BIG RIVER GROUP PTY LIMITED AND CONTROLLED ENTITIES

ABN: 72 000 009 754

Financial Report For The Year Ended 30 June 2014

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BIG RIVER GROUP PTY LIMITED ABN: 72 000 009 754
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Your directors present their report on the consolidated group for the financial year ended 30 June 2014.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

David Derrick Scanlan
Kyran Thomas Pidcock
Denis William Pidcock
Gregory Ray Laurie
James Bernard Bindon
John Gerald Fitzgerald, appointed (31/07/2013)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The consolidated profit of the consolidated group for the financial year after providing for income tax amounted to $2,861,168 (2013: $1,358,218).

A review of the continuing operations of the consolidated group during the financial year and the results of those operations found

Total revenue for the period was:		$146,694,960
Total expenditure for the period was:		$143,833,792
The major expenditure items being:		
(a)	Raw materials and consumables used	$96,330,391
(b)	Employee benefits expense	$23,291,868
(c)	Depreciation and amortisation expense	$2,127,844
(d)	Finance costs	$1,443,474
(e)	Other expenses	$19,455,459
(e)	Tax expense	$1,184,756

During the financial year the company raised $175,000 through the issue of 175,000 8% preference shares. See Note 19 for more details.

Significant Changes in the State of Affairs

No significant changes in the consolidated group's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the consolidated group during the financial year were the manufacture of veneer, plywood and formply, and the distribution of building supplies. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

Environmental Regulation

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

Dividends paid or declared since the start of the financial year are as follows:

a) Fully franked dividends of $1,247,849 (2013: $1,073,656) were paid during the year.

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

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 on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Kyran Thomas Pidcock	*David Derrick Scanlan*
Director	Director

Dated this 7th day of October 2014

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Big River Group Pty Limited
Trenayr Road
Junction Hill NSW 2460

7 October 2014

Dear Board Members

Big River Group Pty 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 Group Pty Limited.

As lead audit partner for the audit of the financial statements of Big River Group Pty Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Catherine Hill

Catherine Hill
Partner
Chartered Accountants

BIG RIVER GROUP PTY LIMITED ABN: 72 000 009 754
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated Group	
		2014	2013
	Note	$	$
Total revenue	3	146,694,960	132,021,568
Raw materials and consumables used		(96,330,391)	(85,378,751)
Employee benefits expense		(23,291,868)	(22,206,405)
Depreciation and amortisation expense		(2,127,844)	(2,158,694)
Finance costs	4(a)	(1,443,474)	(1,858,832)
Other expenses		(19,455,459)	(18,570,829)
Profit before income tax		4,045,924	1,848,057
Tax expense	5(a)	(1,184,756)	(489,839)
Profit for the year		2,861,168	1,358,218
Other comprehensive income:			
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		2,861,168	1,358,218

The accompanying notes form part of these financial statements.

BIG RIVER GROUP PTY LIMITED ABN: 72 000 009 754
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Consolidated Group 2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	8,504	8,513
Trade and other receivables	9	30,211,879	27,495,470
Inventories	10	16,700,011	16,019,082
Other assets	11	856,008	885,459
TOTAL CURRENT ASSETS		47,776,402	44,408,524
NON-CURRENT ASSETS			
Property, plant and equipment	13	30,368,426	31,233,109
Deferred tax assets	17	1,081,569	985,180
Intangible assets	14	6,016,427	6,016,427
TOTAL NON-CURRENT ASSETS		37,466,422	38,234,716
TOTAL ASSETS		85,242,824	82,643,240
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	22,350,073	20,870,002
Borrowings	16	10,216,665	10,476,759
Current tax liabilities	17	667,682	280,311
Provisions	18	1,482,640	1,451,054
TOTAL CURRENT LIABILITIES		34,717,060	33,078,126
NON-CURRENT LIABILITIES			
Trade and other payables	15	701,852	711,852
Borrowings	16	10,480,058	11,460,230
Provisions	18	1,182,107	1,019,595
TOTAL NON-CURRENT LIABILITIES		12,364,017	13,191,677
TOTAL LIABILITIES		47,081,077	46,269,803
NET ASSETS		38,161,747	36,373,437
EQUITY			
Issued capital	19	3,751,171	3,576,180
Reserves		109,103	109,103
Retained earnings		34,301,473	32,688,154
TOTAL EQUITY		38,161,747	36,373,437

The accompanying notes form part of these financial statements.

