



Annual Report

BSA Limited

2013

BSA announced the \$93 million contract for the Mechanical Services at the new Royal Adelaide Hospital (nRAH) in February 2013. Construction on the project commenced in 2011.



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In 2013, BSA opened new offices in Adelaide to deliver on the landmark nRAH project.



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CHAIRMAN'S REPORT

Triple 'M' completed the Mechanical Services installation for the Parramatta Justice Precinct. BSA continues to provide maintenance services to the facilities, which achieved 5 Star Green Star and 5 Star Nabers ratings.



KEY HIGHLIGHTS

\$474 million

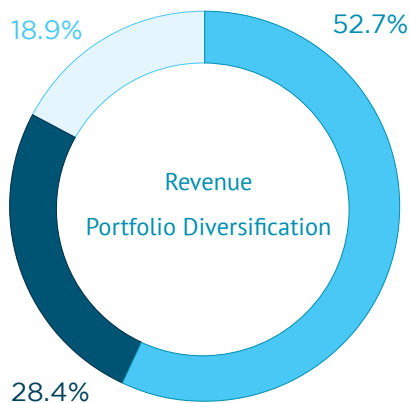
Revenue

\$12.8 million

EBITDA

\$3.8 million

Net profit after tax



On behalf of BSA Limited, I am pleased to report on our performance in what has been another challenging year for BSA, where we have faced significant challenges in each of our markets.

Technical Design and Construction Projects (TDCP) experienced the failure of a number of second tier builders, the slowing of the construction industry, working capital impacts from finalising our large contracts, and reduced margins on underperforming contracts.

Technical Field Force Solutions (TFFS) successfully renegotiated the Foxtel contract, securing additional tenure and business in regional areas; at the time of this report, we are continuing to mobilise the new regional activities in this contract.

Technical Maintenance Services (TMS) was also impacted by the failure of second tier builders and the slowing of the resource sector, affecting our operations in Western Australia.

Despite these market difficulties, your Company's forward workload is very healthy. Our challenge however, is to improve our cash flow and ensure our operational disciplines are in place to achieve this.

“ BSA has built a strong forward workload despite the underlying market challenges ”



Ross Johnston
Chairman

BSA's continued investment in workplace health, safety, security and environment has been further rewarded with a 77% reduction in Lost Time Incidents (LTI) compared to FY2012. BSA is now tracking towards best practice.

Our Managing Director, Steve Nash, will provide a detailed review of our results in the Managing Director's Report. The key highlights are as follows:

- Revenue \$474 million;
- EBITDA \$12.8 million;
- Net profit after tax \$3.8 million;
- Basic earnings per share of 1.64 cents;
- Operating cash flow -\$16.5 million; and
- Nil final dividend was declared.

Additionally, we have achieved the following:

- Following Foxtel's acquisition of Austar, BSA was awarded an extension, to 2017, of its existing metropolitan works contract, as well as all regional work in Australia. BSA is very proud that it is entering its 15th year as a service provider to Foxtel, Australia's leading subscription television provider;
- Secured the new Royal Adelaide Hospital contract with the Hansen Yuncken Leighton Contractors Joint Venture. I am pleased to report that we have established offices and fabrication facilities in Adelaide and engaged all key positions to fulfil our contract obligations. Including this contract, our construction order book stands at a healthy \$277 million;
- Experienced 26% growth in the newly formed TMS Business Unit that is now one of Australia's leading Heating, Ventilation, Air Conditioning (HVAC), and Fire Services maintenance providers;

- Continued the investment in our vehicle fleet, business systems, business continuity programs and branch infrastructure;
- Despite difficult market conditions that suppressed revenue growth, compared to FY2012, all Business Units actively pursued forward work resulting in good underlying revenue for FY2014. This has provided BSA with the opportunity to focus on improving earnings and extracting cash, with less business development costs expected in the 2014 financial year;
- The appointment of a new Chief Financial Officer, who will commence with the business on 1 October 2013; and
- Heightened the focus on working capital management across the Company.

Operating cash flow was -\$16.5 million compared to +\$23.9 million in FY2012, and the decline in our profit before tax reflects the difficult trading conditions and other issues outlined in our various market updates. The Board and management are focused on extracting improved earnings and greater cash in FY2014 as the respective Business Units deal with their issues in the first half.

The Board has resolved not to pay a final dividend for FY2013. Our decision to pay a dividend is made in every period. In this period, our decision was based on the poor cash flow in the second half and the level of debt.

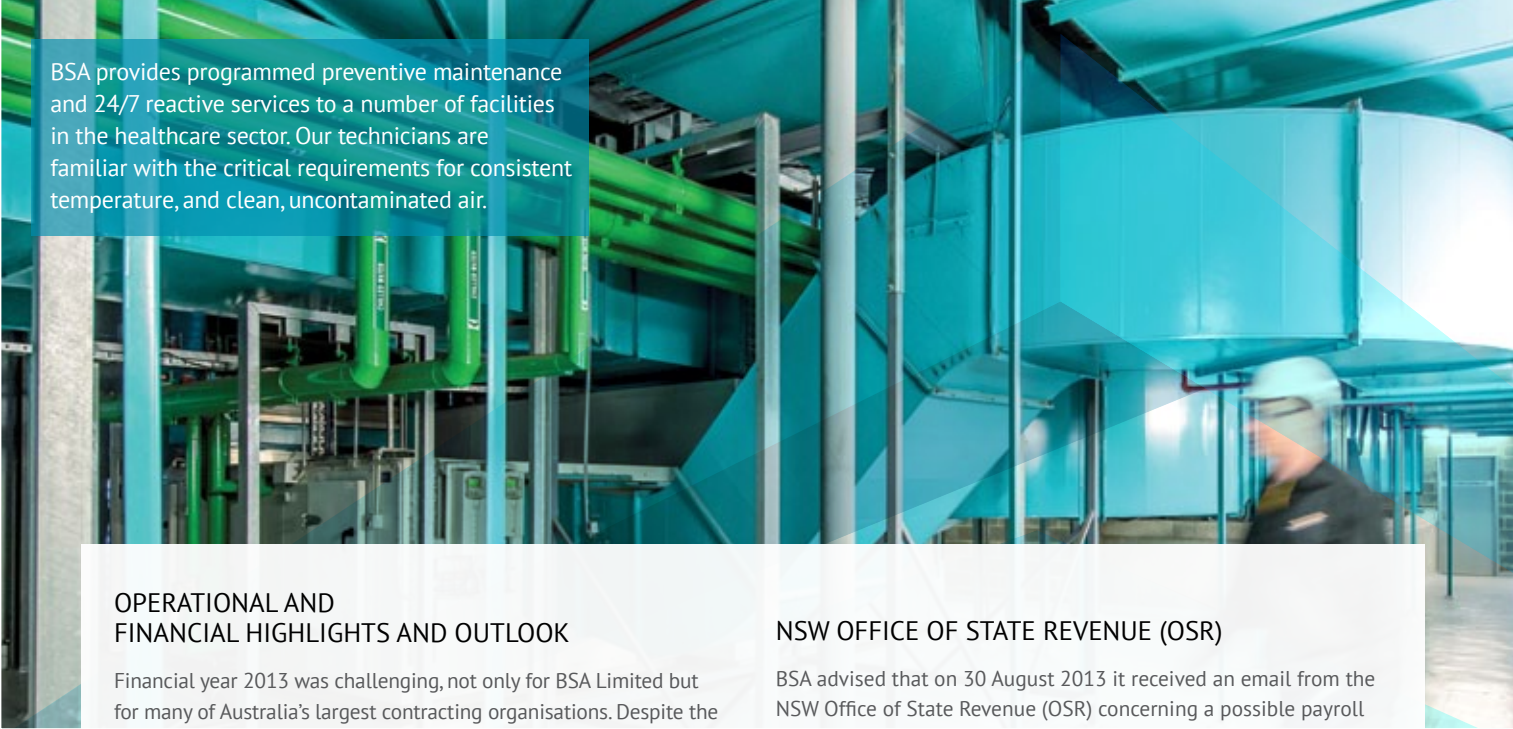
We finished the 2013 financial year with a solid forward order book and a sound, diversified business portfolio in what were very difficult market conditions.

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

Despite the considerable challenges faced throughout FY2013, our staff and Executive team have again shown their commitment to our customers and shareholders. On behalf of the Board, thank you.

Ross Johnston
Chairman

30 September 2013



BSA provides programmed preventive maintenance and 24/7 reactive services to a number of facilities in the healthcare sector. Our technicians are familiar with the critical requirements for consistent temperature, and clean, uncontaminated air.

OPERATIONAL AND FINANCIAL HIGHLIGHTS AND OUTLOOK

Financial year 2013 was challenging, not only for BSA Limited but for many of Australia's largest contracting organisations. Despite the market uncertainty, your Company has built a strong forward workload for FY2014 and beyond. This provides a more certain revenue base that will allow the BSA Group to now focus on improving the quality of its earnings and strengthening the balance sheet.

BSA Group revenue reached \$474 million (2012:\$492 million), resulting in earnings before interest, taxes, depreciation and amortisation (EBITDA) of \$12.8 million (2012:\$16.5 million), and Net Profit for the year of \$3.8 million (2012: \$5.8 million). Further commentary on BSA's Business Units, is outlined below.

BSA delivered basic earnings of 1.64 cents per share (2012: 2.57 cents per share).

The Directors have not declared a final dividend, taking the total dividends for the year to 0.5 cents per share, fully franked.

The Consolidated Statement of Financial Position has seen Current Assets reduce by 13% to \$93.6 million primarily due to the reduction in cash offset by an increase in trade debtors of \$9.6 million. Non-current assets have increased minimally at 2% to \$83.8 million. This increase is primarily due to an increase in property, plant and equipment (\$2.4 million) offset by a reduction in other intangible assets (\$1.4 million). Current liabilities reduced 15% to \$87.1 million. This reduction is mainly due to a decrease in trade and other payables of \$15.0 million, an increase in borrowings of \$3.6 million, and a decrease in tax liabilities of \$4.7 million. Non-current liabilities have increased 35% to \$15.5 million, mainly due to an increase in non-current borrowings.

Closing net debt position of \$20.5 million increased during the year from a \$9.5 million net cash position at 30 June 2012. Cash balance decreased to \$2.0 million (from \$24.7 million at 30 June 2012) due to net cash used in operations of \$16.5 million, investment activities of \$5.2 million, and net cash used in financing activities of \$1.0 million. Cash used in operations of \$16.5 million was due to positive EBITDA \$12.8 million being offset predominantly by a reduction in other operating liabilities of \$12.9 million, an increase in trade receivables of \$9.6 million, and a reduction in provision for income taxes of \$5.9 million.

NSW OFFICE OF STATE REVENUE (OSR)

BSA advised that on 30 August 2013 it received an email from the NSW Office of State Revenue (OSR) concerning a possible payroll tax-related liability of approximately \$11.7 million, for the five year period 2008-2013. This issue related principally to our Technical Field Force Solutions (TFFS) Business Unit.

To allow BSA to more fully understand the matters raised in the OSR email, on 4 September 2013, BSA requested a two week voluntary suspension of its shares whilst we sought advice from our advisors.

Our advisers have confirmed that the OSR email received does not have the status of a notice of assessment issued under the state tax legislation, that a material calculation error has been made in arriving at the figure, and that BSA has reasonable grounds to believe the figure can be reduced by utilising certain avenues of relief. BSA is working, and will continue to work, proactively with the OSR to resolve this matter.

BSA has advised its bank of the above and will continue to work with them in relation to this matter.

With no admission of legal liability, BSA has taken a provision in its FY2013 accounts of \$2 million for any settlement that may occur.

Your Company will continue to keep the market informed as and when further information becomes available.

GROWTH

I have previously advised that the key platforms of BSA's strategy are growth through portfolio diversification, strategic acquisitions and sound organic growth, whilst maintaining a strong balance sheet. However achieving a sound forward workload for Technical Design and Construction Projects business unit was seen as a significant priority over the past 12 months as the impending downturn in the construction industry was a significant risk to the Group.

I can report that we have achieved both a sound forward workload for TDCP of \$277 million and portfolio diversification within the business through both acquisitive and organic growth. The business will now focus on organic growth, extracting greater earnings, optimising working capital, and strengthening the balance sheet.

“ As the revenue base moves into steady state the primary goals for the medium term are improved earnings and strengthening of the balance sheet ”



Steve Nash
Managing Director

Forward orders for Technical Design and Construction Projects (TDCP) stands at \$277 million (2012:\$208 million) including the new Royal Adelaide Hospital (nRAH) project, announced earlier this year.

TFFS has extended its metropolitan contract with Foxtel to 2017, and at the same time gained 100% of the regional work following Foxtel's acquisition of Austar.

Technical Maintenance Services (TMS) has grown by 26% from FY2012 and developed into one of Australia's leading Heating, Ventilation, Air Conditioning (HVAC) and Fire services maintenance businesses, with sound growth prospects for the coming years.

During FY2013, your Company continued to invest in systems, vehicles and facilities ensuring that all businesses now have sustainable competitive advantages, with less investment planned for FY2014 and beyond.

HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY

BSA's safety performance continued to improve throughout FY2013, with a 77% reduction in our Lost Time Incident Frequency Rate (LTIFR) to three incidents/million hours worked. As a consequence of the improved safety performance, our Lost Day Frequency Rate (Lost Days/million hours worked) has reduced by over 56% and cost of claims by over 50%, during the reporting period.

Underpinning the strong cultural and operational improvements is the establishment of our Integrated Management System project, focused on enhancing operational effectiveness, improved risk management and increased regulatory compliance across the Group.

Environmental sustainability remains a key commitment at BSA, with the establishment of a centralised energy consumption and carbon footprint monitoring program, to enable the effective management of energy reduction programs.

COMMUNITY SUPPORT

During the year BSA, and its employees, continued our support of the Foxtel Lap and the Murdoch Childrens Research Institute, for the fourth year in a row, by working together to raise funds for child health research.

We also continued our longstanding partnership with Youngcare, a not-for-profit foundation that provides age appropriate accommodation to young Australians with high-care needs. Youngcare commenced the construction of its Sydney apartments (located in Auburn) in March 2013.

BSA, and its employees, also contributed to a number of charity fundraisers including the Starlight Children's Foundation Australia, Make-A-Wish Australia and St Vincent de Paul.

GENDER DIVERSITY

BSA is committed to providing a workplace for all employees that is free from discrimination, harassment and bullying. We provide a working environment that promotes diversity and ensures all employees reach their potential.

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

Current staff summary:

	Percentage of Employment	
	Female	Male
Board	0%	100%
Senior Executive	12%	88%
Senior Management	15%	85%
Managers	8%	92%
Administration Staff	70%	30%
Skilled Workers	3%	97%

BSA is also committed to recruiting, training and retaining talented future leaders, with apprentice and trainee employees making up 13.2% of our workforce.



Allstaff Airconditioning is nearing the completion of the air conditioning and ancillary systems design and construction contract for the Charles Perkins Centre, NSW. Triple 'M' Fire has also been contracted to deliver the fire and security systems.

TECHNICAL DESIGN AND CONSTRUCTION PROJECTS (TDCP)

Despite difficult trading conditions, the total forward order book for TDCP stands at \$277 million (2012:\$208 million). This includes the recent awards of:

- New Royal Adelaide Hospital;
- 150 Collins Street, a 12 level commercial building housing Westpac in Melbourne; and
- 5 Martin Place, a 20 level office high-rise in Sydney, an iconic building in the Sydney CBD, better known as the CBA 'moneybox' building.

Other significant projects in the forward order book include:

- Charles Perkins Centre in Sydney;
- Swinburne University AMC in Melbourne;
- Macquarie Centre Retail in Sydney;
- Cloisters on Hay in Perth; and
- Indooroopilly Retail in Brisbane.

BSA Group companies Allstaff Airconditioning (Allstaff) and Triple 'M' continues to be the major providers of HVAC and Fire Protection services to the building industry, operating in all mainland states and territories.

