Big River Industries Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Big River Industries Limited
ABN:	72 609 901 377
Reporting period:	For the year ended 30 June 2018
Previous period:	For the year ended 30 June 2017

2. Results for announcement to the market

			$
Revenues from ordinary activities	up	19.1% to	210,910,160
Profit from ordinary activities after tax attributable to the owners of Big River Industries Limited	up	31.8% to	5,176,270
Profit for the year attributable to the owners of Big River Industries Limited	up	31.8% to	5,176,270

	2018 Cents	**2017 Cents**
Basic earnings per share	9.79	13.77
Diluted earnings per share	9.79	13.77
Adjusted basic earnings per share	9.79	9.55
Adjusted diluted earnings per share	9.79	9.55

Adjusted earnings per share
The Company's preference shares were converted on the Initial Public Offer into ordinary shares on a 1 for 1 basis. To provide a more meaningful comparison, the Company has also presented Adjusted earnings per share which shows the impact as though the preference shares were ordinary shares from the date they were issued. Refer to note 36 in the attached financial statements for further details.

Dividends

	Amount per security Cents	**Franked amount per security Cents**
Final dividend paid on 29 September 2017	3.500	3.500
Interim dividend paid on 4 April 2018	3.500	3.500

On 27 August 2018, the directors declared a fully franked final dividend of 3.5 cents per fully paid ordinary share to be paid on 2 October 2018.

Comments
The profit for the Group after providing for income tax amounted to $5,176,270 (30 June 2017: $3,927,681).

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

3. Net tangible assets

	Reporting period Cents	**Previous period Cents**
Net tangible assets per ordinary security	93.72	93.37

Big River Industries Limited

ABN 72 609 901 377

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Directors	Gregory Ray Laurie James Bernard Bindon Martin Kaplan Malcolm Geoffrey Jackman Vicky Papachristos
Company secretaries	Stephen Thomas Parks Julian Rockett
Registered office	Trenayr Road Junction Hill NSW 2460 Tel: 02 6644 0900
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel: 1300 554 474
Auditor	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000
Solicitors	Thomson Geer Level 25 1 O'Connell Street Sydney NSW 2000
Stock exchange listing	Big River Industries Limited shares are listed on the Australian Securities Exchange (ASX code: BRI)
Website	bigrivergroup.com.au
Corporate Governance Statement	bigriverindustries.com.au/Investors/?page=Corporate-Governance

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 year ended 30 June 2018.

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

Gregory Ray Laurie
James Bernard Bindon
Martin Kaplan
Malcolm Geoffrey Jackman
Vicky Papachristos (appointed 4 October 2017)

Principal activities
During the financial 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 year were as follows:

	Consolidated 2018 $	2017 $
A class preference dividend for the period ended 30 June 2017, paid prior to the Group listing	-	2,423,302
Final dividend of 3.5 cents per fully paid ordinary share paid on 29 September 2017	1,840,721	-
Interim dividend of 3.5 cents per fully paid ordinary share paid on 4 April 2018	1,856,538	-
	3,697,259	2,423,302

On 27 August 2018, the directors declared a fully franked final dividend of 3.5 cents per fully paid ordinary share to be paid on 2 October 2018.

Review of operations
Overall revenue for the year ended 30 June 2018 of $210.9 million was up 19.1% from $177.1 million over the previous financial year.

Revenue	2018 $'000	2017 $'000	Change %
Same stores	169,204	167,341	1.1%
Acquisitions (not a full 12 months in both periods)	41,706	9,748	327.8%
Total revenue	210,910	177,089	19.1%

Net profit after tax for the year was $5.2 million, up 31.8% from $3.9 million in the previous year.

The two acquisitions made towards the end of FY2017, along with two further acquisitions made during the 2018 financial year made a positive contribution. EBITDA from these acquisitions was $2.7 million.

On a same-stores basis, distribution activity EBITDA was $9.3 million, a rise of 3.2% over the previous year of $9.0 million.

Contribution from the manufacturing facilities was down $1.3 million on the previous year, mainly due to lower volume, increased energy costs and a delay in the timing of a number of projects.

Overall group EBITDA before acquisition costs for the 2018 financial year was $11.0 million, a rise of 7.2% over the corresponding period last year of $10.2 million before acquisition and initial public offering costs.

Significant changes in the state of affairs
On 24 August 2017, the Group executed a business purchase deed to acquire the business and assets of Midcoast Timbers, a business located in Burleigh West, Queensland. The purchase price was $2,710,732 which includes the acquisition of inventory and plant and equipment and was settled through the payment of $2,410,732 in cash and $300,000 in ordinary shares of Big River Industries Limited.

