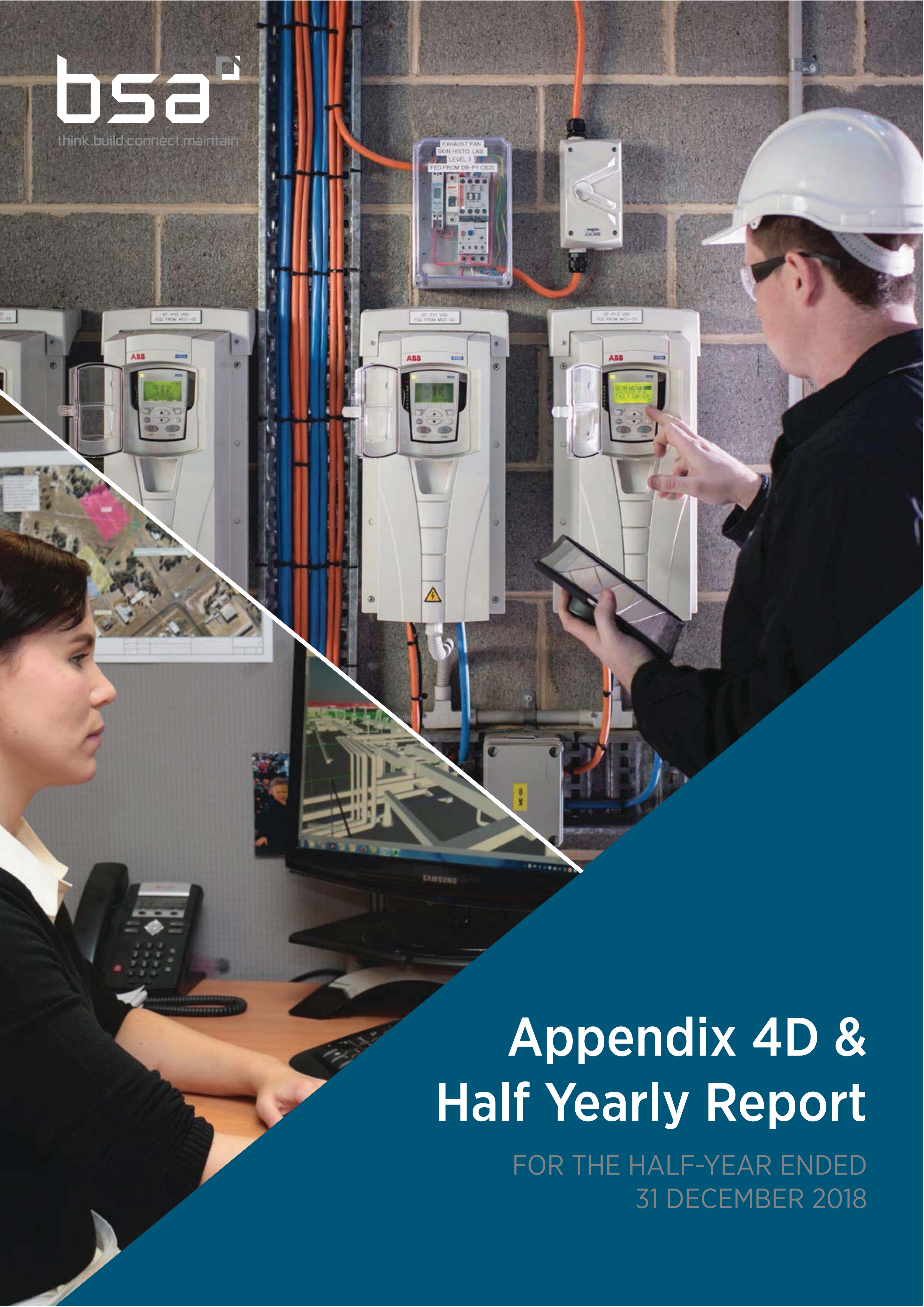

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Appendix 4D & Half Yearly Report