Allstaff and Triple 'M' offer a complete in-house facility for design, engineering, fabrication, installation, commissioning and service. Notwithstanding this in-house capability, TDCP also has long standing arrangements with specialist subcontractors.

TDCP \$249.7 million

Revenue (2012:\$283.3 million)

TDCP \$6.0 million

EBITDA (2012:\$8.7 million)

NB: Excludes Corporate Recharges

Nearing completion, or recently completed, major projects include:

- Fiona Stanley Hospital in Perth;
- Liverpool Hospital in Sydney;
- Queensland Institute of Medical Research in Brisbane;
- Olivia Newton John Centre in Melbourne;
- CSL Biotherapies in Melbourne;
- Kinghorn Cancer Centre in Sydney; and
- Hunter Medical Research Institute in the Hunter Region of NSW.

Fiona Stanley Hospital, in Perth, remains the largest HVAC contract awarded in Australia and is now in its final stages of commissioning.



Triple 'M' was engaged to construct the mechanical services at Metronode's Sydney and Illawarra data centres. Triple 'M' installed and commissioned Air Handling Units, Exhaust and associated systems.

BSA's Technical Field Force Solutions continues to provide installation and maintenance services to Optus customers.



TECHNICAL FIELD FORCE SOLUTIONS (TFFS)

On 14 December 2012, TFFS was awarded an extension to its existing contract with Foxtel, Australia's leading subscription television provider. This contract extends BSA's existing metropolitan services to 2017 (an additional two years), and includes 100% of field activities in regional Australia. This new opportunity presented itself through a formal tender process, resulting from Foxtel's acquisition of Austar.

In October 2012, BSA was awarded a contract with the Department of Broadband, Communication and the Digital Economy to provide services to convert to digital television, Household Assistance Scheme (HAS) and Satellite Subsidy Scheme (SSS) customers in Adelaide, Brisbane and Perth licence areas. HAS provides practical and technical in-home assistance, by BSA technicians, to vulnerable Australians who may otherwise have difficulty converting to digital television. In June 2013, BSA was also awarded the contract to provide the same services to Sydney licence areas.

Our partnership with one of Australia's largest telecommunications providers, Optus, is now in its 14th year and BSA looks forward to growing the range of services that we currently deliver to Optus as we move into the new financial year.

Throughout FY2013, TFFS completed approximately 500,000 installations, upgrades and service calls across Australia, and continues to position itself as a leader in high volume, ticket of work order management. The BSA team has an extremely effective logistics and management system in place, and late 2013 and beyond will see further deployment of our upgraded field mobility solution.

BSA's Registered Training Organisation, BSA Advanced Learning (BAL), continues to grow, training over 2,000 students this financial year. BAL is now providing training for NBN and facilitates the following courses:

- Diploma of Business Administration;
- Certificate III & IV in Front Line Management;
- Construction Induction Training (White Card);
- NBN Safety and Awareness;
- NBN Fibre Drop Line;
- Certificate II Telecommunications for Pre-Traineeships for BSA Foxtel Platform and Silcar NBN;
- Certificate III Digital Reception to both up skill existing technicians and for new trainees;
- Certificate III Telecommunications for Silcar NBN Trainees;
- Induction training for technicians on the HAS project;
- OHS re-accreditation and Fibre accreditation for Telstra Learning;
- Customer Service Training; and
- Service Call refresher training for Foxtel Technicians.

BAL also assisted the Industry Skills Council in the development of competencies in telecommunications, specifically for NBN works.

On 30 August 2013, BSA received an email from the NSW Office of State Revenue (OSR) concerning a possible payroll tax-related liability that principally related to TFFS, with further detail outlined above.

BSA and Foxtel's transition into regional Australia (formerly Austar activity) began on 2 August 2013 in the Northern Territory.



TFFS \$134.8 million

Revenue (2012:\$137.3 million)

TFFS \$5.1 million

EBITDA (2012:\$7.3 million)
NB: Excludes Corporate Recharges



Technical Maintenance Services has extended its service offering. TMS now provides Electrical Services in addition to Mechanical, Fire and Essential Services.

TECHNICAL MAINTENANCE SERVICES (TMS)

In its first full year as an integrated business, TMS increased revenue by 26% to \$89.8 million (2012: \$71.4 million) and performed strongly in all major markets. In particular TMS' Western Australian operation, BurkeAir, had revenues exceeding \$50 million, doubling its revenue since its acquisition in 2011, with revenues then of circa \$27 million.

There has been a strong focus on building the portfolio of recurring maintenance works with major institutions in health, tertiary education, mine camps, commercial property and retail shopping centres. Notable contract wins have been Sydney University, Monash University, Federation Centres (NSW), the Victorian sites for CBRE, Fortescue Metals Group, and Northern Territory Power and Water. These contracts were mainly won late in the second half of the year and position TMS well for the next financial year.

Following the slow-down of new projects in the resource sector, profits were adversely impacted by one-off debtor write downs, after the sudden collapse of two builders in the North West resources sector. However, TMS has strengthened its credit procedures and renewed its focus on providing maintenance services to large profitable clients.

Investment in TMS' mobility solution has continued with the successful completion of its proprietary system SECURE, which has now been deployed nationally across the entire technician base via iPad devices. Our system, through web portals, delivers detailed asset level reporting, real-time service records and dashboard reporting.

LOOKING FORWARD

The outlook for the new financial year across most market sectors remains challenging but BSA has invested well and developed strong forward workloads for each of our three Business Units. The mantra for FY2014 is *steady state, improve earnings, optimise working capital and reduce net debt*.

The Company's investment in the safety and wellbeing of our staff and contractors will continue, as will far broader risk management initiatives, and corporate governance programs.

Again I would like to thank BSA's many talented and committed staff, and contractors. I look forward to their continued support for the years ahead.

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

A handwritten signature in black ink, appearing to read 'Steve Nash'.

Steve Nash
Managing Director

30 September 2013



TMS \$89.8 million

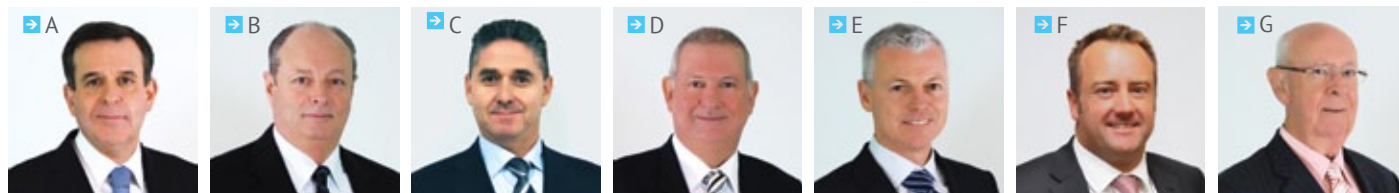
Revenue (2012:\$71.4 million)

TMS \$5.5 million

EBITDA (2012:\$6.6 million)
NB: Excludes Corporate Recharges

BurkeAir's patented CPU II Pressurisation Unit, a dust exclusion solution, is now being used in the North West by resource companies eager to protect their critical electrical componentry.

THE BOARD OF DIRECTORS PRESENT THEIR REPORT



THE BOARD OF DIRECTORS AS AT 30 JUNE 2013

The Directors of BSA Limited (the 'Company') present their report on the Company and its subsidiaries for the financial year end 30 June 2013.

A - ROSS JOHNSTON

CHAIRMAN (NON-EXECUTIVE)

Mr Johnston is an extensively experienced Executive in the facilities management and building services industries. Ross is the Chief Executive Officer of Regis Group and prior to joining Regis in late 2008, was the National General Manager, Property and Facilities and then the Chief Executive Officer, Spotless Australian Services, the Australian arm of Spotless Group. Ross worked both internationally and domestically with Lend Lease for 15 years. Mr Johnston has a focus on strategic development and brings his skills in building and repositioning major businesses to BSA. Ross joined the Board on 29 April 2008 and was appointed as Chairman from that date.

B - STEVE NASH

MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

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

C - MICHAEL GIVONI

NON-EXECUTIVE DIRECTOR

Mr Givoni has had extensive Executive experience in the business to business (B2B) areas of commerce. His particular area of expertise is in strategy, business development and mergers and acquisitions. Michael has held senior Executive roles in listed companies including Spotless Group. Prior to his Executive career, Michael was a partner in a prominent Melbourne legal practice.

Michael joined BSA as a Non-Executive Director on 23 March 2005. He holds a number of other Non-Executive Director and Advisory Board roles in prominent, privately owned businesses.

D - PAUL TEISSEIRE

NON-EXECUTIVE DIRECTOR

Mr Teisseire is a professional independent Non-Executive Director. He spent over 20 years in private practices as a corporate lawyer specialising in business and corporate law with a special interest in corporate governance. He is a Non-Executive Director of Drake Supermarkets Pty Ltd. Within the last three years, Paul was a Non-Executive Director of Gunns Limited and Mesbon China Nylon Ltd. Paul was appointed as a Non-Executive Director on 23 March 2005.

E - MARK LOWE

NON-EXECUTIVE DIRECTOR

Mr Lowe was appointed as a Director of BSA on 1 August 2007 upon completion of the acquisition of the Triple 'M' Group. Mark brings a wealth of knowledge to the Company from his 30 years' experience in the installation and maintenance of Air Conditioning and Fire Protection services. He is a Director of Construction Information Systems Limited (NATSPEC), and a former National President of the Air Conditioning Mechanical Contractors Association of Australia. Following his retirement on 2 March 2012 from Executive duties Mark was appointed a Non-Executive Director on 2 March 2012.

F - DANIEL COLLIS


NON-EXECUTIVE DIRECTOR

Mr Collis represents Birketu Pty Ltd, BSA's largest shareholder. Daniel is the Chief Financial Officer and Company Secretary of WIN Television Network Group, and is the Company Secretary of Birketu Pty Ltd. Daniel was appointed as a Non-Executive Director on 27 November 2012.

G - MAX COWLEY

NON-EXECUTIVE DIRECTOR

Mr Cowley was appointed to the Board of BSA on 2 May 2006 and represented Birketu Pty Ltd, BSA's largest shareholder, until 27 November 2012 when he retired as Non-Executive Director.



Allstaff delivered to the New Horizons Project at Monash University, sustainable solutions such as Active Mass Cooling, Underfloor Air Conditioning, and heat recovery on office and lab exhaust air systems. The cutting-edge 6 Star Green Star building was completed in August 2013.

DIRECTOR INDEPENDENCE

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

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

PERFORMANCE OF DIRECTORS

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

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Mr Graham Seppelt - Mr Seppelt has had extensive experience as a contract accountant and in corporate advisory roles. He is currently Company Secretary for Legend Corporation Limited, Australian Zircon NL and UXA Resources Limited.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

CORPORATE GOVERNANCE

The Company continued to follow best practice recommendations as set out by the ASX Corporate Governance Council. Where the Company has not followed best practice for any recommendation, explanation is given in the Corporate Governance section in this annual report. Further corporate governance information is available on the Company's web site at www.bsa.com.au/about-bsa.

DIRECTORS' REPORT

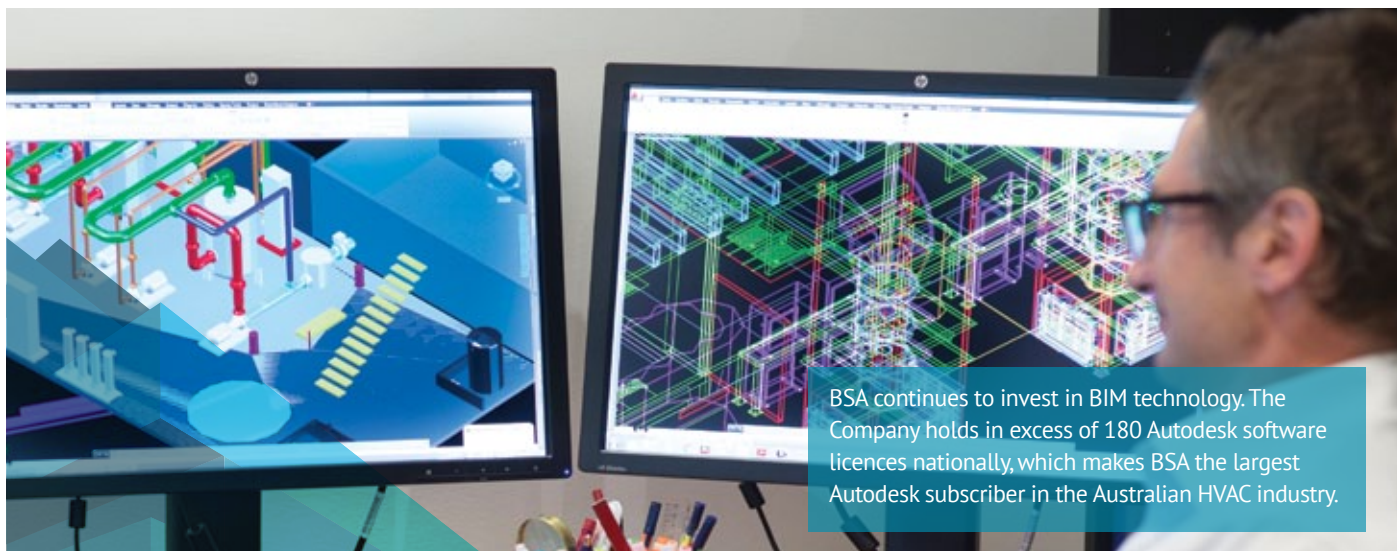


INFORMATION ON DIRECTORS

As at 30 June 2013, the following information is provided in relation to Directors:

Director	Special Responsibilities	Ordinary Share	Options	Share Rights
Ross Johnston	Chairman Non-Executive Director Chairman Non-Executive Director Chairman of Board Member of Nomination and Remuneration Committee Member of Audit and Compliance Committee	1,209,315	Nil	Nil
Stephen Nash	Executive Director Executive Director Managing Director	Nil	Nil	1,360,000
Daniel Collis	Non-Executive Director Non-Executive Director Member of Nomination and Remuneration Committee Member of Audit and Compliance Committee	*58,333,195	Nil	Nil
Michael Givoni	Non-Executive Director Non-Executive Director Chairman of Nomination and Remuneration Committee Member of Audit and Compliance Committee	230,000	Nil	Nil
Paul Teisseire	Non-Executive Director Non-Executive Director Member of Nomination and Remuneration Committee Chairman of Audit and Compliance Committee	404,769	Nil	Nil
Mark Lowe	Non-Executive Director Non-Executive Director Member of Nomination and Remuneration Committee Member of Audit and Compliance Committee	10,315,403	Nil	Nil

*Shares owned by Birketu Pty Ltd of which Daniel Collis is Company Secretary.



DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES

Period of Appointment	Name of Company	Position Held (Non-Executive or Executive Director)
Paul Teisseire		
Appointed March 2008 Resigned 20th July 2012	Gunns Ltd	Non-Executive Director and Chairman of the Audit Committee
Appointed September 2007 Resigned 8 November 2012	Mesbon China Nylon Ltd	Non-Executive Director Chairman of the Audit and Compliance Committee
Michael Givoni		
Appointed 1 July 2002	The Venture Bank Limited	Non-Executive Director

REMUNERATION REPORT - AUDITED

This Remuneration Report details the nature and amount of remuneration for the key management personnel of BSA Limited.

The Company's policy for determining the nature and amount of emoluments of Board members and Senior Executives of the Company is as follows, and is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration;

B. Details of remuneration;

C. Service agreements;

D. Cash bonuses; and

E. Share-based compensation.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth).

A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Group's Executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns Executive reward with achievement of strategic objectives, the creation of value for shareholders, and conforms to market practice for delivery of the reward. The Board ensures that the Executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of Executive compensation;
- Transparency; and
- Capital management.

In consultation with external remuneration consultants, the Group has structured an Executive remuneration framework that is market competitive, and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- Has economic profit as a core component of plan design;
- Focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the Executive on key non-financial drivers of value; and
- Attracts and retains high calibre Executives.