On 3 November 2017, the Group executed a business purchase deed to acquire the business and assets of Ern Smith Timber & Hardware, a business located in Hume, Australian Capital Territory. The purchase price was $1,720,000 which includes the acquisition of inventory and plant and equipment and was settled through the payment of $1,120,000 in cash and $600,000 in ordinary shares of Big River Industries Limited. The values identified in relation to both acquisitions are final as at 30 June 2018.

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

Matters subsequent to the end of the financial year
Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
The building products market is closely linked to activity levels in the residential, commercial, civil and infrastructure construction industry (comprising both new builds and additions and alterations) in Australia. The industry is cyclical and is sensitive to a broad range of economic and other factors.

The Company has a strong balance sheet and a healthy undrawn banking facility which will continue to support the Company with organic and acquisition growth opportunities.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Gregory Ray Laurie
Title:	Independent Non-Executive Chairman
Qualifications:	Greg holds a Bachelor of Commerce from UNSW and has completed an Advanced Management Programme at the University of Pittsburgh. Greg is a Fellow of the Australian Institute of Company Directors.
Experience and expertise:	Greg has been the Non-Executive Chairman of the Company since March 2017, having formerly served as an independent non-executive director of Big River Group Pty Limited from September 2006 to February 2016. Greg was previously Finance Director of Crane Group Limited from 1989 to 2003.
Other current directorships:	Independent non-executive director and Chairman of the Audit and Risk Committee of Nick Scali Limited and Shriro Holdings Limited
Former directorships (last 3 years):	Former non-executive director of Bradken Limited
Special responsibilities:	Chairman of the Board
Interests in shares:	30,000 ordinary shares (indirectly)
Interests in options:	None

Name:	James Bernard Bindon
Title:	Managing Director and Chief Executive Officer
Qualifications:	James ('Jim') holds a Bachelor of Agricultural Economics (Honours) from the University of New England and a Masters of Business Administration from the University of Queensland. Jim is a member of the Australian Institute of Company Directors.
Experience and expertise:	Jim joined Big River in January 2001 and has been Chief Executive Officer and Managing Director since 2005. He has been a director of Big River Group Pty Limited since July 2005 and a director of the Company since February 2016. Prior to his current role as Chief Executive Officer and Managing Director, Jim was the Chief Financial Officer and Company Secretary from 2001 to 2005. Since working for Big River, Jim has developed and led the Group's strategy to transform Big River from a manufacturing focused business to a diversified provider of timber and building products. Prior to working at Big River, Jim held the position of Business Manager of Sugar and Horticulture at Incitec, where he was responsible for segment profitability, strategy and marketing.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	400,000 ordinary shares (indirectly)
Interests in options:	200,000 options (indirectly)

Name:	Martin Kaplan
Title:	Non-Executive Director
Qualifications:	Martin holds a Bachelor of Commerce degree from the University of Cape Town and is a Chartered Accountant (South Africa & Canada).
Experience and expertise:	Martin has been a Non-Executive Director of the Company since November 2015 and a director of Big River Group Pty Limited since February 2016. Martin is currently an Investment Director of Anacacia Capital Pty Ltd, the management company of the major shareholder Anacacia Partnership II, L.P..
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	Martin is an Investment Director of Anacacia Capital Pty Ltd which manages the interests of Anacacia Partnership II, L.P., a substantial shareholder of the Company. Martin does not have a relevant interest in those shares for the purposes of the Corporations Act 2001.
Interests in options:	None

Name:	Malcolm Geoffrey Jackman
Title:	Independent Non-Executive Director
Qualifications:	Malcolm has a Bachelor of Science in Pure Mathematics and a Bachelor of Commerce in Accounting from Auckland University. He is a fellow of the Australian Institute of Directors and a recipient of the Centenary of Federation Medal.
Experience and expertise:	Malcolm has been an independent Non-Executive Director of the Company since February 2016. Malcolm has also been a director of Big River Group Pty Limited since February 2016. Malcolm is a member of the Anacacia Capital Business Advisory Council. Malcolm is also currently the Chief Executive Officer of SAFECOM (South Australian Fire & Emergency Services Commission) where he is employed in a part-time capacity.
Other current directorships:	Non-executive director of Force Fire Pty Limited (non-listed)
Former directorships (last 3 years):	Non-executive director of Subzero Group Limited
Special responsibilities:	Chairman of the Nomination and Remuneration Committee
Interests in shares:	68,493 ordinary shares (indirectly)
Interests in options:	None

