variation are not approved by the customer, estimates are made in relation to the claim and/or variation position and management assesses the recovery at each reporting period.

4.1.2 Recoverability of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 30 June 2017 was $15,185,000 (30 June 2016: $15,185,000).

See note 17 for details.

4.1.3 Payroll Tax Liability

BSA has previously advised the market about a possible payroll-tax liability with the NSW Office of State Revenue (OSR). BSA has increased the provision in its FY2017 accounts to $5,236,000 (FY2016 $2,736,000) as recognition of settlement up to 30 June 2016 as agreed with NSW OSR. The Directors' estimate of any remaining payroll tax liability for FY2017 has been provided for in the financial statements.

See Note 25 for details.

NOTE 5 REVENUE

	Consolidated	
	2017	2016
	$'000	$'000
The following is an analysis of the Group's revenue (excluding investment revenue - see note 6).		
Revenue from sale of goods	6,778	21,969
Revenue from the rendering of services	170,484	183,715
Contract revenue	315,055	306,172
Total Revenue	492,317	511,856

NOTE 6 INVESTMENT REVENUE

	Consolidated	
	2017	2016
	$'000	$'000
Interest revenue		
Bank deposits	166	96
	166	96
The following is an analysis of investment revenue earned on financial assets by category of asset:		
Loans and receivables (including cash and bank balances)	166	96
	166	96

NOTE 7 OTHER GAINS AND LOSSES

	Consolidated	
	2017	2016
	$'000	$'000
Gain on disposal of property, plant and equipment	387	120
	387	120

NOTE 8 PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

		Consolidated	
		2017	2016
		$'000	$'000
	Profit/(Loss) for the year from continuing operations has been arrived at after charging/(crediting):		
8.1	**Cost of sales**	398,836	428,644
8.2	**Finance costs**		
	Interest on bank overdrafts and loans	595	741
	Total finance costs	595	741
8.3	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	4,260	5,029
	Amortisation of intangible assets	738	1,440
	Total depreciation and amortisation expense	4,998	6,469
8.4	**Employee benefits expense**		
	Post employment benefits		
	Superannuation	9,814	10,107
	Share-based payments (see note 31(d))		
	Equity-settled share-based payments	54	-
	Termination benefits	1,234	1,877
	Other employee benefits	34,701	34,947
	Total employee benefits expense	45,803	46,931
8.5	**Significant Items**		
	Restructure costs	1,234	3,267
	nRAH completion and commissioning costs and settlement impact	1,891	7,514
	Other contract one-off items	-	385
	Legal and professional fees relating to legacy issues	1,126	3,493
	Additional provision for NSW OSR issue	2,500	736
	Other significant items	-	(861)
	Total significant items	6,751	14,534

$6,751,000 (2016: $14,534,000) is included in the following categories in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, 'Subcontractors and raw materials' ($4,391,000) (2016: $12,847,000), 'Employee benefits expense' ($1,234,000) (2016: $1,197,000), 'Other expenses' ($1,126,000) (2016: $398,000), 'Finance costs' (Nil) (2016: $11,000) and 'Depreciation expense' (Nil) (2016: $81,000).

NOTE 9 INCOME TAXES

			Consolidated	
			2017	**2016**
		Note	**$'000**	**$'000**
9.1	**Income tax recognised in profit or loss**			
	Current tax			
	In respect of the current year (benefit)		(70)	-
			(70)	-
	Deferred tax			
	In respect of the current year		1,741	(795)
			1,741	(795)
	Total income tax expense/(benefit) recognised in the current year relating to continuing operations		1,671	(795)
	The expense for the year can be reconciled to the accounting profit/(loss) as follows:			
	Profit/(Loss) from continuing operations		5,634	(3,014)
	Income tax expense/(benefit) calculated at 30%		1,690	(904)
	Adjusted for:			
	Non-deductible expenses		18	138
			1,708	(766)
	Adjustments recognised in the current year in relation to the current tax of prior years			
	Other		(37)	(29)
			(37)	(29)
	Total income tax expense/(benefit) recognised in the current year relating to continuing operations		1,671	(795)

The tax rate used for the 2017 and 2016 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

9.2	**Current tax assets and liabilities**			
	Current tax assets			
	Tax refund receivable		-	-
			-	-

NOTE 9 INCOME TAXES (CONTINUED)

9.3 Deferred tax balances

2017	Opening balance	Recognised in profit or loss	Closing balance
Temporary differences			
Finance leases	(93)	105	12
Intangible assets	(945)	221	(724)
Employee benefits	3,269	136	3,405
Provisions	4,094	(2,204)	1,890
Doubtful debts	542	1	543
Tax loss carried forward	928	70	998
	7,795	(1,671)	6,124

2016	Opening balance	Recognised in profit or loss	Closing balance
Temporary differences			
Finance leases	(146)	53	(93)
Intangible assets	(1,378)	433	(945)
Employee benefits	3,525	(256)	3,269
Provisions	2,800	1,294	4,094
Doubtful debts	758	(216)	542
Tax loss carried forward	1,441	(513)	928
	7,000	795	7,795

Deferred tax balances are presented in the Statement of Financial Position as follows:

	30/06/2017 $'000	30/06/2016 $'000
Deferred tax assets	6,124	7,795
Deferred tax liabilities	-	-
	6,124	7,795

NOTE 9 INCOME TAXES (CONTINUED)

9.4 Tax consolidation

Relevance of tax consolidation to the Group

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 August 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is BSA Limited. The members of the tax-consolidated group are identified in note 19. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from un-used tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or received by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

NOTE 10 KEY MANAGEMENT PERSONNEL

The aggregate compensation made to Directors and other Key Management Personnel of the Company and the Group is set out below:

	Consolidated	
	2017	2016
	$	$
Compensation		
Short-term employee benefits	1,644,865	2,090,432
Post-employment benefits	93,185	115,110
Other long-term benefits	21,292	13,709
Share-based payments	29,355	-
	1,788,697	2,219,251

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report on pages 17 to 24 of this Annual Report.

NOTE 11 AUDITORS' REMUNERATION

	Consolidated 2017 $	2016 $
Remuneration of the auditor of the Group for:		
- Auditing or reviewing the Financial Report	366,765	337,461
- Taxation services	125,963	152,426
- Other non-audit services	12,329	12,333
	505,057	502,220

The auditor of BSA Limited is Deloitte Touche Tohmatsu.

NOTE 12 EARNINGS PER SHARE

	Consolidated 2017 Cents	2016 Cents
Basic profit/(loss) per share	0.94	(0.52)
Diluted profit/(loss) per share	0.93	(0.52)

		$'000	$'000
(a)	**Reconciliation of Earnings to Profit**		
	Profit/(Loss)	3,963	(2,219)
	Profit/(Loss) used to calculate basic EPS and dilutive EPS	3,963	(2,219)

		Number	Number
(b)	**Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS**	422,907,346	422,907,346
	Weighted average number of options/rights outstanding	1,654,946	-
	Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	424,562,292	422,907,346

(c) **Information concerning the classification of securities**

Options/Rights

Options granted to employees under the BSA Limited Employee Option Plan and rights granted to employees under the BSA Limited Employees Performance Rights Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options/rights have not been included in the determination of basic earnings per share. Details relating to the options and rights are set out in note 31.

NOTE 13 CASH AND CASH EQUIVALENTS

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks.

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Cash at bank and on hand	16,432	21,490
	16,432	21,490

NOTE 14 TRADE AND OTHER RECEIVABLES

		Consolidated	
		2017	**2016**
	Note	**$'000**	**$'000**
CURRENT			
Trade receivables		8,186	5,388
Allowance for doubtful debts		(160)	(206)
		8,026	5,182
Other receivables		21,424	1,408
Executive Share Plan receivables	33 (c)	329	1,328
Amounts due from customers under construction contracts	21	54,874	56,115
Allowance for doubtful debts (construction contracts)		(978)	(947)
Accrued Revenue		14,075	13,332
Prepayments		1,293	1,377
		91,017	72,613
		99,043	77,795
NON-CURRENT			
Executive Share Plan receivables	33(c)	1,332	313
Other Receivables		916	1,644
		2,248	1,957

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period for the Group is 47 days. No interest is charged on overdue receivables. Allowances for doubtful debts are recognised against trade receivables greater than 60 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty.

