



# 2005 ANNUAL REPORT

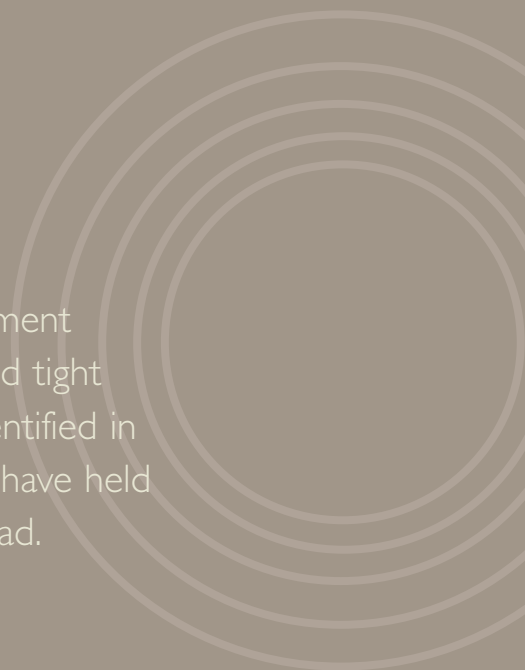
BROADCAST SERVICES  
AUSTRALIA LIMITED







The outstanding management team, robust structure and tight management controls identified in last years' Annual report, have held the company in good stead.



## Contents



Chairman's Report	2
Joint Managing Directors' Report	6
Review of Operations	10
Directors' Report	16
Remuneration Report	25
Corporate Governance	33
Auditor's Independence Declaration	47
Financial Report	49
Shareholder Information	97
Corporate Directory	99



Chairman's Report



BSA found the past year a busy and challenging one, with steady growth and strong performance in some areas counterbalanced by setbacks in other areas. Further business consolidation, refinement and re-focus of some units within the business, and a number of board changes all contributed to this year in review.

A strong and stable management team, robust structure including tight management and risk controls have held the company in good stead. Since a poor first half year in the 2005 financial period, the company has consistently improved its monthly earnings. We see 2006 as a year in which each division will consolidate and grow from the solid base it now has. We expect profit growth in the year ahead.

The company's balance sheet remains strong and we have increased cash from the previous period by almost \$2 million. The Board continues to consider acquisitions and opportunities which meet the strategic direction of the company.

Working capital and capital expenditure requirements appear modest for the coming year and the Board is confident that consideration of a dividend may be warranted as the company's financial position continues to improve.

This year, BSA further refined its delivery and service levels and met or exceeded customer expectations in every business unit – achievements we are proud of. BSA's operational capabilities enable it to manage hundreds of people around Australia for multiple customers, delivering customised service levels to each. I believe that the systems intellectual property which BSA developed in-house and our team's ability to manage operations are second to none in this market sector.

The outstanding results in BSA's Subscription Television business, which includes a number of the volume contracting businesses, reflect the excellent performance of the group general manager Brendan Foley, his managers and staff. BSA achieved continued growth over the period and secured its position as the country's largest satellite installation company in the subscription television market.

As is detailed in the Managing Directors report, the Telecommunications and Broadcast segments of the business had mixed results. This segment includes the Transmission Solutions (TS) business which came under significant pressure during 2005. The primary cause of this was the loss of a long term and large scale customer. This was exacerbated by the emergence of this customer as a competitor and equipment supply problems.

During the year the division was restructured and has realigned its strategic direction to this new environment. Though severely hampering the overall profitability of the company during the year, the division retained its service capabilities and relationships, and this, together with a redefined focus, has provided new opportunities. We are confident that the unexpected problems and costs in this sector are behind us. Both the Board and senior management believe BSA will continue to capitalise on the digital communications market sector including the proliferation of wireless delivery technology and consumers' hunger for ever increased bandwidth and home entertainment.

Our Telstra business continued to grow and develop as a strong and profitable business unit. BSA delivers high quality service for Telstra, performing hundreds of jobs per day in various states across Australia.



We are continuing to strategically focus BSA on service delivery to industries where the company has the greatest advantages and opportunities. Subscription television, telecommunications and broadcast including wireless or terrestrial broadband are well suited to the company's capabilities – all of which are experiencing growth.

BSA's board saw significant change during the year. We had the privilege of welcoming former Cabinet minister and long term Communications Minister the Honourable Richard Alston to the board and later in the year he assumed the position of chairman. His insight and passion for the industries in which BSA operates were extremely beneficial to the company. The request by the Prime Minister that Mr Alston represent Australia as High Commissioner to the United Kingdom regrettably curtailed his service to BSA. I would like to thank Richard for his efforts during his association with the company and wish him well in his important role in the United Kingdom.

The more recent appointment to the board of two independent directors improved the board's ability to address issues related to best practice, corporate governance, strategic planning, risk assessment and management. Both Mr Givoni and Mr Teisseire have proven to be valuable additions to the board over the period they have held office. We intend to appoint a permanent independent chairman as soon as practical.

Overall, the Board believes the dynamics of the communications and broadcast industries and BSA's strong positioning in these sectors, leave the company well placed. The passion and performance of our managers and our employees have proven that as a company, we can focus and capitalise on opportunities as they present themselves. I am confident this momentum will be maintained and thank each person involved for the important role they play.

I have thoroughly enjoyed the opportunity to chair BSA, working closely with joint managing directors Mark Foley and Daniel Lipshut and the board has been rewarding and insightful. I thank my fellow directors for their commitment to create a great company, the employees for their sustained dedication and efforts throughout the year and you, the shareholders for your ongoing support.

**Brian Baldwin**  
Acting Chairman

Sydney  
15 September 2005



We are continuing to strategically focus BSA on service delivery to industries where the company has the greatest advantages and opportunities.





# Joint Managing Directors' Report



At the conclusion of a challenging year and as we enter the new year, we are encouraged by the outlook in the industries where BSA operates. Strong growth in subscription television, the mass market introduction of new communications services such as broadband internet access, and the focus on developing communications services in regional Australia contribute to a favourable long term operating environment for the company.

Revenue for the period grew to \$119.1 million (2004 \$100.2m) with earnings before interest, tax, depreciation and amortisation (EBITDA) of \$4.6 million (2004 \$7.5m). The company has further improved its balance sheet with a ratio of current assets to current liabilities of 1.85:1, increasing cash assets to \$1.9m (2004 \$0.3m) and reducing interest bearing external debt by \$0.3m to \$2.513m (2004 \$2.832m). Although revenue increased by 19%, net profit after tax (NPAT) decreased to \$1.14M (2004 \$2.68m). The profit was impacted by the loss in the company's Transmission Solutions (TS) business.

The problems during the year in the TS business can be attributed to three factors: equipment sales competition in the broadcast transmission business resulting in margin pressure; the loss of the unit's largest customer; and a slowdown of the regional TV digital roll-out due in part, to the delayed delivery of equipment.

Each of these impairments to the transmission business was significant in its own right and when occurring concurrently, as they did, the effect was a reduction in the company's EBITDA of \$2.9 million in the period under review.

The nature of BSA's project and engineering business dictates a requirement for a high level of fixed costs which, when out of step with diminishing and delayed revenue, had a deleterious impact on profit.

On the positive side, the establishment of microwave radio sales supplanted some of the diminished revenue in broadcast transmission product sales. Infrastructure work has been steady over the second half in particular, helped by the division's success in securing a \$2.5 million, 35 tower infrastructure project across Australia.

The Home Services business of Mr Antenna and Mr Alarms also underperformed compared to expectations, despite an increased investment in advertising, particularly during the first half of the period. Although anticipated profitability was not met, the business closed at breakeven for the year. The cost structure of this division has now been modified appropriately.

Systems, operations and quality of service continued to improve across the company.

A number of customers including FOXTEL, Optus and Telstra have maintained or increased work volume awarded to the company. Telstra in particular, has rewarded BSA's quality of service with ever increasing opportunities to expand the scope of services performed. It is very satisfying to be able to report that in our contractor services business, BSA exceeded almost every significant KPI set as benchmarks against which the company performs.

BSA now installs more satellite equipment for the subscription television market in Australia than any other company. In addition, having secured an increase of work in Telstra's Installation and Maintenance contract, it has been gratifying to see the level of activity rise across the entire range of contracting services.



The company's balance sheet remains strong and we have increased cash from the previous period.

We believe the company's superior internal management and logistics systems have been the key to BSA's success and provide BSA with a clear competitive advantage. By maintaining a focus on communications and training of its contractors, BSA has proven its ability to proactively respond to major variations in work volume and changes in job complexity with relative ease. This strength of service delivery underpins the significant prospects that are anticipated in the years ahead.

## RISK MANAGEMENT

Risk management continues to be a major focus of the Board and management of BSA. Continued improvements in corporate governance together with additional internal risk reporting controls over the year have been implemented. This has resulted in improved focus on risk areas within the business which we believe will lead to continued improvements in the performance of the company.

## ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

BSA has complied with the disclosure requirements in respect of adoption of Australian equivalents to International Financial Reporting Standards (AIFRS). The company's financial statements for the year ended 30 June 2006 will be prepared under AIFRS. Comparatives and adjustments required on the transition to AIFRS will be made retrospectively, against opening retained earnings as at 1 July 2004 in preparing the 30 June 2006 Financial Statements.

Notes to the financial statements in this report explain in detail the changes and adjustments to be made to the 2005 reported position, as a result of AIFRS adoption.

## OUTLOOK

- BSA's strategic goal to be 'the leading services provider in our chosen fields' is well under way to being achieved. To that end and to further build on our strengths, the new structure, creating a matrix of 'capabilities and customer needs' and applying them to current business, is being implemented. The new structure does not disrupt our continued investment in quality personnel and intellectual property to further build on our market leading position.
- We have taken the best elements of the company's business development capabilities and combined them into a dedicated Business Development unit. The sole focus of the new unit is profitable growth across the company's capabilities. This initiative will allow the operational units to concentrate on delivering the highest quality of service as efficiently as possible.
- In an effort to be less reliant on any one customer, BSA is implementing a strategic plan to assist in broadening the spread of customers. An acquisition program, which is subject to rigorous evaluation criteria, is under development.
- Having regained regional broadcaster Austar as a customer, we are confident of increasing our share of this market sector further.

- BSA continues to take advantage of its well skilled nation-wide workforce. Our major challenge is to find (and train where appropriate) enough skilled people able to meet the needs of increased work.

BSA now trains technical staff and contractors to meet skill requirements according to the needs of customers. To date, more than 100 new trainees have undertaken a BSA Advanced Learning course. Our commitment to developing skilled trainees has been welcomed by customers. We see this new area of our business developing into an important revenue stream over time as we expand this capability and open this service to our customers and partners. We see this initiative as an important development as Australia endures a skills shortage which we believe will continue in the foreseeable future.

- BSA has made a concerted effort over the past year to build a telecommunications focused in-plant installation capability. The results are a steady increase in the company's DSLAM installation work which augurs well for the coming years. Consumers' ever increasing appetite for broadband connectivity is driving a strong terrestrial DSL and wireless broadband uptake at both the exchange and residential ends. BSA capabilities are well placed to meet this increasing requirement of telecommunications carriers.

We are confident that the upcoming year will deliver profit growth as we continue our dedication to the business displayed in this and previous years.

We would like to thank all of BSA's staff and management for their extraordinary efforts and dedication.



**Mark Foley**  
Joint managing director



**Daniel Lipshut**  
Joint managing director

Sydney  
15 September 2005

” ”



Review of Operations



BSA's total revenue for the year grew to \$119.1 million (2004 \$100.2m) with a resultant Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$4.6 million (2004 \$7.5m).

Although revenue increased by 19%, net profit after tax (NPAT) decreased to \$1.1M (2004 \$2.7m). The decrease in profit was caused primarily by the poor performance of the company's broadcast transmission business.

The Home Services business of Mr Antenna and Mr Alarms also underperformed expectations, particularly during the first half of the period. The cost structure of this division has now been reduced.

The group's consolidated first half year EBITDA of \$1.58 million (on \$60 million revenue) was improved significantly in the second half to \$3.02 million (on \$59 million revenue), an improvement of 91%.

Detailed analysis of the company's various business operations follow.

## **I. SUBSCRIPTION TV AND FREE TO AIR**

This covers the business units of FOXTEL, Austar, Optus and Home Services (Mr Antenna, Mr Alarms and Hotwater Australia). The mix of services within the reporting segment includes;

- i. National satellite installation services for FOXTEL, based in Sydney;
- ii. Hybrid fibre coax (HFC) installation services for Optus, based in Brisbane;
- iii. A national group delivering Home Services including TV antenna installation, alarms, home theatre and hot water services via a franchisee model, based in Melbourne.

Overall, these businesses performed strongly for the year with a 28.2% revenue increase, exceeding budget expectations. This was despite the Home Services Division achieving a break even result for the year.

A highlight during the year was the consolidation of back-end operations in the Auburn call centre which handles logistics and routing for all services performed for FOXTEL and Telstra. This consolidation has increased our capacity to respond to peak volume requirements for existing customers, improved cost efficiency and created an opportunity to expand our services into new markets and with new clients.

Improved profit margins were also achieved by refining the company's important IP management system installation contractor and billing management system (ICBM), increasing productivity across the range of outsourced services.

# Review of Operations

## FOXTEL

BSA's largest business unit performed strongly. Service training and achieving operational efficiencies were the major focuses throughout the year. BSA is FOXTEL's largest provider of satellite installation services and the continued increase in FOXTEL subscribers delivered a relatively stable volume of work to BSA throughout the year.

Over these past five years – in particular the past two, BSA has invested a great deal of effort and resource towards improving quality, value and safety for FOXTEL including:

- Refining back office systems
- Improved proactive variable work force to meet digital volume peaks
- Investment in infrastructure & personnel
- Investment in training and safety
- Introducing advanced customer relationship management services

## DELIVERY HIGHLIGHTS

- Exceeded budget
- Back-office improvements and expansion of call centre capabilities to facilitate other business sectors within the group
- Cross training of staff for three call centre customers.
- Cross training field personnel between Foxtel and other business sectors within the group
- Introduction of Project OH&S throughout the organisation towards ISO 9001 accreditation.
- Delivery of improved Safety Plan to field contractors.
- Working at Heights – Safety Training to field staff and contractors
- Improved results in Logistics Management across all warehouses nationally

## AUSTAR

This year BSA secured a three year contract with Austar to provide residential installation services in North Queensland and Far North Queensland covering Cairns, Townsville & Mackay. Although BSA has been a niche provider of commercial installation services to Austar over the past three years, the recommencement of residential services to Austar secured BSA's position as Australia's largest provider of satellite installation services.

The efficiency of BSA personnel and the well established operations centre in Sydney have ensured that BSA has achieved or exceeded all critical KPI's set by Austar within the contract which commenced in February 2005.

## DELIVERY HIGHLIGHTS

- Successful transition from previous service provider into contracted market
- Increased resources for AUSTAR into the contracted region including the introduction of Saturday work to better serve Austar customers.
- Advanced training in safety and installation procedures including:
  - Working on roofs
  - Fall prevention and arrest
  - Ladder safety



- Performed over 2,500 tickets of work per month under the contract.
- Integration and enhancement of BSA's proprietary ICBM system for improvements to service delivery.
- Call centre work flow improvements including cross training & the introduction of "whispers" minimising dropped or lost calls across all divisions.
- Staff culture enhancement with one call centre now providing services for three major customers.

## OPTUS

The Optus business unit continues to show strong results. Steady work volumes from Optus provided consistency of earnings. Further operational refinement of management systems have increased quality of service to the customer and reduced costs. A renewal of the contract to provide services to Optus was signed in May 2005.

### DELIVERY HIGHLIGHTS

- Revenue and profit margin increased
- Total operating expenses did not increase.
- Secured a two year extension to Services Agreement with Optus in May 2005.
- Increased installation capacity

## HOME SERVICES

### MR ALARMS, MR ANTENNA AND HOTWATER AUSTRALIA

This business unit did not return satisfactory results for the year: Revenue was steady but employment and advertising costs increased during the first half year in an effort to rapidly grow our market share. However on a cost return basis the various advertising campaigns were largely unsuccessful. Costs were reduced in the second half of the year when the advertising budget was reduced and redirected to successful incremental growth campaigns. This restructure allowed the business unit to return stronger results in the last quarter.

### DELIVERY HIGHLIGHTS

- Channel partnering commenced nationally
- Franchisee sales up
- Mr Alarms improved performance
- Monitored alarm lines increased significantly creating on going revenue
- MATV/Commercial Division was launched February 2005
- Antenna unit sales grew and digital set top box sales were up 144%
- Equipment sales rose increasing revenue per job

# Review of Operations

## 2. TELECOMMUNICATIONS AND BROADCASTING

This segment covers national services performed for Telstra, including volume and project style work; the project and engineering based Transmission Solutions business directed at tower infrastructure construction and remedial work (mostly in regional areas), transmission equipment sales, design and installation services to the broadcast and telecommunications sectors.

Revenue for this business segment increased by \$0.9 million or 2.6% over the previous year to \$38.1 million (2004 \$37.2 million) but suffered a drop in EBITDA of \$4.3 million, due to the broadcast unit loss, to close the year with an EBITDA of \$0.3 million.

To stem the underperforming activities, operational costs within the broadcast unit were reduced significantly over the second half of the year with employment costs alone being reduced by more than 15%. Unfortunately however, the full year results reflect a number of one off and additional costs incurred, attributable to the broadcast unit.

Over the past three years, investment in business development activities for the business was made largely through the broadcast unit. This function has since been isolated into a new stand alone business development unit. With those costs removed from the broadcast unit, operating costs have been further reduced.

### TELSTRA

The Telstra business unit maintained continual growth over the financial year producing consistent results. The consolidation of the call centre assisted in streamlining operations. This unit increased its daily volume of work from July 04 to July 05 by 50.5% across Sydney, Brisbane and Canberra. Over the year, additional contracts were secured with Telstra and Primus and further opportunities for growth in the coming year have been identified.

### DELIVERY HIGHLIGHTS

- Peak load resource for Broadband installation and service increasing BSA's work for Telstra
- For Primus, telephony and asynchronous digital subscriber line ADSL installation work
- Continued achievement of customer KPI's
- Establishment of BSA dedicated Advanced Training services

This business unit added training to its scope of services in March 05 under the BSA Advanced Learning brand (further details contained in this report) currently employing seven full time qualified trainers, all able to instruct on Telstra accredited courses. BSA has identified the provision of quality training as both strategically important and a growth opportunity and will continue to invest in this service. To date, more than 100 new trainees have completed courses and are working in the field.

### TRANSMISSION SOLUTIONS

This business unit had a challenging year. With long term contracts terminated and competition emerging from a customer, the business unit had to shift its focus. The units drop in revenue and profit was due to:

- Equipment sales competition resulting in margin pressure;
- The loss of the unit's largest customer; and
- The slowdown of the regional digital roll-out due in part to the delayed delivery of equipment.

Revenue fell 38% from the previous year with EBITDA dropping from \$3 million in 2004 to a loss of \$2.2 million this year. This business unit has been under constant review and realignment and is now expected to maintain a revenue base in the coming year similar to 2005.



