



BSA Limited

Half-Year Report

31 December 2020

APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Current reporting period	1 July 2020 to 31 December 2020
Prior corresponding period	1 July 2019 to 31 December 2019

Half-year information to the ASX under Listing Rule 4.2A Results for announcement to the market

	% Change	\$'000
Revenue from ordinary activities	(17.7)%	213,157
Net profit after tax (from ordinary activities) for the period attributable to members	n/a	1,304

	31 December 2020 (cents)	31 December 2019 (cents)
Net tangible asset backing (per share)	(0.23)	2.86

DIVIDENDS

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

Record date for determining entitlement to dividends	26 March 2021
Payment date of dividend	27 April 2021
Total dividend payable	\$2,167,000

None of this dividend is foreign sourced.

The Company's Dividend Reinvestment Plan (DRP) will be in operation for this dividend. 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 being paid in cash. Shares will be allotted or transferred under the DRP for a price which is equal to the arithmetic average of the daily volume weighted average market price (rounded to the nearest whole cent) of all fully paid shares of that class sold on the ASX (excluding special crossings and other categories reasonably determined by the Directors as distorting the fair market value of the shares) during the ten trading days commencing on the second trading day following the relevant Record Date, determined by reference to such information as the Directors approve for the purpose from time to time.

Changes in controlled entities

During the half-year ended 31 December 2020, Catalyst ONE Pty Limited and its wholly owned subsidiary Jamik (AUS) Pty Limited were acquired by the Group on 22 December 2020.

Other

Additional Appendix 4D disclosure requirements and further information, including commentary on significant features of the operating performance, results of segments, trends in performance, and other factors affecting the results for the current period, are contained in the Half-Year Financial Report 2021 and Investor Presentation for HY2021.

The Condensed Consolidated Financial Statements contained within the Half-Year Financial Report 2021, upon which this report is based, have been reviewed by Deloitte Touche Tohmatsu.



BSA providing fire suppression and fire life safety systems for John Holland at Sydney Metro's Waterloo Station. An artist's impression of the Waterloo metro station entrance from Cope Street plaza.



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This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by BSA Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

BSA Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

BSA Limited
Level 7, 3 Thomas Holt Drive, Macquarie Park
Sydney NSW 2113

Its shares are listed on the Australian Stock Exchange.

DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of BSA Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The names of the directors of BSA Limited during the whole of the half-year and up to the date of this report (unless otherwise stated) are as below:

Mr Michael Givoni

Mr Tim Harris

Mr Paul Teisseire

Mr Nicholas Yates

Mr David Prescott

Mr Christopher Halios-Lewis

Mr Mark Lowe (retired 25 November 2020)

REVIEW OF OPERATIONS

Group

BSA enters the second half in a stable financial position with a positive net cash balance. The group was successful on a number of key tenders and contract renewals across both operating divisions, most notably securing 100% in the Foxtel contract and a significant market share increase on nbn services and installation works. The timing of these awards were towards the end of the half, setting up a solid foundation for FY22. The acquisition of Catalyst ONE was completed during December 2020, which was part of our tactical plan to enter the wireless market. Our go-forward strategy will combine the wireless and fixed line capabilities as part of our market offering. The group continued to evolve its cost base to suit industry dynamics and increase cost-efficiency. This was enabled through the roll-out of market leading Salesforce Field Service Lightning technology which is now substantially implemented across the group. BSA's core markets remain robust with strong pipelines of work. As discretionary spend returns we expect to rebound strongly, specifically in those sectors most impacted by the pandemic. Key areas of focus include the continued assessment of potential significant acquisitions and increased organic growth built on the solid platform set by new management.

BSA | CUI

The BSA | CUI business unit delivered revenue of \$105.258 million, a decrease of \$45.519 million compared to the prior corresponding period of \$150.777 million predominantly as a result of reduced volumes from nbn compared to FY20. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the first half of \$8.906 million was lower compared to the prior corresponding period of \$11.654 million largely due to the decrease in volumes.

BSA | APS

The BSA | APS business unit achieved revenue of \$107.899 million, a minor decrease compared with \$108.112 million for the prior corresponding period. This is due to impacts from BSA | APS | Fire Build contracts as major projects such as NorthConnex, Grafton and Crown complete and delays in the award of new contracts. The BSA | APS | Fire Build impact was mitigated through increased service revenue delivered by BSA | APS | Maintain within the half year. EBITDA in the first half totalled \$4.306 million compared with \$4.821 million for the prior corresponding period.

