Friday, August 27, 2004

Australian Stock Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir,

Broadcast Services Australia Limited – Preliminary Final Report

Please find enclosed:

- Appendix 4E Preliminary Final Report;
- Appendix to 4E – Disclosure information regarding IFRSs; and
- Review of Operations for year ended 30 June 2004.

Yours sincerely,

Ian McGregor
Company Secretary

Head Office
Suite 2, 19 – 21 Gibbes Street
Chatswood NSW 2067
Phone +61 (0)2 9935 5903
Fax +61 (0)2 9935 5949
E-mail aboyd@bsa.com.au

PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A

Name of entity

Broadcast Services Australia Limited

ABN or equivalent reference #

50 088 412 748

Reporting period	**Previous corresponding period**
Financial Year Ended 30 June 2004	*Financial Year Ended 30 June 2003*

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2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

					$'000
Revenue from ordinary activities	up	***46.8***	%	to	***100,151***
Profit(Loss) from ordinary activities after income tax attributable to members	up	***590.2***	%	to	***2,664***
Net profit (loss) for the period attributable to members	up	***590.2***	%	to	***2,664***

Dividends per Share	Amount per share	Franked amount per share at …% tax
Final	- cents	- cents
Interim	- cents	- cents

Record date for determining entitlements to dividends

No dividends were paid or payable in the period ending 30 June 2004.

Explanations

Refer to ASX Review of Operations Report Attached.

3. **CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**

	Current Period A$'000	**Previous corresponding period A$'000**
Revenue from ordinary activities - ***refer 3.1 below***	***100,151***	***68,233***
Expenses from ordinary activities - ***refer 3.2 below***	***(94,908)***	***(66,745)***
Borrowing Costs	***(449)***	***(484)***
Share of net profits(losses) of associates and joint venture entities	***0***	***0***
Profit(Loss) from ordinary activities before tax	4,794	1,004
Income tax on ordinary activities	***(2,116)***	***(565)***
Profit(Loss) from ordinary activities after tax	2,678	439
Profit(Loss) from extraordinary items after tax - ***refer 3.3 below***	***0***	***0***
Net profit(loss)	2,678	439
Net (profit)loss attributable to outside equity interests	***(14)***	***(53)***
Net profit(loss) for the period attributable to members	2,664	386
Non-Owner Changes in Equity Increase(Decrease) in revaluations reserves	***0***	***0***
Net exchange differences on translation of financial report of foreign controlled entity	***0***	***0***
Net amount of **each** revenue, expense or valuation adjustment, recognised directly in equity in accordance with an Accounting Standard	***0***	***0***
Net amount of **each** initial adjustment recognised directly in equity in accordance with transitional provisions of UIG Consensus Views	***0***	***0***
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity	0	0
Total changes in equity other than those resulting from transactions with owners as owners	2,664	386
Basic Earnings Per Share	1.63 cents	0.32 cents
Diluted Earnings Per Share	1.50 cents	0.32 cents
Dividends Per Share	.......cents	.......cents

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

3.1 Revenue from Ordinary Activities

	Current Period A$'000	Previous corresponding period A$'000
Revenue from Sales	*16,622*	*13,241*
Revenue from Services	*83,518*	*54,992*
Interest Revenue	*11*	*0*
	100,151	68,233

3.2 Expenses from Ordinary Activities

	Current Period A$'000	Previous corresponding period A$'000
Cost of sales	*75,521*	*49,643*
Marketing expenses	*895*	*834*
Occupancy expenses	*1,006*	*1,500*
Administrative expenses	*1,920*	*1,933*
Staff Expenses	*11,050*	*9,377*
Other Expenses	*4,516*	*3,458*
	94,908	66,745

Note: Included in the above expenses disclosed by function are depreciation and amortisation expenses amounting to $2,258,747 for Current Period and $1,808,878 for Previous Corresponding Period.