Before accepting a new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

NOTE 14 TRADE AND OTHER RECEIVABLES (CONTINUED)

Age analysis of trade receivables that are past due but not impaired at the reporting date

Consolidated

	2017 Total $'000	2017 Amount Impaired $'000	2017 Amount Not Impaired $'000	2016 Total $'000	2016 Amount Impaired $'000	2016 Amount Not Impaired $'000
Not past due	7,111	-	7,111	4,206	-	4,206
Past due [30] days	693	-	693	633	-	633
Past due [30-60] days	202	-	202	223	-	223
Past due [60-90] days	80	65	15	155	145	10
Past due [>90] days	100	95	5	164	61	103
Total	8,186	160	8,026	5,381	206	5,175

Amounts due from customers under construction contracts

Consolidated

	2017 Total $'000	2017 Amount Impaired $'000	2017 Amount Not Impaired $'000	2016 Total $'000	2016 Amount Impaired $'000	2016 Amount Not Impaired $'000
Not past due	32,043	-	32,043	40,889	-	40,889
Past due [30] days	14,352	-	14,352	6,518	-	6,518
Past due [30-60] days	1,607	-	1,607	2,515	-	2,515
Past due [60-90] days	1,374	-	1,374	1,661	-	1,661
Past due [>90] days	5,498	978	4,520	4,532	947	3,585
Total	54,874	978	53,896	56,115	947	55,168

As at 30 June 2017, the Group had current trade receivables of $1,138,000 (2016: $1,153,000) that were impaired. The amounts relate to customers who had not responded to final request for payment notices, customers that BSA had requested external collection agencies to collect outstanding debts or customers who have disputed invoiced amounts.

Analysis of Allowance Account

Consolidated

	2017 $'000	2016 $'000
Opening Balance	1,153	1,268
Provisions for doubtful receivables current	405	474
Receivables written off during the year	(420)	(589)
Closing balance	1,138	1,153

NOTE 15 INVENTORIES

Consolidated

	2017 $'000	2016 $'000
CURRENT		
Inventories of finished goods and work in progress at net realisable value	2,174	2,731
	2,174	2,731

The cost of inventories recognised as an expense includes $457,000 (2016:$395,000) in respect of write-down of inventory to net realisable value.

NOTE 16 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Leasehold Improvements	Plant & Equipment	Plant & Equipment Under Finance Lease & Hire Purchase	Make Good	Assets Under Construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000		$'000
Cost								
Balance as at 1 July 2015	253	410	3,223	30,357	11,104	251	-	45,598
Additions	-	-	7	1,401	659	12	-	2,079
Disposals	-	-	-	(479)	(361)	-	-	(840)
Transfers *	-	-	-	94	(94)	-	-	-
Balance as at 30 June 2016	253	410	3,230	31,373	11,308	263	-	46,837
Additions	-	-	64	3,313	1,101	987	673	6,138
Disposals	-	-	(4)	(1,720)	(851)	-	-	(2,575)
Transfers *	-	-	1	15	(16)	-	-	-
Balance as at 30 June 2017	253	410	3,291	32,981	11,542	1,250	673	50,400
Accumulated depreciation and impairment								
Balance as at 1 July 2015	-	55	2,276	24,727	7,570	229	-	34,857
Additions	-	17	477	3,111	1,390	34	-	5,029
Disposals	-	-	-	(442)	(330)	-	-	(772)
Transfers	-	-	-	82	(82)	-	-	-
Balance as at 30 June 2016	-	72	2,753	27,478	8,548	263	-	39,114
Additions	-	16	460	2,363	1,255	166	-	4,260
Disposals	-	-	(4)	(1,669)	(823)	-	-	(2,496)
Transfers *	-	-	-	(83)	83	-	-	-
Balance as at 30 June 2017	-	88	3,209	28,089	9,063	429	-	40,878
Net Book Value as at 30 June 2017	253	322	82	4,892	2,479	821	673	9,522
Net Book Value as at 30 June 2016	253	338	477	3,895	2,760	-	-	7,723

* Transfers between categories

16.1 The following useful lives are used in the calculation of depreciation:

Buildings	25 years
Leasehold improvements	4 - 5 years
Plant and equipment	3 - 10 years
Plant and equipment under finance lease	3 - 5 years

16.2 Assets held as security

Fixed and floating charges over the whole of the parent entity and its subsidiaries' assets have been pledged as security for bank loans (see note 24).

NOTE 17 NON-CURRENT ASSETS - GOODWILL

$'000	BSA | Connect	BSA | Build	BSA | Maintain	Consolidated
Cost				
Balance at the beginning of year				
2017	-	15,185	-	15,185
2016	-	15,185	-	15,185

The recoverable amount of each cash generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a three year period with the period extending beyond three years extrapolated using an estimate growth rate of 3.0% for **BSA | Build.** The cash flows are discounted using the weighted average cost of capital with mid-year discounting.

At 30 June 2017 the company has assessed both internal and external indicators of impairment, including completing the value-in-use models, and did not identify any indicators of impairment.

The key assumptions used in the value-in-use calculations as at 30 June 2017 and 30 June 2016 were as follows:

- growth rate used to extrapolate cash flows beyond the forecast period: 3.0% for **BSA | Build** (2016: 3.0%);
- pre-tax discount rate: 12.5% (2016: 12.5%); and
- divisional Revenue, EBIT, working capital adjustments and maintenance capital expenditure

NOTE 18 NON-CURRENT ASSETS - OTHER INTANGIBLE ASSETS

Intangible assets, other than goodwill, have finite lives. The current amortisation for intangible assets is included under depreciation and amortisation expense per the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	Customer Relationships	Order Backlog	Total
	$'000	$'000	$'000
Cost			
Balance as at 1 July 2015	6,900	10,079	16,979
Acquisitions through business combinations	-	-	-
Balance at 30 June 2016	6,900	10,079	16,979
Acquisitions through business combinations	-	-	-
Balance at 30 June 2017	6,900	10,079	16,979
Accumulated amortisation and impairment			
Balance as at 1 July 2015	(6,071)	(6,316)	(12,387)
Amortisation expense	(766)	(674)	(1,440)
Balance at 30 June 2016	(6,837)	(6,990)	(13,827)
Amortisation expense	(63)	(675)	(738)
Balance at 30 June 2017	(6,900)	(7,665)	(14,565)
Net Book Value as at 30 June 2017	-	2,414	2,414
Net Book Value as at 30 June 2016	63	3,089	3,152

The following useful lives are used in the calculation of amortisation.

Customer relationships	9 years
Order backlog	1 to 9.5 years

NOTE 19 OTHER FINANCIAL ASSETS

	Consolidated 2017 $'000	2016 $'000
Shares in other corporations at cost	3	3
	3	3

(a) Shares in subsidiaries

Details of Group Companies

	Principal Activity	Place of incorporation	Percentage owned (%) 2017	2016
Parent Entity:				
BSA Limited		Australia	-	-
Ultimate Parent Entity:				
BSA Limited		Australia	-	-
Name of Subsidiary				
Mr Broadband Pty Limited	BSA | Build	Australia	100%	100%
Allstaff Airconditioning Holdings Pty Limited	BSA | Build	Australia	100%	100%
Allstaff Airconditioning (VIC) Pty Limited	BSA | Build	Australia	100%	100%
Allstaff Airconditioning (NSW) Pty Limited	BSA | Build	Australia	100%	100%
Allstaff Airconditioning (ACT) Pty Limited	BSA | Maintain	Australia	100%	100%
Complex Airconditioning Pty Limited	BSA | Maintain	Australia	100%	100%
ACN 085 921 615 Pty Ltd (Formerly Mr Antenna Pty Limited)	BSA | Connect	Australia	100%	100%
Satellite Receiving Systems (QLD) Pty Limited	BSA | Connect	Australia	100%	100%
ACN 066 496 893 Pty Ltd (Formerly Mr Alarms Pty Limited)	BSA | Connect	Australia	100%	100%
MEC Services Pty Limited	BSA | Maintain	Australia	100%	100%
BSA Transmission Solutions Pty Limited	BSA | Connect	Australia	100%	100%
066 059 809 Pty Limited	BSA | Connect	Australia	100%	100%
Triple M Group Pty Limited	BSA | Build	Australia	100%	100%
Triple M Mechanical Services Pty Limited	BSA | Build	Australia	100%	100%
Triple M Mechanical Services (Qld) Pty Limited	BSA | Build	Australia	100%	100%
Triple M Fire Pty Limited	BSA | Build	Australia	100%	100%
Triple M Mechanical Services (Administration) Pty Limited	BSA | Build	Australia	100%	100%
BSA Networks Pty Limited	BSA | Connect	Australia	100%	100%
BurkeAir Pty Limited	BSA | Maintain	Australia	100%	100%

(b) Deed of Cross Guarantee:

All Controlled Entities are parties to the Deed of Cross Guarantee, where relief is obtained from preparing individual financial reports under ASIC Corporations Legislative Instrument 2016/785, and are members of the Closed Group. Under the Deed, BSA Limited agrees to support the liabilities and obligations of the Controlled Entities.