## DELIVERY HIGHLIGHTS

- Established turnkey microwave radio equipment and services supply
- Became Australia's only Harris microwave radio supplier
- Commenced work on national infrastructure project
- Secured Digital Distribution Australia and Hutchison 3 network as microwave customers
- Continued to invest in radio infrastructure and transmission capability
- Upgraded transmission for Commercial Radio Australia on its digital radio trial site
- Tendered for managed services contract

We are confident we now have the right model and structure to profitably operate in this sector, which remains rich in opportunities as the demand for high quality and new communications services remains strong.

## OUTLOOK FOR 2006

We are confident that steps taken, to realign the cost structures of underperforming activities when combined with known growth prospects, will significantly strengthen the outlook for the coming year and beyond. This positive outlook underpins management's confidence to deliver an improved profit performance for the company in the upcoming year.

For the contracting services businesses we see an increase in work requirements supported by a stable volume of work and improvements in operational and delivery systems; Home Services has been restructured to take advantage of identified expansion markets like the security market; and the market sector of digital communications is buoyant and growing. The transmission solutions unit's capabilities are well suited to capture this greater variety of communication and broadcast opportunities. BSA also represents an alternative to traditional suppliers of managed services in the broadcast and telecommunications market place and intends to expand its interests in this area.

## A NEW STRUCTURE

Senior management recently completed an extensive review of the company's strategic direction. As a result of that review the company will be restructured internally to characterise BSA's capabilities by skill category rather than identification by customer.

The change is intended to ensure that resources and management's attention are more effectively directed. The following categories will be used to better understand the business based on service type rather than industry;

- **Contracting Services** – incorporate all 'business to business' volume contracting
- **Home Services** – franchised 'service-to-the-home'
- **Technical and Projects** – infrastructure project work, engineering, equipment sales
- **Managed Services** – operations, maintenance and facilities management
- **Training** – telecommunications training services

16

Directors' Report



The directors of Broadcast Services Australia Limited (the 'Company') present their annual financial report of the Company for the year ended 30th June 2005.

## DIRECTORS

Directors in office during the year and at the date of this report were:

- Brian Baldwin, non-executive acting chairman
- Mark Foley, joint managing director
- Daniel Lipshut, joint managing director
- Paul Teisseire, non-executive director; appointed 23 March 2005
- Michael Givoni, non-executive director; appointed 23 March 2005
- Brett Crowley, non-executive chairman, resigned 23 November 2004
- Greg Mullane, non-executive director, resigned 16 November 2004
- Richard Alston, non-executive chairman, appointed 13 October 2004, resigned 1 February 2005

## PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were acting as national provider of contracting services to subscription TV and telecommunication companies that require satellite and telecommunication installation services to their customer base; the supply of TV aerials and digital television and communication / alarm equipment to the home through franchise brands; and delivery of infrastructure projects, services, transmission and microwave equipment to the Broadcast and Telecommunication industries.

## REVIEW OF OPERATIONS

A detailed review of the operations of the consolidated entity is contained in the Chairman's Report, Joint Managing Directors' Report and Review of Operations section of this Annual Report.

## RESULTS

The net amount of consolidated profit of the consolidated entity for the financial year after income tax was \$1.139 million.

# Directors' Report

## DIVIDENDS

In respect of the financial year ended 30 June 2005, no dividends have been declared.

## CHANGES IN STATE OF AFFAIRS

Changes in the state of affairs of the entity during the financial year were as follows:

- a. net decrease in the contributed equity of \$5,313,030 (including \$9,860 of related fees) (from \$51,876,855 to \$46,563,825) as a result of:
  - Issue of 6,750,000 fully paid ordinary shares @ \$0.20 each on exercise of options granted
  - Issue of 251,232 fully paid ordinary shares @ \$0.38 to employees under the Broadcast Services Employee Share Plan
  - Reduction of contributed equity by \$6,748,638 to recognise (with a corresponding reduction in goodwill on consolidation) the financial effect of the consolidation of shares that is required to occur under the Deed of Variation calculation for shares issued as consideration for the purchase of BSA Pty Limited – now renamed BSA Transmission Solutions Pty Ltd.
- b. net cash received for the increase in contributed equity amounting to \$1,350,000.

The company announced on the 28 June 2005 that they have appointed independent experts to conduct an assessment of the deed of maturity and release of shares to vendors of BSA Pty Limited. While progress has been made at the time of this report, the directors have no additional information to the 28 June 2005 announcement.

Upon receipt of recommendations, those implications will be further considered by the independent members of the Board. As two directors are interested parties to the transaction, the whole Board is not in a position to recommend on this matter.

Please note that the Corporations Act requires a resolution of shareholders passed at a general meeting to effect any consolidation or cancellation of shares under the Deed of Variation. This is the case whether or not the strict terms of the Deed of Variation are enforced. Accordingly, shareholders will be fully informed and will have an active role in the outcome of this matter.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters subsequent to the end of the financial year other than those disclosed in these financial statements.

## FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The volume contracting business has continued to expand through the attraction of new business. This area of the Company is expected to see growth in sales volume with continued performance results similar to the current year. Telecommunication services will continue to expand. The transmission infrastructure build and product supply business has made a market with new products and services while it continues to pursue build and integration projects to form a core revenue base for this area of the business and assist in its expansion. The Home Services business is expected to return to a level of profitability equal to the previous year.

The Board expects the year ahead will show sustained revenue together with continued operational efficiency and margin improvement. The focusing of the transmission build business back to its core competencies will see a greater return from the business than that of the prior year. The volume contracting business will see revenue growth while margins remain stable. Investment in business development and the search for new business opportunities in core areas of competency will continue.

Further details on the likely developments of the consolidated entity in future years are contained in the Chairman's Report and Joint Managing Directors Report, which form part of the Annual Report 2005.



## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company was not subject to any particular or significant environmental regulations of the Commonwealth or a State or Territory during the financial year.

## CORPORATE GOVERNANCE

The company decided to follow best practice recommendations set by the ASX Corporate Governance Council during the reporting period. Where the Company has not followed best practice for any recommendation explanation is given in the Corporate Governance section in this annual report. Further corporate governance information is available on the Company's web site at [www.bsa.com.au/corporate](http://www.bsa.com.au/corporate).

## INFORMATION ON DIRECTORS

At 30 June 2005, director's interests in Broadcast Services Australia Limited shares and options were:

DIRECTOR	SPECIAL RESPONSIBILITIES	ORDINARY SHARES	OPTIONS	RESTRICTED SHARES	ESCROWED SHARES TILL 22 DEC 2007
Brian Baldwin Acting chairman non-executive	Acting chairman of board Member of audit committee Member of nomination and remuneration committee	48,549	Nil	18,387,975	Nil
Mark Foley Executive director	Joint managing director	4,131,607	3,000,000	Nil	2,617
Daniel Lipshut Executive director	Joint managing director	148,648	3,000,000	Nil	2,617
Paul Teisseire non-executive	Appointed: 23 March 2005 Chairman of audit committee Member of nomination and remuneration committee	Nil	Nil	Nil	Nil
Michael Givoni non-executive	Appointed: 23 March 2005 Chairman of nomination and remuneration committee Member of audit committee	100,000	Nil	Nil	Nil
Brett Crowley chairman non-executive	Resigned: 23 November 2004				
Greg Mullane Non-executive	Resigned: 16 November 2004				
Richard Alston chairman (a) non-executive	Appointed: 13 October 2004 Resigned: 1 February 2005				

(a) Mr Alston accepted the position of chairman from the 25 Nov 2004

# Directors' Report

## DIRECTORS' CURRENT AND FORMER DIRECTORSHIPS

PERIOD OF APPOINTMENT	NAME OF COMPANY / TRUST	POSITION HELD (NON-EXEC OR EXEC DIRECTOR)
<b>Brian Baldwin</b>		
<b>Mark Foley</b>		
Appointed 14 January 2003	Brumby's Bakeries Holdings Ltd	Non-executive director
<b>Daniel Lipshut</b>		
Appointed 27 August 1996	Intercorp Telecommunications Pty Ltd	Non-executive director
<b>Paul Teisseire</b>		
Appointed July 2002	Auspine Ltd	Non-executive chairman and member (and prior chairman) of audit and compliance committee
Appointed July 2002	Australian Executor Trustees Ltd	Non-executive chairman and prior chairman and member of the audit and compliance committee to June 2005
Appointed March 2004	Legend Corporation Ltd	Non-executive chairman and member of the audit and compliance committee
<b>Michael Givoni</b>		
Appointed 31 July 2001	Venture Management Investment Company Pty Ltd	Non-executive director
Appointed 1 July 2002	The Venture Bank Limited	Non-executive director

## COMPANY SECRETARY

The company secretary is Mr Ian McGregor CA; FCIM; FICSA(UK). Ian McGregor was appointed to the position of company secretary in 2003. Before joining Broadcast Services Australia Limited Ian had responsibility for a similar position with another listed company and has held the position of company secretary for subsidiaries of international companies for over 10 years. Ian also holds the position of chief financial officer of Broadcast Services Australia Limited.





## MEETINGS OF DIRECTORS

The number of meetings of the company's board of directors and each board committee held during the year ended 30 June 2005, and the number of meetings attended by each director were:

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
	A	B	A	B	A	B
Brian Baldwin	13	16	5	5	3	3
Paul Teisseire	4	4	3	3	3	3
Michael Givoni	4	4	3	3	3	3
Mark Foley	16	16	*	*	*	*
Daniel Lipshut	16	16	*	*	*	*
Brett Crowley (1)	8	8	1	1		
Greg Mullane (2)	6	8	1	1		
Richard Alston (3)	3	3				

A Number of meetings attended

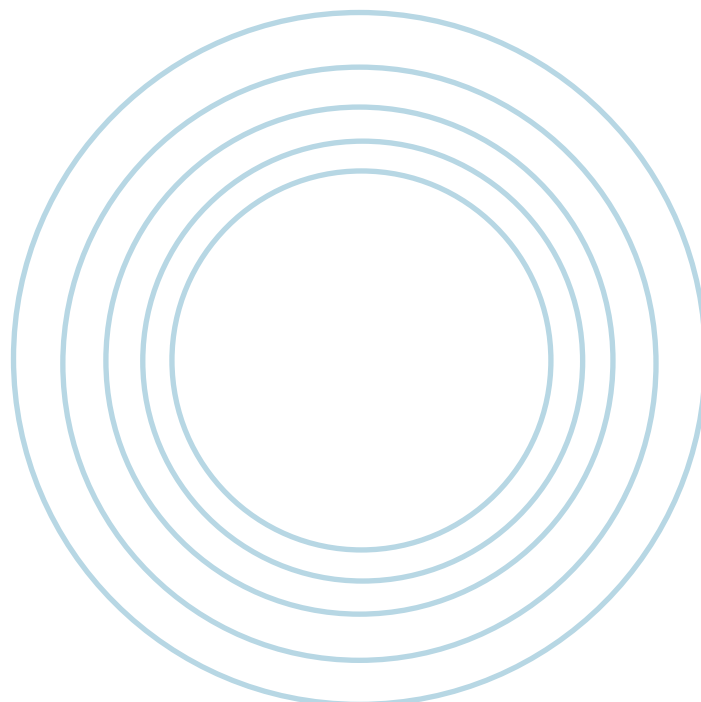
B Number of meetings held during the time the director held office or was a member of the committee during the year

\* Not a member of the relevant committee

1. Resigned 23 November 2004

2. Resigned 16 November 2004

3. Resigned 1 February 2005



# Directors' Report

## 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 may remain on the Board for more than three years without re-election (one managing director nominated by the directors, is exempt). Where a director is appointed during the year, the director will hold office until the next Annual General Meeting and then be eligible for election.

Mr Paul Teisseire and Mr Michael Givoni, who were appointed during the year to fill the vacancy caused by the resignations of Mr Crowley and Mr Mullane, in accordance with the constitution retire as directors at the annual general meeting and, being eligible, offer themselves for election.

Mr Brett Crowley retired as a director on the 23 November 2004 and did not offer himself for re-election.

Mr Greg Mullane was the director retiring by rotation in 2004, retired as a director on the 16 November 2004 and did not offer himself for re-election.

Mr Richard Alston, who was appointed during the year, filled the vacancy that was to be created by the retiring chairman Mr Brett Crowley, subsequently retired as a director on the 1 February 2005 due to commitments outside of Australia.

Mr Brian Baldwin is the director retiring by rotation who, being eligible, offers himself for re-election.

## INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has entered into Deeds of Indemnity with the directors and Company Secretary. The Company has not undertaken directors and or officers insurance.

The indemnities given by the company relate to the legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment of the company.

## DIRECTOR'S EXPERTISE AND OTHER CURRENT DIRECTORSHIPS

### BRIAN BALDWIN – NON EXECUTIVE DIRECTOR, ACTING CHAIRMAN

Brian was a founding partner and director of BSA Pty Limited prior to its acquisition by Broadcast Services Australia Limited. He has, along with many other successful business ventures, developed and is a director and chairman of one of Australia's largest privately held human resource companies Challenge Recruitment Ltd. Brian's entrepreneurial talents have been instrumental in securing relationships with many of BSA's principles and key customers. With a broad business focus and personal network to match, Brian brings constant growth opportunities to the group along with considerable focus and foresight. Brian was appointed as a director on 5 December 2002.

### MARK FOLEY – JOINT MANAGING DIRECTOR

Mark has over 15 years industry management experience gained within the electrical contracting business. He has established a number of successful businesses including those comprising the Delaney group in the Queensland region. Mark has a wealth of business experience in a number of facets of the satellite and cable installation business; as a director of a number of private companies and Brumby's Bakeries Holdings Ltd, listed on the Bendigo Stock Exchange. Mark was appointed managing director on 25 September, 2001.



#### **DANIEL LIPSHUT – JOINT MANAGING DIRECTOR**

Daniel was director, Corporate, BSA Pty Limited prior to its acquisition by Broadcast Services Australia Limited. A non-executive director of other companies including Intercorp and Intercorp Telecommunications for many years, he has run large projects and divisions, managing contracts and groups in various defence and telecommunication sectors. Daniel was appointed joint managing director on 5th December 2002.

#### **PAUL TEISSEIRE – NON-EXECUTIVE DIRECTOR**

Is a professional independent non-executive director. Mr Teisserie has spent over 20 years in private practice as a corporate lawyer specialising in business and corporate law with a special interest in corporate governance.

Based in Adelaide, Paul is chairman of each of Auspine Ltd, Legend Corporation Ltd and Australian Executor Trustees Ltd (an operating subsidiary of Australian Wealth Management Ltd) and is also a non-executive director of unlisted Challenge Recruitment Ltd. Paul was appointed as non-executive director on 23 March 2005.

#### **MICHAEL GIVONI – NON-EXECUTIVE DIRECTOR**

Michael is a senior executive at Spotless Group Limited. He is the group general manager marketing, involved in strategy, business and corporate development activities. Previous to his management career, Michael Givoni was a practising solicitor and a partner in a prominent corporate legal practice. Michael is also a director of The Venture Bank Ltd, and a number of private companies. Michael was appointed as non-executive director on 23 March 2005.

#### **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the court under section 237 of the Corporations Act 2001 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 in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

#### **ROUNDING OF AMOUNTS**

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

#### **AUDITOR**

BDO Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001. This report is made in accordance with a resolution of the directors.

# Directors' Report

## REMUNERATION OF AUDITORS

During the year the following services were paid to the auditor; its related practices and non-related audit firms:

	CONSOLIDATED ENTITY	
	2005	2004
	\$'000	\$'000
<b>Assurance Services</b>		
<b>I. Audit Services</b>		
Fees paid to BDO Chartered Accountants:		
Audit and review of financial reports and other audit work under the Corporations Act 2001	187	151
<b>Total remuneration for audit services</b>	<b>187</b>	<b>151</b>
<b>2. Other Assurance Services</b>		
Fees paid to BDO Chartered Accountants:		
Audit of regulatory returns	–	–
<b>Total remuneration of other assurance services</b>	<b>–</b>	<b>–</b>
<b>Total remuneration for assurance services</b>	<b>187</b>	<b>151</b>
<b>Taxation Services</b>		
Fees paid to BDO Chartered Accountants:		
Tax compliance services, including review of company income tax returns	34	26
Fees paid to non-BDO Chartered Accountants audit firms	5	5
<b>Total remuneration for taxation services</b>	<b>39</b>	<b>31</b>
<b>Advisory Services</b>		
Fees paid to BDO Chartered Accountants for payroll processing services	–	18
<b>Total remuneration for advisory services</b>	<b>–</b>	<b>18</b>

## NON-AUDIT SERVICES

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

Details of the amounts paid to the auditor (BDO Chartered Accountants) for audit and non-audit services provided 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 the non-audit services is compatible with the general standard of independence of auditors, as set out below and did not compromise the auditor's independence requirement of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not breach the integrity and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement FI, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risk and reward.



## REMUNERATION REPORT

### THE REMUNERATION REPORT 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 share-based compensation

### A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the company'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 and operational objectives and the creation of value for the shareholders, and conforms to the company's corporate governance statement on its responsibility to remunerate fairly and responsibly.

The company has aligned its executive remuneration structure so that it is market competitive and complimentary to the reward structure of the organisation.

Alignment to shareholder interest is done through:

- Divisional profit or earnings before interest tax depreciation and amortisation (EBITDA) is a core component of plan design
- Focus on overall company performance is the second major component of the executive plan
- Performance review aligns the executive with non-financial drivers of value
- Packages are designed to attract and retain executives

Alignment to program participant's interests:

- Rewards capability and experience
- Reflects a competitive reward for contribution to growth and in shareholder wealth
- Provides a clear structure for earnings reward
- Provides recognition for contribution
- Company provides work in an exciting and developing market at a time of great change

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.



# Directors' Report

## 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 elect on appointment to be reimbursed either actual expenses or paid a per diem for attendance at the monthly meetings. Payments to non-executive directors are reviewed by the Board.

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.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The approved pool currently stands at \$300,000.

## DIRECTORS FEES

The current remuneration for directors was last reviewed in March 2005. Director's fees are inclusive of superannuation and include the requirement to sit on two or more board committees for the duration of their tenure and a directors, expected time commitment, is between 5 to 10 hours per week.

## 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 four components:

- Base pay and benefits
- Short term performance incentives
- Long term incentives through participation in the employee share plan and employee option plan
- Other remuneration such as superannuation

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

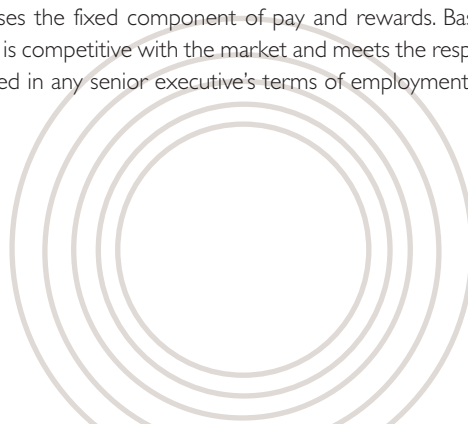
## BASE PAY

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. There are no guaranteed base pay increases included in any senior executive's 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 the 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 business plan.

