# Appendix 4D & Half-Year Report

FOR THE HALF-YEAR ENDED **31 DECEMBER 2015**

**BSA Limited**

50 088 412 748

# **APPENDIX** 4D

| | |
|---|---|
| REPORTING PERIOD | **Half-Year Ended 31 December 2015** |
| PREVIOUS CORRESPONDING PERIOD | **Half-Year Ended 31 December 2014** |

HALF-YEAR INFORMATION TO THE ASX UNDER LISITNG RULE 4.2A

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# APPENDIX 4D

## 1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | Up/Down | | | $'000 |
|---|---|---|---|---|
| Revenue from ordinary activities | Down | (3.1%) | to | 257,707 |
| Profit/(Loss) from ordinary activities after income tax attributable to members | Down | (32.8%) | to | 1,053 |
| Net profit/(loss) for the period attributable to members | Down | (32.8%) | to | 1,053 |

## DIVIDENDS PER SHARE

| | Amount per share | | Franked amount per share at 100% tax | |
|---|---|---|---|---|
| Final - FY 2015 | 0.0 | cents | 0.0 | cents |
| Interim - FY 2016 | 0.0 | cents | 0.0 | cents |

| | |
|---|---|
| Record date for determining entitlements to dividends | **N/A** |
| Payment date of dividend | **N/A** |

For commentary on results for the period and review of operations refer to the Directors' Report in the Half-Year Report.

## 2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

| | Current Period | Previous corresponding period |
|---|---|---|
| Net tangible assets per ordinary share | 4.53 cents | 2.84 cents |

## 3. DETAILS OF CONTROLLED ENTITIES

### 3.1 Control Gained Over Entities During the Period

| | |
|---|---|
| Name of Entity | N/A |
| Date control acquired, i.e. date from which profit/(loss) has been calculated. | - |
| Profit/(loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) during the current period since the date on which control was acquired. | - |
| Profit/(loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) for the whole of the previous corresponding period. | - |

### 3.2 Loss of Control of Entities During the Period

Nil

## 4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

### 4.1 Equity Accounted Associates and Joint Venture Entities

| | % Ownership Interest | |
|---|---|---|
| | Current Period % | Previous corresponding period % |
| Triple M and Premier Fire JV Co Limited | 50% | 50% |

### 4.2 Aggregate Share of Profits(Losses) of Associates and Joint Venture Entities

| | Current Period $'000 | Previous corresponding period $'000 |
|---|---|---|
| **Group's Share of Associates and Joint Venture Entities:** | | |
| (Loss) / Profit before income tax | (503) | 426 |
| Income tax expense | (92) | - |
| Net (loss) / profit | (595) | 426 |
| Adjustments | - | - |
| Share of net (loss) / profit of associates and joint venture entities | (595) | 426 |

## 5. DIVIDENDS

### 5.1 Dividends per Share

| | Current Period $'000 | Previous corresponding period $'000 |
|---|---|---|
| (a) Ordinary Shares | | |
| No final dividend for FY15 was paid. (2014: Nil). | Nil | Nil |
| (b) Dividends not recognised at the end of the current period | | |
| The directors have not declared the payment of an interim dividend for the current financial year (2014: Nil). | Nil | Nil |
| (c) None of these dividends are foreign sourced | | |

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

The Company's Dividend Reinvestment Plan (DRP) has been suspended since FY13.

## 6. ACCOUNTING STANDARDS

AASB Standards, other AASB authoritative pronouncements and Interpretations have been used in compiling the information contained in this Appendix 4D.

## 7. AUDIT DISPUTES OR QUALIFICATIONS

Nil

# **HALF-YEAR** REPORT

**For the Half-Year Ended 31 December 2015**

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This Half-Year Report covers the consolidated entity consisting of BSA Limited and its subsidiaries. The Financial Report is presented in the Australian currency.