Operating Cash Flow

Operating cash out-flow during the period totalled \$1.764 million (prior corresponding period: \$5.483 million in-flow). The out-flow for the period was driven by \$6.036 million of cash in-flows from operating activities less repayments of \$7.800 million of COVID-19 deferral measures made available by government agencies to navigate near-term uncertainties as a result of the COVID-19 pandemic in March 2020 to June 2020.

The consolidated entity has used a number of cash flow management mechanisms made available to it by government authorities including \$11.226 million of COVID-19 government grants used to maintain BSA's workforce. See note 3(c) in the financial report for more detail of the impact of COVID-19 on the period's results.

Balance Sheet & Funding

The net cash position at 31 December 2020 was \$21.470 million compared to a net cash position of \$15.126 million on 31 December 2019.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of amounts

The company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument, unless otherwise stated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

Michael Givoni
Chairman

18 February 2021

Tim Harris
Managing Director and Chief
Executive Officer

18 February 2021

Disclosing Non-IFRS Financial Information

The Directors consider underlying EBITDA a key measure of performance for the Group and is used by a range of stakeholders and is disclosed in the segment note in the financial report (Note 2). In accordance with ASIC Regulatory Guidance on the disclosure of non-IFRS information, below is a reconciliation of profit to underlying EBITDA.

	Consolidated entity	
	Half year	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Profit/(loss) for the period from continuing operations	1,304	4,659
Add back:		
Income tax expense	641	2,320
Finance costs	954	683
Depreciation and amortisation expense	5,603	5,149
Significant items ¹	2,868	1,475
Underlying EBITDA	11,370	14,286

1. Significant items relate to expenses which are not directly related to on-going operational business activities. Details of these are outlined in note 3(a) in the financial report.



BSA technicians providing maintenance services for electricity supply to Ausgrid customers in NSW. Substation image courtesy Ausgrid.

AUDITOR'S INDEPENDENCE DECLARATION



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The Board of Directors
BSA Limited
Level 7, 3 Thomas Holt Drive
Macquarie Park, NSW, 2113

18 February 2021

Dear Directors,

Auditor's Independence Declaration to BSA Limited

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 review of the half-year financial report of BSA Limited for the half-year ended 31 December 2020, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "AG Collinson", with a stylized flourish at the end.

AG Collinson
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Consolidated entity	
		Half-year	
	Notes	31 December 2020 \$'000	31 December 2019 \$'000
Revenue	2	213,157	259,096
Subcontractors and raw materials used		(166,850)	(197,367)
Employee benefits expense	3(c)	(21,430)	(30,141)
Depreciation and amortisation expense		(5,603)	(5,149)
Finance costs		(954)	(683)
Other expenses		(16,375)	(18,777)
Profit before income tax		1,945	6,979
Income tax expense		(641)	(2,320)
Profit from continuing operations, after tax		1,304	4,659
Profit/(loss) from discontinued operations, after tax	3(b)	-	(8,253)
Profit/(loss) for the period		1,304	(3,594)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		1,304	(3,594)
		Cents	Cents
Earnings per share for profit from continuing operations:			
Basic earnings per share	8	0.301	1.084
Diluted earnings per share	8	0.300	1.079

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Consolidated entity	
	Notes	31 December 2020 \$'000	30 June 2020 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		24,806	37,742
Trade and other receivables		50,569	57,570
Contract assets		4,128	3,550
Inventories		1,639	1,748
TOTAL CURRENT ASSETS		81,142	100,610
NON-CURRENT ASSETS			
Property, plant and equipment		16,486	20,628
Intangible assets	5	25,869	18,603
Deferred tax assets		8,042	7,611
TOTAL NON-CURRENT ASSETS		50,397	46,842
TOTAL ASSETS		131,539	147,452
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		44,883	73,495
Contract liabilities		14,994	2,482
Borrowings	6	508	2,116
Lease liabilities		5,019	5,384
Current tax liabilities		2,505	1,582
Provisions		13,023	13,854
TOTAL CURRENT LIABILITIES		80,932	98,913
NON-CURRENT LIABILITIES			
Trade and other payables		2,543	-
Lease liabilities		7,151	8,966
Provisions		7,996	7,285
TOTAL NON-CURRENT LIABILITIES		17,690	16,251
TOTAL LIABILITIES		98,622	115,164
NET ASSETS		32,917	32,288
EQUITY			
Issued capital	7	100,769	100,390
Accumulated losses		(74,368)	(74,368)
Profit reserve		4,036	4,898
Share-based payment reserve		2,480	1,368
TOTAL EQUITY		32,917	32,288

