

## 1. Company details

|                   |  |
|-------------------|--|
| Name of entity:   | Big River Industries Limited             |
| ABN:              | 72 609 901 377                           |
| Reporting period: | For the half-year ended 31 December 2019 |
| Previous period:  | For the half-year ended 31 December 2018 |

## 2. Results for announcement to the market

The Group has adopted Accounting Standard AASB 16 'Leases' for the half-year ended 31 December 2019 using the modified retrospective approach and as such comparatives have not been restated.

|  |    |                              | \$                           |
|--|----|------------------------------|------------------------------|
| Revenues from ordinary activities  | up | 18.9% to                     | 126,116,467                  |
| Profit from ordinary activities after tax attributable to the owners of Big River Industries Limited | up | 25.8% to                     | 2,264,220                    |
| Profit for the half-year attributable to the owners of Big River Industries Limited                  | up | 25.8% to                     | 2,264,220                    |
|  |    | <b>31 Dec 2019<br/>Cents</b> | <b>31 Dec 2018<br/>Cents</b> |
| Basic earnings per share   |    | 3.65                         | 3.39                         |
| Diluted earnings per share   |    | 3.65                         | 3.39                         |

### Dividends

|                                       | <b>Amount per<br/>security<br/>Cents</b> | <b>Franked<br/>amount per<br/>security<br/>Cents</b> |
|---------------------------------------|--|--|
| Final dividend paid on 4 October 2019 | 2.20                                     | 2.20   |

On 25 February 2020, the directors declared a fully franked dividend of 2.40 cents per fully paid ordinary share to be paid on 3 April 2020.

Dividend dates are as follows:

|                |              |
|----------------|--------------|
| - Ex-Date      | 4 March 2020 |
| - Record Date  | 5 March 2020 |
| - Payment Date | 3 April 2020 |

### Comments

The profit for the Group after providing for income tax amounted to \$2,264,220 (31 December 2018: \$1,800,480).

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

## 3. Net tangible assets

|   | <b>31 Dec 2019<br/>Cents</b> | <b>31 Dec 2018<br/>Cents</b> |
|---|------------------------------|------------------------------|
| Net tangible assets per ordinary security | 67.46                        | 89.08                        |

|                       | Consolidated<br>31 Dec 2019<br>\$ | 31 Dec 2018<br>\$ |
|-----------------------|-----------------------------------|-------------------|
| Net assets            | 70,003,349                        | 58,840,422        |
| Intangibles           | (27,861,083)                      | (11,588,659)      |
| Net tangible assets   | 42,142,266                        | 47,251,763        |
| Ordinary shares (No.) | 62,468,912                        | 53,043,949        |

Following the adoption of AASB 16 'Leases', net tangible assets include right-of-use assets of \$18,803,536 and related lease liabilities of \$19,903,002.

#### 4. Control gained over entities

Name of entities (or group of entities) Big Hammer Building Supplies

Date control gained 5 July 2019

Refer to note 19 in the attached Interim Report for further information.

#### 5. Dividend reinvestment plans

*The following dividend or distribution plans are in operation:*

The dividend reinvestment plan dated 10 December 2019 is in operation, which can be downloaded at <http://bigriverindustries.com.au/Investors/?page=Corporate-Governance>

The last date(s) for receipt of election notices for the dividend or distribution plans: 6 March 2020

#### 6. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

#### 7. Attachments

*Details of attachments (if any):*

The Interim Report of Big River Industries Limited for the half-year ended 31 December 2019 is attached.

#### 8. Signed

Signed 

Date: 25 February 2020

Stephen Parks  
Chief Financial Officer and Company Secretary  
Sydney

# **Big River Industries Limited**

**ABN 72 609 901 377**

## **Interim Report - 31 December 2019**

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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 2019.

### 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:

James Bernard Bindon  
 Martin Kaplan  
 Malcolm Geoffrey Jackman  
 Vicky Papachristos  
 Brendan York (appointed 24 October 2019)  
 Gregory Ray Laurie (resigned 31 July 2019)

### 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 2019</b>  | <b>31 Dec 2018</b> |
|   | <b>\$</b>           | <b>\$</b>          |
| Final dividend of 2.2 cents per fully paid ordinary share paid on 4 October 2019 (2018: 3.5 cents paid on 2 October 2018) | <u>1,374,316</u>    | <u>1,856,538</u>   |

#### *Dividend declared*

On 25 February 2020, the directors declared a fully franked dividend of 2.4 cents per fully paid ordinary share to be paid on 3 April 2020.

#### *Dividend reinvestment plan*

The Company's dividend reinvestment plan ("DRP"), dated 10 December 2019, will be in effect for the half-year fully franked interim dividend payment of 2.4 cents per fully paid ordinary share. The DRP Terms and Application Form are available on the Company's website at <http://bigriverindustries.com.au/Investors/?page=Corporate-Governance> for those eligible shareholders who would like to participate.

The relevant issue price will be the volume-weighted average share price of the Company's shares sold on the ASX during the ten trading days commencing on the second trading day following the relevant record date. A DRP discount of 2.5% will apply to the interim dividend.