BSA Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

BSA Limited
7 Figtree Drive
Sydney Olympic Park NSW 2127

This interim financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by BSA Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Half-Year Report was authorised for issue by the Directors on 29 February 2016

# **BSA LIMITED** AND ITS
# CONTROLLED ENTITIES DIRECTORS' REPORT

The Directors of BSA Limited submit herewith the Financial Report of BSA Limited and its subsidiaries (the Group) for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the Directors of the Company during or since the end of the half-year are:

| | |
|---|---|
| Mr Michael Givoni | Mr Paul Teisseire |
| Mr Nicholas Yates | Mr Max Cowley |
| Mr Mark Lowe | Mr Graeme Barclay |

The above named Directors held office during and since the end of the half-year.

## REVIEW OF OPERATIONS

### Operating Cash Flow

Operating cash out-flow totalled $8.511 million (prior corresponding period (pcp): $0.059 million out-flow). Net operating cashflow was impacted by the stage of the lifecycle of key large projects(including nRAH), restructure costs, legal costs relating to legacy issues and investments in bid costs.

### Balance Sheet & Funding

The net cash position at the period end was $9.194 million compared to a net cash position of $18.350 million at 30th June 2015. Net tangible assets increased by $2.219 million in the six month period to 31st December 2015.

Subsequent to 31st December 2015, on 28th January 2016  BSA signed a new 3 year facility agreement with its bankers extending all working capital facilities to 31st December 2018. The new longer term banking agreement now provides the BSA Group with a stronger platform to support the future growth of the business with improved liquidity, flexibility and security.

### Technical Field Force Solutions (TFFS)

The TFFS business unit, had a lower first half revenue of $98.769 million compared to the prior corresponding period of $100.198 million due to reduced volumes in the Foxtel contract, partially offset by increased volumes in the Optus contract and new overflow work with Telstra. EBITDA for the first half of $3.316 million was higher compared with EBITDA of $2.114 million for the prior corresponding period due to improving cost management across the business unit, partially offset by increased bid costs during the period due to a high volume of tenders completed during the half.

In late December BSA signed an operations and maintainenance contract agreement with nbn. The contract comprises a four year term for the provision of services on fixed line technologies (FTTP, FTTN, FTTB and HFC) in Sydney, regional and remote New South Wales and southern areas of Melbourne. This contract represents a significant achievement during the period. Revenue is expected to commence during the latter part of FY16 and will involve the activation of homes and businesses, along with ongoing maintenance to provide a reliable and fast broadband experience for all end-users.

### Technical Maintenance Services (TMS)

The TMS business unit had a lower first half revenue of $36.836 million compared with revenue of $39.489 million for the prior corresponding period largely due to larger project revenue being transferred to TDCP. In addition, the business has continued to refocus on longer term maintenance opportunities and maintenance revenue increased by $1.860 million compared to the prior corresponding period and maintenance work in hand increased by around $4 million since 30th June 2015.

EBITDA in the first half totalled $0.585 million compared to $0.298 million in the prior corresponding period. The higher EBITDA was primarily due to the reduced impact of one off items compared to the prior period.

# **DIRECTORS'** REPORT

### Technical Design & Construction Projects (TDCP)

The TDCP business unit had a lower first half revenue of $122.159 million compared with the prior corresponding period of $126.280 million. This is primarily due to the wind down of the New Royal Adelaide Hospital project. There was increased activity in VIC and QLD, however, there was a decline in activity in both NSW and WA. TDCP had a lower EBITDA of $4.034 million compared to $7.518 million for the prior corresponding period primarily as a result of costs relating to an underperforming installation business closed down in the period and legal costs relating to a legacy project incurred in the period.

The contracted work on hand for the TDCP business unit stood at $148.261 million at the period end.

### Auditor's Independence Declaration

A copy of the independence declaration by the lead auditor under section 307C is included on page 9.

