

## 1. Company details

Name of entity:	Big River Industries Limited
ABN:	72 609 901 377
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

## 2. Results for announcement to the market

The Group has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' for the half-year ended 31 December 2018. The Accounting Standards were adopted using the modified retrospective approach and as such comparatives have not been restated.

			\$
Revenues from ordinary activities	up	1.3% to	106,027,430
Profit from ordinary activities after tax attributable to the owners of Big River Industries Limited	down	38.2% to	1,800,480
Profit for the half-year attributable to the owners of Big River Industries Limited	down	38.2% to	1,800,480
		<b>31 Dec 2018 Cents</b>	<b>31 Dec 2017 Cents</b>
Basic earnings per share		3.39	5.52
Diluted earnings per share		3.39	5.38

### Dividends

	<b>Amount per security Cents</b>	<b>Franked amount per security Cents</b>
Final dividend paid on 2 October 2018	3.50	3.50

On 25 February 2019, the directors' declared a fully franked dividend of 2.2 cents per fully paid ordinary share to be paid on 4 April 2019.

### Comments

The profit for the Group after providing for income tax amounted to \$1,800,480 (31 December 2017: \$2,911,698).

Refer to the Interim Report attached to this Appendix 4D Half-year Report for detailed explanation and commentary on the results.

## 3. Net tangible assets

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>89.08</u>	<u>92.45</u>

# **Big River Industries Limited**

**ABN 72 609 901 377**

## **Interim Report - 31 December 2018**

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Big River Industries Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

### Directors

The following persons were directors of Big River Industries Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Gregory Ray Laurie  
 James Bernard Bindon  
 Martin Kaplan  
 Malcolm Geoffrey Jackman  
 Vicky Papachristos

### Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the manufacture of veneer, plywood and formply, and the distribution of building supplies.

### Dividends

Dividends paid during the financial half-year were as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>\$</b>	<b>\$</b>

Final dividend of 3.5 cents per fully paid ordinary share paid on 2 October 2018 (2017: 3.5 cents paid on 29 September 2017)

<u>1,856,538</u>	<u>1,840,721</u>
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On 25 February 2019, the directors' declared a fully franked dividend of 2.2 cents per fully paid ordinary share to be paid on 4 April 2019. The effect of this dividend will be reflected in the next financial period.

### Review of operations

Overall revenue for the half-year ended 31 December 2018 of \$106.0m was up 1.3% from \$104.6m over the previous financial half-year. Revenue on a same stores basis was down 3.9%.

Revenue	31 Dec 2018 \$'000	31 Dec 2017 \$'000	Change %
Total revenue	<u>106,027</u>	<u>104,624</u>	<u>1.3%</u>

The profit for the Group after providing for income tax amounted to \$1.8m (31 December 2017: \$2.9m).

Volume from manufacturing facilities declined by 30% during the period, but the EBITDA impact was largely contained due to restructuring to reduce costs.

Distribution activity EBITDA was \$5.5m, a decline of 14.3% over the previous financial half-year of \$6.5m.

Overall Group EBITDA before acquisition costs for the financial half-year was \$4.5m, a decline of 23.2% over the corresponding period last year of \$5.9m.

### Significant changes in the state of affairs

On 15 November 2018, the Group announced the acquisition of the assets and trading business of M.B. Prefab Framing Pty Ltd for a total consideration of \$4,915,112. The acquisition was completed and trading results from 3 December 2018 are included in the attached half-year report. Refer to note 14 to the financial statements for further details.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Laurie", written over a horizontal line.

Gregory Laurie  
Chairman

25 February 2019  
Sydney

A handwritten signature in black ink, appearing to read "Bindon", written over a horizontal line.

James Bindon  
Managing Director

25 February 2019

The Board of Directors  
Big River Industries Limited  
Trenayr Road  
Junction Hill, NSW 2480

Dear Board Members

## **Big River Industries Limited**

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

As lead audit partner for the review of the condensed consolidated financial statements of Big River Industries Limited for the financial half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Alfred Nehama  
Partner  
Chartered Accountants

**Big River Industries Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	106,027,430	104,623,988
<b>Expenses</b>			
Raw materials and consumables used	5	(77,562,959)	(73,652,918)
Selling and distribution expense		(3,050,748)	(3,499,385)
Employee benefits expense		(13,682,844)	(14,829,511)
Occupancy expense		(3,981,852)	(4,050,243)
General and administration expense		(2,944,066)	(2,676,420)
Acquisition costs		(241,477)	(240,826)
Depreciation and amortisation expense	5	(1,285,579)	(1,213,617)
Impairment of receivables	6	(291,908)	-
Finance costs	5	(422,474)	(326,303)
<b>Profit before income tax expense</b>		2,563,523	4,134,765
Income tax expense		(763,043)	(1,223,067)
<b>Profit after income tax expense for the half-year attributable to the owners of Big River Industries Limited</b>		1,800,480	2,911,698
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Big River Industries Limited</b>		<u>1,800,480</u>	<u>2,911,698</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	15	3.39	5.52
Diluted earnings per share	15	3.39	5.38