### Review of operations

Revenue for the half-year ended 31 December 2019 was \$126.1 million, up 18.9% from \$106.0 million the previous financial half-year, but down 3.3% on a same-store basis.

Net profit after tax for the half-year was \$2.3 million, up 25.8% from \$1.8 million in the previous financial half-year.

The impact of the introduction of AASB 16 'Leases' is summarised in the table below and provides a comparison of the Group's operating results on a pre-AASB 16 basis. The adoption of AASB 16 has boosted EBITDA (prior to acquisition costs) by \$2.5 million, increased depreciation by \$2.3 million and reduced NPAT by \$0.2 million.

| Description                       | Statutory<br>1H FY2020<br>\$'000 | Impact of<br>AASB16<br>\$'000 | Normalised<br>1H FY2020<br>\$'000 | Statutory<br>1H FY2019<br>\$'000 |
|-----------------------------------|----------------------------------|-------------------------------|-----------------------------------|----------------------------------|
| EBITDA (before acquisition costs) | 8,726                            | (2,510)                       | 6,216                             | 4,513                            |
| Acquisition costs                 | (325)                            | -                             | (325)                             | (241)                            |
| EBITDA                            | 8,401                            | (2,510)                       | 5,891                             | 4,272                            |
| Depreciation                      | (3,908)                          | 2,331                         | (1,577)                           | (1,285)                          |
| EBIT                              | 4,493                            | (179)                         | 4,314                             | 2,987                            |
| Interest                          | (1,279)                          | 444                           | (835)                             | (423)                            |
| NPBT                              | 3,214                            | 265                           | 3,479                             | 2,564                            |
| Tax                               | (950)                            | (75)                          | (1,025)                           | (763)                            |
| NPAT                              | 2,264                            | 190                           | 2,454                             | 1,801                            |

Excluding the positive impact of the adoption of AASB 16 'Leases', EBITDA of \$6.2 million (prior to acquisition costs) was up 37.7% on the previous financial half-year mostly due to the inclusion of six full months of the New Zealand acquisition.

EBITDA contribution (prior to AASB 16) from manufacturing facilities was \$0.7 million, steady with the \$0.7 million contribution in the previous financial half-year.

EBITDA from distribution activities (prior to AASB 16) was \$7.4 million, up 33.4% from \$5.6 million in the previous financial year.

### Significant changes in the state of affairs

On 5 July 2019, the Group executed a business purchase deed to acquire the business and assets of Big Hammer Building Supplies, a business located in Aitkenvale, Queensland. The purchase price was \$1,974,445 which includes the acquisition of inventory and plant and equipment and was settled through the payment of \$1,774,445 in cash. An amount of \$200,000 is payable as cash or through the issue of ordinary shares in Big River Industries Limited, at the Company's discretion, upon achieving agreed EBITDA targets. The values are provisional as at 31 December 2019.

On 11 July 2019, the Company issued 5,806,429 ordinary shares at an issue price of \$1.05 per share following approval at the Company's EGM on 9 July 2019.

On 12 July 2019, the Company issued 1,803,264 shares as part consideration to the vendors of the New Zealand businesses of Plytech International Limited and Decortech Limited as referred to in the Company's announcement of 1 May 2019. These shares are subject to voluntary escrow, of which 37.5% will be released from escrow after 12 months of the date of issue and the remaining 62.5% will be released from escrow after 24 months of the date of issue.

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

### Matters subsequent to the end of the financial half-year

On 17 February 2020, the Group executed a business purchase deed to acquire the trading business and assets of Pine Design Truss and Timber located in Adelaide, South Australia. The purchase price is \$3,700,000 which includes the acquisition of inventory and plant and equipment. \$3,300,000 is payable at completion with the balance of \$400,000 payable upon achieving agreed EBITDA targets over a two year period.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2019 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.

### 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



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Malcolm Jackman  
Chairman

25 February 2020  
Sydney



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James Bindon  
Managing Director

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

25 February 2020

Dear Board Members

### **Auditor's Independence Declaration to 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 half-year financial report of Big River Industries Limited for the half-year ended 31 December 2019, 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 faithfully

