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Appendix 4E - Results for Announcement to the Market and Annual Report

BSA Limited

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FOR THE YEAR ENDED 30 JUNE 2016



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RESULTS FOR ANNOUNCEMENT TO THE MARKET

FOR THE PERIOD ENDED **30 JUNE 2016**

PREVIOUS CORRESPONDING PERIOD 30 JUNE 2015

APPENDIX 4E

				\$'000
Revenue from ordinary activities	Down	5.9%	to	511,856
Loss from ordinary activities after income tax attributable to members	Down	157.3%	to	(2,219)
Net loss for the period attributable to members	Down	157.3%	to	(2,219)

	2016 cents	2015 cents
Basic (loss) earnings per share	(0.52)	1.11
Diluted (loss) earnings per share	(0.52)	1.10
Net tangible asset backing per ordinary share	3.63	3.94

DIVIDENDS

	Amount per security (cents)	Franked amount per security at 30% tax (cents)
Interim dividend (fully franked)	Nil	Nil
Final dividend (fully franked)	Nil	Nil

This report is based on the consolidated financial statements which have been audited by Deloitte Touche Tohmatsu, with the Independent Auditor's Report included in the financial statements.



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2016

BSA Limited

Annual Report





Eastlands Shopping Centre

BSA completed the mechanical services upgrade and extension to one of Australia's premier shopping centres with Probuild.

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KEY HIGHLIGHTS

\$511.9 million

Revenue

\$4.1 million *

EBITDA

\$2.2 million

Net Loss

* Reconciliation on page 13



Michael Givoni
Chairman

For BSA Limited (BSA), financial year 2016 has been a year of consolidation. The Group has maintained emphasis in the areas of right-sizing, cost reduction and focused investment in business development resources. Whilst costs associated with consolidation efforts have impacted the FY2016 results, they have also led to an overall lower cost base, which is a positive start to the FY2017 year.

The continuing expansion of the annuity style revenue streams within the year has been a real positive and strengthens the future earnings of the company

The Group has made excellent progress on its business development and marketing plans and investments made in this area have led to a number of significant projects and contracts being secured across all business units. In particular, the continuing expansion of the annuity style revenue streams within the year has been a real highlight and strengthens the future earnings of the company.

Readers of the BSA 2016 Annual Report will notice a change in the BSA branding, and a departure from the original business unit names. In line with our business development focus, we have streamlined and simplified the BSA branding. Our new branding is more in line with our existing markets and will emphasise the BSA brand across all business units, with less of a focus on the multiple business unit sub brands. In order to limit the expense associated with the rebranding program and reduce wastage, a decision was taken to soft launch the branding program, with aspects being procured in line with normal business need, rather than blanket new brand procurement. I am pleased to announce our new Business Unit Names:

- **BSA | Build** (formerly Technical Design & Construction Projects/TDCP)
- **BSA | Connect** (formerly Technical Field Force Solutions/TFFS)
- **BSA | Maintain** (formerly Technical Maintenance Services/TMS)
- **BSA | Think** (new Business Initiative)

A detailed review of our results is provided within the Managing Director's report, however the key highlights are as follows:

Revenue \$511.9 million (2015: \$543.7 million)
EBITDA \$4.1 million (2015:\$14.2 million)
Net loss \$2.2 million (2015 \$3.9 million profit)
Operating cash flow \$2.0 million (2015 \$19.6 million)
Basic loss per share of 0.52 cents (2015: earnings per share of 1.11 cents)
Net cash \$18.5 million (2015: \$18.4 million)

BSA | Build implemented a significant program of rightsizing and consolidation during the year. Along with streamlining of the leadership team, multiple brands in the Sydney market were amalgamated and rationalisation of fabrication facilities and other operations occurred during the year. Significant one off commissioning and completion costs at the new Royal Adelaide Hospital (nRAH) together with restructure costs impacted the business performance during the year.

BSA | Build management continued its focus on functional disciplines, risk mitigation and margin improvement. The business unit maintains a strong forward order book and pipeline of opportunities.

BSA | Connect completed over 853,000 tickets of work during FY2016. BSA's heritage business unit has maintained its focus on

growth through business development and diversification of services to existing clients. Over the last 12 months, **BSA | Connect** has won significant contracts with nbn and Ericsson and continues to have a strong pipeline. Along with operational excellence and continued growth, the immediate focus for this business unit will be the successful mobilisation of contracts secured.

BSA | Maintain has also undertaken a significant amount of rationalisation during the year. Whilst the business unit revenue has increased, costs associated with the rationalisation program have impacted results for this business unit. For the fourth year in a row, annuity revenue has increased, as the team focused on building its recurring contracted maintenance works. A renewed emphasis on business development has yielded new contract wins in excess of \$20 million including important contract wins providing maintenance on Barangaroo and for Land & Housing Corporation NSW Department portfolio.

BSA's continued investment in workplace health and safety has been rewarded with significant reductions in all reportable incidents across the Group, and BSA continues to track towards best practice in this key area.

While the Board has resolved not to pay a final dividend for FY2016 this position will be further reviewed during FY2017.

The market outlook for BSA's operational sectors remains good. Each Business Unit has developed a solid pipeline of opportunities and a lower cost base across the board. Given the ongoing resolution of key legacy issues, and continued focus on selective business development the priority for the business in FY2017 is overall margin improvement.

Once again, BSA has enjoyed a strong and supportive relationship with its financiers throughout FY2016 culminating in the renegotiation and extension of working capital facilities to 31st December 2018 offering improved stability and flexibility and we look forward to their continued support in FY2017.

On behalf of the Board I would like to thank our Executive team and their staff for their continued efforts and ongoing commitment to our customers and shareholders.

I would like to acknowledge my fellow Directors for their contribution to BSA and for their support during FY2016.



Michael Givoni

Chairman

29 August 2016

MANAGING DIRECTOR'S REPORT



Nicholas Yates
Managing Director and
Chief Executive Officer

OPERATIONAL AND FINANCIAL HIGHLIGHTS AND OUTLOOK

FY2016 has seen BSA undertake a significant program of work in the areas of business rationalisation, rightsizing and cost reductions. The year also saw an increased focus on business development and service diversification as well as continued progress to close out remaining legacy issues. While costs associated with these programs have impacted the FY2016 results, they also provide a lower Group-wide cost base, and a strong and sustainable platform for future growth and improved earnings in FY2017 and beyond. This year's results have also been significantly impacted by legacy issue costs, particularly in relation to the new Royal Adelaide Hospital (nRAH). BSA's site works at nRAH are due for completion in the first quarter of FY2017 and discussions are continuing on resolving outstanding commercial issues. BSA is also continuing to work towards resolution of issues with the NSW Office of State Revenue, as previously reported.

BSA generated revenue of \$511.9 million for the year (FY2015 \$543.7 million), EBITDA of \$4.1 million (FY2015 \$14.2 million) and a net loss after tax of \$2.2 million (FY2015: profit of \$3.9 million). Significantly, EBITDA excluding significant items relating to restructure costs, legal costs associated with legacy issues, nRAH commissioning and completion costs and additional provisions for the NSW OSR issue stood at \$18.6m.

The Group has continued to pay down debt and finished the year with a net cash position of \$18.5 million (FY2015 \$18.4 million) which is a significant improvement on the FY2016 H1 position (\$9.2 million). Notably all term debt facilities have now been repaid which represents a key milestone for the Group and provides further capacity for future investment.

GROWTH

BSA enters FY2017 with a strong construction forward order book of \$175m (**BSA | Build**) and annualised recurring revenues of \$303m (**BSA | Maintain & BSA | Connect**) with further substantial wins with the National Broadband Network (nbn) and Ericsson after 30th June 2016.

We expect to continue to build this forward workload pipeline whilst maintaining a focus on implementing solid disciplines around bid and contract management. Each Business Unit continues to refine its approach to marketing and business development to drive further growth and diversification opportunities. Further investment in business development is planned during FY2017.

BSA | Build has a healthy forward order book and continues to source a solid pipeline of opportunities throughout Australia. The business is now focussing on the growth of its Fire business and the imminent completion of the nRAH project.

As mentioned, **BSA | Connect** has won a significant amount of work in the year and further wins already in the new year, particularly in relation to the nbn and it continues to bid for work across all the sectors in which it operates. Our Registered Training Organisation, 'Blue Sky Academy' has expanded its training footprint into Tasmania and is heavily involved in training for nbn contracts. Diversification into the health and community sectors continued, with Blue Sky Academy commencing delivery of Aged Care training to a number of providers within the year.

BSA | Maintain has reinforced its position as a major provider to Tier 1 customers, and continued its focus on diversification of its offerings to include multi service technical solutions through the provision of mechanical, fire, plumbing, electrical and other building services.

NEW MARKET POSITIONING AND BRANDING

As referred to in the Chairman's Report, BSA has taken the opportunity to streamline and simplify our branding profile. Part of this rebranding includes the creation of a new business initiative **BSA | Think**.

BSA | Think provides a platform and focus for us to capture the great depth we have in technical expertise and smart solutions and make this more readily available to our clients in a focused advisory and consulting format.

BSA | Think will showcase our ability to provide not only excellent on the ground technical skills but also consulting advice and innovative solutions to help solve bigger picture business issues including in the areas of:

- Asset management
- Design and Building Information Modelling (BIM)
- Energy management and Sustainability
- Cost planning
- Project management
- Compliance and certification

HEALTH, SAFETY, ENVIRONMENT AND QUALITY

With its continued focus on Health and Safety, BSA has well and truly exceeded the targeted 20% reduction in lost time injury frequency rate (LTIFR), with a reduction of 30% LTIFR achieved in FY2016.

This trend is indicative of a maturing approach in 2016. This approach has seen a change in focus to Total Recordable Injuries (TRI) and the reporting of this frequency rate (TRIFR) across business units and as a group. Along with the focus on this lagging indicator, a suite of leading indicators have been identified and incorporated into the Group Strategy.

The foundational work carried out in late 2014/2015 has continued to place BSA on a path to best practice and a leader-led HSEQ culture.

In the coming year, further work to strengthen the robust HSEQ culture throughout BSA will focus on present and felt leadership in the

workplace through the "Walk the Talk" program, hazard identification and management to create a greater understanding of the risks faced both strategically and operationally and the development of a forward looking perspective through the tracking and reporting of the lead indicators contained in our HSEQ strategy.

BSA | Connect achieved Federal Safety Commissioner (FSC) Accreditation in January 2016 which represents a key milestone for the group allowing the business unit to bid for additional work for government funded projects.

COMMUNITY SUPPORT

During the year BSA, its subsidiaries and its employees, contributed to a number of charity fundraisers including Buildcorp Foundation, CircusOZ, Redkite, Love Mercy Foundation, Movember Foundation, the Royal Flying Doctor Service Outback Car Trek, the SNRLFC "Sleepy's Cancer Day", Toy's for Kids Christmas Appeal, UN Women and Youngcare Simpson Desert Challenge. We also continued our longstanding support of Youngcare through the provision of services in-kind.

GENDER DIVERSITY

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

BSA advises that the significant majority of employment positions throughout the Group consist of specific skill sets. BSA has a commitment to diversity that ensures the elimination of discrimination against people based on gender, ethnic group, political or religious affiliation, health status or disabilities. The over-arching principle applied at BSA is that the most suitable person for a job is employed where there is an existing vacancy.

Current staff summary:

	Percentage of Employment	
	Female	Male
Board	0%	100%
Senior Executives	9%	91%
Managers and Professionals	11%	89%
Technical, Administration and Other Staff	21%	79%
TOTAL	18%	82%

BSA is also committed to recruiting, training and retaining talented future leaders, with apprentice and trainee employees making up 8% of our workforce.

BSA | Connect

\$205.7 million

Revenue

[2015: \$215.4 million]

\$7.7 million

EBITDA

[2015: 8.3 million]

NB: Excludes Corporate Recharges



BSA | Connect **(Formerly Technical Field Force Solutions / TFFS)**

BSA | Connect has strengthened its market position as a leading national provider of telecommunications operations and maintenance services and large scale workforce management solutions through the winning and mobilisation of multiple new telecommunications contracts during the last 12 months. EBITDA reduced during the year due to net one off costs of \$969k relating to restructure costs, an additional OSR provision taken during H1 FY2016 and other one off contract costs. In addition, increased business development costs were incurred during the year.