BIG RIVER GROUP PTY LIMITED ABN: 72 000 009 754
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

		Share Capital				
		Ordinary	Preference Shares	Retained Earnings	Capital Profits Reserve	Total
	Note	$	$	$	$	$
Consolidated Group						
Balance at 1 July 2012		126,103	1,375,077	32,403,592	109,103	34,013,875
Comprehensive income:						
Profit for the year				1,358,218		1,358,218
Total comprehensive income for the year		-	-	1,358,218	-	1,358,218
Transactions with owners, in their capacity as owners:						
Dividends paid or provided for	7			(1,073,656)		(1,073,656)
Shares issued during the year			2,075,000			2,075,000
Total transactions with owners		-	2,075,000	(1,073,656)	-	1,001,344
Balance at 30 June 2013		126,103	3,450,077	32,688,154	109,103	36,373,437
Balance at 1 July 2013		126,103	3,450,077	32,688,154	109,103	36,373,437
Comprehensive income:						
Profit for the year				2,861,168		2,861,168
Total comprehensive income for the year		-	-	2,861,168	-	2,861,168
Transactions with owners, in their capacity as owners:						
Shares issued during the year			175,000			175,000
Shares redeemed during the year			(9)			(9)
Dividends paid or provided for	7			(1,247,849)		(1,247,849)
Total transactions with owners		-	174,991	(1,247,849)	-	(1,072,858)
Balance at 30 June 2014		126,103	3,625,068	34,301,473	109,103	38,161,747

The accompanying notes form part of these financial statements.

BIG RIVER GROUP PTY LIMITED ABN: 72 000 009 754
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		158,026,391	144,137,579
Interest received		782	3,304
Other receipts		272,269	20,538
Payments to suppliers and employees		(152,505,484)	(136,780,282)
Finance costs		(1,443,474)	(1,858,832)
Income tax paid		(892,992)	(521,645)
Net cash provided by operating activities	21(a)	3,457,492	5,000,662
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		370,307	57,544
Purchase of property, plant and equipment		(1,514,685)	(1,600,930)
Net cash used in investing activities		(1,144,378)	(1,543,386)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		175,000	2,075,000
Payment for shares bought back		(9)	-
Repayment of borrowings		(1,626,975)	(4,372,391)
Dividends paid		(1,247,849)	(1,073,656)
Net cash used in financing activities		(2,699,833)	(3,371,047)
Net increase/(decrease) in cash held		(386,719)	86,229
Cash and cash equivalents at beginning of financial year		(7,873,627)	(7,959,856)
Cash and cash equivalents at end of financial year	8	(8,260,346)	(7,873,627)

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Big River Group Pty Limited and controlled entities (the 'Consolidated Group' or 'Group'). Big River Group Pty Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 7th October 2014 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The Group is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the director's reporting requirements under the Corporations Act 2001.

For the purposes of preparing the financial statements, the Group is a for-profit entity.

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of the AASB101 'Presentation of Financial Statements', AASB107 'Cash Flow Statements', AASB108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB1054 'Australian Additional Disclosures'.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The accounting policies set out below have been consistently applied to all years presented.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Big River Group Pty Limited at the end of the reporting period. A controlled entity is any entity over which Big River Group Pty Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 12 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Income Tax

The Group is a tax-consolidated group under Australian taxation law, of which Big River Group Pty Ltd is the head entity. As a result, members in the group are subject to income tax through their membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the head entity of the tax-consolidated group. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside the profit and loss when the tax relates to items that are recognised outside the profit and loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, and branches, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property, Plant and equipment

Property, plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Buildings	25 to 40 years
Plant and equipment	5 to 25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries as being subject to the requirements of Accounting Standards specifically applicable to financial instruments. Accordingly, such interests are accounted for on a cost basis.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Intangibles Other than Goodwill

Resource Quota

Expenditure for the purchase of a wood supply agreement is amortised over the life of the associated wood supply agreement. Where the term of a wood supply agreement is changed the amount to be amortisation is adjusted accordingly.

(i) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(j) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(l) Revenue and Other Income

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

All revenue is stated net of the amount of goods and services tax.

(m) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(n) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Comparative Figures

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

(r) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *Impairment – general*

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of goodwill at the end of the reporting period.

Key judgments

(i) *Provision for impairment of receivables*

The provision for doubtful debts is based on certain debtors' balance outstanding, contingent upon the length of time payments are in arrears, and insured debts. By adopting this policy, the directors have determined that no further provision is necessary in respect of the current year. Bad debts are written off in the year in which their collectability is determined to be unlikely and after all avenues of recovery have been exhausted based on normal commercial decisions.

(s) Application of New and Revised Accounting Standards

New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

— AASB 2012-2 'Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities'

The Group has applied the amendments to AASB 7 'Disclosures - Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the financial statements.

— AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009- 2011 Cycle'

The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the Group are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

— AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'

This standard makes amendment to AASB 1048 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the financial statements.

— AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013- 9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)

This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors.

As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the financial statements.

In August 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 (as revised in 2011) 'Separate Financial Statements' and AASB 128 (as revised in 2011) 'Investments in Associates and Joint Ventures'. Subsequent to the issue of these standards, amendments to AASB 10, AASB 11 and AASB 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Group has applied for the first time AASB 10, AASB 12 and AASB 128 (as revised in 2011) together with the amendments to AASB 10 and AASB 12 regarding the transitional guidance. AASB 127 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements. The directors have considered the impact of AASB 11 and the adoption of this is not anticipated to have a material impact on the consolidation financial statements.

The impact of the application of these standards is set out below.

— AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee.

The directors have considered the impact of AASB 10 and AASB 2011-7 and the adoption of these are not anticipated to have a material impact on the consolidation financial statements.

— AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries.

The directors have considered the impact of AASB 12 and AASB 2011-7 and the adoption of these are not anticipated to have a material impact on the consolidation financial statements.

— AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

(s) Application of New and Revised Accounting Standards (continued)

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period. Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

— AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

This standard makes amendment to AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards . This standard also clarifies the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

— AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time.

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The adoption of this standard does not have any material impact on the consolidated financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016	30 June 2017
IFRS 9 Financial Instruments	1 January 2018	30 June 2019
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017

Note 2 Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2014	2013
	$	$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	47,810,480	44,479,699
Non-current Assets	38,743,602	39,511,896
TOTAL ASSETS	86,554,082	83,991,595
LIABILITIES		
Current Liabilities	34,718,749	33,116,910
Non-current Liabilities	12,400,362	13,228,024
TOTAL LIABILITIES	47,119,111	46,344,934
EQUITY		
Issued Capital	3,751,171	3,576,180
Retained earnings	35,609,044	33,995,725
Revaluation surplus	74,756	74,756
TOTAL EQUITY	39,434,971	37,646,661
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total profit	2,821,256	1,364,876
Total comprehensive income	2,821,256	1,364,876

Guarantees
Big River Group Pty Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent Liabilities
At 30 June 2014 Big River Group Pty Limited did not have any contingent liabilities.

Contractual Commitments
At 30 June 2014 Big River Group Pty Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2013: Nil).

Note 3 Revenue and Other Income

	Consolidated Group	
	2014	2013
	$	$
Sales revenue:		
— sale of goods	146,446,661	131,999,593
Total sales revenue	146,446,661	131,999,593
Other revenue:		
— interest received (other persons - bank)	782	3,304
— other revenues	247,517	18,671
Total other revenue	248,299	21,975
Total revenue	146,694,960	132,021,568

Note 4 Profit before Income Tax

	Consolidated Group	
	2014	2013
	$	$
Profit before income tax from continuing operations includes the following specific expenses:		
(a) **Expenses**		
Raw materials and consumables used	96,330,392	85,378,751
Interest expense on financial liabilities - external	1,443,474	1,858,832
Bad and doubtful debts - trade receivables	650,449	765,972

Note 5 Tax Expense

	Note	Consolidated Group 2014 $	2013 $
(a) The components of tax expense comprise:			
Current tax		1,284,182	565,053
Deferred tax	17	(96,390)	1,405
Over provision in respect of prior years		(3,036)	(76,619)
		1,184,756	489,839
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)			
— consolidated group		1,213,777	554,417
Add tax effect of:			
— other non-allowable items		13,926	12,041
		1,227,703	566,458
Less tax effect of:			
— capital profits not subject to income tax		39,911	-
— Over-provision for income tax in prior year		3,036	76,619
Income tax attributable to entity		1,184,756	489,839
The applicable weighted average effective tax rates are as follows:		29.3%	26.5%

Note 6 Auditors' Remuneration

	Consolidated Group 2014 $	2013 $
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial statements	88,000	85,950
— taxation services	19,061	21,723
	107,061	107,673

Note 7 Dividends

	Consolidated Group 2014 $	2013 $
Distributions paid:		
— Ordinary Dividends	649,862	656,580
— Preference Dividends	597,987	417,076
	1,247,849	1,073,656
Balance of franking account at year end adjusted for franking credits arising from:		
— dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years	13,511,144	13,152,162

Note 8 Cash and Cash Equivalents

	Note	Consolidated Group 2014 $	2013 $
CURRENT			
Petty Cash Imprest		8,504	8,513
		8,504	8,513
Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		8,504	8,513
Bank overdrafts	16	(8,268,850)	(7,882,140)
		(8,260,346)	(7,873,627)

A floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 16 for further detail.

