bsa

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Appendix 4D & Half Yearly Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

APPENDIX 4D

REPORTING PERIOD	**Half-Year Ended 31 December 2016**
PREVIOUS CORRESPONDING PERIOD	**Half-Year Ended 31 December 2015**

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

CONTENTS

APPENDIX 4D

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Up/Down			$'000
Revenue from ordinary activities	Down	(6.4%)	to	241,247
Profit/(loss) from ordinary activities after income tax attributable to members	Up	82.7%	to	1,924
Net profit/(loss) for the period attributable to members	Up	82.7%	to	1,924

DIVIDENDS PER SHARE

	Amount per share		Franked amount per share at 100% tax	
Final - FY 2016	0.0	cents	0.0	cents
Interim - FY 2017	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	4.35 cents	4.53 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:		
Profit / (loss) before income tax	117	(503)
Income tax expense	(54)	(92)
Net profit / (loss)	63	(595)
Adjustments	-	-
Share of net profit / (loss) of associates and joint venture entities	63	(595)

5. DIVIDENDS

5.1 Dividends per Share

	Current Period $'000	Previous corresponding period $'000
(a) Ordinary Shares		
No final dividend for FY16 was paid. (2015: 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 (2015: 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 2016

CONTENTS **Page**

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 2016 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 24 February 2017

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 2016. 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 in-flow during the period totalled $9.839 million (prior corresponding period (pcp): $8.511 million out-flow). Net operating cashflow was strong following good control of working capital and receipts relating to nRAH variations which were partially offset by investments in new contract mobilisations.

Balance Sheet & Funding

The net cash position at the period end was $27.428 million compared to a net cash position of $18.501 million at 30 June 2016. Net tangible assets increased by $3.041 million in the six month period to 31 December 2016.

BSA | Connect

The BSA | Connect business unit, had a lower first half revenue of $85.282 million compared to the prior corresponding period of $98.769 million due to reduced volumes in the Foxtel and Optus contracts, partially offset by increased revenue from the new nbn contracts. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the first half of $4.252 million was higher compared with EBITDA of $3.316 million for the prior corresponding period due to margin improvement initiatives in prior periods as well as higher margins generated from new contracts awarded in the last twelve months.

BSA | Maintain

The BSA | Maintain business unit had a higher first half revenue of $41.375 million compared with revenue of $36.836 million for the prior corresponding period largely due to new contracts secured in the last twelve months. EBITDA in the first half totalled $2.047 million compared to $0.585 million in the prior corresponding period. The higher EBITDA compared to the prior corresponding period was primarily due to prior year restructuring and increased revenue from contracts won over the last twelve months.

DIRECTORS' REPORT

BSA | Build

The BSA | Build business unit had a lower first half revenue of $115.182 million compared with the prior corresponding period of $122.159 million. This is primarily due to lower activity in Queensland and Victoria partly due to the timing of new projects. BSA | Build had a lower EBITDA of $0.628 million compared to $4.034 million for the prior corresponding period primarily as a result of the lower revenues as well as losses associated with the settlement and estimated completion costs on the nRAH project.

The contracted work on hand for the BSA | Build business unit stood at $245.067 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 ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 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 Instrument.

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

24 February 2017

Disclosing Non-IFRS Financial Information

The Directors consider EBITDA a key measure of performance for the Company and is used by a range of stakeholders. 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 FY17 A$'000	H1 FY16 A$'000
Profit /(loss) for the period from continuing operations	1,924	1,053
Add back:		
Income tax expense	795	446
Finance costs	335	330
Interest revenue	(102)	(74)
Depreciation	2,017	2,687
Amortisation expense	401	720
EBITDA	**5,370**	**5,162**
Total Significant Items (note 9)	2,747	2,881
EBITDA excluding significant items	**8,117**	**8,043**

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

24 February 2017

Dear Directors

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 2016, 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 faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Half-Year Ended 31 December 2016

		Consolidated	
		Half Year Ended	
	Note	31 December 2016	31 December 2015
		$'000	$'000
Revenue	3	241,247	257,707
Other Income	3	694	131
Share of profits / (losses) of joint venture		63	(595)
Changes in inventories of finished goods and work in progress		(1,067)	127
Subcontractors and raw materials used (Note A below)	9	(195,706)	(215,070)
Employee benefits expense		(22,369)	(21,722)
Depreciation and amortisation expenses		(2,418)	(3,407)
Finance costs		(335)	(330)
Occupancy expense		(3,379)	(3,457)
Other expenses		(14,011)	(11,885)
Profit before tax		2,719	1,499
Income tax expense		(795)	(446)
Profit for the period		1,924	1,053
Other comprehensive income for the period (net of tax)		-	-
Total Comprehensive Income		1,924	1,053

