



# Appendix 4D & Half Yearly Report

FOR THE HALF-YEAR ENDED  
31 DECEMBER 2017



# APPENDIX 4D

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REPORTING PERIOD	Half-Year Ended 31 December 2017
PREVIOUS CORRESPONDING PERIOD	Half-Year Ended 31 December 2016

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

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- 2 Net tangible assets per ordinary share
- 3 Details of controlled entities
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# APPENDIX 4D

## 1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Up/Down			\$'000
Revenue from ordinary activities	Up	21.1%	to	292,161
Profit/(loss) from ordinary activities after income tax attributable to members	Up	56.6%	to	3,013
Net profit/(loss) for the period attributable to members	Up	56.6%	to	3,013

## DIVIDENDS PER SHARE

	Amount per share		Franked amount per share at 100% tax	
Final - FY 2017	0.5	cents	0.5	cents
Interim - FY 2018	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.

## APPENDIX 4D

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

	Current Period	Previous corresponding period
Net tangible assets per ordinary share	5.70 cents	4.35 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
<b>Group's Share of Associates and Joint Venture Entities:</b>		
Profit before income tax	1,005	117
Income tax expense	(373)	(54)
Net profit	632	63
Adjustments	-	-
Share of net profit of associates and joint venture entities	632	63

# APPENDIX 4D

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## 5. DIVIDENDS

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### 5.1 Dividends per Share

	Current Period \$'000	Previous corresponding period \$'000
<b>(a) Ordinary Shares</b>		
A final dividend of 0.5 cents per fully paid ordinary share, (2016:Nil) fully franked based on tax at 30%, was paid on 2 November 2017.	2,114	Nil
<b>(b) Dividends not recognised at the end of the current period</b>		
The directors have not declared the payment of an interim dividend for the current financial year (2016: Nil).	Nil	Nil

### 5.2 Dividend Reinvestment Plan

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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

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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

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Nil

# HALF-YEAR REPORT

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For the Half-Year Ended 31 December 2017

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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  
Level 7, 3 Thomas Holt Drive  
Macquarie Park NSW 2113

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 2017 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 26 February 2018

# 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 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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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 \$1.444 million (prior corresponding period (pcp): \$9.839 million in-flow). Net operating cash in-flow was adversely impacted by nRAH and other BSA | Build out-flows, unwinding of cash received early from customers and OSR payments in certain states.

### Balance Sheet & Funding

The net cash position at the period end was \$6.896 million compared to a net cash position of \$13.505 million at 30 June 2017. Net tangible assets increased by \$2.4 million in the six month period to 31 December 2017.

### BSA | Connect

The BSA | Connect business unit revenue was higher for the first half by \$52.380 million at \$137.662 million compared to the prior corresponding period of \$85.282 million largely due to increased volumes from the new nbn contracts partially offset by reduced volumes in the Foxtel and Optus contracts. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the first half of \$11.071 million was higher compared with EBITDA of \$4.252 million for the prior corresponding period largely due to the increased nbn volumes.

### BSA | Maintain

The BSA | Maintain business unit had a higher first half revenue of \$44.966 million compared with revenue of \$41.375 million for the prior corresponding period largely due to new contracts secured in the last twelve months.

EBITDA in the first half totalled \$0.945 million compared to \$2.047 million in the prior corresponding period. The lower EBITDA compared to the prior corresponding period was primarily due to restructure costs during the period of \$0.256m and investments in additional overheads for national contracts and the Fire Maintenance business to drive future earnings growth.

# DIRECTORS' REPORT

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## BSA | Build

The BSA | Build business unit had a lower first half revenue of \$109.716 million compared with the prior corresponding period of \$115.182 million. This is primarily due to a reduction in nRAH volumes in H1 FY2018 as the project winds down. BSA | Build had an EBITDA loss of \$1.420 million compared to \$0.628 million profit for the prior corresponding period primarily as a result of client delays, adverse project cost movements and restructure costs.

The contracted work on hand for the BSA | Build business unit stood at \$291.350 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.

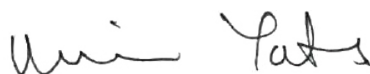
## Rounding of Amounts

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

26 February 2018

## 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 FY18	H1 FY17
	A\$'000	A\$'000
Profit/(loss) for the period from continuing operations	3,013	1,924
Add back:		
Income tax expense	1,065	795
Finance costs	390	335
Interest revenue	(15)	(102)
Depreciation	2,454	2,017
Amortisation expense	337	401
<b>EBITDA</b>	<b>7,244</b>	<b>5,370</b>
Total Significant Items (note 9)	1,732	2,747
<b>EBITDA excluding significant items</b>	<b>8,976</b>	<b>8,117</b>



# AUDITORS' INDEPENDENCE DECLARATION

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# Deloitte.