  
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 2019**



|   |             | <b>Consolidated</b> |                    |
|---|-------------|---------------------|--------------------|
|   | <b>Note</b> | <b>31 Dec 2019</b>  | <b>31 Dec 2018</b> |
|   |             | <b>\$</b>           | <b>\$</b>          |
| <b>Revenue</b>  | 4           | 126,116,467         | 106,027,430        |
| Other income  | 5           | 15,133              | -                  |
| <b>Expenses</b>   |             |                     |                    |
| Raw materials and consumables used  | 6           | (89,289,181)        | (77,562,959)       |
| Selling and distribution expense  |             | (3,137,782)         | (3,050,748)        |
| Employee benefits expense   |             | (18,405,967)        | (13,682,844)       |
| Occupancy expense   |             | (2,589,977)         | (3,981,852)        |
| General and administration expense  |             | (3,639,310)         | (2,944,066)        |
| Acquisition costs   |             | (325,432)           | (241,477)          |
| Depreciation and amortisation expense   | 6           | (3,908,043)         | (1,285,579)        |
| Impairment of receivables   | 7           | (342,676)           | (291,908)          |
| Finance costs   | 6           | (1,278,860)         | (422,474)          |
| <b>Profit before income tax expense</b>   |             | 3,214,372           | 2,563,523          |
| Income tax expense  |             | (950,152)           | (763,043)          |
| <b>Profit after income tax expense for the half-year attributable to the owners of Big River Industries Limited</b> |             | 2,264,220           | 1,800,480          |
| <b>Other comprehensive income</b>   |             |                     |                    |
| <i>Items that may be reclassified subsequently to profit or loss</i>  |             |                     |                    |
| Foreign currency translation  |             | 152,859             | -                  |
| Other comprehensive income for the half-year, net of tax  |             | 152,859             | -                  |
| <b>Total comprehensive income for the half-year attributable to the owners of Big River Industries Limited</b>      |             | <u>2,417,079</u>    | <u>1,800,480</u>   |
|   |             | <b>Cents</b>        | <b>Cents</b>       |
| Basic earnings per share  | 20          | 3.65                | 3.39               |
| Diluted earnings per share  | 20          | 3.65                | 3.39               |

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

|                                |      | Consolidated       |                    |
|--------------------------------|------|--------------------|--------------------|
|                                | Note | 31 Dec 2019        | 30 Jun 2019        |
|                                |      | \$                 | \$                 |
| <b>Assets</b>                  |      |                    |                    |
| <b>Current assets</b>          |      |                    |                    |
| Cash and cash equivalents      |      | 14,859             | 1,202,098          |
| Trade and other receivables    | 7    | 34,277,655         | 43,117,725         |
| Inventories                    |      | 38,194,847         | 37,209,150         |
| Other                          |      | 2,066,077          | 841,558            |
| Total current assets           |      | <u>74,553,438</u>  | <u>82,370,531</u>  |
| <b>Non-current assets</b>      |      |                    |                    |
| Property, plant and equipment  | 8    | 27,442,977         | 27,971,850         |
| Right-of-use assets            | 9    | 18,803,536         | -                  |
| Intangibles                    | 10   | 27,861,083         | 26,296,429         |
| Deferred tax                   |      | 2,763,841          | 2,445,584          |
| Total non-current assets       |      | <u>76,871,437</u>  | <u>56,713,863</u>  |
| <b>Total assets</b>            |      | <u>151,424,875</u> | <u>139,084,394</u> |
| <b>Liabilities</b>             |      |                    |                    |
| <b>Current liabilities</b>     |      |                    |                    |
| Trade and other payables       |      | 27,473,606         | 36,323,029         |
| Deferred consideration         |      | -                  | 16,609,092         |
| Borrowings                     | 11   | 843,486            | 506,115            |
| Lease liabilities              | 12   | 5,073,506          | 901,175            |
| Income tax                     |      | 197,565            | 66,830             |
| Provisions                     |      | 4,149,715          | 4,034,133          |
| Contingent consideration       |      | 1,987,470          | 250,000            |
| Total current liabilities      |      | <u>39,725,348</u>  | <u>58,690,374</u>  |
| <b>Non-current liabilities</b> |      |                    |                    |
| Borrowings                     | 13   | 22,550,000         | 13,520,000         |
| Lease liabilities              | 14   | 16,805,689         | 1,368,048          |
| Deferred tax                   |      | 69,393             | 105,600            |
| Provisions                     |      | 600,606            | 500,606            |
| Contingent consideration       |      | 1,670,490          | 3,365,756          |
| Total non-current liabilities  |      | <u>41,696,178</u>  | <u>18,860,010</u>  |
| <b>Total liabilities</b>       |      | <u>81,421,526</u>  | <u>77,550,384</u>  |
| <b>Net assets</b>              |      | <u>70,003,349</u>  | <u>61,534,010</u>  |
| <b>Equity</b>                  |      |                    |                    |
| Issued capital                 | 15   | 69,273,615         | 61,325,301         |
| Reserves                       | 16   | 215,399            | 1,764              |
| Retained profits               |      | 514,335            | 206,945            |
| <b>Total equity</b>            |      | <u>70,003,349</u>  | <u>61,534,010</u>  |

