bsa

2012 ANNUAL REPORT

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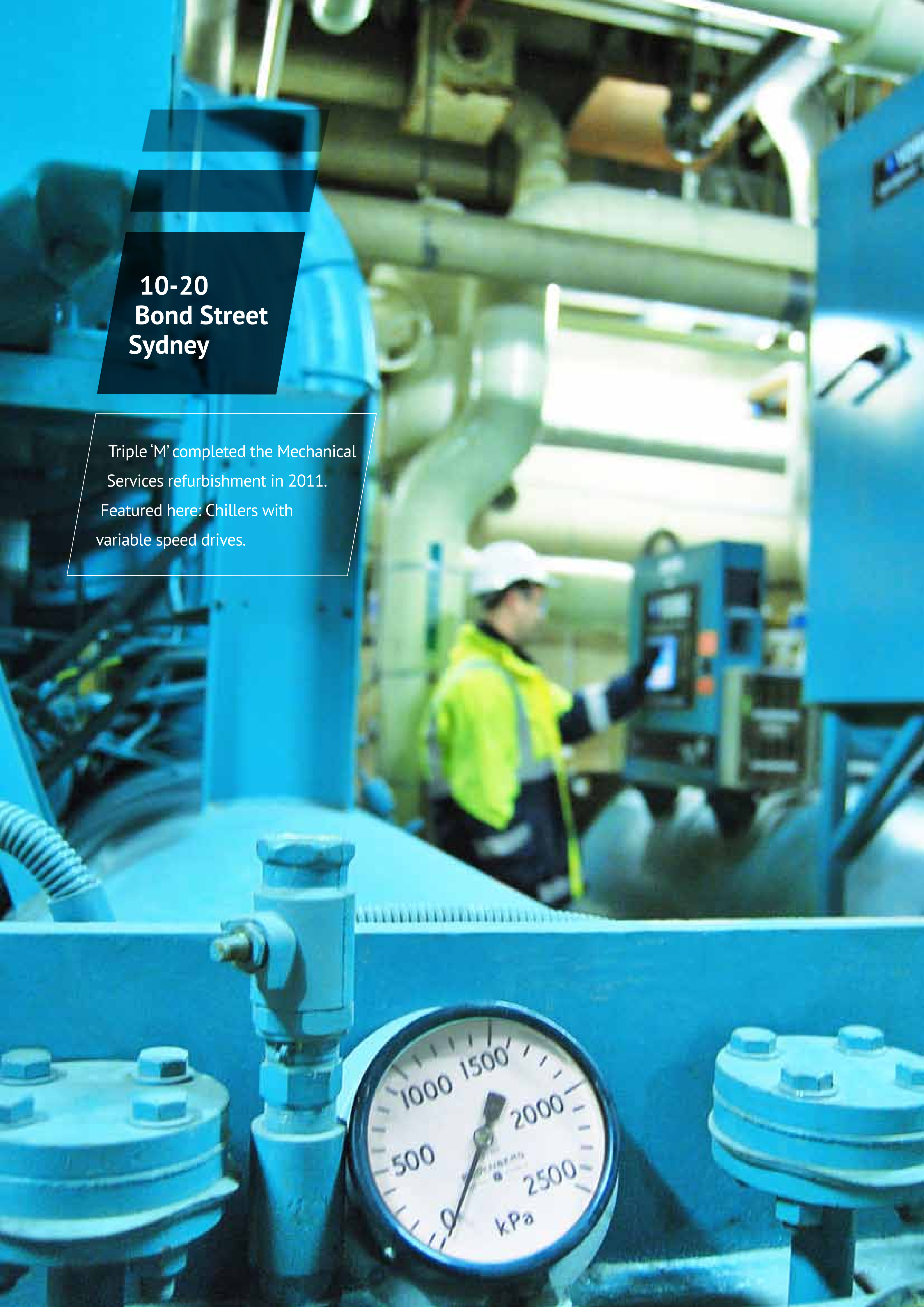
Commercial FOXTEL installation



10-20 Bond Street Sydney

Triple 'M' completed the Mechanical Services refurbishment in 2011. Featured here: Chillers with variable speed drives.

Ross Johnston
Chairman

BSA DELIVERED SATISFACTORY RESULTS IN A DIFFICULT MARKET

On behalf of BSA Limited, I am pleased to report on our performance in what has been a challenging year for the industry, but during which we delivered satisfactory results.

Your Company has sustained momentum despite the collapse of the Hastie Group in our largest market. BSA has demonstrated that it is a disciplined Company with a focus on profitable growth and maintenance of a strong balance sheet.

BSA's ongoing investment in workplace health/safety and environment is being rewarded with month on month reductions in lost time injuries and the introduction of an energy reduction program.

REVENUE
$492m

REVENUE INCREASE
22%

EBITDA
$16.5m

NET PROFIT AFTER TAX
$5.8m

Our Managing Director, Steve Nash, will provide a detailed review of our results; the key highlights are as follows:

- Revenue $492 million;
- EBITDA $16.5 million;
- Net profit after tax $5.8 million;
- Basic earnings per share of 2.57 cents;
- Operating cash flow $23.9 million; and
- Final dividend 1c per share.

Additionally, we have achieved the following:

- Re-organised our operations to better align with our target markets and growth strategy:
    - Technical Maintenance Services and Technical Design and Construction Projects are now discreet Business Units to reflect the different dynamics of their respective market sectors, thereby optimising both revenue and earnings growth opportunities; and
    - The rapid integration of BurkeAir (acquired August 2011) into the newly formed Technical Maintenance Services Business Unit.
- Significant investment in the upgrade of our vehicle fleet;
- Preservation of a strong balance sheet with a closing net cash position of $9.5million; and
- A strong Technical Design and Construction Projects forward workload of $208 million.

Consistent with BSA strategy, Group revenue increased over the past year by $89 million or 22% in our chosen market sectors. At the same time we have fully integrated all businesses, completed the implementation of our new ERP system, increased our focus on risk management, strengthened Company management and technical capability.

Operating cash flow remained strong at $23.9 million compared to $28.4 million in 2011 and we have maintained our dividend to shareholders in a market that has been depressed for much of that time.

The modest growth in our profit before tax reflects the challenging trading environment but we look forward to delivering an enhanced market share in all business units. Underlying this is a constant focus on risk management ensuring we deliver both to our customers and shareholders.

The Board has resolved to review our dividend amount every period going forward. The final dividend for FY12 reflects the Board's continuing confidence in the management and operations of BSA to deliver our growth strategy and the Board's desire to share the benefits of that success with shareholders.

The Board has reviewed our Group strategy through to FY16 and reaffirmed our commitment to maintaining growth, cash generation, safety and development of our staff, consistent shareholder returns and, ultimately growth in our share price.

We finished the 2012 financial year with a good forward order book, sound balance sheet, stronger customer relationships, and a more diversified business portfolio which means we are well placed for the future.

I would like to thank my fellow Directors for their contribution to BSA and support during the year.

Despite FY12 being a challenging year our staff and executive team have again shown their commitment to our customers and shareholders; on behalf of the Board, thank you.

Ross Johnston
Chairman

17 August 2012

Steve Nash
Managing Director

PORTFOLIO DIVERSIFICATION AND PRESERVATION OF BALANCE SHEET ARE EQUALLY IMPORTANT ORGANISATION GOALS

FINANCIAL AND OPERATIONAL RESULTS

Whilst FY12 was a challenging year for the industry, BSA has delivered a satisfactory result in a difficult market.

The BSA Group revenue reached $492 million (2011:$403 million), resulting in earnings before interest, taxes, depreciation and amortisation (EBITDA) of $16.5 million (2011:$16.3 million).

Operating cash flow was $23.9 million, with an improved net cash position of $9.5 million (2011:$8.7 million) at year end following the funding of the cash cost of the BurkeAir acquisition of $8.9 million in August 2011.

BSA delivered basic earnings of 2.57 cents per share.

The Directors have declared a 1.0 cent fully franked final dividend taking the total dividends for the year to 2.0 cents per share, fully franked.

The final dividend will be paid on 4 October 2012 to shareholders on the register at 14 September 2012.

GROWTH STRATEGY

The key platforms of BSA's strategy are growth through portfolio diversification, strategic acquisitions and sound organic growth whilst maintaining a strong balance sheet.

I can report that we successfully progressed our strategic plan as follows:

- We have now fully integrated the BurkeAir acquisition into our newest Business Unit, Technical Maintenance Services (TMS) and during FY13 we expect to realise improved earnings as TMS consolidates its position in a market that offers strong growth opportunities, particularly in the resources sector;
- Across all business units the effective management of working capital remains an imperative and our strong net cash position is a testament to performance in this endeavour;
- Forward orders for the Technical Design and Construction Projects Business Unit stands at $208 million (2011 $240 million) with further opportunities in an improving pipeline of potential projects with BSA Group companies now being the major providers in this market; and
- We have now fully implemented our contract extension with FOXTEL which underpins forward workload for BSA's Technical Field Force Solutions and again delivers on our strategy of organic growth.

Your Company has invested in systems, vehicles, facilities and a number of improved business continuity measures to ensure the respective business units are best positioned to continue growth in the coming years.

HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY

BSA is investing in the development of an Integrated Management System that will be internationally accredited for Health & Safety, Quality and Environment to better support our drive to best practice in each of these critical disciplines.

I am pleased to report that lost time incidents (LTI) reduced each month throughout FY12 culminating in zero LTIs in June, thereby providing a sound foundation for further improvement in FY13.

Energy reduction audits have been completed across BSA's major facilities to identify energy saving opportunities with a project initiated to deliver a reduction of 235 tonnes of Co2 emissions through over 220,000 less kwh consumption at the Sydney Olympic Park Head Office, with further projects planned throughout the Group in the coming year.

COMMUNITY SUPPORT

We continued our five year partnership with not-for-profit foundation Youngcare, by investing in new apartments on the Gold Coast providing more age appropriate accommodation for young Australians with high-care needs, who would otherwise be living in aged care facilities or with their struggling families.

BSA and its employees also contributed to a number of charity fundraisers including the 2011 FOXTEL Lap for the Murdoch Children's Research Institute and the Oncology Children's Foundation.

Participating in the CEO Sleep out, for the third year in a row, BSA CFO Karl Nixon, slept overnight on the streets of Sydney raising much needed funds for homeless services provider St Vincent de Paul.

GENDER DIVERSITY AND COMMITMENT TO YOUTH

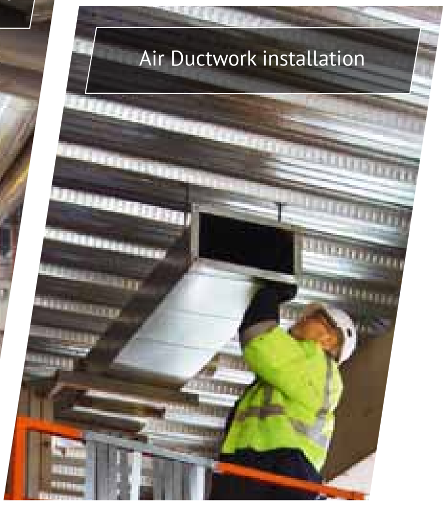
BSA aims to provide a work environment that promotes diversity and allows each employee to reach their potential. We are committed to providing a workplace that is free from discrimination, harassment and bullying.

At the same time, BSA advises that the significant majority of employment in the Technical Design and Construction Projects team as well as the Technical Field Force Solutions team consists of specific skill sets; and whilst BSA has a commitment to diversity to ensure the elimination of discrimination against people based on gender, ethnic group, country of birth, political or religious affiliation, health status and people with disabilities, the over-arching principle applied is that the most suitable person for any job is employed where there is a vacancy.

Current staff summary of men and women:

	Percentage of Employment	
	Female	Male
Board	0%	100%
Managers & senior staff	9%	91%
Administration	73%	27%
Skilled Staff	11%	89%
Total	16%	84%

BSA is also committed to recruiting, training and retaining talented future leaders, with apprentice and trainee employees making up 14% of our workforce.



TECHNICAL DESIGN AND CONSTRUCTION PROJECTS BUSINESS UNIT (FORMERLY KNOWN AS BUILDING SERVICES)

FY12 has been very challenging for BSA's Technical Design and Construction Projects Business Unit with a market experiencing lower than average volume and the impact of the Hastie Group collapse.

BSA Group companies Triple 'M' and Allstaff Airconditioning (Allstaff) continue to be the major providers of heating ventilation and air conditioning (HVAC) services in the medical and health care market sectors with major contracts including:

- Fiona Stanley Hospital;
- Liverpool Hospital;
- St Andrews House;
- Queensland Institute of Medical Research;
- Orange Hospital;
- Lifehouse at Royal Prince Alfred Hospital;
- Charles Perkins Centre;
- Royal Women's and Children's Hospital, Canberra;
- Olivia Newton John Centre;
- CSL Biotherapies;
- Kinghorn Cancer Centre; and
- Hunter Medical Research Institute.

Fiona Stanley Hospital in Perth is the largest HVAC contract awarded to date in Australia. Substantial construction works have continued during FY12 with over 75% of works completed on the main Clinical Services Building; and the commissioning phase on the main central energy plant now also 95% completed.

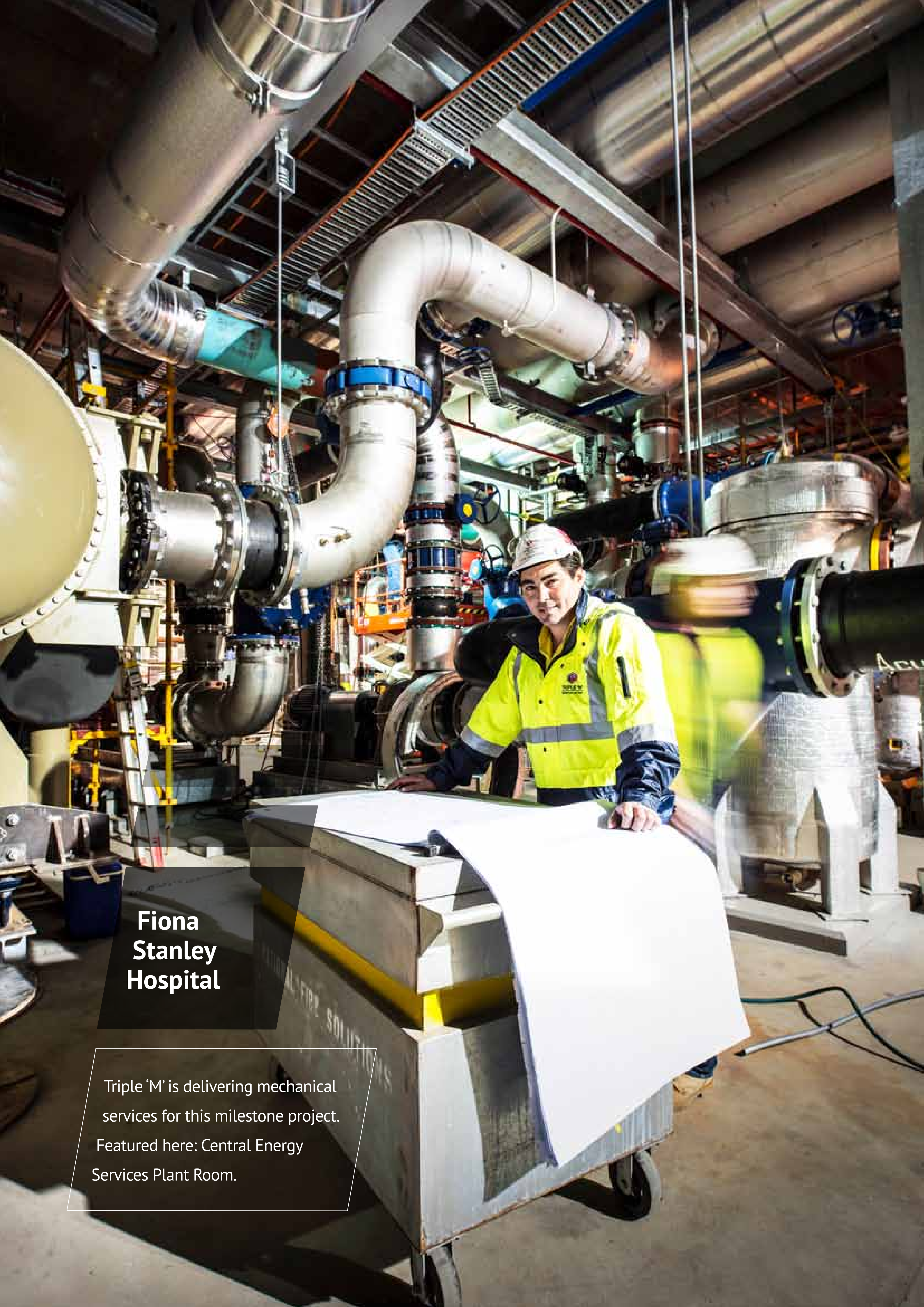
Technical Design and Construction Projects has undertaken the following works in tertiary education, another market sector highly attractive to BSA:

- Griffith University on the Gold Coast;
- Monash University in Melbourne; and
- Swinburne University, also in Melbourne.

Many landmark commercial and retail facilities' HVAC systems have also been provided by Allstaff and Triple 'M' including:

- Commercial: BHP Head Office in Perth, (known as City Square), a 45 level premium grade commercial building; 111 Eagle Street, Brisbane, a 44 level premium grade 6 star rated office tower; 60 Station Street, Sydney; and Greenway Offices, Canberra
- Retail: Ikea and Harvey Norman, Melbourne; Westfield Sydney Retail Centre; Highpoint, Melbourne; and Ikea, Sydney.

Technical Design and Construction Projects continues to invest in Building Information Modelling with the appointment of additional specialist resources. Whilst in the first quarter of FY13, the New South Wales operations of Triple 'M' and Allstaff will be co-located to allow BSA to develop a centre of excellence for HVAC design, engineering and project management.



Fiona Stanley Hospital

Triple 'M' is delivering mechanical services for this milestone project. Featured here: Central Energy Services Plant Room.


Marine Satellite Antenna installation

Quality Assurance Officer


FOXTEL Satellite Dish installation

TECHNICAL FIELD FORCE SOLUTIONS BUSINESS UNIT (FORMERLY CONTRACTING SOLUTIONS)

Technical Field Force Solutions has now successfully implemented the new FOXTEL contract performance hurdles and has reached steady state.

Technical Field Force Solutions enjoyed increased installations from FOXTEL's recent AFL siren to siren ad free promotion and new customer installations and upgrades prior to the London Olympics.