Alignment to program participants' interests:

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

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

The Board has established a Nomination and Remuneration Committee which provides advice on remuneration and incentive policies and practices, as well as specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors. The Corporate Governance Statement provides further information on the role of this committee.

Non-Executive Directors

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

The Chairman's fees are determined independently to the fees of Non-Executive Directors based on the Director's experience and comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors fees

The current base remuneration for Directors was last reviewed on 26 June 2012. Directors' fees are inclusive of superannuation and include the requirement to sit on two or more Board committees for the duration of their tenure. A Director's expected time commitment is between five to ten hours per month. Directors are reimbursed actual expenses or paid a per diem allowance for attendance at the monthly meetings.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$600,000 per annum and was last approved by shareholders at the Annual General Meeting (AGM) on 26 November 2007. The following fees have applied:

Base fees including superannuation	
Chairman	\$158,646
Other Non-Executive Directors	\$91,560

Retirement allowances for Directors

Non-Executive Directors do not participate in any share or option incentive plan, and there are no retirement schemes or retirement benefits, other than statutory benefits, for Non-Executive Directors.

Executive Pay

The Executive pay and reward framework has three components:

- Base pay and benefits, including superannuation;
- Short-term performance incentives; and
- Long-term incentives through participation in the employee share scheme, employee option plan and performance rights plan.

The combination of these components comprises the executive's total remuneration.

Base Pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the Executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for Senior Executives is reviewed annually to ensure the Executive's pay is competitive with the market and meets the responsibilities of the position. An Executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in the Senior Executive terms of employment.

Benefits

Executives receive benefits including allowances.

Retirement benefits

All employees are eligible to participate in the Company's default superannuation fund. With the change in legislation as at 1 July 2005, employees can now exercise choice as to where their superannuation is paid.

Short-Term Incentives

Executive remuneration packages include a bonus based on a combination of the Company achieving a pre-determined profit target, and the operational pre-determined target being met. Using a profit target ensures variable reward is only available when value has been created for shareholders, and when profit is consistent with the business plan.

Each Executive with operational responsibilities has a short-term incentive (STI) depending on the accountabilities of the role and impact on organisation and business unit performance. The maximum target bonus opportunity is 30% of base salary.

For the year ended 30 June 2013, the targets linked to the STI plans were based on the Group and individual business objectives. The target achievement required performance in reducing operating cost, increasing revenue, and overall increase in EBITDA. The Group targets are generic across the management team.

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

Options

No options were exercised during the year ended 30 June 2013.

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

All options have expired as at 30 June 2013.

Employee share scheme

A scheme, under which shares were issued by the Company to employees for no cash consideration, was ratified by shareholders at the 2004 AGM. All permanent employees (including Executive Directors), who were continuously employed by the consolidated entity for a period of at least one year, were eligible to participate in the scheme. Employees could elect not to participate in the scheme.

Under the scheme, eligible employees were offered \$1,000 worth of fully-paid ordinary shares in the Company for the year ended 30 June 2004, for no cash consideration. The market value of shares issued under the scheme, measured as the weighted average market price on the day of issue of the shares, was recognised in the statement of financial position as share capital, and as part of employee benefit costs.

Offers under the scheme are at the discretion of the Company. No offers were made to Directors of the Company or other key management personnel of the Group during the year ended 30 June 2013.

Executives Securities Loan

The establishment of the BSA Executive Securities Plan was approved by shareholders at the 2005 AGM. The plan was established as a mechanism to provide the Company's key Executives with a direct equity involvement and incentive in the Company, which aligns them with the shareholders.

The number of securities to be offered, and the time at which securities may be offered to Executives, and the price and terms of payment, shall be determined by the Board in its discretion.

The Board, may at such times as it determines, invite any Executive to be a member of the plan.

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

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

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

All shares are held in escrow until loans are fully repaid. An Executive shall not sell, mortgage, charge, assign or otherwise dispose of, or encumber, any shares before payment or repayment of any amount outstanding to the Company in respect thereof.

Subject to the above restriction, and to the terms of the Loan Agreement (if any) deemed to be entered into by the Executive, an Executive shall, from the Date of Allotment, be the absolute beneficial owner of the shares.

Unless the Directors of the Company otherwise provide, in the terms of any invitation, all Plan Shares shall rank for dividends declared on or after the Date of Allotment, and shall, in all respects, rank equally with, and have the same rights and entitlements as all other fully paid ordinary shares of the Company.

Offers under the scheme are at the discretion of the Company. No offers were made to Directors of the company or other key management personnel of the Group during the year ended 30 June 2013.

Employee Performance Rights Plan

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

This incentive plan is designed to increase the motivation of eligible key staff and to create a stronger link between increasing shareholder value and employee reward.

To achieve its corporate objectives, the Company needs to attract and retain its key staff. The Board believes that awards made to selected eligible employees under the proposed plan will:

- Provide an incentive for the creation of, and focus on, shareholder wealth;
- Enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- Link the reward of key staff with the achievement of strategic goals and the performance of the Company;
- Align the financial interests of participants in the plan with those of Company shareholders; and
- Ensure the remuneration packages of employees are consistent with market practice.

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

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

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

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

- (i) Service condition of two to three years; or
- (ii) The Company's performance as measured by earnings per share (EPS), being the EPS for the relevant Measurement Period, as determined by the Board having regard to the financial statements. Certain growth in EPS for the shares must be attained in respect of each Measurement Period and pro-rata in respect of the initial Measurement Period and service condition of three years.

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

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

The specific terms of a particular grant, including any performance conditions, will be contained in the invitation and associated documentation sent to the eligible employee.

A right granted to a participant is not transferable and may not otherwise be dealt with, except with the Board's approval, or by operation of law, on death or legal incapacity.

Rights to acquire shares will not be exercisable until the end of the final measurement period, and until those rights have satisfied all vesting conditions and all performance hurdles established by the Board. This is subject to a number of exceptions (including death, cessation of employment, takeovers and schemes of arrangement). The rights will have a specified life determined by the Board. All grants of rights will have a life terminating five years after the grant date or such other date, as determined by the Board.

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

On, or after, the end of the final measurement period, and provided any performance hurdle prescribed by the Board has been achieved and, where applicable, to the extent it has been achieved, the plan participant may then acquire shares by exercising the rights.

A right lapses if the vesting conditions are not met.

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

There was no new issue of rights in the current year.

B DETAILS OF REMUNERATION

Details of the remuneration of the Directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified Executives of BSA and the BSA Group are set out in the following tables.

The key management personnel of the Group are the following:

- (i) Chairman - Non-Executive Director
Ross Johnston
- (ii) Managing Director / Executive Director
Steve Nash
- (iii) Non-Executive Directors
Paul Teisseire
Michael Givoni
Max Cowley (Retired 30 October 2012)
Mark Lowe
Daniel Collis (Appointed 27 November 2012)
- (iv) Chief Financial Officer
Karl Nixon (Resigned 5 July 2013)

DIRECTORS' REPORT

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

2013	Short-term Benefits			Post Employment	Long-term Benefits	Share-based payments		Total	Performance Related	
	Cash, Salary & Fees	Cash Bonus	Interest Unwind on Loans	Superannuation	Long Service Leave	Termination Benefits	Rights			Rights
Name	\$	\$	\$	\$	\$	\$	\$	%	\$	%
Non-Executive Directors										
Ross Johnston	148,993	-	-	9,653	-	-	-	-	158,646	-
Paul Teisseire	84,000	-	-	7,560	-	-	-	-	91,560	-
Michael Givoni	83,862	-	-	7,547	-	-	-	-	91,409	-
Max Cowley (Retired 30 October 2012)	25,707	-	-	2,314	-	-	-	-	28,021	-
Mark Lowe	83,862	-	-	7,547	-	-	-	-	91,409	-
Daniel Collis (Appointed 27 November 2012)	49,921	-	-	4,493	-	-	-	-	54,414	-
Sub-total Non-Executive Directors	476,345	-	-	39,114	-	-	-	-	515,459	-
Executive Director										
Stephen Nash	504,749	-	-	45,427	8,651	-	(66,063)	(13.41)	492,764	(13.41)
Chief Financial Officer										
Karl Nixon (Resigned 5 July 2013)	318,442	-	-	25,000	5,795	-	(59,287)	(20.45)	289,950	(20.45)
Total compensation	1,299,536	-	-	109,541	14,446	-	(125,350)		1,298,173	-

2012	Short-term Benefits			Post Employment	Long-term Benefits		Share-based payments			
Name	Cash, Salary & Fees \$	Cash Bonus \$	Interest Unwind on Loans \$	Superannuation \$	Long Service Leave \$	Termination Benefits \$	Rights \$	Rights %	Total \$	Performance Related %
Non-Executive Directors										
Ross Johnston	140,000	-	-	12,600	-	-	-	-	152,600	-
Paul Teisseire	80,000	-	-	7,200	-	-	-	-	87,200	-
Michael Givoni	80,000	-	-	7,200	-	-	-	-	87,200	-
Max Cowley	80,000	-	-	7,200	-	-	-	-	87,200	-
Mark Lowe (Retired as Executive Director on 2 March 2012)	287,991	160,000	3,934	30,327	3,512	94,656	(54,197)	(10.30)	526,223	20.11
Sub-total Non-Executive Directors	667,991	160,000	3,934	64,527	3,512	94,656	(54,197)		940,423	
Executive Director										
Stephen Nash	494,143	50,000	-	43,780	8,552	-	66,063	9.97	662,538	17.52
Chief Financial Officer										
Karl Nixon	311,000	35,000	-	26,981	6,327	-	5,564	1.45	384,872	10.54
Total compensation	1,473,134	245,000	3,934	135,288	18,391	94,656	17,430		1,987,833	

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

Performance Income as a Proportion of Total Remuneration

Executive Directors and Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Nomination and Remuneration Committee has set these bonuses to encourage achievement of specific goals that have been given a high level of importance to the future growth and profitability of the consolidated Group.

The Nomination and Remuneration Committee will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit, to ensure use of the most cost effective and efficient methods.

C SERVICE AGREEMENTS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

Remuneration and other terms of employment for the Managing Director and the other key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits, car allowances, and participation, when eligible, in the BSA Limited Option Plan, and the BSA Performance Rights Plan. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with Executives may be terminated early by either party with three to six months' notice.

D CASH BONUSES

The cash bonus granted to Mark Lowe in 2012 was at the discretion of the Nomination and Remuneration Committee. Bonuses vested as per the below table during the financial year ended 30 June 2013.

Key management personnel and Executives are also entitled to a short-term cash incentive based on performance criteria described in section A to this Remuneration Report. Details of these FY2013 short-term incentives recognised as remuneration, forfeited or available for vesting in future financial years, is outlined below.

Name	Included in Remuneration	% Vested in current year	% Forfeited in current year
Other key management personnel (Group)			
Stephen Nash	-	-	100
Karl Nixon	-	-	100

E SHARE-BASED COMPENSATION

Executives Securities Plan

Set out below are summaries of securities held in escrow:

Grant Date	Issue Price (cents)	Balance at Start of the Year Number	Granted During the Year Number	Released from Escrow During the Year Based on Full Loan Repayment Number	Balance in Escrow at End of the Year Number
Consolidated and parent entity					
13 Oct 2006	0.23	700,000	-	-	700,000
19 Jul 2007	0.63	1,600,000	-	-	1,600,000
11 Sep 2007	0.68	150,000	-	-	150,000
13 Sep 2007	0.68	200,000	-	-	200,000
14 Dec 2007	0.68	400,000	-	-	400,000
10 Feb 2009	0.10	1,700,000	-	-	1,700,000
Total		4,750,000	-	-	4,750,000

DIRECTORS' REPORT

Employee Performance Rights Plan

Set out below are summaries of Rights issued to key management personnel under the plan:

Name	Grant Date	Exercise Date	Expiry Date	Balance at Start of the Year	Granted During the Year	Released from Escrow during the Year	Forfeited During the Year	Balance in Escrow at End of the Year	Fair Value per Right at Grant Date	Aggregate Fair Value
				Number	Number	Number	Number	Number	\$	\$
Consolidated and parent entity										
Karl Nixon	29 Sep 2009	29 Sep 2012	29 Sep 2014	454,000	-	-	-	454,000	0.160	72,640
Karl Nixon	24 Aug 2010	24 Aug 2013	24 Aug 2015	454,000	-	-	-	454,000	0.195	88,530
Stephen Nash	15 Nov 2011	15 Nov 2014	15 Nov 2016	1,360,000	-	-	-	1,360,000	0.190	258,400
Karl Nixon	15 Nov 2011	15 Nov 2014	15 Nov 2016	613,000	-	-	-	613,000	0.190	116,470
Total				2,881,000	-	-	-	2,881,000		536,040

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

REMUNERATION CONSULTANTS

During the year under review, the Board engaged KPMG to review and make independent recommendations in relation to the long-term and short-term incentive programs available to specific key management personnel and Executive management. KPMG was paid \$9,000 (2012: Nil) for that advice.

The consulting arrangement was initiated by the Chairman of the Board and the Nomination and Remuneration Committee.

No other advice was sought from the remuneration consultant during the year.

As no contact was made between the consultant and Executive management, the Board is satisfied that the recommendations were free from undue influence by Executives. The remuneration consultant has confirmed that in its view, it was acting independently of management. The engagement of KPMG was based on an agreed set of protocols that would be followed by the consultant so that it would be able to carry out its work, including information capture and the formation of its recommendations, free from undue influence by members of the key management personnel and Executive management about whom the recommendations may relate.

The Board undertook its own inquiries and review of the processes and procedures followed by KPMG, and is satisfied that KPMG's remuneration recommendations were made free from such undue influence.

End of Audited Remuneration Report

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and each Board committee held during the year ended 30 June 2013, and the number of meetings attended by each Director were:

	Board Meetings		Audit and Compliance Committee Meetings		Nomination and Remuneration Committee Meetings	
	A	B	A	B	A	B
Ross Johnston	15	15	5	5	3	3
Stephen Nash	15	15	*	*	*	*
Max Cowley	1	6	1	2	1	2
Michael Givoni	15	15	5	5	3	3
Paul Teisseire	12	15	4	5	3	3
Mark Lowe	15	15	5	5	3	3
Daniel Collis	7	8	2	2	1	1

A Number of meetings attended

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

* Not a member of the relevant committee, but invited to attend the Audit and Remuneration Committee meetings

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Directors are subject to retirement by rotation and election by shareholders at a general meeting. No Director, other than the Managing Director, may remain on the Board for more than three years without re-election. Where a Director is appointed during the year, the Director will hold office until the next Annual General Meeting (AGM), and then be eligible for election.

Ross Johnston is the Director retiring by rotation who, being eligible, offers himself for re-election. Daniel Collis is a Director elected during the year and, being eligible, offers himself for election.

INDEMNIFYING OFFICERS OR AUDITORS

During the year, the Company paid a premium for a contract insuring all Directors, secretaries, Executive officers and officers of the Company, and of each related body corporate of the Company. The insurance does not provide cover for the independent auditors of the Company, or of a related body corporate of the Company.

In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

No liability has arisen under this indemnity as at the date of this report.

OPTIONS

As at the date of this report, there were no unissued ordinary shares of the Company under option.

During the year ended 30 June 2013, no ordinary shares of the Company were issued on the exercise of options granted under the BSA Limited Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

RIGHTS

As at the date of this report, the unissued ordinary shares of the Company, under right, are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Right
10 Feb 2009	21 Feb 2014	\$0.00	115,000
29 Sep 2009	29 Sep 2014	\$0.00	78,967
24 Aug 2010	24 Aug 2015	\$0.00	963,500
14 Nov 2011	24 Nov 2016	\$0.00	2,539,000
			3,696,467

During the year ended 30 June 2013, 208,967 ordinary shares of the Company were issued on the exercise of rights granted under the BSA Limited Employee Performance Rights Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

No person entitled to exercise the right had, or has, any right by virtue of the right to participate in any share issue of any other body corporate.



Allstaff technicians utilise BSA's reporting software SECURE on their mobile devices to check and record the calibration and set points of equipment such as Johnson Controls variable speed drives [featured here].