Name:	Vicky Papachristos
Title:	Non-Executive Director
Qualifications:	Vicky holds an Engineering degree from Monash University, an MBA from the Australian Graduate School of Management and is a member of the Australian Institute of Company Directors.
Experience and expertise:	Vicky is an experienced non-executive director and has been involved across various operational, strategic and creative roles with organisations including Shell, Westpac, Coventry and Myer.
Other current directorships:	Non-executive director and Chairman of the Risk Committee of GMHBA Limited and non-executive director of myOwn Health (GMHBA JV with AIA)
Former directorships (last 3 years):	Former non-executive director of Coventry Group Limited and former Chairman of Mount Baw Baw Alpine Resort.
Special responsibilities:	Chairman of the Audit and Risk Committee
Interests in shares:	30,000 ordinary shares (indirectly)
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretaries
Stephen Thomas Parks and Julian Rockett are co-Company Secretaries.

Stephen Thomas Parks (BCom, FIPA)
Steve joined Big River in July 2008 as Chief Financial Officer. Prior to working for Big River, Steve was the Chief Financial Officer and General Manager at WDS International, where he was responsible for controlling operating performance and leading finance and administration functions including forecasting, cash management, treasury, payroll, information technology, general administration and warehouse operations. Prior to this role, Steve worked as Financial Controller for a number of Australasian companies including Brazin, Strathfield Group, Sunshades Eyewear and Noel Leeming. Steve holds a Bachelor of Commerce from the University of Canterbury and is a member of the Australian Institute of Company Directors. Steve is a qualified accountant and is a Fellow of the Institute of Public Accountants.

Julian Rockett (BA, LLB, GDLP)
Julian is a qualified corporate lawyer and listed company secretary. His background in law has included corporate compliance, advising on initial public offerings, mergers and acquisitions, reverse take-overs and capital raising for ASX listed entities. His diverse ASX listed company experience includes supporting fintech, artificial intelligence, medical technology, logistics, equity, mining, energy, technology and commercial property companies.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
G Laurie	11	11	3	3	4	4
J Bindon **	11	11	2	2	4	4
M Kaplan	11	11	3	3	4	4
M Jackman	11	11	3	3	4	4
V Papachristos *	9	9	1	1	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Appointed 4 October 2017
** J Bindon is not a member of the sub-committees but was invited to attend these meetings and his attendance was minuted.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The key management personnel of the Group are the directors of Big River Industries Limited and the following persons:
- Dean Henderson - General Manager - Marketing
- Stephen Parks - Chief Financial Officer (and co-Company Secretary)
- John Lorente - General Manager - Sales and Distribution (appointed 12 February 2018)

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The quality of the directors and executives is a major factor in the overall performance of the Group. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component;
- focusing on sustained growth in shareholder value and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder value; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. Unless otherwise determined by a resolution of Shareholders, the maximum aggregate remuneration payable by the Company to all Non-Executive Directors of the Company for their services as Directors, including their services on a Board Committee or Sub-Committee and including superannuation is limited to $500,000 per annum (in total).

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework currently has two components:
- fixed base salary, including superannuation and non-monetary benefits; and
- short-term performance incentives.

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group.

The short-term incentives ('STI') program is designed to align the targets of the business with the performance hurdles of executives. STI payments granted to executives are at the discretion of the Board and are based on the achievement of certain financial hurdles, principally relating to earnings before interest, tax, depreciation and amortisation ('EBITDA') performance, and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, cash management, customer satisfaction, safety performance, leadership contribution and product management.

The Company has no long term incentive (LTI) plan in place at present. However, the Directors consider that the long-term interests of the senior executives are presently aligned with those of shareholders as these executives, including the Chief Executive Officer and the Chief Financial Officer, are, and will remain, existing shareholders and option holders either directly or through persons or entities nominated by them. Furthermore, the shares and options held by those executives or their nominees are subject to escrow arrangements. In conjunction with remuneration consultants, the Directors have agreed the implementation of an LTI plan to be proposed for the FY2019 year which will be put to the shareholders for approval at the Annual General Meeting.

Consolidated entity performance and link to remuneration
Remuneration for the senior executives is directly linked to the performance of the Group. A portion of their STI is dependent on defined EBITDA targets being met. The remaining portion of the STI is at the discretion of the Nomination and Remuneration Committee based on performance against personal objectives. Refer to the section 'Additional information' below for details of the earnings for the last three years.