During the year, **BSA | Connect** successfully launched the following, recently awarded, projects:

- nbn Operate and Maintain Services on fixed line technologies in Sydney, South Melbourne, and Regional and Remote New South Wales;
- Optus Direct-to-Home Satellite Equipment Installation and Maintenance Services Australia-wide in association with the English Premier League (EPL); and
- nbn Approved Training Services through our RTO, Blue Sky Academy for various delivery partners that are engaged by nbn to build, operate and maintain the nbn network.

Health and safety remains **BSA | Connect**'s highest priority and the business unit achieved Federal Safety Commissioner (FSC) Accreditation in January 2016. The accreditation complements BSA's certified Integrated Management System and it has reinforced BSA's capacity to compete for government-funded projects, including nbn works. The business unit has also achieved significant overall improvements to health and safety performance goals.

BSA | Connect introduced a 'Three Year Safety Strategy', commencing in FY2016, to enhance the business unit's safety culture. At the end of the financial year, the Foxtel project team celebrated achieving a notable 'zero' LTIFR over the 12-month period.

The nbn Operate and Maintain contract, awarded in December 2015, proved a highlight for the year. Since successfully mobilising operations across the four contract areas in New South Wales and Victoria, **BSA | Connect** is completing an average of 500 work orders per day including Fibre to the Node and Fibre to the Basement activities. The nbn project team is gearing up to the delivery of more than 2,000 work orders per day by June 2017.

BSA | Connect supported longstanding client Optus with multiple programs of work during the year including the HFC network rollout trial, a door-to-door sales campaign and the previously mentioned Direct-to-Home Satellite Services. Attention has also been directed into positioning for medium and long term projects that will further diversify the services offered to Optus in years to come.

Registered training organisation, Blue Sky Academy commenced delivery of Aged Care training in the community services sector this year to providers including KinCare and St Luke's Aged Care. Training covered accredited units of competency, technical skills to improve worker safety and refresher courses such as First Aid and CPR.

The business unit pursued numerous other opportunities with existing and new clients during the second half. Following the FY2016 year end, after an 18-month procurement process, on 14th July 2016, **BSA | Connect** announced the signing of an additional contract with nbn to deliver HFC Deployment Services in Brisbane and Melbourne with works set to commence in August 2016. Soon after, on 8th August 2016, **BSA | Connect** welcomed a new client, Ericsson, to its portfolio and is working quickly to mobilise a delivery program for Fixed Wireless and Satellite Connection Services Australia-wide.

Operational excellence, service diversification, margin improvement and growth remain the key themes for **BSA | Connect** through FY2017 and beyond.

BSA | Maintain

\$79.9 million

Revenue

[2015: \$75.6 million]

\$2.0 million

EBITDA

[2015: \$1.7 million]

NB: Excludes Corporate Recharges

BSA | Maintain (Formerly Technical Maintenance Services / TMS)

BSA | Maintain revenue increased by 5.7% to \$79.9 million as the division focused on building its recurring contracted maintenance revenue.

EBITDA increased by 17.6% from the previous year to \$2.0 million. The business unit implemented a number of cost reduction and restructure activities and the improved operating margins were as a result of the partial impact of the rationalisation program as well as from increased revenue during the year.

BSA | Maintain has achieved some significant new contract wins during the year resulting in a substantial increase in the maintenance contract order book. New business in excess of \$20 million has been generated, and includes new maintenance and services for:

- Land and Housing Corporation NSW Portfolio
- Roy Hill
- Metronode
- Global Switch
- Barangaroo
- Yarra Fertilisers
- CBD buildings across major Australian capital cities

BSA | Maintain has also achieved contract extensions with existing clients, including:

- Monash University
- Metropolitan Fire Brigade
- Suncorp Stadium
- Power and Water

BSA | Maintain has continued its strategy to diversify its recurring contract base to offer multiple technical services to customers through the provision of mechanical, fire, plumbing, electrical and other building services and a number of the new wins are in this area validating the ongoing strategy.

Initiatives have also commenced using predictive maintenance software to assist customers achieve savings as part of our maintenance solution. In addition, new services including energy optimisation, automated monitoring and indoor air quality solutions have been added to the suite of services available to customers.

A major upgrade of the asset management and customer reporting systems has commenced with implementation due in the coming year and this will provide additional capability to accommodate business growth, engage customers through automation and access to asset information.

Harvey Norman

BSA | Maintain is delivering fire maintenance services to Harvey Norman sites around Australia.



MANAGING DIRECTOR'S REPORT

BSA | Build

\$226.4 million

Revenue

[2015: \$252.7 million]

(\$1.5 million)

EBITDA LOSS

[2015: profit \$10.1 million]

NB: Excludes Corporate Recharges

Barangaroo - Is the largest commercial Fire Protection Contract delivered in Australia. BSA| Build | Fire is proud to be partners with Lend Lease and its Joint Venture partner Premier Fire on such a prestigious landmark site.

BSA | Build

(formerly known as Technical Design & Construction Projects or TDCP)

During 2016, BSA | Build was streamlined and refocused to offer market leading design & construct solutions in Heating, Ventilation & Air Conditioning (HVAC) systems and Fire Protection systems in the major state capital cities across Australia.

Significant restructuring occurred during the year including the consolidation of the two HVAC businesses in Sydney, consolidation of three fabrication sites into two, rationalisation within other areas and streamlining of the BSA | Build leadership team. The restructuring has impacted the EBITDA during the year with net one off costs of \$2.4m incurred during the period although these changes are expected to lead to improved performance in future years. The senior management team was also strengthened through the external appointment of key

managers as part of the implementation of the turnaround strategy. All businesses within BSA | Build continued to establish and maintain their status as tier 1 solutions providers with end-to-end in-house capability in the Fire and HVAC sectors.

The new Royal Adelaide Hospital (nRAH) contract is now close to substantial completion. The combination of complications with commissioning, completion and project delays have led to significant one off unexpected additional costs on the project of \$7.5m in FY2016. In addition significant legal costs were incurred relating to the resolution of commercial issues on the contract.

BSA has previously advised the market about unapproved variations at nRAH and is still seeking to maximise its recovery of variations and

costs under its contractual arrangements and is continuing to pursue cash reimbursement under Security of Payment legislation or through finalisation of all these matters through a commercial settlement.

The ongoing redesign and re-embedding of key functional disciplines to facilitate enhanced project delivery, improved risk mitigation and improved margins are expected to start delivering tangible results in FY2017.

In FY2016 **BSA | Build** delivered works on a large number of landmark projects in almost every state. Examples include:

- The new Royal Adelaide Hospital (SA)
- Pacific Fair Shopping Centre Redevelopment (QLD)
- Eastland Shopping Centre Redevelopment (VIC)
- Westfield Hurstville Shopping Centre (NSW)
- Barangaroo Towers (NSW)
- Capital Square (WA)

FY2017 has seen **BSA | Build** commence with a healthy Forward Order Book of \$175 million and a strong pipeline of opportunities across Australia. During FY 2016 the business unit was awarded projects worth more than \$100m including:

- Melbourne Convention Centre expansion & upgrade (VIC)
- La Trobe University Donald Whitehead Building (VIC)
- Macarthur Square Stage 4 Western Mall Extension (NSW)
- Williamstown NACC WE01 (Fire & HVAC) (NSW)
- Global Switch East Stage 2 / 3 (HVAC & Fire) (NSW)
- 100 Mount Street (NSW)
- Darling Square South West Plot (NSW)
- University of Canberra Private Hospital (NSW)
- Commonwealth Games Parklands (QLD)
- Jupiters Casino New Suite Hotel (QLD)
- Double Tree by Hilton (WA)
- Latitude at Leighton Beach (WA)
- Whitford City Stage 1 (WA)

As part of **BSA | Build**'s strategic plans, initiatives are underway to increase the business value proposition for customers by focussing on advisory and consulting services. When implemented successfully, these will allow the business to further enhance its reputation as one of Australia's market leaders in HVAC and Fire systems, and will broaden BSA's service offering in the construction industry.

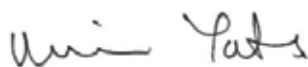
LOOKING FORWARD

As mentioned in the Chairman's report, the market outlook for BSA's operational sectors remains good, and with the expected resolution of key legacy issues, recent significant contract wins and solid pipelines across the Group, the outlook for FY2017 is positive.

Management will continue to drive organic growth by building on the FY2016 success in business development and marketing programs. The business is also focusing on improving margins and diversification of service offerings to leverage existing client relationships.

On behalf of the BSA Board and myself I would like to thank the committed and talented BSA Team for their contributions in FY2016 and I look forward to their continued support through FY2017.

As always, the BSA Board has continued to provide a strong level of support and guidance, and I extend my thanks to the BSA Chairman and fellow Directors for their continued support and advice during the year.



Nicholas Yates
Managing Director and
Chief Executive Officer

29 August 2016

DISCLOSING NON-IFRS FINANCIAL INFORMATION

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

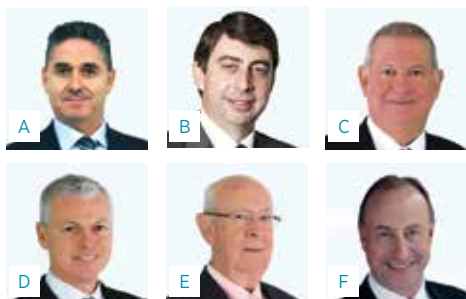
	FY2016	FY2015
	A\$'000	A\$'000
(Loss)/profit for the year from continuing Operations	(2,219)	3,875
Add back		
Income tax expense/(benefit)	(795)	1,564
Finance costs	741	1,253
Interest revenue	(96)	(294)
Depreciation	5,029	6,362
Amortisation expense	1,440	1,440
EBITDA	4,100	14,200
Total Significant Items (note 8.5)	14,534	4,199
EBITDA excluding Significant Items	18,634	18,399

DIRECTORS' REPORT

THE BOARD OF DIRECTORS PRESENTS ITS REPORT

The Directors of BSA Limited ('BSA' or the 'Company') present their report on the Company and its subsidiaries for the financial year end 30 June 2016.

THE BOARD OF DIRECTORS AS AT 30 JUNE 2016



A - MICHAEL GIVONI

CHAIRMAN (NON-EXECUTIVE)

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 Ltd. 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 and was appointed as Chairman from 29 April 2015. He holds a number of other Non-Executive Director and Advisory Board roles in prominent privately owned businesses.

B - NICHOLAS YATES

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Yates graduated with a Bachelor of Engineering (Mechanical) from the University of Sydney and went on to forge an extensive career in the building services and facilities management industries. Commencing as a site engineer overseeing mechanical services installations, Nicholas then progressed through various management roles within Lend Lease and eventually moved on to become CEO of APP Corporation Pty Limited, Australia's leading Construction Project Management consulting business. When APP was acquired by Transfield Services, Mr Yates moved into a series of leadership roles within Transfield Services, most recently Chief Executive Officer, Infrastructure ANZ. Nicholas sits on the Boards of a number of private companies and was appointed Managing Director and Chief Executive Officer of BSA Limited on 13 March 2014.

C - 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. Paul was appointed as a Non-Executive Director on 23 March 2005.

D - 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 former Director of Construction Information Systems Limited (NATSPEC) and a former National President of the Air Conditioning Mechanical Contractors Association of Australia. Following his retirement from executive duties Mark was appointed a Non-Executive Director on 2 March 2012.

E - MAX COWLEY

NON-EXECUTIVE DIRECTOR

Mr Cowley practised as Principal of Chartered Accounting firm E M Cowley & Co for 47 years. His years of corporate and financial experience are extensive. Max is a director of WIN Corporation Pty Ltd, Australia's largest regional television network and has been involved with that organisation from its commencement and over the past 36 years. Max is a Director of a number of Private Companies. Having previously served on the Board of BSA from 2 May 2006 until 27 November 2012, Max was appointed as a Non-Executive Director on 14 April 2014.

F - GRAEME BARCLAY

NON-EXECUTIVE DIRECTOR

Mr Barclay has extensive experience in executive leadership and strategic development in areas that brings valuable skills to the BSA board and company. Mr Barclay successfully led all aspects of a major telecommunications group for more than a decade in the role of Group CEO with responsibility for financial performance, strategy, sales, corporate development, international expansion, operations and capital structure.

Mr Barclay also has senior executive level experience within investment banking and accounting businesses, with responsibilities including property investment banking, corporate finance and corporate restructuring.