Each executive with operational responsibilities has a short term incentive depending on the accountabilities of the role and impact on organisation and business unit performance. The maximum target bonus opportunity is 60% of base salary.

For the year ended 30 June 2005, the targets linked to the short term incentive 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 earnings before interest tax depreciation and amortisation. The group targets are generic across the management team.

The nomination and remuneration committee is responsible for assessing whether the targets are met. Targets are set at the beginning of the year and are assessed semi annually. Short term bonus payments are adjusted up or down in line with under or over achievement against target performance levels. Because short term targets cover several operational areas of the business as well as the overall company target, short term incentives may be paid when operational targets are achieved although the company overall profit target may not be met.

## EMPLOYEE OPTION PLAN

Information on the Broadcast Services Australia Limited Employee Option Plan is set out under point D below.

## B DETAILS OF REMUNERATION

### AMOUNTS OF REMUNERATION

Details of remuneration of each director of Broadcast services Australia Limited and each of the 5 executives of the company and consolidated entity who receive the highest remuneration for the year ended 30 June 2005 are set out in the following tables. The cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed short-term incentives above. All other elements of remuneration are not directly related to performance.

# Directors' Report

## DIRECTORS OF BROADCAST SERVICES AUSTRALIA LIMITED

NAME	PRIMARY			POST-EMPLOYMENT		EQUITY	
	CASH SALARY AND FEES \$	CASH BONUS \$	NON MONETARY BENEFITS	SUPER-ANNUATION \$	RETIREMENT BENEFITS	OPTIONS \$	TOTAL \$
<b>Executive directors</b>							
M Foley	245,778			17,363		164,169	427,310
D Lipshut	263,384			25,096		164,169	452,649
<b>Non-executive directors</b>							
B Baldwin	36,400			3,600			40,000
P Teisseire (a)	9,100			900			10,000
M Givoni (a)	9,100			900			10,000
B Crowley (b)	20,833			1,875		33,308	56,016
G Mullane (c)	12,500						12,500
R Alston (d)	21,233			2,100		Nil	23,333
<b>Total</b>	618,328			51,834		361,646	1,031,808
Total 2004	507,575	75,110		40,403		33,460	656,548

(a) Appointed 23 March 2005

(b) Resigned 23 November 2004

(c) Resigned 16 November 2004

(d) Appointed 13 October 2004, Resigned 1 February 2005 Options granted on appointment were cancelled on resignation prior to vesting.

## OTHER SPECIFIED EXECUTIVES OF BROADCAST SERVICES AUSTRALIA LIMITED

EXECUTIVE	PRIMARY			POST-EMPLOYMENT		EQUITY	
	CASH SALARY AND FEES \$	CASH BONUS \$	NON MONETARY BENEFITS	SUPER-ANNUATION \$	RETIREMENT BENEFITS	OPTIONS	TOTAL \$
I McGregor	186,667	40,000		22,000		59,378	308,045
B Foley	178,896	50,000		20,601		12,684	262,181
R Larkin	130,716	20,000		12,115		12,684	175,515
J Chellingworth	157,167			12,635			169,802
V Clark	151,090	4,500		14,003			169,593
<b>Total</b>	804,536	114,500		81,354		84,746	1,085,136
Total 2004	482,796	105,002		50,222		308	638,328



## CASH BONUSES AND OPTIONS

NAME	CASH BONUS		OPTIONS	
	PAID %	FORFEITED %	VESTED %	FORFEITED %
M Foley	0	100	100	
D Lipshut	0	100	100	
I McGregor	100		100	
B Foley	60	40	100	
R Larkin	26	74	100	
J Chellingworth	0	100		
V Clark	30	70		

## C SERVICE AGREEMENTS

Remuneration and other terms of employment for the managing directors, chief financial officer and company secretary, and the other specified executives are formalised in a contract of employment. Each of these agreements provides for the provision of performance-related cash bonuses, other benefits including car allowances and when eligible participation in the Broadcast Services Australia Employee Share and Option Plans. Other major provisions of the agreements relating to remuneration are set out below.

### M Foley – joint managing director

- Term of agreement – 1 year commencing 1 September 04
- Base salary \$254,000 and superannuation of \$16,760
- Termination payment is equivalent of six months base salary

### D Lipshut – joint managing director

- Term of agreement – 1 year commencing 1 September 04
- Base salary \$270,000 and superannuation of \$20,000
- Termination payment is equivalent of six months base salary

### I McGregor – chief financial officer and company secretary

- Base salary inclusive of superannuation and allowances \$220,000, with a potential bonus of \$40,000 plus superannuation

### B Foley – group general manager contracting services

- Base salary inclusive of superannuation and allowances \$219,090, with a potential bonus of \$78,000 plus superannuation

### R Larkin – general manager telecommunication services

- Base salary inclusive of superannuation and allowances \$140,065, with a potential bonus of \$77,100 plus superannuation

# Directors' Report

## John Chellingworth – group general manager transmission solutions

- Base salary inclusive of superannuation and allowances \$174,400, with a potential bonus of \$15,000 plus superannuation

## V Clark – general manager home services

- Base salary inclusive of superannuation and allowances \$163,500, with a potential bonus of \$15,000 plus superannuation

## D SHARE-BASED COMPENSATION

Share options granted to directors and specified officers are set out in the Financial Report – Note 28.

Shares were granted under the Broadcast Services Australia Employee Share Plan which was approved by shareholders at the 2004 annual general meeting. Employees eligible to participate in the plan are those, including executive directors, who have been continuously employed by the consolidated entity for a period of at least one year. This condition also requires the recommendation of the managing director to the Board, which will be given in years where the company sees shareholder growth.

ISSUE DATE	EXPIRY DATE OF RESTRICTED PERIOD	ISSUED DURING THE YEAR	ISSUE VALUE PER SHARE	SHARES RELEASED DURING THE YEAR (1)	BALANCE AT THE END OF THE YEAR
22 Dec 2004	22 Dec 2007	251,232	\$0.38	–	251,232

1 Under the rules of the Broadcast Services Australia Employee Share Plan, shares are released from trading restriction on the release date or after termination date of employee if this occurs prior to release date. Subsequent to year end 34,021 shares have been released from this trading restriction due to termination of employees.

## SHAREHOLDING

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
<b>Directors – Ordinary Shares</b>				
Brian Baldwin	48,549			48,549
Mark Foley (1)	8,131,607		4,000,000	4,131,607
Daniel Lipshut	148,648	2,000,000	(2,000,000)	148,648
Paul Teisseire	Nil			Nil
Michael Givoni (2)	100,000			100,000
B Crowley (3,4)	Nil			Nil
G Mullane (3)	13,552,679			13,552,679
Richard Alston (3)	Nil			Nil
<b>Directors – Ordinary Shares Restricted</b>				
Brian Baldwin	18,387,975			18,387,975



NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
<b>Directors – Ordinary Shares Escrowed</b>				
Mark Foley			2,617	2,617
Daniel Lipshut			2,617	2,617
<b>Specified Executives – Ordinary Shares</b>				
Ian McGregor	Nil			Nil
Brendan Foley	8,429			8,429
Ray Larkin	Nil			Nil
John Chellingworth	Nil			Nil
Vaughan Clark	25,000		181,000	206,000
<b>Specified Executives – Ordinary Shares Escrowed</b>				
Brendan Foley	Nil		2,617	2,617
Ray Larkin	Nil		2,617	2,617

1. Mark Foley sold 4,000,000 options to a third party during the year

2. Shares were held by Michael Givoni prior to appointment in March 2005

3. These directors resigned during the year and the closing balance represents their share and option movements and balance up to the time of their resignation

4. Brett Crowley sold 500,000 options to a third party during the year, while a director

## LOANS TO DIRECTORS AND EXECUTIVES

There were no loans to directors or officers during the year ended 30 June 2005.

## SHARE OPTIONS GRANTED TO DIRECTORS

Options over unissued shares of Broadcast Services Australia Limited have been granted during the financial year to directors of the Company as part of their remuneration as follows:

- 3,000,000 options granted to Mark Foley at an exercise price of \$0.47 cents.
- 3,000,000 options granted to Daniel Lipshut at an exercise price of \$0.47 cents.

The options granted are exercisable between 25 November 2005 and 25 November 2009. At the date of this report the unissued ordinary shares of the Company under option to directors and specified executives of the company are:

No further options have been granted to directors or specified executives since that date.



# Directors' Report

GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
<b>Directors</b>				
25 Nov 04	25 Nov 05	25 Nov 09	\$0.47	2,000,000
25 Nov 04	25 Nov 06	25 Nov 09	\$0.47	2,000,000
25 Nov 04	25 Nov 07	25 Nov 09	\$0.47	2,000,000
<b>Specified executives</b>				
28 Jun 04	30 Jun 05	30 Jun 08	\$0.26	200,000
28 Jun 04	30 Jun 06	30 Jun 09	\$0.26	200,000
28 Jun 04	30 Jun 07	30 Jun 10	\$0.26	200,000
28 Jun 04	10 Nov 04	10 Nov 09	\$0.26	333,334
28 Jun 04	10 Nov 05	10 Nov 10	\$0.26	333,333
28 Jun 04	10 Nov 06	10 Nov 11	\$0.26	333,333

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

Ordinary shares of the Company were issued during the year 30 June 2005 on the exercise of options granted to directors.



**Brian Baldwin**  
Director

Sydney  
15 September 2005

33

Corporate Governance



# Corporate Governance

The Board of Broadcast Services Australia Limited (BSA) strives to achieve best practice in meeting its responsibilities in directing the business and affairs of the Company.

The Board of BSA has considered the principles of good corporate governance and best practice recommendations as published by the ASX Corporate Governance Council (ASXCGC) in March 2003. ASX Listing Rule 4.10.3 requires the Company to disclose the extent to which it has followed these best practice recommendations in its June 2005 Annual Report.

This report discloses the main corporate governance and best practices that the Directors would like to highlight to the stakeholders and should be read in conjunction with:

- the Company's Corporate Governance web page [www.bsa.com.au](http://www.bsa.com.au) where fuller details are available; and
- the Recommendation Checklist, following this Corporate Governance Report (CGR), provides in summary format the ASXCGC core principles and recommendations and indicates where the Company has not followed the recommendation and gives the reason and period that this recommendation was not followed

## THE ROLE OF THE BOARD & MANAGEMENT

The Board of the Company is responsible for the overall corporate governance of the BSA Group, including its strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising Company performance and maximising shareholder value.

The role of management is to support the managing director(s) and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Scheduled meetings of the Board are held monthly and the Board meets on other occasions to deal with matters that require attention between scheduled meetings. The responsibility for the operation and administration of the consolidated entity is delegated by the Board to the joint managing directors and the divisional managers.

The Board is responsible for:

- Setting the strategic direction of the Company and establishing goals to ensure these strategic objectives are met;
- Appointing the joint managing directors, setting objectives for the Managing Directors and reviewing performance against those objectives, ensuring appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- Monitoring financial performance including approval of the annual and half-yearly financial reports and liaison with the Company's auditors;



- Ensuring the significant risks facing the Company and its controlled entities have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place;
- Receiving detailed briefings from senior management on a regular basis during the year;
- Approving the Directorate of subsidiary companies; and
- Ensuring the Company complies with the law and confirms to the highest standards of financial and ethical behaviours.

Members of the Board visit the Company's places of business and meet with local management and key customers. These actions enable directors to enhance their knowledge of the Company's activities and assist them in setting the performance for senior executives.

The composition of the Board is determined in accordance with the Company's constitution and the following principles and guidelines:

- The Board should comprise of at least three directors with at least two non-executive directors;
- The Board should comprise of directors with an appropriate range of qualifications and expertise; and
- The Board should meet formally at least eleven times per annum and informally on an as required basis with all directors being made aware of, and having available, all necessary information to participate in an informed discussion of all agenda items.

## DIRECTORS IN OFFICE

At the date of this statement the following directors are considered independent by the Board:

NAME	POSITION	INDEPENDENT
B Baldwin	Acting chairman & non-executive director	No
M Foley	Executive director	No
M Givoni	Non-executive director	Yes
D Lipshut	Executive director	No
P Teisseire	Non-executive director	Yes

## DIRECTOR INDEPENDENCE

The ASX Corporate Governance Council Recommendations provides that there be a majority of the Board that is independent as defined, none of the non-executive directors has been an employee of the Company. Brian Baldwin under the Corporations Act section 9 is considered to hold substantial shareholdings and is therefore not independent under the Recommendations. Your Board has focused on the overarching principle of the directors adding value to the business.

The Board does not believe that any director has served on the Board for a period which could materially interfere with the director's ability to act in the best interests of the Company. The Board believes that maintaining flexibility in relation to the appropriate term for each director allows it to attract and retain directors with the best possible relevant skills and expertise.

# Corporate Governance





## CHAIRMAN

The ASX Corporate Governance Council Recommendations recommend that the chairperson be independent. Since the resignation of Mr Richard Alston the Board has been actively searching for a chairman. The deputy chairman Mr Brian Baldwin has taken on the responsibility as the acting chairman during this interim period. Mr Baldwin is not independent (as explained above).

## APPOINTMENT TO THE BOARD

The Board has appointed a Nomination and Remuneration Committee and established a Charter for this Committee which includes the identification and recommendation of potential director appointments. Where a casual vacancy arises during the year, the Committee has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next Annual General Meeting and is then eligible for re-election by the shareholders.

New directors receive a letter of appointment which sets out the terms of their appointment. On appointment, an induction program is available to directors that include visits to key business units of the Company and one-on-one sessions with members of the senior management team.

## ETHICAL BUSINESS PRACTICES

The Company has adopted a Code of Conduct and is committed to being a socially responsible corporate citizen, using honest and fair business practices, to act in the best interests of clients so as to achieve the best outcome for shareholders.

The Board has procedures in place for reporting any matters that may give rise to conflict between the interests of a director and those of the Company. These procedures are reviewed as required by the Board. To this end, the Company has adopted a Conflict of Interest Policy that clarifies the processes for directors to determine and disclose when a conflict of interest exists.

## SHAREHOLDING AND TRADING

The Board encourages non-executive directors to own shares in the Company to further link their interests with the interests of all shareholders. Trading of shares by directors is prohibited under certain circumstances and as described in the ASX Listing Rules and during certain periods of the financial year. A director must not deal in the Company shares at any time when he or she has unpublished information which, if generally available, might affect the share price. Directors are required to notify the Company Secretary prior to dealing to ensure that there are no insider trading issues.

## SAFEGUARD INTEGRITY

The Board has established an Audit Committee comprising of the three non-executive directors. This committee operates under a charter to enable it to perform its role and responsibilities. Where considered appropriate, the Company's external auditors and the Company's management are invited to attend meetings.

# Corporate Governance

The Members of the Audit Committee are:

**Paul Teisseire (chair), Michael Givoni and Brian Baldwin.**

The role of the Audit Committee is to assist the Board fulfil its responsibilities in relation to the identification of the areas of significant business risks and the monitoring of the following:

- Effective management of financial and other business risks;
- Reliable management reporting;
- Compliance with laws and regulations in respect to financial reporting;
- Maintenance of effective and efficient audits;
- Meeting with external auditors on a twice-yearly basis and informally as circumstances require; and
- Recommending to the Board the appointment, removal and remuneration of the external auditors, and review their terms of engagement, and the scope and quality of the audit.

The Audit Committee provides the Board with additional assurances regarding the reliability of financial information for inclusion in the financial statements.

## INDEPENDENT ADVICE

The Board recognises that in certain circumstances individual directors may need to seek independent professional advice, at the expense of the Company. Any advice so received will be made available to other directors.

## COMMUNICATION WITH SHAREHOLDERS

The Board aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the Company's activities and its state of affairs, including information necessary to assess the performance of the directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report distributed to all shareholders;
- The Half Yearly Report distributed to all shareholders;
- The Annual General Meeting and other meetings so called to obtain shareholder approval for Board action as appropriate;





- Announcements to the Australian Stock Exchange;
- Investor information through the Company's internet portal at [www.bsa.com.au](http://www.bsa.com.au); and
- Stakeholders and interested parties can register on this site to receive our alert service to receive an email message advising of new announcements

The Company strives to ensure that company announcements via the ASX are made in a timely manner; are factual, do not omit material information and are expressed in a clear and objective manner:

## SHAREHOLDERS' ROLE

The shareholders of the Company are responsible for voting on the election of Directors at the Annual General Meeting in accordance with the constitution.

All Directors are subject to re-election by rotation, no later than every three years.

The Annual General Meeting also provides shareholders with the opportunity to express their views on matters concerning the Company and to vote on other items of business for resolution by shareholders.

The Company will ensure that Mr David McLean of BDO who is the auditor; or a partner of the firm of BDO Chartered Accountants, will be in attendance at the Annual General Meeting and available to answer shareholder questions.

## RISK MANAGEMENT

The Board, as a whole, is responsible for overseeing the risk management function. The Company believes that it is crucial for all board members to be a part of the process and as such has not established a risk management committee at present.

The Board is responsible for ensuring the risks and opportunities are identified on a timely basis. To achieve this, the Board has implemented a risk system which allows for the monthly monitoring of identified risk areas and performance against the activities to minimise or control these identified risks.

The Board has a number of mechanisms in place to ensure the management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Implementation of Board approved operating plans and budgets;
- Board monitoring of progress against these budgets, including the monitoring of key performance indicators of both a financial and non financial nature; and
- The establishment of committees to report on specific risk as identified.

## INTERNAL RISK MANAGEMENT SYSTEM COMPLIANCE



# Corporate Governance

## RECOMMENDATION CHECKLIST AND EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

During the Reporting Period, the Company has complied with each of the Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("ASX Principles and Recommendations"), other than in relation to the matters specified below.