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

| <b>Consolidated</b>  | <b>Issued capital<br/>\$</b> | <b>Foreign currency translation reserve<br/>\$</b> | <b>Share-based payments reserve<br/>\$</b> | <b>Accumulated losses<br/>\$</b> | <b>Total equity<br/>\$</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 17)                                     | -                            | -  | -  | (1,856,538)                      | (1,856,538)                |
| Balance at 31 December 2018                                  | <u>59,522,743</u>            | <u>-</u>   | <u>-</u>                                   | <u>(682,321)</u>                 | <u>58,840,422</u>          |

| <b>Consolidated</b>  | <b>Issued capital<br/>\$</b> | <b>Foreign currency translation reserve<br/>\$</b> | <b>Share-based payments reserve<br/>\$</b> | <b>Retained profits<br/>\$</b> | <b>Total equity<br/>\$</b> |
|--|------------------------------|--|--|--------------------------------|----------------------------|
| Balance at 1 July 2019                                       | 61,325,301                   | 1,764  | -  | 206,945                        | 61,534,010                 |
| Adjustment for change in accounting policy (note 2)          | -                            | -  | -  | (582,514)                      | (582,514)                  |
| Balance at 1 July 2019 - restated                            | 61,325,301                   | 1,764  | -  | (375,569)                      | 60,951,496                 |
| Profit after income tax expense for the half-year            | -                            | -  | -  | 2,264,220                      | 2,264,220                  |
| Other comprehensive income for the half-year, net of tax     | -                            | 152,859  | -  | -                              | 152,859                    |
| Total comprehensive income for the half-year                 | -                            | 152,859  | -  | 2,264,220                      | 2,417,079                  |
| <i>Transactions with owners in their capacity as owners:</i> |                              |  |  |                                |                            |
| Contributions of equity, net of transaction costs (note 15)  | 7,948,314                    | -  | -  | -                              | 7,948,314                  |
| Share-based payments   | -                            | -  | 60,776                                     | -                              | 60,776                     |
| Dividends paid (note 17)                                     | -                            | -  | -  | (1,374,316)                    | (1,374,316)                |
| Balance at 31 December 2019                                  | <u>69,273,615</u>            | <u>154,623</u>                                     | <u>60,776</u>                              | <u>514,335</u>                 | <u>70,003,349</u>          |

The above statement of changes in equity should be read in conjunction with the accompanying notes

**Big River Industries Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2019**



|   |             | <b>Consolidated</b>     |                        |
|---|-------------|-------------------------|------------------------|
|   | <b>Note</b> | <b>31 Dec 2019</b>      | <b>31 Dec 2018</b>     |
|   |             | <b>\$</b>               | <b>\$</b>              |
| <b>Cash flows from operating activities</b>                           |             |                         |                        |
| Receipts from customers (inclusive of GST)                            |             | 148,155,767             | 127,000,127            |
| Payments to suppliers and employees (inclusive of GST)                |             | <u>(143,909,347)</u>    | <u>(123,300,309)</u>   |
|   |             | 4,246,420               | 3,699,818              |
| Other revenue   |             | 103,207                 | 94,859                 |
| Interest and other finance costs paid                                 |             | (758,687)               | (422,474)              |
| Income taxes paid   |             | <u>(980,379)</u>        | <u>(1,515,654)</u>     |
| Net cash from operating activities                                    |             | <u>2,610,561</u>        | <u>1,856,549</u>       |
| <b>Cash flows from investing activities</b>                           |             |                         |                        |
| Payment for purchase of businesses, net of cash acquired              | 19          | (1,773,945)             | (4,415,112)            |
| Final payments for prior period's business acquisitions               |             | (14,697,412)            | -                      |
| Payments for property, plant and equipment                            |             | (546,348)               | (871,555)              |
| Payments for intangibles  |             | (373,255)               | -                      |
| Payments of deferred consideration                                    |             | (250,000)               | -                      |
| Proceeds from disposal of property, plant and equipment               |             | <u>15,133</u>           | <u>-</u>               |
| Net cash used in investing activities                                 |             | <u>(17,625,827)</u>     | <u>(5,286,667)</u>     |
| <b>Cash flows from financing activities</b>                           |             |                         |                        |
| Proceeds from issue of shares   |             | 6,054,887               | -                      |
| Proceeds from borrowings  |             | 9,030,000               | 4,500,000              |
| Repayment of borrowings   |             | -                       | (1,000,000)            |
| Net lease repayments  |             | (293,030)               | (253,027)              |
| Dividends paid  |             | <u>(1,374,316)</u>      | <u>(1,856,538)</u>     |
| Net cash from financing activities                                    |             | <u>13,417,541</u>       | <u>1,390,435</u>       |
| Net decrease in cash and cash equivalents                             |             | (1,597,725)             | (2,039,683)            |
| Cash and cash equivalents at the beginning of the financial half-year |             | 695,983                 | 1,971,251              |
| Effects of exchange rate changes on cash and cash equivalents         |             | <u>73,115</u>           | <u>-</u>               |
| Cash and cash equivalents at the end of the financial half-year       |             | <u><u>(828,627)</u></u> | <u><u>(68,432)</u></u> |

*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 2020.

## Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 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 2019 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 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

Straight-line operating lease expense recognition is replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments are separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

## Note 2. Significant accounting policies (continued)

### *Practical expedients applied*

In adopting AASB 16, the Group has used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

### *Impact of adoption*

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. The impact of the adoption on opening retained earnings as at the transition date 1 July 2019 is as follows:

|   | 1 July<br>2019<br>\$ |
|---|----------------------|
| Operating lease commitments as at 1 July 2019 (AASB 117)                                | (20,384,046)         |
| Short-term leases not recognised as a right-of-use asset (AASB 16)                      | 47,500               |
| Net impact of discounting* and lease extension options not accounted for under AASB 117 | (704,315)            |
| Lease liabilities (AASB 16)   | <u>(21,040,861)</u>  |
| Right-of-use assets (AASB 16)   | 20,209,747           |
| Tax effect on the above adjustments   | 248,600              |
|   | <u>20,458,347</u>    |
| Reduction in opening retained profits as at 1 July 2019                                 | <u>(582,514)</u>     |

\* The lease payments have been discounted based on the weighted average incremental borrowing rate of 4.265%.

### ***Changes to the significant accounting policies***

Changes to the significant accounting policies as a result of the new standard adopted since the Annual Report date are as follows.

#### **Right-of-use assets (from 1 July 2019)**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### **Lease liabilities (from 1 July 2019)**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

## Note 2. Significant accounting policies (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 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.

|             | Revenue from external customers |                    | Geographical non-current assets |                   |
|-------------|---------------------------------|--------------------|---------------------------------|-------------------|
|             | 31 Dec 2019                     | 31 Dec 2018        | 31 Dec 2019                     | 30 Jun 2019       |
|             | \$                              | \$                 | \$                              | \$                |
| Australia   | 111,991,047                     | 105,932,571        | 51,890,895                      | 40,149,680        |
| New Zealand | 14,022,213                      | -                  | 22,216,701                      | 14,118,599        |
|             | <u>126,013,260</u>              | <u>105,932,571</u> | <u>74,107,596</u>               | <u>54,268,279</u> |

The Group's revenue is generated from sales of building products in Australia and New Zealand. The geographic split of this revenue across all companies is: a) Australia (89%) and b) New Zealand (11%).

The geographical non-current assets above are exclusive of deferred tax assets.

## Note 4. Revenue

|  | Consolidated       |                    |
|--|--------------------|--------------------|
|  | 31 Dec 2019        | 31 Dec 2018        |
|  | \$                 | \$                 |
| <i>Revenue from contracts with customers</i> |                    |                    |
| Sale of goods                                | 126,013,260        | 105,932,571        |
| <i>Other revenue</i>                         |                    |                    |
| Other revenue                                | 103,207            | 94,859             |
| Revenue                                      | <u>126,116,467</u> | <u>106,027,430</u> |

### Disaggregation of revenue

Disaggregation of revenue is already disclosed in note 3. All of the Group's revenue is recognised at a point in time.

## Note 5. Other income

|   | Consolidated  |             |
|---|---------------|-------------|
|   | 31 Dec 2019   | 31 Dec 2018 |
|   | \$            | \$          |
| Net gain on disposal of property, plant and equipment | <u>15,133</u> | <u>-</u>    |

## Note 6. Expenses

|  | <b>Consolidated</b> | <b>Consolidated</b> |
|--|---------------------|---------------------|
|  | <b>31 Dec 2019</b>  | <b>31 Dec 2018</b>  |
|  | <b>\$</b>           | <b>\$</b>           |
| Profit before income tax includes the following specific expenses: |                     |                     |
| <i>Cost of sales</i>   |                     |                     |
| Cost of sales  | 89,289,181          | 77,562,959          |
| <i>Depreciation</i>  |                     |                     |
| Buildings  | 83,622              | 83,408              |
| Plant and equipment  | 1,211,599           | 938,171             |
| Buildings right-of-use assets                                      | 2,330,900           | -                   |
| Total depreciation   | 3,626,121           | 1,021,579           |
| <i>Amortisation</i>  |                     |                     |
| Customer relationships   | 264,000             | 264,000             |
| Product development  | 17,922              | -                   |
| Total amortisation   | 281,922             | 264,000             |
| Total depreciation and amortisation                                | 3,908,043           | 1,285,579           |
| <i>Finance costs</i>   |                     |                     |
| Interest and finance charges paid/payable on borrowings            | 834,602             | 422,474             |
| Interest and finance charges paid/payable on lease liabilities     | 444,258             | -                   |
| Finance costs expensed   | 1,278,860           | 422,474             |
| <i>Superannuation expense</i>                                      |                     |                     |
| Defined contribution superannuation expense                        | 1,116,572           | 856,307             |

## Note 7. Current assets - trade and other receivables

|  | <b>Consolidated</b> | <b>Consolidated</b> |
|--|---------------------|---------------------|
|  | <b>31 Dec 2019</b>  | <b>30 Jun 2019</b>  |
|  | <b>\$</b>           | <b>\$</b>           |
| Trade receivables                          | 34,477,818          | 43,219,203          |
| Less: Allowance for expected credit losses | (1,641,249)         | (1,430,786)         |
|  | 32,836,569          | 41,788,417          |
| Other receivables                          | 1,441,086           | 1,329,308           |
|  | <u>34,277,655</u>   | <u>43,117,725</u>   |

### *Allowance for expected credit losses*

The Group has recognised a loss of \$342,676 in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2019 (31 December 2018: loss of \$291,908).