FOR THE HALF-YEAR ENDED
31 DECEMBER 2018

APPENDIX 4D

REPORTING PERIOD	**Half-Year Ended 31 December 2018**
PREVIOUS CORRESPONDING PERIOD	**Half-Year Ended 31 December 2017**

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

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1 Results for announcement to the market

2 Net tangible assets per ordinary share

3 Details of controlled entities

4 Details of associates and joint venture entities

5 Dividends

6 Accounting Standards

APPENDIX 4D

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Up/Down			$'000
Revenue from ordinary activities	Down	(2.5%)	to	284,896
Profit/(loss) from ordinary activities after income tax attributable to members	Down	(11.8%)	to	2,656
Net profit/(loss) for the period attributable to members	Down	(11.8%)	to	2,656

DIVIDENDS PER SHARE

	Amount per share		Franked amount per share at 100% tax	
Final - FY 2018	0.5	cents	0.5	cents
Interim - FY 2019	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	3.21 cents	5.70 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
Triple M and Premier Fire JV Co Limited	50%	50%
BSAF Joint Venture	50%	0%

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 before income tax	172	1,005
Income tax expense	(51)	(373)
Net profit	121	632
Adjustments	-	-
Share of net profit of associates and joint venture entities	121	632

5. DIVIDENDS

5.1 Dividends per Share

	Current Period $'000	Previous corresponding period $'000
(a) Ordinary Shares		
A final dividend of 0.5 cents per fully paid ordinary share, (2017: 0.5 cents) fully franked based on tax at 30%, was paid on 2 November 2018.	2,118	2,114
(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 (2017: Nil).	Nil	Nil

5.2 Dividend Reinvestment Plan (DRP)

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 DRP operated in respect of the half year ended 31 December 2018 distribution.

6. ACCOUNTING STANDARDS

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

HALF-YEAR REPORT

For the Half-Year Ended 31 December 2018

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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 2018 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 2019.

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 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is set out below:

The names of the Directors of the Company during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Michael Givoni	Mr Paul Teisseire
Mr Nicholas Yates	Mr Max Cowley (Resigned 8 February 2019)
Mr Mark Lowe	Mr Graeme Barclay

REVIEW OF OPERATIONS

Operating Cash Flow

Operating cash in-flow during the period totalled $3.085 million (prior corresponding period (pcp): $1.444 million in-flow). Net operating cash in-flow was positively impacted from the completion of the nbn construction program of works (MIMA) and improvements in underlying aged cash collections. This was partially offset from cash outflows associated with the closure of the HVAC Build operations in Queensland and Western Australia and OSR payments in certain states.

Balance Sheet & Funding

The net cash position at 31 December 2018 was $6.500 million compared to a net cash position of $6.966 million at 30 June 2018. Net tangible assets decreased by $9.127 million in the six month period to 31 December 2018.

BSA | Connect

The BSA | Connect business unit revenue was $117.663 million, a reduction of $19.999 million compared to the prior corresponding period of $137.662 million. This reduction was largely due to the successful completion of the nbn construction program of works (MIMA) in the period and reduced Foxtel volumes. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the first half of $8.638 million was lower compared to the prior corresponding period of $11.071 million largely due to the finalisation of the nbn construction program (MIMA) and strategic investments actioned to expand workforce capability.

BSA | Maintain

The BSA | Maintain business unit achieved a higher first half revenue of $49.740 million compared with $44.966 million for the prior corresponding period due to new contracts secured and mobilised in the last twelve months and growth in the existing customer portfolio.

EBITDA in the first half totalled $1.838 million compared with $0.945 million for the prior corresponding period with growth driven by new contracts secured during the period and improvements in operational efficiencies.

BSA | Build

The BSA | Build business unit delivered increased first half revenue of $117.597 million compared with $109.716 million for the prior corresponding period, predominately driven by growth in the Fire Build business. BSA | Build had an EBITDA profit of $0.612 million compared to a $1.420 million loss for the prior corresponding period driven by significantly improved performance in continuing NSW and Victorian divisions of HVAC Build and strong performance across our Fire Build business.