	Cents	Cents
Basic earnings per share	0.46	0.25
Diluted earnings per share	0.45	0.25

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 2016

		Consolidated Entity	
	Note	**31 December 2016**	**30 June 2016**
		$'000	**$'000**
CURRENT ASSETS			
Cash and cash equivalents		30,220	21,490
Trade and other receivables		68,877	77,795
Inventories		1,664	2,731
Total Current Assets		**100,761**	**102,016**
NON-CURRENT ASSETS			
Trade and other receivables		2,153	1,957
Property, plant and equipment		7,351	7,723
Deferred tax assets		7,000	7,795
Goodwill		15,185	15,185
Intangible assets		2,751	3,152
Investment in Joint Venture		46	-
Other financial assets		3	3
Total Non-Current Assets		**34,489**	**35,815**
TOTAL ASSETS		**135,250**	**137,831**
CURRENT LIABILITIES			
Trade and other payables		74,652	70,593
Borrowings	8	1,908	1,895
Provisions		13,519	21,684
Total Current Liabilities		**90,079**	**94,172**
NON-CURRENT LIABILITIES			
Borrowings	8	884	1,094
Provisions		946	1,052
Investment in Joint Venture		-	17
Total Non-Current Liabilities		**1,830**	**2,163**
TOTAL LIABILITIES		**91,909**	**96,335**
NET ASSETS		**43,341**	**41,496**
EQUITY			
Issued capital	5	97,564	97,592
Reserves		1,359	1,410
Accumulated losses		(65,243)	(65,243)
Profit Reserve	2	9,661	7,737
Total Equity		**43,341**	**41,496**

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 2016

		Consolidated Entity	
		Half Year Ended	
	Notes	31 December 2016	31 December 2015
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		280,612	278,119
Payments to suppliers and employees		(270,438)	(286,300)
Interest and other costs of finance paid		(335)	(330)
Net cash inflow/(outflow) from operating activities		**9,839**	**(8,511)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		102	74
Payments for plant and equipment		(1,322)	(733)
Proceeds from sale of plant and equipment		400	75
Net cash outflow from investing activities		**(820)**	**(584)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for shares issued for vesting rights		(69)	-
Proceeds from borrowings		1,926	3,514
Repayment of borrowings		(1,436)	(3,162)
Payment of finance lease liabilities		(710)	(928)
Net cash outflow from financing activities		**(289)**	**(576)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,730	(9,671)
Cash and cash equivalents at the beginning of the period		21,490	27,066
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**30,220**	**17,395**

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 2016

	Consolidated Entity				
	Issued capital	**Accumulated losses**	**Profit Reserve (refer Note 2)**	**Share-based payment reserve**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
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**
Balance at 1 July 2016	97,592	(65,243)	7,737	1,410	41,496
Profit for the period	-	-	1,924	-	1,924
Total comprehensive income for the period	-	-	1,924	-	1,924
Dividends paid	-	-	-	-	-
Share-based payment expense	(28)	-	-	(51)	(79)
Shares issued during period	-	-	-	-	-
Balance at 31 December 2016	**97,564**	**(65,243)**	**9,661**	**1,359**	**43,341**

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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument 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 2016 Annual Financial Report for the financial year ended 30 June 2016, 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 include:

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

Impact of the application of AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The Group has applied these amendments for the first time in the current period. The amendments to AASB 116 Property, Plant and Equipment prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to AASB 138 Intangible Assets introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) When the intangible asset is expressed as a measure of revenue, or

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

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

Impact of the application of AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

The Group has applied these amendments for the first time in the current period. The Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle include a number of amendments to various Accounting Standards, which are summarised below:

Note 1. Significant accounting policies (cont'd)

The amendments to AASB 7 Financial Instruments: Disclosures remove the requirement to provide disclosures relating to offsetting financial assets and financial liabilities in interim financial reports and provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets

The amendments to AASB 119 Employee Benefits clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead

The amendments to AASB 134 Interim Financial Reporting make provision for disclosures required by the Standard to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

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

Impact of the application of AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

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

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other Accounting Standards:

(a) Will not be reclassified subsequently to profit or loss

(b) Will be reclassified subsequently to profit or loss when specific conditions are met.

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

The application of these amendments has not had a material presentation impact on the financial performance or financial position of the Group.

Note 2. Profit Reserve

	31 December 2016 $'000	31 December 2015 $'000
Movements in profit reserve were as follows:		
Balance at beginning of period	7,737	7,737
Net profit for the period	1,924	1,053
Dividends paid	-	-
Balance at end of reporting period	**9,661**	**8,790**

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:

BSA | Connect (Formerly Technical Field Force Solutions)

BSA | Connect 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 and the installation of subscription television.