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the *Corporations Act 2001 (Cth)* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all, or part, of those proceedings.

No proceedings have been brought or intervened on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001 (Cth)*.

NON AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

Details of the amounts paid or payable to the auditor (Deloitte Touche Tohmatsu) for audit and non-audit services during the year are set out below.

The Board of Directors has considered the position and in accordance with the advice received from the audit committee, is satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001 (Cth)* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditors own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

AUDITORS' REMUNERATION

	2013	2012
	\$	\$
Amounts paid/payable to Deloitte for:		
Auditing or reviewing the financial report	302,430	347,552
Taxation services	219,419	436,226
Other non-audit services	48,136	345,382

AUDITORS INDEPENDENCE DECLARATION

The lead auditors' independence declaration for the year ended 30 June 2013 as required under section 307c of the *Corporations Act 2001 (Cth)* has been received and can be found on page 40 of this report.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the Financial Statements and Directors' Report have been rounded to the nearest thousand dollars.

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

Ross Johnston
Chairman

30 September 2013



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

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

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

As at the date of publication, the Company complies with the recommendations in all respects, other than the requirement for the majority of the Directors of the Company to be independent, and the recommendation that there be two separate committees for remuneration and nomination. Further, in undertaking a review of the Company's current practices, the Company has established a new Code of Conduct, a Whistleblowing Policy, as part of a whistleblowers program, and a Diversity Policy which sets out the diversity targets from which the Company will report against. The Company has established a new Code of Conduct, having regard to the growth of the Company over past years, and the changing industry. Corporate governance documentation including charters and relevant corporate policies and codes referred to in this statement can be found on the www.bsa.com.au website.

PRINCIPLE 1

LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Functions of Board and Management

- **Strategy and direction**
 - Setting policies regarding the Company's overall strategic direction, and plans for each of the Company's Business Units, key business and financial objectives; and
 - Approving any significant acquisitions or disposals of assets, and significant expenditure.
- **Financial controls, compliance and risk management**
 - Approving annual operating and capital expenditure budgets;
 - Monitoring and approving financial statements and published reports, including the Directors' Report and the Corporate Governance Statement;
 - Approving any significant changes in accounting policies or procedures; and
 - Reviewing the effectiveness of the internal control systems and risk management processes, and compliance with statutory and regulatory obligations which, if not complied with, would have a material effect on the Company's business.
- **Capital and debt structure**
 - Approving any changes to the Company's debt and capital structure including any reductions in share capital, buy backs, or issue of new securities.
- **Appointments**
 - Appointing Directors to the Board, following a review by the Nomination and Remuneration Committee;

CORPORATE GOVERNANCE STATEMENT

- Appointing and reviewing the performance of the Managing Director against objectives set by the Board; and
- Approving the Boards of subsidiary companies; and
- Appointing the Company Secretary.
- **Delegation of authority**
 - Approving any changes to the membership or charter of any committee of the Board; and
 - Determining the scope of authority delegated to the Managing Director, the Chief Financial Officer, or other Executive Management team members.
- **Policies**
 - Approving significant policies for the Company including the Code of Conduct, security trading policies for Directors and Senior Executives, health and safety policies, risk management policies, and continuous disclosure and communications policies.
- **Corporate governance matters**
 - Determining the independence of Non-Executive Directors;
 - Taking into account the recommendations of the Nomination and Remuneration Committee in determining the remuneration of Non-Executive Directors;
 - Determining the resolutions and documentation to be put to members in general meetings;
 - Approving announcements and press releases concerning matters decided by the Board, including announcements relating to the operating performance of the Company.

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

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

- **Strategy** – development of strategies and the making of recommendations to the Board on such strategies;
- **Management** – management and performance of the Company in accordance with the strategy, business plans and policies approved by the Board;
- **Financial performance** – developing the Company's annual budget, managing day-to-day operational and capital expenditure, and ensuring that the Financial Reports present a true and fair view of the Company's financial condition, and are in accordance with the relevant accounting standards;
- **Risk management** – establishing and maintaining effective risk management frameworks and internal control systems;

- **Continuous disclosure** – keeping the Board and the market fully informed about material developments; and
- **Selection of senior management** – making recommendations for the appointment of senior management, determining terms of appointment, and evaluating performance and development of senior management.

1.2 Process for Evaluating the Performance of Senior Executives

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

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

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

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

1.3 Performance Evaluation

During the financial year, each member of the Executive Management team, including the Managing Director, was subject to a performance review as described in 1.2 above.

PRINCIPLE 2

STRUCTURE THE BOARD TO ADD VALUE

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

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

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

On 10 October 2012, the Company announced that Mr Max Cowley would not seek re-appointment at the 30 October 2012 AGM, and would retire his position as a Non-Executive Director of the Board, from that date. On 27 November 2012, the Company announced that Mr Daniel Collis would assume the position of a Non-Executive Director.

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

The Company has undertaken a review of its practices on diversity. This has included an assessment of the relevant policies to codify the Company's position on diversity; and, in particular, the targets from which the Company will report against. Further information on how the Company is currently addressing the issue of diversity is contained in section 3 of this statement.

2.1 Independent Directors

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

Name	Position	Independent
Ross Johnston	Chair/Non-Executive Director	Yes
Stephen Nash	Managing/Executive Director	No
Michael Givoni	Non-Executive Director	Yes
Paul Teisseire	Non-Executive Director	Yes
Mark Lowe	Non-Executive Director	No
Daniel Collis ⁽¹⁾	Non-Executive Director	No
Max Cowley ⁽²⁾	Non-Executive Director	No

(1) Mr Collis was appointed to the Board on 27 November 2012.

(2) Mr Cowley retired his position on the Board at the Annual General Meeting on 30 October 2012.

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

The Board currently has six members. Of these, three are independent Non-Executive Directors. These Directors are considered by the Board to be independent of management and free of any business or other relationship, or any other circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement.

50% of Directors are independent. Therefore, a majority of the Directors on the Board are not independent.

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

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

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

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

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

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

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

- Mr Daniel Collis ⁽¹⁾ is not independent given that he is a Director, and Company Secretary, of the major substantial shareholder in the Company;

CORPORATE GOVERNANCE STATEMENT

- Mr Mark Lowe is not independent (following his resignation as an Executive in March 2012), given his long standing Executive role with the Company;
- Mr Stephen Nash is not independent given that his role is that of Managing Director, an Executive Director.;
- Mr Max Cowley ⁽²⁾ is not independent given that he was a Director, and Company Secretary, of the major substantial shareholder in the Company; and
- Mr Ross Johnston, Mr Michael Givoni and Mr Paul Teisseire are all considered to be independent Directors.

(1) Mr Collis was appointed to the Board on 27 November 2012.

(2) Mr Cowley retired his position on the Board at the Annual General Meeting on 30 October 2012.

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

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

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

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

2.2 Chair and Independence

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

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

2.3 Nomination and Remuneration Committee

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

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

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

The Board recognises the ASX's recommendation that the Nomination and Remuneration Committee should be chaired by an independent Director. Mr Michael Givoni is an independent Director.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company Secretary is appointed and removed by the Board.

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

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

PRINCIPLE 3

PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1 Code of Conduct

Compliance Manual

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

The Compliance Manual deals with issues such as:

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

The Company has provided a number of such seminars to date, and encourages education on these core principles.

Company Values

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

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

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

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

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

Employee Code of Conduct

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

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

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

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

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

Complaints are treated in a confidential manner. No action of any kind will be taken against an employee, adviser or contractor who, in

good faith, makes an allegation against the Company, any employee, adviser or contractor, whether or not that complaint is confirmed by subsequent investigation.

Whistleblower Policy

Having regard to the above, the Company has implemented a Whistleblowing Policy which forms an integral part of the Company's compliance program. The policy will be adopted to ensure that concerns regarding unethical, unlawful or improper conduct may be raised without fear of reprisal.

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

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

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

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

A report will be provided to the Audit and Compliance Committee, summarising the whistleblower activities for the preceding six month period.

3.2 Diversity

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

The Company has implemented a Diversity Policy which expressly incorporates the diversity targets from which the Company will report against, and which the Board and Committee will consider in relation to their objectives and responsibilities.

The Company values an inclusive culture where all people are able to succeed to the best of their ability. These principles also guide our employees' conduct in all their dealings with stakeholders of the Company. Diversity is regarded as a key factor in enabling the Company to attract the broadest range of talent in the market.

Our commitment to diversity requires that we work to ensure an environment which is supportive of equality and access for all our staff to career opportunities, development, remuneration and benefits. Diversity includes but is not limited to gender, age, disability, ethnicity, religion and cultural background. However, the initial emphasis by the Company is on gender diversity with a primary goal being to strengthen the representation of women in management positions.

Women in BSA

The Company recognises that working towards gender diversity and equality is essential to attracting and retaining the best talent in our business. Currently, 14% of the Company's total workforce is female, with 13% representation within the Senior Executive team. In accordance with the *Workplace Gender Equality Act 2012 (the Act)*, the Company has reported on the distribution of gender in the workplace, and has complied with the notification and access requirements.

The Board has considered appropriate targets, having regard to the industry in which the Company operates. Relevantly, the Company has set a target of 20% female representation in the senior management of the Company, together with a target of 20% female representation in the senior talent and succession plans, for the next financial year.

The Company will seek to improve each year on the target scores, and employees' views on diversity will be tracked via employee surveys. The Company will also review its progress on diversity against other organisations within this industry.

The Company has established a working group which has reviewed the Act, with the objective of ensuring compliance to the standardised gender equality indicators, minimum standards and reporting requirements and implementing strategies to ensure such compliance. The Company is aware that it must comply with the Act, and, on that basis, will continually revise its practices and policies to ensure it complies with, and reports against, any standardised gender equality indicators and other minimum standards set by the relevant Minister, having regard to the Act.

As part of this process, the Company is committed to achieving the following objectives over the next two financial years:

- The Managing Director will develop a three year plan to address diversity targets;
- The establishment of processes in relation to objective setting, co-ordination, monitoring and reporting of diversity measures;
- Implementing an education program focusing on raising awareness of the need for diversity;
- Reviewing the opportunities in non-traditional roles (eg. construction and project managers) and, where possible and practical, ensuring at least one woman is on the recruitment short list;
- Reviewing the hiring processes with the intention of increasing the representation of a diverse candidate pool; and
- Succession planning reviews with each Senior Executive with a focus on improved diverse representation and career planning for senior positions.

The Company will report against the above objectives. In the past financial year, a review of flexible work arrangements has been carried out. As a result, policies are currently being updated to ensure a consistent approach, having regard to the legislation and best practice. The Company has also commenced a review of pay equity in order to identify remuneration gaps, based upon gender, as well as other diversity categories, between employees performing comparable roles.

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

The Company's Parental Leave Policy aims to provide employees with sufficient options and choices to enable them to devote time and care to their new or adopted children without disadvantaging their career. Paid parental leave is available to employees based on a sliding scale of entitlement. Employees on parental leave are invited to attend relevant training programs, seminars or conferences to keep them up to date on developments within their area of business and help support their transition back to work.

The Diversity Policy shall be continually reviewed as part of an ongoing commitment to achieving the above objectives, and the standardised gender equality indicators set, in accordance with the Act.

Cultural Diversity

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

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

3.3 Security Trading Policy

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

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

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

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

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

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

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PRINCIPLE 4

SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit and Compliance Committee

Composition

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

The composition of the Audit and Compliance Committee is as set out in the Directors' Report, with Mr Paul Teisseire, an independent Director, chairing this Committee.

The Committee met five times during the financial year. All members of the Committee attended all of the meetings per the details set out in the Directors' Report.

Audit and Compliance Committee Charter

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

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

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

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

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

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

PRINCIPLE 5

MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure Policy

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

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

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

PRINCIPLE 6

RESPECT THE RIGHTS OF MEMBERS

6.1 Communications with Members

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

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

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

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

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

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

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

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

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

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

PRINCIPLE 7

RECOGNISE AND MANAGE RISK

7.1 Risk oversight and management and internal control

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

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

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

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

The Company's approach to risk management involves:

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

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

The Company has developed and implemented a risk profile to operate as a general guide as to identification, assessment, and management of the various risks inherent to the Company's business, from a contractual perspective.

7.2 Management of material business risks

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

Each Senior Executive, and all managers, are responsible for:

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

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

7.3 Managing Director and Chief Financial Officer Assurance

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

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

This assurance has been given.

PRINCIPLE 8

REMUNERATE FAIRLY AND RESPONSIBLY

The Company's remuneration policy is designed to attract and retain high caliber Directors and Senior Executives, capable of meeting the specific management needs of the Company.

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

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

8.1 Nomination and Remuneration Committee

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

The Board recognises the ASX's recommendation that the Nomination and Remuneration Committee should be chaired by an independent chair and consist of a majority of independent directors. The Chair, Mr Michael Givoni is independent, the Committee consists of a majority of independent Directors. Mr Mark Lowe is not independent given his long standing Executive role within the Company, and Mr Daniel Collis is not independent because he is a Director and Company Secretary of the major substantial shareholder in the Company.

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

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

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

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

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

The responsibilities of the Committee include:

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

8.2 Structure of Non-Executive Directors' Remuneration

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

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

8.3 Equity Linked Executive Remuneration

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

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

WORKPLACE HEALTH, SAFETY AND ENVIRONMENT

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

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

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

PRIVACY

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION



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

30 September 2013

Dear Board Members

BSA Limited

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

As lead audit partner for the audit of the financial statements of BSA Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Glen Sanford
Partner
Chartered Accountants

Member of Deloitte Touche Tohmatsu Limited
Liability limited by a scheme approved under Professional Standards Legislation.

FINANCIAL REPORT

BSA LIMITED

ABN 50 088 412 748

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated

	Note	2013 \$'000	2012 \$'000
Revenue	5	474,180	491,764
Investment revenue	6	357	764
Other gains and losses	7	47	18
Changes in inventories of finished goods		2,202	22
Subcontractor and raw materials used		(390,673)	(405,466)
Employee benefits expense	8	(44,499)	(42,426)
Depreciation expenses	8	(7,002)	(5,373)
Amortisation expenses	8	(1,440)	(2,266)
Occupancy expenses		(6,084)	(4,897)
Finance costs	8	(1,932)	(1,462)
Other expenses		(22,358)	(22,477)
Profit before tax		2,798	8,201
Income tax benefit /(expense)	9.1	965	(2,391)
Profit for the year		3,763	5,810
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Gain/(loss) recognised on cash flow hedges		(16)	11
Total comprehensive income for the year, net of tax		3,747	5,821
Earnings per share for profit from continuing operations:			
Basic earnings per share	12	1.64 cents	2.57 cents
Diluted earnings per share	12	1.60 cents	2.51 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

Consolidated

	Note	2013 \$'000	2012 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13	2,009	24,734
Trade and other receivables	14	85,190	79,194
Inventories	15	5,202	3,000
Tax assets	9.3	1,206	-
TOTAL CURRENT ASSETS		93,607	106,928
NON-CURRENT ASSETS			
Trade and other receivables	14	1,279	1,279
Other financial assets	19	3	4
Property, plant & equipment	16	17,866	15,501
Deferred tax assets	9.4	1,981	1,443
Goodwill	17	55,185	55,045
Other intangible assets	18	7,473	8,913
TOTAL NON-CURRENT ASSETS		83,787	82,185
TOTAL ASSETS		177,394	189,113
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	22	70,532	85,584
Borrowings	23	8,545	4,966
Current tax liabilities	9.3	-	4,672
Provisions	24	8,054	7,803
TOTAL CURRENT LIABILITIES		87,131	103,025
NON-CURRENT LIABILITIES			
Borrowings	23	14,008	10,247
Provisions	24	1,218	1,192
Other liabilities		242	-
TOTAL NON-CURRENT LIABILITIES		15,468	11,439
TOTAL LIABILITIES		102,599	114,464
NET ASSETS		74,795	74,649
EQUITY			
Issued capital	25	77,797	77,797
Reserves	26 (a)	1,313	1,497
Accumulated losses	26 (b)	(8,177)	(8,177)
Profit reserve	26 (c)	3,862	3,532
TOTAL EQUITY		74,795	74,649