The contracted work on hand for the BSA | Build business reduced to $162.846 million (a 17% reduction from 30 June 2018), which reflects the Group's strategic repositioning of the HVAC Build business.

A deed of settlement was executed on the nRAH project which resolved all outstanding issues. This settlement had a neutral impact on profitability in the period.

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 2019

Disclosing Non-IFRS Financial Information

The Directors consider EBITDA a key measure of performance for the Group 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 FY19 A$'000	H1 FY18 A$'000
Profit /(loss) for the period from continuing operations	2,656	3,013
Add back:		
Income tax expense	1,217	1,065
Finance costs	356	390
Interest revenue	(4)	(15)
Depreciation	3,029	2,454
Amortisation expense	337	337
EBITDA	**7,591**	**7,244**
Total Significant Items (note 9)	4,169	1,732
EBITDA excluding significant items	**11,760**	**8,976**

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

26 February 2019

Dear Directors

Auditor's Independence Declaration to BSA Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of BSA Limited.

As lead audit partner for the review of the half-year financial report of BSA Limited for the half-year ended 31 December 2018, 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

AG Collinson
Partner
Chartered Accountants

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Half-Year Ended 31 December 2018

		Consolidated	
		Half Year Ended	
	Note	31 December 2018	31 December 2017
		$'000	$'000
Revenue	3	284,896	292,161
Other Income	3	108	198
Share of profits of joint venture		121	632
Changes in inventories of finished goods and work in progress		(435)	(670)
Subcontractors and raw materials used (Note A below)	9	(226,942)	(228,270)
Employee benefits expense		(28,576)	(32,133)
Depreciation and amortisation expenses		(3,366)	(2,791)
Finance costs		(356)	(390)
Occupancy expense		(2,719)	(3,920)
Other expenses		(18,858)	(20,739)
Profit before tax		3,873	4,078
Income tax expense		(1,217)	(1,065)
Profit for the period		2,656	3,013
Other comprehensive income for the period (net of tax)		-	-
Total Comprehensive Income		2,656	3,013

	Cents	Cents
Basic earnings per share	0.620	0.713
Diluted earnings per share	0.619	0.710

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 2018

		Consolidated Entity	
	Note	**31 December 2018**	**30 June 2018**
		$'000	**$'000**
CURRENT ASSETS			
Cash and cash equivalents		12,066	12,670
Trade and other receivables		101,820	106,224
Inventories		1,739	1,541
Total Current Assets		**115,625**	**120,435**
NON-CURRENT ASSETS			
Trade and other receivables		946	946
Investment in Joint Venture		176	170
Property, plant and equipment		14,998	14,736
Deferred tax assets		8,279	5,215
Goodwill		15,185	15,185
Intangible assets		1,404	1,740
Total Non-Current Assets		**40,988**	**37,992**
TOTAL ASSETS		**156,613**	**158,427**
CURRENT LIABILITIES			
Trade and other payables		97,296	92,066
Borrowings	8	2,220	2,083
Current tax liabilities		737	-
Provisions		11,225	12,058
Total Current Liabilities		**111,478**	**106,207**
NON-CURRENT LIABILITIES			
Borrowings	8	3,346	3,621
Provisions		3,085	3,481
Investment in Joint Venture		66	81
Total Non-Current Liabilities		**6,497**	**7,183**
TOTAL LIABILITIES		**117,975**	**113,390**
NET ASSETS		**38,638**	**45,037**
EQUITY			
Issued capital	5	98,894	97,562
Reserves		1,568	1,568
Accumulated losses		(73,512)	(65,243)
Profit Reserve	2	11,688	11,150
Total Equity		**38,638**	**45,037**