### Rounding of Amounts

The company satisfies the requirements of Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the Directors' Report and the Financial Report to the nearest thousand dollars. Amounts have been rounded off in the Directors' Report and Financial Report in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors made pursuant to s. 306(3) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

Michael Givoni
Chairman

Nicholas Yates
Managing Director &
Chief Executive Officer

29 February 2016

### Disclosing Non-IFRS Financial Information

In accordance with ASIC Regulatory Guidance on the disclosure of non-IFRS information, below is a reconciliation of statutory profit to EBITDA and Underlying EBITDA.

| | H1 FY16<br>A$'000 | H1 FY15<br>A$'000 |
|---|---|---|
| Profit /(Loss) for the period from continuing operations | 1,053 | 1,566 |
| Add back: | | |
| Income tax expense | 446 | 320 |
| Finance costs | 330 | 721 |
| Interest revenue | (74) | (14) |
| Depreciation | 2,687 | 3,395 |
| Amortisation expense | 720 | 720 |
| **EBITDA** | **5,162** | **6,708** |
| Significant items excluding project provisions | 2,881 | 680 |
| **Underlying EBITDA excluding significant items net of project provisions** | **8,043** | **7,388** |

Deloitte Touche Tohmatsu
ABN: 74 490 121 060

Eclipse Tower
Level 19
60 Station Street
Parramatta NSW 2150
PO Box 38
Parramatta NSW 2124 Australia

DX 28485
Tel: +61 (0) 2 9840 7000
Fax: +61 (0) 2 9840 7001
www.deloitte.com.au

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

29 February 2016

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 review of the financial statements of BSA Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D. Black

David Black
Partner
Chartered Accountants

## **CONDENSED CONSOLIDATED STATEMENT** OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**for the Half-Year Ended 31 December 2015**

| | | Consolidated | |
|---|---|---|---|
| | | Half Year Ended | |
| | Note | 31 December 2015 | 31 December 2014 |
| | | $'000 | $'000 |
| Revenue | 3 | 257,707 | 265,929 |
| Other Income | 3 | 131 | 52 |
| Share of (losses) / profits of joint venture | | (595) | 426 |
| Changes in inventories of finished goods and work in progress | | 127 | 603 |
| Subcontractors and raw materials used (Note A below) | 9 | (215,070) | (221,982) |
| Employee benefits expense | | (21,722) | (22,432) |
| Depreciation and amortisation expenses | | (3,407) | (4,115) |
| Finance costs | | (330) | (721) |
| Occupancy expense | | (3,457) | (3,196) |
| Other expenses | | (11,885) | (12,678) |
| **Profit before tax** | 9 | 1,499 | 1,886 |
| Income tax (expense) | | (446) | (320) |
| **Profit for the period** | 9 | 1,053 | 1,566 |
| **Other comprehensive income for the period (net of tax)** | | - | - |
| **Total Comprehensive Income** | 9 | 1,053 | 1,566 |

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | 0.25 | 0.56 |
| Diluted earnings per share | 0.25 | 0.56 |

Note A: Includes amounts classified as significant items. Refer to Note 9 for further details.

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

# **CONDENSED CONSOLIDATED STATEMENT** OF FINANCIAL POSITION

**as at 31 December 2015**

| | | Consolidated Entity | |
|---|---|---|---|
| | **Note** | **31 December 2015** | **30 June 2015** |
| | | **$'000** | **$'000** |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 17,395 | 27,066 |
| Trade and other receivables | | 76,945 | 70,351 |
| Inventories | | 4,827 | 4,700 |
| **Total Current Assets** | | **99,167** | **102,117** |
| **NON-CURRENT ASSETS** | | | |
| Trade and other receivables | | 1,102 | 1,511 |
| Property, plant and equipment | | 8,843 | 10,741 |
| Deferred tax assets | | 6,554 | 7,000 |
| Goodwill | | 15,185 | 15,185 |
| Intangible assets | | 3,872 | 4,592 |
| Investment in Joint Venture | | - | 260 |
| Other financial assets | | 3 | 3 |
| **Total Non-Current Assets** | | **35,559** | **39,292** |
| **TOTAL ASSETS** | | **134,726** | **141,409** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 62,044 | 70,162 |
| Borrowings | 8 | 7,157 | 6,416 |
| Provisions | | 17,552 | 17,173 |
| **Total Current Liabilities** | | **86,753** | **93,751** |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | 8 | 1,044 | 2,300 |
| Provisions | | 1,826 | 1,643 |
| Investment in Joint Venture | | 335 | - |
| **Total Non-Current Liabilities** | | **3,205** | **3,943** |
| **TOTAL LIABILITIES** | | **89,958** | **97,694** |
| **NET ASSETS** | | **44,768** | **43,715** |
| **EQUITY** | | | |
| Issued capital | | 97,592 | 97,592 |
| Reserves | | 1,410 | 1,410 |
| Accumulated losses | | (63,024) | (63,024) |
| Profit Reserve | 2 | 8,790 | 7,737 |
| **Total Equity** | | **44,768** | **43,715** |