BSA | Build (Formerly Technical Design and Construction Projects)

BSA | Build 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.

BSA | Maintain (Formerly Technical Maintenance Services)

BSA | Maintain 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.

for the Half-Year Ended 31 December 2016

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/(Loss) Half-year ended	
	31 Dec 16	31 Dec 15	31 Dec 16	31 Dec 15
	$'000	$'000	$'000	$'000
Continuing Operations				
BSA | Connect	85,282	98,769	3,556	2,495
BSA | Build	115,182	122,159	79	3,099
BSA | Maintain	41,375	36,836	1,087	(610)
Other	102	74	-	-
Revenue and profit/(loss) from external customers	**241,941**	**257,838**	**4,722**	**4,984**
Corporate costs including legal and advisory			(1,668)	(3,155)
Finance costs			(335)	(330)
Profit before tax			2,719	1,499
Income tax expense			(795)	(446)
Consolidated segment revenue and profit / (loss) for the period	**241,941**	**257,838**	**1,924**	**1,053**

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

	31 December 2016 $'000	30 June 2016 $'000
Continuing Operations		
BSA | Connect	36,123	37,936
BSA | Build	74,515	80,406
BSA | Maintain	24,612	19,489
Total assets	**135,250**	**137,831**

Note 4. Dividends

	Half Year Ended	
	31 December 2016 $'000	31 December 2015 $'000
Ordinary Shares		
There were no dividends paid during the half-year (2015: 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 (2015: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**

for the Half-Year Ended 31 December 2016

Note 5. Issued Capital

	Half-year ended	
	31 Dec 16	**31 Dec 15**
	Number of Shares	**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 July 2016	Opening Balance	422,907,346	97,592
	Less: transaction costs arising on exercise of rights and attaching options	-	(28)
		422,907,346	**97,564**

Note 6. Subsequent Events

No significant events have occurred since balance date.

Note 7. Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the Annual Report for the period ending 30 June 2016.

Note 8. Financing Facilities

	Consolidated	
	31 December 2016	**30 June 2016**
	$'000	**$'000**
Total Facilities at balance date:		
(i) Corporate Market Loan	20,000	20,000
(i) Equipment Finance Facility	5,000	5,000
Other	456	309
	25,456	**25,309**
Used at balance date		
(i) Corporate Market Loan	-	-
(i) Equipment Finance Facility	2,336	2,680
Other	456	309
	2,792	**2,989**
Unused at balance date		
(i) Corporate Market Loan	20,000	20,000
(i) Equipment Finance Facility	2,664	2,320
Other	-	-
	22,664	**22,320**

(i) In addition to the above arrangements the consolidated entity has a bank guarantee facility of $26,500,000 (June 2016 : $26,500,000) which was utilised to $20,287,000 (June 2016 : $20,424,000). All of the banking facilities have an expiry date of 31st December 2018. The Group is in compliance with all Bank Covenants.

(ii) In addition to the above arrangements the consolidated entity has a surety bond facility with Swiss Re International SE of $30,000,000 (June 2016 : $20,000,000) which was utilised to $21,320,000 (June 2016 : $18,996,000).

Note 9. Significant Items

	Consolidated	
	31 December 2016	**31 December 2015**
	$'000	**$'000**
Restructure costs	368	1,588
Other contract one-off items	1,698	129
Legal costs relating to legacy issues	681	1,193
Additional provision for NSW OSR issue	-	736
Other significant items	-	(765)
Total significant items	**2,747**	**2,881**

Note 10. Contingent Liabilities

(i) Guarantees established in favour of National Australia Bank Limited and Swiss Re International SE for guarantees issued to various clients for satisfactory contract performance, secured by cross guarantees from all wholly owned group members amounting to $41,607,000 (June 16:$39,420,000).

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

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

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

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

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

Note 11. Non-Current Assets - Goodwill

$'000	BSA | Connect	BSA | Build	BSA | Maintain	Consolidated
Closing carrying value at 31 December				
2016	-	15,185	-	15,185
2015	-	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 BSA | Build. The cash flows are discounted using the weighted average cost of capital with mid-year discounting.

At 31 December 2016 the company has assessed both internal and external indicators of impairment, including completing the value in use models, and did not identify any indicators of impairment.

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	Nicholas Yates
Chairman	Managing Director & Chief Executive Officer

24 February 2017

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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 2016, 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 2016 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.

Deloitte.

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 2016 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

AG Collinson
Partner
Chartered Accountants
Sydney, 24 February 2017

CORPORATE DIRECTORY

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