Deloitte Touche Tohmatsu  
ABN: 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1220 Australia

Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001

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

26 February 2018

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 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the 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 2017

	Note	Consolidated	
		Half Year Ended	
		31 December 2017	31 December 2016
		\$'000	\$'000
Revenue	3	292,161	241,247
Other Income	3	198	694
Share of profits / (losses) of joint venture		632	63
Changes in inventories of finished goods and work in progress		(670)	(1,067)
Subcontractors and raw materials used (Note A below)	9	(228,270)	(195,706)
Employee benefits expense		(32,133)	(22,369)
Depreciation and amortisation expenses		(2,791)	(2,418)
Finance costs		(390)	(335)
Occupancy expense		(3,920)	(3,379)
Other expenses		(20,739)	(14,011)
<b>Profit before tax</b>		4,078	2,719
Income tax expense		(1,065)	(795)
<b>Profit for the period</b>		3,013	1,924
<b>Other comprehensive income for the period (net of tax)</b>		-	-
<b>Total Comprehensive Income</b>		3,013	1,924
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		0.713	0.460
Diluted earnings per share		0.710	0.450

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 2017

Consolidated Entity			
	Note	31 December 2017	30 June 2017
		\$'000	\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		12,351	16,432
Trade and other receivables		106,124	99,043
Inventories		2,061	2,174
<b>Total Current Assets</b>		<b>120,536</b>	<b>117,649</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		1,214	2,248
Property, plant and equipment		14,466	9,522
Deferred tax assets		5,058	6,124
Goodwill		15,185	15,185
Intangible assets		2,077	2,414
Other financial assets		-	3
<b>Total Non-Current Assets</b>		<b>38,000</b>	<b>35,496</b>
<b>TOTAL ASSETS</b>		<b>158,536</b>	<b>153,145</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		91,230	88,320
Borrowings	8	1,909	1,664
Provisions		13,716	14,381
<b>Total Current Liabilities</b>		<b>106,855</b>	<b>104,365</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	8	3,546	1,263
Provisions		1,697	1,992
Investment in Joint Venture		-	81
<b>Total Non-Current Liabilities</b>		<b>5,243</b>	<b>3,336</b>
<b>TOTAL LIABILITIES</b>		<b>112,098</b>	<b>107,701</b>
<b>NET ASSETS</b>		<b>46,438</b>	<b>45,444</b>
<b>EQUITY</b>			
Issued capital	5	97,564	97,564
Reserves		1,518	1,423
Accumulated losses		(65,243)	(65,243)
Profit Reserve	2	12,599	11,700
<b>Total Equity</b>		<b>46,438</b>	<b>45,444</b>

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 2017

	Consolidated Entity		
	Notes	Half Year Ended	
		31 December 2017	31 December 2016
	\$'000	\$'000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	330,648	280,612	
Payments to suppliers and employees	(328,814)	(270,438)	
Interest and other costs of finance paid	(390)	(335)	
<b>Net cash inflow from operating activities</b>	<b>1,444</b>	<b>9,839</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	15	102	
Payments for plant and equipment	(3,829)	(1,322)	
Proceeds from sale of plant and equipment	271	400	
<b>Net cash outflow from investing activities</b>	<b>(3,543)</b>	<b>(820)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment for shares issued for vesting rights	-	(69)	
Proceeds from borrowings	1,948	1,926	
Proceeds from repayment of executive loans	692	-	
Repayment of borrowings	(1,784)	(1,436)	
Payment of finance lease liabilities	(724)	(710)	
Dividends paid	(2,114)	-	
<b>Net cash outflow from financing activities</b>	<b>(1,982)</b>	<b>(289)</b>	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,081)	8,730	
Cash and cash equivalents at the beginning of the period	16,432	21,490	
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>12,351</b>	<b>30,220</b>	

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 2017

Consolidated Entity					
	Issued capital	Accumulated losses	Profit Reserve (refer Note 2)	Share-based payment reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2016</b>	<b>97,592</b>	<b>(65,243)</b>	<b>7,737</b>	<b>1,410</b>	<b>41,496</b>
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	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>97,564</b>	<b>(65,243)</b>	<b>9,661</b>	<b>1,359</b>	<b>43,341</b>
<b>Balance at 1 July 2017</b>	<b>97,564</b>	<b>(65,243)</b>	<b>11,700</b>	<b>1,423</b>	<b>45,444</b>
Profit for the period	-	-	3,013	-	3,013
Total comprehensive income for the period	-	-	3,013	-	3,013
Dividends paid	-	-	(2,114)	-	(2,114)
Share-based payment expense	-	-	-	95	95
Shares issued during period	-	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>97,564</b>	<b>(65,243)</b>	<b>12,599</b>	<b>1,518</b>	<b>46,438</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year Ended 31 December 2017