Mr Barclay is a member of the Australian Institute of Company Directors, a Fellow of the Financial Services Institute of Australasia and is a Chartered Accountant in Scotland and Australia/NZ. Mr Barclay is currently a Director and Non-Executive Chairman of Nextgen Group Holdings Pty Ltd and a Non-Executive Director of Codan Limited. Graeme was appointed as a Non-Executive Director on 30 June 2015. Graeme is also a Non-Executive Director of Axicom Group Holdings Pty Limited.

DIRECTOR INDEPENDENCE

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

In assessing the independence of Directors, the Board follows the ASX guidelines as set out in the Corporate Governance Statement on the Company's website.

PERFORMANCE OF DIRECTORS

In accordance with Principle 2.5 of the ASX Corporate Governance Principles and Recommendations, the Board conducts a review of the performance of its Directors and the Board's function as a whole each year. The evaluation of Directors is carried out in accordance with the process established by the Board, led by the chairman of the 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

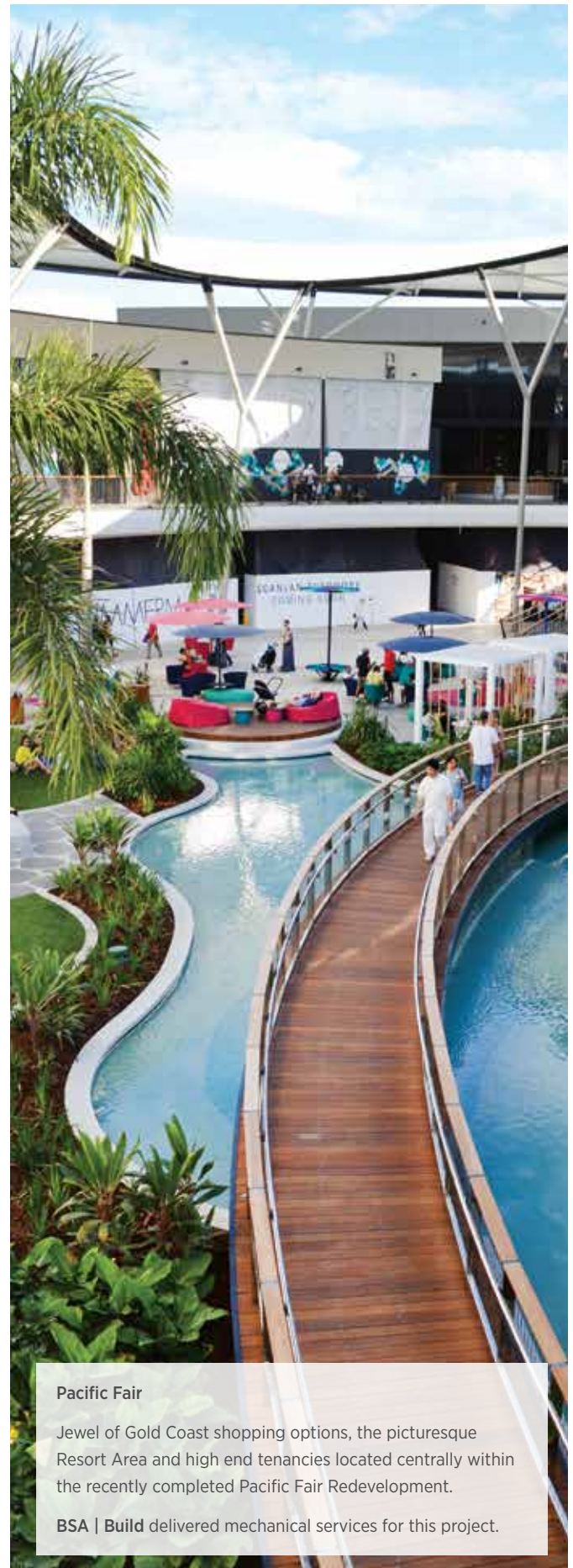
BSA was not subject to any particular or significant environmental regulations of the Commonwealth, individual states, or territories, during the financial year.

CORPORATE GOVERNANCE

BSA 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 Statement which is available on the Company's web site at www.bsa.com.au/pages/about/corporate-governance.html

REVIEW OF OPERATIONS

Information relating to the operations of BSA including a description of principal activities, a review of operations, significant changes in activities and affairs during the year and likely future developments and prospects can be found in the Chairman's Report and Managing Director's Report on pages 4 to 13.



Pacific Fair

Jewel of Gold Coast shopping options, the picturesque Resort Area and high end tenancies located centrally within the recently completed Pacific Fair Redevelopment.

BSA | Build delivered mechanical services for this project.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

As at 30 June 2016, the following information is provided in relation to Directors:

Director	Special Responsibilities	Ordinary Share	Options	Share Rights
Michael Givoni				
	Non-Executive Director	636,400	Nil	Nil
	Chairman of Board			
	Member of Remuneration Committee			
	Member of Audit Committee			
Nicholas Yates				
	Executive Director	2,727,273	Nil	1,116,667
	Managing Director			
Max Cowley				
	Non-Executive Director	66,000,000*	Nil	Nil
	Member of Remuneration Committee			
	Member of Audit Committee			
Paul Teisseire				
	Non-Executive Director	680,012	Nil	Nil
	Member of Remuneration Committee			
	Chairman of Audit Committee			
Mark Lowe				
	Non-Executive Director	10,315,403	Nil	Nil
	Member of Remuneration Committee			
	Member of Audit Committee			
Graeme Barclay				
	Non-Executive Director	Nil	Nil	Nil
	Chairman of Remuneration Committee			
	Member of Audit Committee			

*Max Cowley is a director of Birketu Pty Ltd which holds the 66,000,000 ordinary shares in BSA Limited.

At the date of this Annual Report, there has been no change to the above directors' interest in shares, rights or options.

DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES

Period of Appointment	Name of Company	Position Held (Non-Executive or Executive Director)
Michael Givoni		
Appointed 1 July 2002	The Venture Bank Limited	Non-Executive Director
Graeme Barclay		
Appointed 1 February 2015	Codan Limited	Non-Executive Director

REMUNERATION REPORT - AUDITED

This remuneration report details the nature and amount of remuneration for each Key Management Person 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
- 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.

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 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.

DIRECTORS' REPORT

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2016:

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Revenue	\$511.9m	\$543.7m	\$491.5m	\$474.2m	\$491.8m
Net profit/(loss) before tax	(\$3.0)m	\$5.4m	(\$61.3)m	\$2.8m	\$8.2m
Net profit/(loss) after tax	(\$2.2)m	\$3.9m	(\$54.8)m	\$3.8m	\$5.8m
Share price at start of year	\$0.17	\$0.10	\$0.15	\$0.20	\$0.20
Share price at end of year	\$0.245	\$0.165	\$0.10	\$0.15	\$0.20
Interim Dividend ¹	0.00 cps	0.00 cps	0.00 cps	0.50 cps	1.00 cps
Final Dividend ²	0.00 cps	0.00 cps	0.00 cps	0.00 cps	1.00 cps
Basic earnings per share	(0.52)cps	1.11 cps	(23.97) cps	1.64 cps	2.57 cps
Diluted earnings per share	(0.52)cps	1.10 cps	(23.97) cps	1.60 cps	2.51 cps

¹ Franked to 100% at 30% corporate income tax rate.

² Declared after the end of the reporting period and not reflected in the financial statements.

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. 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	\$170,829
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 2016, 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 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 2016.

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

All options have expired as at 30 June 2016.

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 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 BSA Limited or other key management personnel of the Group during the year ended 30 June 2016.

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 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.

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 BSA Limited or other key management personnel of the Group during the year ended 30 June 2016.

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.

DIRECTORS' REPORT



The Board is cognisant that long-term equity-based reward 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 (5) 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 person 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
Michael Givoni
- (ii) Executive Directors
Nicholas Yates
- (iii) Non-Executive Directors
Paul Teisseire
Max Cowley
Mark Lowe
Graeme Barclay
- (iv) Chief Financial Officer
Nicholas Benson

Key Management Personnel of the Company and the Group

2016	Short-term Benefits			Post Employment	Long-term Benefits	Share-based payments				
	Cash, Salary & Fees	Cash Bonus	Interest Unwind on Loans			Superannuation	Long Service Leave	Termination Benefits	Rights	Rights
Name	\$	\$	\$	\$	\$	\$	\$	%	\$	%
Non-Executive Directors										
Michael Givoni	156,008	-	-	14,821	-	-	-	-	170,829	-
Paul Teisseire	83,616	-	-	7,944	-	-	-	-	91,560	-
Max Cowley	87,230	-	-	8,287	-	-	-	-	95,517	-
Mark Lowe	311,230	-	-	29,567	-	-	-	-	340,797	-
Graeme Barclay	83,616	-	-	7,944	-	-	-	-	91,560	-
Sub-total Non-Executive Directors	721,700	-	-	68,563	-	-	-	-	790,263	
Executive Directors										
Nicholas Yates	659,422	268,000	-	20,010	8,554	-	-	-	955,986	28.03
Other Key Management Personnel										
Chief Financial Officer										
Nicholas Benson	369,310	72,000	-	26,537	5,155	-	-	-	473,002	15.22
Total compensation	1,750,432	340,000	-	115,110	13,709	-	-	-	2,219,251	

* During FY2016 Mark Lowe was contracted to the company within the **BSA | Build** business unit, to assist in driving improved performance from the business unit. \$224,000 of Mark Lowe's remuneration relates to his role assisting **BSA | Build** during the year.

DIRECTORS' REPORT

2015 Name	Short-term Benefits			Post Employment Superannuation	Long-term Benefits Long Service Leave	Termination Benefits	Share-based payments			Total	Performance Related
	Cash, Salary & Fees	Cash Bonus	Interest Unwind on Loans				Rights	Rights			
	\$	\$	\$	\$	\$	\$	\$	%	\$	%	
Non-Executive Directors											
Ross Johnston (Retired 28 April 2015)	131,162	-	-	7,161	-	-	-	-	138,323	-	
Paul Teisseire	83,616	-	-	7,944	-	-	-	-	91,560	-	
Michael Givoni	92,151	-	-	8,746	-	-	-	-	100,897	-	
Max Cowley	84,000	-	-	7,972	-	-	-	-	91,972	-	
Mark Lowe *	276,000	-	-	26,212	-	-	-	-	302,212	-	
Graeme Barclay (Appointed 30 June 2015)	-	-	-	-	-	-	-	-	-	-	
Sub-total Non-Executive Directors	666,929	-	-	58,035	-	-	-	-	724,964		
Executive Directors											
Nicholas Yates	634,500	75,000	-	28,030	14,443	-	184,250	19.68	936,223	27.69	
Other Key Management Personnel											
Chief Financial Officer											
Nicholas Benson	335,000	36,000	-	25,000	7,051	-	-	-	403,051	8.93	
Total compensation	1,636,429	111,000	-	111,065	21,494	-	184,250		2,064,238		

* During FY2015 Mark Lowe was contracted to the company within the **BSA | Build** business unit, to assist in driving improved performance from the business unit. \$192,000 of Mark Lowe's remuneration relates to his role assisting **BSA | Build** during the year.

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.

2016	Balance at the start of the 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
Nicholas Yates	1,116,667	-	-	-	1,116,667	-	1,116,667	1,116,667
	1,116,667	-	-	-	1,116,667	-	1,116,667	1,116,667

2015	Balance at the start of the 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
Nicholas Yates	-	1,116,667	-	-	1,116,667	-	-	-
	-	1,116,667	-	-	1,116,667	-	-	-

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

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.

2016	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					
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	680,012	-	-	680,012	-
Michael Givoni	636,400	-	-	636,400	-
Graeme Barclay	-	-	-	-	-
Nicholas Yates	2,727,273	-	-	2,727,273	-
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
Key Management Personnel					
Ordinary Shares					
Nicholas Benson	1,363,636	-	-	1,363,636	-
	15,722,724	-	-	15,722,724	-

Max Cowley is a nominee director of Birketu Pty Ltd and is also a director of Birketu Pty Ltd. Birketu Pty Ltd holds shares in BSA Limited of 66,000,000 (2015: 66,000,000). Max Cowley has no beneficial interest in Birketu Pty Ltd.

DIRECTORS' REPORT

2015	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 (Retired 28 April 2015)	1,209,315	-	(309,315)	900,000	-
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	404,769	-	275,243	680,012	-
Michael Givoni	230,000	-	406,400	636,400	-
Graeme Barclay	-	-	-	-	-
Nicholas Yates	-	-	2,727,273	2,727,273	-
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
Key Management Personnel					
Ordinary Shares					
Nicholas Benson	-	-	1,363,636	1,363,636	-

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 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 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. A copy of the letter can be found on BSA Limited's website.