Use of remuneration consultants
During the financial year ended 30 June 2018, the Group engaged Godfrey Remuneration Group Pty Limited ('GRG'), remuneration consultants, to independently prepare a report on the market competitiveness of total remuneration packages for selected senior executive roles. GRG were engaged by non-executive directors and report to the Nomination and Remuneration Committee.

In addition, GRG assisted with the preparation of the long-term incentive plan which will be put to the shareholders for approval at the Annual General Meeting to be held on 24 October 2018. GRG were paid a fee of $38,000 for their assistance in these matters.

Voting and comments made at the Company's 2017 Annual General Meeting ('AGM')
At the 21 November 2017 AGM, 99.75% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Accrued long-term benefits	Share-based payments	
2018	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
G Laurie	91,324	-	-	8,676	-	-	100,000
M Kaplan*	-	-	-	-	-	-	-
M Jackman	59,361	-	-	5,639	-	-	65,000
V Papachristos**	47,804	-	-	4,541	-	-	52,345
Executive Directors:							
J Bindon	339,266	-	-	32,230	18,178	-	389,674
Other Key Management Personnel:							
D Henderson	257,383	-	-	24,451	5,101	-	286,935
S Parks	251,388	-	-	23,882	10,730	-	286,000
J Lorente***	117,918	47,000	-	11,202	-	-	176,120
	1,164,444	47,000	-	110,621	34,009	-	1,356,074

* M Kaplan waived his Director's fees (including any committee fee to which he is entitled) until 31 March 2019.
** Remuneration is for the period from date of appointment, 4 October 2017, to 30 June 2018.
*** Remuneration is for the period from date of appointment, 12 February 2018, to 30 June 2018. The cash bonus included a sign-on bonus of $32,000 paid on commencement of employment.

	Short-term benefits			Post-employment benefits	Accrued long-term benefits	Share-based payments	
2017	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
G Laurie***	30,207	-	-	2,870	-	-	33,077
M Kaplan*	-	-	-	-	-	-	-
M Jackman	46,404	-	-	1,193	-	-	47,597
J Samuel**	-	-	-	-	-	-	-
Executive Directors:							
J Bindon	326,342	40,000	-	29,417	9,406	-	405,165
Other Key Management Personnel:							
D Henderson	251,617	22,527	-	26,363	6,125	-	306,632
S Parks	241,555	40,000	-	25,297	7,061	-	313,913
	896,125	102,527	-	85,140	22,592	-	1,106,384

* M Kaplan waived his Director's fees (including any committee fee to which he is entitled) until 31 March 2019.
** Remuneration is for the period from 1 July 2016 to date of resignation, 24 March 2017.
*** Remuneration is for the period from date of appointment, 1 March 2017, to 30 June 2017.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2018	Fixed remuneration 2017	At risk - STI 2018	At risk - STI 2017	At risk - LTI 2018	At risk - LTI 2017
Executive Directors:						
J Bindon	100%	90%	-	10%	-	-
Other Key Management Personnel:						
D Henderson	100%	93%	-	7%	-	-
S Parks	100%	87%	-	13%	-	-
J Lorente	91%	n/a	9%	n/a	-	n/a

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable 2018	Cash bonus paid/payable 2017	Cash bonus forfeited 2018	Cash bonus forfeited 2017
Executive Directors:				
J Bindon	-	32%	100%	68%
Other Key Management Personnel:				
D Henderson	-	39%	100%	61%
S Parks	-	72%	100%	28%
J Lorente	30%	n/a	70%	n/a

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	J Bindon
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	January 2001
Term of agreement:	No fixed term
Details:	Either Jim or the Company may terminate the employment contract by giving 6 months' written notice to the other party.

Name:	D Henderson
Title:	General Manager – Marketing
Agreement commenced:	July 2005
Term of agreement:	No fixed term
Details:	Either Dean or the Company may terminate the employment contract by giving 1 months' written notice to the other party.

Name:	S Parks
Title:	Chief Financial Officer and co-Company Secretary
Agreement commenced:	July 2008
Term of agreement:	No fixed term
Details:	Steve may terminate his employment contract by giving 1 months' written notice to the Company and the Company may terminate the employment contract by giving 4 months' written notice to Steve.