During FY12 BSA completed over 440,000 installations/upgrades/service calls on behalf of FOXTEL in the Australian Capital Territory, New South Wales, Queensland, Victoria and Western Australia.

The introduction of BSA's Phase III Mobility Solution has revolutionised the way we communicate with our customers and the way our technicians communicate with BSA. Our solution uses the latest tablet technology to allow BSA to despatch work orders, provide technicians with site specific job safety analysis information and technical data to support installation, maintenance or upgrade works.

In addition to services provided for FOXTEL, BSA provides services to one of Australia's most substantial telecommunications providers, OPTUS, and we look forward to continuing our relationship into FY13 and beyond.

BSA's Registered Training Organisation, BSA Advanced Learning, had

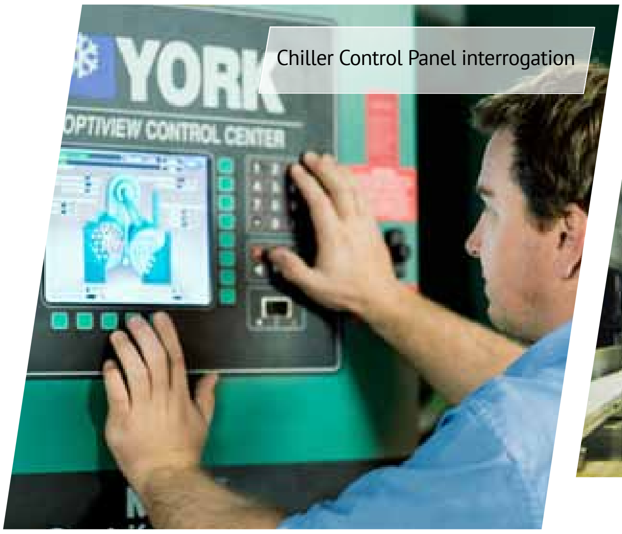
a strong year with continued growth. The unit trained over 1,200 students during FY12, facilitating the following courses:

- Diploma of Business Administration;
- Certificate II & IV in Front Line Management;
- Workplace Health & Safety; and
- Optic Fibre & Telecommunication and Digital Reception Training.

Subscription Television Services

BSA fulfills installation and corrective maintenance orders on behalf of FOXTEL. Featured here: a Multiswitch installation.

MANAGING DIRECTOR'S REPORT



Chiller Control Panel interrogation


Quality Assurance audit


Mechanical Services Switch Board

TECHNICAL MAINTENANCE SERVICES BUSINESS UNIT

BSA created Technical Maintenance Services (TMS) on 1 January 2012. TMS was formed from the service maintenance units of Triple 'M', Allstaff and BurkeAir.

The formation of this dedicated business unit allows the management of TMS to focus on the provision of HVAC and fire maintenance services which have a different dynamic to the Technical Design and Construction Projects Business Unit.

The acquisition and rapid integration of BurkeAir during Q1 FY12 provided BSA an opportunity to participate in the resources market sector. BurkeAir's established presence and a very promising forward workload with some of Australia's largest resources companies will underpin the further development of TMS in the future.

TMS has now standardised processes in both the east and west coast operations. All technicians in the Eastern Region are now utilising our tablet mobility solution and the Western Region is on track to be implemented by September 2012.

BSA has made a significant investment in technology, vehicles, office and warehouse facilities to ensure TMS is regarded as a leading HVAC and fire services provider in Australia.

Growth in TMS will be both organic and acquisitive and will provide BSA with a greater diversification in Group earnings as well as annuity based contracts.

LOOKING FORWARD

The outlook for the new financial year is challenging but BSA has invested well and positioned each business unit to continue to be well managed and progressive in their respective market segments, therefore maintaining growth momentum in the Group.

We will continue to ensure the strength of our balance sheet as this best positions BSA to optimise growth opportunities in future years.

In addition to maintaining a strong balance sheet, BSA has commenced profit improvement programs to increase the quality of earnings during FY13 and beyond.

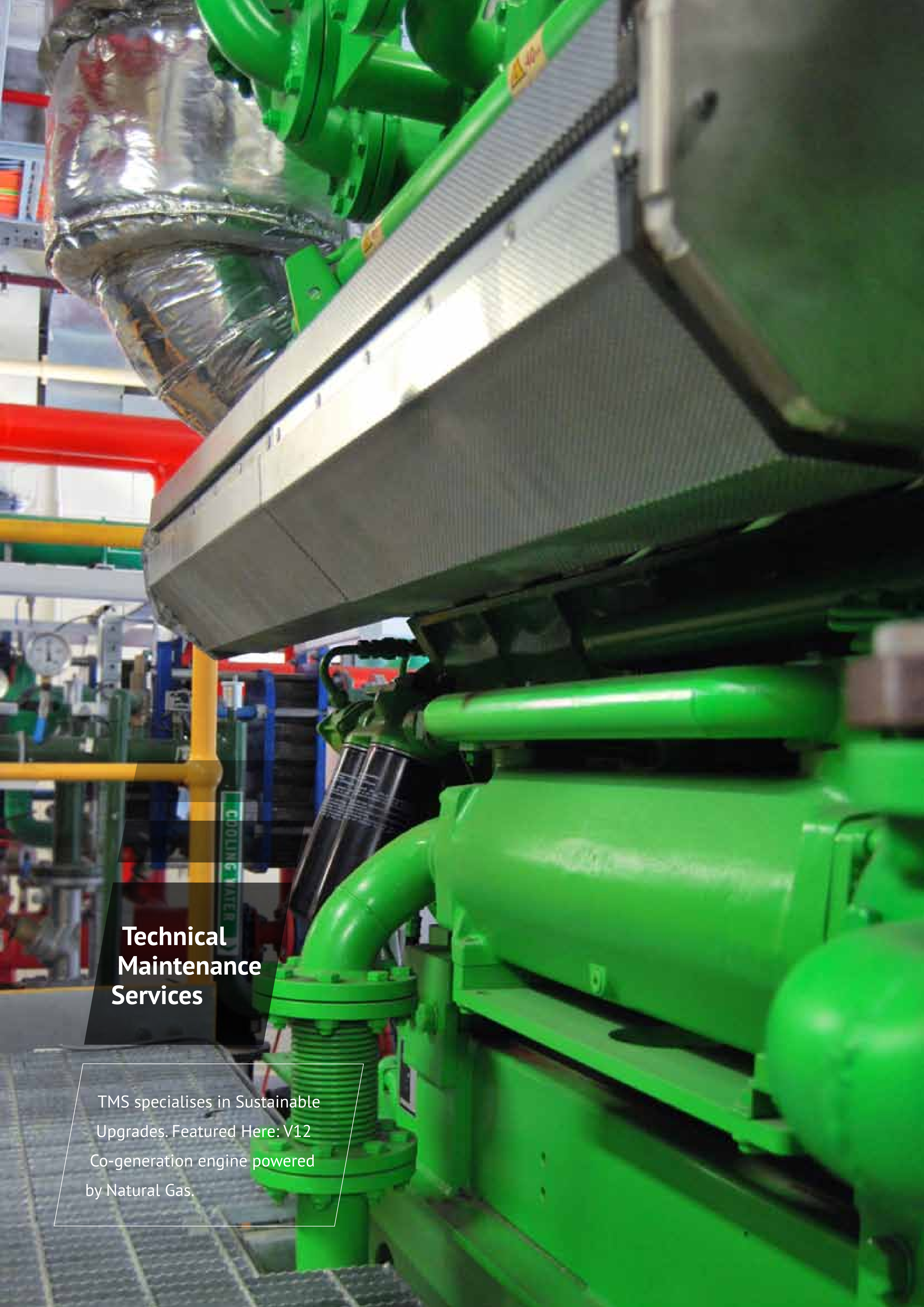
The Company's investment in the safety and wellbeing of our staff and contractors will also continue and in time we will achieve our aspiration of best practice and being an employer of choice.

As in previous years, BSA is fortunate to have many talented and committed staff and contractors; I would like to acknowledge that commitment and I look forward to their ongoing support in the year ahead.

Your Board continues to be very supportive and I must extend my thanks to the BSA Chairman and Directors for their guidance and assistance.

Steve Nash
Managing Director

17 August 2012



Technical Maintenance Services

TMS specialises in Sustainable Upgrades. Featured Here: V12 Co-generation engine powered by Natural Gas.

THE BOARD OF DIRECTORS PRESENT THEIR REPORT

THE BOARD OF DIRECTORS AS AT 30 JUNE 2012

The Directors of BSA Limited (the 'Company') present their report on the Company and its subsidiaries for the financial year end 30 June 2012.

A - ROSS JOHNSTON

CHAIRMAN (NON-EXECUTIVE)

Mr Johnston is an extensively experienced executive in the facilities management and building services industries. Ross is the Chief Executive Officer of Regis Group and prior to joining Regis in late 2008, was the National General Manager, Property and Facilities and then the Chief Executive Officer, Spotless Australian Services, the Australian arm of Spotless Group Limited. Ross worked both internationally and domestically with Lend Lease for fifteen years. Mr Johnston has a focus on strategic development and brings his skills in building and repositioning major businesses to BSA. Ross joined the Board on 29 April 2008 and was appointed as Chairman from that date.

B - STEPHEN NASH

MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

Mr Nash's roles over the last ten years have included Chief Executive Officer, Chief Operating Officer, and Executive General Manager. These have been in the building services and facilities management industries. Stephen has a strong background in business development, information systems and risk management. Steve was appointed as Managing Director on 17 January 2011.

C - MAX COWLEY

NON-EXECUTIVE DIRECTOR

Mr Cowley is the principal of accounting firm E M Cowley & Co and has practised as principal for 47 years. He is a Director of WIN Corporation Pty Limited and a number of private companies. Max is a Director and Company Secretary of Birketu Pty Limited, BSA's single largest shareholder and has been closely involved with the development of WIN Corporation Pty Limited, Australia's largest regional broadcast network from its commencement and over the past thirty three years. His years of corporate and financial experience are extensive. Max was appointed to the Board of BSA Limited on 2 May 2006.

D - MICHAEL GIVONI

NON-EXECUTIVE DIRECTOR

Mr Givoni is a Senior Executive at Spotless Group Limited. He is the Group General Manager Development, involved in strategy, business development and merger and acquisition development. Previous to his management career, Michael was a practising solicitor and a partner in a prominent corporate legal practice. Michael is also a Director of the Venture Bank Ltd, and a number of private companies. Michael was appointed as a non-executive Director on 23 March 2005.

E - 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 Foodmarkets and Mesbon China Nylon Ltd. Within the last three years, Paul was also Chairman of Austin Exploration Limited, and until recently, a non-executive Director of Gunns Limited. Paul was appointed as a non-executive Director on 23 March 2005.

F - MARK LOWE

NON-EXECUTIVE DIRECTOR

Mr Lowe was appointed as a Director of BSA Limited 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 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 2 March 2012.

Plant Room at City Square

DIRECTOR INDEPENDENCE

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

In assessing the independence of directors, the Board follows the ASX guidelines as set out in the Corporate Governance Statement within this Annual Report.

PERFORMANCE OF DIRECTORS

In accordance with Principle 8(1) of the ASX Corporate Governance Principles and Recommendations the Board has conducted a review of the performance of its Directors and the Board's function as a whole during the period. The evaluation of Directors was completed in accordance with the process established by the Board, led by the chairman of the Nomination and 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, Mesbon China Nylon Limited, Australian Zircon NL and UXA Resources Limited.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company was not subject to any particular or significant environmental regulations of the Commonwealth, individual States or Territories during the financial year.

CORPORATE GOVERNANCE

The Company 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 section in this annual report. Further corporate governance information is available on the Company's web site at www.bsa.com.au/corporate.


Plant Room at 111 Eagle Street

INFORMATION ON DIRECTORS

As at 30 June 2012, the following information is provided in relation to Directors:

Director	Special Responsibilities	Ordinary Share	Options	Share Rights
Ross Johnston Chairman Non-Executive Director				
	Chairman of Board	1,634,315	Nil	
	Member of Nomination and Remuneration Committee			
	Member of Audit and Compliance Committee			
Stephen Nash Executive Director				
	Managing Director	Nil	Nil	
Max Cowley Non-Executive Director				
	Chairman of Nomination and Remuneration Committee	*58,333,195	Nil	
	Member of Audit and Compliance Committee			
Michael Givoni Non-Executive Director				
	Member of Nomination and Remuneration Committee	230,000	Nil	
	Member of Audit and Compliance Committee			
Paul Teisseire Non-Executive Director				
	Member of Nomination and Remuneration Committee	404,769	Nil	
	Chairman of Audit and Compliance Committee			
Mark Lowe Non-Executive Director				
	Member of Nomination and Remuneration Committee	10,315,403	Nil	
	Member of Audit and Compliance Committee			

Air Handling Unit at the Olivia Newton John Cancer and Wellness Centre

*Shares owned by Birketu Pty Ltd of which Max Cowley is a director.

DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES

Period of Appointment	Name of Company	Position Held (Non-Executive or Executive Director)
Paul Teisseire		
Appointed March 2008 Resigned 20th July 2012	Gunns Ltd	Non-Executive Director and Chairman of the Audit Committee
Appointed June 2006 Resigned 7 February 2009	Austin Exploration Ltd	Non-Executive Chairman and Member of the Audit and Compliance Committee
Appointed September 2007	Mesbon China Nylon Ltd	Non-Executive Director Chairman of the Audit and Compliance Committee
Michael Givoni		
Appointed 1 July 2002	The Venture Bank 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 and for the executives receiving the highest remuneration.

The Company's policy for determining the nature and amount of emoluments of 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

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 delivery of the reward. The Board ensures that the executive 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 economic profit as a core component of plan design;
- Focuses on sustained growth in shareholder wealth, Consisting of dividends and growth in share price, and Delivering constant return on assets as well as focusing the Executive on key non-financial drivers of value; and
- Attracts and retains high calibre executives.

Alignment to program participants' interests:

- Rewards capability and experience;
- Reflects competitive reward for contribution to growth in shareholder wealth;
- Provides a clear structure for earning rewards; and
- Provides recognition for contribution.

The framework provides a mix of fixed and variable pay as well as a blend of short and long-term incentives. As executives gain seniority within the group, the balance of this mix shifts to a higher proportion of at risk rewards.

The Board has established a remuneration committee which 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 following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years. During this period, and despite the challenging market conditions, the Company has achieved an increase in revenue and maintained profits before significant items and tax each year, together with steady dividends to shareholders. The Board is of the opinion that the previously described remuneration policy contributes to maximising shareholder value creation.

	2008	2009	2010	2011	2012
Revenue	$243.9m	$240.9m	$330.9m	$402.6m	$491.8m
Net profit before tax	$11.7m	$10.7m	$8.1m	$8.1m	$8.2m
Net profit after tax	$8.0m	$7.7m	$9.2m	$8.6m	$5.8m
Share price at start of year	$0.76	$0.32	$0.14	$0.19	$0.20
Share price at end of year	$0.32	$0.14	$0.19	$0.20	$0.20
Dividends paid	5.2 c	1.75 c	2.0 c	2.0 c	3.0 c
Basic earnings per share	4.41 c	4.01 c	4.48 c	4.02 c	2.57 c
Diluted earnings per share	4.40 c	3.98 c	4.32 c	3.86 c	2.51 c

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board has also considered the advice of independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

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 fees

The current base remuneration for Directors was last reviewed on 26 June 2012. 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 between five to 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 and was last approved by shareholders at the Annual General Meeting (AGM) on 26 November 2007. The following fees have applied:

Base fees including superanuation	
Chairman	$152,600
Other Non-Executive Directors	$87,200

Retirement allowances for Directors

Non-Executive Directors do not participate in any share or option incentive plan and there are no retirement schemes or retirement benefits other than statutory benefits for 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 comprises the executive's total remuneration.

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, the employees can now 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 the operational pre-determined target being met. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan.

Each executive 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 30% of base salary.

For the year ended 30 June 2012, the targets linked to the STI plans were based on the Group and individual business objectives. The target achievement required performance in reducing operating cost, increasing revenue and overall increase in EBITDA. The Group targets are generic across the management team.

The Nomination and Remuneration Committee is responsible for assessing whether the targets are met. Targets are set at the beginning of the year and are assessed semi-annually. Short term bonus payments are adjusted up or down in line with under or over achievement against target performance levels. Because short-term targets cover several operational areas of the business as well as the overall Company target, STI may be paid when operational targets are achieved although the Company's overall target may not be met. The STI target annual payment is reviewed annually.

Options

No options were exercised during the year ended 30 June 2012.

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

All options have expired as at 30 June 2012.

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 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 Directors of BSA Limited or other key management personnel of the Group during the year ended 30 June 2012.

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 involvement and incentive in the Company which aligns 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.

If an executive to whom an Invitation has been issued forwards to the Company a duly completed Loan Application and the Transfer Documents together with his acceptance, and where appropriate his Application for Shares, then the Company shall, in accordance with the terms of the Loan Agreement, lend to the executive such amount as the executive has applied for in the Loan Application.

The maximum amount of any loan shall be the total subscription price for the Shares applied for.

No interest is payable by the Borrower under the Loan Agreement.

An executive shall not sell, mortgage, charge, assign or otherwise dispose of or encumber any Shares before payment or repayment of any amount outstanding to the Company in respect thereof.

Subject to the above restriction and to the terms of the Loan Agreement (if any) deemed to be entered into by the executive, 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.

Offers under the scheme are at the discretion of the Company. No offers were made to Directors of BSA Limited or other key management personnel of the Group during the year ended 30 June 2012.

Employee Performance Rights Plan

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

This new 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 its key staff. The Board believes that awards made to selected eligible employees under the proposed plan will:

- 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;
- Ensure the remuneration packages of employees are consistent with market practice.

As part of the Company's strategy, the Board wishes to be in a position to offer rights to acquire Shares in the Company to selected eligible employees who, in the opinion of the Board, are able by virtue of their skill and their application in performing their allocated tasks within the Company, to improve shareholder wealth.

The flexibility of the plan rules will enable the Board to design grants that best meet the particular circumstances.

The Board is cognisant that long-term equity-based reward for key staff should be linked to the achievement by the Company of testing performance hurdles.

Rights granted to certain plan participants in each grant will be at zero vesting value and will be subject to the following performance conditions as determined by the Board:

(i) Service condition of two to three years; 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 and service condition of three years.

The Company must achieve these performance conditions before the rights vest.

Once rights have been exercised by an eligible employee (subject to performance conditions being met), the Company may make non-refundable contributions to the plan company to either fund the purchase of a new plan share, or to acquire on the ASX of an existing share and transfer to the participant of that share, to which the participant is entitled under the rights.