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Consolidated Entity						
	Notes	Issued capital \$'000	Accumulated Losses \$'000	Profit Reserve \$'000	Share-based payment reserve \$'000	Total equity \$'000
Balance at 1 July 2019		98,894	(73,408)	9,204	1,868	36,558
Profit for the half-year		-	(3,594)	-	-	(3,594)
Total comprehensive income for the half-year		-	(3,594)	-	-	(3,594)
Dividends provided for or paid	4	528	-	(2,152)	-	(1,624)
Issue of shares	7	898	-	-	(898)	-
Balance at 31 December 2019		100,320	(77,002)	7,052	970	31,340
Balance at 30 June 2020		100,390	(74,368)	4,898	1,368	32,288
Profit for the half-year		-	-	1,304	-	1,304
Total comprehensive income for the half-year		-	-	1,304	-	1,304
Dividends provided for or paid	4	51	-	(2,166)	-	(2,115)
Issue of shares	7	219	-	-	(167)	52
Share-based payment expense		-	-	-	540	540
Transfers between reserves	7	109	-	-	(109)	-
Acquisition of subsidiary	9	-	-	-	848	848
Balance at 31 December 2020		100,769	(74,368)	4,036	2,480	32,917

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Consolidated entity	
		Half-year	
	Notes	31 December 2020 \$'000	31 December 2019 \$'000
Cash flows from operating activities			
Receipts from customers		246,711	296,845
Payments to suppliers and employees	3(c)	(247,526)	(290,416)
Interest paid		(798)	(380)
Income taxes paid		(151)	(566)
Net cash (outflow) / inflow from operating activities		(1,764)	5,483
Cash flows from investing activities			
Payments for acquisition of subsidiary, net of cash acquired	9	344	-
Payments for property, plant and equipment		(557)	(2,008)
Payments for software assets	5	(3,509)	(1,384)
Payments for assets held for sale		-	(4,415)
Proceeds from sale of property, plant and equipment		127	181
Proceeds from sale of assets held for sale		-	4,400
Interest received		2	4
Net cash outflow from investing activities		(3,593)	(3,222)
Cash flows from financing activities			
Proceeds from borrowings	6	2,116	1,751
Proceeds from repayments of executive loans		-	359
Repayment of borrowings		(2,756)	(2,100)
Principal elements of lease payments		(2,733)	(2,589)
Dividends paid to company's shareholders	4	(4,206)	(1,623)
Net cash outflow from financing activities		(7,579)	(4,202)
Net (decrease) in cash and cash equivalents		(12,936)	(1,941)
Cash and cash equivalents at the beginning of the half-year		37,742	21,941
Cash and cash equivalents at end of the half-year		24,806	20,000

The above condensed consolidated statement of cash flows includes both continuing and discontinued operations and should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated half-year financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by BSA Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New accounting standards and pronouncements adopted during the year do not have a material impact to the financial statements.

The company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument, unless otherwise stated.

NOTE 2 SEGMENT AND REVENUE INFORMATION

(a) Description of segments

BSA Limited is a diversified group which derives its revenues and profits from a variety of sources. The group's chief operating decision maker considers the business in the following reportable segments:

BSA | Communications & Utility Infrastructure (CUI)

BSA | CUI provides services to the fixed and wireless telecommunications, subscription television and utility industries. These services include the delivery of bundled services over fixed line multi-technology networks, the installation of subscription television and the installation of smart meters.

BSA | Advanced Property Solutions (APS)

BSA | APS provides the design, installation, maintenance, and optimisation of building services for all hard assets in commercial and industrial properties, including: Fire Detection and Suppression, Mechanical Services, Heating, Ventilation, Air Conditioning, Refrigeration, Electrical and Building Management Systems (BMS).