## 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 2017 Annual Financial Report for the financial year ended 30 June 2017, 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) Amendments to Accounting Standards and new Interpretations that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the 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 1048 Interpretation of Standards
- . AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- . AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- . AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year Ended 31 December 2017

## Note 1. Significant accounting policies (cont'd)

### **Impact of the application of AASB 1048 Interpretation of Standards**

The Group has applied the new principal version of AASB 1048 providing an up-to-date listing of Australian Interpretations, including Interpretation 22 Foreign Currency Transactions and Advance Consideration and Interpretation 23 Uncertainty over Income Tax Treatments.

The application of these amendments has had no impact on the Group's consolidated financial statements as this is a service standard that ensures there is no difference between the status of Interpretations in the hierarchy between IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

### **Impact of the application of AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses**

The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

### **Impact of the application of AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107**

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group's liabilities arising from financing activities consist of borrowings and certain other financial liabilities (note 8). A reconciliation between the opening and closing balances of these items is provided in note 8. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in note 8, the application of these amendments has had no impact on the Group's consolidated financial statements.

### **Impact of the application of AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016**

Amends AASB 12 Disclosure of Interests in Other Entities to clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year Ended 31 December 2017

## Note 2. Profit Reserve

	31 December 2017 \$'000	31 December 2016 \$'000
<b>Movements in profit reserve were as follows:</b>		
Balance at beginning of period	11,700	7,737
Net profit for the period	3,013	1,924
Dividends paid	(2,114)	-
<b>Balance at end of reporting period</b>	<b>12,599</b>	<b>9,661</b>

## 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

BSA | Connect provides contracting services to the telecommunications, subscription television and communication industries. The contracting services includes the delivery of bundled services over fixed line multi-technology services and networks and the installation of subscription television. In addition, BSA | Connect will provide smart metering services.

#### BSA | Build

BSA | Build provides the design and installation of building services for commercial and industrial buildings including mechanical services, air conditioning, heating and ventilation, refrigeration and fire services.

#### BSA | Maintain

BSA | Maintain provides the maintenance of building services for commercial and industrial buildings including, mechanical services, air conditioning, heating and ventilation, refrigeration, fire, electrical and general building services.

#### Other

Interest income that is not allocated to the operating segments.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year Ended 31 December 2017

## 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 17 \$'000	31 Dec 16 \$'000	31 Dec 17 \$'000	31 Dec 16 \$'000
<b>Continuing Operations</b>				
BSA   Connect	137,662	85,282	10,158	3,556
BSA   Build	109,716	115,182	(1,817)	79
BSA   Maintain	44,966	41,375	72	1,087
Other	15	102	-	-
<b>Revenue and profit/(loss) from external customers</b>	<b>292,359</b>	<b>241,941</b>	<b>8,413</b>	<b>4,722</b>
Corporate costs including legal and advisory			(3,945)	(1,668)
Finance costs			(390)	(335)
Profit before tax			4,078	2,719
Income tax expense			(1,065)	(795)
<b>Consolidated segment revenue and profit / (loss) for the period</b>	<b>292,359</b>	<b>241,941</b>	<b>3,013</b>	<b>1,924</b>

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

	31 December	30 June
	2017 \$'000	2017 \$'000
<b>Continuing Operations</b>		
BSA   Connect	77,971	50,260
BSA   Build	59,167	73,934
BSA   Maintain	21,398	28,951
<b>Total assets</b>	<b>158,536</b>	<b>153,145</b>

## Note 4. Dividends

	Half Year Ended	
	31 December 2017 \$'000	31 December 2016 \$'000
<b>Ordinary Shares</b>		

Dividends paid during the half-year

2,114

Nil

Final FY17 dividend paid on 2 Nov 2017 was 0.5 cents per share fully franked at a tax rate of 30%. The Board will consider a final dividend for FY18 following the full year results.

### Dividends not declared for the half-year

The Directors have not declared the payment of an interim dividend for the current half-year.