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 will not be exercisable until the end of the final measurement period, and until those rights have satisfied all vesting conditions and all 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.

The Board will prescribe the date when performance under the hurdle is measured for each tranche.

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 it is not exercised by the expiry date.

There is no Board policy in relation to the person limiting exposure to risk in relation to the securities issued as part of the remuneration.

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 Limited and the BSA Limited Group are set out in the following tables.

The key management personnel of the Group are the following:

(i) Chairman - Non-Executive Director
Ross Johnston

(ii) Executive Director
Stephen Nash

(iii) Non-Executive Directors
Max Cowley
Paul Teisseire
Michael Givoni
Mark Lowe

(iv) Chief Financial Officer
Karl Nixon

In addition, the following persons have been disclosed as they are amongst the five highest remunerated Group and/or Company executives and the Company Secretary:

Brendan Foley	Group General Manager Technical Field Force Solutions
Brian Mayo	Group General Manager Allstaff Airconditioning
Frank Wiedermann	General Manager Allstaff Airconditioning VIC
Glenn McLachlan	Group General Manager Technical Maintenance Services
Younis Tehfe	General Manager Triple 'M' WA
Graham Seppelt	Company Secretary

The above named persons held current positions for the whole of the financial year and since the end of the financial year.

Key management personnel of the Group and other executives of the Company and the Group

2012	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										
Ross Johnston	140,000	-	-	12,600	-	-	-	-	152,600	-
Paul Teisseire	80,000	-	-	7,200	-	-	-	-	87,200	-
Michael Givoni	80,000	-	-	7,200	-	-	-	-	87,200	-
Max Cowley	80,000	-	-	7,200	-	-	-	-	87,200	-
Mark Lowe (Retired as Executive Director on 2 March 2012)	287,991	160,000	3,934	30,327	3,512	94,656	(54,197)	(10.30)	526,223	20.11
Sub-total Non-Executive Directors	**667,991**	**160,000**	**3,934**	**64,527**	**3,512**	**94,656**	**(54,197)**		**940,423**	
Executive Directors										
Stephen Nash	494,143	50,000	-	43,780	8,552	-	66,063	10.79	662,538	17.52
Chief Financial Officer										
Karl Nixon	311,000	35,000	-	26,981	6,327	-	5,564	1.59	384,872	10.54
Company Secretary										
Graham Seppelt	40,000	-	-	-	-	-	-	-	40,000	-
Other Group Executives										
Brendan Foley	305,702	25,000	34,334	27,513	12,310	-	(2,160)	(0.57)	402,699	5.67
Brian Mayo ***	233,313	50,000	-	51,850	4,657	-	11,931	3.77	351,751	14.2
Frank Wiedermann **	249,500	20,000	-	50,000	3,742	-	8,871	2.84	332,113	6.0
Glenn McLachlan *	272,141	50,000	-	18,465	4,463	-	-	-	345,069	14.5
Younis Tehfe	244,034	50,000	7,868	20,655	3,667	-	29,222	9.57	355,446	14.1
Total compensation	**2,817,824**	**440,000**	**46,136**	**303,771**	**47,230**	**94,656**	**65,294**		**3,814,911**	

* Included in Cash Bonus was a one time project cash bonus of $15,000

** Qualified as one of the 5 highest remunerated Group Executives from 1 July 2011

*** Included was a $15,000 bonus paid for higher duties in the current year

The amounts disclosed above in relation to cash bonuses include any under accrual of 2011 bonuses paid during 2012, where applicable

2011	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										
Ross Johnston	139,080	-	-	12,517	-	-	-	-	151,597	-
Paul Teisseire	80,000	-	-	7,200	-	-	-	-	87,200	-
Michael Givoni	77,346	-	-	6,961	-	-	-	-	84,307	-
Max Cowley	79,711	-	-	7,174	-	-	-	-	86,885	-
Sub-total Non-Executive Directors	**376,137**	**-**	**-**	**33,852**	**-**	**-**	**-**	**-**	**409,989**	**-**
Executive Directors										
Mark Foley (Retired 26 October 2010)	424,999	-	-	61,660	-	-	(34,667)	(7.67)	451,992	(7.67)
Stephen Nash (Commenced 17 January 2011)	197,601	75,000	-	7,600	3,434	-	-	-	283,634	26.44
Mark Lowe	372,036	100,000	3,561	17,867	29,288	-	41,983	7.43	564,735	25.14
Chief Financial Officer										
Karl Nixon	289,684	60,000	-	25,552	5,685	-	41,617	9.85	422,538	24.0
Company Secretary										
Graham Seppelt	40,000	-	-	-	-	-	-	-	40,000	-
Other Group Executives										
Robert Barkley ** (Resigned 24 March 2011)	200,962	47,500	-	49,269	-	311,161	(123,167)	(25.36)	485,725	(15.58)
Brendan Foley	298,758	50,000	15,686	26,326	4,101	-	41,617	9.53	436,488	11.5
Lewis Kaerger (i)	285,669	-	-	-	-	-	72,445	20.23	358,114	-
Younis Tehfe	244,034	79,838	3,560	11,841	7,412	-	22,387	6.07	369,073	21.6
Brian Mayo	221,506	73,023	-	37,206	3,359	-	13,352	3.83	348,446	21.0
Total compensation	**2,951,386**	**485,361**	**22,807**	**271,173**	**53,279**	**311,161**	**75,567**		**4,170,734**	

** Qualified as one of the 5 highest remunerated Group Executives from 1 July 2011

(i) Lewis Kaerger's remuneration is paid to Kaerger Investments Pty Ltd, a Company in which Lewis Kaerger has a beneficial interest. Lewis Kaerger's contract concluded on 30 September 2011.

The amounts disclosed above in relation to cash bonuses include any under accrual of 2010 bonuses paid during 2011, where applicable.

Performance income as a proportion of total remuneration:

The Executive Director 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 Nomination and 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 the www.bsa.com.au 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, Executive Securities 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

The cash bonus granted to Mark Lowe was at the discretion of the Nomination and Remuneration Committee. The bonuses vested as per the below table during the financial year ended 30 June 2012.

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 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	% Available for vesting in future years	Maximum $ available for vesting in future years	Minimum $ available for vesting in future years
Other key management personnel (Group)						
Stephen Nash	50,000	33	67	-	-	-
Mark Lowe	160,000	130	-	-	-	-
Karl Nixon	35,000	26	74	-	-	-
Brendan Foley	25,000	25	75	-	-	-
Brian Mayo	35,000	45	55	-	-	-
Younis Tehfe	50,000	60	40	-	-	-
Frank Wiedermann	20,000	34	66	-	-	-
Glenn McLachlan	35,000	45	55	-	-	-

E SHARE-BASED COMPENSATION

Executives Securities Plan

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

Grant 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
Consolidated and parent entity					
12 Jan 2006	0.24	4,000,000	-	4,000,000	-
13 Oct 2006	0.23	700,000	-	-	700,000
19 Jul 2007	0.63	1,600,000	-	-	1,600,000
11 Sep 2007	0.68	150,000	-	-	150,000
13 Sep 2007	0.68	400,000	-	200,000	200,000
14 Dec 2007	0.68	400,000	-	-	400,000
10 Feb 2009	0.10	1,700,000	-	-	1,700,000
Total		8,950,000	-	4,200,000	4,750,000

Employee Performance Rights Plan

Set out below are summaries of Rights issued under the plan:

Name	Grant Date	Exercise Date	Expiry Date	Issue Price $	Balance at Start of the Year Number	Granted During the Year Number	Vested and Exercised During the Year Number	Cancelled During the Year Number	Balance in Escrow at End of the Year Number	Fair Value per right $	Aggregate Fair Value $
Consolidated and parent entity											
Mark Lowe	10 Feb 2009	10 Feb 2012	10 Feb 2014	0.00	458,000	-	-	(458,000)	-	0.135	-
Karl Nixon	10 Feb 2009	10 Feb 2012	10 Feb 2014	0.00	454,000	-	-	(454,000)	-	0.135	-
Brian Mayo	10 Feb 2009	10 Feb 2012	10 Feb 2014	0.00	115,000	-	(115,000)	-	-	0.135	-
Younis Tehfe	10 Feb 2009	10 Feb 2012	10 Feb 2014	0.00	115,000	-	-	-	115,000	0.135	15,525
Mark Lowe	29 Sep 2009	29 Sep 2012	29 Sep 2014	0.00	458,000	-	-	(458,000)	-	0.160	-
Karl Nixon	29 Sep 2009	29 Sep 2012	29 Sep 2014	0.00	454,000	-	-	-	454,000	0.160	72,640
Brendan Foley	29 Sep 2009	29 Sep 2012	29 Sep 2014	0.00	454,000	-	-	-	454,000	0.160	72,640
Brian Mayo	29 Sep 2009	29 Sep 2012	29 Sep 2014	0.00	78,967	-	-	-	78,967	0.160	12,635
Younis Tehfe	29 Sep 2009	29 Sep 2012	29 Sep 2014	0.00	78,967	-	-	-	78,967	0.160	12,635
Lewis Kaerger *	29 Sep 2009	29 Sep 2012	29 Sep 2014	0.00	1,000,000	-	-	(1,000,000)	-	0.160	-
Lewis Kaerger *	30 Mar 2010	30 Mar 2012	30 Mar 2014	0.00	1,000,000	-	(1,000,000)	-	-	0.225	-
Mark Lowe	24 Aug 2010	24 Aug 2013	24 Aug 2015	0.00	458,000	-	-	(458,000)	-	0.195	-
Karl Nixon	24 Aug 2010	24 Aug 2013	24 Aug 2015	0.00	454,000	-	-	-	454,000	0.195	88,530
Brendan Foley	24 Aug 2010	24 Aug 2013	24 Aug 2015	0.00	454,000	-	-	-	454,000	0.195	88,530
Frank Wiedermann **	24 Aug 2010	24 Aug 2013	24 Aug 2015	0.00	72,000	-	-	-	72,000	0.195	14,040
Brian Mayo	24 Aug 2010	24 Aug 2013	24 Aug 2015	0.00	61,000	-	-	-	61,000	0.195	11,895
Younis Tehfe	24 Aug 2010	24 Aug 2013	24 Aug 2015	0.00	200,000	-	-	-	200,000	0.195	39,000
Steve Nash	14 Nov 2011	14 Nov 2014	14 Nov 2016	0.00	-	1,360,000	-	-	1,360,000	0.190	258,400
Mark Lowe	14 Nov 2011	14 Nov 2014	14 Nov 2016	0.00	-	746,000	-	(746,000)	-	0.190	-
Karl Nixon	14 Nov 2011	14 Nov 2014	14 Nov 2016	0.00	-	613,000	-	-	613,000	0.190	116,470
Brendan Foley	14 Nov 2011	14 Nov 2014	14 Nov 2016	0.00	-	454,000	-	-	454,000	0.190	86,260
Brian Mayo	14 Nov 2011	14 Nov 2014	14 Nov 2016	0.00	-	59,000	-	-	59,000	0.190	11,210
Frank Wiedermann **	14 Nov 2011	14 Nov 2014	14 Nov 2016	0.00	-	66,000	-	-	66,000	0.190	12,540
Younis Tehfe	14 Nov 2011	14 Nov 2014	14 Nov 2016	0.00	-	189,000	-	-	189,000	0.190	35,910
Total					6,364,934	3,487,000	(1,115,000)	(3,574,000)	5,162,934		948,860

* Lewis Kaerger has a beneficial interest. Lewis Kaerger's contract concluded on 30 September 2011.

** Qualified as one of the 5 highest remunerated Group Executives from 1 July 2011

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

REMUNERATION CONSULTANTS

During the year under review, the Board engaged Godfrey Remuneration Pty Ltd to make recommendations in relation to the remuneration of Non-Executive Directors and other specific Key Management Personnel and which company was paid $19,040 for that advice.

The consulting arrangement was initiated by the Chairman of the Board and the Remuneration Committee. No other advice was sought from the remuneration consultant during the year.

As no contact was made between the consultant and executive management, the Board is satisfied that the recommendations were free from undue influence by executives.

End of Audited Remuneration Report

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and each Board committee held during the year ended 30 June 2012, and the number of meetings attended by each Director were:

	Board Meetings		Audit and Compliance Committee Meetings		Nomination and Remuneration Committee Meetings	
	A	B	A	B	A	B
Ross Johnston	12	13	4	4	4	5
Stephen Nash	13	13	*	*	*	*
Max Cowley	13	13	4	4	5	5
Michael Givoni	12	13	4	4	4	5
Paul Teisseire	13	13	4	4	5	5
Mark Lowe	10	13	1	1	-	-

A Number of meetings attended

B Number of meetings held during the time the Director held office or was a member of the Committee during the year

* Not a member of the relevant committee, but invited to attend the Audit 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 and then be eligible for election.

Max Cowley and Mark Lowe are the Directors retiring by rotation who, being eligible, offer themselves for re-election.

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 BSA Limited under option.

During the year ended 30 June 2012, no ordinary shares of BSA Limited 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 BSA Limited under right are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Right
10 Feb 2009	21 Feb 2014	$0.00	115,000
29 Sep 2009	29 Sep 2014	$0.00	1,195,934
24 Aug 2010	24 Aug 2015	$0.00	1,489,500
14 Nov 2011	24 Nov 2016	$0.00	3,218,000
			6,018,434

During the year ended 30 June 2012, 1,290,500 ordinary shares of BSA Limited were issued on the exercise of rights granted under the BSA Limited Employee Performance Rights Plan. 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.

Closed Circuit Heat Rejection Unit designed to reduce water consumption at Ikea Tempe

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the Corporations Act 2001 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.

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 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

	2012 $	2011 $
Amounts paid/payable to Deloitte for:		
Auditing or reviewing the financial report	347,552	351,526
Taxation services	436,226	501,345
Other non-audit services	345,382	122,500

AUDITORS INDEPENDENCE DECLARATION

The lead auditors' independence declaration for the year ended 30 June 2012 as required under section 307c of the Corporations Act 2001 has been received and can be found on page 40 of this report.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

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

Ross Johnston
Chairman

17 August 2012

The Company, through its Board and executives, recognises the need to establish and maintain corporate governance policies and practices, which reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with the Company.

These policies and practices remain under constant review as the corporate governance environment and good practice evolve.

This statement outlines the Company's system of governance during the Financial Year and the extent of the Company's compliance, as at the end of the Financial Year, by reference to the second edition of the ASX Corporate Governance Principles and Recommendations (with 2010 amendments) and to the Corporations Act 2001.

As at the date of publication, the Company complies with the recommendations in all respects other than the requirement for the majority of the directors of the Company to be independent, the recommendation that there be two separate committees for remuneration and nomination, that the chair of those committees be independent, and that diversity targets be set in this financial year. Further, in undertaking a review of the Company's current practices, the Company will implement during 2012/2013 a whistleblowing policy, and a diversity policy which will set out the diversity targets from which the Company will report against. This will all form part of a relaunch of the Company's Code of Conduct. Corporate governance documentation including charters and relevant corporate policies and codes referred to in this statement can be found on the www.bsa.com.au website.

PRINCIPLE 1

LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Functions of Board and Management

The Board is responsible for overseeing the effective management and control of the Company. The Board is accountable to members, and seeks to ensure that the business and financial objectives of the Company are aligned with the expectations of members. The Board seeks to ensure that the operations of the Company are being effectively managed in a manner that is focussed on those business objectives, as well as conforming to regulatory and ethical requirements.

The Board has reserved its authority over the following matters (with a power of delegation to a committee of the Board, the Managing Director or another nominated member of the executive management team):

- **Strategy and direction**
    - Setting policies regarding the Company's overall strategic direction, and plans for each of the Company's major business units, key business and financial objectives;
    - Approving any significant acquisitions or disposals of assets, and significant expenditure.
- **Financial controls, compliance and risk management**
    - Approving annual operating and capital expenditure budgets;
    - Monitoring and approving financial statements and published reports, including the Directors' report and the corporate governance statement;
    - Approving any significant changes in accounting policies or procedures;

  - Reviewing the effectiveness of the internal control systems and risk management processes, and compliance with statutory and regulatory obligations which, if not complied with would have a material effect on the Company's business.
- **Capital and debt structure**
  - Approving any changes to the Company's debt and capital structure including any reductions in share capital, buy backs or issue of new securities.
- **Appointments**
  - Appointing Directors to the Board, following A review by the Nomination and Remuneration Committee;
  - Appointing and reviewing the performance of the Managing Director against objectives set by the Board;
  - Approving the Boards of subsidiary companies;
  - Appointing the Company Secretary.
- **Delegation of authority**
  - Approving any changes to the membership or charter of any committee of the Board;
  - Determining the scope of authority delegated to the Managing Director, the Chief Financial Officer, or other executive management team members.
- **Policies**
  - Approving significant policies for the Company including the Code of Conduct, security trading policies for Directors and senior executives, health and safety policies, risk management policies and continuous disclosure and communications policies.
- **Corporate governance matters**
  - Determining the independence of Non-Executive Directors;
  - Taking into account the recommendations of the Nomination and Remuneration Committee in determining the remuneration of Non-Executive Directors;
  - Determining the resolutions and documentation to be put to members in general meeting;
  - Approving announcements and press releases concerning matters decided by the Board, including announcements relating to the operating performance of the Company.

The Board has delegated a number of responsibilities to its Committees. The role and responsibilities of these Committees are explained later in this statement. Directors may attend any Committee meetings. The Board receives copies of the minutes of all the Committee meetings.

Day-to-day management of the business and operations of the Company is delegated by the Board to management through the Managing Director, subject to the agreed authority limits. The Board has delegated, to management, responsibility for:

- **Strategy** – development of strategies and the making of recommendations to the Board on such strategies;
- **Management** – management and performance of the Company in accordance with the strategy, business plans and policies approved by the Board;
- **Financial performance** – developing the Company's annual budget, managing day to day operational and capital expenditure, and ensuring that the financial reports present a true and fair view of the Company's financial condition, and are in accordance with the relevant accounting standards;
- **Risk management** – establishing and maintaining effective risk management frameworks and internal control systems;
- **Continuous disclosure** – keeping the Board and the market fully informed about material developments;
- **Selection of senior management** – making recommendations for the appointment of senior management, determining terms of appointment, evaluating performance and development of senior management.

1.2 Process for Evaluating the Performance of Senior Executives

The Company has an established process of objective setting and performance review of all staff.

Senior Executives have defined objectives which are agreed at the commencement of each financial year. Their performance against these objectives is assessed annually, in addition to regular feedback during the performance period. The potential future development of the executive is discussed, together with any training required to assist in achieving the development objectives, and progression within the Company.