(b) Segment results

	Consolidated entity			
	Revenue		Segment Profit	
	Half-year		Half-year	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
BSA CUI	105,258	150,881	8,906	11,654
BSA APS	107,899	108,215	4,306	4,821
Other	-	-	(1,842)	(2,189)
Revenue and Segment EBITDA results	213,157	259,096	11,370	14,286
Significant items			(2,868)	(1,475)
EBITDA			8,502	12,811
Depreciation and amortisation expense			(5,603)	(5,149)
EBIT			2,899	7,662
Finance costs			(954)	(683)
Profit before tax from continuing operations			1,945	6,979
Income tax expense			(641)	(2,320)
Profit after tax from continuing operations			1,304	4,659

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 3 SIGNIFICANT ITEMS

(a) Significant items

	31 December 2020 \$'000	Half-year 31 December 2019 \$'000
Profit for the half-year includes the following items:		
Legal and professional fees relating to non-recurring issues	1,368	1,475
Business reorganisation and restructure costs	1,500	-
Total significant items	2,868	1,475

(b) Discontinued operations

Significant items for HY2021 includes \$nil associated with discontinued operations (HY2020: \$8,253 thousand).

	31 December 2020 \$'000	Half-year 31 December 2019 \$'000
Analysis of loss for the period from discontinued operations		
BSA Build HVAC		
Revenue	-	2,739
Expenses	-	(10,159)
Loss on disposal	-	(2,488)
Loss before tax	-	(9,908)
Income tax benefit	-	1,655
Loss for the period from discontinued operations	-	(8,253)

	31 December 2020 \$'000	Half-year 31 December 2019 \$'000
Cash flows from / (used in) discontinued operations		
BSA Build HVAC		
Net cash outflow from operating activities	-	(329)
Net cash inflow from investing activities	-	(15)
Net cash outflow from financing activities	-	-
Net cash outflow from discontinued operations	-	(344)

(c) COVID-19 impact

Employee benefits expense has been reduced by \$11,183 thousand in HY2021 to reflect government assistance received (JobKeeper wage subsidy) in accordance with government guidelines to maintain BSA's workforce. In the current period \$11,266 thousand of JobKeeper wage subsidiary was received with \$1,445 thousand receivable at 31 December 2020. The JobKeeper government assistance received in the year-ended 30 June 2020 totalling \$3,890 thousand was classified as Other Income and has been reclassified as a reduction in Employee benefits expense in HY2021 (nil impact on prior comparative period).

Government assistance received is primarily comprised of the JobKeeper wage subsidy and has been utilised to ensure employees can be retained during uncertain operational conditions. The Group has continued to ensure suitable health and safety protocols are in place with suitable working condition amendments made for all employees.

In March 2020 to June 2020 the consolidated entity utilised COVID-19 payment deferral measures made available by government agencies to navigate near-term uncertainties. These are being progressively repaid with \$7,800 thousand of deferred payments paid to tax authorities in HY2021.

While there has been a number of delays and restricted capacity considerations in the construction sector, the Group considers that our products and services are likely to be in high demand once certainty returns and client spend patterns return to normal levels as a consequence of infrastructure spending announced by federal and state governments in HY2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 4 DIVIDENDS

(a) Ordinary shares

	31 December 2020 \$'000	Half-year 31 December 2019 \$'000
Interim dividend	2,161	-
Final dividend	2,166	2,152
Dividends distributed during the half-year	4,327	2,152

The interim dividend for the half year ended 31 December 2019 of 0.50 cents per share was distributed on 8 July 2020 (recognised in FY2020 however distribution was deferred due to economic uncertainty as a result of COVID-19). \$2,092 thousand was paid as cash with the remaining \$69 thousand settled via the dividend reinvestment plan.

The fully franked dividend for the financial year ended 30 June 2020 of 0.50 cents per share was distributed on 3 November 2020.

Dividend reinvestment plan

The group has a Dividend Reinvestment Plan (DRP) in place.

The DRP was in place for the distribution made in November 2020. The distribution resulted in \$2,115 thousand being paid in cash and \$51 thousand being raised by the DRP through the issue of 190 thousand securities at \$0.27.

In the prior year, the distribution resulted in \$1,624 thousand being paid in cash and \$528 thousand being raised by the DRP through the issue of 1,230 thousand securities at \$0.43 in November 2019.