Name:	J Lorente
Title:	General Manager - Sales and Distribution
Agreement commenced:	February 2018
Term of agreement:	No fixed term
Details:	Either John or the Company may terminate the employment contract by giving 3 months' written notice to the other party.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2018.

There were no options over ordinary shares granted to or vested in directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Additional information

The earnings of the Group for the three years to 30 June 2018 are summarised below:

	2018 $	2017 $	2016 $
Sales revenue	210,756,310	176,891,981	71,536,530
EBITDA	10,676,690	8,144,377	(1,085,537)
EBIT	8,180,084	6,175,247	(1,854,145)
Profit/(loss) after income tax	5,176,270	3,927,681	(1,949,368)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
G Laurie	30,000	-	-	-	30,000
M Jackman	68,493	-	-	-	68,493
V Papachristos	-	-	30,000	-	30,000
J Bindon	400,000	-	-	-	400,000
D Henderson	250,000	-	-	-	250,000
S Parks	220,000	-	-	-	220,000
J Lorente	-	-	8,017	-	8,017
	968,493	-	38,017	-	1,006,510

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
J Bindon	200,000	-	-	-	200,000
D Henderson	125,000	-	-	-	125,000
S Parks	100,000	-	-	-	100,000
	425,000	-	-	-	425,000

Options over ordinary shares	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
J Bindon	200,000	-	200,000
D Henderson	125,000	-	125,000
S Parks	100,000	-	100,000
	425,000	-	425,000

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Big River Industries Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
19 February 2016	19 February 2021	$2.00	1,370,000
13 February 2017	13 February 2022	$2.20	45,455
			1,415,455

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Big River Industries Limited issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability 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.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

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.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Gregory Laurie
Chairman

James Bindon
Managing Director

27 August 2018
Sydney

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The Board of Directors
Big River Industries Pty Limited
Trenayr Road
Junction Hill NSW 2460

27 August 2018

Dear Board Members

Big River Industries Pty Limited and Controlled Entities

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 and its Controlled Entities.

As lead audit partner for the audit of the financial statements of Big River Industries Limited and its Controlled Entities for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants

	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue	5	210,910,160	177,089,181
Other income	6	62,075	57,451
Expenses			
Raw materials and consumables used		(151,046,253)	(121,574,190)
Selling and distribution expense		(6,862,377)	(7,155,079)
Employee benefits expense		(28,214,355)	(25,957,380)
Occupancy expense		(8,226,698)	(6,941,724)
General and administration expense		(5,642,004)	(5,276,761)
Acquisition costs		(303,858)	(192,440)
Depreciation and amortisation expense	7	(2,496,606)	(1,969,130)
IPO transaction costs		-	(1,904,681)
Finance costs	7	(791,761)	(923,545)
Profit before income tax expense		7,388,323	5,251,702
Income tax expense	8	(2,212,053)	(1,324,021)
Profit after income tax expense for the year attributable to the owners of Big River Industries Limited	21	5,176,270	3,927,681
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Big River Industries Limited		5,176,270	3,927,681
		Cents	**Cents**
Basic earnings per share	35	9.79	13.77
Diluted earnings per share	35	9.79	13.77

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

	Note	Consolidated 2018 $	Consolidated 2017 $
Assets			
Current assets			
Cash and cash equivalents	9	1,971,251	3,551,708
Trade and other receivables	10	39,080,600	36,845,446
Inventories	11	29,374,599	24,441,759
Other	12	931,003	905,224
Total current assets		71,357,453	65,744,137
Non-current assets			
Property, plant and equipment	13	25,270,255	24,563,327
Intangibles	14	9,183,189	7,420,632
Deferred tax	8	2,307,869	2,333,461
Total non-current assets		36,761,313	34,317,420
Total assets		108,118,766	100,061,557
Liabilities			
Current liabilities			
Trade and other payables	15	34,188,549	30,926,342
Borrowings	16	2,986,719	1,330,804
Income tax	8	726,187	1,186,213
Provisions	17	3,292,534	2,933,597
Total current liabilities		41,193,989	36,376,956
Non-current liabilities			
Borrowings	18	7,441,472	6,239,245
Deferred tax	8	264,000	422,400
Provisions	19	322,825	498,357
Total non-current liabilities		8,028,297	7,160,002
Total liabilities		49,222,286	43,536,958
Net assets		58,896,480	56,524,599
Equity			
Issued capital	20	59,522,743	58,629,873
Accumulated losses	21	(626,263)	(2,105,274)
Total equity		58,896,480	56,524,599