In the case of the senior executives (including the Managing Director) an assessment of their performance is undertaken by the Nomination and Remuneration Committee and the Board.

In addition to the induction program provided to new employees, new members of the executive management team undertake an induction program customised to their needs. This typically includes one on one meetings with every member of the executive management team, and visits to major sites. Senior executives and senior managers also participate in training sessions on key topics of relevance such as changes in corporate governance standards, and legislation and compliance.

1.3 Performance Evaluation

During the Financial Year, each member of the executive management team, including the Managing Director, was subject to a performance review as described in 1.2 above.

PRINCIPLE 2

STRUCTURE THE BOARD TO ADD VALUE

The membership of the Board is reviewed by the full Board, from time to time, having regard to the ongoing needs of the Company and the Company's Constitution. It is the policy of the Board that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the business activities of the Company, and non-executive members who bring to the Board a broad range of general commercial expertise, experience and qualifications.

The Group's objective is that the Board should be of a size and composition that is conducive to effective decision making, with the benefit of a variety of perspectives and skills and in the interests of the Company.

The appointment of a new member to the Board is made after consultation with the Nomination and Remuneration Committee and the Board. New Directors are initially appointed by the full Board and must then submit themselves to election by members of the Company at the Annual General Meeting (AGM) following their appointment.

On 2 March 2012 the Company announced that Mr Mark Lowe, who up until that date was an Executive Director, would assume the role of Non–Executive Director.

Board renewal and succession planning is part of the Company's overall governance program and the Company remains committed to a Board which includes a mix of non-executive members who have outstanding track records and reputations at the highest levels of business and commerce generally.

The Company is currently undertaking a review of its practices on diversity. This will include an assessment of whether the applicable charters and policies require amendment to formalise the Company's position on diversity. Further information on how the Company is currently addressing the issue of diversity is contained in section 3 of this statement.

2.1 Independent Directors

The composition of the Board is set out in the table below:

Name	Position	Independent
Ross Johnston	Chair/Non-Executive Director	Yes
Stephen Nash	Managing/Executive Director	No
Max Cowley	Non-Executive Director	No
Michael Givoni	Non-Executive Director	Yes
Paul Teisseire	Non-Executive Director	Yes
Mark Lowe	Non-Executive Director	No

Biographies of the Directors are included in the section on the Board of Directors in this Annual Report.

The Board currently has six members. Of these, three are independent Non-Executive Directors. These Directors are considered by the Board to be independent of management and free of any business or other relationship, or any other circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement. 50% of Directors are independent. Therefore, a majority of the Directors on the Board are not independent.

The Board considers that it should include significant representation by Directors who are capable and willing to make decisions which are in the best interests of members, free from interests and influences which conflict with that duty, and are also independent of management.

The Board continually assesses the independence of each Director in accordance with the interests they have disclosed, and such other factors as the Board determines are appropriate.

In making this determination, the Board is seeking to assess whether Directors are:

- Independent of management;
- Free of any business or other relationship that could materially interfere or be perceived to materially interfere with their unfettered and independent judgement; and
- Capable of making decisions without bias and which are in the best interests of all members.

A Non-Executive Director will not be regarded as an independent director if that Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Within the last three years has been employed in an executive capacity by any member of the Company, or been a Director after ceasing to hold any such employment;
- Within the last three years has been a partner or a senior management executive with audit responsibilities of a firm which has acted in the capacity of statutory auditor of any member of the Company;
- Within the last three years has been a principal, employee or consultant of a material professional adviser to any member of the Company;
- Is a principal, employee or associate of a material supplier to, or material customer of, any member of the Company;
- Has a material contractual relationship with any member of the Company other than as a Director of the Company; and
- Has any interest, or business, or other relationship, which could materially interfere with the Director's ability to act in the best interests of the Company, and independently of management.

As regards the Non-Executive Directors, applying the criteria set out in the Board Charter, the Board has made the following determinations:

- Mr Max Cowley is not independent given that he is a director, and company secretary, of the major substantial shareholder in the Company.
- Mr Mark Lowe is not independent (following his resignation as an executive in March 2012), given his long standing executive role with the Company.
- Mr Stephen Nash is not independent given that his role is that of Managing Director, an executive director.
- Mr Ross Johnston, Mr Michael Givoni and Mr Paul Teisseire are all considered to be independent directors.

The Board, through the Nomination and Remuneration Committee has come to the conclusion that whilst 50% of the Board is independent, the balance of skills and experience required for Board members for the size and development of the Company is appropriate. The Board is confident that each Non-Executive Director brings independent judgment to bear on Board decisions.

That conclusion was reached based on the Board's knowledge of the significant contributions made by each Director to the business of the Board and its Committees. This includes the willingness of the Directors to debate issues openly and constructively and freely express their views and opinions on matters being considered by the Board, including on occasions where those views are contrary to those expressed by the Executive Directors and management.

Each Non-Executive Director has signed a letter of appointment which, amongst other things, places an onus on each independent Director to promptly and fully disclose to the Board any matter or circumstance which may impact on their status as an independent Director, or the likely perception of their status, as an independent member of the Board. Where the Board concludes that a Director has lost their status as an independent Director, that determination will be advised to the market.

The Nomination and Remuneration Committee's Charter discloses a process for selection and appointment of new Directors and re-election of incumbent Directors. The role and responsibilities of the Nomination and Remuneration Committee are set out later in this statement.

2.2 Chair and Independence

Council recommendations that listed companies should have an independent director as Chair, and that the roles of Chair and Chief Executive Officer should not held by the same person.

Mr Ross Johnston is considered to be independent by the Board, having regard to the guidelines for independence.

2.3 Nomination and Remuneration Committee

The Board has appointed a combined Nomination and Remuneration Committee, with the two distinct roles, having regard to the size and requirements of the Company.

The objective of the Nomination and Remuneration Committee is to support and advise the Board in relation to the identification, selection, recommendation and appointment of, and the ongoing evaluation and review of the performance of the Board, the Directors and the Senior Executives. It is also responsible for the general remuneration, recruitment and termination policies and practices.

The members of the Committee are set out in the Directors' Report.

The Board recognises the ASX's recommendation that the Nomination and Remuneration Committee should be chaired by an independent director. Mr Max Cowley is not considered independent because he is a Director and Company Secretary of the major substantial shareholder in the Company. The reason for this departure is one of practicality. The Board considers that Mr Max Cowley has the most appropriate skills to undertake the role of chair of this Committee.

The Committee met five times during the Financial Year, per the details set out in the Directors' Report. The Executive Directors may be invited to attend Nomination and Remuneration Committee discussions.

The functions undertaken by the Committee in discharging their responsibilities include:

- Assessing the skills of current Board members against the collective skill set required by the Board to competently discharge the Board's duties, having regard to the strategic direction of the Company;
- Regularly reviewing and making recommendations to the Board regarding the structure, size, diversity and composition (including the balance of skills, knowledge and experience) of the Board; and reviewing the effectiveness of the Board as a whole, and continually reviewing the leadership needs of the Company, both executive and non-executive;
- Identifying suitable candidates (executive and non-executive) to fill Board vacancies as and when they arise, and nominating candidates for approval of the Board;
- Annually reviewing the performance of the Board; and
- Ensuring the existence of proper succession planning processes and plans for the Board.

No member of the Committee will participate in a review of their own performance or re-appointment.

The Nomination and Remuneration Committee Charter, as approved by the Board, appears in the corporate governance section of the www.bsa.com.au website.

Recommendations regarding future appointment of additional Directors will be made by the Nomination and Remuneration Committee, and considered by the Board, having regard to:

- The assessment made on the skill set required to discharge the responsibilities of the Board, compared with the skills currently represented on the Board;
- The current strategic direction of the Company, and the consequent need to consider skills which may be required in the future; and
- The suitability of available candidates, identified in the context of a detailed description of the role and capabilities required, for a particular appointment.

Recommendations made by the Nomination and Remuneration Committee will be considered by the Board, which retains an unfettered discretion on the appointment of a Director to fill a casual vacancy or act as an additional Director, prior to the formal election of that Director, by the members of the Company at a general meeting.

Upon appointment, a new Director undertakes an induction program specifically designed to their needs, to assist in familiarising them with issues relating to the current business before the Board.

New Board members are provided with the opportunity to experience the operations of the Company, and to meet and discuss all aspects of the Company's operations with key members of executive management. As part of the induction program, access is provided to information in areas such as; operations, finance, treasury and risk management, to assist the new Board member as required.

New Directors receive a letter of appointment which sets out the main terms and conditions on which each Director is appointed. The letter of appointment conforms to the Recommendations of the ASX Corporate Governance Council.

The letter of appointment also sets out a procedure in relation to independent professional advice, at the Company's expense. Directors are able to take independent professional advice, and are required to make that advice available to the other directors. Directors are encouraged to direct any enquiries or requests for additional information to the Company Secretary, who will facilitate a response to the query and/or provide the Director with the requested information.

On an ongoing basis, Directors are provided with periodic updates on legal and corporate developments, particularly those pertaining to matters relating to the responsibilities of boards and directors generally, health and safety, changes to the Corporations Act 2001, corporate governance principles, tax and accounting developments and other matters of interest. Management conducts regular briefing sessions to the Board and Board Committees on operational, financial, treasury, legal and tax issues of relevance to the Board.

The Company Secretary is appointed and removed by the Board.

The Company Secretary works with the Chair, the Board and the Board Committees on all governance related issues. All Directors have access to the Company Secretary for the purpose of obtaining information or advice. The Company Secretary may also retain the services of independent advisory bodies, if requested by the Board or Board Committees. The office of the Company Secretary is responsible for the systems and processes that enable the Board to perform its role, and also provides secretariat services for each of the Board Committees. The Committee agendas, paper and minutes are available to all members of the Board.

The Board undertakes ongoing self assessment and review of its performance, and of the performance of the Board Committees. The Board is committed to transparency in assessing the performance of the Board.

PRINCIPLE 3

PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1 Code of Conduct

Compliance Manual

As part of the Company's ongoing commitment to high standards of ethical conduct, the Company is developing a Compliance Manual which will provide detailed guidance to employees on the laws applicable in the jurisdiction in which they work, and the standards of conduct and the procedures to be adopted to comply with those laws. The Compliance Manual will be supplemented by seminars to help employees understand the legal requirements with which the Company must comply.

The Compliance Manual will deal with issues such as:

- Workplace health and safety;
- Australian Consumer Law;
- Employment;
- Privacy;
- Anti discrimination, equal opportunity and bullying;
- Environmental compliance;
- Corporations Act 2001 and ASX Listing Rules requirements; and
- Complaints handling procedures.

The Company has provided a number of such seminars to date.

Company Values

The conduct of all Company employees is governed by a set of fundamental principles to which employees are expected to adhere to when dealing with other employees, clients, contractors, members and the community.

These core values require Company employees, at all times, to conduct themselves having regard to the following:

- The **Safety** and wellbeing of our staff is non negotiable
  We will not harm our people
- Talented and committed **People** are the heart of our business:
  The retention and development of our staff is a business imperative;
- We will conduct ourselves with the highest **Integrity**:
  Uphold integrity in everything we say and do;
- **Teamwork** is the foundation for success:
  Working as one across all business units to achieve success;
- **Respect** for our fellow workers is essential:
  Treat everyone as you would expect to be treated;
- We will be **Innovative** and create our own future:
  We will continue to strive to evolve our people and our technology;
- Our **Reputation** is paramount:
  We will ensure our decisions and behaviour enhances the reputation of BSA.

In adhering to those values, the Company, and its employees, will achieve the following:

- Creation of an environment that motivates and allows employees to contribute and develop;
- Honest, just and fair management in all dealings;
- Meeting the commitments of the Company;
- Examination of ways to continually improve processes in a manner which adds value;
- Providing members with superior returns on a sustainable basis;
- Constantly seek new opportunities and pursue sound growth and earning opportunities;
- Conducting all activities in a safe and environmentally responsible manner;
- Contributing expertise and resources to promote positive interaction between all members of the community; and
- Being a leading corporate citizen.

Employee Code of Conduct

BSA's core principles are supplemented by the Employee Code of Conduct which is provided to all employees at the time of joining the Company and which deals, in broad terms, with the following matters:

- The high standards of personal conduct and ethical behaviour expected of all employees;
- The duty of employees to avoid conflicts of interest which may arise if the employee or any person or entity associated with that employee has a business arrangement or relationship with the Company outside their normal employment relationship;
- The duty of employees to maintain confidentiality with respect to the Company's information and information provided by our contractors and clients;
- The duty of employees to avoid discrimination against any person; and
- The Company's policy prohibiting harassment in any form.

The Employees Code of Conduct, which is provided to, and acknowledged by, all employees who join the Company, is reviewed on a regular basis to ensure it remains current and relevant. Compliance seminars to update senior management on changes to legal requirements and procedures are conducted on a regular basis, and all senior managers are required to pass this information on to their staff. Senior managers are required to attend and formally acknowledge their understanding and compliance.

It is the responsibility of each Director and employee to understand the Company values, Code of Conduct, and other policies applicable to them; and to bring to the attention of senior management any conduct or activities which may be in breach of those policies, so that a proper investigation can be conducted.

Serious breaches of these policies must be reported immediately to the Managing Director, the Chief Financial Officer, or the General Counsel, for investigation, in accordance with the Company's policies. Where appropriate, the police or other regulatory authority will be informed.

Complaints are treated in a confidential manner. No action of any kind will be taken against an employee, adviser or contractor who, in good faith, makes an allegation against the Company, any employee, adviser or contractor, whether or not that complaint is confirmed by subsequent investigation.

Whistleblower Policy

Having regard to the above, the Company is in the process of implementing a whistleblowing policy which will form an integral part of the Company's compliance program. The policy will be adopted to ensure that concerns regarding unethical, unlawful or improper conduct may be raised without fear of reprisal.

Under the policy, the Company will appoint a Whistleblower Protection Officer. Employees will be encouraged to report any genuine matter, or behaviour, that they honestly believe contravenes the Code of Conduct, policies or the law. Such matters may include any actual or suspected:

- Conduct or practices which are illegal;
- Corrupt activities;
- Theft or fraud;
- Misleading or deceptive conduct of any kind; or
- Harm to public health or safety, or the health or safety of any employee.

The Company will investigate all reported concerns appropriately and will, where applicable, provide feedback regarding the investigation's outcome. The Company will take any necessary action in response to a report and where no action is taken, an explanation will be provided.

Where appropriate, a third party may be engaged to assist in the investigation.

It is contemplated that every six months a report will be provided to the Audit and Compliance Committee, summarising the whistleblower activities for the period.

3.2 Diversity

As noted at 2 above, the Board is undertaking a review and assessment of its current practices, including how the Board and the Nomination and Remuneration Committee presently take into account the diversity criteria when identifying and assessing potential Director candidates and members of the senior management team.

Where appropriate, the Board will amend Committee charters to expressly incorporate the diversity criteria into Board and Committee objectives and responsibilities.

The Group values an inclusive culture where all people are able to succeed to the best of their ability. These principles also guide our employees' conduct in all their dealings with stakeholders of the Company.

Diversity is regarded as key factor in enabling the Company to attract the broadest range of talent in the market.

Our commitment to diversity requires that we work to ensure an environment which is supportive of equality and access for all our staff to career opportunities, development, remuneration and benefits.

Women in BSA

The Company recognises that working towards gender diversity and equality is essential to attracting and retaining the best talent in our business. The Company is committed to developing and supporting women in BSA, with a particular focus in the next financial year towards professional networking in the different industries the business operates within. This will provide an avenue for mentoring and professional development directed at our female workforce. Currently, 16% of the Company's total workforce is female, with 14% representation within the Senior Executive. Further disclosure in relation to the distribution of gender in the workforce is included in the Managing Director's Report.

Professional development is available for all employees, with additional emphasis and focus placed on leadership development throughout all levels of our talent pipeline. All employees are provided with opportunities to strengthen their leadership skills and capabilities, and enhance their potential for leadership positions in the future.

The Company's performance management and remuneration strategies provide an equitable and consistent approach to ensure that all employees are fairly rewarded for the value they create within their business area.

The Company's Parental Leave Policy aims to provide employees with sufficient options and choices to enable them to devote time and care to their new or adopted children without disadvantaging their career.

Paid parental leave is available to employees based on a sliding scale of entitlement.

Employees on parental leave are invited to attend relevant training programs, seminars or conferences to keep them up to date on developments within their area of business and help support their transition back to work.

Cultural Diversity

The Company is committed to maintaining and developing mutually beneficial and respectful indigenous partnerships with the industries within which the Company operates, by providing real opportunities in education, training, mentoring and employment to indigenous Australians.

The Company continues to focus on enhancing diversity through a range of strategies at the Board and business levels, which in turn contribute significantly to the Company's business and to achievement of the business values which we have established.

3.3 Security Trading Policy

The Company is committed to promoting knowledge and awareness of the legal, regulatory and governance requirements to which the Company and its employees are subject, including prohibitions against insider trading.

All Directors and employees are subject to Corporations Act 2001 restrictions on buying, selling or subscribing for securities in the Company if they are in possession of price sensitive information which has not been published.

Members of the Board, and certain employees within the Company who have been notified that this policy applies to them, are prohibited from trading in Company securities in certain defined black-out periods, which include periods leading up to an announcement of results. They are encouraged to first obtain written, or email, consent from the Managing Director or Chair before dealing.

At any other time, any member of the Board dealing in the Company's securities must notify the Company Secretary.

A copy of the Security Trading Policy is available on the www.bsa.com.au website.

A copy of the Company's Security Trading Policy was lodged with the ASX and released to the market on 28 December 2010.

PRINCIPLE 4

SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit and Compliance Committee

Composition

The Board has established an Audit and Compliance Committee to ensure that an effective internal control framework exists to safeguard the assets of the business, and to ensure the integrity and reliability of financial and management reporting systems.

The composition of the Audit and Compliance Committee is as set out in the Directors' Report.

The Committee met four times during the Financial Year. All members of the Committee attended all of the meetings per the details set out in the Directors' Report.