(c) Tax Consolidation Group

All the controlled entities are part of the Tax Consolidation Group.

BSA Limited is the head entity in the Tax Consolidation Group.

NOTE 19 OTHER FINANCIAL ASSETS (CONTINUED)

19.1 Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal Activity	Place of incorporation and operation	Number of wholly-owned subsidiaries 2017	2016
BSA | Connect	Australia	6	6
BSA | Build	Australia	9	11
BSA | Maintain	Australia	4	2
		19	19

NOTE 20 DETAILS OF JOINT VENTURE

Details of the Group's joint venture at the end of the reporting period is as follows:

Name of Joint Venture	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held by the group 2017	2016
Triple M and Premier Fire JV Co Limited	Installation of fire services	Australia	50%	50%

The above joint venture is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with AASBs (adjusted by the Group for equity accounting purposes).

Triple M and Premier Fire JV Co Limited

	2017 $'000	2016 $'000
Current Assets	1,040	3,272
Non-current assets	-	-
Current Liabilities	(1,202)	(3,306)
Non-current liabilities	-	-

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	482	696
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-

NOTE 20 DETAILS OF JOINT VENTURE (CONTINUED)

	2017 $'000	2016 $'000
Revenue	-	19,212
Profit or loss from continuing operations	-	(554)
Post-tax profit/(loss) from discontinued operations	-	-
Profit/(loss) for the year	-	(554)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	(554)
Dividends received from the joint venture during the year	-	-
The above profit/(loss) for the year include the following:		
Depreciation and amortisation	-	-
Interest income	-	-
Interest expenses	-	-
Income tax expense (income)	-	(131)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2017 $'000	2016 $'000
Net liabilities of the joint venture	(162)	(34)
Proportion of the Group's ownership interest in the joint venture	50%	50%
Goodwill	-	-
Other adjustments	-	-
Carrying amount of the Group's interest in the joint venture	(81)	(17)

NOTE 21 AMOUNTS DUE FROM (TO) CUSTOMERS UNDER CONSTRUCTION CONTRACTS

	2017 $'000	2016 $'000
Contracts in progress		
Construction costs incurred plus recognised profits less recognised losses to date	317,397	311,804
Less: progress billings	(262,523)	(263,877)
	54,874	47,927
Represented by amounts due:		
- from customers under construction contracts (note 14)	54,874	56,115
- to customers under construction contracts (note 23)	-	(8,188)
	54,874	47,927

Advances received from customers for contract work amounted to Nil (30 June 2016: $8,188,000)

NOTE 22 PARENT ENTITY DISCLOSURES

		Consolidated	
		2017 $'000	2016 $'000
(a)	**Financial Position**		
	Assets		
	Current assets	42,492	29,083
	Non-current assets	40,560	80,573
	Total assets	83,052	109,656
	Liabilities		
	Current liabilities	36,176	25,865
	Non-current liabilities	2,298	959
	Total liabilities	38,474	26,824
	Net Assets	44,578	82,832
	Equity		
	Issued capital	97,564	97,592
	Accumulated losses	(77,546)	(39,306)
	Profit Reserve	23,137	23,136
	Reserves		
	Share-based payments reserve	1,423	1,410
	Cash flow hedge reserve	-	-
	Total equity	44,578	82,832
(b)	**Financial Performance**		
	Profit/(Loss) for the year	(38,239)	(3,880)
	Other comprehensive income for the year, net of tax		
	Items that may be reclassified subsequently to profit or loss:		
	Gain recognised on cash flow hedges	-	-
	Total comprehensive income for the year, net of tax	(38,239)	(3,880)
(c)	**Guarantees entered into by the parent entity in relation to the debts of its subsidiaries**		
	BSA Limited has entered into a cross guarantee with its wholly owned subsidiaries.	57,164	57,164

(d) Contingent Liabilities

Under the above cross guarantee, BSA Limited, as the parent entity, guarantees all contingent liabilities of the wholly owned subsidiaries.

Guarantees established in favour of National Australia Bank Limited and Swiss Re International SE for Guarantees issued to various clients for satisfactory contract performance, secured by cross guarantees from all wholly owned group members amounting to $8,754,000 (2016: $7,501,000 directly relating to the parent. Guarantees secured by cross guarantee by all group members amounted to $42,670,000 (2016:$39,420,000).

NOTE 23 TRADE AND OTHER PAYABLES

		Consolidated	
		2017	**2016**
	Note	**$'000**	**$'000**
Trade payables		41,771	39,414
Other payables		27,809	8,299
Work in progress		18,740	14,692
Amounts due to customers under construction contracts (see note 21)		-	8,188
Total Payables		88,320	70,593

The average credit period on purchases is 32 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

NOTE 24 BORROWINGS

		Consolidated	
		2017	**2016**
	Note	**$'000**	**$'000**
CURRENT			
Secured liabilities at amortised cost:			
Hire purchase liabilities	(b), 28(iii)	718	487
Lease liabilities	(b), 28(ii)	297	1,099
Bank loans	(a)	-	-
Other		649	309
Total borrowings		1,664	1,895
NON-CURRENT			
Secured liabilities at amortised cost:			
Hire purchase liabilities	(b), 28(iii)	1,135	879
Lease liabilities	(b), 28(ii)	128	215
Bank loans	(a)	-	-
Total borrowings		1,263	1,094

(a) The bank loans of the Group are secured by fixed and floating charges registered by mortgage debenture over assets and undertakings of the parent entity and its subsidiaries along with interlocking guarantees and indemnities for $57,164,000 between the parent entity and its subsidiaries. There were no bank loans outstanding at year end.

The Group has Banking Facilities amounting to $51,500,000 which have an expiry date of 31 December 2018, including $26.5 million bank guarantee facility drawn down per note 35c. Total loan facilities of $25 million were partially drawn down at 30 June 2017 per note 35c.

The covenants within the bank borrowings have the following ratios as at 30 June 2017:

Quarterly interest cover ratio greater than 3.5 times,

Quarterly total leverage ratio less than 3.5 times

NOTE 24 BORROWINGS (CONTINUED)

	Consolidated 2017 $'000	2016 $'000
Total financial assets pledged as security		
CURRENT		
Cash and cash equivalents	16,432	21,490
Trade and other receivables	99,043	77,795
Inventories	2,174	2,731
	117,649	102,016
NON-CURRENT		
Trade and other receivables	2,248	1,957
Other financial assets	3	3
Property, plant & equipment	9,522	7,723
Deferred tax assets	6,124	7,795
Goodwill	15,185	15,185
Other intangible assets	2,414	3,152
	35,496	35,815
	153,145	137,831

(b) Lease liabilities and hire purchase liabilities are effectively secured as the rights to the assets recognised in the financial statements and revert to the financier in the event of default.

Actual interest rates for hire purchase liabilities outstanding during the year ranged between 4.47% and 6.26%. Actual interest rates for lease liabilities outstanding during the year ranged between 4.32% and 6.19%.

(c) There were no defaults or breaches of any loan agreements during the current year.

NOTE 25 PROVISIONS

		Consolidated	
		2017	**2016**
	Note	**$'000**	**$'000**
Employee benefits	(i)	9,742	9,428
Other provisions (see below)		6,631	13,308
		16,373	22,736
CURRENT		14,381	21,684
NON-CURRENT		1,992	1,052
		16,373	22,736

Other Provisions	**NSW Office of State Revenue (ii)**	**Make Good (iii)**	**Contract Provisions (iv)**	**Total**
Balance at 1 July 2016	2,736	280	10,292	13,308
Additional provisions recognised	2,500	1,082	(10,259)	(6,677)
Provisions reversed	-	-	-	-
Balance at 30 June 2017	5,236	1,362	33	6,631

(i) The provision for employee benefits represents annual leave and vested and non-vested long service leave entitlements accrued.

(ii) The provision for NSW Office of State Revenue (OSR) relates to the following:

BSA has previously advised the market about a possible payroll-tax liability with the NSW Office of State Revenue (OSR). BSA has increased the provision in its FY2017 accounts to $5,236,000 (FY2016 $2,736,000) as recognition of settlement up to 30 June 2016 as agreed with NSW OSR. The Directors' estimate of any remaining payroll tax liability for FY2017 has been provided for in the financial statements.

(iii) The provision for make good represents the estimated cost of work to comply with make good obligations in certain Group property leases.

(iv) The provision for project provisions represents the expected cost of obligations under construction contracts recognised at the Directors' best estimate of the expenditure to settle the Group's obligation.