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 2018

		Consolidated Entity	
		Half Year Ended	
	Note	31 December 2018	31 December 2017
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		320,455	330,648
Payments to suppliers and employees		(317,015)	(328,814)
Interest and other costs of finance paid		(355)	(390)
Net cash inflow from operating activities		**3,085**	**1,444**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4	15
Payments for plant and equipment		(3,042)	(3,829)
Proceeds from sale of plant and equipment		397	271
Net cash outflow from investing activities		**(2,641)**	**(3,543)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		87	-
Proceeds from borrowings		1,936	1,948
Proceeds from repayment of executive loans		1	692
Repayment of borrowings		(1,475)	(1,784)
Payment of finance lease liabilities		(724)	(724)
Dividends paid		(873)	(2,114)
Net cash outflow from financing activities		**(1,048)**	**(1,982)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		(604)	(4,081)
Cash and cash equivalents at the beginning of the period		12,670	16,432
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**12,066**	**12,351**

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 2018

		Consolidated Entity				
	Note	Issued capital $'000	Accumulated losses $'000	Profit Reserve (refer Note 2) $'000	Share-based payment reserve $'000	Total equity $'000
Balance at 1 July 2017		**97,564**	**(65,243)**	**11,700**	**1,423**	**45,444**
Profit for the period		-	-	3,013	-	3,013
Total comprehensive income for the period		-	-	3,013	-	3,013
Dividends paid	4	-	-	(2,114)	-	(2,114)
Share-based payment expense		-	-	-	95	95
Balance at 31 December 2017		**97,564**	**(65,243)**	**12,599**	**1,518**	**46,438**
Balance at 30 June 2018		**97,562**	**(65,243)**	**11,150**	**1,568**	**45,037**
Opening balance adjustment on application of AASB15		-	(8,269)	-	-	(8,269)
Balance at 1 July 2018		**97,562**	**(73,512)**	**11,150**	**1,568**	**36,768**
Profit for the period		-	-	2,656	-	2,656
Total comprehensive income for the period		-	-	2,656	-	2,656
Dividends paid	4	-	-	(2,118)	-	(2,118)
Shares issued during period	5	1,332	-	-	-	1,332
Balance at 31 December 2018		**98,894**	**(73,512)**	**11,688**	**1,568**	**38,638**

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 2018 Annual Financial Report for the financial year ended 30 June 2018, 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) New and amended accounting standards adopted by the Group

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 an accounting period that begins on or after 1 January 2018.

AASB 9 Financial Instruments and related amending Standards

In the current year, the Group has applied AASB 9 Financial Instruments which has come into effect 1 July 2018. AASB 9 simplifies the model for classifying and recognising financial instruments and introduces a new impairment model. The new impairment model is a move away from the previous incurred credit loss approach to the expected credit loss approach. Upon adoption of AASB 9, there was no significant impact on current financial instrument classification and measurement practice.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended in April 2016) which has come into effect 1 July 2018. Details of the new requirements of AASB 15 as well as the impact on the Group's consolidated financial statements are described below.

Impact on application

The Group has applied AASB 15, using the modified approach, with the cumulative effect of initially applying the standard adjusted in the opening balance of equity and comparative figures are therefore not restated. The opening equity adjustment due to the application of the new standard is analysed by financial statement line item below.

	As reported 30 June 2018 $'000	AASB 15 Transition Adjustments $'000	Opening Balance 1 July 2018 $'000
Impact on assets and equity at 1 July 2018:			
Current trade and other receivables	106,224	(11,814)	94,410
Deferred tax assets	5,215	3,545	8,760
Total assets impact	**111,439**	**(8,269)**	**103,170**
Accumulated losses	(65,243)	(8,269)	(73,512)
Total equity impact	**(65,243)**	**(8,269)**	**(73,512)**

Note 1. Significant accounting policies (cont'd)

(d) New and amended accounting standards adopted by the Group (Con't)

Impact on the condensed interim consolidated statement of profit and loss

Had AASB 15 Revenue from Contracts with Customers not been applied and the financial statements were still produced under previous guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations, the financial report for the half year ended 31 December 2018 would have been impacted as follows:

• the condensed statement of financial position as at 31 December 2018 would be impacted by adding back $8.3 million of transition adjustments to both net assets and equity; and
• the impact on all line items reported in the consolidated statement of profit or loss for the 6 months to 31 December 2018 would not be material.