Audit and Compliance Committee Charter

The Audit and Compliance Committee operates under a charter to enable it to fulfil its corporate governance and monitoring responsibilities by:

- Reviewing the adequacy of, and, where necessary, questioning the action and judgment of management in relation to the Company's half-yearly and annual financial reports prepared for release to members, the ASX, regulators and to the public;
- Reporting to the Board on the half-year and annual reports and financial statements of the Company;
- Making recommendations regarding the appointment, remuneration, evaluation and removal of the Company's external auditor and reviewing and reporting to the Board on the adequacy, scope and quality of the annual statutory audit and half-year audit review and on the integrity and reliability of the financial statements;
- Monitoring and reviewing the effectiveness of the Company's internal control environment;
- Monitoring and reviewing the reliability of financial reporting;
- Monitoring and reviewing the compliance of the Company with applicable laws and regulations;
- Monitoring and reviewing the scope and the co-ordination of the external audit functions; and
- Monitoring the adequacy and effectiveness of compliance systems in relation to the legal exposures of the Company.

The Audit and Compliance Committee meets with external auditors at least twice each year (and more frequently if required), to review the adequacy of existing external audit arrangements and the scope of the audit. The external auditors have a direct line of communication at any time to either the Chair of the Audit and Compliance Committee or the Chair of the Board.

The Audit and Compliance Committee reports to the Board after each Committee meeting and the minutes of each Audit and Compliance Committee meeting are included in the Board papers.

The external auditors, the Managing Director and the Chief Financial Officer are invited to attend Audit and Compliance Committee meetings at the discretion of the Committee.

A copy of the Audit and Compliance Committee charter is available on the www.bsa.com.au website.

PRINCIPLE 5

MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure Policy

The Company's Continuous Disclosure Policy underlines the Company's commitment to ensuring that the Company's members, and the market, are provided with high quality, relevant and accurate information in a timely manner; and that investors are able to trade in Company securities in a market which is efficient, competitive and informed, as well as ensuring that market participants have an equal opportunity to review and assess information disclosed by the Company. The Company is also committed to complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act 2001.

The Policy includes a vetting and authorisation process so that all disclosures are factual, do not omit material matters and are expressed in a clear and objective manner. The Policy also outlines how the Company identifies and distributes information to members and the market generally.

The Continuous Disclosure Policy appears on the www.bsa.com.au website.

PRINCIPLE 6

RESPECT THE RIGHTS OF MEMBERS

6.1 Communications with Members

The Company is committed to providing all members with comprehensive, timely and equal access to information about its activities, to enable them to make informed investment decisions.

The Company employs a wide range of communication approaches, including direct communications with members, and publication of all relevant company investor information on the www.bsa.com.au website.

The Company uses its corporate website as a means of providing information to members, and the broader investment community. A section of this website is dedicated to BSA's investors. Media releases, investor presentations and interim and full-year financial reports are available for review on the www.bsa.com.au website.

These announcements, presentations and reports are placed on the website immediately after they have been released to the ASX. An archive of announcements, presentations and reports is retained on the www.bsa.com.au website.

Also available for review on the www.bsa.com.au website are notices of members' meetings, and explanatory documents issued by the Company in respect of those meetings. A copy of the Chair's address to the AGM, the AGM presentation and the outcome of voting on the items of business are posted to the website following the AGM.

Members are encouraged to attend the AGM held each year, and to use these opportunities to ask questions and vote on important matters affecting the Company, including the election of Directors, the receipt of annual financial statements and the advisory vote on the remuneration report. The external auditor attends the AGM and is available to answer questions. Members may appoint proxies electronically through the www.bsa.com.au website, or via mail.

The Company encourages members to access the Annual Report online to assist with the Company's commitment to the environment, as well as being more cost efficient. A printed copy of the Annual Report will only be sent to those members who have made an election to receive it. Otherwise members will be notified when the Annual Report is available to be accessed online at the www.bsa.com.au website.

Members are also encouraged to provide the Company with their email addresses so that they can be notified when the Annual Report is available online and also to be kept updated on other member communications.

The Company works closely with its share registrar to monitor and review the potential to increase the use of electronic means of communicating with its investors.

The Communications Policy is available on the www.bsa.com.au website.

PRINCIPLE 7

RECOGNISE AND MANAGE RISK

7.1 Risk oversight and management and internal control

The entire Board is responsible for monitoring and reviewing the corporate policies for identifying and managing relevant risks associated with the business of the Company, and the adequacy of the Company's practices and procedures in implementing those policies. This involves monitoring and reviewing:

- The Company's policies regarding risk oversight and risk management;
- The appropriateness of the risk management and internal control systems adopted by the Company;
- The Company's continuing processes for:
    - The identification of material workplace health and safety, financial, legal and operational risks associated with the conduct of the business of the Company;
    - The maintenance of appropriate internal control systems designed to manage key risk areas;
    - Assessing the above matters in conjunction with management and the external auditors; and
    - Monitoring and reporting against compliance with the risk management policies.

Operating a group of companies undertaking technical and building, including construction related, services inevitably involves risks of various kinds. Furthermore, operating a company which utilises a contractor base involves risks of a different nature, which need to be balanced with the Company's business and management. The Company's objective is to ensure that those business risks are identified and assessed and that, where it is practical and economical, steps are taken to mitigate the impact of any risk which may eventuate.

The Company regards risk management as an essential element in its management processes with links to every aspect of the Company's business including health and safety issues in respect of employees, clients, contractors and customers, the construction of sites, relationships with major clients, contractors, and suppliers.

The Company's approach to risk management involves:

- Pro-actively identifying risk;
- Properly assessing and making informed decisions on risk issues;
- Ensuring that sound risk mitigation and management plans are in place; and
- Reviewing, as part of its regular business processes, the operation and adequacy of its risk management systems and the assumptions which dictate those systems.

Risk management is aimed at managing the level of risk within parameters which are acceptable to the Company, rather than seeking to eliminate all risks. The Company's risk management systems promote the need for informed and measured decision making on risk issues based on a systematic approach to risk identification, assessment, control, and review and reporting.

The Company is developing a risk profile which will operate as a general guide as to identification, assessment and management of the various risks inherent to the Company's business, from a contractual perspective.

7.2 Management of material business risks

The Board has delegated specific risk related responsibilities to the Managing Director, who, in turn, has delegated these responsibilities to management.

Each Senior Executive and all managers are responsible for:

- Assisting in the formulation of all aspects of the risk management process;
- Overseeing the implementation of the Company's policies and procedures by ensuring that all phases of the process of identification, assessment, control, review and reporting are reflected appropriately in the business processes of the Company; and
- Implementing appropriate systems for confirming compliance with all relevant laws and other regulatory obligations are complied with.

The Managing Director reports to the Board on the effectiveness of the Company's management of its material risks.

7.3 Managing Director and Chief Financial Officer Assurance

The Managing Director and the Chief Financial Officer are required to confirm in writing to the Board, every half year that in all material respects:

- The financial statements present a true and fair view; and
- That this assertion is founded on a sound system of financial risk management and internal compliance and control which implements the policies adopted by the Board; and
- That the Company's financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

This assurance has been given.

PRINCIPLE 8
REMUNERATE FAIRLY AND RESPONSIBLY

The Company's remuneration policy is designed to attract and retain high calibre directors and senior executives capable of meeting the specific management needs of the Company.

The Company's current remuneration objectives and policies regarding determination of base pay, the short term variable bonus and long term equity linked incentives are explained in the Remuneration Report which forms part of the Directors' Report.

Details of the remuneration of all Directors, and the five Senior Executives receiving the highest remuneration within the Company are also set out in the Remuneration Report.

8.1 Nomination and Remuneration Committee

As the Company has a combined Nomination and Remuneration Committee, the composition of the Nomination and Remuneration Committee is as set out in the Directors' Report.

The Board recognises the ASX's recommendation that the Nomination and Remuneration Committee should be chaired by an independent chair and consist of a majority of independent directors. Mr Max Cowley is not considered independent because he is a director and company secretary of the major substantial shareholder in the Company. Mr Mark Lowe is not independent given his long standing executive role within the Company. The reason for this departure is one of practicality, as the Board considers that, of the current directors, Mr Max Cowley has the most appropriate skills to undertake the role of chair of this Committee.

The Committee met five times during the financial year, as set out in the Directors' Report.

The objective of the Committee is to assist the Board in establishing remuneration policies and practices which:

- Enable the Company to attract and retain executives and Directors who will create sustainable value and returns for members and other stakeholders;
- Fairly and responsibly reward executives and Directors, having regard to the performance of the Company, the executive and the market; and
- Comply with all relevant legislation and regulations including the ASX Listing Rules and the Corporations Act 2001.

The Charter of the Nomination and Remuneration Committee may be viewed on the www.bsa.com.au website.

The responsibilities of the Committee include:

- Determining and reviewing remuneration policies to apply to members of the Board and to executives within the Company;
- Determining the specific remuneration packages for Executive Directors (including base pay, incentive payments, equity linked plan participation and other contractual benefits);
- Reviewing contractual rights of termination for members of the senior executive team;
- Reviewing and approving the policy for participation by senior executives in equity-linked plans;
- Reviewing and approving management's recommendations of the total proposed awards to be issued under each plan; and
- Administering the equity-linked plans as required in accordance with the rules of the plans.

8.2 Structure of Non-Executive Directors' Remuneration

Fees paid to Non-Executive Directors are determined by the Board, within the current maximum aggregate limit set by members of the Company. Current fees and salaries are fully disclosed in the Remuneration Report section of the Directors' Report. Directors' fees are reviewed annually by the Nomination and Remuneration Committee and by the Board taking into consideration the level of fees paid to non-executive directors by companies of a similar size and stature.

Non-Executive Directors receive their fees in cash. The Non-Executive Directors do not participate in schemes designed for the remuneration of executives, nor do they receive options or bonus payments. The gross fee received by Non-Executive Directors is inclusive of any contribution that the Company is obliged to pay pursuant to the superannuation guarantee legislation. There are no retirement schemes or retirement benefits for Non-Executive Directors, other than statutory benefits for Non-Executive Directors.

8.3 Equity Linked Executive Remuneration

The Company has a policy to preclude its Senior Executives from entering into transactions to limit their economic risk from investing in Company shares, options or rights where those entitlements are unvested. The Company makes Senior Executives aware of their obligations in relation to financial commitments against shares issued under the executive securities plan, and has requested that they take sufficient independent, professional advice in relation to their individual financial position. The Company does not provide advice.

In addition to the Corporate Governance Principles and Recommendations, the Company considers that a commitment to workplace health and safety, and the environment, and to privacy is paramount to a good corporate governance programme.

Workplace Health, Safety and Environment

The Company is committed to ensuring the safety and wellbeing of all employees, its clients, customers, and members of the public. To this end, the number one value of the Company is "The safety and wellbeing of our staff is non negotiable". The Company provides ongoing training, across the organisation, with respect to its legal obligations; and specific training as to operational risks in the field. The Company places great emphasis on carrying out everything it does in a safe manner.

The Company values the environment, and recognises the responsibility to protect our surroundings. Operations are managed in an environmentally responsible manner, with an undertaking to:

- Operate in compliance with relevant local environmental legislation and regulations;
- Seek to reduce the energy consumption and waste produced per unit of output;
- Educate our employees, ensuring the requirements for environmental responsibility is integrated into work practices training; and
- Monitor and report on environmental compliance through management to the Board.

PRIVACY

The Company is committed to respecting stakeholders' rights to privacy and protecting personal information.

The Company will treat all personal information with due care, and take reasonable steps to protect such information from loss, misuse, unauthorised access or disclosure.

The Company's Privacy Policy can be found on the www.bsa.com.au website.

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The Board of Directors
BSA Limited
7 Figtree Drive,
Sydney Olympic Park
NSW 2127

17 August 2012

Dear Board Members

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 audit of the financial statements of BSA Limited for the financial year ended 30 June 2012, 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 sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Glen Sanford
Partner
Chartered Accountants

FINANCIAL REPORT

BSA LIMITED
ABN 50 088 412 748

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED **30 JUNE 2012**

Consolidated

	Note	2012 $'000	2011 $'000
Revenue	5	491,764	402,574
Investment revenue	6	764	788
Other gains and losses	7	18	40
Changes in inventories of finished goods and work in progress		22	(787)
Subcontractor and raw materials used		(405,466)	(324,652)
Employee benefits expense	8	(42,426)	(39,039)
Depreciation expenses	8	(5,373)	(4,073)
Amortisation expenses	8	(2,266)	(2,567)
Occupancy expenses		(4,897)	(4,050)
Finance costs	8	(1,462)	(2,321)
Other expenses		(22,477)	(17,833)
Profit before tax		8,201	8,080
Income tax (expense)/benefit	9	(2,391)	508
Profit for the year		5,810	8,588
Other comprehensive income for the year, net of tax			
Gain/(loss) recognised on cash flow hedges		11	47
Total comprehensive income for the year, net of tax		5,821	8,635
Earnings per share for profit from continuing operations:			
Basic earnings per share	13	2.57 cents	4.02 cents
Diluted earnings per share	13	2.51 cents	3.86 cents

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

Consolidated

	Note		2012 $'000	2011 $'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	14		24,734	31,431
Trade and other receivables	15		79,194	76,937
Inventories	16		3,000	2,977
Tax assets	9.3		-	646
TOTAL CURRENT ASSETS			106,928	111,991
NON-CURRENT ASSETS				
Trade and other receivables	15		1,279	1,392
Other financial assets	20		4	4
Property, plant & equipment	17		15,501	10,194
Deferred tax assets	9.4		1,443	2,090
Goodwill	18		55,045	52,103
Other intangible assets	19		8,913	4,779
TOTAL NON-CURRENT ASSETS			82,185	70,562
TOTAL ASSETS			189,113	182,553
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	23		85,584	79,024
Borrowings	24		4,966	1,899
Tax liabilities	9.3		4,672	-
Provisions	25		7,803	6,520
TOTAL CURRENT LIABILITIES			103,025	87,443
NON-CURRENT LIABILITIES				
Borrowings	24		10,247	20,823
Provisions	25		1,192	1,011
TOTAL NON-CURRENT LIABILITIES			11,439	21,834
TOTAL LIABILITIES			114,464	109,277
NET ASSETS			74,649	73,276
EQUITY				
Issued Capital	26		77,797	75,419
Reserves	27	(a)	1,497	1,635
Accumulated losses	27	(b)	(8,177)	(3,778)
2012 Profit Reserve			3,532	-
TOTAL EQUITY			74,649	73,276

The above 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 2012**

Consolidated

	Issued capital $'000	Accumulated losses $'000	2012 Profit Reserve $'000	Share-based payment reserve $'000	Cash flow hedge reserve $'000	Total $'000
Balance at 1 July 2010	73,708	(8,121)	-	1,601	(83)	67,105
Profit for the year	-	8,588	-	-	-	8,588
Other comprehensive income for the year	-	-	-	-	47	47
Total comprehensive income for the year	**-**	**8,588**	**-**	**-**	**47**	**8,635**
Shares issued during period	1,711	-	-	-	-	1,711
Share-based payment expense	-	-	-	70	-	70
Dividends paid	-	(4,245)	-	-	-	(4,245)
Balance at 30 June 2011	**75,419**	**(3,778)**	**-**	**1,671**	**(36)**	**73,276**
Profit for the year	-	5,810	-	-	-	5,810
Transfer to 2012 Profit Reserve	-	(3,532)	3,532	-	-	
Other comprehensive income for the year	-	-	-	-	11	11
Total comprehensive income for the year	**-**	**2,278**	**3,532**	**-**	**11**	**5,821**
Shares issued during period	2,378	-	-	-	-	2,378
Share-based payment expense	-	-	-	151	-	151
Shares issued in satisfaction of performance conditions	-	-	-	(300)	-	(300)
Dividends paid	-	(6,677)	-	-	-	(6,677)
Balance at 30 June 2012	**77,797**	**(8,177)**	**3,532**	**1,522**	**(25)**	**74,649**

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 2012**

Consolidated

	Note		2012 $'000	2011 $'000
Cash Flows From Operating Activities:				
Cash receipts from customers			544,711	434,972
Payments to suppliers and employees			(521,710)	(408,621)
Interest received			868	326
Interest and other costs of finance paid			(1,648)	(1,336)
Income tax received/(paid)			1,690	3,091
Net cash generated by operating activities	30	(a)	23,911	28,432
Cash Flows from Investing Activities:				
Proceeds from disposal of property, plant and equipment			579	257
Net cash outflow on acquisition of subsidiary	32	(c)	(8,734)	(822)
Payment for plant and equipment			(5,396)	(4,436)
Net cash used in investing activities			(13,551)	(5,001)
Cash Flows From Financing Activities:				
Payment for shares issued upon vesting			(76)	-
Repayment of borrowings			(10,000)	(6,750)
Repayment of executive loans			1,013	-
Payment of finance lease liabilities			(3,170)	(2,437)
Share issue costs paid			(2)	(8)
Dividends paid to owners of the Company			(4,822)	(2,525)
Net cash (used in)/generated by financing activities			(17,057)	(11,720)
Net (decrease)/increase in cash			(6,697)	11,711
Cash and cash equivalents at the beginning of the year			31,431	19,720
Cash and cash equivalents at the end of the year	14		24,734	31,431

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 addresses of its registered office and principal place of business are disclosed in the introduction to 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 ACCOUNTING STANDARDS

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project'

AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are in addition to IFRSs in areas such as compliance with Australian Accounting Standards, the nature of financial statements (general purpose or special purpose), audit fees, imputation (franking) credits and the reconciliation of net operating cash flow to profit (loss).

AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The Standard deletes various Australian-specific guidance and disclosures from other Standards (Australian-specific disclosures retained are now contained in AASB 1054), and aligns the wording used to that adopted in IFRSs.

The application of AASB 1054 and AASB 2011-1 in the current year has resulted in the simplification of disclosures in regards to audit fees, franking credits and capital and other expenditure commitments as well as an additional disclosure on whether the Group is a for-profit or not-for-profit entity.

Standards and Interpretations affecting the reported results of financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 124 'Related Party Disclosures' (revised December 2009)

AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in AASB 124 (revised December 2009) in the current year has resulted in the identification of related parties that were not identified as related parties under the previous Standard.

AASB 2009-12 'Amendments to Australian Accounting Standards'

The application of AASB 2009-12 makes amendments to AASB 8 'Operating Segments' as a result of the issuance of AASB 124 'Related Party Disclosures' (2009). The amendment to AASB 8 requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2009-12 has not had any material effect on amounts reported in the Group's consolidated financial statements.

AASB 2010-5 'Amendments to Australian Accounting Standards'

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2010-5 has not had any material effect on amounts reported in the Group's consolidated financial statements.

AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	The application of AASB 2010-6 makes amendments to AASB 7 'Financial Instruments – Disclosures' to introduce additional disclosure requirements for transactions involving transfer of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred and derecognised but the transferor retains some level of continuing exposure in the asset. To date, the Group has not entered into any transfer arrangements of financial assets that are derecognised but with some level of continuing exposure in the asset. Therefore, the application of the amendments has not had any material effect on the disclosures made in the consolidated financial statements.