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

Bonuses vested as per the below table during the financial year ended 30 June 2016.

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 FY2016 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
Key Management Personnel (Group)			
Nicholas Yates	268,000	100	-
Nicholas Benson	72,000	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

Employee Performance Rights Plan

There were no Rights on issue to key management personnel under the plan at the end of the year.

REMUNERATION CONSULTANTS

During the year under review, the Board did not engage any remuneration consultants 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 and no payments were made during the year (2015: Nil) for that advice.

End of Audited Remuneration Report

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

The number of meetings of BSA's Board of Directors and each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each Director were:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Meetings	Meetings Held	Meetings	Meetings Held during	Meetings	Meetings Held
	Attended	during tenure in FY2016	Attended	tenure in FY2016	Attended	during tenure in FY2016
Michael Givoni	16	16	6	6	5	5
Nicholas Yates	16	16	*	*	*	*
Graeme Barclay	15	16	5	6	5	5
Max Cowley	13	16	5	6	5	5
Paul Teisseire	16	16	6	6	5	5
Mark Lowe	16	16	6	6	5	5

*Not a member of the relevant committee, but invited to attend the Audit 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.

Paul Teisseire and Max Cowley are the Directors who have been longest in office and who, being eligible, offer themselves for re-election at the 2016 Annual General Meeting.

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 2016, 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.

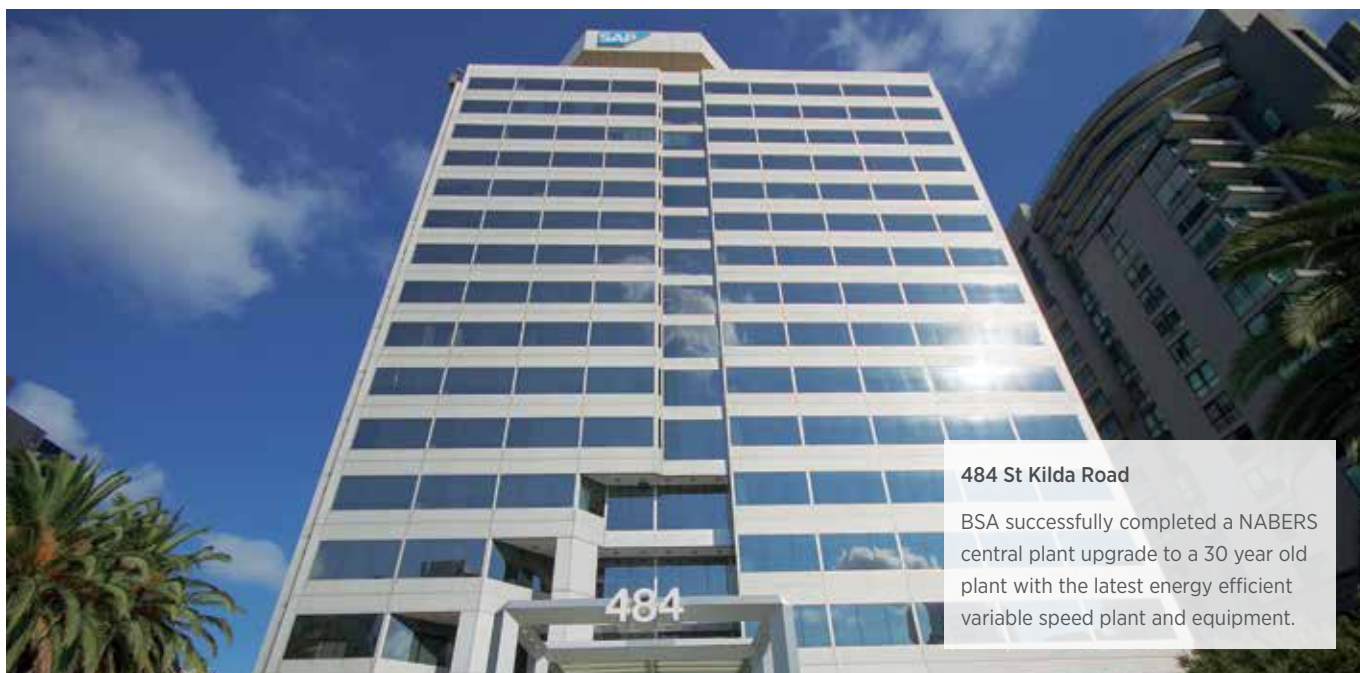
RIGHTS

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	Fair value at grant date	Number under Option*	Fair value at grant date
14 Nov 2011	14 Nov 2016	\$0.00	621,000	\$0.19	422,280	\$0.19
25 Nov 2014	25 Nov 2019	\$0.00	1,116,667	\$0.17	Nil	Nil
			1,737,667	-	422,280	-

During the year ended 30 June 2016, 454,000 rights and 308,720 options granted under the BSA Limited Employee Performance Rights Plan were cancelled because vesting conditions were not met. 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.



484 St Kilda Road

BSA successfully completed a NABERS central plant upgrade to a 30 year old plant with the latest energy efficient variable speed plant and equipment.

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

	2016	2015
	\$	\$
Amounts due for the financial year to Deloitte Touche Tohmatsu for:		
Auditing or reviewing the financial report	337,461	427,798
Taxation services	152,426	200,071
Other non-audit services	12,333	12,250

AUDITORS INDEPENDENCE DECLARATION

The lead auditors' independence declaration for the year ended 30 June 2016 as required under section 307c of the Corporations Act 2001 (Cth) has been received and can be found on page 29 of this report.

ROUNDING OF AMOUNTS

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

Michael Givoni
Chairman

29 August 2016



Capital Square T1

30 Level Premium Grade Office Tower, 5 Star Green Star and 5 Star NABERS, proposed Woodside new headquarters

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN: 74 490 121 060

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

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

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

29 August 2016

Dear Board Members

BSA Limited

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

As lead audit partner for the audit of the financial statements of BSA Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D. Black

David Black
Partner
Chartered Accountants

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 2016

		Consolidated	
	Note	2016 \$'000	2015 \$'000
Revenue	5	511,856	543,693
Investment revenue	6	96	294
Other gains and losses	7	120	77
Share of (losses)/profits of joint venture	20	(277)	94
Changes in inventories of finished goods and work in progress		(1,969)	4
Subcontractor and raw materials used		(426,675)	(455,844)
Employee benefits expense	8.4	(46,931)	(44,448)
Depreciation expenses	8.3	(5,029)	(6,362)
Amortisation expenses	8.3	(1,440)	(1,440)
Occupancy expenses		(6,816)	(6,375)
Finance costs	8.2	(741)	(1,253)
Other expenses	37	(25,208)	(23,001)
(Loss)/profit before tax		(3,014)	5,439
Income tax benefit/(expense)	9.1	795	(1,564)
(Loss)/profit for the year		(2,219)	3,875
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Net gain recognised on cash flow hedges		-	6
Total comprehensive income for the year, net of tax		(2,219)	3,881
Earnings per share for profit from continuing operations:			
Basic (loss) earnings per share	12	(0.52) cents	1.11 cents
Diluted (loss) earnings per share	12	(0.52) cents	1.10 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 2016

		Consolidated	
	Note	2016 \$'000	2015 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13	21,490	27,066
Trade and other receivables	14	77,795	70,351
Inventories	15	2,731	4,700
Tax assets	9.2	-	-
TOTAL CURRENT ASSETS		102,016	102,117
NON-CURRENT ASSETS			
Trade and other receivables	14	1,957	1,511
Investment in Joint Venture	20	-	260
Other financial assets	19	3	3
Property, plant & equipment	16	7,723	10,741
Deferred tax assets	9.3	7,795	7,000
Goodwill	17	15,185	15,185
Other intangible assets	18	3,152	4,592
TOTAL NON-CURRENT ASSETS		35,815	39,292
TOTAL ASSETS		137,831	141,409
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	23	70,593	70,162
Borrowings	24	1,895	6,416
Provisions	25	21,684	17,173
TOTAL CURRENT LIABILITIES		94,172	93,751
NON-CURRENT LIABILITIES			
Borrowings	24	1,094	2,300
Provisions	25	1,052	1,643
Investment in Joint Venture	20	17	-
TOTAL NON-CURRENT LIABILITIES		2,163	3,943
TOTAL LIABILITIES		96,335	97,694
NET ASSETS		41,496	43,715
EQUITY			
Issued Capital	26	97,592	97,592
Reserves	27 (a)	1,410	1,410
Accumulated losses	27 (b)	(65,243)	(63,024)
Profit Reserve	27 (c)	7,737	7,737
TOTAL EQUITY		41,496	43,715

The above Consolidated 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 2016

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 2014	77,797	(63,024)	3,862	1,301	(6)	19,930
Profit for the year	-	-	3,875	-	-	3,875
Other comprehensive income for the year	-	-	-	-	6	6
Total comprehensive income for the year	-	-	3,875	-	6	3,881
Shares issued during period	21,345	-	-	-	-	21,345
Share issue costs	(1,550)	-	-	-	-	(1,550)
Share-based payment expense	-	-	-	167	-	167
Shares issued in satisfaction of performance conditions	-	-	-	(58)	-	(58)
Balance at 30 June 2015	97,592	(63,024)	7,737	1,410	-	43,715
Loss for the year	-	(2,219)	-	-	-	(2,219)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	(2,219)	-	-	-	(2,219)
Share-based payment expense	-	-	-	-	-	-
Shares issued in satisfaction of performance conditions	-	-	-	-	-	-
Balance at 30 June 2016	97,592	(65,243)	7,737	1,410	-	41,496

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 2016

		Consolidated	
	Note	2016 \$'000	2015 \$'000
Cash Flows From Operating Activities:			
Cash receipts from customers		557,462	612,309
Payments to suppliers and employees		(554,781)	(593,011)
Interest received		96	102
Interest and other costs of finance paid		(741)	(1,253)
Income tax received		-	1,483
Net cash generated by operating activities	30 (a)	2,036	19,630
Cash Flows from Investing Activities:			
Proceeds from disposal of property, plant and equipment		188	76
Payment for plant and equipment		(1,406)	(1,637)
Net cash used in investing activities		(1,218)	(1,561)
Cash Flows From Financing Activities:			
Proceeds from issue of shares		-	21,345
Payment for shares issued for vesting rights		-	(58)
Proceeds from borrowings		3,513	-
Repayment of borrowings		(8,329)	(13,586)
Payment of finance lease liabilities		(1,578)	(2,451)
Share issue costs paid		-	(1,550)
Net cash (used in)/generated by financing activities		(6,394)	3,700
Net (decrease)/increase in cash		(5,576)	21,769
Cash and cash equivalents at the beginning of the year		27,066	5,297
Cash and cash equivalents at the end of the year	13	21,490	27,066

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 2016

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 Corporate Directory at the end of the Annual Report. The principal activities of the Company and its subsidiaries (the Group) are described in note 29.

NOTE 2 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied the following amendment to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that is mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

AASB 2015-3 'Amendments to Australian Accounting arising from the Withdrawal of AASB 1031 Materiality'	This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.
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2.2 Standards and Interpretations on issue not yet adopted

As at the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

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', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2019
AASB 2014-3 'Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Classification and measurement of Share-based Payment Transactions (Amendment to AASB 2)	1 January 2018	30 June 2019
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Management is currently assessing the impact, if any, of the adoption of the above Standards and Interpretations that were issued but not yet effective on BSA.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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, 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 29 August 2016.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016, and in accordance with that Class Order amounts in the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The parent entity carries its investment in subsidiaries at cost less impairment (if any).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Profit or Loss and Other 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 Interests in Joint Arrangements

Under AASB 11, there are only two types of joint arrangements, joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

The Group's Investments in joint ventures are accounted for using the equity method. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). The Group accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

3.7 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.

3.7.1 Sale of goods

- Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which time 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7.2 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 3.8 below

3.7.3 Dividend and interest income

Dividend income 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 income 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.

3.8 Construction contracts and work in progress

Construction contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract revenue for work performed to date relative to the estimated total contract value. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

3.9 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.

3.9.1 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 3.10 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 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.

3.11 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.

3.12 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 31.

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 with a corresponding increase in equity. 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.

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

3.13 Taxation

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

3.13.1 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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 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. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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.

3.13.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.13.4 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 un-used 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Consolidated Statement of Financial Position at cost.

Depreciation on buildings is recognised in profit or loss.

Freehold land is not depreciated.