PRINCIPLE REF	RECOMMENDATION		REFERENCE	NOTIFICATION OF DEPARTURE	EXPLANATION FOR DEPARTURE
	REF	DESCRIPTION			
1	1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	'Corporate Governance Report' (CGR) "The Role of the Board and Management"		
2	2.1	Majority of the Board should be independent	CGR "Directors' Independence".	The Board had several changes of Directors through the year. Details are shown in the Directors Report. With the changes the Board has not had a majority of independent directors.	The reason in addition to the attrition and appointment of Directors during the year is your Board has focused on the overarching principal of having directors that add value to the business.
	2.2	Chairperson should be an independent	CGR "chairman".	The chairman has not been independent since the 1 February 2005 when the then chairman resigned.	Mr Brian Baldwin – Deputy chairman has taken on the role of Acting chairman while searching for a replacement independent chairman
	2.3	The roles of chairperson and managing director should not be exercised by the same individual	Directors Report "Information on Directors"		
	2.4	The Board should establish a Nomination Committee	CGR "Nomination and Remuneration".	After the appointment of two new directors during the year the Board resolved to form a Nomination and Remuneration Committee and establish a formal charter.	Prior to the 5 April 2005 the Board handled the responsibilities of the Nomination and Remuneration Committee due to the size of the Board and commercial practicality.
	2.5	The following material should be included in the corporate governance section of the annual report:			
		■ Skill and experience of each director	Directors' Report "Information on Directors" and "Directors Experience"		
		■ the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds	CGR "Directors in Office" Corporate Governance web page "Principle 1 Statement of Board and Management Functions"		
		■ Statement of procedure to take independent advice at the Company's expense	CGR "Independent Advice" Corporate Governance web page "Principle 2 Resources available to the Board"		
		■ The term of office held by each director and their attendance record	Directors Report "Information on Directors" and "Meetings of Directors" in the Annual Report		
		■ Explanation of departures from 2.1 – 2.5	Recommendation Checklist (refer above)		



PRINCIPLE REF	RECOMMENDATION REF	DESCRIPTION	REFERENCE	NOTIFICATION OF DEPARTURE	EXPLANATION FOR DEPARTURE
		<b>The following material should be available ideally from the Company's web site:</b>			
		■ Description of procedures for the selection and appointment of new Directors	Corporate Governance web page "Principle 2 Policy and procedure for selection and appointment of Directors"		
		■ The Charter of the nomination committee	Corporate Governance web page "Principle 2 Nomination and Remuneration Committee Charter"		
		■ Nomination Committee's policy for the appointment of Directors	Corporate Governance web page "Principle 2 Policy and procedure for selection and appointment of Directors"		
3	3.1	Establish a 'Code of Conduct' to guide the managing director(s), the Chief Financial Officer and key executives as to:	CGR "Ethical Business Practices" and Corporate Governance web page "Principle 3 Code of Conduct"		
	3.1.1	the practices necessary to maintain confidence in the Company's integrity			
	3.2	Disclose the policy concerning trading in company securities by Directors, officers and employees	CGR "Shareholding and Trading" and Corporate Governance web page "Principle 3 Dealing in Company Securities by Directors and Employees"		
	3.3	<b>The following material should be included in the Corporate Governance section of the Annual Report:</b>			
		Explanation of departures from 3.1 – 3.3	No departures		
		<b>The following material should be available ideally from the Company's web site:</b>			
		■ Any applicable Code of Conduct or summary of its main provisions	Corporate Governance web page "Principle 3 Code of Conduct"		
		■ The trading Policy or a summary of its main provisions	Corporate Governance web page "Principle 3 Share Trading Policy"		
4	4.1	Require the managing director(s) and chief financial officer to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	Corporate Governance web page "Principle 4 Safeguard Integrity in Financial Reporting".	For the half year no statement was received from the MD and CFO representing the financial reports are true and fair.	The CFO and MD were in attendance at the Audit Committee clearance meeting for the half year accounts and the minutes of the Audit Committee indicate the confirmation by the MD and CFO that the accounts are 'true and fair'.
	4.2	The Board should establish an audit committee	CGR "Safeguard Integrity"; and Corporate Governance web page "Principle 4 Audit Committee Charter."		

# Corporate Governance

PRINCIPLE REF	RECOMMENDATION REF	DESCRIPTION	REFERENCE	NOTIFICATION OF DEPARTURE	EXPLANATION FOR DEPARTURE
	4.3	Structure the audit committee so that it consists of:	CGR "Safeguard Integrity"; and Corporate Governance web page "Principle 4 Audit Committee Charter"	Between November 2004 and April 2005 the Company did not comply with the Audit committee structure recommendation. During this period the full board took on the responsibilities of the Audit Committee.	The loss of structure to the Audit Committee was due to the resignation of directors and delays in identifying and appointing replacement Directors.
		<ul style="list-style-type: none"> <li>■ Only non-executive directors</li> </ul>			
		<ul style="list-style-type: none"> <li>■ A majority of independent directors</li> </ul>			
		<ul style="list-style-type: none"> <li>■ An independent chairperson, who is not chairperson of the board</li> </ul>			
		<ul style="list-style-type: none"> <li>■ At least three members</li> </ul>			
	4.4	The audit committee should have a formal charter	CGR "Safeguard Integrity"; and Corporate Governance web page "Principle 4 Audit Committee Charter"		
4.5		<b>The following material should be included in the corporate governance section of the annual report:</b>	CGR "Safeguard Integrity"; and Directors Report "Meetings of Directors" in the Annual Report		
		<ul style="list-style-type: none"> <li>■ Details of names and qualifications of those appointed to the audit committee</li> </ul>			
		<ul style="list-style-type: none"> <li>■ Number of meetings of the audit committee and the names of attendee</li> </ul>			
		<ul style="list-style-type: none"> <li>■ explanation of any departures from best practice recommendations 4.1, 4.2, 4.3, 4.4 or 4.5</li> </ul>	Recommendation Checklist (refer above)		
		<b>The following material should be made publicly available, ideally on the company's website:</b>			
		<ul style="list-style-type: none"> <li>■ audit committee charter</li> </ul>	Corporate Governance web page "Principle 4 Audit Committee Charter"		
		<ul style="list-style-type: none"> <li>■ information on procedures for the selection and appointment of the external auditor; and for the rotation of external audit engagement partners.</li> </ul>	Corporate Governance web page "Principle 4 Procedure for Appointment and Rotation of External Auditor"		
5	5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Corporate Governance web page "Principle 5 Continuous Disclosure and Communication"	Until June 2005 there were no written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and accountability for compliance.	Informal procedures were in place prior to June 2005 which have been formulated into a written policy.



PRINCIPLE REF	RECOMMENDATION REF	DESCRIPTION	REFERENCE	NOTIFICATION OF DEPARTURE	EXPLANATION FOR DEPARTURE
	5.2	<b>The following material should be included in the corporate governance section of the annual report:</b>			
		<ul style="list-style-type: none"> <li>■ explanation of any departures from best practice recommendation 5.1 or 5.2.</li> </ul>	Recommendation Checklist (refer above)		
		<b>The following material should be made publicly available, ideally on the company's website:</b>			
		<ul style="list-style-type: none"> <li>■ a summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements.</li> </ul>	Corporate Governance web page "Principle 5 Continuous Disclosure and Communication"		
6	6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	CGR "Communication with Shareholders".		
	6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	CGR "Shareholders Role".		
	6.3	<b>The following material should be included in the corporate governance section of the annual report:</b>			
		<ul style="list-style-type: none"> <li>■ explanation of any departures from best practice recommendation 6.1, 6.2 or 6.3.</li> </ul>	No departures		
		<b>The following material should be made publicly available, ideally on the company's website:</b>			
		<ul style="list-style-type: none"> <li>■ a description of the arrangements the company has to promote communication with shareholders.</li> </ul>	Corporate Governance web page "Principle 6 Shareholder Communication Strategy"		
7	7.1	The board or appropriate board committee should establish policies on risk oversight and management.	CGR "Risk Management" and Corporate Governance web page "Principle 7 Risk Management"	The company did not have a formal risk oversight and management policy and internal compliance control system.	The company has developed a framework for risk management which is presented monthly to the Board and covers all areas of the business

# Corporate Governance

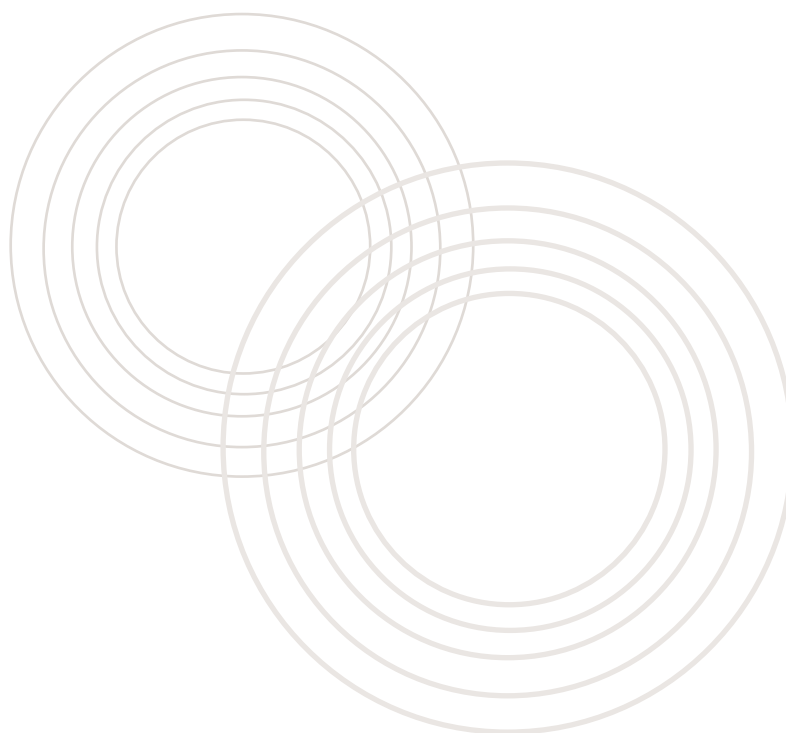
PRINCIPLE REF	RECOMMENDATION		REFERENCE	NOTIFICATION OF DEPARTURE	EXPLANATION FOR DEPARTURE
	REF	DESCRIPTION			
	7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:	CGR "Internal Risk Management System Compliance" and Corporate Governance web page "Principle 7 Risk Management"	The managing directors and chief financial officer did not provide the written statement required under best practice recommendation 7.2. for the half-year financial statements.	On the basis the company did not have a formal risk oversight, and management policy and internal compliance control system in place for the half year reporting period this sign-off was not considered appropriate. With the implementation of the internal control compliance control system statements are now received from MDs and CFO.
	7.2.1	the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board			
	7.2.2	the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects			
	7.3	The following material should be included in the corporate governance section of the annual report:			
		<ul style="list-style-type: none"> <li>■ explanation of any departures from best practice recommendation 7.1, 7.2 or 7.3.</li> </ul>	Recommendation Checklist (refer above)		
		The following material should be made publicly available, ideally on the company's website:			
		<ul style="list-style-type: none"> <li>■ a description of the company's risk management policy and internal compliance and control system</li> </ul>	Corporate Governance web page "Principle 7 Risk Management"		
8	8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	CGR "Monitoring Performance" Corporate Governance web page "Principle 8 Performance Evaluation Policy"	Board and Board Committees have not been reviewed prior to the 30 June 2005.	With the multiple changes to the Board during the year no performance review has been done of the board its members or any of the board committees.
		The following material should be included in the corporate governance section of the annual report:			
		<ul style="list-style-type: none"> <li>■ Whether a performance evaluation for the board and its members has taken place in the reporting period and how it was conducted.</li> </ul>	CGR "Monitoring Performance"		



PRINCIPLE REF	RECOMMENDATION	REFERENCE	NOTIFICATION OF DEPARTURE	EXPLANATION FOR DEPARTURE
REF	DESCRIPTION			
	<ul style="list-style-type: none"> <li>■ explanation of any departures from best practice recommendation 8.1</li> </ul>	Recommendation Checklist (refer above)		
	The following material should be made publicly available, ideally on the company's website:			
	<ul style="list-style-type: none"> <li>■ a description of the process for performance evaluation of the board, its committees and individual directors and key executives.</li> </ul>	Corporate Governance web page "Principle 8 Performance Evaluation Policy"		
9	9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	CGR "Nomination and Remuneration" and Note 28 to Financial Statements in the Annual Report.		
	9.2 The board should establish a remuneration committee.	CGR "Nomination and Remuneration".		
	9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	CGR "Remuneration of directors" and "Retirement plan for non-executive directors" and Note 28 to Financial Statements in the Annual Report.		
	9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders	Directors Report "Share Holding" and Note 28 to Financial Statements in the Annual Report.		
	9.5 <b>The following material should be included in the corporate governance section of the annual report:</b>			
	<ul style="list-style-type: none"> <li>■ disclosure of the company's remuneration policies referred to in best practice recommendation 9.1 and in Box 9.1</li> </ul>	Corporate Governance web page "Principle 9 Remuneration Committee and Policy"		
	<ul style="list-style-type: none"> <li>■ the names of the members of the remuneration committee and their attendance at meetings of the committee</li> </ul>	CGR "Nomination and Remuneration"; and Directors Report "Meetings of Directors" in the Annual Report		
	<ul style="list-style-type: none"> <li>■ the existence and terms of any schemes for retirement benefits other than statutory superannuation, for non-executive directors</li> </ul>	CGR "Nomination and Remuneration"		

# Corporate Governance

PRINCIPLE REF	RECOMMENDATION	REFERENCE	NOTIFICATION OF DEPARTURE	EXPLANATION FOR DEPARTURE
REF	DESCRIPTION			
	<ul style="list-style-type: none"> <li>■ explanation of any departures from best practice recommendation 9.1, 9.2, 9.3, 9.4, or 9.5</li> </ul>	No departures		
	The following material should be made publicly available, ideally on the company's website:			
	the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee.	Corporate Governance web page "Principle 9 Remuneration Committee and Policy"		
10	10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	CGR Code of Conduct Corporate Governance web page "Principle 10 Code of Conduct Policy"		
	<b>The following material should be included in the corporate governance section of the annual report:</b>			
	<ul style="list-style-type: none"> <li>■ explanation of any departures from best practice recommendation 10.1</li> </ul>	No departures		
	<b>The following material should be made publicly available, ideally on the company's website:</b>			
	<ul style="list-style-type: none"> <li>■ any applicable code of conduct or a summary of its main provisions.</li> </ul>	Corporate Governance web page "Principle 10 Code of Conduct Policy"		



# 47

## Auditor's Independence Declaration



## AUDITOR'S INDEPENDENCE DECLARATION

As auditor for the audit of Broadcast Services Australia Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



BDO  
Chartered Accountants



D S McLean  
Partner  
Dated Sydney, this 15th day of September 2005



# 49



## Financial Report

BROADCAST SERVICES AUSTRALIA LIMITED  
ABN 50 088 412 748  
AND CONTROLLED ENTITIES



# Contents

Statement of Financial Performance	51
Statement of Financial Position	52
Statement of Cash Flows	53
Notes to the Financial Statements	54
Director's Declaration	94
Independent Audit Report to the Members	95

# Statement of Financial Performance

for the Year Ended 30 June 2005



	Note	Consolidated Entity		Parent Entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenue from ordinary activities	3	119,079	100,174	119,079	63,323
Cost of Sales		(92,904)	(75,521)	(92,904)	(51,047)
Employee benefits expense		(16,677)	(11,050)	(16,677)	(6,663)
Depreciation and amortisation expenses	4	(2,321)	(2,259)	(1,473)	(1,099)
Occupancy expenses		(908)	(1,006)	(908)	(581)
Borrowing cost expenses	4	(168)	(449)	(168)	(284)
Other expenses from ordinary activities		(3,955)	(5,095)	(4,173)	(2,183)
Net write off of investments and loans to subsidiaries	4	–	–	(7,818)	–
<b>Profit/(loss) from ordinary activities before income tax expense</b>		2,146	4,794	(5,042)	1,466
Income tax expense relating to ordinary activities	5	(1,007)	(2,116)	(1,007)	(684)
<b>Net profit/(loss) from ordinary activities after income tax expense</b>		1,139	2,678	(6,049)	782
Net profit attributable to outside equity interest		–	(14)	–	–
<b>Net profit/(loss) attributable to members of the parent entity</b>		1,139	2,664	(6,049)	782
Total changes in equity other than those resulting from transactions with owners as owners	25	1,139	2,664	(6,049)	782
Basic earnings per share	39	0.59 cents	1.63 cents		
Diluted earnings per share	39	0.59 cents	1.50 cents		

The accompanying notes form part of these financial statements.



# Statement of Financial Position

as at 30 June 2005

	Note	Consolidated Entity		Parent Entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>CURRENT ASSETS</b>					
Cash assets	6	1,932	290	1,932	170
Receivables	7	17,358	18,917	17,358	13,764
Inventories	8	2,703	2,898	2,703	1,422
Other	9	320	593	320	161
<b>TOTAL CURRENT ASSETS</b>		<b>22,313</b>	<b>22,698</b>	<b>22,313</b>	<b>15,517</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	10	305	295	305	–
Other financial assets	11	–	–	–	22,504
Property, plant & equipment	12	2,978	3,013	2,978	1,445
Deferred tax assets	13	528	460	528	246
Intangible assets	14	11,707	19,893	1,074	1,543
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,518</b>	<b>23,661</b>	<b>4,885</b>	<b>25,738</b>
<b>TOTAL ASSETS</b>		<b>37,831</b>	<b>46,359</b>	<b>27,198</b>	<b>41,255</b>
<b>CURRENT LIABILITIES</b>					
Payables	15	9,215	11,853	9,215	13,154
Interest bearing liabilities	16	1,742	1,999	1,742	1,124
Current tax liabilities	17	208	1,755	208	692
Provisions	18	893	691	893	376
<b>TOTAL CURRENT LIABILITIES</b>		<b>12,058</b>	<b>16,298</b>	<b>12,058</b>	<b>15,346</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest bearing liabilities	19	771	833	771	398
Deferred tax liabilities	20	57	19	57	–
Provisions	21	247	214	247	83
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,075</b>	<b>1,066</b>	<b>1,075</b>	<b>481</b>
<b>TOTAL LIABILITIES</b>		<b>13,133</b>	<b>17,364</b>	<b>13,133</b>	<b>15,827</b>
<b>NET ASSETS</b>		<b>24,698</b>	<b>28,995</b>	<b>14,065</b>	<b>25,428</b>
<b>EQUITY</b>					
Parent entity interest					
Contributed equity	22	46,563	51,877	46,563	51,877
Accumulated losses	23	(21,865)	(23,004)	(32,498)	(26,449)
Total parent entity interest		24,698	28,873	14,065	25,428
Outside equity interest in controlled entities	24	–	122	–	–
<b>TOTAL EQUITY</b>	25	<b>24,698</b>	<b>28,995</b>	<b>14,065</b>	<b>25,428</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

for the Year Ended 30 June 2005



	Note	Consolidated Entity		Parent Entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Cash flows From Operating Activities:</b>					
Receipts from customers		118,088	97,587	118,088	59,347
Payments to suppliers and employees		(112,056)	(92,026)	(112,056)	(57,336)
Interest received		34	11	34	11
Interest and other costs of finance paid	4	(168)	(449)	(168)	(284)
Other taxes paid		(2,211)	(3,948)	(2,211)	(589)
Income tax paid		(2,578)	(1,566)	(2,578)	(260)
Net Cash provided by (used in) operating activities	37 (a)	1,109	(391)	1,109	889
<b>Cash flows from Investing Activities:</b>					
Proceeds – sale of property, plant and equipment		26	23	26	9
Payment for property, plant and equipment		(630)	(707)	(630)	(468)
Proceeds from sale of controlled entity		145	–	145	–
Net cash used in investing activities		(459)	(684)	(459)	(459)
<b>Cash flows from Financing Activities:</b>					
Proceeds from issue of shares		1,350	5,509	1,350	5,509
Net overdrafts transferred from wholly owned subsidiaries		–	–	(527)	–
Repayment of borrowings to related parties		–	(1,000)	–	(1,000)
Repayment of borrowings		–	(1,750)	–	–
Payment to related parties		–	–	–	(280)
Share issue costs		(10)	(209)	(10)	(209)
Advance to related parties		–	–	–	(1,182)
Net cash provided by financing activities		1,340	2,550	813	2,838
Net increase in cash		1,990	1,475	1,463	3,268
Cash at the beginning of the financial period		(1,338)	(2,813)	(811)	(4,079)
Cash at the end of the financial period	6	652	(1,338)	652	(811)

The accompanying notes form part of these financial statements.