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

# **CONDENSED CONSOLIDATED STATEMENT** OF CASH FLOWS

**for the Half-Year Ended 31 December 2015**

| | | Consolidated Entity | |
|---|---|---|---|
| | | Half Year Ended | |
| | Notes | 31 December 2015 | 31 December 2014 |
| | | $'000 | $'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 278,119 | 301,819 |
| Payments to suppliers and employees | | (286,300) | (302,640) |
| Interest and other costs of finance paid | | (330) | (721) |
| Income taxes received | | - | 1,483 |
| **Net cash outflow from operating activities** | | **(8,511)** | **(59)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest received | | 74 | 14 |
| Payments for plant and equipment | | (733) | (789) |
| Proceeds from sale of plant and equipment | | 75 | 38 |
| **Net cash outflow from investing activities** | | **(584)** | **(737)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | - | 21,345 |
| Expenses paid for issue of shares | | - | (1,511) |
| Proceeds from borrowings | | 3,514 | 3,199 |
| Repayment of borrowings | | (3,162) | (13,265) |
| Payment of finance lease liabilities | | (928) | (1,359) |
| **Net cash (outflow)/inflow from financing activities** | | **(576)** | **8,409** |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (9,671) | 7,613 |
| Cash and cash equivalents at the beginning of the period | | 27,066 | 5,297 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | | **17,395** | **12,910** |

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

# **CONDENSED CONSOLIDATED STATEMENT** OF CHANGES IN EQUITY

**for the Half-Year Ended 31 December 2015**

| | Consolidated Entity | | | | | |
|---|---|---|---|---|---|---|
| | **Issued capital** | **Accumulated losses** | **Profit Reserve (refer Note 2)** | **Share-based payment reserve** | **Cash flow hedge reserve** | **Total equity** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 July 2014** | **77,797** | **(63,024)** | **3,862** | **1,301** | **(6)** | **19,930** |
| Profit for the period | - | - | 1,566 | - | - | 1,566 |
| Total comprehensive income for the period | - | - | 1,566 | - | - | 1,566 |
| Dividends paid | - | - | - | - | - | - |
| Share-based payment expense | - | - | - | 4 | - | 4 |
| Shares issued during period | 19,834 | - | - | - | - | 19,834 |
| **Balance at 31 December 2014** | **97,631** | **(63,024)** | **5,428** | **1,305** | **(6)** | **41,334** |
| **Balance at 1 July 2015** | 97,592 | (63,024) | 7,737 | 1,410 | - | 43,715 |
| Profit for the period | - | - | 1,053 | - | - | 1,053 |
| Total comprehensive income for the period | - | - | 1,053 | - | - | 1,053 |
| Dividends paid | - | - | - | - | - | - |
| Share-based payment expense | - | - | - | - | - | - |
| Shares issued during period | - | - | - | - | - | - |
| **Balance at 31 December 2015** | **97,592** | **(63,024)** | **8,790** | **1,410** | **-** | **44,768** |

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

## Note 1. Significant accounting policies

**(a) Statement of compliance**

The Half-Year Financial Report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The Half-Year Report does not include notes of the type normally included in an Annual Financial Report and should be read in conjunction with the most recent Annual Financial Report.