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

Depreciation is recognised so as to write off the cost (other than freehold land) 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 the end of each reporting period, 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. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any 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.

3.15 Intangible assets

3.15.1 Intangible assets acquired separately

Intangible assets with finite lives that are 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 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.

3.15.2 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.

The following intangible assets were recognised separately from goodwill acquired during business combinations:

- Customer relationships acquired during a business combination which were assessed to have a useful life of 9 years
- Backlog of orders acquired during business combinations which were assessed to have useful lives of 1 to 9.5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 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.

3.17 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.

3.18 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.

3.18.1 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.

3.18.2 Make Good

Provisions for the estimated cost of work to comply with make good provisions in certain Group property leases are recognised at the Directors' best estimate of the expenditure to settle the Group's obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Financial Assets

Financial assets are classified into the specified category of 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.19.1 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.

3.19.2 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.

3.19.3 Impairment of financial assets

Financial assets, other than those at Fair Value Through Profit or Loss, 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.

3.20 Financial liabilities and equity instruments issued by the Group

3.20.1 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.

3.20.2 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.

3.20.3 Financial Liabilities

Financial liabilities are classified as 'other financial liabilities'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20.4 Other Financial Liabilities

Other financial liabilities, including borrowings and trade and other payables, 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 on initial recognition.

3.21 Derivative financial instruments

From time to time the Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including 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 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 Consolidated Statement of Profit or Loss and Other 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 3.8. 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. In addition, where appropriate, Management and the Directors assess the probability of recovery of variations within the contract estimates.

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. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 30 June 2016 was \$15,185,000 (30 June 2015: \$15,185,000).

See note 17 for details.

4.1.3 Payroll Tax Liability

BSA has previously advised the market about a possible payroll-tax related liability with the NSW Office of State Revenue (OSR). BSA has continued, along with our legal representatives to constructively work with the OSR to ensure an equitable and timely conclusion to this matter. BSA has a provision in its FY2016 accounts of \$2,736,000 (FY2015 \$2,000,000) and at this time there is no further information that would suggest this provision should be changed.

See Note 25 for details

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5 REVENUE

	Consolidated	
	2016	2015
	\$'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	21,969	24,641
Revenue from the rendering of services	183,715	190,764
Contract revenue	306,172	328,288
Total Revenue	511,856	543,693

NOTE 6 INVESTMENT REVENUE

	Consolidated	
	2016	2015
	\$'000	\$'000
Interest revenue		
Bank deposits	96	152
Other loans and receivables	-	142
	96	294
The following is an analysis of investment revenue earned on financial assets by category of asset:		
Loans and receivables (including cash and bank balances)	96	294
	96	294

NOTE 7 OTHER GAINS AND LOSSES

	Consolidated	
	2016	2015
	\$'000	\$'000
Continuing operations		
Gain on disposal of property, plant and equipment	120	77
	120	77

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8 (LOSS)/ PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	Consolidated	
	2016	2015
	\$'000	\$'000
(Loss)/Profit for the year from continuing operations has been arrived at after charging/(crediting):		
8.1 Cost of sales	428,644	455,840
8.2 Finance costs		
Interest on bank overdrafts and loans	741	1,253
Total finance costs	741	1,253
8.3 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	5,029	6,362
Amortisation of intangible assets	1,440	1,440
Total depreciation and amortisation expense	6,469	7,802
8.4 Employee benefits expense		
Post employment benefits		
Superannuation	10,107	10,107
Share-based payments (see note 31(d))		
Equity-settled share-based payments	-	167
Termination benefits	1,877	-
Other employee benefits	34,947	34,174
Total employee benefits expense	46,931	44,448
8.5 Significant Items		
Non-recurring key project provisions, releases and write downs	-	3,044
Restructure costs	3,267	269
nRAH completion and commissioning costs	7,514	-
Other contract one-off items	385	886
Legal costs relating to legacy issues	3,493	-
Additional provision for NSW OSR issue i)	736	-
Other significant items	(861)	-
Total significant items ii)	14,534	4,199

i) Following on from continued progress relating to the NSW OSR issue, a further provision of \$736,000 was taken in the FY2016 results.

ii) \$14,534,000 (2015: \$4,199,000) is included in the following categories in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, 'Subcontractors and raw materials' (\$12,847,000) (2015: \$4,680,000), 'Employee benefits expense' (\$1,197,000), 'Other expenses' (\$398,000) (2015: -\$481,000), 'Finance costs' (\$11,000) and 'Depreciation expense' (\$81,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9 INCOME TAXES

		Consolidated	
	Note	2016 \$'000	2015 \$'000
9.1 Income tax recognised in profit or loss			
Current tax			
In respect of the current year		-	-
In respect of prior years		-	-
		-	-
Deferred tax			
In respect of the current year		(795)	1,564
		(795)	1,564
Total income tax (benefit)/expense recognised in the current year relating to continuing operations		(795)	1,564
The benefit for the year can be reconciled to the accounting (loss)/profit as follows:			
(Loss)/Profit from continuing operations		(3,014)	5,439
Income tax expense calculated at 30%		(904)	1,632
Adjusted for:			
Non-deductible expenses		138	24
Research and development allowance		-	(110)
		(766)	1,546
Adjustments recognised in the current year in relation to the current tax of prior years			
Other		(29)	18
		(29)	18
Total income tax (benefit)/expense recognised in the current year relating to continuing operations		(795)	1,564
The tax rate used for the 2016 and 2015 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.			
9.2 Current tax assets and liabilities			
Current tax assets			
Tax refund receivable		-	-
		-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9 INCOME TAXES (CONTINUED)

9.3 Deferred tax balances

2016	Opening balance	Recognised in profit or loss	Closing balance
Temporary differences			
Finance leases	(146)	53	(93)
Intangible assets	(1,378)	433	(945)
Employee benefits	3,525	(256)	3,269
Provisions	2,800	1,294	4,094
Doubtful debts	758	(216)	542
Tax loss carried forward	1,441	(513)	928
	7,000	795	7,795

2015	Opening balance	Recognised in profit or loss	Closing balance
Temporary differences			
Finance leases	(66)	(80)	(146)
Intangible assets	(1,810)	432	(1,378)
Employee benefits	3,287	238	3,525
Provisions	3,576	(776)	2,800
Doubtful debts	1,098	(340)	758
Tax loss carried forward	2,479	(1,038)	1,441
	8,564	(1,564)	7,000

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

	30/06/2016	30/06/2015
	\$'000	\$'000
Deferred tax assets	7,795	7,000
Deferred tax liabilities	-	-
	7,795	7,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9 INCOME TAXES (CONTINUED)

9.4 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 un-used 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

The aggregate compensation made to Directors and other Key Management Personnel of the Company and the Group is set out below:

	Consolidated	
	2016	2015
	\$	\$
Compensation		
Short-term employee benefits	2,090,432	1,747,429
Post-employment benefits	115,110	111,065
Other long-term benefits	13,709	21,494
Share-based payments	-	184,250
	2,219,251	2,064,238

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 17 to 25 of this Annual Report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11 AUDITORS' REMUNERATION

	Consolidated	
	2016	2015
	\$	\$
Remuneration of the auditor of the Group for:		
- Auditing or reviewing the Financial Report	337,461	427,798
- Taxation services	152,426	200,071
- Other non-audit services	12,333	12,250
	502,220	640,119

The auditor of BSA Limited is Deloitte Touche Tohmatsu.

NOTE 12 EARNINGS PER SHARE

	Consolidated	
	2016	2015
	Cents	Cents
Basic (loss)/profit per share	(0.52)	1.11
Diluted (loss)/profit per share	(0.52)	1.10

	\$'000	\$'000
(a) Reconciliation of Earnings to Profit		
(Loss)/Profit	(2,219)	3,875
(Loss)/Profit used to calculate basic EPS and dilutive EPS	(2,219)	3,875

	Number	Number
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	422,907,346	350,446,030
Weighted average number of options/rights outstanding	-	2,564,796
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	422,907,346	353,010,826

(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 31.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13 CASH AND CASH EQUIVALENTS

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks.

	Consolidated	
	2016	2015
	\$'000	\$'000
Cash at bank and on hand	21,490	27,066
	21,490	27,066

NOTE 14 TRADE AND OTHER RECEIVABLES

		Consolidated	
		2016	2015
	Note	\$'000	\$'000
CURRENT			
Trade receivables		5,381	8,908
Allowance for doubtful debts		(206)	(382)
		5,175	8,526
OTHER RECEIVABLES			
Other receivables		1,408	1,142
Executive Share Plan receivables	33 (c)	1,328	194
Amounts due from customers under construction contracts	21	56,115	49,200
Allowance for doubtful debts (construction contracts)		(947)	(886)
Contract Retentions		7	65
Accrued Revenue		13,332	11,242
Prepayments		1,377	868
		72,620	61,825
		77,795	70,351
NON-CURRENT			
Executive Share Plan receivables	33(c)	313	1,511
Other Receivables		1,644	-
		1,957	1,511

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 44 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 2016

NOTE 14 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Consolidated

	2016			2015		
	Total	Amount Impaired	Amount Not Impaired	Total	Amount Impaired	Amount Not Impaired
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not past due	4,206	-	4,206	5,012	-	5,012
Past due [30] days	633	-	633	3,106	3	3,103
Past due [30-60] days	223	-	223	165	-	165
Past due [60-90] days	155	145	10	68	68	-
Past due [>90] days	164	61	103	557	311	246
Total	5,381	206	5,175	8,908	382	8,526

Amounts due from customers under construction contracts

Consolidated

	2016			2015		
	Total	Amount Impaired	Amount Not Impaired	Total	Amount Impaired	Amount Not Impaired
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not past due	40,889	-	40,889	36,814	-	36,814
Past due [30] days	6,518	-	6,518	6,538	-	6,538
Past due [30-60] days	2,515	-	2,515	2,211	-	2,211
Past due [60-90] days	1,661	-	1,661	1,092	-	1,092
Past due [>90] days	4,532	947	3,585	2,545	886	1,659
Total	56,115	947	55,168	49,200	886	48,314

As at 30 June 2016, the Group had current trade receivables of \$1,153,000 (2015: \$1,268,000) 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

	2016	2015
	\$'000	\$'000
Opening Balance	1,268	3,218
Provisions for doubtful receivables current	474	2,094
Receivables written off during the year	(589)	(1,415)
Reversal of amounts provided	-	(2,629)
Closing balance	1,153	1,268

NOTE 15 INVENTORIES

Consolidated

	2016	2015
	\$'000	\$'000
CURRENT		
Inventories of finished goods and work in progress at net realisable value	2,731	4,700
	2,731	4,700

The cost of inventories recognised as an expense includes \$395,000 (2015: \$324,000) in respect of write-down of inventory to net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16 PROPERTY, PLANT AND EQUIPMENT

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant & Equipment \$'000	Plant & Equipment Under Finance Lease & Hire Purchase \$'000	Make Good \$'000	Total \$'000
Cost							
Balance as at 1 July 2014	253	410	3,186	29,109	10,603	234	43,795
Additions	-	-	37	1,601	629	17	2,284
Disposals	-	-	-	(385)	(96)	-	(481)
Transfers *	-	-	-	32	(32)	-	-
Balance as at 30 June 2015	253	410	3,223	30,357	11,104	251	45,598
Additions	-	-	7	1,401	659	12	2,079
Disposals	-	-	-	(479)	(361)	-	(840)
Transfers *	-	-	-	94	(94)	-	-
Balance as at 30 June 2016	253	410	3,230	31,373	11,308	263	46,837
Accumulated depreciation and impairment							
Balance as at 1 July 2014	-	39	1,701	21,171	5,918	147	28,976
Additions	-	16	575	3,922	1,767	82	6,362
Disposals	-	-	-	(385)	(96)	-	(481)
Transfers	-	-	-	19	(19)	-	-
Balance as at 30 June 2015	-	55	2,276	24,727	7,570	229	34,857
Additions	-	17	477	3,111	1,390	34	5,029
Disposals	-	-	-	(442)	(330)	-	(772)
Transfers *	-	-	-	82	(82)	-	-
Balance as at 30 June 2016	-	72	2,753	27,478	8,548	263	39,114
Net Book Value as at 30 June 2016	253	338	477	3,895	2,760	-	7,723
Net Book Value as at 30 June 2015	253	355	947	5,630	3,534	22	10,741

* 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 parent entity and its subsidiaries' assets have been pledged as security for bank loans (see note 24).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17 NON-CURRENT ASSETS - GOODWILL

\$'000	BSA Connect	BSA Build	BSA Maintain	Consolidated
Cost				
Balance at the beginning of year				
2016	13,025	34,142	9,553	56,720
2015	13,025	34,142	9,553	56,720
Balance at end of year				
2016	13,025	34,142	9,553	56,720
2015	13,025	34,142	9,553	56,720
Accumulated impairment losses				
Balance at the beginning of year				
2016	(13,025)	(18,957)	(9,553)	(41,535)
2015	(13,025)	(18,957)	(9,553)	(41,535)
Impairment losses recognised in the year				
2016	-	-	-	-
2015	-	-	-	-
Balance at end of year				
2016	(13,025)	(18,957)	(9,553)	(41,535)
2015	(13,025)	(18,957)	(9,553)	(41,535)
Closing carrying value				
2016	-	15,185	-	15,185
2015	-	15,185	-	15,185

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17 NON-CURRENT ASSETS - GOODWILL (CONTINUED)

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

	Growth Rate	WACC/ Discount Rate
BSA Build		
2017	(2.25%)	12.50%
2018	3.00%	12.50%
2019	3.00%	12.50%
Terminal Year	3.00%	12.50%

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

Forecasts used historical weighted average growth rates at which contracts are currently being written to project revenue. Costs are calculated taking into account historical gross margins. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment. Management considers that it has taken a moderate view of the market conditions and business operations. Recent improvements and the future impact of planned improvements and business re-engineering have not been fully incorporated in the value-in-use model. Management expects a potential uplift in the performance through these changes and the overall performance of the CGUs.