# Notes to and Forming Part of the Accounts

## for the Year Ended 30 June 2005

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The financial report is a general purpose financial report and has been prepared in accordance with the requirements of Australian Accounting Standards, Urgent Issues Group Consensus Views, authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. The concept of accrual accounting has been adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The financial report covers the consolidated entity of Broadcast Services Australia Limited and controlled entities, and Broadcast Services Australia Limited as an individual parent entity. Broadcast Services Australia Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

#### (A) PRINCIPLES OF CONSOLIDATION

The consolidated accounts comprise the accounts of Broadcast Services Australia Limited and all of its controlled entities. A controlled entity is any entity controlled by Broadcast Services Australia Limited. Control exists where Broadcast Services Australia Limited has the ability to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Broadcast Services Australia Limited to achieve the objectives of Broadcast Services Australia Limited. A list of controlled entities is contained within Note 34 to the accounts.

All inter-company balances and transactions between entities in the consolidated entity including any unrealised profits or losses have been eliminated on consolidation. Outside equity interests in the results and the equity of controlled entities are shown separately in the consolidated Statement of Financial Performance and Statement of Financial Position respectively.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

#### (B) REVENUE RECOGNITION

Revenue from the sale of goods is recognised upon delivery of the product to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised as a percentage of the service delivered to the customer.

#### (C) INCOME TAX

The consolidated entity adopts the liability method of tax effect accounting whereby the income tax expense shown in the Statement of Financial Performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account either as a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefits.



The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### TAX CONSOLIDATION LEGISLATION

The consolidated entity has decided to implement the tax consolidation legislation as of 1 July 2003.

As a consequence, Broadcast Services Australia Limited, as the head entity in the tax consolidated group, has recognised current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense (revenue).

The companies forming part of the tax consolidated group are jointly and severally liable for any unpaid taxes.

The deferred tax balances recognised by the parent entity in relation to wholly-owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime.

#### (D) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are converted to Australian currency at the rates of exchange at the dates of the transactions. Amounts receivable and payable at balance date are converted at the rates of exchange current at that date. The gains or losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in operating profit before income tax as they arise.

#### (E) ACQUISITION OF ASSETS

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken as at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the date of acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

#### (F) RECEIVABLES

Trade debtors are recognised when the risks and rewards of ownership of the underlying sales transactions have passed to customers. This event usually occurs on delivery of products or services to customers. Trade debtors are recorded at nominal amounts. Credit terms are 30 days. Collectability of overdue accounts is assessed on an ongoing basis. Specific provision is made for all doubtful accounts.

#### (G) INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.



# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## (H) RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from these assets. The recoverable amounts are assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

## (I) DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

The depreciable amount of all fixed assets including capitalised leased assets is depreciated on a straight line basis over their estimated useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired term of the lease or the estimated useful life of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
- Plant & Equipment	10 – 33%
- Leased Plant & Equipment	18 – 22%
- Leasehold Improvements	7 – 33%

## (J) LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised on a straight line basis over their estimated useful lives, where it is likely that the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

## (K) INTANGIBLES

### GOODWILL

Where an entity or operation is acquired, the identifiable net assets are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over 20 years, being the period the benefits are expected to arise.

The balances are reviewed annually and any balance representing future benefits the realisation of which is considered to be no longer probable is written off.

## (L) TRADE AND OTHER CREDITORS

These amounts represent unpaid liabilities for goods received by and services provided to the consolidated entity prior to the end of the financial year. The amounts are unsecured and are normally settled within 60 days.

## (M) INVESTMENTS

Investments are brought to account at cost. The carrying amount of investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed having regard to the underlying net assets in the particular companies. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.



## (N) INTEREST-BEARING LIABILITIES

Loans and debentures are carried at their principal amount. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

## (O) EMPLOYEE BENEFITS

### (I) WAGES AND SALARIES, ANNUAL LEAVE AND SICK LEAVE

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors and provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

### (II) LONG SERVICE LEAVE

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### (III) BONUS PLANS

A liability for employee benefits in the form of bonus plans is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit
- the amounts to be paid are determined before the completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

### (IV) SUPERANNUATION

A liability in respect of the superannuation guarantee contribution to be transferred to employees' superannuation funds is recognised in the provision for employee benefits. The contributions made to superannuation funds by the consolidated entity are charged against profits.

### (V) TERMINATION BENEFITS

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as provisions.

### (VI) EMPLOYEE BENEFIT ON-COSTS

Employee benefit on-costs, including payroll tax and workers compensation insurance, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

# Notes to and Forming Part of the Accounts

## for the Year Ended 30 June 2005

### (P) EQUITY – BASED COMPENSATION BENEFITS

Equity – based compensation benefits are provided to employees on a discretionary basis. Information in relation thereto is set out in Note 32: Employee Benefits.

No accounting entries are made until options are exercised, at which time the amounts receivable from employees are recognised in the statement of financial position as Share Capital. The amounts disclosed for remuneration of directors and executives in Note 28 includes the assessed fair values of options at the date they were granted.

### (Q) CASH

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, deposits at call and money market investments which are readily convertible into cash.

### (R) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

### (S) ROUNDING OF AMOUNTS

The consolidated entity and the parent entity have applied the relief available under ASIC Class Order 98/0100 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars or in certain cases to the nearest dollar.

### (T) COMPARATIVE INFORMATION

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

### (U) EARNINGS PER SHARE

#### (I) BASIC EARNINGS PER SHARE

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### (II) DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (V) DISCLOSURE OF INFORMATION REGARDING MANAGING THE TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

For reporting periods beginning on or after 1 January 2005, all general purpose financial reports should be prepared in accordance with the requirements of Chapter 2M of the Corporations Act 2001 will be required to comply with Australian equivalents to International Financial Reporting Standards (IFRSs) instead of Australian Accounting Standards presently on issue. Comparative financial statements must also be presented in accordance with Australian equivalents to IFRSs for the year ending 30 June 2005.

#### I. MANAGEMENT OF THE TRANSITION PROCESS

In order to facilitate this transition process, the group had established a transition project team who reports to the Audit Committee. The transition project team established a timetable for the transition process to ensure that each phase of the transition project was completed on schedule and ensured a smooth implementation.



The group's transition process consists of phases as follows:

#### **PLANNING PHASE**

This phase involved setting out the timetable for transition and identifying differences in key accounting policies between current Australian Accounting Standards and the Australian equivalents to IFRSs to be adopted in future. It also involved an assessment of complex areas and a basic stocktaking of resources available to implement the process.

The planning phase is complete

#### **DIAGNOSIS PHASE**

Training on specific Australian equivalents to IFRSs was undertaken during this phase, particularly with staff directly involved in accounting functions.

The Diagnosis Phase also involved a more detailed analysis (than merely of key accounting policy differences) of measurement and disclosure impacts and preparatory work on revised statutory reporting templates. To ensure that quantitative information is available for AASB 1047 disclosures required at 30 June 2005, decisions were taken on exemptions and options provided in AASB 1 "First Time Adoption of Australian equivalents to IFRSs" and impairment testing was performed on opening balance sheet carrying values of assets at 1 July 2004.

Business impacts (eg relationships with bankers and employees), accounting system changes, training and resource requirements were also identified during this phase.

This phase is complete.

#### **CONVERSION PHASE**

During this phase, changes required to accounting and reporting systems were finalised and tested. Agreements with Bankers and contracts with employees were renegotiated to ensure that the consolidated entity was not prejudiced by the adoption of the new accounting framework. Key performance indicators were reset and training was undertaken during this phase to ensure that all employees, accounting personnel and others, who are impacted by the adoption of Australian equivalents to IFRSs, are confident with the new processes.

This phase is complete.

#### **IMPLEMENTATION AND DEVELOPMENT PHASE**

During this phase, changes to accounting and reporting systems will be reviewed with an aim to improve the process.

This phase is ongoing to June 2006

## **2. CHANGES TO KEY ACCOUNTING POLICIES EXPECTED TO ARISE AS A RESULT OF THE TRANSITION.**

The group has identified the following key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRSs.

#### **SHARE-BASED PAYMENTS**

The group does not currently recognise an expense for options issued to staff. On adoption of Australian equivalents to IFRSs, the group will recognise an expense for all share-based remuneration, including options, and will amortise those expenses over the relevant vesting periods. This will result in additional expenses over the relevant vesting periods. There will be an initial negative impact on the opening balances of accumulated losses at 1 July 2004 when retrospective adjustments are made for all options issued after 7 November 2002 that have not vested by 1 January 2005.

# Notes to and Forming Part of the Accounts

## for the Year Ended 30 June 2005

### **BUSINESS COMBINATION**

The company has decided to adopt the election available to it under AASB 1 to not retrospectively apply AASB 3 to all acquisitions made prior 1 July 2004.

### **GOODWILL**

Goodwill acquired through the combination of businesses, such as the consolidated entity's acquisition of its Subsidiaries, will not require amortisation, but will instead be subject to impairment testing at least annually. If there is any impairment of the goodwill value, it will be recognised immediately in the statement of financial performance. This will result in lower amortisation expenses, and therefore higher earnings on an annual basis, but with the introduction of this Accounting Standard increased volatility of results may occur, in the event of impairment.

### **TAXATION**

A "balance sheet" approach will be adopted under Australian equivalents to IFRSs, replacing the "statement of financial performance" approach currently used by Australian companies. The "balance sheet" method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability, and its tax base. Any initial adjustments to calculate deferred tax assets and liability balances on transition using the new basis will be made through opening balances of accumulated losses at 1 July 2004.

### **REVENUE ON DISPOSAL OF ASSETS**

Currently the group includes gross revenue received on disposal of assets as revenue. Under Australian equivalents to IFRSs, gains and losses on sale of assets will be recognised on a net basis in revenue, resulting in lower revenue being recorded by the group.

### **PRESENTATION CURRENCY**

The group is currently required to present the financial statements in Australian currency. Under Australian equivalents to IFRSs the group will continue to select Australian Dollars as its presentation currency.

### **IMPAIRMENT OF ASSETS**

The group currently assesses the amount of impairment of assets by determining the recoverable amount. Under Australian equivalents to IFRSs, the group will be required to determine the recoverable amount as the higher of fair value less costs to sell and value in use (which is determined using discounted cash flows and excludes the changes related to future restructuring). It is likely that this change in policy and basis for calculation will lead to more impairment losses being recognised and therefore greater volatility in future earnings.

### **INVESTMENTS IN CONTROLLED ENTITIES**

Under Australian equivalents to IFRSs, these investments are not classified as held for sale and as such will be measured by the parent entity at cost with impairment tests performed when indicators of impairment are identified in accordance with AASB 136 Impairment of Assets.



## NOTE 2 SEGMENT INFORMATION

### BUSINESS SEGMENTS

The consolidated entity is organised into the following industry segments

#### TELECOMMUNICATIONS AND BROADCASTING

Provides solutions, equipment and contracting services to the telecommunications and broadcast industries.

#### SUBSCRIPTION TV AND FREE TO AIR

Performs satellite installation to the subscription television and communication industry, delivery of bundled services over hybrid fibre coax network, installation of free to air television antennas and security systems.

### GEOGRAPHIC SEGMENTS

The consolidated entity currently operates in one geographic segment, being Australia.

### PRIMARY REPORTING – BUSINESS SEGMENTS

2005	Telecommunications and Broadcasting \$'000	Subscription TV and Free to Air \$'000	Consolidated \$'000
Sales to external customers	38,120	80,754	118,874
Other revenue	1	204	205
<b>Total segment revenue</b>	<b>38,121</b>	<b>80,958</b>	<b>119,079</b>
Segment result	(183)	2,329	2,146
Income tax expense			(1,007)
Net profit			1,139
Segment assets	7,328	30,503	37,831
Segment liabilities	4,458	8,675	13,133
Acquisition of property, plant and equipment, intangibles and other non current segment assets	448	560	1,008
Depreciation and amortisation expenses	491	1,830	2,321
Other non-cash expenses	–	–	–

# Notes to and Forming Part of the Accounts

## for the Year Ended 30 June 2005

### PRIMARY REPORTING – BUSINESS SEGMENTS

2004	Telecommunications and Broadcasting \$	Subscription TV and Free to Air \$	Consolidated \$
Sales to external customers	37,154	62,986	100,140
Other revenue	3	31	34
<b>Total revenue</b>	<b>37,157</b>	<b>63,017</b>	<b>100,174</b>
Segment result	4,190	604	4,794
Income tax expense			(2,116)
Net profit			2,678
Segment assets	7,625	38,734	46,359
Segment Liabilities	4,913	12,451	17,364
Acquisition of property, plant and equipment, intangibles and other non current segment assets	380	935	1,315
Depreciation and amortisation expenses	332	1,927	2,259
Other non-cash expenses	–	–	–

### SECONDARY REPORTING – GEOGRAPHICAL SEGMENTS

	Segment Revenues from sales to external customers		Segment assets		Acquisitions of property and equipment, intangibles and other non-current assets	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Australia	118,874	100,140	39,760	46,359	1,008	1,315





Consolidated Entity		Parent Entity	
2005	2004	2005	2004
\$'000	\$'000	\$'000	\$'000

### NOTE 3 REVENUE

#### Revenue from operating activities:

Sales revenue – sale of goods	13,959	16,622	13,959	10,582
Service revenue	104,915	83,518	104,915	52,721
	118,874	100,140	118,874	63,303

#### Revenue from non-operating activities:

Interest – other parties	34	11	34	11
Proceeds on disposal of non-current assets	171	23	171	9
	205	34	205	20

Total revenue	119,079	100,174	119,079	63,323
---------------	---------	---------	---------	--------

### NOTE 4 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES

#### Net Gains and Expenses

Profit/(loss) from ordinary activities before related income tax expense includes the following specific net gains and expenses:

#### Net Gains

Net foreign exchange gain/(loss) – realised	(60)	428	(60)	–
Net foreign exchange gain/(loss) – unrealised	18	(7)	18	–
	(42)	421	(42)	–

#### Borrowing Costs

Interest paid/payable to:

- directors	–	32	–	32
Other interest and finance charges	168	417	168	252
Total borrowing costs	168	449	168	284

Depreciation of non-current assets

- property, plant and equipment	720	767	720	379
Total depreciation	720	767	720	379

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 4 PROFIT FROM ORDINARY ACTIVITIES CONTINUED

	Consolidated Entity		Parent Entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Amortisation of non-current assets				
- plant and equipment under finance leases	209	104	209	2
- leasehold improvements	75	70	75	46
- goodwill	672	672	469	672
- goodwill on consolidation	645	646	-	-
Total amortisation	1,601	1,492	753	720
Total depreciation and amortisation	2,321	2,259	1,473	1,099
Other charges against assets				
- write down investments to recoverable amount	-	255	-	-
- write down of goodwill to recoverable amount	-	151	-	-
Net bad and doubtful debts expense – trade debtors	212	244	212	58
Net loss on disposal of assets:				
- property, plant and equipment	9	37	9	9
Rental expense on operating leases	785	712	785	400
Significant item				
The following significant expense item is relevant in explaining the financial performance:				
Net write off of investments and loans to subsidiaries	-	-	7,818	-

## NOTE 5 INCOME TAX

The prima facie tax on the profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense in the accounts as follows:

Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before income tax calculated @ 30% (2003: 30%)	644	1,438	(1,513)	440
Tax effect of permanent differences:				
Add:				
- amortisation of goodwill	395	395	141	202
- write off of investment and loans to subsidiaries	-	77	2,345	-
- write down of goodwill	-	45	-	-
- under/(over) provision for income tax in prior year	(85)	116	(85)	8
- other non deductible expenses	53	45	119	34
	363	678	2,520	244
Income tax expense attributable to profit/(loss) from ordinary activities before income tax	1,007	2,116	1,007	684

### Tax consolidation legislation

Broadcast Services Australia Limited and its wholly-owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003. The accounting policy on implementation of the legislation is set out in note 1 (C).



## NOTE 6 CURRENT ASSETS – CASH ASSETS

	Note	Consolidated Entity		Parent Entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Cash at bank and on hand		1,932	290	1,932	170
		1,932	290	1,932	170

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above		1,932	290	1,932	170
Less: Bank overdrafts	16	(1,280)	(1,628)	(1,280)	(981)
Balances as per statement of cash flows		652	(1,338)	652	(811)

## NOTE 7 CURRENT ASSETS – RECEIVABLES

Trade debtors		14,496	17,328	14,496	10,782
Provision for doubtful debts		(433)	(439)	(433)	(267)
		14,063	16,889	14,063	10,515
Other debtors		3,295	2,028	3,295	8
Amounts receivable from:					
- wholly owned group		-	-	-	7,653
- provision for doubtful debts – wholly owned group		-	-	-	(4,412)
		-	-	-	3,241
Total Current Receivables		17,358	18,917	17,358	13,764

## NOTE 8 CURRENT ASSETS – INVENTORIES

Raw materials and stores at cost		2,248	2,191	2,248	1,422
Work in progress at cost		7	310	7	-
Finished goods at cost		866	397	866	-
Provision for obsolescence		(418)	-	(418)	-
		448	397	448	-
Total Current Inventories		2,703	2,898	2,703	1,422

## NOTE 9 CURRENT ASSETS – OTHER

Prepayments		320	593	320	161
-------------	--	-----	-----	-----	-----

# Notes to and Forming Part of the Accounts

## for the Year Ended 30 June 2005

### NOTE 10 NON-CURRENT ASSETS – RECEIVABLES

	Note	Consolidated Entity		Parent Entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Other debtors		305	295	305	–
Total Non-Current Receivables		305	295	305	–

### NOTE 11 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

Other (non-traded) investments					
Shares in controlled entities – at cost	34	–	–	–	22,504

### NOTE 12 PROPERTY, PLANT & EQUIPMENT

#### BUILDINGS

Leasehold improvements					
At cost		648	626	648	452
Less accumulated amortisation		(337)	(262)	(337)	(218)
		311	364	311	234

#### PLANT AND EQUIPMENT

At cost		5,441	4,936	5,441	2,870
Less accumulated depreciation		(3,960)	(3,505)	(3,960)	(2,148)
		1,481	1,431	1,481	722

#### Hire purchase assets

At cost		357	354	357	167
Less accumulated amortisation		(176)	(35)	(176)	(20)
		181	319	181	147

#### Total Owned Plant and Equipment

		1,662	1,750	1,662	869
--	--	-------	-------	-------	-----

#### Capitalised Leased Plant and Equipment

At cost		1,374	1,111	1,374	344
Less accumulated amortisation		(369)	(212)	(369)	(2)
		1,005	899	1,005	342

#### Total Property, Plant and Equipment

		2,978	3,013	2,978	1,445
--	--	-------	-------	-------	-------



## NOTE 12 PROPERTY, PLANT & EQUIPMENT CONTINUED

### RECONCILIATIONS

Reconciliations of the carrying amounts of each class of property, plant & equipment at the beginning and end of the financial year are set out below:

	Note	Leasehold improvements \$'000	Plant & equipment \$'000	Leased plant & equipment \$'000	Total \$'000
<b>Consolidated</b>					
Carrying amount at start of year		364	1,750	899	3,013
Additions		22	607	379	1,008
Disposals		–	(28)	(11)	(39)
Depreciation/amortisation	4	(75)	(720)	(209)	(1,004)
Transfers		–	53	(53)	–
Carrying amount at end of year		311	1,662	1,005	2,978
<b>Parent Entity</b>					
Carrying amount at start of year		234	869	342	1,445
Additions		22	607	379	1,008
Disposals		–	(28)	(11)	(39)
Transfers from controlled entities		130	881	557	1,568
Depreciation/amortisation	4	(75)	(720)	(209)	(1,004)
Transfers		–	53	(53)	–
Carrying amount at end of year		311	1,662	1,005	2,978

### NOTE 13 NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Consolidated Entity		Parent Entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Future Income Tax Benefit – timing differences	528	460	528	246

### NOTE 14 NON-CURRENT ASSETS – INTANGIBLE ASSETS

Goodwill at cost	9,377	9,377	9,377	9,377
Goodwill on consolidation	33,901	40,769	–	–
Less accumulated amortisation	(31,571)	(30,253)	(8,303)	(7,834)
Total Non-Current Intangible Assets	11,707	19,893	1,074	1,543

2005  
\$'000

Movement in Goodwill on consolidation is represented by:

Goodwill at 1 July 2004	40,769
Reduction in goodwill on the sale of 51% interest in The Antenna Man (WA) Pty Limited	(119)
Reduction in goodwill on consolidation of shares issued under the Deed of Variation in relation to the purchase of BSA Pty Ltd	22 (6,749)
Goodwill as at 30 June 2005	33,901

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 15 CURRENT LIABILITIES – PAYABLES

	Note	Consolidated Entity		Parent Entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade creditors		4,765	3,777	4,765	1,964
Other creditors		4,450	8,076	4,450	6,058
Amounts payable to wholly owned subsidiaries		–	–	–	5,132
<b>Total Payables</b>		<b>9,215</b>	<b>11,853</b>	<b>9,215</b>	<b>13,154</b>

## NOTE 16 CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

### Secured liabilities:

Bank overdrafts	6	1,280	1,628	1,280	981
Hire purchase liabilities		185	137	185	93
Lease liabilities	31	277	234	277	50
<b>Total Current Interest Bearing Liabilities</b>		<b>1,742</b>	<b>1,999</b>	<b>1,742</b>	<b>1,124</b>

The bank overdrafts 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 \$5,600,000 between the parent entity and its subsidiaries.