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

Consolidated	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2016	38,460,001	(3,609,653)	34,850,348
Profit after income tax expense for the year	-	3,927,681	3,927,681
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	3,927,681	3,927,681
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 20)	20,169,872	-	20,169,872
Dividends paid (note 22)	-	(2,423,302)	(2,423,302)
Balance at 30 June 2017	58,629,873	(2,105,274)	56,524,599

Consolidated	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2017	58,629,873	(2,105,274)	56,524,599
Profit after income tax expense for the year	-	5,176,270	5,176,270
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	5,176,270	5,176,270
Transactions with owners in their capacity as owners:			
Issue of ordinary shares as consideration for business combinations, net of transaction costs (note 20)	892,870	-	892,870
Dividends paid (note 22)	-	(3,697,259)	(3,697,259)
Balance at 30 June 2018	59,522,743	(626,263)	58,896,480

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

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		229,596,787	189,775,476
Payments to suppliers and employees (inclusive of GST)		(221,193,291)	(182,955,997)
		8,403,496	6,819,479
Other revenue		153,850	197,200
Interest and other finance costs paid		(791,761)	(923,545)
Income taxes paid		(2,804,887)	(1,351,701)
Net cash from operating activities	33	4,960,698	4,741,433
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired	30	(3,530,732)	(5,084,192)
Final payments for prior period's business acquisition		(200,000)	-
Payments for property, plant and equipment	13	(2,058,001)	(1,339,718)
Proceeds from disposal of property, plant and equipment		93,825	132,727
Net cash used in investing activities		(5,694,908)	(6,291,183)
Cash flows from financing activities			
Proceeds from issue of shares	20	-	17,100,001
Share issue transaction costs	20	(7,130)	(614,470)
Proceeds from borrowings		3,400,000	5,020,000
Repayment of borrowings		(500,000)	(12,000,000)
Net lease repayments		(41,858)	(418,487)
Dividends paid	22	(3,697,259)	(2,423,302)
Net cash from/(used in) financing activities		(846,247)	6,663,742
Net increase/(decrease) in cash and cash equivalents		(1,580,457)	5,113,992
Cash and cash equivalents at the beginning of the financial year		3,551,708	(1,562,284)
Cash and cash equivalents at the end of the financial year	9	1,971,251	3,551,708

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 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 27 August 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Big River Industries Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised when the goods are delivered, at which time the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns.

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

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

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'weighted average' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overhead.

Note 2. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	25 to 40 years
Plant and equipment	5 to 25 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of up to 5 years.

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

Note 2. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Note 2. Significant accounting policies (continued)

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Big River Industries Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets.

A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities at fair value, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The Group will adopt this standard from 1 July 2018 but the impact of its adoption is not expected to have any material impact on the amounts recognised in the Group's financial statements.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

The Group will adopt this standard from 1 July 2018 but the impact of its adoption is not expected to have any material impact on the amounts recognised in the Group's financial statements.

Note 2. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be 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 will also be 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 will be 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 will be 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.

The Group will adopt this standard from 1 July 2019. Whilst the directors are yet to finalise the assessment of the impact of AASB 16, it is noted that operating leases will be capitalised on the balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value of the obligation and the rental expense will be replaced with depreciation of the right-of-use asset and interest on the lease liability.

IASB revised Conceptual Framework for Financial Reporting
The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill
The Group assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 4. 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 Annual Report reflects the one operating segment.

Note 5. Revenue

	Consolidated	
	2018	2017
	$	$
Sales revenue		
Sale of goods	210,756,310	176,891,981
Other revenue		
Other revenue	153,850	197,200
Revenue	210,910,160	177,089,181

Note 6. Other income

	Consolidated	
	2018	2017
	$	$
Net gain on disposal of property, plant and equipment	62,075	57,451

Note 7. Expenses

	Consolidated 2018 $	2017 $
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	151,046,253	121,574,190
Depreciation		
Buildings	171,544	179,044
Plant and equipment	1,797,062	1,614,086
Total depreciation	1,968,606	1,793,130
Amortisation		
Customer relationships	528,000	176,000
Total depreciation and amortisation	2,496,606	1,969,130
Finance costs		
Interest and finance charges paid/payable	791,761	923,545
Rental expense relating to operating leases		
Minimum lease payments	2,940,619	2,083,376
Superannuation expense		
Defined contribution superannuation expense	1,761,026	1,576,758
Expenses associated with business combinations		
Transaction costs	303,858	192,439