(b) Dividends not recognised at the end of the half-year

	31 December 2020 \$'000	Half-year 31 December 2019 \$'000
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 0.5 cents per fully paid ordinary share (2019- 0.5 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 27 April 2021 out of retained earnings at 31 December 2020, but not recognised as a liability at the end of the half-year, is	2,167	2,158

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 5 INTANGIBLE ASSETS

	Goodwill \$'000	Software assets under construction \$'000	Software \$'000	Customer lists and contracts \$'000	Total \$'000
At 30 June 2020					
Cost	11,185	1,691	7,994	10,079	30,949
Accumulated amortisation and impairment	-	-	(2,659)	(9,687)	(12,346)
Net book amount	11,185	1,691	5,335	392	18,603
Half-year ended 31 December 2020					
Opening net book amount	11,185	1,691	5,335	392	18,603
Additions	-	3,509	-	-	3,509
Transfers	-	(25)	25	-	-
Acquisition of subsidiary (Note 9)	4,418	-	-	-	4,418
Amortisation charge	-	-	(324)	(337)	(661)
Closing net book amount	15,603	5,175	5,036	55	25,869
At 31 December 2020					
Cost	15,603	5,175	8,019	10,079	38,876
Accumulated amortisation and impairment	-	-	(2,983)	(10,024)	(13,007)
Net book amount	15,603	5,175	5,036	55	25,869

In June 2020 the consolidated entity launched significant software systems as part of the on-going strategy to use technology to drive delivery excellence, improve margins, increase client/customer experience and transform workforce management and deployment.

As part of this deployment the estimated useful lives of a number of software assets have been revised; with the updated useful lives reflected in HY 2021. Core software assets are expected to have useful lives of up to 8 years (previously 3 – 5 years). This revision has reduced the consolidated entity's amortisation expense by \$417 thousand in HY 2021 and is expected to reduce the consolidated entity's amortisation expense by \$825 thousand in the financial year ending 30 June 2021.

NOTE 6 BORROWINGS

Financing arrangements

The group's undrawn borrowing facilities were as follows:

	31 December 2020 \$'000	30 June 2020 \$'000
Cash advance facility	6,000	6,000
Borrowing base facility	37,500	37,500
Equipment finance facility	-	141
Total unused facilities at balance date	43,500	43,641

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

In addition to the above arrangements, the consolidated entity has a bank guarantee facility of \$26,500 thousand (FY2020: \$26,500 thousand), of which \$11,614 thousand (FY2020: \$11,836 thousand) was unused.

The consolidated entity also has a surety bond facility with Swiss Re International SE of \$30,000 thousand (FY20: \$30,000 thousand), of which \$9,173 thousand (FY20: \$11,259 thousand) was unused.

In addition to the above facilities, the consolidated entity has an insurance funding facility of which \$508 thousand (FY20: \$2,116 thousand) was in use.

At 31 December 2020, there were \$2,828 thousand (FY20: \$2,906 thousand) of finance and hire purchase liabilities as determined under the accounting standard AASB 117 Leases that applied prior to 1 July 2019.

NOTE 7 EQUITY SECURITIES ISSUED

Movements in ordinary shares:

	Notes	Number of shares (thousands)	Total \$'000
Opening balance 1 July 2019		428,241	98,894
Dividend reinvestment plan issues	4	1,230	528
Exercise of performance rights		2,182	898
Balance 31 December 2019		431,653	100,320
Opening balance 1 July 2020		431,859	100,390
Dividend reinvestment plan issues	4	436	113
Exercise of performance rights		482	157
Transfers between reserves		537	109
Balance 31 December 2020		433,314	100,769

NOTE 8 EARNINGS PER SHARE

(a) Basic earnings per share

	Half-year	
	31 December 2020 Cents	31 December 2019 Cents
From continuing operations	0.301	1.084
From discontinued operations	-	(1.920)
Total basic earnings per share attributable to the ordinary equity holders of the company	0.301	(0.836)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

(b) Diluted earnings per share

	Half-year	
	31 December 2020 Cents	31 December 2019 Cents
From continuing operations	0.300	1.079
From discontinued operations	-	(1.912)
Total diluted earnings per share attributable to the ordinary equity holders of the company	0.300	(0.833)

(c) Weighted average number of shares used as denominator

	Half-year	
	31 December 2020 Number	31 December 2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	432,961,834	429,837,512
Adjustments for calculation of diluted earnings per share:		
Performance rights outstanding	1,084,636	1,811,097
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	434,046,470	431,648,609

NOTE 9 BUSINESS COMBINATION

Effective 22 December 2020, the Group acquired 100% of the issued shares in Catalyst ONE Pty Ltd and its wholly owned subsidiary Jamik (AUS) Pty Limited (Catalyst ONE), for \$5,193 thousand net consideration which includes contingent consideration of between \$nil and \$3,391 thousand payable as 75% cash and 25% equity.