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

## NOTE 17 CURRENT LIABILITIES – CURRENT TAX LIABILITIES

Income tax		208	1,755	208	692
------------	--	-----	-------	-----	-----

## NOTE 18 CURRENT LIABILITIES – PROVISIONS

Employee benefits	32	893	691	893	376
-------------------	----	-----	-----	-----	-----

## NOTE 19 NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

### Secured liabilities:

Hire purchase liabilities		41	202	41	111
Lease liabilities	31	730	631	730	287
<b>Total Non-Current Interest Bearing Liabilities</b>		<b>771</b>	<b>833</b>	<b>771</b>	<b>398</b>

Lease liabilities and hire purchase liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.



## NOTE 20 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	Note	Consolidated Entity		Parent Entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Provision for deferred income tax		57	19	57	–

## NOTE 21 NON-CURRENT LIABILITIES – PROVISIONS

Employee benefits	32	247	214	247	83
-------------------	----	-----	-----	-----	----

## NOTE 22 CONTRIBUTED EQUITY

### (A) SHARE CAPITAL

	Note	Parent Entity		Parent Entity	
		Number of Shares 2005	Number of Shares 2004	2005 \$'000	2004 \$'000
Share capital		194,460,520	187,459,288	46,563	51,877

### (B) MOVEMENTS IN ORDINARY SHARE CAPITAL

Date	Details	Number of Shares	Issue Price \$	\$'000
Fully paid – issued				
1 July 2004	Opening Balance	187,459,288		51,877
13 October 2004	Options converted to shares	2,000,000	0.20	400
19 October 2004	Options converted to shares	500,000	0.20	100
9 November 2004	Options converted to shares	4,000,000	0.20	800
22 December 2004	Employee Share Plan	248,615	0.38	94
2 February 2005	Options converted to shares	250,000	0.20	50
2 February 2005	Employee Share Plan	2,617	0.38	1
Share capital adjustment				
30 June 2005	In relation to shares issued in respect of purchase of BSA Pty Limited – no impact on the number of shares until after the meeting of members (i)(ii)			(6,749)
		194,460,520		46,573
	Costs of equity raising	–		(10)
		194,460,520		46,563

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 22 CONTRIBUTED EQUITY CONTINUED

- (i) The Company entered into a 'Share Sale Agreement' for the purchase of shares in BSA P/L in December 2002. This agreement was subsequently varied under the terms of the 'Deed of Variation' (refer also to the company's ASX announcement 27 June 2003). The Deed outlines the procedures for determining the number of shares to be released from escrow including holding a general meeting of members. The 'Deed of Variation' specified:

"There are 56,648,000 (56,648,104 rounded to the nearest 1,000) shares subject to escrow restrictions with the conditional issue of 10,000,000 shares upon achievement of the following results by Transmission Solutions (TS) for the years ended 30 June 2004 and 2005:

If EBITDA of TS exceeds a total of \$6.6 million for the years ended 30 June, 2004 and 2005, the 56 million shares will be released from escrow and the 10 million shares will be issued in accordance with the acquisition agreement.

If EBITDA of TS exceeds a total of \$5.6 million but is less than a total of \$6.6 million for the years ended 30 June, 2004 and 2005, the 56 million shares will be released from escrow and 10 shares in BSA Limited will be issued to the vendors for every \$1 of EBITDA in excess of \$5.6 million.

If EBITDA of TS is less than a total of \$5.6 million for the years ended 30 June, 2004 and 2005, BSA Limited will cancel 10 escrowed shares for every \$1 of EBITDA less than \$5.6 million and the remaining amount of the 56 million shares will be released from escrow. None of the 10 million shares will be issued."

As the Deed requires that all things possible must be done by the Company to conclude the 'Deed of Variation', an adjustment of \$6,748,638 (represented by: 48,204,560 ordinary shares at \$0.14 per ordinary share) to contributed equity (with a corresponding reduction in goodwill on consolidation) has been taken up in the accounts. The calculation under the Deed is dependant on the results of the BSA P/L transmission businesses earnings before income tax depreciation and amortisation for the years ended June 2004 and 2005. These results totalled \$779,544. Accordingly, the calculation has been made on the maximum possible amount of shares which could be cancelled. Under the deed, 56,648,104 restricted ordinary shares could be consolidated to 8,443,544 ordinary shares. The number of shares on issue will not be adjusted until after the required special resolution consolidating the shares on issue has been passed at a meeting of members.

BSA is required to meet the requirements of the Companies Act 2001 s246B(2) which includes holding the meeting of members and for the members to pass the special resolution.

- (ii) The Company's issued capital as at the date of this report is 194,460,520 ordinary shares. If a special resolution is passed by members, a maximum of 48,204,560 restricted ordinary shares could be cancelled thereby reducing the company's issued capital to 146,255,960 ordinary shares. However, the number of shares cancelled may be lower subject to events subsequent to the date of this report as discussed below.

As announced on the 28 June 2005, the Vendor Shareholders of BSA P/L have indicated that they do not believe that the calculation of shares to be issued under this Deed fairly represents the value delivered to the company. Accordingly, the independent directors have appointed independent experts to conduct an assessment of the Deed maturity and release of shares. This is discussed further in the Directors' Report, under the heading 'Changes in state of affairs'

## (C) ORDINARY SHARES

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

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

The costs of raising the share capital in the year ended 30 June 2005 totalled \$9,865. Pursuant to the policy described in Note 1 (e), the cost has been deducted from issued capital.

## NOTE 23 ACCUMULATED LOSSES

	Consolidated Entity		Parent Entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Accumulated losses at the beginning of the financial year	(23,004)	(25,668)	(26,449)	(27,231)
Net profit/(loss) attributable to members	1,139	2,664	(6,049)	782
Accumulated losses at the end of the financial year	(21,865)	(23,004)	(32,498)	(26,449)



## NOTE 24 OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES

	Note	Consolidated Entity		Parent Entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Interest in:					
Share Capital		–	25		
Retained Profits		–	97		
		–	122		

## NOTE 25 EQUITY

Total equity at the beginning of the financial year		28,995	21,017	25,428	19,346
Total changes in equity recognised in the Statement of Financial Performance		1,139	2,664	(6,049)	782
Contributions of equity, net of transaction costs		1,435	5,300	1,435	5,300
Adjustment in relation to BSA Pty Ltd purchase	22	(6,749)	–	(6,749)	–
Total changes in outside equity interest		(122)	14	–	–
Total equity at the end of the financial year		24,698	28,995	14,065	25,428

## NOTE 26 FRANKING ACCOUNT

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and other adjustments.		6,745	2,892	6,745	1,405
---	--	-------	-------	-------	-------

## NOTE 27 FINANCIAL INSTRUMENTS

### (A) CREDIT RISK EXPOSURES

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts. Having a large proportion of debtors resulting from sales with three large customers exposes the consolidated entity to a level of credit risk which may be considered to be above a "normal" level. Also refer to note 35.

### (B) INTEREST RATE RISK EXPOSURES

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

# Notes to and Forming Part of the Accounts

## for the Year Ended 30 June 2005

### NOTE 27 FINANCIAL INSTRUMENTS CONTINUED

	Note	Floating interest rate \$'000	Fixed Interest Rate Maturing			Non-Interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>2005</b>							
<b>Financial Assets</b>							
Cash and deposits	6	1,732	–	–	–	200	1,932
Receivables	7,10	–	–	–	–	17,663	17,663
		1,732	–	–	–	17,863	19,595
<b>Financial Liabilities</b>							
Bank overdrafts	16	1,280	–	–	–	–	1,280
Trade and other creditors	15	–	–	–	–	9,215	9,215
Lease and hire purchase liabilities	16,19	–	462	771	–	–	1,233
		1,280	462	771	–	9,215	11,728
Weighted average interest rate		6.9%	7.3%	7.3%			
Net financial assets/(liabilities)		452	(462)	(771)	–	8,648	7,867
<b>2004</b>							
<b>Financial Assets</b>							
Cash and deposits	6	241	–	–	–	49	290
Receivables	7,10	–	–	–	–	19,212	19,212
		241	–	–	–	19,261	19,502
<b>Financial Liabilities</b>							
Bank overdrafts	16	1,628	–	–	–	–	1,628
Trade and other creditors	15	–	–	–	–	11,853	11,853
Lease and hire purchase liabilities	16,19	–	371	833	–	–	1,204
		1,628	371	833	–	11,853	14,685
Weighted average interest rate		7.3%	8.7%	8.7%			
Net financial assets/(liabilities)		(1,387)	(371)	(833)	–	7,408	4,817

### C NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.



## NOTE 28 DIRECTOR AND EXECUTIVE DISCLOSURES

### DIRECTORS

The following persons were directors of Broadcast Services Australia Limited during the year and up to the date of this report:

Chairman non-executive

- Brian Baldwin, director and acting chairman
- Brett Crowley, director and chairman 1 July 2004 to 23 November 2004
- Richard Alston, director and chairman 23 November 2004 to 1 February 2005

Executive directors

- Mark Foley, executive director and joint managing director
- Daniel Lipshut, executive director and joint managing director

Non-executive directors

- Paul Teisseire
- Michael Givoni
- Greg Mullane, Resignation effective 16 November 2004.

### COMPANY SECRETARY

The company secretary is Ian McGregor

### SPECIFIED EXECUTIVES

Executives (other than directors) with the greatest authority for strategic direction and management of the consolidated entity ("specified executives") during the financial year:

Name	Position
I McGregor	Chief Financial Officer and Company Secretary
B Foley	Group General Manager Contracting Services
R Larkin	General Manager Telecommunications
J Chellingworth	Group General Manager Transmission Solutions
V Clark	General Manager Home Services

All of the above persons were also specified executives during the year ended 30 June 2004.

### REMUNERATION OF DIRECTORS AND EXECUTIVES

Principles used to determine the nature and amount of remuneration

The company's 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 and the creation of value for shareholders, and conforms to market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 28 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

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

## 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 by the Board. 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 remuneration for directors was last reviewed in March 2005. Directors fees are inclusive of superannuation and include the requirement to sit on two or more board committees for the duration of their tenure and a director expected time commitment is between 5 to 10 hours per week. Directors are reimbursed actual expenses or paid a per diem for attendance at the monthly meetings.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, currently \$300,000, which is periodically recommended for approval by shareholders.

### 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 four components:

- Base pay and benefits
- Short term performance incentives
- Long term incentives through participation in the employee share plan and employee option plan
- Other remuneration such as superannuation

The combination of these 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. There are no guaranteed base pay increases included in any senior executive's terms of employment.



## NOTE 28 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

### 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 the 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 business plan.

Each executive with operational responsibilities has a short term incentive depending on the accountabilities of the role and impact on organisation and business unit performance. The maximum target bonus opportunity is 60% of base salary.

For the year ended 30 June 2005, the targets linked to the short term incentive 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 earnings before interest tax depreciation and amortisation. The group targets are generic across the management team.

The nomination and remuneration committee is responsible for assessing whether the targets are met. Targets are set at the beginning of the year and are assessed semi annually. Short term bonus payments are adjusted up or down in line with under or over achievement against target performance levels. Because short term targets cover several operational areas of the business as well as the overall company target, short term incentives may be paid when operational targets are achieved although the company overall profit target may not be met.

Details of the nature and amount of each of the emoluments of each director of Broadcast Services Australia Limited and each of the 5 specified executives of the consolidated entity for the year ended 30 June 2005 are set out in the following tables:

### DIRECTORS

Name	Cash salary and fees \$	Primary		Post-employment		Equity Options \$	TOTAL \$
		Cash Bonus \$	Non monetary benefits	Super-annuation \$	Retirement benefits		
<b>Executive directors</b>							
M Foley	245,778			17,363		164,169	427,310
D Lipshut	263,384			25,096		164,169	452,649
<b>Non-executive directors</b>							
B Baldwin	36,400			3,600			40,000
P Teisseire (a)	9,100			900			10,000
M Givoni (a)	9,100			900			10,000
B Crowley (b)	20,833			1,875		33,308	56,016
G Mullane (c)	12,500						12,500
R Alston (d)	21,233			2,100		Nil	23,333
<b>Total</b>	<b>618,328</b>			<b>51,834</b>		<b>361,646</b>	<b>1,031,808</b>
Total 2004	507,575	75,110		40,403		33,460	656,548

(a). Appointed 23 March 2005; (b). Resigned 23 November 2004; (c). Resigned 16 November 2004; (d). Appointed 13 October 2004, Resigned 1 February 2005 Options granted on appointment were cancelled on resignation prior to vesting.

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 28 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

### EXECUTIVE REMUNERATION

Remuneration of specified five executives with greatest authority for the strategic direction and operational management of the consolidated entity (these executives are also the highest remunerated as at 30 June 2005) is set out in the table following:

Name	Cash salary and fees \$	Primary	Non monetary benefits	Post-employment		Equity Options \$	TOTAL \$
		Cash Bonus \$		Super- annuation \$	Retirement benefits		
I McGregor	186,667	40,000		22,000		59,378	308,045
B Foley	178,896	50,000		20,601		12,684	262,181
R Larkin	130,716	20,000		12,115		12,684	175,515
J Chellingworth	157,167			12,635			169,802
V Clark	151,090	4,500		14,003			169,593
<b>Total</b>	804,536	114,500		81,354		84,746	1,085,136
Total 2004	482,796	105,002		50,222		308	638,328

The numbers in the above table reflect the amounts paid or accrued to the respective executive in the year.

### SERVICE AGREEMENTS

Remuneration and other terms of employment for the Managing Directors, Chief Financial Officer and Company Secretary, and the other specified executives are formalised in a contract of employment. Each of these agreements provides for the provision of performance-related cash bonuses, other benefits including car allowances and when eligible participation in the Broadcast Services Australia Employee Share and Option Plans. Other major provisions of the agreements relating to remuneration are set out below.

#### M Foley Joint Managing Director

- Term of agreement – 1 Year commencing 1 September 04
- Base salary \$254,000 and superannuation of \$16,760
- Termination payment is equivalent of six months base salary

#### D Lipshut Joint Managing Director

- Term of agreement – 1 Year commencing 1 September 04
- Base salary \$270,000 and superannuation of \$20,000
- Termination payment is equivalent of six months base salary

#### I McGregor Chief Financial Officer and Company Secretary

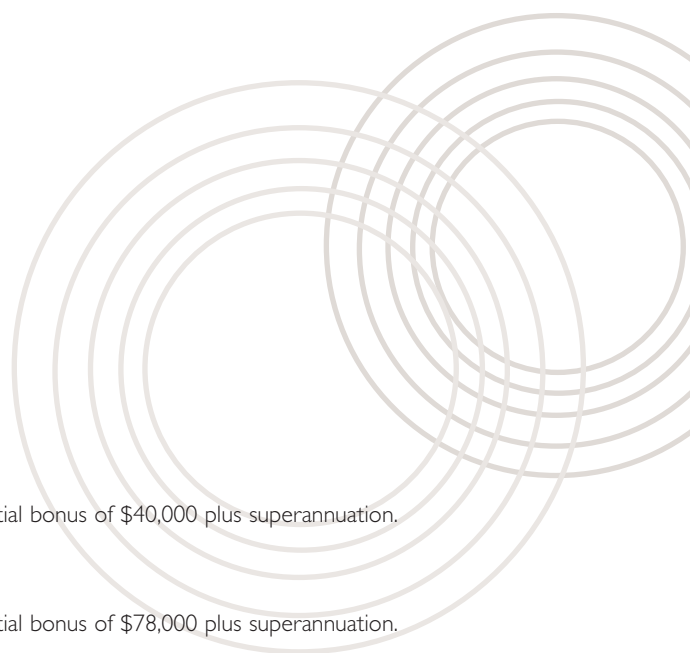
- Base salary inclusive of superannuation and allowances \$220,000, with a potential bonus of \$40,000 plus superannuation.

#### B Foley Group General Manager Contracting Services

- Base salary inclusive of superannuation and allowances \$219,090, with a potential bonus of \$78,000 plus superannuation.

#### R Larkin General Manager Telecommunication Services

- Base salary inclusive of superannuation and allowances \$140,065, with a potential bonus of \$77,100 plus superannuation.





## NOTE 28 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

### John Chellingworth Group General Manager Transmission Solutions

- Base salary inclusive of superannuation and allowances \$174,400, with a potential bonus of \$15,000 plus superannuation.

### V Clark General Manager Home Services

- Base salary inclusive of superannuation and allowances \$163,500, with a potential bonus of \$15,000 plus superannuation.

## SHARE BASED COMPENSATION

Share options granted to directors and specified executives:

Options granted are subject to approval by the members at the general meeting. Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share.