Accordingly there would be no additional material impact on the consolidated statement of financial position as at 31 December 2018 after adding back the transition adjustments noted above.

Policies applied from 1 July 2018

Non-derivative financial assets

(i) Classification
From 1 July 2018, the Group classifies its financial assets in the following measurement categories:
• Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
• Those to be measured at amortised cost

The classification depends on the Group's business model for managing financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Measurement of cash and cash equivalents and trade and other receivables remains at amortised cost consistent with the comparative period.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

• Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
• Fair value through other comprehensive income (FVOCI): Assets that are held for collecting contractual cash flows and through sale on specified dates. A gain or loss on a debt investment that is subsequently measured at FVOCI is recognised in other comprehensive income. None are currently held by the Group.
• Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises. None are currently held by the Group.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other expenses in the statement of profit or loss as applicable.

Note 1. Significant accounting policies (cont'd)

(d) New and amended accounting standards adopted by the Group (cont'd)

(iii) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, contract debtors and lease receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Revenue recognition

Revenue was previously recognised when it is probable that work performed will result in revenue whereas under the new standard, revenue is recognised when it is highly probable that a significant reversal of revenue will not occur.

Construction revenue

The Group 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. Contracts entered into may be for the construction of one or several separate inter-linked pieces of large infrastructure. The construction of each individual piece of infrastructure is generally taken to be one performance obligation. Where contracts are entered for the building of several projects the total transaction price is allocated across each project based on stand-alone selling prices. The transaction price is normally fixed at the start of the project. It is normal practice for contracts to include bonus and penalty elements based on timely construction or other performance criteria known as variable consideration, discussed below.

The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed they are controlled by the customer and have no alternative use to the Group, with the Group having a right to payment for performance to date.

Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised on the measured output of each process based on appraisals that are agreed with the customer on a regular basis.

Revenue earned is typically invoiced monthly or in some cases on achievement of milestones or to match major capital outlay. Invoices are paid on normal commercial terms, which may include the customer withholding a retention amount until finalisation of the construction. Certain construction projects entered into receive payment prior to work being performed in which case revenue is deferred on the consolidated statement of financial position.

Services revenue

The Group performs installation and maintenance services for a variety of different industries. Contracts entered into can cover installation and servicing of related assets which may involve various different processes. These processes and activities tend to be highly interrelated and the Group provides a significant service of integration for these assets under contract. The total transaction price is allocated across each service or performance obligation and, where linked, the construction of the relevant asset. The transaction price is allocated to each performance obligation based on contracted prices. The total transaction price may include variable consideration.

Installation and servicing fees:

Performance obligations are fulfilled at a point in time as the benefits provided to our customers under this category of work type do not transfer to the customer until the completion of the service and as such revenue is recognised upon completion.

Customers are in general invoiced on a monthly basis for an amount that is calculated on either a schedule of rates or a cost plus basis that are aligned with the stand alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms.

Variable consideration

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as constraint requirements. The Group assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

Contract fulfilment costs

Costs incurred prior to the commencement of a contract may arise due to mobilisation/site setup costs, feasibility studies, environmental impact studies and preliminary design activities as these are costs incurred to fulfil a contract. Where these costs are expected to be recovered, they are capitalised and amortised over the course of the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

Note 1. Significant accounting policies (cont'd)

(d) New and amended accounting standards adopted by the Group (cont'd)

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer is significant and therefore there aren't expected to be financing components within the contracts. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Loss making contracts

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

Interest revenue is recognised on an accruals basis.

Dividend income is recognised when the dividend is declared.

(e) New accounting standards not yet adopted

AASB 16 Leases (AASB 16) (effective from annual reporting period beginning on or after 1 January 2019)

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. AASB 16 will change the way lessees account for leases by eliminating the current dual accounting model which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there will be a single, on-balance sheet accounting model that is similar to the current finance lease accounting. Where the Group is the lessee, this new treatment will result in recognition of a right of use asset along with the associated lease liability in the consolidated statement of financial position and both a depreciation and interest charge in the consolidated statement of comprehensive income.