NOTE 26 ISSUED CAPITAL

(a) Share capital

		Parent Entity	
	Note	2017 Number of Shares	2016 Number of Shares
Ordinary shares - fully paid	(c)	422,907,346	422,907,346

(b) Movements in ordinary share capital

Date	Details	Number of Shares	$'000
1 July 2015	Opening Balance	422,907,346	97,592
1 July 2016	Opening Balance	422,907,346	97,592
	Less: transaction costs arising on shares issued	-	(28)
30 June 2017	Balance	422,907,346	97,564

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

At 30 June 2017 no options were held over ordinary shares of the Company.

Share options granted under the Share Option Plan carry no rights to dividends and no voting rights. Further information relating to the BSA Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 31.

(e) Executive Securities Plan

The Company has established an Executive Securities Plan as a mechanism to provide the Company's key Executives with a direct equity involvement and incentive in the Company which aligns them with the shareholders.

(f) Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. The Dividend Reinvestment Plan has been suspended since the final dividend for 30 June 2012.

(g) Rights

Information relating to the BSA Limited Performance Rights Plan, including details of rights issued, exercised and lapsed during the financial year and rights outstanding at the end of the financial year, is set out in Note 31.

NOTE 27 RESERVES AND ACCUMULATED LOSSES

		Consolidated	
		2017	**2016**
		$'000	**$'000**
(a)	**Reserves**		
	Share-based payments reserve	1,423	1,410
		1,423	1,410
	Share-based payments reserve		
	Opening balance	1,410	1,410
	Rights expense	54	-
	Shares issued in satisfaction of performance conditions	(41)	-
	Closing balance	1,423	1,410

The share-based payments reserve relates to share options and share rights granted to employees under the Employee Share Option Plan and the Employee Performance Rights Plan. Further information about share-based payments to employees is set out in note 31.

The share-based payments reserve records items recognised as expenses on valuation of employee share options and rights.

(b)	**Accumulated losses**		
	Movements in accumulated losses were as follows:		
	Balance at beginning of year	(65,243)	(63,024)
	Net loss for the year	-	(2,219)
	Balance at end of year	(65,243)	(65,243)
(c)	**Profit Reserve**		
	Movements in profit reserve were as follows:		
	Balance at beginning of year	7,737	7,737
	Net profit for the year	3,963	-
	Dividends	-	-
	Balance at end of year	11,700	7,737

NOTE 27 RESERVES AND ACCUMULATED LOSSES (CONTINUED)

(d) Dividends on equity instruments

	Year ended 30/06/17		Year ended 30/06/16	
	Cents per share	Total '000	Cents per share	Total '000
Recognised amounts				
Fully paid ordinary shares				
Interim dividend:	-	-	-	-
Final dividend:	-	-	-	-
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend:	0.50	2,115	-	-

On 28 August 2017 the Directors declared a fully franked dividend of 0.50 cent per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2017, to be paid to shareholders on 2 November 2017. This dividend has not been included as a liability in these consolidated financial statements. The dividend will be paid to all shareholders on the Register of Members on 12 October 2017. The total estimated dividend to be paid is $2,115,000.

(e) Franked credits

	Consolidated	
	2017	2016
	$'000	$'000
Franking account balance as at 30 June	16,285	16,285
Franking credits that will attach to the payment of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(902)	-
Net franking credits available	15,383	16,285

NOTE 28 CAPITAL AND LEASING COMMITMENTS

		Note	Consolidated 2017 $'000	2016 $'000
(i)	**Operating Lease Commitments**			
	The Group leases various offices and warehouses under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.			
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
	Within one year		2,956	4,438
	Later than one year but not later than five years		6,540	1,483
	Later than five years		-	-
			9,496	5,921
(ii)	**Finance Lease Commitments**			
	The Group leases various plant and equipment with a carrying amount of $728,000 (2016: $1,501,000) under finance leases expiring within one to four years. Under the terms of the leases, the Group has the option to acquire the leased assets after paying the residual amount on expiry of the leases.			
	Commitments in relation to finance leases are payable as follows:			
	Within one year		326	1,218
	Later than one year but not later than five years		137	318
	Later than five years		-	-
	Minimum lease payments		463	1,536
	Less future finance charges		(38)	(222)
	Total Lease Liability		425	1,314
	Represented by:			
	Current liability	24	297	1,099
	Non-current liability	24	128	215
			425	1,314
(iii)	**Hire Purchase Commitments**			
	The Group has purchased various plant and equipment with a carrying amount of $1,751,000 (2016: $1,177,000) under hire purchase agreements expiring within one to four years. Under the terms of the agreements, the Group has the option to acquire the assets after paying the residual amount on expiry of the agreements.			
	Commitments in relation to hire purchase agreements are payable as follows:			
	Within one year		798	562
	Later than one year but not later than five years		1,235	939
	Later than five years		-	-
	Minimum payments		2,033	1,501
	Less future finance charges		(180)	(135)
	Total Hire Purchase Liability		1,853	1,366
	Represented by:			
	Current liability	24	718	487
	Non-current liability	24	1,135	879
			1,853	1,366

NOTE 29 SEGMENT INFORMATION

(a) AASB 8 Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

(b) Products and services from which reportable segments derive their revenues

The Group is organised into the following reportable segments:

BSA | Connect

BSA | Connect provides contracting services to the telecommunications, subscription television and communication industries. The contracting services include the delivery of bundled services over fixed line multi-technology services and networks and the installation of subscription television.

BSA | Build

BSA | Build provides the design and installation of building services for commercial and industrial buildings including: Mechanical Services, Air Conditioning, Heating and Ventilation, Refrigeration and Fire services.

BSA | Maintain

BSA | Maintain provides the maintenance of building services for commercial and industrial buildings including: Mechanical Services, Air Conditioning, Heating and Ventilation, Refrigeration and Fire services.

(c) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable operating segment:

	Revenue Year Ended		Segment Profit/Loss Year Ended	
	30 Jun 17 $'000	30 Jun 16 $'000	30 Jun 17 $'000	30 Jun 16 $'000
BSA | Connect	186,531	205,731	8,043	6,183
BSA | Build	216,626	226,392	352	(3,285)
BSA | Maintain	89,547	79,853	2,762	(312)
Other	166	96	-	-
	492,870	512,072	11,157	2,586
Corporate costs including acquisition, legal and advisory			(4,928)	(4,859)
Finance costs			(595)	(741)
Profit/(Loss) before tax			5,634	(3,014)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit/loss earned by each segment without allocation of central administration costs and Directors' salaries, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTE 29 SEGMENT INFORMATION (CONTINUED)

(d) Segment assets and liabilities

	Year Ended	
	30 Jun 17	**30 Jun 16**
	$'000	**$'000**
Segment assets		
BSA | Connect	50,260	37,936
BSA | Build	73,934	80,406
BSA | Maintain	28,951	19,489
Consolidated assets	153,145	137,831
Segment liabilities		
BSA | Connect	40,711	33,768
BSA | Build	49,019	52,950
BSA | Maintain	17,971	9,617
Consolidated liabilities	107,701	96,335

For the purposes of monitoring segment performance and allocating resources between segments.

* All assets, except cash, are allocated to reportable segments. In 2017 and 2016, cash is allocated to **BSA | Connect,** who operate the Group's treasury. Goodwill is allocated to reportable segments as described in note 17. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

* All liabilities are allocated to reportable segments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(e) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	Year Ended		Year Ended	
	30 Jun 17	**30 Jun 16**	**30 Jun 17**	**30 Jun 16**
	$'000	**$'000**	**$'000**	**$'000**
Continuing operations				
[1] BSA | Connect	2,041	2,357	3,974	731
BSA | Build	1,034	1,811	715	920
BSA | Maintain	1,923	2,301	1,449	428
	4,998	6,469	6,138	2,079

[1] BSA | Connect includes Corporate depreciation amortisation of $578,000 and Corporate Additions to non-current assets of $2,090,000.

NOTE 29 SEGMENT INFORMATION (CONTINUED)

(f) Geographical information

The Group only operates in Australia.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers Year ended		Non-current assets Year Ended	
	30 Jun 17 $'000	30 Jun 16 $'000	30 Jun 17 $'000	30 Jun 16 $'000
Australia	492,870	512,072	35,496	35,815
	492,870	512,072	35,496	35,815

(g) Information about major customers

The Group has a number of customers to whom it provides both products and services. The Group supplies a single external customer in the **BSA | Connect** segment who accounts for 17% of external revenue (2016:26%). The Group's next most significant client is in the **BSA | Connect** segment and accounts for 10% of external revenue (2016: 8% in the BSA | Build segment).