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



## Note 7. Current assets - trade and other receivables (continued)

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

| Consolidated          | Expected credit loss rate |             | Carrying amount   |                   | Allowance for expected credit losses |                  |
|-----------------------|---------------------------|-------------|-------------------|-------------------|--------------------------------------|------------------|
|                       | 31 Dec 2019               | 30 Jun 2019 | 31 Dec 2019       | 30 Jun 2019       | 31 Dec 2019                          | 30 Jun 2019      |
|                       | %                         | %           | \$                | \$                | \$                                   | \$               |
| Not overdue           | -                         | -           | 13,336,498        | 21,868,224        | -                                    | -                |
| 0 to 3 months overdue | 0.45%                     | 0.73%       | 17,308,636        | 18,429,176        | 78,247                               | 135,450          |
| 3 to 6 months overdue | 15.00%                    | 15.00%      | 2,186,025         | 1,620,430         | 327,904                              | 243,064          |
| Over 6 months overdue | 40.00%                    | 40.00%      | 3,087,745         | 2,630,681         | 1,235,098                            | 1,052,272        |
|                       |                           |             | <u>35,918,904</u> | <u>44,548,511</u> | <u>1,641,249</u>                     | <u>1,430,786</u> |

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 8. Non-current assets - property, plant and equipment

|                                | Consolidated      |                   |
|--------------------------------|-------------------|-------------------|
|                                | 31 Dec 2019       | 30 Jun 2019       |
|                                | \$                | \$                |
| Freehold land - at cost        | 855,701           | 855,701           |
| Buildings - at cost            | 6,043,487         | 6,043,487         |
| Less: Accumulated depreciation | (683,950)         | (600,328)         |
|                                | <u>5,359,537</u>  | <u>5,443,159</u>  |
| Plant and equipment - at cost  | 26,812,480        | 26,352,099        |
| Less: Accumulated depreciation | (5,584,741)       | (4,679,109)       |
|                                | <u>21,227,739</u> | <u>21,672,990</u> |
|                                | <u>27,442,977</u> | <u>27,971,850</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             |
|---|----------------|------------------|---------------------|-------------------|
|   | \$             | \$               | \$                  | \$                |
| Balance at 1 July 2019                            | 855,701        | 5,443,159        | 21,672,990          | 27,971,850        |
| Additions   | -              | -                | 546,348             | 546,348           |
| Additions through business combinations (note 19) | -              | -                | 220,000             | 220,000           |
| Depreciation expense                              | -              | (83,622)         | (1,211,599)         | (1,295,221)       |
| Balance at 31 December 2019                       | <u>855,701</u> | <u>5,359,537</u> | <u>21,227,739</u>   | <u>27,442,977</u> |

## Note 9. Non-current assets - right-of-use assets

|                                | Consolidated<br>31 Dec 2019<br>\$ | 30 Jun 2019<br>\$ |
|--------------------------------|-----------------------------------|-------------------|
| Buildings - right-of-use       | 21,134,436                        | -                 |
| Less: Accumulated depreciation | (2,330,900)                       | -                 |
|                                | <u>18,803,536</u>                 | <u>-</u>          |

Additions to the right-of-use assets during the half-year were \$934,257.

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between 2 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

### Reconciliations

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

| Consolidated                        | Buildings<br>\$   |
|-------------------------------------|-------------------|
| Balance at 1 July 2019              | -                 |
| Adjustment on transition to AASB 16 | 20,209,747        |
| Additions                           | 934,257           |
| Exchange differences                | (9,568)           |
| Depreciation expense                | (2,330,900)       |
| Balance at 31 December 2019         | <u>18,803,536</u> |

## Note 10. Non-current assets - intangibles

|                                  | Consolidated<br>31 Dec 2019<br>\$ | 30 Jun 2019<br>\$ |
|----------------------------------|-----------------------------------|-------------------|
| Goodwill - at cost               | 26,666,662                        | 25,193,341        |
| Customer relationships - at cost | 1,584,000                         | 1,584,000         |
| Less: Accumulated amortisation   | (1,496,000)                       | (1,232,000)       |
|                                  | <u>88,000</u>                     | <u>352,000</u>    |
| Software - at cost               | 946,337                           | 601,379           |
| Product development - at cost    | 178,006                           | 149,709           |
| Less: Accumulated amortisation   | (17,922)                          | -                 |
|                                  | <u>160,084</u>                    | <u>149,709</u>    |
|                                  | <u>27,861,083</u>                 | <u>26,296,429</u> |