The number of options over ordinary shares in the company held during the financial year by each director of Broadcast Services Australia Limited and each of the specified executives of the consolidated entity are set out below:

Name	Balance at start of the year	Granted during the year as remuneration	Exercised/ Sold during the year	Balance at the end of the year
<b>Directors</b>				
M Foley	4,000,000	3,000,000	4,000,000	3,000,000
D Lipshut	2,000,000	3,000,000	2,000,000	3,000,000
<b>Specified executives</b>				
I McGregor	1,000,000			1,000,000
B Foley	300,000			300,000
R Larkin	300,000			300,000

Options granted have been ratified by the members at the 2004 annual general meeting.

The terms and conditions of each grant of options over unissued ordinary shares of Broadcast Services Australia Limited, affecting remuneration, in this period or future reporting periods granted during or since the end of the financial year to any of the specified directors or specified executives of the company as part of their remuneration were as follows:

Name	Grant Date	Value per option at grant date	Vesting Date	Expiry Date	Exercise Price	Number of Options
M Foley	25 Nov 04	\$0.15	25 Nov 05	25 Nov 09	\$0.47	1,000,000
	25 Nov 04	\$0.16	25 Nov 06	25 Nov 09	\$0.47	1,000,000
	25 Nov 04	\$0.18	25 Nov 07	25 Nov 09	\$0.47	1,000,000
D Lipshut	25 Nov 04	\$0.15	25 Nov 05	25 Nov 09	\$0.47	1,000,000
	25 Nov 04	\$0.16	25 Nov 06	25 Nov 09	\$0.47	1,000,000
	25 Nov 04	\$0.18	25 Nov 07	25 Nov 09	\$0.47	1,000,000
R Alston	13 Oct 04	\$0.16	27 Nov 05	25 Nov 09	\$0.39	1,000,000

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 28 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

The amount disclosed for emoluments relating to options above is the assessed fair value at grant date of options granted to directors and other executives, allocated equally over the period from grant date to vesting date. Fair value at grant date is independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of options was calculated independently for the company by PriceWaterhouseCoopers.

The model inputs for options granted during the year ended 30 June 2005 included:

- a) Options are granted for no consideration
- b) Vesting dates, grant dates and expiry dates are shown for each individual in the table above
- c) Share prices are collected at the grant date
- d) Expected price volatility of the company's shares: 50%
- e) Expected dividend yield: 0%
- f) Risk-free interest rate:
  - M Foley and D Lipshut options: 5.00% – 5.07%
  - R Alston options: 5.18%

(based on the relevant indicative yield applicable to Australian Government Bonds at valuation date with a term similar to the expected life of the option).

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as laid out in the preceding tables for each director:

## SHARE-BASED COMPENSATION

Shares were granted under the Broadcast Services Australia Employee Share Plan which was approved by shareholders at the 2004 annual general meeting. Employees eligible to participate in the plan are those, including executive directors, who have been continuously employed by the consolidated entity for a period of at least one year. This condition also requires the recommendation of the Managing Directors to the Board, which will be given in years where the company sees shareholder growth.

Executive directors and specified executives participate in the employee share plan where the conditions have been met.

Issue Date	Expiry date of restricted period	Issued during the year	Issue value per share	Shares released during the year (1)	Balance at the end of the year
22 Dec 2004	22 Dec 2007	251,232	\$0.38		251,232

1. Under the rules of the Broadcast Services Australia Employee Share Plan, shares are released from trading restriction on the release date or after termination date of employee if this occurs prior to release date. Subsequent to year end 34,021 shares have been released from this trading restriction due to termination of employees.



## NOTE 28 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

### EQUITY INSTRUMENT DISCLOSURE RELATING TO DIRECTORS AND SPECIFIED EXECUTIVES

#### OPTIONS PROVIDED AS REMUNERATION

Details of options over ordinary shares in the company provided as remuneration are set out below. When exercisable each option is convertible into one ordinary share in Broadcast Services Australia Limited.

Name	Number of options granted during the year	Number of options cancelled during the year	Number of options vested during the year
<b>Directors</b>			
<b>Executive directors:</b>			
M Foley	3,000,000		2,000,000
D Lipshut	3,000,000		2,000,000
<b>Non-executive directors:</b>			
B Crowley			1,000,000
R Alston (1)	1,000,000	(1,000,000)	
<b>Specified executives</b>			
I McGregor			333,334
B Foley			100,000
R Larkin			100,000

1. Options granted to Mr R Alston by the members at the 2004 annual general meeting lapsed prior to vesting upon receipt of his resignation.

#### SHARES PROVIDED ON EXERCISE OF REMUNERATION OPTIONS

Details of ordinary shares in the company provided as a result of the exercise of remuneration options to each director of Broadcast Services Australia Limited and each of the five specified executives are set out below:

Name	Date of exercise of options during the year	Number of ordinary shares issued on exercise of options during the year
<b>Directors</b>		
<b>Executive directors</b>		
M Foley (1)		–
D Lipshut (2)	13 Oct 2004	2,000,000
<b>Non-executive directors</b>		
B Crowley		–

1. M Foley transferred 4,000,000 options in an off market transaction to a third party during the year.

2. The amount paid by D Lipshut on the exercise of options at the date of exercise was \$0.20 per share. No amounts are unpaid on any shares issued on the exercise of options.

# Notes to and Forming Part of the Accounts

## for the Year Ended 30 June 2005

### NOTE 28 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

#### OPTION HOLDINGS

The number of options over ordinary shares in the company held during the financial year by each director of Broadcast Services Australia Limited and each of the specified executives is set out below.

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
<b>Directors</b>						
<b>Executive directors:</b>						
M Foley	4,000,000	3,000,000		(4,000,000)	3,000,000	
D Lipshut	2,000,000	3,000,000	(2,000,000)		3,000,000	
<b>Non-executive directors:</b>						
B Crowley (1)	2,000,000			(500,000)	1,500,000	1,500,000
R Alston (2)		1,000,000		(1,000,000)		
<b>Specified executives</b>						
I McGregor	1,000,000				1,000,000	333,334
B Foley	300,000				300,000	100,000
R Larkin	300,000				300,000	100,000

No options are vested and unexercisable at the end of the year

1. Brett Crowley balance shown at the end of year, represents the balance at the time of his resignation. He also transferred 500,000 options to a third party during the year while a director

2. Options granted to Richard Alston by the members at the 2004 annual general meeting lapsed prior to vesting upon receipt of his resignation

#### SHARE HOLDINGS

The number of shares in the company held during the financial year by each director of Broadcast Services Australia Limited and the specified executives are set out below.

Name	Balance at start of the year	Received during the year on the exercise of options	Changes during the year	Balance at the end of the year
<b>Directors – Ordinary Shares</b>				
Brian Baldwin	48,549			48,549
Mark Foley (1)	8,131,607		(4,000,000)	4,131,607
Daniel Lipshut	148,648	2,000,000	(2,000,000)	148,648
Paul Teisseire	Nil			Nil
Michael Givoni (2)	100,000			100,000
B Crowley (3)	Nil			Nil
G Mullane (3)	13,552,679			13,552,679
Richard Alston (3)	Nil			Nil



## NOTE 28 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

Name	Balance at start of the year	Received during the year on the exercise of options	Changes during the year	Balance at the end of the year
<b>Directors – Ordinary Share Restricted</b>				
Brian Baldwin	18,387,975			18,387,975
<b>Directors – Ordinary Shares Escrowed</b>				
Mark Foley			2,617	2,617
Daniel Lipshut			2,617	2,617
<b>Specified Executives – Ordinary Shares</b>				
Ian McGregor	Nil			Nil
Brendan Foley	8,429			8,429
Ray Larkin	Nil			Nil
John Chellingworth	Nil			Nil
Vaughan Clark	25,000		181,000	206,000
<b>Specified Executives – Ordinary Shares Escrowed</b>				
Brendan Foley	Nil		2,617	2,617
Ray Larkin	Nil		2,617	2,617

1. Mark Foley sold 4,000,000 options to a third party during the year

2. Shares were held by Michael Givoni prior to appointment in March 2005

3. These directors resigned during the year and the closing balance represents their share and option movements and balance up to the time of their resignation

## LOANS TO DIRECTORS AND EXECUTIVES

There were no loans to directors and executives in the year ending 30 June 2005.

## OTHER TRANSACTIONS WITH DIRECTORS AND SPECIFIED EXECUTIVES

A director, Daniel Lipshut, is a director of Intercorp Pty Limited. Intercorp provides consulting services to Broadcast Services Australia Limited on normal commercial terms and conditions.

	2005 \$	2004 \$
<b>Amounts recognised as expense</b>		
Consulting Fees	106,606	47,333

A director, Mr Paul Teisseire, is a Consultant to and a Member of the advisory board to Lancione Partners an Adelaide law firm. Broadcast Services Australia Limited has used the legal services of Lancione Partners between March 2005 and June 2005. The engagement is based on normal commercial terms and conditions.

Aggregate amounts for the above type of transaction:

	2005 \$	2004 \$
<b>Amounts recognised as expense</b>		
Legal Fees	65,344	–

A director, Mr Mark Foley, is a Director of Mitestock Pty Ltd and Sydney Investments Pty Ltd. Broadcast Services Australia Limited purchased assets and stock from these businesses and reimbursed some telephone and motor vehicle expenses during the year. These transactions were based on normal commercial terms and conditions.

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 28 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

Aggregate amounts for the above transactions:

	2005 \$	2004 \$
<b>Amounts recognised as Assets</b>		
Inventory	123,967	–
Fixed assets	49,964	–
Operating expense	6,736	2,200

## NOTE 29 REMUNERATION OF AUDITORS

	Consolidated Entity		Parent Entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
During the year the following services were paid to the auditor; its related practices and non-related audit firms.				
<b>Assurance Services</b>				
<b>1. Audit Services</b>				
Fees paid to BDO Chartered Accountants:				
Audit and review of financial reports and other audit work under the Corporations Act 2001	187	151	187	151
<b>Total remuneration for audit services</b>	<b>187</b>	<b>151</b>	<b>187</b>	<b>151</b>
<b>2. Other Assurance Services</b>				
Fees paid to BDO Chartered Accountants:				
Audit of regulatory returns	–	–	–	–
<b>Total remuneration of other assurance services</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total remuneration for assurance services</b>	<b>187</b>	<b>151</b>	<b>187</b>	<b>151</b>
<b>Taxation Services</b>				
Fees paid to BDO Chartered Accountants:				
Tax compliance services, including review of company income tax returns	34	26	34	26
Fees paid to non-BDO Chartered Accountants audit firms	5	5	5	5
<b>Total remuneration for taxation services</b>	<b>39</b>	<b>31</b>	<b>39</b>	<b>31</b>
<b>Advisory Services</b>				
Fees paid to BDO Chartered Accountants for payroll processing services	–	18	–	18
<b>Total remuneration for advisory services</b>	<b>–</b>	<b>18</b>	<b>–</b>	<b>18</b>



## NOTE 30 CONTINGENT LIABILITIES

### CONTINGENT LIABILITIES

The parent entity and controlled entities had contingent liabilities at 30 June 2005 and 2004 in respect of:

#### GUARANTEES

Guarantees given in respect of office leases amounting to \$104,500 (2004 – \$157,333), performance amounting to \$100,000 (2004 – \$75,000) and leasing facilities amounting to \$1,060,062 (2004 – \$900,561) secured by fixed and floating charge to the bank over the assets of the consolidated entity.

## NOTE 31 CAPITAL AND LEASING COMMITMENTS

	Note	Consolidated Entity		Parent Entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Operating Leases</b>					
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:					
Within one year		586	400	586	227
Later than one year but not later than five years		786	579	786	550
Later than five years		16	–	16	–
		1,388	979	1,388	777
<b>Finance Leases</b>					
Commitments in relation to finance leases are payable as follows:					
Within one year		325	260	325	77
Later than one year but not later than five years		951	912	951	337
Later than five years		–	–	–	–
Minimum lease payments		1,276	1,172	1,276	414
Less future finance charges		(269)	(307)	(269)	(77)
Total Lease Liability		1,007	865	1,007	337
Represented by:					
Current liability	16	277	234	277	50
Non-current liability	19	730	631	730	287
		1,007	865	1,007	337

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 32 EMPLOYEE BENEFITS

	Note	Consolidated Entity		Parent Entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Employee benefits and related on-costs liabilities</b>					
Included in other creditors – current	15	616	794	616	641
Provision for employee benefits – current	18	893	691	893	376
Provision for employee benefits – non-current	21	247	214	247	83
Aggregate employee benefits and related on-costs liabilities		1,756	1,699	1,756	1,100

	Number		Number	
<b>Employee numbers</b>				
Number of employees at the end of the financial year	234	214	234	87

As explained in note 1(O)(II) amounts for long service leave that are expected to be settled more than 12 months from the reporting date are measured at their present values. The following assumptions were adopted in measuring present values:

### Long service leave

Weighted average rates of increase in annual employee benefits to settlement of the liabilities	5%	3%	5%	3%
Weighted average discount rates	5%	5%	5%	5%
Weighted average terms to settlement of the liabilities	5 Years	5 Years	5 Years	6 Years

There are currently no liabilities for termination benefits that are expected to be settled more than 12 months from the reporting date.

### 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 annual general meeting. 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 Broadcast Services Australia 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 cost.

Offers under the scheme were at the discretion of the company.

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 22 (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.





## NOTE 33 RELATED PARTY TRANSACTIONS

### DIRECTORS AND SPECIFIED EXECUTIVES

Disclosures relating to directors and specified executives are set out in Note 28.

### WHOLLY-OWNED GROUP

The wholly-owned group consists of Broadcast Services Australia Limited and its wholly owned controlled entities Mr Broadband Pty Ltd, Mr Antenna Pty Ltd, Satellite Receiving Systems (QLD) Pty Ltd, Mr Alarms Pty Ltd, Evcom Australia Pty Ltd, BSA Transmission Solutions Pty Ltd and Hotwater Australia Pty Limited. Ownership interests in these controlled entities are set out in Note 34.

Transactions between Broadcast Services Australia Limited and other entities in the wholly-owned group during the years ended 30 June 2005 and 2004 consist of:

- (a) loans advanced by Broadcast Services Australia Limited;
- (b) loans repaid to Broadcast Services Australia Limited;
- (c) Transfer of property, plant and equipment at cost to Broadcast Services Australia Limited; and
- (d) Transfer of liabilities at book value to Broadcast Services Australia Limited.

Property, plant and equipment was transferred at cost. There are no fixed terms for the repayment of principal on loans and there is no interest charged on loans.

	Parent Entity	
	2005 \$'000	2004 \$'000
Aggregate amounts brought to account in relation to transactions within the wholly-owned group:		
Loans advanced to controlled entities	–	1,615
Loans advanced from controlled entities	–	83
Net write off of investments and loans to subsidiaries	7,818	–
Aggregate amounts receivable from entities in the wholly-owned group at balance date:		
Current receivables	–	7,653
Less provision for doubtful debts	–	(4,412)
	–	3,241
Aggregate amounts payable to entities in the wholly-owned group at balance date:		
Current payables	–	5,132

### OTHER RELATED PARTIES

Aggregate amounts included in the determination of profit from ordinary activities before related income tax that resulted from transactions with each class of other related parties:

	Consolidated Entity		Parent Entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Dividend revenue</b>				
Controlled entities	–	31	–	–

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders.

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 34 INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity Holding	
			2005 %	2004 %
Mr Broadband Pty Limited (1)	Australia	Ordinary	100%	100%
Mr Antenna Pty Limited	Australia	Ordinary	100%	100%
Satellite Receiving Systems (QLD) Pty Limited	Australia	Ordinary	100%	100%
Mr Alarms Pty Limited	Australia	Ordinary	100%	100%
Evcom Australia Pty Limited	Australia	Ordinary	100%	100%
The Antenna Man (WA) Pty Limited	Australia	Ordinary	0%	51%
BSA Transmission Solutions Pty Limited	Australia	Ordinary	100%	100%
Hotwater Australia Pty Limited (2)	Australia	Ordinary	100%	100%
Broadcast Services Australia Share Plans Pty Limited	Australia	Ordinary	100%	0%

### Formerly

(1) Comet Satellite & Cable (NQ) Pty Limited

(2) Mr Hot Water Australia Pty Limited

## NOTE 35 ECONOMIC DEPENDENCY

Broadcast Services Australia Limited derives 82% (2004: 63%) of its revenue from its major clients Foxtel, Telstra and Optus and is dependent on those entities' ability to both maintain and attract subscribers.

## NOTE 36 EVENTS OCCURRING AFTER REPORTING DATE

There are no matters subsequent to the end of the financial year other than those disclosed in these financial statements.





## NOTE 37

### (A) RECONCILIATION OF PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Consolidated Entity		Parent Entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Profit/(loss) from ordinary activities after related income tax	1,139	2,664	(6,049)	782
Depreciation and amortisation	2,321	2,259	1,473	1,099
Net write off of investments and loans to subsidiaries	–	406	7,818	–
Net loss on sale of non-current assets	9	37	9	9
Change in operating assets and liabilities				
(Increase) decrease in trade debtors	2,826	(3,486)	(3,548)	(3,888)
(Increase) decrease in inventories	195	(115)	(1,281)	(787)
(Increase) in future income tax benefit	(68)	(114)	(282)	(58)
(Increase)/decrease in other operating assets	(1,004)	(1,215)	1,254	6
Increase/(decrease) in trade creditors	988	(3,621)	2,801	438
Increase/(decrease) in other operating liabilities	(4,024)	1,980	(1,340)	2,631
Increase/(decrease) in provision for income taxes payable	(1,547)	657	(484)	544
Increase/(decrease) in provision for deferred income tax	38	8	57	(8)
Increase in other provisions	236	149	681	121
Net cash inflow/(outflow) from operating activities	1,109	(391)	1,109	889

### (B) CREDIT STANDBY ARRANGEMENTS WITH BANKS

Credit facility	6,864	5,678	6,864	3,329
Amount utilised	(2,170)	(1,556)	(2,170)	(990)
Unused credit facility	4,694	4,122	4,694	2,339

The major facility is summarised as follows:

#### Working Capital Facility

The facility is reviewed annually by the bank. Interest rates are variable. The current rate is 7.01% (2004: 6.8%).

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

### (C) GUARANTEES

Guarantees given in respect of the above facility of which \$2,169,980 was utilised at 30 June 2005 (2004: \$1,555,152), 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.

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 38 NON-CASH FINANCING AND INVESTING ACTIVITIES

	Consolidated Entity		Parent Entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Acquisition of plant and equipment by means of finance leases	379	608	379	344
	<b>Cents</b>	<b>Cents</b>		

## NOTE 39 EARNINGS PER SHARE

Basic earnings per share	0.59	1.63
Diluted earnings per share	0.59	1.50
	<b>Number</b>	<b>Number</b>

### Weighted average number of shares used as the denominator

Weighted average number of shares used as the denominator in calculating basic earnings per share.	192,036,344	163,052,945
Weighted average number of shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	192,856,523	169,313,493

	Consolidated Entity	
	2005 \$'000	2004 \$'000

### Reconciliations of earnings used in calculating earnings per share

Basic Earnings Per Share		
Net profit	1,139	2,678
Net profit attributable to outside equity interests	–	(14)
Earnings used in calculating basic earnings per share	1,139	2,664
Diluted Earnings Per Share		
Net profit	1,139	2,678
Net profit attributable to outside equity interests	–	(14)
Earnings used in calculating basic earnings per share	1,139	2,664

## INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

### OPTIONS

Options granted to directors and employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 28.