**(b) Basis of preparation**

The condensed consolidated financial statements have been prepared on the basis of historical cost. 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 Directors' Report and the Half-Year Financial Report are rounded off to the nearest thousand dollars unless otherwise indicated.

The accounting policies and methods of computation adopted in preparation of the Half-Year Financial Report are consistent with those adopted and disclosed in the Company's 2015 Annual Financial Report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**(c) Significant accounting judgements, estimates and assumptions**

In the application of the BSA Limited’s accounting policies, management is required to make judgments, 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.

**(d) Adoption of new and revised standards**

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group:

**AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality**

Completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

## Note 2. Profit Reserve

| | 31 December 2015 $'000 | 31 December 2014 $'000 |
|---|---|---|
| **Movements in profit reserve were as follows:** | | |
| Balance at beginning of period | 7,737 | 3,862 |
| Net profit for the period | 1,053 | 1,566 |
| Dividends paid | - | - |
| **Balance at end of reporting period** | **8,790** | **5,428** |

## Note 3. 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.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

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

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused on the category of customer for each type of service. The Group's reportable segments under AASB 8 are therefore as follows:

**Technical Field Force Solutions**

Technical Field Force Solutions provides contracting services to the telecommunications, subscription television and communication industries. The contracting services includes 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**

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 (HVAC), refrigeration and fire services.

**Technical Maintenance Services**

Technical Maintenance Services provides the maintenance of building services for commercial and industrial buildings including, mechanical services, HVAC, electrical and fire services.

**Other**

Interest income that is not allocated to the operating segments.

## Note 3. Segment Information (cont'd)

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

| | Revenue Half-year ended | | Segment Profit Half-year ended | |
|---|---|---|---|---|
| | 31 Dec 15 | 31 Dec 14 | 31 Dec 15 | 31 Dec 14 |
| | $'000 | $'000 | $'000 | $'000 |
| **Continuing Operations** | | | | |
| Technical Field Force Solutions | 98,769 | 100,198 | 2,495 | 1,336 |
| Technical Design and Construction Projects | 122,159 | 126,280 | 3,099 | 6,418 |
| Technical Maintenance Services | 36,836 | 39,489 | ( 610) | ( 1,221) |
| Other | 74 | 14 | - | - |
| **Revenue and profit/(loss) from external customers** | **257,838** | **265,981** | **4,984** | **6,533** |
| Corporate costs including legal and advisory | | | ( 3,155) | ( 3,926) |
| Finance costs | | | ( 330) | ( 721) |
| Profit before tax | | | 1,499 | 1,886 |
| Income tax expense | | | ( 446) | ( 320) |
| **Consolidated segment revenue and profit / (loss) for the period** | **257,838** | **265,981** | **1,053** | **1,566** |

The following is an analysis of the Group's assets by reportable operating segment:

| | 31 December 2015 $'000 | 30 June 2015 $'000 |
|---|---|---|
| **Continuing Operations** | | |
| Technical Field Force Solutions | 42,057 | 56,236 |
| Technical Design and Construction Projects | 75,396 | 72,897 |
| Technical Maintenance Services | 17,273 | 12,276 |
| **Total assets** | **134,726** | **141,409** |

## Note 4. Dividends

| | Half Year Ended 31 December 2015 $'000 | 31 December 2014 $'000 |
|---|---|---|
| **Ordinary Shares** | | |
| There were no dividends paid during the half-year (2014: Nil) | **Nil** | **Nil** |
| **Dividends not recognised at the end of the half-year** | | |
| The Directors have not declared the payment of an interim dividend for the current financial year (2014:nil per fully paid ordinary share fully franked at the rate of 30%). The aggregate amount of the proposed dividend which has not been included as a liability in the Half-Year Financial Report, is: | **Nil** | **Nil** |

## Note 5. Issued Capital

| | Half-year ended 31 Dec 15 Number of Shares | 31 Dec 14 Number of Shares |
|---|---|---|
| Ordinary shares - fully paid | 422,907,346 | 422,907,346 |