3.3 Extraordinary Items

	Current Period A$'000	Previous corresponding period A$'000
Income tax expense (revenue)		
	0	0

3.4 Individually Significant Items

	Current Period A$'000	Previous corresponding period A$'000
Loss on sale of investment in subsidiary	*0*	*(249)*
Provision for loss on sale of subsidiary	*(406)*	*0*
	(406)	(249)

3.5 Amortisation and Impairment Expenses

	Consolidated - Current period			
	Before tax A$'000	**Related tax A$'000**	**Related outside equity interests A$'000**	**Amount (after tax) attributable to members A$'000**
Amortisation of goodwill	***1,318***	***0***	***0***	***1318***
Amortisation of other intangibles	***0***	***0***	***0***	***0***
Total amortisation of intangibles	1,318	0	0	1318
Impairment of goodwill	***0***	***0***	***0***	***0***
Impairment of other intangibles	***0***	***0***	***0***	***0***
Impairment of other assets	***0***	***0***	***0***	***0***
	0	0	0	0

3.6 Capitalisation of Borrowing Costs

Borrowing costs capitalised that are <u>not</u> included in borrowing cost expenses disclosed above include:

	Current Period A$'000	**Previous corresponding period A$'000**
Interest costs capitalised in asset values	***0***	***0***
Interest costs capitalised in intangibles (unless arising from an acquisition of a business)	***0***	***0***
	0	***0***
	0	0

3.7 Comparison of Half-Year Profits

	Current Period A$'000	**Previous corresponding period A$'000**
Consolidated profit(loss) from ordinary activities after tax attributable to members reported for the 1st half yearly report	***1,208***	***302***
Consolidated profit(loss) from ordinary activities after tax attributable to members for the 2nd half year	***1,456***	***84***

4. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Current Period A$'000	Previous corresponding period A$'000
Current Assets		
Cash	*123*	*1,341*
Receivables	*18,917*	*14,813*
Inventories	*2,898*	*2,783*
Other financial assets	*593*	*290*
Tax Assets	*0*	*0*
Other		
Total Current Assets	22,531	19,227
Non-Current Assets		
Receivables	*295*	*0*
Exploration and evaluation expenditure capitalised	*0*	*0*
Development properties *(mining entities)*	*0*	*0*
Investments accounted for using the equity method	*0*	*0*
Other financial assets	*0*	*0*
Property, plant and equipment (net)	*3,013*	*2,700*
Intangible assets (net)	*19,893*	*21,930*
Tax Assets	*460*	*346*
Other	*0*	*0*
Total Non-Current Assets	23,661	24,976
TOTAL ASSETS	46,192	44,203

Current Liabilities		
Payables	*11,853*	*13,402*
Interest-bearing liabilities	*1,832*	*5,294*
Tax liabilities	*1,755*	*1,411*
Provisions	*691*	*756*
Other	*0*	*0*
Total Current Liabilities	16,131	20,863
Non-Current Liabilities		
Payables	*0*	*0*
Interest-bearing liabilities	*833*	*2,023*
Tax liabilities	*19*	*11*
Provisions	*214*	*0*
Other	*0*	*289*
Total Non-Current Liabilities	1,066	2,323
TOTAL LIABILITIES	17,197	23,186
NET ASSETS	28,995	21,017

Equity		
Capital/Contributed Equity	*51,877*	*46,577*
Reserves	*0*	*0*
Retained Profits/Accumulated Losses	*(23,004)*	*(25,668)*
Equity Attributable to Members of the Parent Entity	28,873	20,909
Outside equity interests in controlled entities	*122*	*108*
Total Equity	28,995	21,017

Preference Capital included as part of Capital/Contributed Equity above	*0*	*0*

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 Consolidated Retained Profits

	Current Period A$'000	Previous corresponding period A$'000
Retained Profits (Accumulated Losses) at the beginning of the financial period	*(25,668)*	*(26,054)*
Net profit (loss) attributable to members	*2,664*	*386*
Net transfers from (to) reserves	*0*	*0*
Net effect of changes in accounting policies	*0*	*0*
Dividends and other equity distributions paid or payable	*0*	*0*
Retained Profits (Accumulated Losses) at the end of the financial period	(23,004)	(25,668)