NOTE 30 CASH FLOW INFORMATION FOR THE PERIOD

		Consolidated 2017 $'000	Consolidated 2016 $'000
(a)	**Reconciliation of profit/(loss) to net cash flows from operating activities for the year**		
	Profit/(Loss) for the year	3,963	(2,219)
	Depreciation	4,260	5,029
	Amortisation	738	1,440
	Share-based payment expense	54	-
	Net profit on sale of non-current assets	(387)	(120)
	Change in operating assets and liabilities		
	Increase in trade receivables	(1,695)	(5,580)
	Decrease in inventories	557	1,969
	Decrease/(increase) in deferred tax asset	1,672	(795)
	Increase in other operating assets	(19,586)	(2,311)
	Increase in trade payables	2,357	7,913
	Increase/decrease in other operating liabilities	13,652	(7,210)
	(Decrease)/increase in provisions	(6,363)	3,920
	Net cash (used by)/generated by operating activities	(778)	2,036

(b) Non-cash transactions

During the year the consolidated entity acquired plant and equipment with an aggregate value of $1,101,000 (2016:$659,000) by means of finance leases. These acquisitions are not reflected in the statements of cash flows.

		Consolidated 2017 $'000	Consolidated 2016 $'000
(c)	**Credit Standby Arrangements with Banks**		
	Credit facility	20,000	20,000
	Amount utilised	-	-
	Unused credit facility	20,000	20,000

The major facility is summarised as follows:

A Working Capital Facility which covers the financial requirements of the day to day operations of the Group.

(d)	**Master Asset Finance Facilities**		
	Total asset finance facility	5,000	5,000
	Amount utilised	(2,277)	(2,679)
	Total unused Master Asset Finance Facility	2,723	2,321

NOTE 30 CASH FLOW INFORMATION FOR THE PERIOD (CONTINUED)

		Consolidated	
		2017	2016
		$'000	$'000
(e)	**Loan facilities**		
	Loan facilities	-	-
	Amount utilised	-	-
	Unused loan facility	-	-

The major facilities are summarised as follows:

Acquisition Finance Loans

Finance will be provided under the facility, provided the Company and the consolidated entity has not breached any borrowing requirements and the required financial ratios are met. During the year, the Company and the consolidated entity have not breached any borrowing requirements.

(f) Guarantees

Guarantees to the value of $24,028,000 were utilised at 30 June 2017 (2016: $20,424,000), and are secured by fixed and floating charge to the bank over the assets of the Company together with guarantees in favour of the parent given by all controlled entities.

(g) Surety Bonds

Surety Bonds of which $18,642,000 were utilised at 30 June 2017 (2016: $18,996,000), are unsecured.

NOTE 31 SHARE-BASED PAYMENTS

(a) Employee Option Plan

The establishment of the BSA Limited Employee Option Plan was approved by shareholders at the 2004 AGM. Staff eligible to participate are those who are full time or permanent part-time employees of any company in the Group, including an Executive Director and Non-Executive Director of the company and whom the Board of Directors has sole discretion to determine to be eligible to participate but does not include a person who has a relevant interest in greater than 5% of the issued ordinary share capital of the Company.

The exercise price and exercise period applicable to any options to be offered under the Option Plan will, at or before the time of issuing an invitation to eligible employees to subscribe for options, be determined by the Board in its absolute discretion.

Subject to any restrictions in the Listing Rules or the Corporations Act 2001, the Board may in its absolute discretion impose on the options such other terms as it considers appropriate.

As soon as practicable after receipt of a valid notice of exercise of an option together with the exercise price the Company will allot the appropriate number of ordinary shares. Any shares issued on the exercise of the options granted pursuant to the resolution will be officially quoted and will rank equally with all other shares on issue in the Company and all the rights and entitlements of the holders in respect of those shares will be identical to the rights and entitlements of the holders of the currently issued shares in the Company.

Options can only be exercised after three years if the employee remains in the employment of the Company and the option will then expire two years after this date. If the employee terminates their employment within the three years, the option is exercisable for twelve months from the date after termination. If the Company is subject to a takeover the option will vest and be exercisable for a period of three months.

Options may not be transferred, though prior to issue a nominee may be advised for consideration by the Board.

There were no options outstanding at 30 June 2017 (2016: Nil).

Fair value of options granted

There have been no options granted since 25 November 2004 under this scheme. As referred to in the Remuneration Report on page 19, 78,200 options previously granted in connection with rights granted under the BSA Performance Rights Plan, as a consequence of the 2014 captial raising, were exercised during the year.

There is no employee benefits expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (2016: nil), which relates to equity-settled share-based payment transactions.

NOTE 31 SHARE-BASED PAYMENTS (CONTINUED)

(b) Employee Share Scheme

A scheme under which shares were issued by the Company to employees for no cash consideration was ratified by shareholders at the 2004 AGM. All permanent employees (including Executive Directors) who were continuously employed by the consolidated entity for a period of at least one year were eligible to participate in the scheme. Employees could elect not to participate in the scheme.

Under the scheme, eligible employees were offered $1,000 worth of fully-paid ordinary shares in BSA Limited for the Year Ended 30 June 2004 for no cash consideration. The market value of shares issued under the scheme, measured as the weighted average market price on the day of issue of the shares, was recognised in the Consolidated Statement of Financial Position as share capital and as part of employee benefit cost.

Offers under the scheme are at the discretion of the Company. No offers were made to any director or employee of BSA Limited during the year ended 30 June 2017 (2016: Nil).

Shares under the scheme may not be sold until the earlier of three years after issue or cessation of employment with the consolidated entity. In all other aspects the shares rank equally with other fully-paid ordinary shares on issue (see note 26(c)).

The number of shares issued to participants in the scheme is the offered amount divided by the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the date of the offer.

(c) Executive Securities Plan

The establishment of the BSA Executive Securities Plan was approved by shareholders at the 2005 AGM. The Plan was established as a mechanism to provide the Company's key executives with a direct equity interest in the Company to better align them with the shareholders.

The number of securities to be offered and the time at which securities may be offered from time to time to executives and the price and terms of payment, shall be determined by the Board in its discretion.

The Board may at such times as it determines invite any executive to be a member of the Plan.

This plan provided for the Company to provide loans to executives to acquire shares. The maximum amount of any loan is not to exceed the total subscription price for the shares applied for.

The terms of the loan included a provision that no interest is payable by the Borrower under the Loan Agreement.

All shares are held in escrow until loans are fully repaid. An executive must not sell, mortgage, charge, assign or otherwise dispose of or encumber any shares before payment or repayment of any loan outstanding to the Company.

Subject to this restriction and to the terms of the loan from the Company (if any), an executive shall from the Date of Allotment, be the absolute beneficial owner of the shares.

Unless the Directors of the Company otherwise provide in the terms of any invitation, all Plan Shares shall rank for dividends declared on or after the Date of Allotment and shall in all respects rank equally with and have the same rights and entitlements as all other fully paid ordinary shares of the Company.

No offers were made under the Executive Securities Plan to any Directors or employees of BSA Limited during the year ended 30 June 2017.

Under the Loan Agreement, the borrower shall repay the balance outstanding of the Outstanding Principal when the borrower ceases to be an employee or Director of the Lender. BSA Limited has adopted the policy of having a rolling three year maturity date for all Executives who do not have a termed employment contract.

Set out below are summaries of securities accepted under the plan:

Consolidated and parent entity

Grant Date	Expiry Date	Issue Price (cents)	Balance at Start of the Year Number	Granted During the Year Number	Released from Escrow During the Year Number	Balance in Escrow at End of the Year Number
13 Oct 2006	n/a	0.23	700,000	-	-	700,000
19 Jul 2007	n/a	0.63	1,600,000	-	-	1,600,000
11 Sep 2007	n/a	0.68	150,000	-	-	150,000
13 Sep 2007	n/a	0.68	200,000	-	-	200,000
14 Dec 2007	n/a	0.68	400,000	-	-	400,000
10 Feb 2009	n/a	0.10	1,700,000	-	-	1,700,000
Total			4,750,000	-	-	4,750,000

NOTE 31 SHARE-BASED PAYMENTS (CONTINUED)

(d) Employee Performance Rights Plan

At the AGM held on 25 November 2008, shareholders approved the introduction of the BSA Employee Performance Rights Plan.

This incentive plan is designed to increase the motivation of eligible key staff and to create a stronger link between increasing shareholder value and employee reward.