Nil

Nil

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year Ended 31 December 2017

## Note 5. Issued Capital

	Half-year ended	
	31 Dec 17	31 Dec 16
	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 2017	Opening Balance	422,907,346	97,564
31 December 2017	Balance	<b>422,907,346</b>	<b>97,564</b>

## 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 2017.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year Ended 31 December 2017

## Note 8. Financing Facilities

	Consolidated	
	31 December 2017	30 June 2017
	\$'000	\$'000
<b>Total Facilities at balance date:</b>		
(i) Corporate Market Loan	20,000	20,000
(i) Equipment Finance Facility	8,000	5,000
Other	555	649
	<b>28,555</b>	<b>25,649</b>
<b>Used at balance date</b>		
(i) Corporate Market Loan	-	-
(i) Equipment Finance Facility	4,900	2,278
Other	555	649
	<b>5,455</b>	<b>2,927</b>
<b>Unused at balance date</b>		
(i) Corporate Market Loan	20,000	20,000
(i) Equipment Finance Facility	3,100	2,722
Other	-	-
	<b>23,100</b>	<b>22,722</b>

(i) In addition to the above arrangements the consolidated entity has a bank guarantee facility of \$26,500,000 (June 2017 : \$26,500,000) which was utilised to \$22,762,000 (June 2017 : \$24,028,000). All of the banking facilities have an expiry date of 31st December 2018. BSA is in the final stages of negotiating a new facility. 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 2017 : \$30,000,000) which was utilised to \$15,811,000 (June 2017 : \$18,642,000). This facility currently expires on 31 March 2018 and discussions have commenced on an extension to this facility.

## Note 9. Significant Items

	Consolidated	
	31 December 2017	31 December 2016
	\$'000	\$'000
Restructure costs	1,076	368
Other contract one-off items	242	1,698
Legal costs relating to legacy issues	414	681
<b>Total significant items</b>	<b>1,732</b>	<b>2,747</b>

## 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 \$38,573,000 (June 2017:\$42,670,000).

(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 certain activities claimed in respect of the 2012, 2013 and 2014 years by BSA as Research and Development are not "Core R&D activities" for the purpose of the Income Tax Assessment Acts.

The section 30C internal review of the section 27J finding filed by BSA has confirmed the original findings. The matter is now being taken to the AAT.

In the event that BSA is unsuccessful in challenging the finding through appropriate mechanisms, the Company may be denied tax credits 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 defensible position against the Innovation Australia finding under s27J.

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

(iii) Following the settlement of the NSW OSR issue, BSA is currently working with other State Revenue Authorities on outstanding matters. In relation to these discussions, BSA has made provisions at 31 December 2017 based on current available information.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year Ended 31 December 2017

## Note 11. Non-Current Assets - Goodwill

	BSA   Connect	BSA   Build	BSA   Maintain	Consolidated
<b>\$'000</b>				
<b>Closing carrying value at 31 December</b>				
2017	-	15,185	-	15,185
2016	-	15,185	-	15,185

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

At 31 December 2017 the company has assessed both internal and external indicators of impairment, including completing the value-in-use models, and did not identify any indicators of impairment.

# INTERIM CONSOLIDATED FINANCIAL REPORT

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for the Half-Year Ended 31 December 2017

## 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.

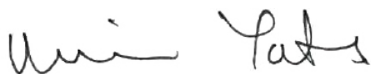
Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Michael Givoni

Chairman



Nicholas Yates

Managing Director &  
Chief Executive Officer

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26 February 2018

## 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 2017, 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, notes comprising a summary of significant accounting policies and other selected explanatory information 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 2017 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

## Independent Auditor's Review Report to the members of BSA Ltd

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### 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 2017 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, 26 February 2018

# CORPORATE DIRECTORY

## BSA Limited - Corporate

### Registered Office (Sydney)

Level 7, 3 Thomas Holt Drive

Macquarie Park NSW 2113

P +61 2 8748 2400

F +61 2 8748 2577

E [corporate@bsa.com.au](mailto:corporate@bsa.com.au)

W [www.bsa.com.au](http://www.bsa.com.au)

## BSA | Build

### Head Office (Sydney)

Level 7, 3 Thomas Holt Drive

Macquarie Park NSW 2113

P +61 2 9763 6200

F +61 2 9763 6201

## BSA | Connect

### Head Office (Sydney)

Level 7, 3 Thomas Holt Drive

Macquarie Park NSW 2113

P +61 2 8748 2400

F +61 2 8748 2577

## BSA | Maintain

### Head Office (Sydney)

Level 7, 3 Thomas Holt Drive

Macquarie Park NSW 2113

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

225 George Street

Sydney NSW 2000

## Banker

### National Australia Bank

255 George Street

Sydney NSW 2000

[www.bsa.com.au](http://www.bsa.com.au)