2.3 Standards and Interpretations in issue not yet adopted

The Company is still in the process of identifying the impact of standards and interpretations in issue not yet adopted.

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', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2013	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013

NOTE 2 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	1 January 2015
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013	1 January 2014
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	1 January 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 17 August 2012.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the date of disposal, as appropriate. 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

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 119 Employee Benefits 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; 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 Standard.

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 below), 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.

Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB3.

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 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 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. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue. All revenue is stated net of the amount of goods and services tax (GST).

3.6.1 Sale of goods

Revenue from the sale of goods is recognised when 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.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

3.6.2 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 3.7 below.

3.6.3 Dividend and interest income

Dividend revenue 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 revenue 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.

3.7 Construction contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Costs includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

3.8 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.

3.8.1 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 3.9 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.

3.9 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.

3.10 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.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 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. 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.

The policy described above is applied to all equity-settled share-based payments that were granted after 7 November 2002 and vested after 1 January 2005. No amounts have been recognised in the financial statements in respect of other equity-settled shared-based payments.

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.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.12 Taxation

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

3.12.1 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 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.

3.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the 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 goodwill or 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.

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.

3.12.3 Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

3.13 Property, plant and equipment

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

Depreciation is recognised so as to write off the cost 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 each year end, 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 or, where shorter, the term of the relevant lease.

The 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.

3.14 Intangible assets

3.14.1 Intangible assets acquired separately

Intangible assets 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 annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.14.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14.3 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.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 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.

3.16 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.

3.17 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.

3.17.1 Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3.17.2 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.

3.17.3 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

3.18 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.18.1 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.

3.18.2 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.

3.18.3 Impairment of financial assets

Financial assets, other than those at FVTPL, 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.

3.18.4 Reclassification of financial assets

Reclassification of non-derivative financial assets is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

3.18.5 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Financial liabilities and equity instruments issued by the Group

3.19.1 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.

3.19.2 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.

3.19.3 Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out at 3.6 above.

3.20 Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

3.20.1 Other financial liabilities

Other financial liabilities, including borrowings, 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 amount on initial recognition.

3.20.2 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.21 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and 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 Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

3.21.2 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 statement of 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 3.7. 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.

4.1.2 Impairment 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.

The carrying amount of goodwill at 30 June 2012 was $55.0 million (30 June 2010: $52.1 million).

NOTE 5 REVENUE

Consolidated

	2012 $'000	2011 $'000
The following is an analysis of the Group's revenue from continuing operations (excluding investment revenue - see note 6).		
Revenue from sale of goods	15,857	12,673
Revenue from the rendering of services	121,434	127,529
Contract revenue	354,473	262,372
Total Revenue	491,764	402,574

NOTE 6 INVESTMENT REVENUE

Consolidated

	2012 $'000	2011 $'000
Interest revenue		
Bank deposits	764	730
Other loans and receivables	-	58
	764	788
The following is an analysis of investment revenue earned on financial assets by category of asset.		
Loans and receivables (including cash and bank balances)	764	788
	764	788

NOTE 7 OTHER GAINS AND LOSSES

Consolidated

	2012 $'000	**2011 $'000**
Continuing operations		
Gain on disposal of property, plant and equipment	18	40
	18	40

NOTE 8 PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

Consolidated

		2012 $'000	2011 $'000
	Profit for the year from continuing operations has been arrived at after charging/(crediting):		
8.1	**Cost of sales**	405,444	325,439
8.2	**Finance costs**		
	Interest on bank overdrafts and loans	1,462	2,321
	Total finance costs	1,462	2,321
8.3	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	5,373	4,073
	Amortisation of intangible assets	2,266	2,567
	Total depreciation and amortisation expense	7,639	6,640
8.4	**Employee benefits expense**		
	Post employment benefits		
	Superannuation*	7,066	6,408
	Share-based payments (see note 31(d))		
	Equity-settled share-based payments	151	70
	Other employee benefits	35,209	32,561
	Total employee benefits expense	42,426	39,039
	*Prior year comparative has been adjusted by $2,023,000 which was incorrectly included in the Other employee benefits line.		
8.5	**Impairment losses on financial assets**	(425)	308
		(425)	308

NOTE 9 INCOME TAXES

Consolidated

		2012 $'000	2011 $'000
9.1	**Income tax recognised in profit or loss**		
	The expense for the year can be reconciled to the accounting profit as follows:		
	Profit from continuing operations	8,201	8,080
	Income tax expense calculated at 30%	2,460	2,424
	Adjusted for:		
	Non deductible expenses	265	46
	Research and development allowance	(150)	(1,400)
		2,575	1,070
	Adjustments recognised in the current year in relation to the current tax of prior years:		
	Research and development allowance	(1,749)	(1,478)
	Rights to future income adjustment due to change in legislation	1,668	-
	Other	(103)	(100)
		(184)	(1,578)
	Income tax expense/(benefit) recognised in profit or loss	2,391	(508)

The tax rate used for the 2011 and 2010 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

		2012 $'000	2011 $'000
9.2	**Income tax recognised directly in equity**		
	Current tax		
	Share issue costs	(16)	(15)
		(16)	(15)
9.3	**Current tax assets and liabilities**		
	Current tax assets		
	Tax refund receivable	-	646
		-	646
	Current tax liabilities		
	Income tax payable	4,672	-
		4,672	-

9.4 Deferred tax balances

2012	Opening balance $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Recognised as part of business combination $'000	Closing balance $'000
Temporary differences					
Finance leases	(20)	(16)	-	-	(4)
Intangible asset adjustment	(1,169)	(1,505)	-	-	(2,674)
Employee benefits	2,590	478	-	-	3,068
Retirement benefit obligations	142	111	-	-	253
Provisions	124	268	-	-	392
Doubtful debts	423	(15)	-	-	408
Other financial liabilities	-	-	-	-	-
	2,090	(647)	-	-	1,443

2011	Opening balance $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Recognised as part of business combination $'000	Closing balance $'000
Temporary differences					
Finance leases	(234)	214	-	-	(20)
Intangible asset adjustment	(1,399)	230	-	-	(1,169)
Employee benefits	2,586	4	-	-	2,590
Retirement benefit obligations	16	126	-	-	142
Provisions	17	107	-	-	124
Doubtful debts	245	178	-	-	423
Other financial liabilities	25	(25)	-	-	-
	1,256	834	-	-	2,090

Deferred tax balances are presented in the statement of financial position as follows:

	30/06/2012 $'000	30/06/2011 $'000
Deferred tax assets	1,443	2,090
	1,443	2,090

NOTE 9 INCOME TAXES (CONTINUED)

9.5 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 20. 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

Consolidated

	2012 $	2011 $
(a) Compensation		
Short term employee benefits	1,722,068	1,899,017
Post employment benefits	135,288	146,531
Other long term benefits	18,391	38,407
Termination benefits	94,656	-
Share based payments	17,430	48,933
	1,987,833	2,132,889

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 18 to 26 of this Annual Report.

NOTE 11 AUDITORS' REMUNERATION

Consolidated

	2012 $	2011 $
Remuneration of the auditor of the Group for:		
- Auditing or reviewing the financial report	347,552	351,526
- Taxation services	436,226	501,345
- Other non-audit services	345,382	122,500
	1,129,160	975,371

NOTE 12 DIVIDENDS

Consolidated

		2012 $'000	2011 $'000
(a)	**Ordinary shares**		
	Interim fully franked dividend of 1.0 (2011: 1.0) cent per fully paid ordinary share franked at the rate of 30% (2011: 30%) paid 13 April 2012	2,278	2,141
	Final fully franked dividend of 2.0 (2011: 1.0) cents per fully paid ordinary share franked at the rate of 30% (2011: 30%) paid 4 October 2011	4,399	2,104
	Total dividends provided for or paid	6,677	4,245
(b)	**Dividends not recognised at year end**		
	In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 1.0 cent per fully paid ordinary share, (2011: 2.0 cents) fully franked based on tax paid at 30% The aggregate amount of the proposed dividend expected to be paid for the year ended 30 June 2012, but not recognised as a liability at year end, is:	2,289	4,352
(c)	**Franked credits**		
	Franking account balance at 30 June	13,397	18,033

NOTE 13 EARNINGS PER SHARE

Consolidated

		2012 Cents	2011 Cents
	Basic earnings per share	2.57	4.02
	Diluted earnings per share	2.51	3.86

		$'000	$'000
(a)	**Reconciliation of Earnings to Profit**		
	Profit	5,810	8,588
	Earnings used to calculate basic EPS and dilutive EPS	5,810	8,588

		Number	Number
(b)	**Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS**	225,653,329	213,821,087
	Weighted average number of options / rights outstanding	6,215,852	8,788,611
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	231,869,181	222,609,698

(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 14 CASH AND CASH EQUIVALENTS

Consolidated

	2012 $'000	2011 $'000
For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks.		
Cash at bank and on hand	24,734	31,431
	24,734	31,431

NOTE 15 TRADE AND OTHER RECEIVABLES

Consolidated

	Note		2012 $'000	2011 $'000
CURRENT				
Trade receivables			4,909	10,205
Allowance for doubtful debts			(361)	(349)
			4,548	9,856
Other receivables			11,783	10,116
Executive Share Plan Receivables	34	(c)	198	1,160
Amounts due from customers under construction contracts			62,066	55,516
Allowance for doubtful debts (construction contracts)			(799)	(755)
Contract Retentions			849	52
Prepayments			549	992
			74,646	67,081
			79,194	76,937
NON-CURRENT				
Term receivables			-	-
Allowance for doubtful debts			-	-
			-	-
Executive Share Plan Receivables	34	(c)	1,279	1,392
			1,279	1,392

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 30 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.

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

Consolidated

	2012 Total $'000	2012 Amount Impaired $'000	2012 Amount not impaired $'000	2011 Total $'000	2011 Amount Impaired $'000	2011 Amount not impaired $'000
Trade receivables						
Not past due	2,647	7	2,640	3,558	5	3,553
Past due [30] days	1,503	255	1,248	3,890	-	3,890
Past due [30-60] days	19	19	-	2,308	30	2,278
Past due [60-90] days	285	-	285	112	32	80
Past due [>90] days	455	80	375	337	282	55
Total	4,909	361	4,548	10,205	349	9,856
Amounts due from customers under construction contracts						
Not past due	38,796	-	38,796	34,702	-	34,702
Past due [30] days	13,254	-	13,254	15,176	-	15,176
Past due [30-60] days	3,988	-	3,988	2,606	700	1,906
Past due [60-90] days	1,852	-	1,852	2,567	-	2,567
Past due [>90] days	4,176	799	3,377	465	55	410
Total	62,066	799	61,267	55,516	755	54,761

As at 30 June 2012, the Group had current trade receivables of $1,160,140 (2011: $1,104,248) 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

	2012 $'000	2011 $'000
Opening Balance	1,104	796
Transferred In from acquisition of subsidiary	481	-
Provisions for doubtful receivables current	1,160	1,104
Provisions for doubtful receivables non current	-	-
Receivables written off during the year	(16)	(63)
Reversal of amounts provided	(1,569)	(733)
Closing balance	1,160	1,104

NOTE 16 INVENTORIES

Consolidated

	2012 $'000	2011 $'000
CURRENT		
Raw materials and stores	3,000	2,615
Work in progress	-	339
Finished goods	-	23
	3,000	2,977

NOTE 17 PROPERTY, PLANT & EQUIPMENT

Consolidated

	2012 $'000	2011 $'000
LAND AND BUILDINGS		
Freehold Land		
At cost	253	-
Total Land	253	-
BUILDINGS		
At cost	410	-
Less accumulated depreciation	(6)	-
	404	-
Leasehold improvements		
At cost	2,258	1,558
Less accumulated depreciation	(1,168)	(928)
	1,090	630
Total Land and Buildings	1,747	630
PLANT AND EQUIPMENT		
At cost	20,208	15,950
Less accumulated depreciation	(12,818)	(9,671)
	7,390	6,279
Hire purchase assets		
At Cost	8,121	2,056
Less accumulated depreciation	(3,237)	(1,181)
	4,884	875
Total Owned Plant and Equipment	12,274	7,154
Plant and Equipment under finance lease		
At cost	2,258	4,469
Less accumulated depreciation	(778)	(2,059)
	1,480	2,410
Total Property, Plant and Equipment	15,501	10,194

Movements in Carrying Amounts

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the financial year

	Land $'000	Buildings $'000	Leasehold improvements $'000	Plant & equipment $'000	Plant & equipment under finance lease and hire purchase $'000	Total $'000
Cost						
Balance as at 1 July 2010	-	-	928	9,986	6,165	17,079
Additions	-	-	630	3,807	1,091	5,528
Disposals	-	-	-	(329)	(165)	(494)
Transfers *	-	-	-	2,486	(566)	1,920
Balance as at 30 June 2011	-	-	1,558	15,950	6,525	24,033
Additions	253	410	700	4,033	4,396	9,792
Disposals	-	-	-	(1,240)	(527)	(1,767)
Acquisitions through business combinations	-	-	-	1,450	-	1,450
Transfers *	-	-	-	15	(15)	-
Balance as at 30 June 2012	253	410	2,258	20,208	10,379	33,508
Accumulated depreciation and impairment						
Balance as at 1 July 2010	-	-	697	5,393	2,138	8,228
Additions	-	-	231	2,798	1,045	4,074
Disposals	-	-	-	(268)	(115)	(383)
Transfers *	-	-	-	1,748	172	1,920
Balance as at 30 June 2011	-	-	928	9,671	3,240	13,839
Additions	-	6	240	3,369	1,758	5,373
Disposals	-	-	-	(824)	(381)	(1,205)
Transfers *	-	-	-	602	(602)	-
Balance as at 30 June 2012	-	6	1,168	12,818	4,015	18,007
Net Book Value as at 30 June 2012	253	404	1,090	7,390	6,364	15,501

* Transfers between categories

17.1 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

17.2 Assets held as security

Fixed and floating charges over the whole of the Company assets has been pledged as security for bank loans.

NOTE 18 NON-CURRENT ASSETS - GOODWILL

Consolidated

	2012 $'000	2011 $'000
Goodwill on consolidation	56,580	53,638
Accumulated impairment losses at deemed cost	(1,535)	(1,535)
	55,045	52,103
Cost		
Balance at the beginning of year	53,638	52,895
Additional amounts recognised from business combinations occurring during the year (note 32)	2,942	743
Balance at end of year	56,580	53,638
Accumulated impairment losses		
Balance at the beginning of year	(1,535)	(1,535)
Impairment lossed recognised in the year	-	-
Disposals	-	
Amortisation charge	-	-
Impairment losses	-	
Closing carrying value at 30 June 2012	(1,535)	(1,535)

Intangible assets, other than goodwill, have finite lives. The current amortisation for intangible asset is included under depreciation and amortisation expense per the income statement.

Impairment Disclosures

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

	2012 $'000	2011 $'000
CGU		
Technical Field Force Solutions	11,490	11,490
Technical Design & Construction Projects	34,885	40,613
Technical Maintenance Services	8,670	-
Total	55,045	52,103

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period with the period extending beyond five years extrapolated using an estimated growth rate of 3% for Technical Field Force Solutions, 3% for Technical Design and Construction Projects and 4% for Technical Maintenance Services. The cash flows are discounted using the weighted average cost of capital at the end of the budget period.

The following assumptions were used in the value-in-use calculations:

	2012 Growth Rate	2012 Discount Rate	2011 Growth Rate	2011 Discount Rate
Technical Field Force Solutions				
2012	-	-	7.11%	11.70%
2013	(12.82%)	11.70%	3.00%	11.70%
2014	3.00%	11.70%	3.00%	11.70%
2015	3.00%	11.70%	3.00%	11.70%
2016	3.00%	11.70%	3.00%	11.70%
2017	3.00%	11.70%	3.00%	11.70%
Term Year	3.00%	11.70%	3.00%	11.70%
Technical Design & Construction Projects				
2012	-	-	18.48%	11.70%
2013	(2.75%)	11.70%	4.00%	11.70%
2014	3.00%	11.70%	4.00%	11.70%
2015	3.00%	11.70%	4.00%	11.70%
2016	3.00%	11.70%	4.00%	11.70%
2017	3.00%	11.70%	4.00%	11.70%
Term Year	3.00%	11.70%	4.00%	11.70%
Technical Maintenance Services				
2012	-	-	-	-
2013	29.59%	11.70%	-	-
2014	4.00%	11.70%	-	-
2015	4.00%	11.70%	-	-
2016	4.00%	11.70%	-	-
2017	4.00%	11.70%	-	-
Term Year	4.00%	11.70%	-	-

For further details on estimates used in value-in-use calculations refer Note 3.5.

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are post-tax (pre-tax 16.70%) and are adjusted to incorporate risks associated with a particular segment.

Impact of possible changes to key assumptions

Because the value-in-use amount of remaining goodwill far exceeds the deemed book cost of goodwill in the relevant CGU, management does not believe that any change in key assumptions would have any material effect on the recoverable amount of the goodwill.

NOTE 19 NON-CURRENT ASSETS - OTHER INTANGIBLE ASSETS

Consolidated

	2012 $'000	2011 $'000
Cost	16,979	10,579
Accumulated amortisation and impairment	(8,066)	(5,800)
	8,913	4,779

	Customer Relationships	Order Backlog	Total
Cost			
Balance as at 1 July 2010	6,900	3,600	6,900
Acquisitions through business combinations	-	79	3,679
Balance at 30 June 2011	6,900	3,679	10,579
Acquisitions through business combinations	-	6,400	6,400
Balance at 30 June 2012	6,900	10,079	16,979
Accumulated amortisation and impairment			
Balance as at 1 July 2010	(2,237)	(996)	(3,233)
Amortisation expense	(767)	(1,800)	(2,567)
Balance at 30 June 2011	(3,004)	(2,796)	(5,800)
Amortisation expense	(767)	(1,499)	(2,266)
Balance at 30 June 2012	(3,771)	(4,295)	(8,066)

The amortisation expense has been included in the line "depreciation and amortisation expense" in the statement of comprehensive income.