## Note 10. Non-current assets - intangibles (continued)

### Reconciliations

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

|   | Goodwill<br>\$    | Customer<br>relationships<br>\$ | Software<br>\$ | Product<br>development<br>\$ | Total<br>\$       |
|---|-------------------|---------------------------------|----------------|------------------------------|-------------------|
| <b>Consolidated</b>                               |                   |                                 |                |                              |                   |
| Balance at 1 July 2019                            | 25,193,341        | 352,000                         | 601,379        | 149,709                      | 26,296,429        |
| Additions   | -                 | -                               | 344,958        | 28,297                       | 373,255           |
| Additions through business combinations (note 19) | 1,346,958         | -                               | -              | -                            | 1,346,958         |
| Other adjustments                                 | 64,312            | -                               | -              | -                            | 64,312            |
| Exchange differences                              | 62,051            | -                               | -              | -                            | 62,051            |
| Amortisation expense                              | -                 | (264,000)                       | -              | (17,922)                     | (281,922)         |
| Balance at 31 December 2019                       | <u>26,666,662</u> | <u>88,000</u>                   | <u>946,337</u> | <u>160,084</u>               | <u>27,861,083</u> |

## Note 11. Current liabilities - borrowings

|                | <b>Consolidated</b><br><b>31 Dec 2019</b><br>\$ | <b>30 Jun 2019</b><br>\$ |
|----------------|---|--------------------------|
| Bank overdraft | <u>843,486</u>                                  | <u>506,115</u>           |

## Note 12. Current liabilities - lease liabilities

|  | <b>Consolidated</b><br><b>31 Dec 2019</b><br>\$ | <b>30 Jun 2019</b><br>\$ |
|--|---|--------------------------|
| Lease liability - existing                             | 627,005   | 901,175                  |
| Lease liability - new liability on adoption of AASB 16 | <u>4,446,501</u>                                | <u>-</u>                 |
|  | <u>5,073,506</u>                                | <u>901,175</u>           |

## Note 13. Non-current liabilities - borrowings

|            | <b>Consolidated</b><br><b>31 Dec 2019</b><br>\$ | <b>30 Jun 2019</b><br>\$ |
|------------|---|--------------------------|
| Bank bills | <u>22,550,000</u>                               | <u>13,520,000</u>        |

The bank bill facility has a limit of \$30,000,000 and had an unused amount of \$7,450,000 at 31 December 2019. The facility is secured by first mortgages over the Group's assets and has an expiry date of 31 March 2022.

## Note 14. Non-current liabilities - lease liabilities

|  | <b>Consolidated</b><br><b>31 Dec 2019</b><br>\$ | <b>30 Jun 2019</b><br>\$ |
|--|---|--------------------------|
| Lease liability - existing                             | 1,349,188                                       | 1,368,048                |
| Lease liability - new liability on adoption of AASB 16 | <u>15,456,501</u>                               | <u>-</u>                 |
|  | <u>16,805,689</u>                               | <u>1,368,048</u>         |

## Note 15. Equity - issued capital

|                              | Consolidated |             |             |             |
|------------------------------|--------------|-------------|-------------|-------------|
|                              | 31 Dec 2019  | 30 Jun 2019 | 31 Dec 2019 | 30 Jun 2019 |
|                              | Shares       | Shares      | \$          | \$          |
| Ordinary shares - fully paid | 62,468,912   | 54,859,219  | 69,273,615  | 61,325,301  |

### Movements in ordinary share capital

| Details   | Date             | Shares     | Issue price | \$         |
|---|------------------|------------|-------------|------------|
| Balance   | 1 July 2019      | 54,859,219 |             | 61,325,301 |
| Issue of shares   | 11 July 2019     | 5,806,429  | \$1.05      | 6,096,750  |
| Issue of shares as part consideration to the vendors of Plytech International Limited and Decortech Limited | 12 July 2019     | 1,803,264  | \$1.05      | 1,893,427  |
| Transaction costs arising on share issue, net of tax  |                  |            |             | (41,863)   |
| Balance   | 31 December 2019 | 62,468,912 |             | 69,273,615 |

## Note 16. Equity - reserves

|                              | Consolidated |             |
|------------------------------|--------------|-------------|
|                              | 31 Dec 2019  | 30 Jun 2019 |
|                              | \$           | \$          |
| Foreign currency reserve     | 154,623      | 1,764       |
| Share-based payments reserve | 60,776       | -           |
|                              | 215,399      | 1,764       |

### Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

## Note 17. Equity - dividends

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

|   | Consolidated |             |
|---|--------------|-------------|
|   | 31 Dec 2019  | 31 Dec 2018 |
|   | \$           | \$          |
| Final dividend of 2.2 cents per fully paid ordinary share paid on 4 October 2019 (2018: 3.5 cents paid on 2 October 2018) | 1,374,316    | 1,856,538   |

### Dividend declared

On 25 February 2020, the directors declared a fully franked dividend of 2.4 cents per fully paid ordinary share to be paid on 3 April 2020.

## Note 17. Equity - dividends (continued)

### *Dividend reinvestment plan*

The Company's dividend reinvestment plan ("DRP"), dated 10 December 2019, will be in effect for the half-year fully franked interim dividend payment of 2.4 cents per fully paid ordinary share. The DRP Terms and Application Form are available on the Company's website at <http://bigriverindustries.com.au/Investors/?page=Corporate-Governance> for those eligible shareholders who would like to participate.