To achieve its corporate objectives, the Company needs to attract and retain key staff. The Board believes that awards made to selected eligible employees under this plan:

- Provide an incentive for the creation of, and focus on, shareholder wealth;
- Enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- Link the reward of key staff with the achievement of strategic goals and the performance of the Company;
- Align the financial interests of participants with those of Company shareholders; and
- Ensure the remuneration packages of employees are consistent with market practice.

Vesting of rights or shares under this Plan requires the achievement of appropriate perfomance or service hurdles to be determined by the Board:

(i) Service condition of a specified period; or

(ii) The Company's performance as measured by earnings per share (EPS), being the EPS for the relevant Measurement Period as determined by the Board having regard to the financial statements. Certain growth in EPS for the shares must be attained in respect of each Measurement Period and pro-rata in respect of the initial Measurement Period. The Company must achieve these performance conditions before the rights vest.

Once rights have been exercised by an eligible employee (subject to relevant service or performance conditions being met), the Company may make non-refundable contributions to either fund the purchase of a new plan share, or to acquire on the ASX existing shares and transfer these to an eligible employee.

The specific terms of a particular grant, including any performance conditions, will be contained in the invitation and associated documentation sent to the eligible employee.

A right granted to a participant is not transferable and may not otherwise be dealt with, except with the Board's approval, or by operation of law on death or legal incapacity.

Rights to acquire shares are not exercisable until the end of the final measurement period, and until those rights have satisfied all vesting conditions and any performance hurdles established by the Board. This is subject to a number of exceptions (including death, cessation of employment, takeovers and schemes of arrangement). The rights will have a specified life determined by the Board. All grants of rights will have a life terminating five (5) years after the grant date or such other date as determined by the Board.

On or after the end of the final measurement period and provided any performance hurdle prescribed by the Board has been achieved and, where applicable, to the extent it has been achieved, the plan participant may then acquire shares by exercising the rights.

A right lapses if the vesting conditions are not met.

NOTE 31 SHARE-BASED PAYMENTS (CONTINUED)

Consolidated and parent entity

Grant Date	Exercise Date	Expiry Date	Exercise Price (cents)	Balance at Start of the Year Under Right Number	Balance at Start of the Year Under Option Number	Granted During the Year Under Right Number	Granted During the Year Under Option Number	Exercised During the Year Under Right Number	Exercised During the Year Under Option Number	Cancelled During the Year Under Right Number	Cancelled During the Year Under Option Number	Balance in Escrow at End of the Year Under Right Number	Balance in Escrow at End of the Year Under Option Number
14 Nov 11	14 Nov 14	14 Nov 16	-	621,000	422,280	-	-	(115,000)	(78,200)	(506,000)	(344,080)	-	-
25 Nov 14	30 Jun 15	25 Nov 17	-	1,116,667	-	-	-	-	-	-	-	1,116,667	-
29 Nov 16	6 Feb 17	29 Nov 21	-	-	-	90,322	-	-	-	-	-	90,322	-
29 Nov 16	1 Sep 17	29 Nov 21	-	-	-	200,000	-	-	-	-	-	200,000	-
Total				1,737,667	422,280	290,322	-	(115,000)	(78,200)	(506,000)	(344,080)	1,406,989	-

In addition, the Board has approved that Nicholas Yates be awarded 142,857 performance rights with an exercised price of $0.35 per right, but subject to a tenure of 12 months from 31 January 2017 to 31 January 2018. These are subject to the approval of shareholders at the 2017 AGM.

NOTE 32 EVENTS OCCURRING AFTER THE BALANCE DATE

During August 2017 BSA reached an in principle agreement with NSW OSR closing out all payroll tax issues up to 30 June 2016. This resulted in an additional $2.5 million provision taken up in the FY2017 accounts.

The Directors are not aware of any other significant events since the end of the reporting period.

NOTE 33 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those to other parties unless otherwise stated.

(a) Transactions with related parties:

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Rent was paid to The Day Street Unit Trust in which M Lowe, a Director, has a beneficial interest	178,496	178,496

Outstanding balances arising from purchases of services

No balances are outstanding at the reporting date in relation to transactions with related parties (2016: Nil)

NOTE 33 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Equity instrument disclosures relating to Key Management Personnel

(i) Rights holdings

The numbers of rights over ordinary shares in the Company held during the financial year by each Director of BSA Limited and other Key Management Personnel of the Group, including their personally related parties, are set out below.

2017	Balance at the start of the year	Granted as Compensation	Rights Exercised	Net Change Other	Balance at End of Year	Vested but Not Exercisable	Vested and Exercisable	Rights Vesting During Year
Nicholas Yates	1,116,667	-	-	-	1,116,667	-	1,116,667	-
Nicholas Benson	-	90,322	-	-	90,322	-	90,322	90,322
	1,116,667	90,322	-	-	1,206,989	-	1,206,989	90,322

In addition, the Board has approved that Nicholas Yates be awarded 142,857 performance rights with a strike rate of $0.35 per right, but subject to a tenure of 12 months from 31 January 2017 to 31 January 2018. These are subject to the approval of shareholders at the 2017 AGM.

2016	Balance at the start of the year	Granted as Compensation	Rights Exercised	Net Change Other	Balance at End of Year	Vested but Not Exercisable	Vested and Exercisable	Rights Vesting During Year
Nicholas Yates	1,116,667	-	-	-	1,116,667	-	1,116,667	1,116,667
	1,116,667	-	-	-	1,116,667	-	1,116,667	1,116,667

Further details of schemes can be found in the Directors' Report.

NOTE 33 RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Share holdings

The numbers of shares in the Company held during the year by each Director of BSA Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2017	Balance at the start of the year	Rights Exercised	Other Changes During the Year	Balance at the End of the Year	Balance Held Nominally
Directors of BSA Limited					
Ordinary Shares					
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	680,012	-	-	680,012	-
Michael Givoni	636,400	-	160,000	796,400	-
Graeme Barclay	-	-	-	-	-
Nicholas Yates	2,727,273	-	-	2,727,273	-
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-		200,000	-
Key Management Personnel					
Ordinary Shares					
Nicholas Benson	1,363,636	-	-	1,363,636	-
	15,722,724	-	160,000	15,882,724	-

Max Cowley is a nominee director of Birketu Pty Ltd and is also a director of Birketu Pty Ltd. Birketu Pty Ltd holds shares in BSA Limited of 67,204,000 (2016: 66,000,000). Max Cowley has no beneficial interest in Birketu Pty Ltd.

2016	Balance at the start of the year	Rights Exercised	Other Changes During the Year	Balance at the End of the Year	Balance Held Nominally
Directors of BSA Limited					
Ordinary Shares					
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	680,012	-	-	680,012	-
Michael Givoni	636,400	-	-	636,400	-
Graeme Barclay	-	-	-	-	-
Nicholas Yates	2,727,273	-	-	2,727,273	-
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
Key Management Personnel					
Ordinary Shares					
Nicholas Benson	1,363,636	-	-	1,363,636	-
	15,722,724		-	15,722,724	-

NOTE 33 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Executive Securities Loans

	Opening Balance $000	Balance at End of Year $000	Notional Interest Charged $000	Notional Interest Not Charged $000	Provision for Impairment $000	Number of Individuals
2017	1,734	1,661	1	-	74	11
2016	1,705	1,734	29	-	-	11
2015	1,473	1,705	232	-	-	11
2014	1,473	1,473	90	-	-	11
2013	1,477	1,473	90	-	-	11
2012	2,552	1,477	93	-	-	11
2011	2,656	2,552	44	-	-	13
2010	2,487	2,656	334	-	-	13
2009	2,437	2,487	171	-	-	13
2008	1,029	2,437	148	-	-	13
2007	833	1,029	63	-	-	6
2006	807	833	26	-	-	1

Individuals with loans above $100,000 in reporting period

2017	Opening Balance $	Notional Interest Charged Using Effective Interest Rate Method $	Balance at End of Year $	Highest Balance During Period $
Brendan Foley	590,065	347	590,412	590,412
Ray Larkin	227,228	134	227,362	227,362
Leaston Paull	227,228	134	227,362	227,362
Bryce Wood	192,919	113	193,032	193,032
Peter Tripodi *	143,750	-	143,750	143,750
Younis Tehfe	135,373	80	135,453	135,453

* Balance at year end stated at actual date to the terms of the loans

2016	Opening Balance $	Notional Interest Charged Using Effective Interest Rate Method $	Balance at End of Year $	Highest Balance During Period $
Brendan Foley	579,242	10,823	590,065	590,065
Ray Larkin	223,011	4,217	227,228	227,228
Leaston Paull	223,011	4,217	227,228	227,228
Bryce Wood	189,339	3,580	192,919	192,919
Peter Tripodi *	143,750	-	143,750	143,750
Younis Tehfe	132,733	2,640	135,373	135,373

* Balance at year end stated at actual due to the terms of the loans.