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

Customer relationships	9 years
Order backlog	1 to 9.5 years

NOTE 20 OTHER FINANCIAL ASSETS

Consolidated

		2012 $'000	2011 $'000
(a)	Shares in other corporations at cost	4	4
		4	4

Shares in subsidiaries

Details of Group Companies

	Country of incorporation	Class of shares	Percentage Owned (%) 2012	2011
Parent Entity:				
BSA Limited	Australia		-	-
Ultimate Parent Entity:				
BSA Limited	Australia		-	-
Controlled Entities:				
Mr Broadband Pty Limited	Australia	Ordinary	100	100
Allstaff Airconditioning Holdings Pty Limited	Australia	Ordinary	100	100
Allstaff Airconditioning (VIC) Pty Limited	Australia	Ordinary	100	100
Allstaff Airconditioning (NSW) Pty Limited	Australia	Ordinary	100	100
Allstaff Airconditioning (ACT) Pty Limited	Australia	Ordinary	100	100
Complex Airconditioning Pty Limited	Australia	Ordinary	100	100
Mr Antenna Pty Limited	Australia	Ordinary	100	100
Satellite Receiving Systems (QLD) Pty Limited	Australia	Ordinary	100	100
Mr Alarms Pty Limited	Australia	Ordinary	100	100
MEC Services Pty Limited	Australia	Ordinary	100	100
BSA Transmission Solutions Pty Limited	Australia	Ordinary	100	100
066 059 809 Pty Limited	Australia	Ordinary	100	100
Triple M Group Pty Limited	Australia	Ordinary	100	100
Triple M Mechanical Services Pty Limited	Australia	Ordinary	100	100
Triple M Mechanical Services (Qld) Pty Limited	Australia	Ordinary	100	100
Triple M Fire Pty Limited	Australia	Ordinary	100	100
Triple M Mechanical Services (Administration) Pty Limited	Australia	Ordinary	100	100
BSA Networks Pty Limited	Australia	Ordinary	100	100
Burke Air Pty Limited	Australia	Ordinary	100	-

(b) Acquisition of Subsidiaries

On 1 August 2011, the Group acquired 100% of the issued capital of Burke Air Pty Limited.

(c) 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 Class Order 98/1418, and are members of the Closed Group. Under the Deed, BSA Limited agrees to support the liabilities and obligations of the Controlled Entities.

(d) Tax Consolidation Group

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

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

Consolidated

	2012 $'000	2011 $'000
Contracts in progress		
Construction costs incurred plus recognised profits less recognised losses to date	354,473	262,372
Less: progress billings	(293,143)	(221,116)
	61,330	41,256
Represented by amounts due:		
- From customers under construction contracts (note 15)	62,066	55,516
- To customers under construction contracts (note 23)	(736)	(14,260)
	61,330	41,256

At 30 June 2012, retentions held by customers for contract work amounted to $848,650 (30 June 2011: $51,771). Advances received from customers for contract work amounted to $392,293 (30 June 2011 : Nil)

NOTE 22 PARENT ENTITY DISCLOSURES

		2012 $'000	2011 $'000
(a)	**Financial Position**		
	Assets		
	Current assets	35,704	46,056
	Non-current assets	77,605	65,716
	Total assets	113,309	111,772
	Liabilities		
	Current liabilities	60,791	39,865
	Non-current liabilities	7,991	20,173
	Total liabilities	68,782	60,038
	Net Assets	44,527	51,734
	Equity		
	Issued capital	77,797	75,419
	Retained earnings	(34,766)	(25,320)
	Reserves		
	Share-based payments reserve	1,522	1,671
	Cash flow hedge reserve	(25)	(36)
	Total equity	44,528	51,734
(b)	**Financial Performance**		
	(Loss)/Profit for the year	(2,767)	6,866
	Total (Loss)/Profit for the year	(2,767)	6,866

Subsequent to year end, the subsidiary companies have declared a dividend payment to the parent of $25 million.

NOTE 23 TRADE AND OTHER PAYABLES

Consolidated

	2012 $'000	2011 $'000
Trade payables	40,798	35,774
Other payables	44,050	28,990
Amounts due to customers under construction contracts (see note 21)	736	14,260
Total Payables	85,584	79,024

NOTE 24 BORROWINGS

Consolidated

	Note	2012 $'000	2011 $'000
CURRENT			
Secured liabilities at amortised cost:			
Hire purchase liabilities	(b)	1,815	1,364
Lease liabilities	(b)	276	535
Bank loans	(a)	2,875	-
Total Borrowings		4,966	1,899
NON-CURRENT			
Secured liabilities at amortised cost:			
Hire purchase liabilities	(b)	2,660	920
Lease liabilities	(b)	1,212	653
Bank loans	(a)	6,375	19,250
Total Borrowings		10,247	20,823

(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 $62,505,000 between the parent entity and its subsidiaries.

The covenants within the bank borrowings require minimum interest cover of 4.0 times, debt service cover to be greater than 1.75 times, maximum senior financial debt to be less than 1.75 times and total leverage ratio to be less than 3.5 times. There were no covenants breached during the financial year.

Consolidated

	2012 $'000	2011 $'000
Total financial assets pledged as security		
CURRENT		
Cash and cash equivalents	24,734	31,431
Trade and other receivables	79,194	76,937
Inventories	3,000	2,977
Tax assets	-	646
	106,928	111,991
NON-CURRENT		
Trade and other receivables	1,279	1,392
Other financial assets	4	4
Property, plant & equipment	15,501	10,194
Deferred tax assets	1,443	2,090
Goodwill	55,045	52,103
Other intangible assets	8,913	4,779
	82,185	70,562
	189,113	182,553

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

Actual interest rates for HP liabilities outstanding during the year ranged between 5.16% and 10.87%. Actual interest rates for lease liabilities outstanding during the year ranged between 6.74% and 9.46%. Actual interest rates for bank loans outstanding during the year ranged between 4.78% and 5.43%.

NOTE 25 PROVISIONS

Consolidated

	Note	2012 $'000	2011 $'000
Employee benefits	(i)	8,995	7,531
Current		7,803	6,520
Non-current		1,192	1,011
		8,995	7,531

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

NOTE 26 ISSUED CAPITAL

(a) Share capital

	Note	Parent Entity 2012 Number of Shares	Parent Entity 2011 Number of Shares
Ordinary shares - fully paid	(c)	228,861,202	217,595,890

(b) Movements in ordinary share capital

Date	Details		Number of Shares	Issue Price $	$'000
1 July 2010	Opening Balance		210,431,523		73,708
8 October 2010	Dividend Reinvestment Plan	(f)	3,627,167	0.24	870
15 April 2011	Dividend Reinvestment Plan	(f)	3,537,200	0.24	849
	Less: transaction costs arising on shares issued		-		(8)
1 July 2011	Opening Balance		217,595,890		75,419
1 August 2011	Burke Air Acquisition		1,363,635	0.22	300
12 September 2011	Shares issued on settlement of rights conversion	(g)	1,000,000	0.23	225
4 October 2011	Dividend Reinvestment Plan	(f)	7,830,573	0.20	1,566
20 April 2012	Dividend Reinvestment Plan	(f)	1,071,104	0.27	289
	Less: transaction costs arising on shares issued		-		(2)
30 June 2012	Balance		228,861,202		77,797

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.

The costs of raising the share capital in the year ended 30 June 2012 totalled $2,304 (2011: $19,223). Pursuant to the policy described in Note 3.19.2, the cost has been deducted from issued capital.

(d) Options

At 30 June 2012 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 Executve 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 for 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

		2012 $'000	2011 $'000
(a)	**Reserves**		
	Cash flow hedging reserve	(25)	(36)
	Share-based payments reserve	1,522	1,671
		1,497	1,635
	Cash flow hedging reserve		
	Opening balance	(36)	(83)
	Gain / (Loss) recognised on cash flow hedges	11	47
	Closing balance	(25)	(36)

The cash flow hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

	2012 $'000	2011 $'000
Share-based payments reserve		
Opening balance	1,671	1,601
Rights expense	151	70
Shares issued in satisfaction of performance conditions	(300)	-
Closing balance	1,522	1,671

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.

		2012 $'000	2011 $'000
(b)	**Accumulated losses**		
	Movements in accumulated losses were as follows:		
	Balance at beginning of year	(3,778)	(8,121)
	Net profit/(loss) for the year	5,810	8,588
	Dividends	(6,677)	(4,245)
	Transfer to 2012 Profit Reserve	(3.532)	-
	Balance at end of year	(8,177)	(3,778)

(c) Dividends on equity instruments

	Year ended 30/06/12		Year ended 30/06/11	
	Cents per share	Total '000	Cents per share	Total '000
Recognised amounts				
Fully paid ordinary shares				
Interim dividend:	1.00	2,278	1.00	2,141
Final dividend:	2.00	4,399	1.00	2,104
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend:	1.00	2,289	2.00	4,352

On **16 August 2012** the Directors declared a fully franked dividend of 1.00 cent per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2012, to be paid to shareholders on 4 October 2012. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements. If approved, the dividend will be paid to all shareholders on the Register of Members on 14 September 2012. The total estimated dividend to be paid is $2,289 thousand.

NOTE 28 CAPITAL AND LEASING COMMITMENTS

Consolidated

	Note	2012 $'000	2011 $'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.

	Note	2012 $'000	2011 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year		4,008	2,669
Later than one year but not later than five years		8,368	4,433
Later than five years		-	-
		12,376	7,102

(ii) Finance Lease Commitments

The Group leases various plant and equipment with a carrying amount of $1,480,000 (2011: $630,000) 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.

	Note	2012 $'000	2011 $'000
Commitments in relation to finance leases are payable as follows:			
Within one year		378	1,032
Later than one year but not later than five years		1,394	230
Later than five years		-	-
Minimum lease payments		1,772	1,262
Less future finance charges		(284)	(74)
Total Lease Liability		1,488	1,188
Represented by:			
Current liability	24	276	535
Non-current liability	24	1,212	653
		1,488	1,188

Consolidated

	Note	2012 $'000	2011 $'000
(iii) Hire Purchase Commitments			

The Group has purchased various plant and equipment with a carrying amount of $4,884,000 (2011: $2,655,000) 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.

	Note	2012 $'000	2011 $'000
Commitments in relation to hire purchase agreements are payable as follows:			
Within one year		2,128	1,473
Later than one year but not later than five years		2,821	972
Later than five years		-	-
Minimum payments		4,949	2,445
Less future finance charges		(474)	(161)
Total Hire Purchase Liability		4,475	2,284
Represented by:			
Current liability	24	1,815	1,364
Non-current liability	24	2,660	920
		4,475	2,284

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

During the period the Group reorganised its reporting structure with the creation of the separate operating segment *Technical Maintenance Services* which provides ongoing maintenance services for heating, ventilation, air-conditioning and fire system customers.

This operating segment has been created from the maintenance service operations of Building Services and includes the operations of Burke Air Pty Limited and has been structurally separated to focus on the growth and earnings opportunities in the technical maintenance services sector.

As a result of this reorganisation, it is appropriate to report the results of operations in the following three reporting segments under which the Group is now controlled and managed:

Technical Field Force Solutions (Formerly Contracting Solutions)

Technical Field Force Solutions provides contracting services to the telecommunications, subscription television and communication industries. The contracting services include the delivery of bundled services over hybrid fibre coax network, the installation of subscription television, the installation of free to air television antennas and security systems.

Technical Design and Construction Projects (Formerly Building Services)

Technical Design and Construction Projects 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.

Technical Maintenance Services (Formerly included in Building Services)

Technical Maintenance Services 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 segments:

	Revenue Year Ended		Segment Profit Year Ended	
	30 Jun 12 $'000	30 Jun 11 $'000	30 Jun 12 $'000	30 Jun 11 $'000
Technical Field Force Solutions	137,314	140,202	5,694	5,369
Technical Design and Construction Projects	283,307	262,560	5,506	10,751
Technical Maintenance Services	71,434	-	4,884	-
Other	491	640	-	-
	492,546	403,402	16,084	16,120
Corporate costs including acquisition, legal and advisory			(6,421)	(5,719)
Finance costs			(1,462)	(2,321)
Profit before tax			8,201	8,080

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: Nil)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and Directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, 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.

Reclassification

The comparitive numbers for 30 June 2011 for Segment Assets and Liabilities for the Technical Design and Construction and the Technical Maintenance Services segments are not available as they can not readily be separated from the previous Buidling Services segment and have all been included in the Technical Design and Construction Projects segment.

(d) Segment assets and liabilities

	Year Ended	
	30 Jun 12	30 Jun 11
	$'000	$'000
Segment assets		
Technical Field Force Solutions	68,022	80,630
Technical Design and Construction Projects	101,656	101,923
Technical Maintenance Services	19,435	-
Consolidated assets	189,113	182,553
Segment liabilities		
Technical Field Force Solutions	32,488	34,260
Technical Design and Construction Projects	69,430	75,017
Technical Maintenance Services	12,546	-
Consolidated liabilities	114,464	109,277

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

- All assets are allocated to reportable segments. Goodwill is allocated to reportable segments as described in note 18. 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 12	30 Jun 11	30 Jun 12	30 Jun 11
	$'000	$'000	$'000	$'000
Continuing operations				
Technical Field Force Solutions	2,338	1,911	4,721	2,898
Technical Design & Construction Projects	3,244	4,729	3,218	2,630
Technical Maintenance Services	2,057	-	1,853	-
	7,639	6,640	9,792	5,528

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 Eded	
	30 Jun 12 $'000	30 Jun 11 $'000	30 Jun 12	30 Jun 11 $'000
Australia	492,546	403,402	82,185	70,562
	492,546	403,402	82,185	70,562

(g) Information about major customers

The Group has a number of customers to which it provides both products and services. The Group supplies a single external customer in the Technical Field Force Solutions segment and accounts for 19% (2011: 20%) of external revenue. The Group's next most significant client is in the Technical Design and Construction Projects segment which accounts for 18% of external revenue (2011: 12%).

NOTE 30 CASH FLOW INFORMATION FOR THE PERIOD

Consolidated

	2012 $'000	2011 $'000
(a) Reconciliation of profit to net cash flows from operating activities for the year		
Profit for the year	5,810	8,588
Depreciation	5,373	4,073
Amortisation	2,266	2,567
Share-based payment expense	151	70
Net (profit) on sale of non-current assets	(18)	(39)
Change in operating assets and liabilities		
Decrease/(increase) in trade receivables	3,771	(7,862)
Decrease in inventories	100	787
Decrease/(increase) in deferred tax asset	1,044	(835)
(Increase)/decrease in other operating assets	(1,313)	2,243
Increase in trade payables	2,741	5,475
(Decrease)/increase in other operating liabilities	(1,935)	9,762
Increase in provision for income taxes payable	4,992	3,417
(Decrease) in provision for deffered taxes payable	(35)	-
Increase in provisions	964	186
Net cash generated by operating activities transactions	23,911	28,432

Consolidated

		2012 $'000	2011 $'000
(b)	**Non-cash transactions**		

(i) During the year the consolidated entity acquired plant and equipment with an aggregate value of $4,396,000 (2011:$1,091,000) by means of finance leases and hire purchase commitments. These acquisitions are not reflected in the cash flow statement.

(ii) During the year the consolidated entity paid a dividend and certain holders of ordinary shares elected to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. This amounted to $1,855,000 (2011: $1,719,000).

		2012 $'000	2011 $'000
(c)	**Credit Standby Arrangements with Banks**		
	Credit facility	10,000	-
	Amount utilised	-	-
	Unused credit facility	10,000	-

The major facility is summarised as follows:

Working Capital Facility

		2012 $'000	2011 $'000
(d)	**Loan facilities**		
	Loan facilities	9,250	19,250
	Amount utilised	(9,250)	(19,250)
	Unused loan facility	-	-

The major facilities are summarised as follows:

Acquisition Finance Loans

Loan 1 is for $5,000,000 and is fully drawn and has an expiry date of 31 July 2013. Interest rate is variable. The current interest rate is 6.11% (2011: 6.88%) Loan 2 is for $4,250,000 and is fully drawn and has an expiry date of 31 July 2013. Interest is paid on a fixed basis under an interest rate swap. The current interest rate is 7.325% (2011: 7.325%). The above rates include bank margin.

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

(e) Guarantees

Guarantees to the value of $19,621,673 were utilised at 30 June 2012 (2011: $21,583,781) 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.

(f) Surety Bonds

Surety Bonds of which $18,355,202 were utilised at 30 June 2012 (2011: $24,138,612), 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 2012 (2011: Nil).

Fair value of options granted

There have been no options granted since 25 November 2004.

(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 balance sheet 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 during year the ended 30 June 2012 (2011: 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 involvement and incentive in the Company which aligns 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.

If an Executive to whom an invitation has been issued forwards to the Company a duly completed Loan Application and the Transfer Documents together with his acceptance, and where appropriate his Application for Shares, then the Company shall, in accordance with the terms of the Loan Agreement, lend to the executive such amount as the executive has applied for in the Loan Application.

The maximum amount of any Loan shall be the total subscription price for the Shares applied for.

No interest is payable by the Borrower under the Loan Agreement.

An Executive shall not sell, mortgage, charge, assign or otherwise dispose of or encumber any Shares before payment or repayment of any amount outstanding to the Company in respect thereof.

Subject to the above restriction and to the terms of the Loan Agreement (if any) deemed to be entered into by the Executive, 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.

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
12 Jan 2006		0.24	4,000,000	-	4,000,000	-
13 Oct 2006		0.23	700,000	-	-	700,000
19 Jul 2007		0.63	1,600,000	-	-	1,600,000
11 Sep 2007		0.68	150,000	-	-	150,000
13 Sep 2007		0.68	400,000	-	200,000	200,000
14 Dec 2007		0.68	400,000	-	-	400,000
10 Feb 2009		0.10	1,700,000	-	-	1,700,000
Total			8,950,000	-	4,200,000	4,750,000

NOTE 31 SHARE-BASED PAYMENTS (CONTINUED)

(d) Employee Performance Rights Plan

The establishment of the BSA Employee Performance Rights Plan was approved by shareholders at the 2008 AGM. The Plan was established to reward selected eligible employees and to:

- 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 in the Plan with those of Company shareholders; and
- Ensure the remuneration packages of employees are consistent with market practice.

Securities may be offered under the Plan and the Board has discretion to determine who is offered the opportunity to participate.

Generally, securities are subject to a holding restriction and cannot be traded unless certain performance conditions are met or as otherwise specified at the time of the relevant award after acquisition by the participant.

Rights to acquire Shares will not be exercisable until the end of the final measurement period, and until those Rights have satisfied all vesting conditions and all 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 have a specified life determined by the Board. The initial grant of Rights (the Grant Date) will have a life terminating five years after the Grant Date or such other date as determined by the Board (the Expiry Date).

Rights granted to certain participants in the initial grant will be at zero vesting value and will be subject to the following performance conditions as determined by the Board:

i. Service condition of two to three years; 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 each Measurement Period and service condition of three years.

The Board will prescribe the date when performance under the hurdle is measured for each tranche.