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated

	Issued Capital \$'000	Accumulated Losses \$'000	Profit Reserve \$'000	Share-based Payment Reserve \$'000	Cash Flow Hedge Reserve \$'000	Total \$'000
Balance at 1 July 2011	75,419	(3,778)	-	1,671	(36)	73,276
Profit for the year	-	-	5,810	-	-	5,810
Other comprehensive income for the year	-	-	-	-	11	11
Total comprehensive income for the year	-	-	5,810	-	11	5,821
Shares issued during period	2,378	-	-	-	-	2,378
Share-based payment expense	-	-	-	151	-	151
Shares issued in satisfaction of performance conditions	-	-	-	(300)	-	(300)
Dividends paid	-	(4,399)	(2,278)	-	-	(6,677)
Balance at 30 June 2012	77,797	(8,177)	3,532	1,522	(25)	74,649
Profit for the year	-	-	3,763	-	-	3,763
Other comprehensive income for the year	-	-	-	-	(16)	(16)
Total comprehensive income for the year	-	-	3,763	-	(16)	3,747
Shares issued during period	-	-	-	-	-	-
Share-based payment expense	-	-	-	(129)	-	(129)
Shares issued in satisfaction of performance conditions	-	-	-	(39)	-	(39)
Dividends paid	-	-	(3,433)	-	-	(3,433)
Balance at 30 June 2013	77,797	(8,177)	3,862	1,354	(41)	74,795

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated

	Note	2013 \$'000	2012 \$'000
Cash Flows from operating activities:			
Cash receipts from customers		511,962	544,711
Payments to suppliers and employees		(521,227)	(521,710)
Interest received		144	868
Interest and other costs of finance paid		(1,953)	(1,648)
Income tax received/(paid)		(5,450)	1,690
Net cash (used in)/ generated by operating activities	29 (a)	(16,524)	23,911
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		422	579
Payment for businesses	31(c)	(188)	(8,734)
Payment for plant and equipment		(5,439)	(5,396)
Net cash used in investing activities		(5,205)	(13,551)
Cash Flows from financing activities:			
Payment for shares issued for vesting rights		(39)	(76)
Proceeds from borrowings		10,444	-
Repayment of borrowings		(5,058)	(10,000)
Repayment of Executive loans		4	1,013
Payment of finance lease liabilities		(2,914)	(3,170)
Share issue costs paid		-	(2)
Dividends paid to owners of the Company		(3,433)	(4,822)
Net cash (used in) financing activities		(996)	(17,057)
Net decrease in cash		(22,725)	(6,697)
Cash and cash equivalents at the beginning of the year		24,734	31,431
Cash and cash equivalents at the end of the year	13	2,009	24,734

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 GENERAL INFORMATION

BSA Limited (the Company) is a limited company incorporated in Australia. The address of its registered office and principal places of business are disclosed in the introduction to the Annual Report. The principal activities of the Company and its subsidiaries (the Group) are described in note 28.

NOTE 2 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

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

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements'

The amendment part of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' introduces new terminology for the Statement of Comprehensive Income and Income Statement. Under the amendments to AASB 101, the Statement of Comprehensive Income is renamed as a Statement of Profit or Loss and Other Comprehensive Income and the Income Statement is renamed as a Statement of Profit or Loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Standards and Interpretations affecting the reported results of financial position

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

2.2 Standards and Interpretations in issue not yet adopted

The Company is still in the process of identifying the impact of Standards and Interpretations in issues not yet adopted.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments'	1 January 2013	30 June 2014
AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015

A number of Australian Accounting Standards are in issue but are not effective for the current year end. The reported results and position of the group are not expected to change on adoption of these pronouncements. Adoption will, however, result in changes to information currently disclosed in the financial statements. The group does not intend to adopt any of these pronouncements before their effective dates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

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

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

The financial statements were authorised for issue by the Directors on 30 September 2013.

3.2 Basis of preparation

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

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

3.3 Basis of consolidation

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

Income and expense of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition and up to the date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

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

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements, are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree, are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 3.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6.1 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

3.6.2 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

The Group's policy for recognition of revenue from construction contracts is described at 3.7 below.

3.6.3 Dividend and interest income

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

3.7 Construction contracts and work in progress

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

3.8 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.8.1 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 3.9 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.10 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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

3.12 Taxation

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

3.12.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.12.3 Current and deferred tax for the year

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

3.12.4 Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 August 2007 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is BSA Limited. The members of the tax consolidated group are identified in note 19. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or received by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement.

3.13 Property, plant and equipment

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

Depreciation is recognised so as to write off the cost less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.14 Intangible assets

3.14.1 Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.14.2 Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

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

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

3.14.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on the basis of weighted average cost. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.17.1 Restructurings

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

3.17.2 Warranties

Provisions for the expected cost of warranty obligations under construction contracts are recognised at the Directors' best estimate of the expenditure required to settle the Group's obligation.

3.17.3 Contingent liabilities acquired in a business combination

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

3.18 Financial assets

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

3.18.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

3.18.2 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.18.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3.18.4 Derecognition of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Financial liabilities and equity instruments issued by the Group

3.19.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.19.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.19.3 Financial guarantee contract liabilities

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

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

3.20 Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

3.20.1 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.20.2 Derecognition of financial liabilities

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

3.21 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 35.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3.21.1 Hedge accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

3.21.2 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Statement of Comprehensive Income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.22 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

NOTE 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1.1 Contracts - estimates to complete

Construction contracts are accounted for as per 3.7. Inherent in the assessment of profitability of each contract is the estimate to complete. This estimate requires the Directors to assess the conduct of the contract to date and the expected cost to complete the contract.

4.1.2 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at 30 June 2013 was \$55.2 million (30 June 2012: \$55.0 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 5 REVENUE

Consolidated

	2013	2012
	\$'000	\$'000

The following is an analysis of the Group's revenue from continuing operations (excluding investment revenue - see note 6).

Revenue from sale of goods	18,235	15,857
Revenue from the rendering of services	116,545	121,434
Contract revenue	339,400	354,473
Total Revenue	474,180	491,764

NOTE 6 INVESTMENT REVENUE

Consolidated

	2013	2012
	\$'000	\$'000

Interest revenue

Bank deposits	144	764
Other loans and receivables	213	-
	357	764

The following is an analysis of investment revenue earned on financial assets by category of asset:

Loans and receivables (including cash and bank balances)	357	764
	357	764

NOTE 7 OTHER GAINS AND LOSSES

Consolidated

	2013	2012
	\$'000	\$'000

Continuing operations

(Loss)/gain on disposal of property, plant and equipment	47	18
	47	18

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 8 PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

Consolidated

	2013	2012
	\$'000	\$'000
Profit for the year from continuing operations has been arrived at after charging/(crediting):		
8.1 Cost of sales	388,471	405,444
8.2 Finance costs		
Interest on bank overdrafts and loans	1,932	1,462
Total finance costs	1,932	1,462
8.3 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	7,002	5,373
Amortisation of intangible assets	1,440	2,266
Total depreciation and amortisation expense	8,442	7,639
8.4 Employee benefits expense		
Post employment benefits		
Superannuation	9,215	7,066
Share-based payments (see note 30(d))		
Equity-settled share-based payments	(129)	151
Other employee benefits	35,413	35,209
Total employee benefits expense	44,499	42,426

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 9 INCOME TAXES

Consolidated

	2013 \$'000	2012 \$'000
9.1 Income tax recognised in profit or loss		
The expense for the year can be reconciled to the accounting profit as follows:		
Profit from continuing operations	2,798	8,201
Income tax expense calculated at 30%	840	2,460
Adjusted for:		
Non-deductible expenses	25	265
Research and development allowance	(693)	(150)
	172	2,575
Adjustments recognised in the current year in relation to the current tax of prior years		
Research and development allowance	(1,039)	(1,749)
Rights to future income adjustment due to change in legislation	-	1,668
Other	(98)	(103)
	(1,137)	(184)
Income tax (benefit)/expense recognised in profit or loss	(965)	2,391

The tax rate used for the 2013 and 2012 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

9.2 Income tax recognised directly in equity

Current tax

Share issue costs	-	(16)
	-	(16)

9.3 Current tax assets and liabilities

Current tax assets

Tax refund receivable	1,206	-
	1,206	-

Current tax liabilities

Income tax payable	-	4,672
	-	4,672

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

9.4 Deferred tax balances

2013	Opening Balance \$'000	Recognised in Profit or Loss \$'000	Closing Balance \$'000
Temporary differences			
Finance leases	(4)	(47)	(51)
Intangible assets	(2,674)	432	(2,242)
Employee benefits	3,068	(287)	2,781
Retirement benefit obligations	253	76	329
Provisions	392	551	943
Doubtful debts	408	(187)	221
Other financial liabilities	-	-	-
	1,443	538	1,981

2012	Opening Balance \$'000	Recognised in Profit or Loss \$'000	Closing Balance \$'000
Temporary differences			
Finance leases	(20)	16	(4)
Intangible assets	(1,169)	(1,505)	(2,674)
Employee benefits	2,590	478	3,068
Retirement benefit obligations	142	111	253
Provisions	124	268	392
Doubtful debts	423	(15)	408
Other financial liabilities	-	-	-
	2,090	(647)	1,443

Deferred tax balances are presented in the Statement of Financial Position as follows:

	2013 \$'000	2012 \$'000
Deferred tax assets	1,981	1,443
Deferred tax liabilities	-	-
	1,981	1,443

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 9 INCOME TAXES (CONTINUED)

9.5 Tax consolidation

Relevance of tax consolidation to the Group

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 August 2007 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is BSA Limited. The members of the tax consolidated group are identified in note 19. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or received by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement.

NOTE 10 KEY MANAGEMENT PERSONNEL

Consolidated

	2013	2012
	\$	\$
Compensation		
Short-term employee benefits	1,299,536	1,722,068
Post-employment benefits	109,541	135,288
Other long-term benefits	14,446	18,391
Termination benefits	-	94,656
Share-based payments	(125,350)	17,430
	1,298,173	1,987,833

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report on pages 14 to 28 of this Annual Report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 11 AUDITORS' REMUNERATION

Consolidated

	2013	2012
	\$	\$
Remuneration of the auditor of the Group for:		
- Auditing or reviewing the Financial Report	302,430	347,552
- Taxation services	219,419	436,226
- Other non-audit services	48,136	345,382
	569,985	1,129,160

The auditor of BSA Limited is Deloitte Touche Tohmatsu.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 12 EARNINGS PER SHARE

Consolidated

	2013	2012
	Cents	Cents
Basic earnings per share	1.64	2.57
Diluted earnings per share	1.60	2.51

	\$'000	\$'000
(a) Reconciliation of Earnings to Profit		
Profit	3,763	5,810
Earnings used to calculate basic EPS and dilutive EPS	3,763	5,810

	Number	Number
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	228,861,202	225,653,329
Weighted average number of options/rights outstanding	5,779,836	6,215,852
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	234,641,038	231,869,181

(c) Information concerning the classification of securities

Options/Rights

Options granted to employees under the BSA Limited Employee Option Plan and rights granted to employees under the BSA Limited Employees Performance Rights Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options/rights have not been included in the determination of basic earnings per share. Details relating to the options and rights are set out in note 30.

NOTE 13 CASH AND CASH EQUIVALENTS

Consolidated

	2013	2012
	\$'000	\$'000
For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks.		
Cash at bank and on hand	2,009	24,734
	2,009	24,734

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 14 TRADE AND OTHER RECEIVABLES

Consolidated

	Note	2013 \$'000	2012 \$'000
CURRENT			
Trade receivables		11,399	4,909
Allowance for doubtful debts		(84)	(361)
		11,315	4,548
Other receivables			
Other receivables		8,074	11,783
Executive Share Plan receivables	33 (c)	194	198
Amounts due from customers under construction contracts		64,734	62,066
Allowance for doubtful debts (construction contracts)		(597)	(799)
Contract Retentions		592	849
Prepayments		878	549
		73,875	74,646
		85,190	79,194
NON-CURRENT			
Executive Share Plan receivables	33 (c)	1,279	1,279
		1,279	1,279

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period for the Group is 30 days. No interest is charged on overdue receivables. Allowances for doubtful debts are recognised against trade receivables greater than 60 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty.

Before accepting a new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 14 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Consolidated

	2013			2012		
	Total \$'000	Amount Impaired \$'000	Amount Not Impaired \$'000	Total \$'000	Amount Impaired \$'000	Amount Not Impaired \$'000
Trade receivables						
Not past due	6,459	-	6,459	2,647	7	2,640
Past due [30] days	1,414	-	1,414	1,503	255	1,248
Past due [30-60] days	702	12	690	19	19	-
Past due [60-90] days	1,833	38	1,795	285	-	285
Past due [>90] days	991	34	957	455	80	375
Total	11,399	84	11,315	4,909	361	4,548
Amounts due from customers under construction contracts						
Not past due	43,007	-	43,007	38,796	-	38,796
Past due [30] days	12,107	-	12,107	13,254	-	13,254
Past due [30-60] days	2,424	-	2,424	3,988	-	3,988
Past due [60-90] days	951	-	951	1,852	-	1,852
Past due [>90] days	6,245	597	5,648	4,176	799	3,377
Total	64,734	597	64,137	62,066	799	61,267

As at 30 June 2013, the Group had current trade receivables of \$681,553 (2012: \$1,160,140) that were impaired. The amounts relate to customers who had not responded to final request for payment notices, customers that BSA had requested external collection agencies to collect outstanding debts or customers who have disputed invoiced amounts.

Analysis of Allowance Account

Consolidated

	2013 \$'000	2012 \$'000
Opening Balance	1,160	1,104
Transferred In from acquisition of subsidiary	-	481
Provisions for doubtful receivables current	681	1,160
Provisions for doubtful receivables non-current	-	-
Receivables written off during the year	(503)	(16)
Reversal of amounts provided	(657)	(1,569)
Closing balance	681	1,160

NOTE 15 INVENTORIES

Consolidated

	2013 \$'000	2012 \$'000
CURRENT		
Raw materials and stores	5,202	3,000
	5,202	3,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16 PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

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

	Land	Buildings	Leasehold Improvements	Plant & Equipment	Plant & Equipment Under Finance Lease and Hire Purchase	Make Good	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost							
Balance as at 1 July 2011	-	-	1,558	15,950	6,525	-	24,033
Additions	253	410	700	4,033	4,396	-	9,792
Disposals	-	-	-	(1,240)	(527)	-	(1,767)
Acquisitions through business combinations	-	-	-	1,450	-	-	1,450
Transfers *	-	-	-	15	(15)	-	-
Balance as at 30 June 2012	253	410	2,258	20,208	10,379	-	33,508
Additions	-	-	1,332	4,107	3,942	230	9,611
Disposals	-	-	(537)	(1,120)	(1,093)	-	(2,750)
Acquisitions through business combinations	-	-	-	132	-	-	132
Transfers *	-	-	-	2,985	(2,985)	-	-
Balance as at 30 June 2013	253	410	3,053	26,312	10,243	230	40,501
Accumulated depreciation and impairment							
Balance as at 1 July 2011	-	-	928	9,671	3,240	-	13,839
Additions	-	6	240	3,369	1,758	-	5,373
Disposals	-	-	-	(824)	(381)	-	(1,205)
Transfers *	-	-	-	602	(602)	-	-
Balance as at 30 June 2012	-	6	1,168	12,818	4,015	-	18,007
Additions	-	17	583	4,445	1,886	71	7,002
Disposals	-	-	(609)	(725)	(1,040)	-	(2,374)
Transfers *	-	-	-	874	(874)	-	-
Balance as at 30 June 2013	-	23	1,142	17,412	3,987	71	22,635
Net Book Value as at 30 June 2013	253	387	1,911	8,900	6,256	159	17,866

* Transfers between categories

16.1 The following useful lives are used in the calculation of depreciation:

Buildings	25 years
Leasehold improvements	4 - 5 years
Plant and equipment	3 - 10 years
Plant and equipment under finance lease	3 - 5 years

16.2 Assets held as security

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17 NON-CURRENT ASSETS - GOODWILL

Consolidated

	2013 \$'000	2012 \$'000
Cost		
Balance at the beginning of year	56,580	53,638
Additional amounts recognised from business combinations occurring during the year (note 31)	140	2,942
Balance at end of year	56,720	56,580
Accumulated impairment losses		
Balance at the beginning of year	(1,535)	(1,535)
Balance at end of year	(1,535)	(1,535)
Closing carrying value at 30 June 2012	55,185	55,045

Impairment Disclosures

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

	Carrying Value of Good Will 2013 \$'000	Carrying Value of Good Will 2012 \$'000
CGU		
Technical Field Force Solutions	11,490	11,490
Technical Design & Construction Projects	34,885	34,885
Technical Maintenance Services	8,810	8,670
Total	55,185	55,045

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 five year period with the period extending beyond five years extrapolated using an estimated growth rate of 2.5% for Technical Field Force Solutions, 2.5% for Technical Design & Construction Projects and 2.5% for Technical Maintenance Services. The cash flows are discounted using the weighted average cost of capital at the end of the budget period.