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		133,576	1,971,251
Trade and other receivables	6	28,606,301	39,080,600
Inventories		32,869,443	29,374,599
Other		1,855,010	931,003
Total current assets		<u>63,464,330</u>	<u>71,357,453</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	26,870,615	25,270,255
Intangibles	8	11,588,659	9,183,189
Deferred tax		2,578,557	2,307,869
Total non-current assets		<u>41,037,831</u>	<u>36,761,313</u>
<b>Total assets</b>		<u>104,502,161</u>	<u>108,118,766</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		27,170,812	34,188,549
Borrowings	9	3,280,858	2,986,719
Income tax		107,127	726,187
Provisions		4,064,003	3,292,534
Total current liabilities		<u>34,622,800</u>	<u>41,193,989</u>
<b>Non-current liabilities</b>			
Borrowings	10	10,596,314	7,441,472
Deferred tax		184,800	264,000
Provisions		257,825	322,825
Total non-current liabilities		<u>11,038,939</u>	<u>8,028,297</u>
<b>Total liabilities</b>		<u>45,661,739</u>	<u>49,222,286</u>
<b>Net assets</b>		<u>58,840,422</u>	<u>58,896,480</u>
<b>Equity</b>			
Issued capital	11	59,522,743	59,522,743
Accumulated losses		<u>(682,321)</u>	<u>(626,263)</u>
<b>Total equity</b>		<u>58,840,422</u>	<u>58,896,480</u>

The above statement of financial position should be read in conjunction with the accompanying notes



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2017	58,629,873	(2,105,274)	56,524,599
Profit after income tax expense for the half-year	-	2,911,698	2,911,698
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	2,911,698	2,911,698
<i>Transactions with owners in their capacity as owners:</i>			
Issue of ordinary shares as consideration for business combinations, net of transaction costs	892,870	-	892,870
Dividends paid (note 12)	-	(1,840,721)	(1,840,721)
Balance at 31 December 2017	<u>59,522,743</u>	<u>(1,034,297)</u>	<u>58,488,446</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	59,522,743	(626,263)	58,896,480
Profit after income tax expense for the half-year	-	1,800,480	1,800,480
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	1,800,480	1,800,480
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid (note 12)	-	(1,856,538)	(1,856,538)
Balance at 31 December 2018	<u>59,522,743</u>	<u>(682,321)</u>	<u>58,840,422</u>

		Consolidated	
	Note	31 Dec 2018	31 Dec 2017
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		127,000,127	119,581,865
Payments to suppliers and employees (inclusive of GST)		(123,300,309)	(116,276,446)
		3,699,818	3,305,419
Other revenue		94,859	60,267
Interest and other finance costs paid		(422,474)	(326,303)
Income taxes paid		(1,515,654)	(1,968,285)
Net cash from operating activities		1,856,549	1,071,098
<b>Cash flows from investing activities</b>			
Payment for purchase of businesses, net of cash acquired	14	(4,415,112)	(3,430,732)
Final payments for prior period's business acquisition		-	(200,000)
Payments for property, plant and equipment		(871,555)	(1,547,010)
Net cash used in investing activities		(5,286,667)	(5,177,742)
<b>Cash flows from financing activities</b>			
Share issue transaction costs		-	(7,130)
Proceeds from borrowings		4,500,000	3,400,000
Repayment of borrowings		(1,000,000)	-
Net lease repayments		(253,027)	(224,897)
Dividends paid		(1,856,538)	(1,840,721)
Net cash from financing activities		1,390,435	1,327,252
Net decrease in cash and cash equivalents		(2,039,683)	(2,779,392)
Cash and cash equivalents at the beginning of the financial half-year		1,971,251	3,551,708
Cash and cash equivalents at the end of the financial half-year		(68,432)	772,316

The above statement of cash flows should be read in conjunction with the accompanying notes

## **Note 1. General information**

The financial statements cover Big River Industries Limited as a Group consisting of Big River Industries Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ('Group'). The financial statements are presented in Australian dollars, which is Big River Industries Limited's functional and presentation currency.

Big River Industries Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Trenayr Road  
Junction Hill NSW 2460

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2019.

## **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

#### ***AASB 9 Financial Instruments***

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

## Note 2. Significant accounting policies (continued)

### *AASB 15 Revenue from Contracts with Customers*

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

### *Impact of adoption*

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of the adoption on opening retained earnings as at the transition date 1 July 2018 as the only financial instruments impacted by AASB 9 are trade and other receivables, and Group revenue continues to be recognised on a point in time basis.