The above current loans represent unsecured loans to purchase shares in BSA Limited which was passed at a meeting of members held on 12 December 2005. The shares were issued between 13 October 2006 and 10 February 2009 at values ranging from 10.0 cents per share to 68.0 cents per share. The loans are repayable on the termination of each individual from the Company and do not bear interest. These loans have been booked into the accounts at net present value on a rolling three year basis.

At the discretion of the Board, the above loan to Peter Tripodi was not repaid at the termination date. The outstanding principal is now due and receivable and actions to recover are under way.

NOTE 34 FINANCIAL INSTRUMENTS

Fair value of financial instruments carried at amortised cost.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Financial Assets		
Cash and cash equivalents	16,432	21,490
Loans and receivables		
Trade and other receivables	100,001	78,378
Financial Assets at amortised cost	116,433	99,868
Financial liabilities		
Financial liabilities held at amortised cost		
Trade and other payables	78,578	61,165
Borrowings	2,927	2,989
Financial liabilities at amortised cost	81,505	64,154

NOTE 35 FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to financial risks that arise. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments from which financial instrument risk arises are:

- Trade receivables;
- Cash at bank;
- Bank overdrafts;
- Trade and other payables; and
- Borrowings.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives monthly reports from the Finance Department through which it reviews the effectiveness of the processes put in place and the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

NOTE 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

Trade receivables consist of a large number of customers. The Group does not have significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to the largest counterparty did not exceed 9% of gross monetary assets at balance date. Concentration of credit risk to any other counterparty did not exceed 9% of gross monetary assets at balance date.

The maximum exposure to credit risk at balance date is as follows:

	Consolidated	
	2017	2016
	$'000	$'000
Receivables	101,291	79,752
	101,291	79,752

Included in loans and receivables, the most significant customer accounts for 6.6% of trade receivables at 30 June 2017 (2016: 5.9%).

The maximum exposure to credit risk at balance date by country is as follows:

	Consolidated	
	2017	2016
	$'000	$'000
Australia	101,291	79,752
	101,291	79,752

The maximum exposure to credit risk for cash and trade receivables at balance date by type of customer is as follows:

	Consolidated	
	2017	2016
	$'000	$'000
BSA | Connect	35,792	23,939
BSA | Build	41,628	38,498
BSA | Maintain	23,871	17,315
	101,291	79,752

The Group's most significant customer, a **BSA | Build** customer, accounts for $4,210,000 of trade receivables at 30 June 2017.
At 30 June 2016, the Group's most significant customer was a **BSA | Build** customer which accounted for $3,665,000.

All major customers are credit worthy, as detailed above.

The Group has significant concentration of credit risk as all loans and lease liabilities are with the one financial institution.

NOTE 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The table below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Financing arrangements

The following financing facilities were available at balance date:

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Credit stand-by arrangements		
Total facilities:		
Corporate Market Loan	20,000	20,000
	20,000	20,000
Used at balance date:		
Corporate Market Loan	-	-
	-	-
Unused at balance date:		
Corporate Market Loan	20,000	20,000
	20,000	20,000
Bank loans		
Total facilities:	-	-
Used at balance date	-	-
Unused at balance date	-	-
Total unused credit facilities at balance date	20,000	20,000
Master Asset Finance Facility		
Total facilities:	5,000	5,000
Used at balance date	2,278	2,680
Total unused Master Asset Finance Facility	2,722	2,320
Total unused Facilities at balance date	22,722	22,320

In addition to the above arrangements the consolidated entity has a bank guarantee facility of $26,500,000 (2016:$26,500,000) which was utilised to $24,028,000 (2016: $20,424,000).

In addition to the above facilities the consolidated entity has a surety bond facility with Swiss Re International SE of $30,000,000 (2016:$20,000,000) which was utilised to $18,642,000 (2016: $18,996,000).

Refer Note 24(a) for details of terms of financing arrangements.

NOTE 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity Analysis - Group

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

The table below includes the weighted average effective interest rate and a reconciliation to the carrying amount in the Statement of Financial Position as an example of summary quantitative data about exposure to interest rates at the end of the reporting period that an entity may provide internally to management personnel.

Financial Liabilities 30 June 2017	Carrying Amount $'000	Contractual Cash Flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Bank loans	-	-	-	-	-	-
Other	649	649	649	-	-	-
Trade payables	41,771	41,771	41,771	-	-	-
Other payables	62,922	62,922	62,922	-	-	-
Finance lease and hire purchase liabilities	2,278	2,496	562	562	1,372	-
TOTAL	107,620	107,838	105,904	562	1,372	-

30 June 2016	Carrying Amount $'000	Contractual Cash Flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Bank loans	-	-	-	-	-	-
Other	309	309	309	-	-	-
Trade payables	39,414	39,414	39,414	-	-	-
Other payables	53,915	53,915	53,915	-	-	-
Finance lease and hire purchase liabilities	2,680	3,037	890	890	1,257	-
TOTAL	96,318	96,675	94,528	890	1,257	-

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Financial Assets 30 June 2017	Carrying Amount $'000	Contractual Cash Flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Trade receivables	8,026	8,186	8,186	-	-	-
Other receivables	93,265	93,070	91,409	119	-	1,542
TOTAL	101,291	101,256	99,595	119	-	1,542

30 June 2016	Carrying Amount $'000	Contractual Cash Flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Trade receivables	5,182	5,381	5,381	-	-	-
Other receivables	74,570	75,641	72,356	1,328	-	1,957
TOTAL	79,752	81,022	77,737	1,328	-	1,957

NOTE 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market Risk

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Management actively manage the risk by activating various options including utilising a mix between fixed and floating rate borrowings and by using interest rate swap contracts. As at 30 June 2017 there were no bank borrowings.

NOTE 36 CAPITAL RISK MANAGEMENT

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

It is the Group's policy to review its gearing ratio to ensure adequate funds are available to meet its obligations. The Group's gearing ratio at the balance sheet date is shown below :

	Consolidated	
Gearing ratios	**2017**	**2016**
	$'000	**$'000**
Net (cash) / debt	(13,505)	(18,501)
Total equity	45,444	41,496
Total Gearing Ratio	(29.72%)	(44.59%)

Gearing levels were maintained at a healthy position at 30 June 2017. The net cash position was impacted by late receipts in BSA | Build and cash outgoings to close out the nRAH project in the second half not recovered by 30 June 2017. It is the Board's intention to monitor gearing levels going forward to ensure flexibility. There have been no changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

NOTE 37 OTHER EXPENSES

		Consolidated	
	Note	**2017**	**2016**
		$'000	**$'000**
Bad debt and debt collection expenses		471	399
Communications		2,709	2,541
Insurance		1,182	856
Legal		2,124	3,033
Motor vehicle expenses		3,242	3,239
Travel and entertainment		2,716	2,350
Recruitment and Training		2,423	1,824
Additional NSW OSR Provision		2,500	-
Other		12,938	10,966
Total Other Expenses		30,305	25,208

NOTE 38 CONTINGENT LIABILITIES

(i) Guarantees established in favour of National Australia Bank Limited and Swiss Re International SE for guarantees issued to various clients for satisfactory contract performance, secured by cross guarantees from all wholly owned group members amounting to $42,670,000 (2016:$39,420,000).

(ii) On 27 June 2016 the Company received a certificate of finding under section 27J of the Industry Research and Development Act 1986 from Innovation Australia. The certificate of finding outlines Innovation Australia's view that none of the activities claimed in previous years by BSA as Research and Development are "Core R&D activities" for the purpose of the Income Tax Assessment Acts.

BSA has filed a section 30C internal review of the section 27J finding.

In the event that BSA is unsuccessful in challenging the finding through appropriate mechanisms, the Company may be denied tax deductions previously claimed totalling approximately $2 million (tax effected) of tax relating to prior years tax concessions claimed.

Based on expert advice the directors are of the opinion that the activities fall within the legislative requirements for R&D claims to be made under the Income Tax Assessment Acts, that the documents submitted to Innovation Australia support and are consistent with the claims made and that therefore BSA is in a defendable position against the Innovation Australia finding under s27J.

Accordingly, BSA has not made any provision in relation to this matter in these financial statements.

NOTE 39 CORPORATE INFORMATION

The Financial Report of BSA Limited for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 28 August 2017 and covers the consolidated entity consisting of BSA Limited and its subsidiaries as required by the Corporations Act 2001. BSA Limited is a company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange.

The financial report is presented in Australian currency.