4.2 Exploration and Evaluation Expenditure Capitalised

	Current Period A$'000	Previous corresponding period A$'000
Opening balance	*0*	*0*
Expenditure incurred during the current period	*0*	*0*
Expenditure written off during the current period	*0*	*0*
Acquisitions, disposals, revaluation increments etc	*0*	*0*
Expenditure transferred to Development Properties	*0*	*0*
Closing balance as shown in Consolidated Statement of Financial Position	0	0

4.3 Development Properties

	Current Period A$'000	Previous corresponding period A$'000
Opening balance	*0*	*0*
Expenditure incurred during the current period	*0*	*0*
Expenditure transferred from Exploration & Evaluation	*0*	*0*
Expenditure written off during the current period	*0*	*0*
Acquisitions, disposals, revaluation increments etc	*0*	*0*
Closing balance as shown in Consolidated Statement of Financial Position	0	0

5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period A$'000	Previous corresponding period A$'000
Cash flows related to operating activities		
Receipts from customers	*97,587*	*59,688*
Payments to suppliers and employees	*(92,026)*	*(55,369)*
Dividends received from associates	*0*	*0*
Other dividends received	*0*	*0*
Interest and other items of a similar nature received	*11*	*0*
Interest and other costs of finance paid	*(449)*	*(484)*
Income taxes paid	*(1,566)*	*(1,326)*
GST Paid	*(3,948)*	*(1,830)*
Net operating cash flows	(391)	679
Cash flows related to investing activities		
Payments for purchases of property, plant and equipment	*(707)*	*(1,684)*
Proceeds from sale of property, plant and equipment	*23*	*274*
Payments for purchases of equity investments	*0*	*0*
Proceeds from sale of equity investments	*0*	*0*
Loans to other entities	*0*	*0*
Loans repaid by other entities	*0*	*0*
Cash acquired on acquisition of subsidiary and due diligence costs paid	*0*	*25*
Net investing cash flows	(684)	(1,385)
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options etc)	*5,509*	*0*
Expenses paid for issues of securities (shares, options etc)	*(209)*	*0*
Proceeds from borrowings from related parties	*0*	*1,000*
Repayment of borrowings to related parties	*(1,000)*	*0*
Repayment of borrowings	*(1,750)*	*0*
Dividends paid	*0*	*0*
Payment to Related Party	*0*	*(1,705)*
Net financing cash flows	2,550	(705)
Net increase (decrease) in cash held	1,475	(1,411)
Cash at beginning of period - ***refer 5.1 below***	*(2,813)*	*(1,402)*
Exchange rate adjustments to cash at beginning of period	*0*	*0*
Cash at end of period - *refer 5.1 below*	(1,338)	(2,813)

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

5.1 Reconciliation of Cash

	Current Period A$'000	Previous corresponding period A$'000
Cash on hand and at bank	*4*	*3*
Deposits at call	*119*	*1,338*
Bank overdraft	*(1,461)*	*(4,154)*
Other	*0*	*0*
Total cash at end of period	(1,338)	(2,813)

5.2 Non-Cash Financing and Investing Activities

Nil

OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS

	Current Period	Previous corresponding period
6. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)	4.9	-0.6

7. DETAILS OF CONTROLLED ENTITIES

7.1 Control Gained Over Entities During the Period

Name of entity	*Nil*		
Date control acquired, i.e. date from which profit(loss) has been calculated			
Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) during the current period *since the date on which control was acquired*	$	$	$
Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) for the *whole of the previous corresponding period*	$	$	$

7.2 Loss of Control of Entities During the Period

Name of entity	*Nil*		
Date of loss of control, i.e. date until which profit(loss) has been calculated			
Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) during the current period *to the date on which control was lost*	$	$	$
Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) for the *whole of the previous corresponding period*	$	$	$
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	$	$	$

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

8.1 Equity Accounted Associates and Joint Venture Entities

	%Ownership Interest		Contribution to Net Profit	
	Current Period %	Previous Corresponding Period %	Current Period A$ '000	Previous Corresponding Period A$ '000