As a result of AASB 9, 'impairment of receivables' is presented as a separate line item, however the incurred loss recognised under AASB 139 of \$224,906 was included in 'selling and distribution expenses' in the previous year.

### **Revenue recognition**

The Group recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

#### *Sale of goods*

Sale of goods revenue is recognised at the point in time when the performance obligation has been satisfied, which is when the customer obtains control of the goods, which is generally at the time of delivery.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

## Note 2. Significant accounting policies (continued)

### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## Note 3. Operating segments

### Identification of reportable operating segments

The Group is organised into one operating segment as the Group operated predominantly in Australia and in one industry being the supply of building products. This assessment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly the information provided in this Interim Report reflects the one operating segment.

## Note 4. Revenue

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue from contracts with customers</i>		
Sale of goods	105,932,571	104,563,721
<i>Other revenue</i>		
Other revenue	94,859	60,267
Revenue	<u>106,027,430</u>	<u>104,623,988</u>

### Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>
	<b>31 Dec 2018</b>
	<b>\$</b>
<i>Major product lines</i>	
Building products	<u>105,932,571</u>
<i>Geographical regions</i>	
Australia	<u>105,932,571</u>

The Group adopted the new accounting standards using the modified retrospective approach and as such comparatives have not been restated so no disaggregation is provided for 31 December 2017.

## Note 5. Expenses

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	77,562,959	73,652,918
<i>Depreciation</i>		
Buildings	83,408	90,033
Plant and equipment	938,171	859,584
Total depreciation	1,021,579	949,617
<i>Amortisation</i>		
Customer relationships	264,000	264,000
Total depreciation and amortisation	1,285,579	1,213,617
<i>Finance costs</i>		
Interest and finance charges paid/payable	422,474	326,303
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	1,672,984	1,317,824
<i>Superannuation expense</i>		
Defined contribution superannuation expense	856,307	867,660

## Note 6. Current assets - trade and other receivables

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	28,952,473	38,627,107
Less: Provision for impairment of receivables	-	(1,325,554)
Less: Allowance for expected credit losses	(1,558,306)	-
	27,394,167	37,301,553
Other receivables	1,212,134	1,779,047
	<u>28,606,301</u>	<u>39,080,600</u>

### *Allowance for expected credit losses*

The Group has recognised a loss of \$291,908 in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2018 (31 December 2017: loss of \$224,906 in selling and distribution expense in profit or loss for impairment of receivables).

The impact of expected credit losses on other receivables is immaterial.

#### Note 6. Current assets - trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate 31 Dec 2018 %	Carrying amount 31 Dec 2018 \$	Allowance for expected credit losses 31 Dec 2018 \$
<b>Consolidated</b>			
Not overdue	0.08%	11,167,394	9,415
0 to 3 months overdue	1.00%	14,698,967	146,990
3 to 6 months overdue	15.00%	1,269,592	190,439
Over 6 months overdue	40.00%	3,028,654	1,211,462
		<u>30,164,607</u>	<u>1,558,306</u>

As the modified retrospective approach is being used for the changes in the Accounting Standards, there is no comparative information disclosed as at 30 June 2018.

Debtors are written off when the cash is no longer considered collectable. The Group has insurance policies over most long standing debt which limits its credit risk.

#### Note 7. Non-current assets - property, plant and equipment

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Freehold land - at cost	855,701	855,701
Buildings - at cost	6,025,131	6,025,131
Less: Accumulated depreciation	(517,999)	(434,591)
	<u>5,507,132</u>	<u>5,590,540</u>
Plant and equipment - at cost	24,230,169	21,726,030
Less: Accumulated depreciation	(3,722,387)	(2,902,016)
	<u>20,507,782</u>	<u>18,824,014</u>
	<u>26,870,615</u>	<u>25,270,255</u>

#### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Freehold land \$	Buildings \$	Plant and equipment \$	Total \$
<b>Consolidated</b>				
Balance at 1 July 2018	855,701	5,590,540	18,824,014	25,270,255
Additions	-	-	871,555	871,555
Additions through business combinations (note 14)	-	-	1,750,384	1,750,384
Depreciation expense	-	(83,408)	(938,171)	(1,021,579)
Balance at 31 December 2018	<u>855,701</u>	<u>5,507,132</u>	<u>20,507,782</u>	<u>26,870,615</u>

## Note 8. Non-current assets - intangibles

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	10,972,659	8,303,189
Customer relationships - at cost	1,584,000	1,584,000
Less: Accumulated amortisation	(968,000)	(704,000)
	616,000	880,000
	<u>11,588,659</u>	<u>9,183,189</u>