The address of the registered office and principal place of business is:

Level 7, 3 Thomas Holt Drive

Macquarie Park NSW 2113

DIRECTORS' DECLARATION

FOR THE YEAR ENDED **30 JUNE 2017**

The Directors declare that:

(a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;

(c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by Corporations Legislative Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 19 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act* 2001 (Cth).

On behalf of the Directors.

Michael Givoni
Chairman
Sydney

28 August 2017

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of BSA Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BSA Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	**How the scope of our audit responded to the Key Audit Matter**
Recognition of revenue *Refer to note 3.8 'Construction contracts and work in progress', note 4 'Critical accounting judgements and key sources of estimation uncertainty', note 5 'Revenue', and note 29 'Segment Information'.* The Group's primary source of revenue is from construction projects. Revenue is derived from a number of contracts and recognised based on the stage of completion of each contract. Stage of completion of the construction work is determined with reference to the work completed, i.e. the percentage of work performed up to the reporting date with respect to the total anticipated contract work to be performed. The recognition of revenue is dependent on the following key factors: • determination of stage of completion; • estimation of total contract revenue and contract cost including the estimation of cost contingencies; • determination of contractual entitlement and assessment of the probability of customer approval of variations and acceptance of claims; and • estimation of project completion date. We focused on revenue as a key audit matter due to the number and type of estimation events over the course of a contract life, and the unique nature of individual contract conditions leading to complex and judgemental revenue recognition from contracts.	Our procedures included, amongst others: • Evaluating management's processes and controls in respect of the recognition of contract revenue. As part of this process we tested key controls including: - the project review process conducted by management at the tendering phase; - the preparation, management review and authorisation of monthly contract status reports for a sample of contracts; - the estimation and review of costs to complete; and - the project reviews undertaken by management on a monthly basis. • Attending a sample of project review meetings to enhance our understanding of the Group's contracting processes, the consistency of their application, and to discuss with project management the key risks and opportunities in relation to individual contracts. • Selecting a sample of contracts for testing using a combination of quantitative and qualitative factors which may indicate that a greater level of judgement is required in recognising revenue including: - contract history; - significant unapproved claims and variations; - delay risk; - potential impact and likelihood of risk events; - new contracts for which a material amount of revenue was recognised during the financial year; - high-value contracts; and - loss-making contracts. • For the sample of contracts selected, performing the following procedures: - obtaining an understanding of the contract terms and conditions and inspecting signed contracts to evaluate whether contract terms were reflected in management's estimate of forecast costs and revenue; - testing a sample of costs incurred to date and agreeing these to supporting documentation; - assessing through enquiry of management the current project status against the original budget; - challenging the forecast costs to complete through enquiry of project managers and finance personnel in respect of a sample of contracts, as well as inspection of supporting documentation for contracted costs; - testing on a sample basis contractual entitlement, variations and claims recognised in contract revenue through agreement to supporting documentation and

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	contracts by understanding the contract progress to date against contract terms; - evaluating on a sample basis significant exposures to liquidated damages for late delivery of contract works; and - evaluating contract performance in the period since year end to determine if any adjustments to amounts recognised in the year ended 30 June 2017 were required. • Assessing the appropriateness of the disclosures in the financial statements.
Collectability of trade receivables and amounts due from customers under construction contracts *Refer to note 34 'Financial Instruments' and note 14 'Trade and other receivables' and note 21 'Amounts due from (to) customers under construction contracts'.* The Group recognises amounts due from customers under construction contracts in respect of the progressive valuation of work completed as well as trade receivables which represent amounts invoiced to customers. Credit risk and collectability of trade receivables are subject to estimation and judgement and are required to be monitored by management on an ongoing basis. Amounts due from customers under construction contracts (or work in progress) are amounts due to the Group from customers that have not been invoiced. Some of these project receivables are made up of claims and variations, both approved and not approved by the customer. Management assesses the likelihood of recovery prior to recognising the amount due from the customer. We focused on this area as a key audit matter due to the judgement applied when determining the collectability of trade receivables and amounts due from customers under construction contracts.	Our procedures included, amongst others: • Evaluating management's processes and controls in respect of the collectability of trade receivables and amounts due from customers under construction contracts; • Assessing on a sample basis the aged debtor and work in progress reports at year end and agreeing to the subsequent receipt of cash; • Evaluating on a sample basis for the trade receivable balances that were not collected prior to the issue of the financial statements, the probability of recovery of outstanding amounts by reference to the status of contract negotiations, correspondence with the customers, external and internal legal opinions, historical recoveries and other supporting documentation; • Testing on a sample basis that amounts due from customers under construction contracts at year end were subsequently billed to the customer; • For the amounts due from customers under construction contracts, amounts that were not billed to the customer by the end of our audit, challenging management's assessment of the recoverability of these amounts via inquiry of management, inspection of internal and external legal advice; and • Assessing the appropriateness of the disclosures in the financial statements.
Litigation and claims *Refer to note 25 'Provisions' and note 38 'Contingent Liabilities'.* The Group is party to legal proceedings brought by third parties as a result of normal business operations. Management have assessed each of these legal matters and determined, with the assistance of external legal counsel where relevant, whether there is a requirement to provide for expected exposures or disclose a contingent liability in the financial report. We focused on this area as a key audit matter due to the judgement applied when determining the likely settlement of litigation and claims.	Our procedures included, amongst others: • Obtaining the Group's litigation reports and making enquiries about the status of litigation matters with Group management and external legal advisors. • Reviewing minutes of meetings of those charged with governance to identify their consideration of legal proceedings as relevant and correspondence between the Group and its external legal advisors; • Assessing management's determination of the provisions recorded for potential litigation losses; and

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- Assessing the appropriateness of the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 17 to 25 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of BSA Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 28 August 2017

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 31 JULY 2017

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Number of Holders	Ordinary Shares	Number of Holders	Options	Number of Holders	Performance Rights
1 to 1,000	169	72,136	-	-	-	-
1,001 to 5,000	518	1,627,011	-	-	-	-
5,001 to 10,000	310	2,458,144	-	-	-	-
10,001 to 100,000	762	32,600,992	-	-	1	90,322
100,001 and above	220	386,149,063	-	-	2	1,316,667
	1,979	422,907,346	-	-	3	1,406,989

There were 194 (2016: 283) holders of less than a marketable parcel of ordinary shares.

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares	
Name of Holder	Number Held	Percentage of Issued
AUST EXECUTOR TRUSTEES LTD <LAVF>	86,033,332	20.34%
BIRKETU PTY LTD	67,204,000	15.89%
AET SFS PTY LTD <NEOC AC>	35,045,602	8.29%
AET SFS PTY LTD <NAOC AC>	23,752,854	5.62%
HGT INVESTMENTS PTY LTD	21,373,659	5.05%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,778,434	3.97%
NATIONAL NOMINEES LIMITED	12,553,896	2.97%
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	10,354,512	2.45%
SAMLOWE PTY LTD <LOWE SUPER FUND A/C>	10,115,403	2.39%
BNP PARIBAS NOMS PTY LTD <DRP>	9,105,500	2.15%
MR GREG MULLANE	7,548,743	1.78%
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,061,444	1.20%
FF OKRAM PTY LTD <FF OKRAM A/C>	4,762,975	1.13%
NATIONAL NOMINEES LIMITED <DB A/C>	4,138,070	0.98%
EMELWIN PTY LTD <N & E YATES SUPER FUND A/C>	2,727,273	0.64%
CITICORP NOMINEES PTY LIMITED	2,183,362	0.52%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,101,545	0.50%
AUST EXECUTOR TRUSTEES LTD <NAOS EMERGING OPP FUND>	1,916,964	0.45%
CTSF PTY LTD <VC SUPERANNUATION FUND A/C>	1,775,945	0.42%
EDINGTON PTY LIMITED <HERRING SUPER FUND A/C>	1,769,376	0.42%
Top 20 Shareholders	326,302,889	77.16%

C. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are set out below:

Ordinary Shares	Number Held	Percentage
AUST EXECUTOR TRUSTEES LTD <LAVF>	86,033,332	20.34%
BIRKETU PTY LTD	67,204,000	15.89%
NAOS ASSET MANAGEMENT LIMITED	60,995,885	14.42%
HGT INVESTMENTS PTY LTD	21,373,659	5.05%

D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person, or by proxy, shall have one vote and upon a poll each share shall have one vote.

(b) Option over an ordinary share

No voting rights.

(c) Rights over an ordinary share

No voting rights.

CORPORATE DIRECTORY

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BSA | Connect

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F +61 2 8748 2577

BSA | Maintain

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Share Registry

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Auditor

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