Note 9 Trade and Other Receivables

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT			
Trade receivables		30,662,832	27,597,900
Provision for impairment	9(a)	(1,099,130)	(914,078)
		29,563,702	26,683,822
Other receivables		633,166	769,783
Other related parties		15,011	41,865
Total current trade and other receivables	9(b)	30,211,879	27,495,470

(a) **Provision for impairment of receivables**
Current trade receivables are generally on 30-day terms and are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in the other expenses item.

(b) **Credit risk**
The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 9. The main source of credit risk to the Group is considered to relate to the class of assets described as 'trade and other receivables'.

Note 10 Inventories

	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT		
At cost:		
Raw materials and stores	2,955,173	2,843,292
Work in progress	139,841	251,722
Finished goods	13,665,482	12,924,068
Provision for obsolescence	(60,485)	-
	16,700,011	16,019,082

Note 11 Other Assets

	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT		
Prepayments	856,008	885,459
	856,008	885,459

Note 12 Controlled Entities

Controlled Entities Consolidated

Subsidiaries of Big River Group Pty Limited:	Country of Incorporation	Percentage Owned (%)* 2014	Percentage Owned (%)* 2013
ACN 062 874 195 Pty Ltd (Formerly East Coast Timber Products Pty Ltd)	Australia	100%	100%
ACN 000 346 752 Pty Ltd (Formerly Big River Timbers (Veneer) Pty Ltd)	Australia	100%	100%

* Percentage of voting power in proportion to ownership

Note 13 Property, Plant and Equipment

	Consolidated Group 2014 $	Consolidated Group 2013 $
LAND AND BUILDINGS		
Freehold land at:		
— Cost	855,701	991,089
Total land	855,701	991,089
Buildings at:		
— Cost	6,352,685	6,267,887
Accumulated depreciation	(1,189,317)	(1,068,644)
Total buildings	5,163,368	5,199,243
Total land and buildings	6,019,069	6,190,332
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	41,942,905	41,023,046
Accumulated depreciation	(17,593,548)	(15,980,269)
Total plant and equipment	24,349,357	25,042,777
Total property, plant and equipment	30,368,426	31,233,109

(a) **Movements in carrying amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold Land $	Buildings $	Plant and Equipment $	Total $
Consolidated Group:				
Balance at 1 July 2012	991,089	5,252,799	25,609,859	31,853,747
Additions	-	83,362	1,517,568	1,600,930
Disposals - written down value	-	-	(62,910)	(62,910)
Depreciation expense	-	(136,918)	(2,021,740)	(2,158,658)
Carrying amount at 30 June 2013	991,089	5,199,243	25,042,777	31,233,109
Additions	-	84,798	1,429,887	1,514,685
Disposals - written down value	(135,388)	-	(116,136)	(251,524)
Depreciation expense	-	(120,673)	(2,007,171)	(2,127,844)
Carrying amount at 30 June 2014	855,701	5,163,368	24,349,357	30,368,426

Note 14 Intangible Assets

	Consolidated Group 2014 $	Consolidated Group 2013 $
Resource Quota	578,817	578,817
Goodwill at cost	5,437,610	5,437,610
Net carrying amount	6,016,427	6,016,427

Note 15 Trade and Other Payables

	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT		
Unsecured liabilities		
Trade payables	18,795,671	17,866,341
Sundry payables and accrued expenses	3,097,818	2,678,272
GST Liability	456,584	325,389
	22,350,073	20,870,002
NON-CURRENT		
Unsecured liabilities - ultimate parent entity	701,852	711,852
	701,852	711,852

Note 16 Borrowings

	Note	Consolidated Group 2014 $	2013 $
CURRENT			
Bank overdraft secured	16(a)	8,268,850	7,882,140
Lease liability secured	16(a), 20	1,352,615	1,459,419
Bank bills secured		595,200	1,135,200
Total current borrowings		10,216,665	10,476,759
NON-CURRENT			
Bank bills secured	16(a)	6,065,400	6,105,600
Lease liability secured	16(a), 20	4,414,658	5,354,630
Total non-current borrowings		10,480,058	11,460,230
Total borrowings		20,696,723	21,936,989

(a) The bank debt is secured by a fixed and floating charge over the assets of the parent entity and controlled entity.

Lease liabilities are secured by the underlying leased assets.