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

	2013 Growth Rate	2013 Discount Rate	2012 Growth Rate	2012 Discount Rate
Technical Field Force Solutions (TFFS)				
2013	-	-	(12.82%)	15.02%
2014	17.60%	16.05%	3.00%	15.02%
2015	3.00%	16.05%	3.00%	15.02%
2016	3.00%	16.05%	3.00%	15.02%
2017	3.00%	16.05%	3.00%	15.02%
2018	3.00%	16.05%	-	-
Term Year	2.50%	16.05%	3.00%	15.02%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	2013 Growth Rate	2013 Discount Rate	2012 Growth Rate	2012 Discount Rate
Technical Design & Construction Projects (TDCP)				
2013	-	-	(2.75%)	15.86%
2014	(2.40%)	16.00%	3.00%	15.86%
2015	(10.30%)	16.00%	3.00%	15.86%
2016	3.00%	16.00%	3.00%	15.86%
2017	3.00%	16.00%	3.00%	15.86%
2018	3.00%	16.00%	-	-
Term Year	2.50%	16.00%	3.00%	15.86%
Technical Maintenance Services (TMS)				
2013	-	-	29.59%	15.31%
2014	12.50%	16.80%	4.00%	15.31%
2015	4.00%	16.80%	4.00%	15.31%
2016	3.00%	16.80%	4.00%	15.31%
2017	3.00%	16.80%	4.00%	15.31%
2018	3.00%	16.80%	-	-
Term Year	2.50%	16.80%	4.00%	15.31%

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

Management has based the value-in-use calculations on Board approved budgets for each reporting segment for FY2014. Forecasts have been used for FY2015-FY2018. These forecasts use historical weighted growth rates to project revenue and rates at which contracts are currently being written. Costs are calculated taking into account historical gross margins. Estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Impact of possible changes to key assumptions

Growth Rate

Management has assumed a conservative growth rate for all cash generating units and does not believe that any reasonably possible change would have a material effect on the recoverable amount of the goodwill.

Weighted Average Cost of Capital (WACC)

The WACC applied to each cash generating unit is on the higher end of BSA management's assessment of external data against the relative conservative modelling of future cash flows of each of the respective cash generating units. Management estimates that an increase in WACC of 1% would still not impair any of the three cash generating units.

Gross Margin

TFFS - In a sensitivity analysis, Management estimates that a 1% reduction in gross margin would cause a reduction in enterprise value of \$11.2 million and a resultant impairment of \$2.9 million, and a 0.7% reduction in Gross Margin would result in a break even between carrying value and an enterprise value calculation. A sensitivity analysis around 1% has been chosen due to the underlying stability of the TFSS business operation model, predominantly based on the back of long term contracts with major clients. Forecast Gross margin percentage is anticipated to improve slightly over the value in use cash flow projection period.

TDCP - In a sensitivity analysis, Management estimates that a 1% reduction in gross margin could cause a reduction in enterprise value of \$14.3 million and a resultant impairment of up to \$6.4 million, and a 0.6% reduction of in Gross Margin would result in a break even between carrying value and an enterprise value calculation. A sensitivity analysis around 1% has been chosen due to the competitive nature of the industry that TDCP operates in that has resulted in lower than expected margin performance. Forecast Gross Margin percentage is anticipated to improve based on a mix of improved margin contracts currently underway.

TMS - In a sensitivity analysis, Management estimates that a 1% reduction in gross margin could cause a reduction in enterprise value of \$8.2 million and a resultant headroom of \$8.4 million, and a 2.0% reduction of Gross Margin would result in a break even between carrying value and an enterprise value calculation. A sensitivity analysis around 1% has been chosen due to the underlying stability of the TMS business operation model, predominantly based on a spread of work across maintenance contracts, service and small project work. Forecast Gross margin percentage is anticipated to remain steady over the value in use cash flow projection period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17 NON-CURRENT ASSETS - GOODWILL (CONTINUED)

Working Capital

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

TFFS - A sensitivity in adversely impacting working capital based on collecting debtors two days later, paying creditors two days earlier would reduce enterprise value by \$2.1 million resulting in headroom of \$6.1 million.

TDCP - A sensitivity in adversely impacting working capital based on collecting debtors five days later, paying creditors two days earlier, and WIP reducing three days would reduce enterprise value by \$6.8 million resulting in headroom of \$1.1 million.

TMS - A sensitivity in adversely impacting working capital based on collecting debtors five days later, paying creditors two days earlier, and WIP reducing two days would reduce enterprise value by \$3.2 million and resulting in headroom of \$13.4 million.

NOTE 18 NON-CURRENT ASSETS - OTHER INTANGIBLE ASSETS

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

	Customer Relationships	Order Backlog	Total
Cost			
Balance as at 1 July 2011	6,900	3,679	10,579
Acquisitions through business combinations	-	6,400	6,400
Balance at 30 June 2012	6,900	10,079	16,979
Acquisitions through business combinations	-	-	-
Balance at 30 June 2013	6,900	10,079	16,979
Accumulated amortisation and impairment			
Balance as at 1 July 2011	(3,004)	(2,796)	(5,800)
Amortisation expense	(767)	(1,499)	(2,266)
Balance at 30 June 2012	(3,771)	(4,295)	(8,066)
Amortisation expense	(767)	(673)	(1,440)
Balance at 30 June 2013	(4,538)	(4,968)	(9,506)
Net Book Value as at 30 June 2013	2,362	5,111	7,473

The amortisation expense has been included in the line "depreciation and amortisation expense" in the Statement of Comprehensive Income.

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

Customer relationships	9 years
Order backlog	1 to 9.5 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19 OTHER FINANCIAL ASSETS

Consolidated

	2013 \$'000	2012 \$'000
Shares in other corporations at cost	3	4
	3	4

(a) Shares in subsidiaries

Details of Group Companies

	Country of incorporation	Class of shares	Percentage Owned (%)	
			2013	2012
Parent Entity:				
BSA Limited	Australia		-	-
Ultimate Parent Entity:				
BSA Limited	Australia		-	-
Controlled Entities:				
Mr Broadband Pty Limited	Australia	Ordinary	100	100
Allstaff Airconditioning Holdings Pty Limited	Australia	Ordinary	100	100
Allstaff Airconditioning (VIC) Pty Limited	Australia	Ordinary	100	100
Allstaff Airconditioning (NSW) Pty Limited	Australia	Ordinary	100	100
Allstaff Airconditioning (ACT) Pty Limited	Australia	Ordinary	100	100
Complex Airconditioning Pty Limited	Australia	Ordinary	100	100
Mr Antenna Pty Limited	Australia	Ordinary	100	100
Satellite Receiving Systems (QLD) Pty Limited	Australia	Ordinary	100	100
Mr Alarms Pty Limited	Australia	Ordinary	100	100
MEC Services Pty Limited	Australia	Ordinary	100	100
BSA Transmission Solutions Pty Limited	Australia	Ordinary	100	100
066 059 809 Pty Limited	Australia	Ordinary	100	100
Triple M Group Pty Limited	Australia	Ordinary	100	100
Triple M Mechanical Services Pty Limited	Australia	Ordinary	100	100
Triple M Mechanical Services (Qld) Pty Limited	Australia	Ordinary	100	100
Triple M Fire Pty Limited	Australia	Ordinary	100	100
Triple M Mechanical Services (Administration) Pty Limited	Australia	Ordinary	100	100
BSA Networks Pty Limited	Australia	Ordinary	100	100
Burke Air Pty Limited	Australia	Ordinary	100	100

(b) Deed of Cross Guarantee:

All Controlled Entities are parties to the Deed of Cross Guarantee, where relief is obtained from preparing individual financial reports under ASIC Class Order 98/1418, and are members of the Closed Group. Under the Deed, BSA Limited agrees to support the liabilities and obligations of the Controlled Entities.

(c) Tax Consolidation Group

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20 AMOUNTS DUE FROM (TO) CUSTOMERS UNDER CONSTRUCTION CONTRACTS

Consolidated

	2013	2012
	\$'000	\$'000
Contracts in progress		
Construction costs incurred plus recognised profits less recognised losses to date	339,424	354,473
Less progress billings	(274,969)	(293,143)
	64,455	61,330
Represented by amounts due:		
- From customers under construction contracts (note 14)	64,734	62,066
- To customers under construction contracts (note 22)	(279)	(736)
	64,455	61,330

At 30 June 2013, retentions held by customers for contract work amounted to \$713,979 (30 June 2012: \$848,650). Advances received from customers for contract work amounted to Nil (30 June 2012 : \$392,293).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 21 PARENT ENTITY DISCLOSURES

	2013 \$'000	2012 \$'000
(a) Financial Position		
Assets		
Current assets	32,083	35,704
Non-current assets	79,955	77,606
Total assets	112,038	113,310
Liabilities		
Current liabilities	33,138	60,791
Non-current liabilities	12,408	7,991
Total liabilities	45,546	68,782
Net Assets	66,492	44,528
Equity		
Issued capital	77,797	77,797
Retained earnings	(34,766)	(34,766)
Profit Reserve	22,148	-
Reserves		
Share-based payments reserve	1,354	1,522
Cash flow hedge reserve	(41)	(25)
Total equity	66,492	44,528
(b) Financial Performance		
Profit for the year	25,580	(2,767)
Other comprehensive income for the year, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Gain/(loss) recognised on cash flow hedges	(16)	11
Total comprehensive income for the year, net of tax	25,564	(2,756)
(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries		
BSA Limited has entered into a cross guarantee with its wholly owned subsidiaries.	73,660	62,505
(d) Contingent Liabilities		
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 \$9,130,007 (2012 - \$2,829,789).		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22 TRADE AND OTHER PAYABLES

Consolidated

	2013	2012
	\$'000	\$'000
Trade payables	39,560	40,798
(a) Other payables	30,693	44,050
Amounts due to customers under construction contracts (see note 20)	279	736
Total Payables	70,532	85,584

The average credit period on purchases is 32.7 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

(a) Payroll Tax Payable to NSW Office of State Revenue.

Subsequent to year end, the NSW Office of State Revenue (OSR) informally advised of a possible payroll tax-related liability of approximately \$11.7 million, including interest and penalties, for the six year period 2008-2013. This issue relates principally to the Technical Field Force Services business and the status of its contractor workforce.

BSA's advisors confirmed the email received did not have the status of a notice of assessment issued under the state tax legislation, that a material calculation error has been made in arriving at the figure, and that BSA has reasonable grounds to believe the figure can be reduced by utilising certain avenues of relief. BSA will continue to work proactively with the OSR to resolve this matter. The Company will vigorously defend its position in this matter.

On 18th September 2013, BSA released a market announcement on the ASX which stated that the Company believes that the best guidance of a liability, if any, at a range of \$2m to \$5m. An amount of \$2m has been provided in the financial statements as at 30 June 2013 as Directors' best estimate of a liability.

NOTE 23 BORROWINGS

Consolidated

	2013	2012
Note	\$'000	\$'000
CURRENT		
Secured liabilities at amortised cost:		
Hire purchase liabilities	(b) 2,211	1,815
Lease liabilities	(b) 673	276
Bank loans	(a) 5,661	2,875
Total Borrowings	8,545	4,966
NON-CURRENT		
Secured liabilities at amortised cost:		
Hire purchase liabilities	(b) 2,366	2,660
Lease liabilities	(b) 2,667	1,212
Bank loans	(a) 8,975	6,375
Total Borrowings	14,008	10,247

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

- (a) The bank loans of the Group are secured by fixed and floating charges registered by mortgage debenture over assets and undertakings of the parent entity and its subsidiaries along with interlocking guarantees and indemnities for \$73,660,000 between the parent entity and its subsidiaries.

As at the date of this report an annual review of the bank facilities is underway with the Company's bank. Whilst term debt facilities amounting to \$14.3m are due to expire on 30 September 2014, key remaining facilities totalling \$52.0m are due for renewal on 30 November 2013. Directors do not see any issue with the annual review process with the bank.

The covenants within the bank borrowings require debt service cover to be greater than 1.25 times, senior debt leverage ratio to be less than 2.5 times, total leverage ratio to be less than 4.0 times and trading ratio to be greater than 1.05 times. There were no covenants breached during the financial year.

Consolidated

	2013	2012
	\$'000	\$'000
Total financial assets pledged as security		
CURRENT		
Cash and cash equivalents	2,009	24,734
Trade and other receivables	85,190	79,194
Inventories	5,202	3,000
Tax assets	1,206	-
	93,607	106,928
NON-CURRENT		
Trade and other receivables	1,279	1,279
Other financial assets	3	4
Property, plant & equipment	17,866	15,501
Deferred tax assets	1,981	1,443
Goodwill	55,185	55,045
Other intangible assets	7,473	8,913
	83,787	82,185
	177,394	189,113

- (b) Lease liabilities and hire purchase liabilities are effectively secured as the rights to the assets recognised in the financial statements revert to the financier in the event of default. Actual interest rates for HP liabilities outstanding during the year ranged between 5.90% and 9.39%. Actual interest rates for lease liabilities outstanding during the year ranged between 5.75% and 9.46%. Actual interest rates for bank loans outstanding during the year ranged between 7.72% and 9.06%.

NOTE 24 PROVISIONS

Consolidated

	Note	2013	2012
		\$'000	\$'000
Employee benefits	(i)	9,272	8,995
CURRENT		8,054	7,803
NON-CURRENT		1,218	1,192
		9,272	8,995

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 25 ISSUED CAPITAL

(a) Share capital

	Note	Parent Entity	
		2013 Number of Shares	2012 Number of Shares
Ordinary shares - fully paid	(c)	228,861,202	228,861,202

(b) Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price \$	\$'000
1 July 2011	Opening Balance	217,595,890		75,419
1 August 2011	BurkeAir Acquisition	1,363,635	0.22	300
12 September 2011	Shares issued on settlement of rights conversion	(g) 1,000,000	0.23	225
4 October 2011	Dividend Reinvestment Plan	(f) 7,830,573	0.20	1,566
20 April 2012	Dividend Reinvestment Plan	(f) 1,071,104	0.27	289
	Less: transaction costs arising on shares issued	-		(2)
1 July 2012	Opening Balance	228,861,202		77,797
30 June 2013	Balance	228,861,202		77,797

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The costs of raising the share capital in the year ended 30 June 2013 totalled \$0 (2012: \$2,304). Pursuant to the policy described in Note 3.19.2, the cost has been deducted from issued capital.

(d) Options

At 30 June 2013 no options were held over ordinary shares of the Company.

Share options granted under the Share Option Plan carry no rights to dividends and no voting rights. Further information relating to the BSA Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 30.

(e) Executive Securities Plan

The Company has established an Executive Securities Plan as a mechanism to provide the Company's key Executives with a direct equity involvement and incentive in the Company which aligns them with the shareholders.

(f) Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. The Dividend Reinvestment Plan has been suspended since the final dividend for 30 June 2012.