The contingent consideration is based on the achievement of agreed EBITDA targets over a one and two year period and is payable three months subsequent to the end of the half-year ending 31 December 2021 and 31 December 2022. Based on current provisional accounting assessments the \$3,391 thousand of contingent consideration is expected to be paid.

Catalyst ONE provides integrated project solutions and infrastructure services across the Wireless Telecommunications market. The acquisition will provide the Group with a strategic entry point into the Wireless Telecommunications market, which strongly complements the Group's existing strengths across Fixed Line Telecommunications Services.

No revenue or net profit after tax was recognised by the Group for the half year; if Catalyst ONE had been held for the entire half-year, it would have contributed revenue and net profit after tax of \$3,428 thousand and \$730 thousand respectively.

Acquisition values

- goodwill associated with the acquisition primarily relates to synergies due to scale and operational efficiencies through the sharing of operational expertise throughout the Group and is not expected to be tax deductible;
- acquired receivables are recorded at their contractual cashflow amounts which are consistent with their fair values at acquisition date; and
- acquisition accounting remains provisional with changes to work in progress, identified intangible assets, goodwill and deferred consideration expected to be made prior to the finalisation of the business combination process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Details of the purchase consideration and acquisition date fair values are as follows:

	Half-year 31 December 2020 \$'000
Purchase consideration	
Cash consideration paid	1,800
Cash consideration payable in January 2021	2,146
Deferred cash consideration payable in March 2022 and 2023	2,543
Deferred BSA Limited shares to be share consideration payable in March 2022 and 2023	848
Less: Cash and cash equivalents acquired	(2,144)
Total purchase consideration	5,193
Fair value of net assets acquired	
Trade and other receivables	1,645
Property, plant and equipment	124
Goodwill recognised on acquisition by the Group	4,418
Trade and other payables	(679)
Lease liabilities	(6)
Provisions	(309)
Net identifiable assets acquired	5,193

Purchase consideration includes \$1,800 thousand cash paid in December 2020, \$2,146 thousand payable in January 2021 and variable consideration of between \$nil and \$3,391 thousand payable as a mix of 75% cash and 25% BSA shares in March 2022 and March 2023. The variable consideration is subject to EBITDA performance over the one and two year periods post acquisition on 22 December 2020.

NOTE 10 CONTINGENT LIABILITIES

i) Guarantees established in favour of Commonwealth Bank of Australia Limited, 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 amounted to \$35,714 thousand as at 31 December 2020 (June 2020: \$33,405 thousand).

ii) Following the settlement of the FY08-FY16 NSW OSR issue, the Group is currently working with State Revenue Authorities on outstanding matters.

iii) On 10 August 2020, BSA was served with a class action proceeding in relation to its contracting arrangements, specifically to independent contractors and whether they are properly classified as such. It is not possible to determine the ultimate impact, if any, of the proceedings on the Group. The Group continues to vigorously defend the proceedings.

iv) Certain claims arising out of construction contracts have been made by, or against, controlled entities in the ordinary course of business. The Directors do not consider the outcome of any of these claims will be materially different to the position taken in the financial accounts of the Group.

NOTE 11 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Refer to Note 4 for the interim dividend recommended by the directors.

No other significant events have occurred since the end of the reporting period.

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

The director 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; and
- (b) 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.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Mr Michael Givoni

Chairman

Sydney

18 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT



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Independent Auditor's Review Report to the Members of BSA Limited

Conclusion

We have reviewed the half-year financial report of BSA Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, and the condensed consolidated profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 8 to 19.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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 review report.

Directors' Responsibilities for the Half-year Financial Report

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

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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INDEPENDENT AUDITOR'S REVIEW REPORT



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

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "AG Collinson", with a stylized flourish underneath.

AG Collinson
Partner
Chartered Accountants
Sydney, 18 February 2021

CORPORATE DIRECTORY

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