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 it is not exercised by the Expiry Date.

The Exercise Price (if any) will be an amount determined by the Board from time to time, fixed at the date of grant or determined by application of methodology approved by the Board.

Once Rights have been exercised by an Eligible Employee (subject to certain Performance Conditions being met), the Company may make non-refundable contributions to the Plan Company to either:

- Fund the purchase of a new Plan Share; or
- The acquisition on the ASX of an existing share and transfer to the participant of that share, to which the Participant is entitled under the Rights.

The Plan Company is Computershare Plan Co Pty Limited ACN 098 404 696 or any other company that the Board may approve from time to time. After Rights are exercised, the Plan Company will subscribe for new Shares or acquire Shares in the ordinary course of trading on the ASX for Participants, as directed from time to time by the Board.

Consolidated and parent entity

Grant Date	Exercise Date	Expiry Date	Exercise Price (cents)	Balance at Start of the Year Number	Granted During the Year Number	Exercised During the Year Number	Cancelled During the Year Number	Balance in Escrow at End of the Year Number
10 Feb 2009	10 Feb 2012	10 Feb 2014	-	1,317,500	-	(290,500)	(912,000)	115,000
29 Sep 2009	29 Sep 2012	29 Sep 2014	-	2,653,934	-	(1,000,000)	(458,000)	1,195,934
30 Mar 2010	30 Mar 2012	30 Mar 2014		1,000,000	-	(1,000,000)	-	-
24 Aug 2010	24 Aug 2013	24 Aug 2015	-	1,947,500	-	-	(458,000)	1,489,500
14 Nov 2011	14 Nov 2014	14 Nov 2016		-	3,964,000		(746,000)	3,218,000
Total				6,918,934	3,964,000	(2,290,500)	(2,574,000)	6,018,434

NOTE 32 BUSINESS COMBINATION

(a) Summary of Acquisition

On 1 August 2011, the Group acquired 100% of the issued capital of Burke Air Pty Limited. Burke Air Pty Limited provides air-conditioning, maintenance and installation services in Perth and the North West and the South West regions of Western Australia for a purchase consideration of $8,900,000 in cash and $300,000 of BSA shares (1,363,635 shares).

(b) Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$'000
Purchase consideration:	9,200
Cash consideration	8,900
Equity consideration	300
Total purchase consideration	9,200
Fair value of identifiable assets acquired (refer to (c) below)	(142)
Goodwill (refer to (c) below and note 18)	2,942
Identifiable intangible assets (refer note 19)	6,400
	9,200

Acquisition-related costs amounting to $166,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the 'other expenses' line item in the statement of comprehensive income.

NOTE 32 BUSINESS COMBINATION (CONTINUED)

(c) Assets and liabilities acquired

	$'000
Cash and cash equivalents	166
Trade and other receivables	6,015
Inventories	123
Property, plant and equipment	1,450
Trade and other payables	(5,976)
Provision for deferred tax liability	(1,920)
Net assets acquired	(142)
Purchase consideration settled in cash	8,900
Cash and cash equivalents in subsidiary	(166)
Cash outflow on acquisition	8,734

The above goodwill is attributable to Burke Air's strong position and competitive advantage in the building services market in Western Australia.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

No part of the operations of Burke Air have or will be disposed of as part of the business combination.

From the date of acquisition, Burke Air has contributed $36,074,428 to the revenue and $1,770,906 to the profit for the year from continuing operations. If the acquisition had occurred on 1 July 2011, the revenue of the Group would have been $494,107,187 from continuing operations and profit for the year from continuing operations would have been $5,547,094. The Directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

Note 33 Events Occuring After the Balance Sheet Date

No events requiring disclosure have occurred after the balance sheet date.

NOTE 34 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

	2012 $	2011 $
Rent was paid to The Day Street Unit Trust in which M Lowe, a director, has a beneficial interest	112,000	192,000

Outstanding balances arising from purchases of services

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

	2012	2011
Purchase of services		
Rent for premises from Director	96,000	-

(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.

2012	Balance at start of 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
Steve Nash	-	1,360,000	-	-	1,360,000	-	-	-
Mark Lowe	1,374,000	746,000	-	(2,120,000)	-	-	-	-
Karl Nixon	1,362,000	613,000	-	(454,000)	1,521,000	-	-	-
Brendan Foley	908,000	454,000	-	-	1,362,000	-	-	-
Brian Mayo	254,967	59,000	(115,000)	-	198,967	-	-	-
Younis Tehfe	393,967	189,000	-	-	582,967	-	115,000	-
Frank Wiedermann **	72,000	66,000	-	-	138,000	-	-	-
Lewis Kaerger *	2,000,000	-	(1,000,000)	(1,000,000)	-	-	-	-
	6,364,934	3,487,000	(1,115,000)	(3,574,000)	5,162,934	-	115,000	-

* Lewis Kaerger's contract concluded on 30 September 2011

** Frank Wiedermann qualified as one of the five highest remunerated Group Executives from 1 July 2011

2011	Balance at start of 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
Mark Foley	2,600,000	-	-	(2,600,000)	-	-	-	-
Mark Lowe	916,000	458,000	-	-	1,374,000	-	-	-
Karl Nixon	908,000	454,000	-	-	1,362,000	-	-	-
Brendan Foley	454,000	454,000	-	-	908,000	-	-	-
Brian Mayo	193,967	61,000	-	-	254,967	-	-	-
Younis Tehfe	193,967	200,000	-	-	393,967	-	-	-
Robert Barkley	1,400,000	458,000	-	(1,858,000)	-	-	-	-
Lewis Kaerger	2,000,000	-	-	-	2,000,000	-	-	-
	8,665,934	2,085,000	-	(4,458,000)	6,292,934	-	-	-

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

NOTE 34 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.

2012	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					
Ross Johnston	1,818,634	-	(184,319)	1,634,315	-
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	263,921	-	140,848	404,769	-
Michael Givoni	150,000	-	80,000	230,000	-
Max Cowley **	53,130,178	-	5,203,017	58,333,195	58,333,195
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
Other key management personnel of the Group					
Ordinary Shares					
Brendan Foley	252,617	-	-	252,617	-
Brian Mayo	18,700	115,000	(82,700)	51,000	-
Lewis Kaerger ***	-	1,000,000		1,000,000	
Ordinary Shares - Escrowed					
Brendan Foley	1,700,000	-	-	1,700,000	-
Younis Tehfe	200,000	-	-	200,000	-
	67,849,453	1,115,000	5,156,846	74,121,299	58,333,195

* Other changes during the year refers to shares purchased or sold during the financial year

** Shares owned by Birketu Pty Ltd of which Max Cowley is a director

*** Lewis Kaerger's contract concluded on 30 September 2011

2011	Balance at the start of the year	Options Exercised	* Other changes during the year	Balance at the end of the year	Balance held nominally
Directors of BSA Limited					
Ordinary Shares					
Ross Johnston	1,552,410	-	266,224	1,818,634	-
Mark Foley (Retired 26 October 2010)	8,472,726	-	(834,807)	7,637,919	-
Mark Lowe	10,115,403	-	-	10,115,403	
Paul Teisseire	243,231	-	20,690	263,921	-
Michael Givoni	150,000	-	-	150,000	-
Max Cowley **	48,972,613	-	4,157,565	53,130,178	53,030,178
Ordinary Shares - Escrowed					
Mark Foley	4,000,000	-	-	4,000,000	-
Mark Lowe	200,000	-	-	200,000	-
Other key management personnel of the Group					
Ordinary Shares					
Brendan Foley	252,617	-	-	252,617	-
Brian Mayo	18,700	-	-	18,700	-
Ordinary Shares - Escrowed					
Brendan Foley	1,700,000	-	-	1,700,000	-
Younis Tehfe	200,000	-	-	200,000	-
	75,877,700	-	3,609,672	79,487,372	53,030,178

* Other changes during the year refers to shares purchased or sold during the financial year

** Shares owned by Birketu Pty Ltd of which Max Cowley is a director

(c) Executive Securities Plan - Loans

	Opening Balance $000	Balance at End of Year $000	Interest Charged $000	Interest Not Charged $000	Provision for Impairment $000	Number of Individuals
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

2012	Opening Balance	Interest Charged using effective interest rate method	Balance at end of year	Highest Balance During Period
	$	$	$	$
Mark Foley *	869,000	-	-	869,000
Brendan Foley	490,499	32,853	490,499	490,499
Ray Larkin	188,844	12,659	188,844	188,844
Leaston Paull	188,844	12,708	188,844	188,844
Bryce Wood	160,332	10,738	160,332	160,332
Peter Tripodi *	155,000	-	147,500	155,000
Grant Backhouse *	136,000	-	-	136,000
Mark Lowe	112,397	3,560	50,400	112,397
Younis Tehfe	112,397	7,868	112,397	112,397

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

2011	Opening Balance	Interest Charged using effective interest rate method	Balance at end of year	Highest Balance During Period
	$	$	$	$
Mark Foley *	816,000	-	869,000	869,000
Brendan Foley	548,013	15,686	490,499	548,013
Ray Larkin	210,616	6,050	188,844	210,616
Leaston Paull	210,536	6,099	188,844	210,536
Bryce Wood	179,178	5,126	160,332	179,178
Peter Tripodi *	160,000	-	155,000	160,000
Grant Backhouse	125,576	-	136,000	136,000
Mark Lowe	125,684	3,560	112,397	125,684
Younis Tehfe	125,684	3,560	112,397	125,684

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

The above loan to Mark Foley represents an unsecured loan to purchase shares in BSA Limited which was passed at a meeting of members held on 12 December 2005. On 12 January 2006, 4,000,000 ordinary shares were issued at 24.4 cents per share. The loan was repaid on the 8 September 2011 and the shares were released from escrow.

The remaining loans also 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 and 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 on termination. The outstanding principal is now due and payable.

At the discretion of the Board, the above loan to Grant Backhouse was not repaid on termination, but has subsequently been repaid on the 31st August 2011 and the shares have been released from escrow.

NOTE 35 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

	2012 $'000	2011 $'000
Financial Assets		
Cash and cash equivalents	24,734	31,431
Loans and receivables		
Trade and other receivables	80,473	78,329
Financial Assets at amortised cost	105,207	109,760
Financial liabilities		
Financial liabilities held at amortised cost		
Trade and other payables	85,584	79,024
Borrowings	15,213	22,722
Financial Liabilities at amortised cost	100,797	101,746

Note 36 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
- 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. Further details regarding these policies are set out below.

(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 10% of gross monetary assets at balance date. Concentration of credit risk to any other counterparty did not exceed 7% of gross monetary assets at balance date.

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

Consolidated

	2012 $'000	2011 $'000
Cash and Receivables	105,207	109,760
	105,207	109,760

Included in loans and receivables, the most significant customer accounts for 9.4% of trade receivables at 30 June 2012. (2011:9.6%).

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

Consolidated

	2012 $'000	2011 $'000
Australia	105,207	109,760
	105,207	109,760

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

Consolidated

	2012 $'000	2011 $'000
Technical Field Force Solutions	34,529	44,524
Technical Design and Construction Projects	55,406	65,236
Technical Maintenance Services	15,272	-
	105,207	109,760

The Group's most significant customer, a Technical Design and Construction Projects customer, accounts for $6,001,700 of trade receivables at 30 June 2012. At 30 June 2011, the Group's most significant customer was a Technical Field Force Solutions customer which accounted for $7,542,393.

All major customers are credit worthy, as detailed above.

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

NOTE 36 FINANCIAL RISK MANAGAMENT (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

	2012 $'000	2011 $'000
Credit stand-by arrangements		
Total facilities:		
Working Capital Facility	10,000	-
Product Swap Facility	5,000	15,000
	15,000	15,000
Used at balance date:		
Working Capital Facility	-	-
Product Swap Facility	5,000	15,000
	5,000	15,000
Unused at balance date:		
Working Capital Facility	10,000	-
Product Swap Facility	-	-
	10,000	-
Bank loans		
Total facilities:	4,250	4,250
Used at balance date	4,250	4,250
Unused at balance date	-	-
Total unused credit facilities at balance date	10,000	-

All facilities have an expiry date of 31 July 2013.

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 2012	Carrying Amount $'000	Contractual Cash flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Bank loans	9,250	9,733	1,374	1,952	6,407	-
Trade creditors	40,798	40,798	40,798	-	-	-
Other payables	53,781	53,781	52,589	-	-	1,192
Finance lease liabilities	5,963	6,721	1,253	1,253	4,215	-
TOTAL	109,792	111,033	96,014	3,205	10,622	1,192

30 June 2011	Carrying Amount $'000	Contractual Cash flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Bank loans	19,250	20,720	490	490	19,740	-
Trade creditors	35,774	35,774	35,774	-	-	-
Other payables	48,787	48,787	48,787	-	-	-
Finance lease liabilities	3,472	3,708	1,253	1,253	1,202	-
TOTAL	107,283	108,989	86,304	1,743	20,942	-

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 2012	Carrying Amount $'000	Contractual Cash flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Trade debtors	4,548	4,909	4,909	-	-	-
Other receivables	75,925	77,132	75,302	3	143	1,684
TOTAL	80,473	82,041	80,211	3	143	1,684

30 June 2011	Carrying Amount $'000	Contractual Cash flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Trade debtors	9,856	10,205	10,205	-	-	-
Other receivables	68,473	69,521	67,684	3	150	1,684
TOTAL	78,329	79,726	77,889	3	150	1,684

NOTE 36 FINANCIAL RISK MANAGAMENT (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. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Sensitivity Analysis

The sensitivity analyses below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 2% increase or decrease is used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rates.

Consolidated	Carrying Amount AUD	+2% of AUD IR		-2% of AUD IR	
2012		**Profit**	**Other Equity**	**Profit**	**Other Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Borrowings AUD	9,250	185	-	(185)	-
Tax effect (30%)	-	(56)	-	56	-
After tax increase/ (decrease)	9,250	129	-	(129)	-

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 2011.

Consolidated	Carrying Amount AUD	+2% of AUD IR		-2% of AUD IR	
2011		**Profit**	**Other Equity**	**Profit**	**Other Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Borrowings AUD	19,250	385	-	(385)	-
Tax effect (30%)	-	(116)	-	116	-
After tax increase/ (decrease)	19,250	269	-	(270)	-

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 2010.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the local interbank rate of Australia. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

Interest rate swaps are regarded as a Level 2 financial instrument. Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

NOTE 37 CAPITAL RISK MANAGEMENT

The Group considers its capital to comprise its issued capital, share-base payment reserve, cash flow hedge reserve and accumulated losses.

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	2012	2011
Net (cash) / debt	(9,521)	(8,709)
Total equity	74,649	73,276
Total Gearing Ratio	(12.75%)	(11.89%)

Gearing levels have decreased due to improvements in working capital associated with Technical Design and Construction Projects and Technical Maintenance Services projects, resulting in greater net cash at year end. It is the Board's intention to monitor gearing levels going forward. There have been no other significant 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.

BSA Limited complied with all externally imposed capital requirements to which it is subject.

NOTE 38 CONTINGENCIES

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 $37,976,875 (2011 - $45,722,393).

During the normal course of business, entities within the Group incur normal contractors and product liability in relation to contracts which may include claims or litigation by or against the entities. Where the outcome is probable and can be reasonably quantified provision is made in these accounts. Although for many issues the ultimate outcome cannot be reliably determined, at the date of this report no material losses are expected.

NOTE 39 CORPORATE INFORMATION

The financial report of BSA Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 17 August 2012 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 stock exchange.

The financial report is presented in Australian currency.

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

7 Figtree Drive

Sydney Olympic Park NSW 2127

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 ASIC Class Order 98/1418. 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 20 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.

On behalf of the Directors.

Ross Johnston
Chairman

17 August 2012

Deloitte.

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

Report on the Financial Report

We have audited the accompanying financial report of BSA Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 41 to 103.

Directors' Responsibility for the Financial Report

The directors of BSA Limited 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 is free from material misstatement, whether due to fraud or error. In note 3.1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BSA Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of BSA Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.1

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18-26 of the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion the Remuneration Report of BSA Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Glen Sanford
Partner
Chartered Accountants
Parramatta, 17 August 2012

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 31 JULY 2012

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	168	81,804	-	-	-	-
1,001 to 5,000	657	2,155,450	-	-	-	-
5,001 to 10,000	431	3,502,352	-	-	-	-
10,001 to 100,000	1,165	44,592,670	-	-	6	317,000
100,001 and above	264	178,528,926	-	-	10	4,793,434
	2,685	228,861,202	-	-	16	5,110,434

There were 326 (2011: 313) 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 Shares
BIRKETU PTY LTD	58,333,195	25.49%
MR GREG MULLANE	7,548,743	3.30%
SETLOBE PTY LTD <LOWE UNIT A/C>	7,392,405	3.23%
MR MARK FOLEY + MRS SHERRIN FOLEY <THE FOLEY SUPER FUND A/C>	7,175,807	3.14%
RUMDAB PTY LTD <BOWLES FAMILY A/C>	6,370,655	2.78%
J P MORGAN NOMINEES AUSTRALIA LIMITED	3,868,540	1.69%
HAWKE & TUSK PTY LIMITED	2,956,788	1.29%
SAMLOWE PTY LTD <LOWE SUPER FUND A/C>	2,722,998	1.19%
EQUITAS NOMINEES PTY LIMITED <2874398 A/C>	1,978,072	0.86%
MR BRENDAN GERARD FOLEY	1,952,617	0.85%
CTSF PTY LTD <VC SUPERANNUATION FUND A/C>	1,820,000	0.80%
TALOOMBI PTY LTD	1,721,257	0.75%
MR RYAN CHRISTOPHER HIPPS <THE HIPPS A/C>	1,535,997	0.67%
MR PETER JOHN STIRLING + MRS ROSALIND VERENA STIRLING	1,500,000	0.66%
MR PETER MCGAHON	1,453,212	0.63%
MR DAVID CAMPBELL	1,450,000	0.63%
<JOHNSTON FAMILY S/F A/C>	1,209,315	0.53%
CITICORP NOMINEES PTY LIMITED	1,178,642	0.52%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,006,000	0.44%
BENOM PTY LIMITED	1,000,000	0.44%
KAERGER INVESTMENTS PTY LTD	1,000,000	0.44%
MS SUE ELIZABETH MCGREGOR	1,000,000	0.44%
STANBOX PTY LIMITED <THE SALEM FAMILY ACCOUNT>	1,000,000	0.44%
Top 20 Shareholders	117,174,243	51.21%

C. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are set out below:

Ordinary Shares	Number Held	Percentage
BIRKETU PTY LTD	58,333,195	25.49%

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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