The relevant issue price will be the volume-weighted average share price of the Company's shares sold on the ASX during the ten trading days commencing on the second trading day following the relevant record date. A DRP discount of 2.5% will apply to the interim dividend.

## Note 18. Contingent liabilities

The Group has given bank guarantees as at 31 December 2019 of \$2,152,827 (30 June 2019: \$742,975) to various landlords.

## Note 19. Business combinations

### *Big Hammer Building Supplies, Townsville QLD*

On 5 July 2019, the Group executed a business purchase deed to acquire the business and assets of Big Hammer Building Supplies, a business located in Townsville, Queensland. The purchase price was \$1,974,445 which includes the acquisition of inventory and plant and equipment and was settled through the payment of \$1,774,445 in cash. An amount of \$200,000 is payable as cash or through the issue of ordinary shares in Big River Industries Limited, at the company's discretion, upon achieving agreed EBITDA targets. The values identified are provisional as at 31 December 2019.

Details of the acquisition are as follows:

|  | Fair value<br>\$ |
|--|------------------|
| Cash and cash equivalents  | 500              |
| Inventories  | 435,787          |
| Plant and equipment  | 220,000          |
| Deferred tax asset   | 12,343           |
| Employee benefits  | (41,143)         |
|  | <hr/>            |
| Net assets acquired  | 627,487          |
| Goodwill   | 1,346,958        |
|  | <hr/>            |
| Acquisition-date fair value of the total consideration transferred | 1,974,445        |
|  | <hr/>            |
| Representing:  |                  |
| Cash paid or payable to vendor                                     | 1,774,445        |
| Contingent consideration   | 200,000          |
|  | <hr/>            |
|  | 1,974,445        |
|  | <hr/>            |
| Acquisition costs expensed to profit or loss                       | 241,646          |
|  | <hr/>            |
| Cash used to acquire business, net of cash acquired:               |                  |
| Acquisition-date fair value of the total consideration transferred | 1,974,445        |
| Less: contingent consideration                                     | (200,000)        |
|  | <hr/>            |
| Net cash used  | 1,774,445        |
|  | <hr/>            |

## Note 20. Earnings per share

|   | Consolidated  |               |
|---|---------------|---------------|
|   | 31 Dec 2019   | 31 Dec 2018   |
|   | \$            | \$            |
| Profit after income tax attributable to the owners of Big River Industries Limited        | 2,264,220     | 1,800,480     |
|   | <b>Number</b> | <b>Number</b> |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | 62,045,541    | 53,043,949    |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 62,045,541    | 53,043,949    |
|   | <b>Cents</b>  | <b>Cents</b>  |
| Basic earnings per share  | 3.65          | 3.39          |
| Diluted earnings per share  | 3.65          | 3.39          |

Options over ordinary shares were excluded from the above calculations as they are not dilutive. As at 31 December 2019, the performance conditions in relation to the performance rights issued during the half-year were not met and, accordingly, the performance rights under employee share plans have not been included as dilutive.

## Note 21. Share-based payments

### Unlisted options

The terms and conditions of options granted are detailed in the 30 June 2019 Annual Report.

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

#### 31 Dec 2019

| 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         | 1,185,000                             | -       | -         | -                         | 1,185,000                           |
| 13/02/2017 | 13/02/2022  | \$2.20         | 45,455                                | -       | -         | -                         | 45,455                              |
|            |             |                | 1,230,455                             | -       | -         | -                         | 1,230,455                           |

#### 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

As detailed in the 30 June 2019 Annual Report, shareholders approved the Big River Industries Limited Rights Plan ('BRIRP') to grant performance rights to certain key executive management personnel.

## Note 21. Share-based payments (continued)

Set out below are summaries of performance rights granted:

### 31 Dec 2019

| 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                             |
| 28/11/2019 | 28/11/2024  | -                                     | 677,590 | -         | -                         | 677,590                             |
|            |             | 341,355                               | 677,590 | -         | -                         | 1,018,945                           |

### 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 22. Events after the reporting period

On 17 February 2020, the Group executed a business purchase deed to acquire the trading business and assets of Pine Design Truss and Timber located in Adelaide, South Australia. The purchase price is \$3,700,000 which includes the acquisition of inventory and plant and equipment. \$3,300,000 is payable at completion with the balance of \$400,000 payable upon achieving agreed EBITDA targets over a two year period.

Apart from the dividend declared as disclosed in note 17, no other matter or circumstance has arisen since 31 December 2019 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 2019 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 stylized, handwritten signature in black ink, consisting of a large loop followed by a horizontal stroke.

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Malcolm Jackman  
Chairman

25 February 2020  
Sydney

A handwritten signature in black ink, appearing to read "Bindon" in a cursive style.

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James Bindon  
Managing Director



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

We have reviewed the accompanying half-year financial report of Big River Industries Limited (the "Company"), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of profit or loss and comprehensive income, the condensed statement of changes in equity and the condensed 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.

### *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 2019 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 Limited, 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 Limited, 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 Limited 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 2019 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 2020