**Movement on ordinary share capital**

| Date | Details | Number of Shares | $'000 |
|---|---|---|---|
| 1 January 2014 | Opening Balance | 228,861,202 | 77,797 |
| 22 October 2014 | Issue of shares under the Share Placement offer | 34,329,180 | 3,776 |
| 19 November 2014 | Issue of shares under the Rights offer | 155,626,055 | 17,119 |
| 1 December 2014 | Issue of shares by way of placement to executives | 4,090,909 | 450 |
| | Less: transaction costs arising on shares issued | - | (1,550) |
| | | **422,907,346** | **97,592** |

## Note 6. Subsequent Events

**a) Banking Facilities**

Since the half-year end BSA signed a new agreement with the Group's bank extending the end dates of the facilities.

| | | $'000 |
|---|---|---|
| | The facilities to be provided under the new Offer are: | |
| i | Bank Loans | 2,914 |
| ii | Multi Option Facility: a) Corporate Market Loan Facility | 20,000 |
| | Multi Option Facility: b) Master Asset Finance Facility | 5,000 |
| | | **27,914** |
| iii | Bank guarantee facility | 26,500 |
| iv | Other transaction facilities | 2,750 |
| **Total Facilities** | | **57,164** |

i This facility has an expiry date of 30 June 2016.

ii, iii and iv All these facilities expire on 31 December 2018.

**b) New Royal Adelaide Hospital Project**

In early January 2016 BSA paid a value of $6.070m inc GST to Ottoway Engineering Pty Ltd, a subcontractor on the New Royal Adelaide Hospital, following an adjudication decision under the security of payments legislation. Following legal advice, BSA is progressing recovery of the adjudicated value as well as continuing to pursue resolution of outstanding variation claims under the New Royal Adelaide project from HYLC, the builder on the New Royal Adelaide Hospital project. The adjudicated value paid to Ottoway Engineering has not been recognised in the project and therefore had no profit or loss impact.

On 23rd Feburary 2016 BSA was awarded $7.118m inc. GST, under the security of payment legislation, relating to modifcation claims made against HYLC, the builder on the New Royal Adelaide Hospital project. Further claims are still to be made.

## Note 7. Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the Annual Report for the period ending 30 June 2015.

## Note 8. Financing Facilities

| | | Consolidated | |
|---|---|---|---|
| | | **31 December 2015** | **30 June 2015** |
| | | **$'000** | **$'000** |
| **The following facilities were available at balance date:** | | | |
| i | Bank Loans | 3,600 | 5,125 |
| ii | Debtor Finance Facility | 16,000 | 16,000 |
| ii | Overdraft Facility | 4,000 | 4,000 |
| ii | Equipment Finance Facility | 5,000 | 5,000 |
| | Other | 1,877 | - |
| | | **30,477** | **30,125** |
| **Used at balance date** | | | |
| i | Bank Loans | 3,600 | 5,125 |
| ii | Debtor Finance Facility | - | - |
| ii | Overdraft Facility | - | - |
| ii | Equipment Finance Facility | 2,724 | 3,591 |
| | Other | 1,877 | - |
| | | **8,201** | **8,716** |
| **Unused at balance date** | | | |
| i | Bank Loans | - | - |
| ii | Debtor Finance Facility | 16,000 | 16,000 |
| ii | Overdraft Facility | 4,000 | 4,000 |
| ii | Equipment Finance Facility | 2,276 | 1,409 |
| | Other | - | - |
| | | **22,276** | **21,409** |

In addition to the above arrangements the consolidated entity has a bank guarantee facility of $26,500,000 (June 2015: $26,500,000) which was utilised to $19,700,000 (June 2015: $21,200,000).