8.2 Aggregate Share of Profits(Losses) of Associates and Joint Venture Entities

Group's Share of Associates and Joint Venture Entities:	Current Period A$ '000	Previous Corresponding Period A$ '000
Profit(Loss) from ordinary activities before tax	*0*	*0*
Income tax on ordinary activities	*0*	*0*
Profit(Loss) from ordinary activities after tax	0	0
Extraordinary items net of tax	*0*	*0*
Net profit(loss)	0	0
Adjustments	*0*	*0*
Share of net profit(loss) of associates and joint venture entities	*0*	*0*

9. DIVIDENDS

9.1 Dividends per Share

	Amount per share	Franked amount per share at ...% tax	Amount per share of foreign source dividend
Final			
- current period	- cents	- cents	- cents
- previous corresponding period	- cents	- cents	- cents
Interim			
- current period	- cents	- cents	- cents
- previous corresponding period	- cents	- cents	- cents

9.2 Total Dividends

	Current Period A$ '000	Previous Corresponding Period A$ '000
Interim - paid/payable	*0*	*0*
Final - paid/payable	*0*	*0*
	0	*0*

All dividends reflected as distributions above were paid during the period.

9.3 Dividend Reinvestment Plans

[Include details of any dividend reinvestment plans in operation]

The last date for receipt of election notices for participation in any dividend reinvestment plans

10. ACCOUNTING STANDARDS

AASB Standards, other AASB authoritative pronouncements and Urgent Issues Consensus Views have been used in compiling the information contained in this Appendix 4E.

Refer attached disclosure information regarding the transition to Australian Equivalent International Financial Reporting Standards.

11. OTHER INFORMATION REGARDING THE ACCOUNTS

11.1 The information contained in this Appendix 4E is based on accounts which (choose one):

- have been audited ○
- are in the process of being audited ◉
- have not yet been audited ○

12. OTHER SIGNIFICANT INFORMATION

Refer to ASX Review of Operations.

Disclosure of information regarding managing the transition of Australian Equivalents to International Financial Reporting Standards (IFRSs)

For years ending on or after 30 June 2006, all general purpose financial reports prepared in accordance with the requirements of Chapter 2M of the Corporations Act 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 ended 30 June 2005.

Management of the Transition Process

In order to facilitate this transition process, the group has established a transition project team who reports to the Audit Committee monthly. The transition project team have established a time table for the transition process to ensure that each phase of the transition project is completed on schedule and to ensure a smooth implementation.

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

- **Planning Phase**

This phase involves setting out the time table 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 involves an assessment of complex areas and a basic stocktaking of resources available to implement the process.

The planning phase has essentially been completed

- **Diagnosis Phase**

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

The Diagnosis Phase also involves 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 will be taken on exemptions and options provided in AASB 1 "First Time Adoption of Australian equivalents to IFRSs" and impairment testing will be 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 will also be identified during this phase.

This phase has commenced and is due for completion by 31 March 2005.

- **Conversion Phase**

During this phase, changes required to accounting and reporting systems will be finalised and tested. Agreements with Bankers and contracts with employees will be renegotiated to ensure that the group is not prejudiced by the adoption of the new accounting framework. Key performance indicators will be reset and training will be 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 new processes.

This phase is expected to be completed by 30 June 2005

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 adop[tion 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 retained earnings 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.

(Reference: AASB 2 Share Based Payments)

Goodwill

Goodwill acquired in a business combination, such as the group's acquisition of its Subsidiaries, will not require amortisation, but 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.

(Reference: AASB 3 Business Combinations)

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 retained earnings at 1 July 2004. Deferred tax asset and liability balances at 1 July 2004 can only be calculated once all other opening balance sheet amounts have been finalised at that date.

(Reference: AASB 112 Income Tax)

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.