Note 17 Tax

	Consolidated Group 2014 $	2013 $
CURRENT		
Income tax payable	667,682	280,311
TOTAL	667,682	280,311
NON-CURRENT		
Deferred tax asset	1,081,569	985,180
TOTAL	1,081,569	985,180

Note 18 Provisions

Analysis of Provisions	Consolidated Group	
CURRENT	2014	2013
Provision for Holiday Pay	976,023	941,256
Provision for Long Service Leave	506,617	509,798
Total current provisions	1,482,640	1,451,054
NON-CURRENT		
Provision for Long Service Leave	1,182,107	1,019,595
Total non-current provisions	1,182,107	1,019,595

Note 19 Issued Capital

	Consolidated Group 2014 $	2013 $
59,563 (2013: 59,563) fully paid ordinary shares	126,103	126,103
1,375,000 (2013: 1,375,000) fully paid 8% preference shares "REDP"	1,375,000	1,375,000
2,250,000 (2013: 2,075,000) fully paid 8% preference shares "RED2"	2,250,000	2,075,000
Nil (2013: 100) fully paid "B" class preference shares	-	9
581 (2013: 581) fully paid "D" class preference shares	58	58
100 (2013: 100) fully paid "S" class preference shares	10	10
	3,751,171	3,576,180

The company has authorised share capital amounting to 99,400 ordinary shares of no par value.

(a) **Ordinary Shares**

	No.	No.
At the beginning of the reporting period	59,563	59,563
Shares issued during year	-	-
At the end of the reporting period	59,563	59,563

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) **Preference Shares**

	No.	No.
At the beginning of the reporting period	3,450,077	1,375,077
Shares issued during year	175,000	2,075,000
Shares redeemed during year	(9)	-
At the end of the reporting period	3,625,068	3,450,077

During the financial year the company issued 175,000 fully paid 8% preference shares at $1.00 each on 3 July 2013. The preference shares issued by the company have been classified as equity. The 8% preference shares on issue are redeemable at the discretion of the directors and are entitled to a non-cumulative 8% fully franked dividend.

Note 20 Capital and Leasing Commitments

	Note	Consolidated Group 2014 $	2013 $
(a) Finance Lease Commitments			
Payable — minimum lease payments			
— not later than 12 months		1,748,394	1,929,770
— between 12 months and five years		4,829,780	6,078,945
Minimum lease payments		6,578,174	8,008,715
Less future finance charges		(810,901)	(1,194,666)
Present value of minimum lease payments	16	5,767,273	6,814,049

The finance lease commitments are for plant and equipment, which commenced at various starting periods. They are up to 5 years. The leases are financed through National Australia Bank Limited and Australia and New Zealand Banking Group Limited with loan payments paid monthly in advance.

	2014 $	2013 $
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	2,024,188	1,849,777
— between 12 months and five years	3,349,804	4,524,352
— later than five years	97,000	353,000
	5,470,992	6,727,129

The operating lease commitments relate to distribution outlets being rented in various locations across Australia. The leases are of varying lengths between 1 to 10 years. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

Note 21 Cash Flow Information

	Consolidated Group 2014 $	2013 $
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	2,861,168	1,358,218
Non-cash flows in profit		
— depreciation	2,127,844	2,158,694
— net (gain)/loss on disposal of property, plant and equipment	(118,782)	5,366
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
— (increase)/decrease in trade and term debtors	(2,716,409)	(1,289,827)
— (increase)/decrease in other assets	29,451	77,623
— (increase)/decrease in inventories	(680,929)	(243,700)
— (increase)/decrease in deferred tax receivable	(96,389)	1,404
— increase/(decrease) in trade and other payables	1,470,069	2,801,324
— increase/(decrease) in income taxes payable	387,371	(32,171)
— increase/(decrease) in provisions	194,098	163,731
Net cash provided by operating activities	3,457,492	5,000,662

Note 22 Events After the Reporting Period

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

Note 23 Company Details

The registered office of the company is:
Big River Group Pty Limited
Trenayr Road
Junction Hill, NSW 2460

The principal place of business is:
Big River Group Pty Limited
Trenayr Road
Junction Hill, NSW 2460

BIG RIVER GROUP PTY LIMITED ABN: 72 000 009 754
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

As detailed in note 1 to the financial statements, the Group is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Kyran Thomas Pidcock	***David Derrick Scanlan***
Director	Director

Dated this 7th day of October 2014

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the members of Big River Group Pty Limited

We have audited the accompanying financial report, being a special purpose financial report, of Big River Group Pty Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end as set out on pages 4 to 20.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

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

Opinion

In our opinion, the financial report of Big River Group Pty Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Catherine Hill

Catherine Hill
Partner
Chartered Accountants
Parramatta, 7 October 2014