## NOTE 40 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

### IMPACT ON THE STATEMENT OF FINANCIAL PERFORMANCE

	Existing GAAP \$'000	Consolidated Entity Effect of change \$'000	AIFRS \$'000	Existing GAAP \$'000	Parent Entity Effect of change \$'000	AIFRS \$'000
Revenue from ordinary activities	119,079	25	119,104	119,079	25	119,104
Cost of Sales	(92,904)	(60)	(92,964)	(92,904)	(60)	(92,964)
Employee benefits expense	(16,677)	(280)	(16,957)	(16,677)	(280)	(16,957)
Depreciation and amortisation expenses	(2,321)	1,318	(1,003)	(1,473)	1,318	(155)
Occupancy expenses	(908)	–	(908)	(908)	–	(908)
Borrowing cost expenses	(168)	–	(168)	(168)	–	(168)
Other expenses from ordinary activities	(3,955)	35	(3,920)	(4,173)	35	(4,138)
Net write off of investments and loans to subsidiaries	–	–	–	(7,818)	–	(7,818)
<b>Profit/(loss) from ordinary activities before income tax expense</b>	2,146	1,038	3,184	(5,042)	1,038	(4,004)
Income tax expense relating to ordinary activities	(1,007)	–	(1,007)	(1,007)	–	(1,007)
<b>Profit/(loss) from ordinary activities after income tax expense</b>	1,139	1,038	2,177	(6,049)	1,038	(5,011)
<b>Net profit/(loss) attributable to members of the parent entity</b>	1,139	1,038	2,177	(6,049)	1,038	(5,011)
Total changes in equity other than those resulting from transactions with owners as owners	1,139	1,038	2,177	(6,049)	1,038	(5,011)
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>			
Basic earnings per share	0.59	0.50	1.09			
Diluted earnings per share	0.59	0.53	1.12			

# Notes to and Forming Part of the Accounts

## for the Year Ended 30 June 2005

### NOTE 40 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS CONTINUED

#### IMPACT ON THE STATEMENT OF FINANCIAL POSITION

	Existing GAAP \$'000	Consolidated Entity Effect of change \$'000	AIFRS \$'000	Existing GAAP \$'000	Parent Entity Effect of change \$'000	AIFRS \$'000
<b>CURRENT ASSETS</b>						
Cash assets	1,932	–	1,932	1,932	–	1,932
Receivables	17,358	–	17,358	17,358	–	17,358
Inventories	2,703	–	2,703	2,703	–	2,703
Other	320	–	320	320	–	320
<b>TOTAL CURRENT ASSETS</b>	<b>22,313</b>	<b>–</b>	<b>22,313</b>	<b>22,313</b>	<b>–</b>	<b>22,313</b>
<b>NON-CURRENT ASSETS</b>						
Receivables	305	–	305	305	–	305
Property, plant & equipment	2,978	–	2,978	2,978	–	2,978
Deferred tax assets	528	–	528	528	–	528
Intangible assets	11,707	1,283	12,990	1,074	469	1,543
<b>TOTAL NON-CURRENT ASSETS</b>	<b>15,518</b>	<b>1,283</b>	<b>16,801</b>	<b>4,885</b>	<b>469</b>	<b>5,354</b>
<b>TOTAL ASSETS</b>	<b>37,831</b>	<b>1,283</b>	<b>39,114</b>	<b>27,198</b>	<b>469</b>	<b>27,667</b>
<b>CURRENT LIABILITIES</b>						
Payables	9,215	–	9,215	9,215	–	9,215
Interest bearing liabilities	1,742	–	1,742	1,742	–	1,742
Current tax liabilities	208	–	208	208	–	208
Provisions	893	–	893	893	–	893
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,058</b>	<b>–</b>	<b>12,058</b>	<b>12,058</b>	<b>–</b>	<b>12,058</b>
<b>NON-CURRENT LIABILITIES</b>						
Interest bearing liabilities	771	–	771	771	–	771
Deferred tax liabilities	57	–	57	57	–	57
Provisions	247	–	247	247	–	247
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,075</b>	<b>–</b>	<b>1,075</b>	<b>1,075</b>	<b>–</b>	<b>1,075</b>
<b>TOTAL LIABILITIES</b>	<b>13,133</b>	<b>–</b>	<b>13,133</b>	<b>13,133</b>	<b>–</b>	<b>13,133</b>
<b>NET ASSETS</b>	<b>24,698</b>	<b>1,283</b>	<b>25,981</b>	<b>14,065</b>	<b>469</b>	<b>14,534</b>
<b>EQUITY</b>						
Parent entity interest						
Contributed equity	46,563	–	46,563	46,563	–	46,563
Reserves	–	280	280	–	280	280
Accumulated losses	(21,865)	1,003	(20,862)	(32,498)	189	(32,309)
Total parent entity interest	24,698	1,283	25,981	14,065	469	14,534
<b>TOTAL EQUITY</b>	<b>24,698</b>	<b>1,283</b>	<b>25,981</b>	<b>14,065</b>	<b>469</b>	<b>14,534</b>



## NOTE 40 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS CONTINUED

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods commencing on or after 1 January 2005. The AASB has issued Australian equivalents of IFRS (AIFRS), and the Urgent Issues Group has issued interpretations corresponding to IASB Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the consolidated entity's financial statements for the half year ended 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time are required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made retrospectively, against opening retained earnings as at 1 July 2004.

### TRANSITION MANAGEMENT

The company has established a project team to manage the transition to AIFRS, including training of staff and changes to systems and internal controls necessary to gather all the required financial information. The project team is chaired by the Chief Financial Officer and reports to the audit committee. The project team has prepared a timetable for managing the transition and is currently on schedule.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. The expected financial effects of adopting AIFRS are shown for each line item in the statement of financial performance and statement of financial position, with descriptions of the differences. No material impacts are expected in relation to the statement of cash flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

The rules for the first time adoption of AIFRS are set out in AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards. In general AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet at transition date, being 1 July 2004. Most adjustments required on transition to AIFRS will be made, retrospectively against opening retained earnings. The standard allows a number of voluntary exemptions to this general principle to assist in the transition to reporting under AIFRS. The consolidated entity intends to elect the following exemptions contained within AASB 1 on transition to AIFRS:

Standard	Standard name	Election intended to be applied
AASB 2	Share Based payments	For share based payment transactions vested before 1 January 2005 the company has elected for these not to be reflected in the AIFRS financial statements
AASB 3	Business Combination	Prospective application elected

In addition to those above items that impact the June 2005 results, there could be other accounting changes that did not result in an adjustment to retained earnings on transition or at the current reporting date but may impact on future years.

Notes explaining the impacts on the statements of financial performance and statements of financial position

# Notes to and Forming Part of the Accounts for the Year Ended 30 June 2005

## NOTE 40 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS CONTINUED

### (A) INTANGIBLE ASSETS

Under AASB 136 Impairment of Assets, the recoverable amount of an asset is determined as the higher of "fair value less cost to sell" and "value in use". The recoverable amount of an asset is determined on discounted cash flows to calculate the present value of the cash flows and excludes any benefit from restructuring or reorganisations to which the entity is not yet committed. This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years and reviewed by your directors to adjust for any amount that is not recoverable.

The assets including goodwill were tested for impairment on transition and each subsequent reporting date as part of the cash generating unit (CGU) to which they belong. At the transition date, it was determined; there is impairment to the goodwill in respect of Broadcast and Transmission Services CGU.

This impairment is due to the specific nature of the Standard's specified calculations. This calculation has resulted in impairment on transition to AIFRS to the value of \$35,572.

This impairment is required to be charged against the entity's opening retained earnings in the 2006 Financial Statements.

This impairment would not have been recorded under existing GAAP, and does not reflect a change in Directors' assessment of the valuation but rather is the outcome of the methodology applied under AIFRS.

### (B) EQUITY-BASED COMPENSATION BENEFITS

Under AASB2 Share-based payments, the company is required to determine and recognise the fair value of options or shares issued to employees as remuneration and recognise an expense in the Statement of Financial Performance on a pro-rata basis over the option's vesting periods. As indicated this standard is not limited to options but also extends to other forms of equity remuneration. It applies to all share based payments issued after 7 November 2002 which have not vested as at 1 January 2005. While reliable estimation of the future financial affects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown, it is known that there are currently 7,266,666 options that were issued post 7 November 2002 and which have not vested as at 1 January 2005.

The Company has taken up the option under AASB 1 to not determine the fair value of all other outstanding options outside these dates. The 7,266,666 options will require an adjustment of \$279,853 to accumulated losses related to the amortisation over the current year's vesting period. The remainder of the fair value of these options, which totals \$915,839, will be charged against profit over the future vesting period (2006: \$411,029; 2007: \$373,249; 2008: \$131,561).

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, consolidated entity accumulated losses at 30 June 2005 would have been \$279,853 higher, with a corresponding increase in the share based payment reserve.

### (C) BUSINESS COMBINATIONS

The Company's current accounting policy is to amortise goodwill over its expected useful life but not exceeding 20 years which is then reviewed by your directors to adjust for any amount that is not recoverable. Under AIFRS goodwill acquired in a business combination will no longer be amortised but instead will be subject to impairment testing on at least an annual basis. Any impairment will be immediately recognised in the Statement of Financial Performance.

Under AASB 1's transitional provisions, the entity has elected not to take up the option to reopen past acquisitions and retrospectively account for them under the provisions of AASB 3.

The removal of amortisation of goodwill will have the effect of reducing expenses and therefore improving reported profits of the consolidated entity, subject to any impairment charges that may be incurred in the future. The amortisation of goodwill for the year ended 30 June 2005 was \$1,318K (2004: \$1,318K).



## NOTE 40 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS CONTINUED

### (D) REVENUE DISCLOSURES IN RELATION TO THE SALE OF NON-CURRENT ASSETS

Under AIFRS, the revenue recognised in relation to the sale of non-current assets is the net gain on the sale. This is in contrast to the current Australian GAAP treatment under which the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. The net impact on the profit and loss is nil.

If the policy required under AIFRS had been applied during the year ended 30 June 2005, the consolidated revenue from ordinary activities would have been \$171K lower, the carrying amount of non-current assets sold disclosed as an expense in the statement of financial performance would have been \$35K lower and the other income would have been \$9K lower.

### (E) RECLASSIFICATION OF OTHER INCOME

Under AIFRS, foreign exchange gains are classified as other income. This is in contrast to the current Australian GAAP treatment.

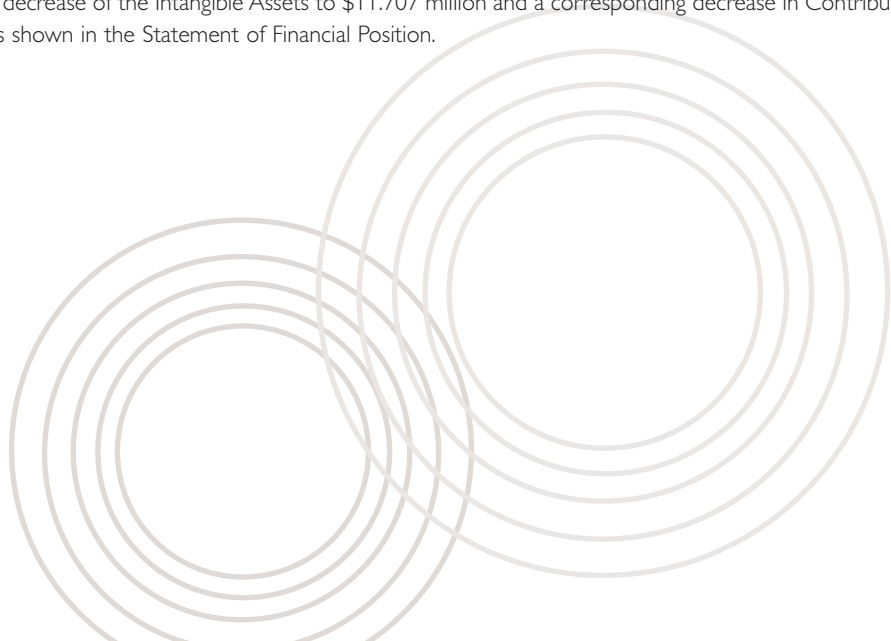
If the policy required under AIFRS had been applied during the year ended 30 June 2005, the cost of sales from ordinary activities would have been \$60K higher and other income would have been \$60K higher.

## NOTE 41 DIFFERENCE TO PRELIMINARY FINAL REPORT – APPENDIX 4E

A difference to the Appendix 4E unaudited results was identified during the completion of the audit. The difference arose from a correction to the issue price used in the calculation of the maximum number of ordinary shares to be cancelled under the Deed of Variation. For further information on the Deed of Variation refer to note 22.

	Reported in Appendix 4E	Difference	Reported in the Annual Statements
Maximum number of restricted ordinary shares that could be cancelled if a resolution is passed by members	48,204,560	–	48,204,560
Issue price of restricted ordinary shares	\$0.10	\$0.04	\$0.14
Calculation of adjustment	\$4,820,456	\$1,928,182	\$6,748,638

The difference of \$1.928 million results in a decrease of the Intangible Assets to \$11.707 million and a corresponding decrease in Contributed Equity to \$46.563 million. This adjustment is shown in the Statement of Financial Position.



# Directors' Declaration

## DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 51 to 93 are in accordance with the Corporations Act 2001, including:

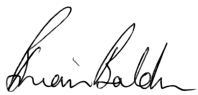
- (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the joint managing directors and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.



**Brian Baldwin**  
Director

Sydney  
15 September 2005



## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BROADCAST SERVICES AUSTRALIA LIMITED**

### **Matters Relating to the Electronic Presentation of the Audited Financial Report**

This audit report relates to the financial report of Broadcast Services Australia Limited for the year ended 30 June 2005 included on the Broadcast Services Australia Limited web site. The company's directors are responsible for the integrity of the Broadcast Services Australia Limited web site. We have not been engaged to report on the integrity of the Broadcast Services Australia Limited web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information that may have been hyper linked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### **Scope**

#### *The Financial Report and Directors' Responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Broadcast Services Australia Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit Approach*

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

### **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

The independence declaration given to the directors in accordance with section 307C would be in the same terms if it had been given at the date of this report.

### **Audit Opinion**

In our opinion, the financial report of Broadcast Services Australia Limited is in accordance with:

- (a) the Corporations Act 2001, including:
- (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

### **BDO**

Chartered Accountants



### **D S McLean**

Partner

Dated Sydney, this 15<sup>th</sup> day of September 2005.

# Shareholder Information



## SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 August 2005.

### A. DISTRIBUTION OF EQUITY SECURITIES

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

	Number of Holders	Ordinary Shares
1 to 1,000	187	137,648
1,001 to 5,000	750	2,405,290
5,001 to 10,000	312	2,683,214
10,001 to 100,000	501	17,391,301
100,001 and above	79	171,843,067
	1,829	194,460,520

There were 268 (2004:245) 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	Number Held	Ordinary Shares	Percentage of Issued Shares
Birketu Pty Ltd	23,059,548		11.86%
Intercorp Telecommunications Pty Limited	20,284,969		10.43%
Link Traders (Aust) Pty Ltd	18,607,017		9.57%
Hawke & Tusk Pty Limited	18,387,975		9.46%
Mr Greg Mullane	9,298,743		4.78%
J P Morgan Nominees Australia Limited	7,286,693		3.75%
Mr Robert Hallas	5,965,357		3.07%
Mr Neville Lovell	5,922,344		3.05%
Mr Lawrence Semple	5,922,344		3.05%
ANZ Nominees Limited	5,319,678		2.74%
National Nominees Limited	5,125,760		2.64%
Cognent Nominees Limited – VIC	5,125,760		2.64%
Cognent Nominees Limited – NSW	4,450,000		2.29%
Mr Mark Foley	4,134,224		2.13%
Cornish Group Investments Pty Ltd	3,000,000		1.54%
Queensland Investment Corporation	2,715,135		1.40%
Mr Wesley Spark	2,370,507		1.22%

# Shareholder Information

## SHAREHOLDER INFORMATION CONTINUED

Name of Holder	Number Held	Ordinary Shares Percentage of Issued Shares
Citicorp Nominees Pty Limited VIC	2,132,281	1.10%
Citicorp Nominees Pty Limited CFSIL a/c	2,094,564	1.08%
Maralecha Corporation Pty Limited	2,000,000	1.03%
Top 20 Shareholders	153,202,899	78.78%

## C. SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

Birketu Pty Ltd	23,059,548	11.86%
Intercorp Telecommunications Pty Limited	20,284,969	10.43%
Link Traders (Aust) Pty Ltd	18,607,017	9.57%
Hawke & Tusk Pty Limited	18,387,975	9.46%
Mr Greg Mullane controlled holdings	11,020,000	5.67%

## 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) Options

No voting rights.





## **BROADCAST SERVICES AUSTRALIA LIMITED REGISTERED OFFICE**

Unit 2, 19-21 Gibbes Street  
Chatswood NSW 2067  
Phone: 61 2 9935 5903  
Fax: 61 2 9935 5949  
Email: [corporate@bsa.com.au](mailto:corporate@bsa.com.au)  
Website: [www.bsa.com.au](http://www.bsa.com.au)

## **SYDNEY**

Unit 8, 79-99 St Hilliers Road  
Auburn NSW 2144  
Phone: 02 8748 2400  
Fax: 02 8748 2577

Unit 2, 19-21 Gibbes Street,  
Chatswood NSW 2067  
Phone: 61 2 9935 5900  
Fax: 61 2 9935 5949

## **BRISBANE**

49 Borthwick Ave  
Murarrie QLD 4172  
Phone: 07 3902 7500  
Fax: 07 3902 7550

82-84 Basalt Street  
Geebung QLD 4034  
Phone: 07 3865 4858  
Fax: 07 3865 4859

## **MELBOURNE**

3/87 Newlands Road  
Reservoir Vic 3073  
Phone: 13 11 49  
Phone: 03 9459 7800  
Fax: 03 9460 1645

## **PERTH**

27 Irvine Drive  
Malaga WA 6090  
Phone: 08 9247 8500  
Facsimile: 08 9247 8588

## **SHARE REGISTRY**

### **COMPUTERSHARE INVESTOR SERVICES PTY LIMITED**

GPO Box 2975  
Melbourne VIC 3001  
Australia  
Phone: 1300 85 05 05  
Outside Australia: +61 3 9415 4000  
Fax: +61 2 9473 2500

## **AUDITOR**

### **BDO CHARTERED ACCOUNTANTS**

Level 19  
2 Market Street  
Sydney NSW 2000

## **BANKER**

### **NATIONAL AUSTRALIA BANK LIMITED**

255 George Street  
Sydney NSW 2000