Impact of possible changes to key assumptions

Growth Rate

BSA | Build - In a sensitivity analysis, Management estimates that a 5% reduction in top line revenue growth over the model period would cause a reduction in enterprise value of \$9,674,000 and a 5% increase in the overall revenue growth would result in an increase in enterprise value by \$9,674,000. A sensitivity analysis of 5% has been chosen due to the mature construction market and the current environment projected over a longer term. The impact on enterprise value excludes any compensating adjustments to operating expenses.

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

BSA | Build - In a sensitivity analysis, Management estimates that a 1% reduction in gross margin would cause a reduction in enterprise value of \$14,600,000 and an improvement in gross margin of 1% would increase the enterprise value by \$14,600,000. A sensitivity analysis of 1% has been chosen due to the competitive nature of the industry that TDCP operates in that has resulted in lower than expected margin performance. Whilst the value-in-use model has gross margin steady, Management anticipates that based on current initiatives that gross margin percentages may improve slightly over the value-in-use cash flow projection period.

As at 30 June 2016 the value-in-use amount for BSA | Build exceeds the carrying value by \$33,409,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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:

BSA | Build – A sensitivity in adversely impacting working capital based on collecting debtors five days later and paying creditors two days earlier, and WIP reducing two days would reduce enterprise value by \$6,649,000.

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

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

- Revenue reduction of 1%
- Gross Margin reduction of 0.5%
- OPEX increase of 0.5%
- Working capital movements due to collecting debtors two days later and paying creditors two days earlier and WIP reducing two days (**BSA | Build**)

results in a potential reduction in enterprise value for **BSA | Build** of \$15,134,000.

In the event of the value-in-use model in line with this combined scenario occurring, Management expects that action would be taken to mitigate the impact of one or more variables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	Customer Relationships \$'000	Order Backlog \$'000	Total \$'000
Cost			
Balance as at 1 July 2014	6,900	10,079	16,979
Acquisitions through business combinations	-	-	-
Balance at 30 June 2015	6,900	10,079	16,979
Acquisitions through business combinations	-	-	-
Balance at 30 June 2016	6,900	10,079	16,979
Accumulated amortisation and impairment			
Balance as at 1 July 2014	(5,305)	(5,642)	(10,947)
Amortisation expense	(766)	(674)	(1,440)
Balance at 30 June 2015	(6,071)	(6,316)	(12,387)
Amortisation expense	(766)	(674)	(1,440)
Balance at 30 June 2016	(6,837)	(6,990)	(13,827)
Net Book Value as at 30 June 2016	63	3,089	3,152
Net Book Value as at 30 June 2015	829	3,763	4,592

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 2016

NOTE 19 OTHER FINANCIAL ASSETS

	Consolidated	
	2016	2015
	\$'000	\$'000
Shares in other corporations at cost	3	3
	3	3

(a) Shares in subsidiaries

Details of Group Companies

	Principal Activity	Country of incorporation	Percentage owned (%)	
			2016	2015
Parent Entity:				
BSA Limited		Australia	-	-
Ultimate Parent Entity:				
BSA Limited		Australia	-	-
Name of Subsidiary				
Mr Broadband Pty Limited	BSA Build	Australia	100%	100%
Allstaff Airconditioning Holdings Pty Limited	BSA Build	Australia	100%	100%
Allstaff Airconditioning (VIC) Pty Limited	BSA Build	Australia	100%	100%
Allstaff Airconditioning (NSW) Pty Limited	BSA Build	Australia	100%	100%
Allstaff Airconditioning (ACT) Pty Limited	BSA Build	Australia	100%	100%
Complex Airconditioning Pty Limited	BSA Build	Australia	100%	100%
Mr Antenna Pty Limited	BSA Connect	Australia	100%	100%
Satellite Receiving Systems (QLD) Pty Limited	BSA Connect	Australia	100%	100%
Mr Alarms Pty Limited	BSA Connect	Australia	100%	100%
MEC Services Pty Limited	BSA Maintain	Australia	100%	100%
BSA Transmission Solutions Pty Limited	BSA Connect	Australia	100%	100%
066 059 809 Pty Limited	BSA Connect	Australia	100%	100%
Triple M Group Pty Limited	BSA Build	Australia	100%	100%
Triple M Mechanical Services Pty Limited	BSA Build	Australia	100%	100%
Triple M Mechanical Services (Qld) Pty Limited	BSA Build	Australia	100%	100%
Triple M Fire Pty Limited	BSA Build	Australia	100%	100%
Triple M Mechanical Services (Administration) Pty Limited	BSA Build	Australia	100%	100%
BSA Networks Pty Limited	BSA Connect	Australia	100%	100%
BurkeAir Pty Limited	BSA Maintain	Australia	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.

BSA Limited is the head entity in the Tax Consolidation Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19 OTHER FINANCIAL ASSETS (CONTINUED)

19.1 Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal Activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2016	2015
BSA Connect	Australia	6	6
BSA Build	Australia	11	11
BSA Maintain	Australia	2	2
		19	19

NOTE 20 DETAILS OF JOINT VENTURE

Details of the Group's joint venture at the end of the reporting period is as follows:

Name of Joint Venture	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held by the group	
			2016	2015
Triple M and Premier Fire JV Co Limited	Installation of fire services	Australia	50%	50%

The above joint venture is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with AASBs (adjusted by the Group for equity accounting purposes).

Triple M and Premier Fire JV Co Limited

	2016	2015
	\$'000	\$'000
Current Assets	3,272	2,777
Non-current assets	-	-
Current Liabilities	(3,306)	(2,258)
Non-current liabilities	-	-

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	696	1,310
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 20 DETAILS OF JOINT VENTURE (CONTINUED)

	2016 \$'000	2015 \$'000
Revenue	19,212	15,428
Profit or loss from continuing operations	(554)	188
Post-tax profit/(loss) from discontinued operations	-	-
Profit/(loss) for the year	(554)	188
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(554)	188
Dividends received from the joint venture during the year	-	-
The above profit/(loss) for the year include the following:		
Depreciation and amortisation	-	-
Interest income	-	-
Interest expenses	-	-
Income tax expense (income)	(131)	-
Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:		

	2016 \$'000	2015 \$'000
Net assets of the joint venture	(34)	519
Proportion of the Group's ownership interest in the joint venture	50%	50%
Goodwill	-	-
Other adjustments	-	-
Carrying amount of the Group's interest in the joint venture	(17)	260

NOTE 21 AMOUNTS DUE FROM (TO) CUSTOMERS UNDER CONSTRUCTION CONTRACTS

	2016 \$'000	2015 \$'000
Contracts in progress		
Construction costs incurred plus recognised profits less recognised losses to date	311,804	340,065
Less: progress billings	(263,877)	(290,865)
	47,927	49,200
Represented by amounts due:		
- from customers under construction contracts (note 14)	56,115	49,200
- to customers under construction contracts (note 23)	(8,188)	-
	47,927	49,200

Advances received from customers for contract work amounted to \$8,188,000 (30 June 2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22 PARENT ENTITY DISCLOSURES

	2016	Consolidated 2015
	\$'000	\$'000
(a) Financial Position		
Assets		
Current assets	29,083	49,458
Non-current assets	80,573	81,727
Total assets	109,656	131,185
Liabilities		
Current liabilities	25,865	41,978
Non-current liabilities	959	2,495
Total liabilities	26,824	44,473
Net Assets	82,832	86,712
Equity		
Issued capital	97,592	97,592
Retained earnings	(39,306)	(35,426)
Profit Reserve	23,136	23,136
Reserves		
Share-based payments reserve	1,410	1,410
Cash flow hedge reserve	-	-
Total equity	82,832	86,712
(b) Financial Performance		
Profit/(Loss) for the year	(3,880)	988
Other comprehensive income for the year, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Gain recognised on cash flow hedges	-	6
Total comprehensive income for the year, net of tax	(3,880)	994
(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.	57,164	73,660
(d) Contingent Liabilities		

Under the above cross guarantee, BSA Limited, as the parent entity, guarantees all contingent liabilities of the wholly owned subsidiaries.

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 \$7,501,000 (2015: \$10,120,000) directly relating to the parent. Guarantees secured by cross guarantee by all group members amounted to \$39,420,000 (2015:\$33,357,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 23 TRADE AND OTHER PAYABLES

		Consolidated	
	Note	2016 \$'000	2015 \$'000
Trade payables		39,414	31,501
Other payables		8,299	24,629
Work in progress		14,692	14,032
Amounts due to customers under construction contracts (see note 21)		8,188	-
Total Payables		70,593	70,162

The average credit period on purchases is 29 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

NOTE 24 BORROWINGS

		Consolidated	
	Note	2016 \$'000	2015 \$'000
CURRENT			
Secured liabilities at amortised cost:			
Hire purchase liabilities	(b), 28(iii)	487	622
Lease liabilities	(b), 28(ii)	1,099	669
Bank loans	(a)	-	5,125
Other		309	-
Total borrowings		1,895	6,416
NON-CURRENT			
Secured liabilities at amortised cost:			
Hire purchase liabilities	(b), 28(iii)	879	741
Lease liabilities	(b), 28(ii)	215	1,559
Bank loans	(a)	-	-
Total borrowings		1,094	2,300

- (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 \$57,164,000 between the parent entity and its subsidiaries. During the period the bank facilities were renegotiated with the Company's bank. Facilities amounting to \$51,500,000 were extended to 31 December 2018.

The covenants within the bank borrowings have the following ratios as at 30 June 2016:

Quarterly interest cover ratio greater than 3.5 times,

Quarterly total leverage ratio less than 3.75 times.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 24 BORROWINGS (CONTINUED)

	2016	Consolidated 2015
	\$'000	\$'000
Total financial assets pledged as security		
CURRENT		
Cash and cash equivalents	21,490	27,066
Trade and other receivables	77,795	70,351
Inventories	2,731	4,700
Tax assets	-	-
	102,016	102,117
NON-CURRENT		
Trade and other receivables	1,957	1,511
Investment in Joint Venture	-	260
Other financial assets	3	3
Property, plant & equipment	7,723	10,741
Deferred tax assets	7,795	7,000
Goodwill	15,185	15,185
Other intangible assets	3,152	4,592
	35,815	39,292
	137,831	141,409

- (b) Lease liabilities and hire purchase liabilities are effectively secured as the rights to the assets recognised in the financial statements and revert to the financier in the event of default.

Actual interest rates for HP liabilities outstanding during the year ranged between 4.56% and 7.64%. Actual interest rates for lease liabilities outstanding during the year ranged between 4.94% and 7.07%. Actual interest rates for bank loans outstanding during the year was 5.22%.