(Reference: AASB 118 Revenue)

Recognition of Revenue on Sale of Goods/Services

When the group adopts Australian equivalents to IFRSs, revenue from the sale of goods and services can only be recognised when the costs incurred or expected to be incurred can be reliably measured. This condition is currently not required and may result in revenue currently recognised being deferred to later periods. To the extent that revenue has been recognised under current standards at transition date that ought to have been delayed under Australian equivalents to IFRSs, an initial negative adjustment may be required to opening balances of retained earnings at 1 July 2004.

(Reference: AASB 118 Revenue)

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.

(Reference: AASB 121 The Effects of Changes in Foreign Exchange Rates)

Impairment of Assets

The group currently assesses the amount of impairment of assets by determining the recoverable amount on the basis of undiscounted cash flows. 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). 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. It is also likely that when discounting is initially applied on transition at 1 July 2004, impairment losses may need to be recognised on a large number of assets, resulting in a negative impact on opening balances of retained earnings at that date.

(Reference: AASB 136 Impairment of Assets)

Non-Current Investments

Currently the group measures non-current investments at cost, with an annual review by directors to ensure that their carrying amounts are not in excess of their recoverable amount. Under Australian equivalents to IFRSs, subsequent measurement of non-current investments depends on the classification as outlined below:

Investments in Controlled Entities/Associates and Equity Accounted Joint Ventures

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*. Initial impairment adjustments may arise because of the requirement to discount cash flows and these would have a negative impact on opening balances of retained earnings at at1 July 2004.

(Reference: AASB 139 Financial Instruments: Recognition and Measurement)

Broadcast Services Australia Limited
(ABN 50 088 412 748)

ASX Review of Operations
For year ended 30 June 2004 (30 June 2003)

This is the first full year of joint operation since the merging of the Transmission Solution (TS) Division and the Contracting Solution (CS) Division.

This year has delivered growth to the Company of 46% resulting in $100.2M ($68.2M) turnover for the year just ended. This growth has brought with it profitability increases at the earnings level before interest tax depreciation and amortisation (EBITDA) of 127% to $7.5M ($3.3M) with an underlying profitability increase of 56%, Net Profit $2.7M ($0.4M).

This growth in the business, although forecasted by the Company in June 2003, has delivered the Company to a level whereby a broader mix of business can be managed with the available resources, so that economies can be delivered back to the Group. The Directors see opportunities in the coming year to continue the rationalisation of processes across the Group to obtain further efficiencies and benefits. The benefits of having both a sophisticated national contracting capability together with an engineering focused major projects and equipment supply group, have enhanced the overall effectiveness of the business.

Contracting Solutions:

The Contracting Solution (CS) business has had a very successful year with revenue growth in excess of forecast. The successful launch of Foxtel Digital, although initially delayed relative to forecast, gave the Company some challenges in ramping up its contractor base to meet the requirements of our customer. This was achieved through close planning with FOXTEL and this group now manages over 450 contractors, a 100% increase over 2003.

The Telstra Installations and Maintenance tender success in May 2004, came after a period of sustained growth in the Company's Telstra business unit. The requirement to increase the number of skilled contractors to ensure Telstra's workload under the new contract could be met was achieved in a well coordinated manner. BSA is currently meeting the necessary service levels. The benefit BSA had in this ramp up process was that it also had been announced as a 'Telstra accredited Training Provider' which enables BSA to up skill previously unaccredited contractors into this area and therefore meet the increased demand.

In both the Telecommunication and TV Subscription market BSA has worked very closely with their contractors to ensure a stable workforce. BSA has at all times ensured its contractors were fully informed and has always communicated openly with them and listened to their needs. BSA has a policy of continued improvement in the way they interact with the workforce and the systems that are used to manage the growing workforce, and this has resulted in minimal disruption to the Company in the past months.

The CS business is managed through our Installation, Contractor, Billing and Management (ICBM) system. This system has proved itself throughout the growth of the Foxtel Digital Launch and the subsequent growth in Telstra business to now handle over 50,000 jobs per month compared to 20,000 jobs in June 2003. The ICBM system is a significant differentiator between BSA and its competitors. It provides CS with the ability to route work orders to contractors on a very efficient basis both from location of where the contractor is and the timing to do so. The Contractors also benefit from the fully integrated web based system in that at the closure of each job they can view a full reconciliation of their services and any related equipment cost. The ICBM system is also used by the Company to manage OH&S issues that need to be communicated consistently across our contractor base.