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	<b>Goodwill</b>	<b>Customer relationships</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	8,303,189	880,000	9,183,189
Additions through business combinations (note 14)	2,669,470	-	2,669,470
Amortisation expense	-	(264,000)	(264,000)
Balance at 31 December 2018	<u>10,972,659</u>	<u>616,000</u>	<u>11,588,659</u>

## Note 9. Current liabilities - borrowings

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Bank overdraft	202,008	-
Bank bills	2,000,000	2,000,000
Lease liability	1,078,850	986,719
	<u>3,280,858</u>	<u>2,986,719</u>

## Note 10. Non-current liabilities - borrowings

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Bank bills	9,420,000	5,920,000
Lease liability	1,176,314	1,521,472
	<u>10,596,314</u>	<u>7,441,472</u>

## Note 11. Equity - issued capital

	<b>Consolidated</b>			
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>53,043,949</u>	<u>53,043,949</u>	<u>59,522,743</u>	<u>59,522,743</u>



## Note 12. Equity - dividends

Dividends paid during the financial half-year were as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>\$</b>	<b>\$</b>
Final dividend of 3.5 cents per fully paid ordinary share paid on 2 October 2018 (2017: 3.5 cents paid on 29 September 2017)	<u>1,856,538</u>	<u>1,840,721</u>

On 25 February 2019, the directors' declared a fully franked dividend of 2.2 cents per fully paid ordinary share to be paid on 4 April 2019. The effect of this dividend will be reflected in the next financial period.

## Note 13. Contingent liabilities

The Group has given bank guarantees as at 31 December 2018 of \$742,975 (30 June 2018: \$742,975) to various landlords.

## Note 14. Business combinations

### *M.B. Prefab Framing Pty Ltd ('MB Prefab')*

On 3 December 2018, the Group acquired the assets and trading business of M.B. Prefab Framing Pty Ltd ('MB Prefab') for the total consideration transferred of \$4,915,112. MB Prefab supplies prefabricated frames, trusses and floor systems which is one of the largest product categories in the supply to detached housing, medium density and small commercial products, as well as the alterations and additions market. It was acquired to enhance the Group's strategic position in these markets. The values identified in relation to the acquisition of MB Prefab are provisional as at 31 December 2018.

Details of the acquisition are as follows:

	<b>Fair value</b>
	<b>\$</b>
Inventories	1,042,406
Prepayments	30,924
Property, plant and equipment	1,750,384
Deferred tax asset	216,337
Trade payables	(73,284)
Employee benefits	<u>(721,125)</u>
Net assets acquired	2,245,642
Goodwill	<u>2,669,470</u>
Acquisition-date fair value of the total consideration transferred	<u>4,915,112</u>
Representing:	
Cash paid or payable to vendor	4,415,112
Contingent consideration (included in trade and other payables)	<u>500,000</u>
	<u>4,915,112</u>
Acquisition costs expensed to profit or loss	<u>241,477</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	4,915,112
Less: contingent consideration	<u>(500,000)</u>
Net cash used	<u>4,415,112</u>

## Note 15. Earnings per share

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Profit after income tax attributable to the owners of Big River Industries Limited	1,800,480	2,911,698
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	53,043,949	52,735,646
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	1,382,520
Weighted average number of ordinary shares used in calculating diluted earnings per share	53,043,949	54,118,166
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	3.39	5.52
Diluted earnings per share	3.39	5.38

## Note 16. Share-based payments

### Unlisted options

The terms and conditions of options granted are detailed in the 30 June 2018 Annual Report.

Set out below are summaries of options granted under the plan:

31 Dec 2018

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
19/02/2016	19/02/2021	\$2.00	1,370,000	-	-	(185,000)	1,185,000
13/02/2017	13/02/2022	\$2.20	45,455	-	-	-	45,455
			1,415,455	-	-	(185,000)	1,230,455

### Performance rights

At the 2018 Annual General Meeting, shareholders approved the Big River Industries Limited Rights Plan ('BRIRP') to be able to grant performance rights to certain key executive management personnel.

Set out below are summaries of performance rights granted under the plan:

31 Dec 2018

Grant date	Expiry date	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
23/11/2018	23/11/2023	-	341,355	-	-	341,355
		-	341,355	-	-	341,355

## Note 17. Events after the reporting period

Apart from the dividend declared as disclosed in note 12, no other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "G Laurie".

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Gregory Laurie  
Chairman

A handwritten signature in black ink, appearing to read "J Bindon".

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James Bindon  
Managing Director

25 February 2019  
Sydney

## **Independent Auditor's Review Report to the Members of Big River Industries Ltd**

### *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of Big River Industries Ltd, which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit and loss and comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 17.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Big River Industries Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Auditor's Independence Declaration*

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

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Big River Industries Ltd is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



DELOITTE TOUCHE TOHMATSU



Alfred Nehama  
Partner  
Chartered Accountants  
Sydney, 25 February 2019