- (c) There were no defaults or breaches of any loan agreements during the current year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 25 PROVISIONS

		Consolidated	
		2016	2015
Note		\$'000	\$'000
Employee benefits	(i)	9,428	9,927
Other provisions (see below)		13,308	8,889
		22,736	18,816
CURRENT		21,684	17,173
NON-CURRENT		1,052	1,643
		22,736	18,816

Other Provisions	Office of State Revenue (ii)	Make Good (iii)	Contract Provisions (iv)	Total
Balance at 1 July 2015	2,000	274	6,615	8,889
Additional provisions recognised	736	6	3,677	4,419
Balance at 30 June 2016	2,736	280	10,292	13,308

- (i) The provision for employee benefits represents annual leave and vested and non-vested long service leave entitlements accrued.
- (ii) The provision for NSW Office of State Revenue (OSR) relates to the following:
BSA has previously advised the market about a possible payroll-tax liability with the NSW Office of State Revenue (OSR). BSA has continued, along with our legal representatives to constructively work with the OSR to ensure an equitable and timely conclusion to this matter. BSA has a provision in its FY2016 accounts of \$2,736,000 (FY2015: \$2,000,000) and at this time there is no further information that would suggest this provision should be changed.
- (iii) The provision for make good represents the estimated cost of work to comply with make good obligations in certain Group property leases.
- (iv) The provision for project provisions represents the expected cost of obligations under construction contracts recognised at the Directors' best estimate of the expenditure to settle the Group's obligation. The FY2016 result was impacted by specific provisions taken up during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 26 ISSUED CAPITAL

(a) Share capital

	Note	Parent Entity	
		2016 Number of Shares	2015 Number of Shares
Ordinary shares - fully paid	(c)	422,907,346	422,907,346

(b) Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price \$	\$'000
1 July 2014	Opening Balance	228,861,202		77,797
22 October 2014	Issue of shares under the Share Placement offer for cash	34,329,180	0.11	3,776
19 November 2014	Issue of shares under the Rights offer for cash	(g) 155,626,055	0.11	17,119
1 December 2014	Issue of shares by way of placement to Executives for cash	(f) 4,090,909	0.11	450
	Less: transaction costs arising on shares issued	-		(1,550)
1 July 2015	Opening Balance	422,907,346		97,592
30 June 2016	Balance	422,907,346		97,592

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.

(d) Options

At 30 June 2016 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 31.

(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 31.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 27 RESERVES AND ACCUMULATED LOSSES

	2016	Consolidated 2015
	\$'000	\$'000
(a) Reserves		
Cash flow hedging reserve	-	-
Share-based payments reserve	1,410	1,410
	1,410	1,410
Cash flow hedging reserve		
Opening balance	-	(6)
Gain/(Loss) recognised on cash flow hedges	-	6
Closing balance	-	-
<p>The cash flow hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in 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.</p>		
Share-based payments reserve		
Opening balance	1,410	1,301
Rights expense	-	167
Shares issued in satisfaction of performance conditions	-	(58)
Closing balance	1,410	1,410
<p>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 31.</p> <p>The share-based payments reserve records items recognised as expenses on valuation of employee share options and rights.</p>		
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of year	(63,024)	(63,024)
Net loss for the year	(2,219)	-
Balance at end of year	(65,243)	(63,024)
(c) Profit Reserve		
Movements in profit reserve were as follows:		
Balance at beginning of year	7,737	3,862
Net profit for the year	-	3,875
Dividends	-	-
Balance at end of year	7,737	7,737

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 27 RESERVES AND ACCUMULATED LOSSES (CONTINUED)

(d) Dividends on equity instruments

	Year ended 30/06/16		Year ended 30/06/15	
	Cents per share	Total '000	Cents per share	Total '000
Recognised amounts				
Fully paid ordinary shares				
Interim dividend:	-	-	-	-
Final dividend:	-	-	-	-
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend:	-	-	-	-

The Directors have not recommended the payment of a final dividend in respect of the year ending 30 June 2016.

(e) Franked credits

	Consolidated	
	2016 \$'000	2015 \$'000
Franking account balance as at 30 June	16,285	16,285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 28 CAPITAL AND LEASING COMMITMENTS

		Consolidated	
	Note	2016 \$'000	2015 \$'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		4,438	4,248
Later than one year but not later than five years		1,483	3,773
Later than five years		-	-
		5,921	8,021
(ii) Finance Lease Commitments			
The Group leases various plant and equipment with a carrying amount of \$1,501,000 (2015: \$2,386,000) 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		1,218	817
Later than one year but not later than five years		318	1,751
Later than five years		-	-
Minimum lease payments		1,536	2,568
Less future finance charges		(222)	(340)
Total Lease Liability		1,314	2,228
Represented by:			
Current liability	24	1,099	669
Non-current liability	24	215	1,559
		1,314	2,228
(iii) Hire Purchase Commitments			
The Group has purchased various plant and equipment with a carrying amount of \$1,177,000 (2015: \$1,148,000) 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		562	623
Later than one year but not later than five years		939	822
Later than five years		-	-
Minimum payments		1,501	1,445
Less future finance charges		(135)	(82)
Total Hire Purchase Liability		1,366	1,363
Represented by:			
Current liability	24	487	622
Non-current liability	24	879	741
		1,366	1,363

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 29 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:

BSA | Connect

BSA | Connect 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.

BSA | Build

BSA | Build provides the design and installation of building services for commercial and industrial buildings including: Mechanical Services, Air Conditioning, Heating and Ventilation, Refrigeration and Fire services.

BSA | Maintain

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

(c) Segment revenues and results

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

	Revenue		Segment Profit/Loss	
	Year Ended		Year Ended	
	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15
	\$'000	\$'000	\$'000	\$'000
BSA Connect	205,731	215,436	6,183	6,786
BSA Build	226,392	252,740	(3,285)	8,031
BSA Maintain	79,853	75,594	(312)	(1,038)
Other	96	294	-	-
	512,072	544,064	2,586	13,779
Corporate costs including acquisition, legal and advisory			(4,859)	(7,087)
Finance costs			(741)	(1,253)
(Loss)/Profit before tax			(3,014)	5,439

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: Nil)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit/loss 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 2016

NOTE 29 SEGMENT INFORMATION (CONTINUED)

(d) Segment assets and liabilities

	Year Ended	
	30 Jun 16	30 Jun 15
	\$'000	\$'000
Segment assets		
BSA Connect	37,936	56,236
BSA Build	80,406	72,897
BSA Maintain	19,489	12,276
Consolidated assets	137,831	141,409
Segment liabilities		
BSA Connect	33,768	42,805
BSA Build	52,950	48,825
BSA Maintain	9,617	6,064
Consolidated liabilities	96,335	97,694

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

* All assets, except cash, are allocated to reportable segments. In 2016, cash is allocated to BSA | Connect, 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 16	30 Jun 15	30 Jun 16	30 Jun 15
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
BSA Connect	2,357	2,955	731	1,244
BSA Build	1,811	2,076	920	608
BSA Maintain	2,301	2,771	428	432
	6,469	7,802	2,079	2,284

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 29 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 16	30 Jun 15	30 Jun 16	30 Jun 15
	\$'000	\$'000	\$'000	\$'000
Australia	512,072	544,064	35,815	39,292
	512,072	544,064	35,815	39,292

(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 **BSA | Connect** segment who accounts for 26% of external revenue (2015:22%). The Group's next most significant client is in the **BSA | Build** segment and accounts for 8% of external revenue (2015: 7%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 30 CASH FLOW INFORMATION FOR THE PERIOD

	Consolidated	
	2016	2015
	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash flows from operating activities for the year		
(Loss)/Profit for the year	(2,219)	3,875
Depreciation	5,029	6,362
Amortisation	1,440	1,440
Share-based payment expense	-	167
Net (profit) on sale of non-current assets	(120)	(77)
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	(5,580)	14,143
Decrease/(increase) in inventories	1,969	(4)
(Increase)/decrease in deferred tax asset	(795)	1,564
(Increase)/decrease in other operating assets	(2,311)	1,677
Increase/(decrease) in trade payables	7,913	(14,473)
(Decrease)/increase in other operating liabilities	(7,210)	6,066
Decrease in tax receivable	-	1,483
Increase/(decrease) in provisions	3,920	(2,593)
Net cash generated by operating activities	2,036	19,630

(b) Non-cash transactions

During the year the consolidated entity acquired plant and equipment with an aggregate value of \$659,000 (2015:\$629,000) by means of finance leases. These acquisitions are not reflected in the cash flow statement.

	Consolidated	
	2016	2015
	\$'000	\$'000
(c) Credit Standby Arrangements with Banks		
Credit facility	20,000	20,000
Amount utilised	-	-
Unused credit facility	20,000	20,000

The major facility is summarised as follows:

A Working Capital Facility which covers the financial requirements of the day to day operations of the Group.

(d) Master Asset Finance Facilities

Total asset finance facility	5,000	5,000
Amount utilised	(2,679)	(3,591)
Total unused Master Asset Finance Facility	2,321	1,409

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 30 CASH FLOW INFORMATION FOR THE PERIOD (CONTINUED)

		Consolidated
	2016	2015
	\$'000	\$'000
(e) Loan facilities		
Loan facilities	-	5,125
Amount utilised	-	(5,125)
Unused loan facility	-	-

The major facilities are summarised as follows:

Acquisition Finance Loans

All Acquisition Finance Loans have been fully repaid as at 30 June 2016.

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. During the year, the Company and the consolidated entity have not breached any borrowing requirements.

(f) Guarantees

Guarantees to the value of \$20,424,000 were utilised at 30 June 2016 (2015: \$21,195,000) and 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.

(g) Surety Bonds

Surety Bonds of which \$18,996,000 were utilised at 30 June 2016 (2015: \$12,162,000), are unsecured.

NOTE 31 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 twelve 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 2016 (2015: Nil).

Fair value of options granted

There have been no options granted since 25 November 2004.

There is no employee benefits expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (2015: nil), which relates, in full, to equity-settled share-based payment transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 31 SHARE-BASED PAYMENTS (CONTINUED)

(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 Consolidated Statement of Financial Position 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 2016 (2015: 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 26(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	n/a	0.23	700,000	-	-	700,000
19 Jul 2007	n/a	0.63	1,600,000	-	-	1,600,000
11 Sep 2007	n/a	0.68	150,000	-	-	150,000
13 Sep 2007	n/a	0.68	200,000	-	-	200,000
14 Dec 2007	n/a	0.68	400,000	-	-	400,000
10 Feb 2009	n/a	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 2016

NOTE 31 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 31 SHARE-BASED PAYMENTS (CONTINUED)

Consolidated and parent entity

Grant Date	Exercise Date	Expiry Date	Exercise Price (cents)	Balance at Start of the Year Under Right Number	Balance at Start of the Year Under Option Number	Granted During the Year Under Right Number	Granted During the Year Under Option Number	Exercised During the Year Under Right Number	Exercised During the Year Under Option Number	Cancelled During the Year Under Right Number	Cancelled During the Year Under Option Number	Balance in Escrow at End of the Year Under Right Number	Balance in Escrow at End of the Year Under Option Number
24 Aug 10	24 Aug 13	24 Aug 15	-	454,000	308,720	-	-	-	-	(454,000)	(308,720)	-	-
14 Nov 11	14 Nov 14	14 Nov 16	-	621,000	422,280	-	-	-	-	-	-	621,000	422,280
25 Nov 14	30 Jun 15	25 Nov 17	-	1,116,667	-	-	-	-	-	-	-	1,116,667	-
Total				2,191,667	731,000	-	-	-	-	(454,000)	(308,720)	1,737,667	422,280

NOTE 32 EVENTS OCCURRING AFTER THE BALANCE DATE

The Directors are not aware of any significant events since the end of the reporting period.

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	
	2016	2015
	\$	\$
Rent was paid to The Day Street Unit Trust in which M Lowe, a Director, has a beneficial interest	178,496	165,140

Outstanding balances arising from purchases of services

No balances are outstanding at the reporting date in relation to transactions with related parties (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 33 RELATED PARTY TRANSACTIONS (CONTINUED)

(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.

	Balance at the start of the 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
2016								
Nicholas Yates	1,116,667	-	-	-	1,116,667	-	1,116,667	1,116,667
	1,116,667	-	-	-	1,116,667	-	1,116,667	1,116,667

	Balance at the start of the 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
2015								
Nicholas Yates	-	1,116,667	-	-	1,116,667	-	-	-
	-	1,116,667	-	-	1,116,667	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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.

2016	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					
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	680,012	-	-	680,012	-
Michael Givoni	636,400	-	-	636,400	-
Graeme Barclay	-	-	-	-	-
Nicholas Yates	2,727,273	-	-	2,727,273	-
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
Key Management Personnel					
Ordinary Shares					
Nicholas Benson	1,363,636	-	-	1,363,636	-
	15,722,724	-	-	15,722,724	-

Max Cowley is a nominee director of Birketu Pty Ltd and is also a director of Birketu Pty Ltd. Birketu Pty Ltd holds shares in BSA Limited of 66,000,000 (2015: 66,000,000). Max Cowley has no beneficial interest in Birketu Pty Ltd.