Transmission Solutions:

The Transmission Solution (TS) business has seen good demand for dgital transmission solutions as the broadcasters continue to upgrade their networks in line with the Australia Broadcast Authority timetable. Although low power transmission sites form the majority of the projects completed, there has also been new projects completed on high power sites this year with an overall focus and improvement in quality, safety, communications and efficiency in the delivery of these projects. The range of equipment supply and support continues to be a growing focus of TS in line with changing technologies. TS represents some of the world's leading suppliers of broadcast and telecommunications equipment.

As referred to in the half yearly report there still exists a number of planned projects that have been deferred or delayed. Though remaining profitable, these delays have resulted in lower revenue for TS than was originally planned in July 2003. We believe that the revenue will be brought to account in the coming year when a number of these supply issues and project schedules are corrected.

The broadcast industry is now committed to the completion of the rollout of digital broadcast signal. Australia's high power transmission sites (predominately in metropolitan areas) have now been largely implemented. The digital broadcast rollout to regional Australia has commenced and over the next three years we will see the addition of towers and digital transmitters to towers resulting in a dual analogue and digital network in operation across Australia. The rollout demand across regional Australia will be for low power sites, this is a market that BSA has traditionally dominated and will provide solid base revenue for the coming years.

During the year TS has had some important staff changes signalling a transition from developing company to one of greater maturity. TS is now under the direction of the newly appointed Group General Manager John Chellingworth (refer announcement 20 May 2004). Mr Chellingworth's experience has already had an impact on TS as it moves to capture more telecommunication industry work while continuing to be a dominant player in the broadcast industry.

Continued investment in engineering resources has broadened TS capabilities. The unit won its first major defence contract this year, managing and installing a major satellite communications project. Further engineering and project skills development has enabled the unit to bid on a number of varied broadcast and telecommunications projects in the microwave, radio, ADSL and wireless infrastructure areas.

Capital:

In May 2004 the Company took the opportunity to reduce the Company's debt facility through a Placement to institutional investors and on the successful closure of this, present a Shareholder Share Purchase Plan (SSPS) to its existing shareholders. The SSPS enabled shareholders to contribute and expand their shareholding in the company at the same rate as the Institutional investors had previously. The total exercise raised the Company $5.5M which was used to reduce the Company's current debt facility. The effects were twofold in that the related interest cost to the Company has been reduced and management time spent on monitoring the facility, which was becoming excessive relative to time spent on the business, has been freed up.

Tax:

The Company has adopted recently introduced tax consolidation legislation on the tax affairs of the Group.

Receivables:

Receivables closed $3.4M higher at $18.917M ($14.813M) than the close of June 2003. This growth in receivables has been due to the growth in revenue in the second half of the 2004 financial year from new business dominated by Telstra and FOXTEL.

Cashflow:

The current year reflect the impact of three major one time cash outflows to the organisation. The Company entered into a tax repayment plan in October 2002, for taxes unpaid for the period prior to June 2002. This plan repayment was completed in March 2004 and impacts the current year's cashflow by $1.3M. The Company also renegotiated its banking facility and repaid a commercial bill facility of $1.75M in September 2003. The final non-recurring cash outflow that impacted the Company in the current year is the repayment of a loan to related parties of $1.0M in August 2003.

Sale of Subsidiary:

The Company held a 51% interest in The Antenna Man Pty Limited, a related antenna business in Western Australia. This business interest was sold to the minority holders in July 2004. The write down of the investment value in the subsidiary books as at 30 June 2004 has been taken into the group accounts ended June 2004. The write back of the retained earnings will be taken to account in the year ended June 2005.

Conclusion:

The Directors wish to thank management and staff for their efforts throughout the year in achieving this outstanding result. Directors see the Company is well positioned for profitable growth in 2005.