Note 8. Income tax

	Consolidated 2018 $	Consolidated 2017 $
Income tax expense		
Current tax	2,362,222	2,256,754
Deferred tax - origination and reversal of temporary differences	(132,808)	(784,679)
Adjustment recognised for prior periods	(17,361)	(148,054)
Aggregate income tax expense	2,212,053	1,324,021
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	25,592	(731,879)
Decrease in deferred tax liabilities	(158,400)	(52,800)
Deferred tax - origination and reversal of temporary differences	(132,808)	(784,679)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	7,388,323	5,251,702
Tax at the statutory tax rate of 30%	2,216,497	1,575,511
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-allowable items	12,917	7,602
Research and development	-	(90,482)
Sundry items	-	30,946
	2,229,414	1,523,577
Overprovision from prior period	(17,361)	(199,556)
Income tax expense	2,212,053	1,324,021

	Consolidated 2018 $	Consolidated 2017 $
Amounts credited directly to equity		
Deferred tax assets	-	(184,341)

Note 8. Income tax (continued)

	Consolidated 2018 $	Consolidated 2017 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Impairment of receivables	397,666	349,901
Property, plant and equipment	67,331	66,941
Employee benefits	1,039,570	939,562
IPO capitalised expenses	437,375	583,166
Lease provisions	104,265	148,799
Other provisions and accruals	261,662	245,092
Deferred tax asset	2,307,869	2,333,461
Movements:		
Opening balance	2,333,461	1,386,295
Credited/(charged) to profit or loss	(25,592)	731,879
Credited to equity	-	184,341
Additions through business combinations (note 30)	-	30,946
Closing balance	2,307,869	2,333,461

	Consolidated 2018 $	Consolidated 2017 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Customer relationships	264,000	422,400
Deferred tax liability	264,000	422,400
Amount expected to be settled within 12 months	158,400	158,400
Amount expected to be settled after more than 12 months	105,600	264,000
	264,000	422,400
Movements:		
Opening balance	422,400	-
Credited to profit or loss	(158,400)	(52,800)
Additions through business combinations (note 30)	-	475,200
Closing balance	264,000	422,400

	Consolidated 2018 $	Consolidated 2017 $
Provision for income tax		
Provision for income tax	726,187	1,186,213

Note 9. Current assets - cash and cash equivalents

	Consolidated 2018 $	Consolidated 2017 $
Cash on hand	133,276	11,226
Cash at bank	1,837,975	3,540,482
	1,971,251	3,551,708

Note 10. Current assets - trade and other receivables

	Consolidated 2018 $	Consolidated 2017 $
Trade receivables	38,627,107	36,077,732
Less: Provision for impairment of receivables	(1,325,554)	(1,166,338)
	37,301,553	34,911,394
Other receivables	1,779,047	1,934,052
	39,080,600	36,845,446

Impairment of receivables
The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2018 $	Consolidated 2017 $
0 to 3 months overdue	110,216	277,225
3 to 6 months overdue	231,202	368,748
Over 6 months overdue	984,136	520,365
	1,325,554	1,166,338

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2018 $	Consolidated 2017 $
Opening balance	1,166,338	608,728
Additional provisions recognised	607,302	732,132
Receivables written off during the year as uncollectable	(448,086)	(174,522)
Closing balance	1,325,554	1,166,338

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $18,618,388 as at 30 June 2018 ($15,092,726 as at 30 June 2017).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

Note 10. Current assets - trade and other receivables (continued)

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2018 $	Consolidated 2017 $
0 to 3 months overdue	15,692,563	12,012,160
3 to 6 months overdue	973,174	1,323,958
Over 6 months overdue	1,952,651	1,756,608
	18,618,388	15,092,726

Note 11. Current assets - inventories

	Consolidated 2018 $	Consolidated 2017 $
Raw materials and work in progress - at cost	3,080,195	2,744,897
Finished goods - at cost	26,294,404	21,696,862
	29,374,599	24,441,759

Note 12. Current assets - other

	Consolidated 2018 $	Consolidated 2017 $
Prepayments	408,471	518,115
Deferred expenses	386,388	250,965
Other deposits	136,144	136,144
	931,003	905,224

Note 13. Non-current assets - property, plant and equipment

	Consolidated 2018 $	Consolidated 2017 $
Freehold land - at cost	855,701	855,701
Buildings - at cost	6,025,131	5,832,741
Less: Accumulated depreciation	(434,591)	(263,047)
	5,590,540	5,569,694
Plant and equipment - at cost	21,726,030	19,458,023
Less: Accumulated depreciation	(2,902,016)	(1,320,091)
	18,824,014	18,137,932
	25,270,255	24,563,327