(g) Rights

Information relating to the BSA Limited Performance Rights Plan, including details of rights issued, exercised and lapsed during the financial year and rights outstanding at the end of the financial year, is set out in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26 RESERVES AND ACCUMULATED LOSSES

Consolidated

	2013 \$'000	2012 \$'000
(a) Reserves		
Cash flow hedging reserve	(41)	(25)
Share-based payments reserve	1,354	1,522
	1,313	1,497
Cash flow hedging reserve		
Opening balance	(25)	(36)
Gain/(loss) recognised on cash flow hedges	(16)	11
Closing balance	(41)	(25)
The cash flow hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective as cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.		
Share-based payments reserve		
Opening balance	1,522	1,671
Rights expense	(129)	151
Shares issued in satisfaction of performance conditions	(39)	(300)
Closing balance	1,354	1,522
The share-based payments reserve relates to share options and share rights granted to employees under the Employee Share Option Plan and the Employee Performance Rights Plan. Further information about share-based payments to employees is set out in note 30.		
The share-based payments reserve records items recognised as expenses on valuation of employee share options and rights.		
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of year	(8,177)	(3,778)
Net profit/(loss) for the year	-	-
Dividends	-	(4,399)
Balance at end of year	(8,177)	(8,177)
(c) Profit Reserve		
Movements in profit reserve were as follows:		
Balance at beginning of year	3,532	-
Net profit/(loss) for the year	3,763	5,810
Dividends	(3,433)	(2,278)
Balance at end of year	3,862	3,532

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26 RESERVES AND ACCUMULATED LOSSES (CONTINUED)

(d) Dividends on equity instruments

	2013		2012	
	Cents per share	Total '000	Cents per share	Total '000
Recognised amounts				
Fully paid ordinary shares				
Interim dividend:	0.50	1,144	1.00	2,278
Final dividend:	1.00	2,289	2.00	4,399
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend:	-	-	1.00	2,289
The Directors have not recommended the payment of a final dividend in respect of the year ending 30 June 2013.				

(e) Franked credits

Franking account balance at 30 June	17,361	13,397
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NOTE 27 CAPITAL AND LEASING COMMITMENTS

Consolidated

	Note	2013 \$'000	2012 \$'000
(i) Operating Lease Commitments			
The Group leases various offices and warehouses under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.			
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year		4,254	4,008
Later than one year but not later than five years		9,907	8,368
Later than five years		-	-
		14,160	12,376
(ii) Finance Lease Commitments			
The Group leases various plant and equipment with a carrying amount of \$3,895,000 (2012: \$1,480,000) under finance leases expiring within one to four years. Under the terms of the leases, the Group has the option to acquire the leased assets after paying the residual amount on expiry of the leases.			
Commitments in relation to finance leases are payable as follows:			
Within one year		877	378
Later than one year but not later than five years		2,940	1,394
Later than five years		-	-
Minimum lease payments		3,817	1,772
Less future finance charges		(477)	(284)
Total Lease Liability		3,340	1,488
Represented by:			
Current liability	23	673	276
Non-current liability	23	2,667	1,212
		3,340	1,488

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated

	Note	2013 \$'000	2012 \$'000
(iii) Hire Purchase Commitments			
The Group has purchased various plant and equipment with a carrying amount of \$2,361,000 (2012: \$4,884,000) under hire purchase agreements expiring within one to four years. Under the terms of the agreements, the Group has the option to acquire the assets after paying the residual amount on expiry of the agreements.			
Commitments in relation to hire purchase agreements are payable as follows:			
Within one year		2,499	2,128
Later than one year but not later than five years		2,442	2,821
Later than five years		-	-
Minimum payments		4,941	4,949
Less future finance charges		(364)	(474)
Total Hire Purchase Liability		4,577	4,475
Represented by:			
Current liability	23	2,211	1,815
Non-current liability	23	2,366	2,660
		4,577	4,475

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 28 SEGMENT INFORMATION

(a) AASB 8 Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

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

The Group is organised into the following reportable segments:

Technical Field Force Solutions (TFFS)

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

Technical Design and Construction Projects (TDCP)

Technical Design and Construction Projects provides the design and installation of building services for commercial and industrial buildings including: Mechanical Services, Air Conditioning, Heating and Ventilation, Refrigeration and Fire services.

Technical Maintenance Services (TMS)

Technical Maintenance Services provides the maintenance of building services for commercial and industrial buildings including: Mechanical Services, Air Conditioning, Heating and Ventilation, Refrigeration and Fire services.

(c) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable operating segments:

	Revenue		Segment Profit	
	Year Ended		Year Ended	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	\$'000	\$'000	\$'000	\$'000
Technical Field Force Solutions	134,805	137,314	3,660	5,694
Technical Design and Construction Projects	249,706	283,307	3,521	5,506
Technical Maintenance Services	89,763	71,434	2,631	4,884
Other	310	491	-	-
	474,584	492,546	9,812	16,084
Corporate costs including acquisition, legal and advisory			(5,082)	(6,421)
Finance costs			(1,932)	(1,462)
Profit before tax			2,798	8,201

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2012: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and Directors' salaries, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

(d) Segment assets and liabilities

	Year Ended	
	30 Jun 13 \$'000	30 Jun 12 \$'000
Segment assets		
Technical Field Force Solutions	100,561	68,022
Technical Design and Construction Projects	60,311	101,656
Technical Maintenance Services	16,522	19,435
Consolidated assets	177,394	189,113
Segment liabilities		
Technical Field Force Solutions	44,073	32,488
Technical Design and Construction Projects	42,592	69,430
Technical Maintenance Services	15,934	12,546
Consolidated liabilities	102,599	114,464

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

- All assets, except cash, are allocated to reportable segments. In 2013, cash is allocated to TFFS who operate the Group's treasury. Goodwill is allocated to reportable segments as described in note 17. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to reportable segments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(e) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	Year Ended		Year Ended	
	30 Jun 13 \$'000	30 Jun 12 \$'000	30 Jun 13 \$'000	30 Jun 12 \$'000
Continuing operations				
Technical Field Force Solutions	3,055	2,338	5,149	4,721
Technical Design & Construction Projects	2,528	3,244	1,570	3,218
Technical Maintenance Services	2,859	2,057	2,892	1,853
	8,442	7,639	9,611	9,792

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 28 SEGMENT INFORMATION (CONTINUED)

(f) Geographical information

The Group only operates in Australia.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	Year ended		Year Ended	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	\$'000	\$'000		\$'000
Australia	474,584	492,546	83,787	82,185
	474,584	492,546	83,787	82,185

(g) Information about major customers

The Group has a number of customers to whom it provides both products and services. The Group supplies a single external customer in the Technical Field Force Solutions segment who accounts for 18% of external revenue (2012: 19%). The Group's next most significant client is in the Technical Design and Construction segment and accounts for 13% of external revenue (2012: 18%).

NOTE 29 CASH FLOW INFORMATION FOR THE PERIOD

Consolidated

	2013	2012
	\$'000	\$'000

(a) Reconciliation of profit to net cash flows from operating activities for the year

Profit for the year	3,763	5,810
Depreciation	7,002	5,373
Amortisation	1,440	2,266
Share-based payment expense	(129)	151
Net (profit) on sale of non-current assets	(47)	(18)
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	(9,636)	3,771
(Increase)/decrease in inventories	(2,161)	100
Decrease in deferred tax asset	(538)	1,044
Decrease/(Increase) in other operating assets	3,638	(1,313)
(Decrease)/increase in trade payables	(1,362)	2,741
(Decrease) in other operating liabilities	(12,894)	(1,935)
(Decrease)/increase in provision for income taxes payable	(5,878)	4,992
(Decrease) in provision for deferred taxes payable	-	(35)
Increase in provisions	278	964
Net cash generated by operating activities transactions	(16,524)	23,911

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated

	2013	2012
	\$'000	\$'000

(b) Non-cash transactions

- (i) During the year the consolidated entity acquired plant and equipment with an aggregate value of \$3,942,000 (2012:\$4,396,000) by means of finance leases. These acquisitions are not reflected in the cash flow statement.
- (ii) During the year the consolidated entity paid dividends, but did not offer holders of ordinary shares to 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. In 2012, this amounted to \$1,855,000.

(c) Credit Standby Arrangements with Banks

Credit facility	16,000	10,000
Amount utilised	-	-
Unused credit facility	16,000	10,000

The major facility is summarised as follows:

Working Capital Facility

(d) Loan facilities

Loan facilities	14,636	9,250
Amount utilised	(14,636)	(9,250)
Unused loan facility	-	-

The major facilities are summarised as follows:

Acquisition Finance Loans

Loan 1 is for \$3,687,500 and is fully drawn and has an expiry date of 30 September 2014. Half the interest is paid on a fixed basis under an interest rate swap and half is variable. The current interest rate is 8.77% (2012: 6.11%) Loan 2 is for \$2,937,500 and is fully drawn and has an expiry date of 30 September 2014. Half the interest is paid on a fixed basis under an interest rate swap and half is variable. The current interest rate is 8.77% (2012: 5.425%). Loan 3 is for \$7,650,000 and has an expiry date of 30 September 2014. Half the interest is paid on a fixed basis under an interest rate swap and half is variable. The current interest rate is 8.77% (2012: N/A).

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

(e) Guarantees

Guarantees to the value of \$23,275,718 were utilised at 30 June 2013 (2012: \$19,621,673), are secured by fixed and floating charge to the bank over the assets of the Company together with guarantees in favour of the parent given by all controlled entities.

(f) Surety Bonds

Surety Bonds of which \$23,605,833 were utilised at 30 June 2013 (2012: \$18,355,202), are unsecured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 30 SHARE-BASED PAYMENTS

(a) Employee Option Plan

The establishment of the BSA Limited Employee Option Plan was approved by shareholders at the 2004 AGM. Staff eligible to participate are those who are full-time or permanent part-time employees of any company in the Group, including an Executive Director and Non-Executive Director of the company and whom the Board of Directors has sole discretion to determine to be eligible to participate but does not include a person who has a relevant interest in greater than 5% of the issued ordinary share capital of the Company.

The exercise price and exercise period applicable to any options to be offered under the Option Plan will, at or before the time of issuing an invitation to eligible employees to subscribe for options, be determined by the Board in its absolute discretion.

Subject to any restrictions in the Listing Rules or the Corporations Act 2001, the Board may in its absolute discretion impose on the options such other terms as it considers appropriate.

As soon as practicable after receipt of a valid notice of exercise of an option together with the exercise price the Company will allot the appropriate number of ordinary shares. Any shares issued on the exercise of the options granted pursuant to the resolution will be officially quoted and will rank equally with all other shares on issue in the Company and all the rights and entitlements of the holders in respect of those shares will be identical to the rights and entitlements of the holders of the currently issued shares in the Company.

Options can only be exercised after three years if the employee remains in the employment of the Company and the option will then expire two years after this date. If the employee terminates their employment within the three years, the option is exercisable for 12 months from the date after termination. If the Company is subject to a takeover the option will vest and be exercisable for a period of three months.

Options may not be transferred, though prior to issue a nominee may be advised for consideration by the Board.

There were no options outstanding at 30 June 2013 (2012: Nil).

Fair value of options granted

There have been no options granted since 25 November 2004.

There is no employee benefits expense in the income statement (2012: nil), which relates, in full, to equity-settled share-based payment transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

(b) Employee Share Scheme

A scheme under which shares were issued by the Company to employees for no cash consideration was ratified by shareholders at the 2004 AGM. All permanent employees (including Executive Directors) who were continuously employed by the consolidated entity for a period of at least one year were eligible to participate in the scheme. Employees could elect not to participate in the scheme.

Under the scheme, eligible employees were offered \$1,000 worth of fully-paid ordinary shares in BSA Limited for the Year Ended 30 June 2004 for no cash consideration. The market value of shares issued under the scheme, measured as the weighted average market price on the day of issue of the shares, was recognised in the balance sheet as share capital and as part of employee benefit cost.

Offers under the scheme are at the discretion of the Company. No offers were made during year the ended 30 June 2013 (2012: Nil).

Shares under the scheme may not be sold until the earlier of three years after issue or cessation of employment with the consolidated entity. In all other aspects the shares rank equally with other fully-paid ordinary shares on issue (see note 25(c)).

The number of shares issued to participants in the scheme is the offered amount divided by the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the date of the offer.

(c) Executive Securities Plan

The establishment of the BSA Executive Securities Plan was approved by shareholders at the 2005 AGM. The Plan was established as a mechanism to provide the Company's key Executives with a direct equity involvement and incentive in the Company which aligns them with the shareholders.

The number of securities to be offered and the time at which securities may be offered from time to time to Executives and the price and terms of payment, shall be determined by the Board in its discretion.

The Board may at such times as it determines invite any Executive to be a member of the Plan.

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

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

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

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

Subject to the above restriction and to the terms of the Loan Agreement (if any) deemed to be entered into by the Executive, an Executive shall from the Date of Allotment, be the absolute beneficial owner of the shares.

Unless the Directors of the Company otherwise provide in the terms of any Invitation, all Plan Shares shall rank for dividends declared on or after the Date of Allotment and shall in all respects rank equally with and have the same rights and entitlements as all other fully paid ordinary shares of the Company.

Under the Loan Agreement, the borrower shall repay the balance outstanding of the Outstanding Principal when the borrower ceases to be an employee or Director of the Lender. BSA Limited has adopted the policy of having a rolling three year maturity date for all Executives who do not have a termed employment contract.

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

Consolidated and parent entity

Grant Date	Expiry Date	Issue Price (cents)	Balance at Start of the Year Number	Granted During the Year Number	Released from Escrow During the Year Number	Balance in Escrow at End of the Year Number
13 Oct 2006		0.23	700,000	-	-	700,000
19 Jul 2007		0.63	1,600,000	-	-	1,600,000
11 Sep 2007		0.68	150,000	-	-	150,000
13 Sep 2007		0.68	200,000	-	-	200,000
14 Dec 2007		0.68	400,000	-	-	400,000
10 Feb 2009		0.10	1,700,000	-	-	1,700,000
Total			4,750,000	-	-	4,750,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 30 SHARE-BASED PAYMENTS (CONTINUED)

(d) Employee Performance Rights Plan

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

- Provide an incentive for the creation of, and focus on, shareholder wealth;
- Enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- Link the reward of key staff with the achievement of strategic goals and the performance of the Company;
- Align the financial interests of participants in the Plan with those of Company shareholders; and
- Ensure the remuneration packages of employees are consistent with market practice.

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

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

Rights to acquire shares will not be exercisable until the end of the final measurement period, and until those rights have satisfied all vesting conditions and all performance hurdles established by the Board. This is subject to a number of exceptions (including death, cessation of employment, takeovers and schemes of arrangement). The rights have a specified life determined by the Board. The initial grant of rights (the Grant Date) will have a life terminating five years after the Grant Date or such other date as determined by the Board (the Expiry Date).

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

- i. Service condition of two to three years; or
- ii. The Company's performance as measured by earnings per share ("EPS") being the EPS for the relevant Measurement Period as determined by the Board having regard to the financial statements. Certain growth in EPS for the shares must be attained in respect of each Measurement Period and pro rata in respect of each Measurement Period and service condition of three years.

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

On or after the end of the final measurement period and provided any performance hurdle prescribed by the Board has been achieved and, where applicable, to the extent it has been achieved, the Plan Participant may then acquire shares by exercising the rights.

A right lapses if it is not exercised by the Expiry Date.