In addition to the above arrangements the consolidated entity has a surety bond facility with Swiss Re International SE of $20,000,000 (June 2015: $20,000,000) which was utilised to $9,700,000 (June 2015: $12,200,000).

i All facilities had an expiry date of 30 March 2016 and during January 2016 were replaced by a new facility expiring on 30th June 2016. Refer Note 6.

ii All these facilities had an expiry date of 31 March 2016 and during January 2016 were replaced with new facilities expiring 31st December 2018. Refer Note 6.

The Group is in compliance with all Bank Covenants including proposed covenants applicable under the new banking agreement signed in January 2016.

## Note 9. Significant Items

| | Consolidated | |
|---|---|---|
| | **31 December 2015** | **31 December 2014** |
| | **$'000** | **$'000** |
| Non-recurring key project provisions, releases and write downs | - | 108 |
| Restructure costs | 1,588 | 173 |
| Other contract one-off items | 129 | 507 |
| Legal costs relating to legacy issues | 1,193 | - |
| Additional provision for NSW OSR issue i) | 736 | - |
| Other significant items | (765) | - |
| **Total significant items** | **2,881** | **788** |

i) Following on from continued progress relating to the NSW OSR issue, a further provision of $736k was taken in the 31st December 2015 results.

## Note 10. Non-Current Assets - Goodwill

| $'000 | TFFS | TDCP | TMS | Consolidated |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at the beginning of period | | | | |
| **2015** | 13,025 | 34,142 | 9,553 | 56,720 |
| **2014** | 13,025 | 34,142 | 9,553 | 56,720 |
| Balance at end of period | | | | |
| **2015** | 13,025 | 34,142 | 9,553 | 56,720 |
| **2014** | 13,025 | 34,142 | 9,553 | 56,720 |
| **Accumulated impairment losses** | | | | |
| Balance at the beginning of period | | | | |
| **2015** | (13,025) | (18,957) | (9,553) | (41,535) |
| **2014** | (13,025) | (18,957) | (9,553) | (41,535) |
| Impairment losses recognised in the period | | | | |
| **2015** | - | - | - | - |
| **2014** | - | - | - | - |
| Balance at end of period | | | | |
| **2015** | (13,025) | (18,957) | (9,553) | (41,535) |
| **2014** | (13,025) | (18,957) | (9,553) | (41,535) |
| **Closing carrying value at 31 December** | | | | |
| **2015** | - | 15,185 | - | 15,185 |
| **2014** | - | 15,185 | - | 15,185 |

The recoverable amount of each cash generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a three year period with the period extending beyond three years extrapolated using an estimated growth rate of 2.0% for TDCP. The cash flows are discounted using the weighted average cost of capital with mid-year discounting.

## Note 10. Non-Current Assets - Goodwill (cont'd)

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

| | Growth Rate | WACC/Discount Rate |
|---|---|---|
| **Technical Design & Construction Projects (TDCP)** | | |
| 2016 | (8.80%) | 12.50% |
| 2017 | 7.50% | 12.50% |
| 2018 | 3.00% | 12.50% |
| Terminal Year | 2.00% | 12.50% |

The reduced Growth Rate in FY16 is due to the wind down of the New Royal Adelaide Hospital project. The increase in the FY17 Growth Rate is due to further expansion of the fire construction business and increased pipeline opportunities

Other assumptions used in the value-in-use model include Cost of Goods Sold (COGs), Operating Expenses (OPEX), Debtor Days, Creditor Days, Provisions and Work in Progress (WIP) Days.

Forecasts used historical weighted average growth rates at which contracts are currently being written to project revenue. Costs are calculated taking into account historical gross margins. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Management considers that it has taken a moderate view of the market conditions and business operations. Recent improvements and the future impact of planned improvements and business re-engineering have not been fully incorporated in the value-in-use model. Management expects a further uplift in the performance through these changes and the overall performance of the CGUs.

### Impact of possible changes to key assumptions

**Growth Rate**

TDCP - In a sensitivity analysis, Management estimates that a 5% reduction in top line revenue growth over the model period would cause a reduction in enterprise value of $10,577,000 and a 5% increase in the overall revenue growth would result in an increase in enterprise value by $10,577,000. A sensitivity analysis of 5% has been chosen due to the mature construction market and the current environment projected over a longer term. The impact on enterprise value excludes any compensating adjustments to operating expenses.