The Group manages its owned and leased assets to ensure there is an appropriate level of equipment to meet its current obligations and to tender for new work. The decision as to whether to lease or purchase an asset is dependent on the finance available at the time and the residual risk of ownership following the anticipated completion of the project

As at 31 December 2018, Management has reviewed the current lease related business processes, controls, governance and the future state requirements. The quantification of the likely impact of AASB 16 for existing or known lease contracts (currently disclosed as operating lease commitments) is ongoing. As a result, the Group has not yet quantified the impact of the new standard. However, the Group has completed a review of contracts, contracting processes and an assessment of system requirements to support the transition to the new standard. Changes to these processes and the system implementation are ongoing and will progress through H2 FY19.

AASB 16 must be implemented retrospectively either, with the restatement of comparatives or, under the modified retrospective approach, with the cumulative impact of initial application recognised as an adjustment to opening retained earnings as at 1 July 2019.

Under the modified retrospective approach, on a lease-by-lease basis, the right of use of an asset may be deemed to be equivalent to the lease liability at transition or calculated retrospectively as at inception of the lease.

The Group is in the process of assessing available options for transition.

Other

The following new or amended standards, applicable for annual reporting periods beginning on or after 1 January 2019, are still being reviewed by the Group and are not expected to have a significant impact on the Group’s consolidated financial statements:

• AASB 2014-10 Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture;

• AASB 2018-1 Annual Improvements to IFRS Standards 2015-2017 Cycle - Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs;

• AASB 2017-7 Amendments to Australian Accounting Standards – Long term interests in joint ventures and associates; and

• AASB Interpretation 23 Uncertainty Over Income Tax Treatments, AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments.

Note 2. Profit Reserve

	31 December 2018 $'000	31 December 2017 $'000
Movements in profit reserve were as follows:		
Balance at beginning of period	11,150	11,700
Net profit for the period	2,656	3,013
Dividend distribution (refer to Note 4)	(2,118)	(2,114)
Balance at end of reporting period	**11,688**	**12,599**

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, communication, energy (smart metering) and solar industries. The contracting services includes the delivery of bundled services over fixed line multi-technology services and networks and the installation of subscription television.

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.

for the Half-Year Ended 31 December 2018

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 18 $'000	31 Dec 17 $'000	31 Dec 18 $'000	31 Dec 17 $'000
Continuing Operations				
BSA | Connect	117,663	137,662	7,470	10,158
BSA | Build	117,597	109,716	259	(1,817)
BSA | Maintain	49,740	44,966	1,365	409
Other	4	15	-	-
Revenue (i) and profit from external customers	**285,004**	**292,359**	**9,094**	**8,750**
Corporate costs including legal and advisory			(4,865)	(4,282)
Finance costs			(356)	(390)
Profit before tax			3,873	4,078
Income tax expense			(1,217)	(1,065)
Profit for the period			**2,656**	**3,013**

(i) Includes $108,000 of other income ($198,000 in 31 December 2017)

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

	31 December 2018 $'000	30 June 2018 $'000
Continuing Operations		
BSA | Connect	53,355	48,082
BSA | Build	74,668	78,823
BSA | Maintain	28,590	31,522
Total assets	**156,613**	**158,427**

Disaggregation of segment revenue

31 December 2018	BSA | Connect $'000	BSA | Build $'000	BSA | Maintain $'000	Other $'000	Total $'000
Segment revenue	117,663	117,597	49,740	4	285,004
Timing of revenue recognition					
At point in time	95,123	23,495	49,740	-	168,358
Over time	22,540	94,102	-	4	116,646
	117,663	**117,597**	**49,740**	**4**	**285,004**

31 December 2017	BSA | Connect $'000	BSA | Build $'000	BSA | Maintain $'000	Other $'000	Total $'000
Segment revenue	137,662	109,716	44,966	15	292,359
Timing of revenue recognition					
At point in time	110,669	14,273	44,966	-	169,908
Over time	26,993	95,443	-	15	122,451
	137,662	**109,716**	**44,966**	**15**	**292,359**

for the Half-Year Ended 31 December 2018

Note 4. Dividends

	Half-Year Ended	
	31 December 2018 $'000	31 December 2017 $'000
Ordinary Shares		
Dividends distributed during the half-year	**2,118**	**2,114**

Final FY18 dividend distributed on 2 November 2018 was 0.5 cents per share fully franked at a tax rate of 30%. The Board will consider a final dividend for FY19 following the full year results.