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

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

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

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

Consolidated and parent entity

Grant Date	Exercise Date	Expiry Date	Exercise Price (cents)	Balance at Start of the Year Number	Granted During the Year Number	Exercised During the Year Number	Forfeited During the Year Number	Balance in Escrow at End of the Year Number
10 Feb 2009	10 Feb 2012	10 Feb 2014	-	115,000	-	-	-	115,000
29 Sep 2009	29 Sep 2012	29 Sep 2014	-	1,195,934	-	(208,967)	-	986,967
24 Aug 2010	24 Aug 2013	24 Aug 2015	-	1,489,500	-	-	(124,000)	1,365,500
14 Nov 2011	14 Nov 2014	14 Nov 2016	-	3,218,000	-	-	(122,000)	3,096,000
Total				6,018,434	-	(208,967)	(246,000)	5,563,467

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 31 BUSINESS COMBINATION

(a) Summary of Acquisition

On 1 September 2012, the Group acquired 100% of the assets of Reat Holdings Pty Limited (Trading as Allied Cooling Services) for a purchase consideration of \$188,000. Reat Holdings provides Air Conditioning services and operates in Kalgoorlie, Western Australia. These assets were acquired with the objective of extending the presence of the Group into Kalgoorlie to service the gold and nickel mines in the area of which the largest mines are serviced by contractors based in Perth.

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

	\$'000
Purchase consideration:	188
Cash consideration	188
Equity consideration	-
Total purchase consideration	188
Fair value of identifiable assets acquired (refer to (c) below)	48
Goodwill (refer to (c) below and note 17)	140
Identifiable intangible assets (refer note 18)	-
	188

There were no acquisition related costs incurred on this transaction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 31 BUSINESS COMBINATION (CONTINUED)

(c) Assets and liabilities acquired

	\$'000
Cash and cash equivalents	-
Trade and other receivables	-
Inventories	41
Property, plant and equipment	132
Trade and other payables	(125)
Provision for deferred tax liability	-
Net assets acquired	48
Purchase consideration settled in cash	188
Cash and cash equivalents in subsidiary	-
Cash outflow on acquisition	188

The above goodwill is attributed to the fact that Reat Holdings provides BSA with a presence in the Kalgoorlie building services market.

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

No part of the operations of Reat Holdings have or will be disposed of as part of the business combination.

From the date of acquisition, Reat Holdings has contributed \$1,506,318 to the revenue and \$262,639 to the profit for the year from continuing operations.

NOTE 32 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Other than the following, the Directors are not aware of any significant events since the end of the reporting period.

Subsequent to year end, the NSW Office of State Revenue (OSR) informally advised of a possible payroll tax-related liability of approximately \$11.7 million, including interest and penalties, for the six year period 2008-2013. This issue relates principally to the Technical Field Force Services business and the status of its contractor workforce, full details are described in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 33 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those to other parties unless otherwise stated.

(a) Transactions with related parties:

Consolidated Entity

	2013	2012
	\$	\$
Rent was paid to The Day Street Unit Trust in which M Lowe, a Director, has a beneficial interest	96,000	112,000

Outstanding balances arising from purchases of services

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

Purchase of services

Rent for premises from Director	192,000	96,000
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(b) Equity instrument disclosures relating to key management personnel

(i) Rights holdings

The numbers of rights over ordinary shares in the Company held during the financial year by each Director of BSA Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2013	Balance at Start of Year	Granted as Compensation	Rights Exercised	Net Change Other	Balance at End of Year	Vested but Not Exercisable	Vested and Exercisable	Rights Vesting During Year
Stephen Nash	1,360,000	-	-	-	1,360,000	-	-	-
Karl Nixon	1,521,000	-	-	-	1,521,000	-	-	-
	2,881,000	-	-	-	2,881,000	-	-	-

2012	Balance at start of year	Granted as Compensation	Rights Exercised	Net Change Other	Balance at end of year	Vested but not exercisable	Vested and exercisable	Rights vesting during year
Stephen Nash	-	1,360,000	-	-	1,360,000	-	-	-
Mark Lowe	1,374,000	746,000	-	(2,120,000)	-	-	-	-
Karl Nixon	1,362,000	613,000	-	(454,000)	1,521,000	-	-	-
	2,736,000	2,719,000	-	(2,574,000)	2,881,000	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 33 RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Share holdings

The numbers of shares in the Company held during the year by each Director of BSA Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2013	Balance at the start of the year	Rights Exercised	Other Changes During the Year	Balance at the End of the Year	Balance Held Nominally
Directors of BSA Limited					
Ordinary Shares					
Ross Johnston	1,634,315	-	(425,000)	1,209,315	-
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	404,769	-	-	404,769	-
Michael Givoni	230,000	-	-	230,000	-
Max Cowley	58,333,195	-	(58,333,195)	-	-
Daniel Collis	-	-	58,333,195	58,333,195	58,333,195
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
	70,917,682	-	(425,000)	70,492,682	58,333,195

2012	Balance at the start of the year	Rights Exercised	Other Changes During the Year	Balance at the End of the Year	Balance Held Nominally
Directors of BSA Limited					
Ordinary Shares					
Ross Johnston	1,818,634	-	(184,319)	1,634,315	-
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	263,921	-	140,848	404,769	-
Michael Givoni	150,000	-	80,000	230,000	-
Max Cowley	53,130,178	-	5,203,017	58,333,195	58,333,195
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
	65,678,136	-	5,239,546	70,917,682	58,333,195

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

(c) Executive Securities Loans

	Opening Balance \$000	Balance at End of Year \$000	Notional Interest Charged \$000	Notional Interest Not Charged \$000	Provision for Impairment \$000	Number of Individuals
2013	1,477	1,473	90	-	-	11
2012	2,552	1,477	93	-	-	11
2011	2,656	2,552	44	-	-	13
2010	2,487	2,656	334	-	-	13
2009	2,437	2,487	171	-	-	13
2008	1,029	2,437	148	-	-	13
2007	833	1,029	63	-	-	6
2006	807	833	26	-	-	1

Individuals with loans above \$100,000 in reporting period.

2013	Opening Balance	Notional Interest Charged Using Effective Interest Rate Method	Balance at End of Year	Highest Balance During Period
	\$	\$	\$	\$
Brendan Foley	490,499	34,334	490,499	490,499
Ray Larkin	188,844	13,219	188,844	188,844
Leaston Paull	188,844	13,219	188,844	188,844
Bryce Wood	160,332	11,223	160,332	160,332
Peter Tripodi *	147,500	-	143,750	147,500
Younis Tehfe	112,397	7,868	112,397	112,397

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

2012	Opening Balance	Notional Interest Charged Using Effective Interest Rate Method	Balance at End of Year	Highest Balance During Period
	\$	\$	\$	\$
Mark Foley *	869,000	-	-	869,000
Brendan Foley	490,499	32,853	490,499	490,499
Ray Larkin	188,844	12,659	188,844	188,844
Leaston Paull	188,844	12,708	188,844	188,844
Bryce Wood	160,332	10,738	160,332	160,332
Peter Tripodi *	155,000	-	147,500	155,000
Grant Backhouse	136,000	-	-	136,000
Mark Lowe	112,397	3,560	50,400	112,397
Younis Tehfe	112,397	7,868	112,397	112,397

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

The above current loans represent unsecured loans to purchase shares in BSA Limited which was passed at a meeting of members held on 12 December 2005. The shares were issued between 13 October 2006 and 10 February 2009 at values ranging from 10.0 cents per share and 68.0 cents per share. The loans are repayable on the termination of each individual from the Company and do not bear interest. These loans have been booked into the accounts at net present value on a rolling three year basis.

At the discretion of the Board, the above loan to Peter Tripodi was not repaid on termination. The outstanding principal is now due and payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 34 FINANCIAL INSTRUMENTS

Fair value of financial instruments carried at amortised cost

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Consolidated

	2013	2012
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	2,009	24,734
Loans and receivables		
Trade and other receivables	86,469	80,473
Financial Assets at amortised cost	88,478	105,207
Financial liabilities		
Financial liabilities held at amortised cost		
Trade and other payables	70,532	85,584
Borrowings	22,553	15,213
Financial liabilities at amortised cost	93,085	100,797

NOTE 35 FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to financial risks that arise. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments from which financial instrument risk arises are:

- Trade receivables;
- Cash at bank;
- Bank overdrafts;
- Trade and other payables; and
- Borrowings.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives monthly reports from the Finance department through which it reviews the effectiveness of the processes put in place and the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

Trade receivables consist of a large number of customers. The Group does not have significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to the largest counterparty did not exceed 12% of gross monetary assets at balance date. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at balance date.

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

Consolidated		
	2013	2012
	\$'000	\$'000
Receivables	86,468	105,207
	86,468	105,207

Included in loans and receivables, the most significant customer accounts for 6.7% of trade receivables at 30 June 2013 (2012:9.4%).

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

Consolidated		
	2013	2012
	\$'000	\$'000
Australia	86,468	105,207
	86,468	105,207

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

Consolidated		
	2013	2012
	\$'000	\$'000
Technical Field Force Solutions	25,812	34,529
Technical Design and Construction Projects	47,110	55,406
Technical Maintenance Services	13,546	15,272
	86,468	105,207

The Group's most significant customer, a Technical Design and Construction Projects customer, accounts for \$8,416,031 of trade receivables at 30 June 2013. At 30 June 2012, the Group's most significant customer was a Technical Design and Construction Projects customer which accounted for \$6,001,700.

All major customers are credit worthy, as detailed above.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The table below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Financing arrangements

The following financing facilities were available at balance date:

Consolidated

	2013 \$'000	2012 \$'000
Credit stand-by arrangements		
Total facilities:		
Working Capital Facility	-	10,000
Product Swap Facility	-	5,000
Debtor Finance Facility	16,000	-
	16,000	15,000
Used at balance date:		
Working Capital Facility	-	-
Product Swap Facility	-	5,000
Debtor Finance Facility	-	-
	-	5,000
Unused at balance date:		
Working Capital Facility	-	10,000
Product Swap Facility	-	-
Debtor Finance Facility	16,000	-
	16,000	10,000
Bank loans		
Total facilities:	14,275	4,250
Used at balance date	14,275	4,250
Unused at balance date	-	-
Total unused credit facilities at balance date	16,000	10,000
Master Asset Finance Facility		
Total facilities:	10,500	10,500
Used at balance date	7,917	5,963
Unused at balance date	2,583	4,537

Refer Note 23(a) for details of terms of financing arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Maturity Analysis - Group

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

The table below includes the weighted average effective interest rate and a reconciliation to the carrying amount in the Statement of Financial Position as an example of summary quantitative data about exposure to interest rates at the end of the reporting period that an entity may provide internally to management personnel.

Financial Liabilities	Carrying Amount	Contractual Cash Flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
30 June 2013	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank loans	14,636	15,654	3,550	3,073	9,031	-
Trade creditors	39,560	39,560	39,560	-	-	-
Other payables	40,244	40,244	40,244	-	-	-
Finance lease liabilities	7,917	8,758	1,688	1,688	5,382	-
TOTAL	102,357	104,216	85,042	4,761	14,413	-

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

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Financial Assets	Carrying Amount	Contractual Cash Flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
30 June 2013	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade debtors	11,315	11,399	11,399	-	-	-
Other receivables	75,154	75,751	74,279	1	192	1,279
TOTAL	86,469	87,150	85,678	1	192	1,279

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market Risk

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Sensitivity Analysis

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

Consolidated	Carrying Amount AUD	+2% of AUD IR		-2% of AUD IR	
		Profit	Other Equity	Profit	Other Equity
2013	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowings AUD	14,636	293	-	(293)	-
Tax effect (30%)	-	(88)	-	88	-
After tax increase/ (decrease)	14,636	205	-	(205)	-

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 2012.

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

The above analysis assumes all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Interest rate swap contracts

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

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period:

Cash flow hedges

Outstanding receive floating pay fixed contracts

	Average Contracted Fixed Interest Rate		Notional Principal Value		Fair Value	
	2013 %	2012 %	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Less than 1 year	8.77	5.43	-	4,875	-	(625)
1 to 2 years	8.77	5.43	7,138	-	(41)	-
			7,138	4,875	(41)	(625)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 36 CAPITAL RISK MANAGEMENT

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

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

It is the Group's policy to review its gearing ratio to ensure adequate funds are available to meet its obligations. The Group's gearing ratio at the balance sheet date is shown below :

Consolidated

Gearing ratios	2013	2012
Net (cash) / debt	20,544	(9,521)
Total equity	74,795	74,649
Total Gearing Ratio	27.47%	(12.75%)

Gearing levels have increased due to increased working capital requirements associated with Technical Design and Construction Projects and Technical Maintenance Services projects, resulting in less cash at bank at year end. It is the Board's intention to monitor gearing levels going forward. There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

NOTE 37 CONTINGENT LIABILITIES

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 \$46,881,551 (2012 - \$37,976,875).

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

NOTE 38 CORPORATE INFORMATION

The Financial Report of BSA Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 30 September 2013 and covers the consolidated entity consisting of BSA Limited and its subsidiaries as required by the Corporations Act 2001. BSA Limited is a company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Stock Exchange.

The financial report is presented in Australian currency.

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

7 Figtree Drive

Sydney Olympic Park NSW 2127

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2013

The Directors declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) In the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;
- (c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* (Cth), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth).

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 19 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001* (Cth).

On behalf of the Directors.



Ross Johnston
Chairman
Sydney

30 September 2013



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

Report on the Financial Report

We have audited the accompanying financial report of BSA Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 41 to 99.

Directors' Responsibility for the Financial Report

The directors of BSA Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 3.1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Deloitte.

Auditor's Independence Declaration

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

Opinion

In our opinion:

- (a) the financial report of BSA Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.1

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18-28 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of BSA Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Glen Sanford
Partner
Chartered Accountants
Parramatta, 30 September 2013

Member of Deloitte Touche Tohmatsu Limited
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SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 31 JULY 2013

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Number of Holders	Ordinary Shares	Number of Holders	Options	Number of Holders	Performance Rights
1 to 1,000	162	78,025	-	-	-	-
1,001 to 5,000	619	2,034,035	-	-	-	-
5,001 to 10,000	401	3,237,206	-	-	-	-
10,001 to 100,000	1,136	45,498,461	-	-	8	515,000
100,001 and above	283	178,013,475	-	-	5	3,073,467
	2,601	228,861,202	-	-	13	3,588,467

There were 483 (2012: 313) holders of less than a marketable parcel of ordinary shares.

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name of Holder	Ordinary Shares	
	Number Held	Percentage of Issued Shares
BIRKETU PTY LTD	58,333,195	25.49%
MR GREG MULLANE	7,548,743	3.30%
SETLOBE PTY LTD <LOWE UNIT A/C>	7,392,405	3.23%
J P MORGAN NOMINEES AUSTRALIA LIMITED	6,643,237	2.90%
RUMDAB PTY LTD <BOWLES FAMILY A/C>	6,370,655	2.78%
AUST EXECUTOR TRUSTEES LTD <LANYON AUST VALUE FUND>	4,524,341	1.98%
HGT INVESTMENTS PTY LTD	3,797,000	1.66%
SAMLowe PTY LTD <LOWE SUPER FUND A/C>	2,722,998	1.19%
CITICORP NOMINEES PTY LIMITED	2,415,592	1.06%
TALOOMBI PTY LTD	1,721,257	0.75%
MR BRENDAN GERARD FOLEY	1,702,617	0.74%
MR DAVID CAMPBELL	1,450,000	0.63%
AJ HARDWICK INVESTMENTS PTY LTD <HARDWICK INVESTMENT A/C>	1,250,000	0.55%
MR ROSS JAMES JOHNSTON + MRS DENISE ANN JOHNSTON <JOHNSTON FAMILY S/F A/C>	1,209,315	0.53%
EDINGTON PTY LIMITED <HERRING SUPER FUND A/C>	1,153,200	0.50%
CTSF PTY LTD <VC SUPERANNUATION FUND A/C>	1,075,945	0.47%
MS SUE ELIZABETH MCGREGOR	1,000,000	0.44%
VALETER PTY LTD <ELLIS FAMILY A/C>	900,000	0.39%
MS DAN LIU	843,000	0.37%
MR JOHN ELDRED WILLIAMS + MRS JUNE MABEL WILLIAMS <WILLIAMS CONTRACTOR S/F A/C>	813,606	0.36%
Top 20 Shareholders	112,867,106	49.32%

C. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are set out below:

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

D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person, or by proxy, shall have one vote and upon a poll each share shall have one vote.

(b) Option over an ordinary share

No voting rights.

(c) Rights over an ordinary share

No voting rights.

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Auditor

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Banker

National Australia Bank

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