### Gross Margin: Revenue less Costs of Goods Sold (Direct Costs)

TDCP - In a sensitivity analysis, Management estimates that a 1% reduction in gross margin would cause a reduction in enterprise value of $17,342,000 and an improvement in gross margin of 1% would increase the enterprise value by $17,342,000. A sensitivity analysis of 1% has been chosen due to the competitive nature of the industry that TDCP operates in that has resulted in lower than expected margin performance. Whilst the value-in-use model has gross margin steady, Management anticipates that based on current initiatives that gross margin percentages may improve slightly over the value-in-use cash flow projection period.

As at 31 December 2015 , the value-in-use amount for TDCP exceeds the carrying value by $34,945,000.

### Working Capital

Key components affecting working capital include debtor day collections, accounts payable days and project work In progress days. Management believe the assumptions used in the cash flow projection period are conservative based on historical performance and do not take into account initiatives to improve these metrics going forward. Applying sensitivity analysis impacts each respective cash-generating-unit as follows:

TDCP – A sensitivity in adversely impacting working capital based on collecting debtors five days later and paying creditors two days earlier, and WIP reducing two days would reduce enterprise value by $6,992,000.

### Combined Scenario (Gross Margin, Working Capital, OPEX and Growth Rate)

An assessment of combining the impact of the following key variables:

. Revenue reduction of 1%

. Gross Margin reduction of 0.5%

. OPEX increase of 0.5%

. Working capital movements due to collecting debtors two days later and paying creditors two days earlier and WIP reducing two days (TDCP)

results in a potential reduction in enterprise value for TDCP of $22,511,000.

## Declaration by Directors

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; and

(b) in the Directors' opinion, the attached Financial Statements and Notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

Michael Givoni
Chairman

Nicholas Yates
Managing Director &
Chief Executive Officer

29 February 2016

Deloitte.

Deloitte Touche Tohmatsu
ABN: 74 490 121 060

Eclipse Tower
Level 19
60 Station Street
Parramatta NSW 2150
PO Box 38
Parramatta NSW 2124 Australia

DX 28485
Tel: +61 (0) 2 9840 7000
Fax: +61 (0) 2 9840 7001
www.deloitte.com.au

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

We have reviewed the accompanying half-year financial report of BSA Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 10 to 21.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BSA Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Auditor's Independence Declaration*

In conducting our review, 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 review report.

*Conclusion*

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D. Black

David Black
Partner
Chartered Accountants
Parramatta, 29 February 2016

# CORPORATE DIRECTORY

### BSA Limited - Corporate

**Registered Office (Sydney)**
7 Figtree Drive
Sydney Olympic Park NSW 2127
P +61 2 8748 2400
F +61 2 8748 2577
E corporate@bsa.com.au
W www.bsa.com.au

### Technical Design and Construction Projects

**Head Office (Sydney)**
Level 3, Quad 2, 8 Parkview Drive
Sydney Olympic Park NSW 2127
P +61 2 9763 6200
F +61 2 9763 6201

### Technical Field Force Solutions

**Head Office (Sydney)**
7 Figtree Drive
Sydney Olympic Park NSW 2127
P +61 2 8748 2400
F +61 2 8748 2577

### Technical Maintenance Services

**Head Office (Sydney)**
Level 3, Quad 2, 8 Parkview Drive
Sydney Olympic Park NSW 2127
P +61 2 9763 6200
F +61 2 9763 6201

### Share Registry

Computershare Investor Services
GPO Box 2975
Melbourne VIC 3001 Australia
P 1300 85 05 05
P +61 3 9415 4000
F +61 3 9473 2500

### Auditor

Deloitte Touche Tohmatsu
Eclipse Tower
Level 19, 60 Station Street
Parramatta NSW 2150

### Banker

National Australia Bank
255 George Street
Sydney NSW 2000

www.bsa.com.au