The Group has a Dividend Reinvestment Plan (DRP) in place. The DRP was in place for the distribution made in November 2018. The distribution resulted in $0.873 million being paid in cash and $1.245 million being raised by the DRP through the issue of 4.610 million securities at $0.27 in November 2018.

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**

Note 5. Issued Capital

	Half-Year Ended	
	31 December 2018 Number of Shares	31 December 2017 Number of Shares
Ordinary shares - fully paid	428,241,404	422,907,346

Movement on ordinary share capital

Date	Details	Number of Shares	$'000
1 July 2018	Opening Balance	422,997,668	97,562
27 July 2018	Exercise of Non-Executive Director Rights	257,838	87
21 Sep 2018	Exercise of Performance Rights	375,391	-
2 Nov 2018	Dividend Reinvestment Plan	4,610,507	1,245
31 December 2018	Balance	**428,241,404**	**98,894**

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 ended 30 June 2018.

for the Half-Year Ended 31 December 2018

Note 8. Financing Facilities

	Consolidated	
	31 December 2018	30 June 2018
	$'000	$'000
Total Facilities at balance date:		
(i) Corporate Market Loan	20,000	20,000
(ii) Debtor Finance Facility	12,500	12,500
(i) Equipment Finance Facility	8,000	8,000
Other	960	743
	41,460	**41,243**
Used at balance date		
(i) Corporate Market Loan	-	-
(ii) Debtor Finance Facility	-	-
(i) Equipment Finance Facility	4,606	4,961
Other	960	743
	5,566	**5,704**
Unused at balance date		
(i) Corporate Market Loan	20,000	20,000
(ii) Debtor Finance Facility	12,500	12,500
(i) Equipment Finance Facility	3,394	3,039
Other	-	-
	35,894	**35,539**

(i) In addition to the above arrangements the consolidated entity has a bank guarantee facility of $26,500,000 (June 2018: $26,500,000) which was utilised to $18,019,000 (June 2018: $24,902,000). These banking facilities have an expiry date of 31st December 2020. The Group is in compliance with all Bank Covenants.

(ii) This facility has an expiry date of 31 October 2019.

(iii) In addition to the above arrangements the consolidated entity has a surety bond facility with Swiss Re International SE of $30,000,000 (June 2018: $30,000,000) which was utilised to $19,153,000 (June 2018: $16,341,000). This annual facility currently expires on 1 May 2019 and discussions have commenced on an extension to this facility.

Note 9. Significant Items

	Consolidated	
	31 December 2018	31 December 2017
	$'000	$'000
Portfolio restructure	3,588	1,076
Other contract one-off items	-	242
Legal costs relating to legacy issues	581	414
Non-recurring key project provisions, releases and write downs	**4,169**	**1,732**

Portfolio restructure includes costs associated with the closure and exit from the HVAC Build operations in Western Australia and Queensland.

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 $37,173,000 (June 2018: $41,242,000).

(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 Administrative Appeals Tribunal (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 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.

(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 2018 based on current available information.

Note 11. Non-Current Assets - Goodwill

$'000	BSA | Connect	BSA | Build	BSA | Maintain	Consolidated
Closing carrying value at 31 December				
2018	-	15,185	-	15,185
2017	-	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 2018 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
Chairman

Nicholas Yates
Managing Director &
Chief Executive Officer

26 February 2019

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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 2018, and 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 explanatory information, and the Directors' declaration of the consolidated entity comprising 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 24.

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 BSA Limited's financial position as at 31 December 2018 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 2018 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 Act 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 26 February 2019

CORPORATE DIRECTORY

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