2015	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 (Retired 28 April 2015)	1,209,315	-	(309,315)	900,000	-
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	404,769	-	275,243	680,012	-
Michael Givoni	230,000	-	406,400	636,400	-
Graeme Barclay	-	-	-	-	-
Nicholas Yates	-	-	2,727,273	2,727,273	-
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
Key Management Personnel					
Ordinary Shares					
Nicholas Benson	-	-	1,363,636	1,363,636	-
	12,159,487		4,463,237	16,622,724	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 33 RELATED PARTY TRANSACTIONS (CONTINUED)

(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
2016	1,705	1,734	29	-	-	11
2015	1,473	1,705	232	-	-	11
2014	1,473	1,473	90	-	-	11
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

2016	Opening Balance \$	Notional Interest Charged Using Effective Interest Rate Method \$	Balance at End of Year \$	Highest Balance During Period \$
Brendan Foley	579,242	10,823	590,065	590,065
Ray Larkin	223,011	4,217	227,228	227,228
Leaston Paull	223,011	4,217	227,228	227,228
Bryce Wood	189,339	3,580	192,919	192,919
Peter Tripodi *	143,750	-	143,750	143,750
Younis Tehfe	132,733	2,640	135,373	135,373

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

2015	Opening Balance \$	Notional Interest Charged Using Effective Interest Rate Method \$	Balance at End of Year \$	Highest Balance During Period \$
Brendan Foley	490,499	88,743	579,242	579,242
Ray Larkin	188,844	34,167	223,011	223,011
Leaston Paull	188,844	34,167	223,011	223,011
Bryce Wood	160,332	29,007	189,339	189,339
Peter Tripodi *	143,750	-	143,750	143,750
Younis Tehfe	112,397	20,336	132,733	132,733

* 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 to 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 at the termination date. The outstanding principal is now due and receivable and actions to recover are under way.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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	
	2016	2015
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	21,490	27,066
Loans and receivables		
Trade and other receivables	78,375	71,862
Financial Assets at amortised cost	99,865	98,928
Financial liabilities		
Financial liabilities held at amortised cost		
Trade and other payables	61,165	70,162
Borrowings	2,989	8,716
Financial liabilities at amortised cost	64,154	78,878

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 11% of gross monetary assets at balance date. Concentration of credit risk to any other counterparty did not exceed 8% of gross monetary assets at balance date.

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

	Consolidated	
	2016	2015
	\$'000	\$'000
Receivables	79,752	71,862
	79,752	71,862

Included in loans and receivables, the most significant customer accounts for 5.9% of trade receivables at 30 June 2016 (2015:10.0%).

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

	Consolidated	
	2016	2015
	\$'000	\$'000
Australia	79,752	71,862
	79,752	71,862

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

	Consolidated	
	2016	2015
	\$'000	\$'000
BSA Connect	23,939	26,571
BSA Build	38,498	34,032
BSA Maintain	17,315	11,259
	79,752	71,862

The Group's most significant customer, a **BSA | Build** customer, accounts for \$3,665,000 of trade receivables at 30 June 2016. At 30 June 2015, the Group's most significant customer was a **BSA | Connect** customer which accounted for \$5,694,000.

All major customers are credit worthy, as detailed above

The Group has 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 2016

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	
	2016	2015
	\$'000	\$'000
Credit stand-by arrangements		
Total facilities:		
Corporate Market Loan	20,000	
Overdraft Facility	-	4,000
Multi-Option Facility	-	-
Debtor Finance Facility	-	16,000
	20,000	20,000
Used at balance date:		
Corporate Market Loan	-	
Overdraft Facility	-	-
Multi-Option Facility	-	-
Debtor Finance Facility	-	-
	-	-
Unused at balance date:		
Corporate Market Loan	20,000	
Overdraft Facility	-	4,000
Multi-Option Facility	-	-
Debtor Finance Facility	-	16,000
	20,000	20,000
Bank loans		
Total facilities:	-	5,125
Used at balance date	-	5,125
Unused at balance date	-	-
Total unused credit facilities at balance date	20,000	20,000
Master Asset Finance Facility		
Total facilities:	5,000	5,000
Used at balance date	2,680	3,591
Total unused Master Asset Finance Facility	2,320	1,409
Total unused Facilities at balance date	22,320	21,409

In addition to the above arrangements the consolidated entity has a bank guarantee facility of \$26,500,000 (2015: \$26,500,000) which was utilised to \$20,424,000 (2015: \$21,195,000). In addition to the above facilities the consolidated entity has a surety bond facility with Swiss Re International SE of \$20,000,000 (2015: \$20,000,000) which was utilised to \$18,996,000 (2015: \$12,162,000). Refer Note 24(a) for details of terms of financing arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank loans	-	-	-	-	-	-
Other	309	309	309	-	-	-
Trade creditors	39,414	39,414	39,414	-	-	-
Other payables	53,915	53,915	53,915	-	-	-
Finance lease and hire purchase liabilities	2,680	3,037	890	890	1,257	-
TOTAL	96,318	96,675	94,528	890	1,257	-

Financial Liabilities	Carrying Amount	Contractual Cash Flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank loans	5,125	5,294	1,894	3,400	-	-
Other	-	-	-	-	-	-
Trade creditors	31,501	31,501	31,501	-	-	-
Other payables	57,477	57,477	57,477	-	-	-
Finance lease and hire purchase liabilities	3,591	4,013	720	720	2,573	-
TOTAL	97,694	98,285	91,592	4,120	2,573	-

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 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade debtors	5,175	5,381	5,381	-	-	-
Other receivables	74,577	75,641	72,356	1,328	-	1,957
TOTAL	79,752	81,022	77,737	1,328	-	1,957

Financial Assets	Carrying Amount	Contractual Cash Flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade debtors	8,526	8,908	8,908	-	-	-
Other receivables	63,336	64,222	62,517	194	-	1,511
TOTAL	71,862	73,130	71,425	194	-	1,511

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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. As at 30 June 2016 there were no bank borrowings.

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
2016	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowings AUD	-	-	-	-	-
Tax effect (30%)	-	-	-	-	-
After tax increase/(decrease)	-	-	-	-	-

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 2015.

Consolidated	Carrying Amount AUD	+2% of AUD IR		-2% of AUD IR	
		Profit	Other Equity	Profit	Other Equity
2015	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowings AUD	5,125	103	-	(103)	-
Tax effect (30%)	-	(31)	-	31	-
After tax increase/(decrease)	5,125	72	-	(72)	-

The above analysis assumes all other variables remain constant.

NOTE 36 CAPITAL RISK MANAGEMENT

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 on page 88:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 36 FINANCIAL RISK MANAGEMENT (CONTINUED)

Gearing ratios	Consolidated	
	2016 \$'000	2015 \$'000
Net (cash) / debt	(18,501)	(18,350)
Total equity	41,496	43,715
Total Gearing Ratio	(44.59%)	(41.98%)

Gearing levels have decreased due to a strong focus on working capital management. It is the Board's intention to monitor gearing levels going forward to ensure flexibility. 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 OTHER EXPENSES

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Bad debt and debt collection (recovery)/expenses		399	(661)
Motor vehicle expenses		3,239	3,135
Travel and entertainment		2,350	2,319
Other		19,220	18,208
Total Other Expenses		25,208	23,001

NOTE 38 CONTINGENT LIABILITIES

(i) Guarantees established in favour of National Australia Bank Limited and Swiss Re International SE for guarantees issued to various clients for satisfactory contract performance, secured by cross guarantees from all wholly owned group members amounting to \$39,420,000 (2015: \$33,357,000).

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

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

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

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

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

NOTE 39 CORPORATE INFORMATION

The Financial Report of BSA Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 29 August 2016 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 2016

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, 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.

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.



Michael Givoni

Chairman
Sydney

29 August 2016



Deloitte Touche Tohmatsu
ABN: 74 490 121 060

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

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

Independent Auditor's Report to the Members of BSA Limited

Report on the Financial Report

We have audited the accompanying financial report of BSA Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, 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 31 to 89.

Directors' Responsibility for the Financial Report

The directors of the company 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 gives a true and fair view and 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 company'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 company'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:

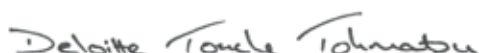
- (a) the financial report of BSA Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting 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 17 to 25 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



David Black
Partner
Chartered Accountants
Parramatta, 29 August 2016

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 31 JULY 2016

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	165	74,151	-	-	-	-
1,001 to 5,000	506	1,617,935	-	-	-	-
5,001 to 10,000	301	2,404,836	-	-	-	-
10,001 to 100,000	694	26,878,215	-	-	1	87,360
100,001 and above	244	391,932,209	-	-	3	2,072,587
	1,910	422,907,346	-	-	4	2,159,947

There were 283 (2015: 391) 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
AUST EXECUTOR TRUSTEES LTD <LANYON AUST VALUE FUND>	80,472,334	19.03%
BIRKETU PTY LTD	66,000,000	15.61%
CITICORP NOMINEES PTY LIMITED	59,625,991	14.10%
HGT INVESTMENTS PTY LTD	22,373,659	5.29%
BNP PARIBAS NOMS PTY LTD <DRP>	18,000,000	4.26%
NATIONAL NOMINEES LIMITED	14,386,163	3.40%
SAMLOWE PTY LTD <LOWE SUPER FUND A/C>	10,115,403	2.39%
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	9,529,677	2.25%
MR GREG MULLANE	7,548,743	1.78%
RUMDAB PTY LTD <BOWLES FAMILY A/C>	6,370,655	1.51%
ACK PTY LTD <J MARKOFF FAMILY A/C>	4,762,975	1.13%
J P MORGAN NOMINEES AUSTRALIA LIMITED	4,529,617	1.07%
METANOMSKI INVESTMENTS PTY LTD <E METANOMSKI SUPER FUND A/C>	3,650,000	0.86%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,948,219	0.70%
AVANTEOS INVESTMENTS LIMITED <N & E YATES SUPER A/C>	2,727,273	0.64%
CTSF PTY LTD <VC SUPERANNUATION FUND A/C>	1,775,945	0.42%
EDINGTON PTY LIMITED <HERRING SUPER FUND A/C>	1,769,376	0.42%
TALOOMBI PTY LTD	1,721,257	0.41%
VBS EXCHANGE PTY LTD	1,671,599	0.40%
EML INVESTMENTS PTY LIMITED <PARKES TALBOT INVT CAP A/C>	1,609,499	0.38%
Top 20 Shareholders	321,588,385	76.05%

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 31 JULY 2016

C. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are set out below:

Ordinary Shares	Number Held	Percentage
AUST EXECUTOR TRUSTEES LTD <LANYON AUST VALUE FUND>	80,472,334	19.03%
BIRKETU PTY LTD	66,000,000	15.61%
NAOS ASSET MANAGEMENT LIMITED	56,696,771	13.41%
HGT INVESTMENTS PTY LTD	22,373,659	5.29%

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.

CORPORATE DIRECTORY

BSA Limited - Corporate

Registered Office (Sydney)

7 Figtree Drive

Sydney Olympic Park NSW 2127

P +61 2 8748 2400

F +61 2 8748 2577

E corporate@bsa.com.au

W www.bsa.com.au

BSA | Build

Head Office (Sydney)

Level 3, Quad 2, 6 Parkview Drive

Sydney Olympic Park NSW 2127

P +61 2 9763 6200

F +61 2 9763 6201

BSA | Connect

Head Office (Sydney)

7 Figtree Drive

Sydney Olympic Park NSW 2127

P +61 2 8748 2400

F +61 2 8748 2577

BSA | Maintain

Head Office (Sydney)

Level 3, Quad 2, 6 Parkview Drive

Sydney Olympic Park NSW 2127

P +61 2 9763 6200

F +61 2 9763 6201

Share Registry

Computershare Investor Services

GPO Box 2975

Melbourne VIC 3001 Australia

P 1300 85 05 05

P +61 3 9415 4000

F +61 3 9473 2500

Auditor

Deloitte Touche Tohmatsu

Eclipse Tower

Level 19, 60 Station Street

Parramatta NSW 2150

Banker

National Australia Bank

255 George Street

Sydney NSW 2000

www.bsa.com.au