Note 13. Non-current assets - property, plant and equipment (continued)

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

Consolidated	Freehold land $	Buildings $	Plant and equipment $	Total $
Balance at 1 July 2016	855,701	5,547,699	18,457,107	24,860,507
Additions	-	201,039	1,138,679	1,339,718
Additions through business combinations (note 30)	-	-	231,508	231,508
Disposals	-	-	(75,276)	(75,276)
Depreciation expense	-	(179,044)	(1,614,086)	(1,793,130)
Balance at 30 June 2017	855,701	5,569,694	18,137,932	24,563,327
Additions	-	192,390	1,865,611	2,058,001
Additions through business combinations (note 30)	-	-	649,283	649,283
Disposals	-	-	(31,750)	(31,750)
Depreciation expense	-	(171,544)	(1,797,062)	(1,968,606)
Balance at 30 June 2018	855,701	5,590,540	18,824,014	25,270,255

Property, plant and equipment secured under finance leases
Refer to note 27 for further information on property, plant and equipment secured under finance leases.

Note 14. Non-current assets - intangibles

	Consolidated 2018 $	Consolidated 2017 $
Goodwill - at cost	8,303,189	6,012,632
Customer relationships - at cost	1,584,000	1,584,000
Less: Accumulated amortisation	(704,000)	(176,000)
	880,000	1,408,000
	9,183,189	7,420,632

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

Consolidated	Goodwill $	Customer relationships $	Total $
Balance at 1 July 2016	942,699	-	942,699
Additions through business combinations (note 30)	5,069,933	1,584,000	6,653,933
Amortisation expense	-	(176,000)	(176,000)
Balance at 30 June 2017	6,012,632	1,408,000	7,420,632
Additions through business combinations (note 30)	2,290,557	-	2,290,557
Amortisation expense	-	(528,000)	(528,000)
Balance at 30 June 2018	8,303,189	880,000	9,183,189

Note 14. Non-current assets - intangibles (continued)

Impairment testing
Goodwill is allocated to the Group's one operating segment (refer Note 4).

The recoverable amount is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value-in-use calculations:

	2018 %	2017 %
Growth rate	3.0%	3.0%
Discount rate	10.5%	11.0%

The weighted average growth rates used are consistent with forecasts included in industry reports. In addition, management have used gross margins based on past performance and its expectations for the future. Management has considered possible changes in the key assumptions used in the value-in-use calculations and has not identified any reasonably possible change that would cause a material impact in the carrying amount of the Group's cash generating unit.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2018 $	**2017 $**
Trade payables	29,939,728	27,133,222
Goods and services tax payable	577,006	584,786
Other payables and accrued expenses	3,671,815	3,208,334
	34,188,549	30,926,342

Refer to note 23 for further information on financial instruments.

Note 16. Current liabilities - borrowings

	Consolidated	
	2018 $	**2017 $**
Bank bills	2,000,000	500,000
Lease liability	986,719	830,804
	2,986,719	1,330,804

Refer to note 18 for further information on assets pledged as security and financing arrangements.

Refer to note 23 for further information on financial instruments.

Note 17. Current liabilities - provisions

	Consolidated 2018 $	Consolidated 2017 $
Annual leave	1,412,297	1,233,933
Long service leave	1,597,824	1,442,976
Onerous lease	282,413	256,688
	3,292,534	2,933,597

Onerous lease
The provision represents the present value of the estimated costs, net of any sub-lease revenue, that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2018	Onerous lease $
Carrying amount at the start of the year	256,688
Amounts transferred from non-current	174,172
Amounts used	(148,447)
Carrying amount at the end of the year	282,413

Note 18. Non-current liabilities - borrowings

	Consolidated 2018 $	Consolidated 2017 $
Bank bills	5,920,000	4,520,000
Lease liability	1,521,472	1,719,245
	7,441,472	6,239,245

Refer to note 23 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2018 $	Consolidated 2017 $
Bank bills	7,920,000	5,020,000
Lease liability	2,508,191	2,550,049
	10,428,191	7,570,049

Assets pledged as security
The bank bills are secured by first mortgages over the Group's assets.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Note 18. Non-current liabilities - borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2018 $	Consolidated 2017 $
Total facilities		
Bank overdraft and trade finance	6,200,000	6,200,000
Bank bills	22,500,000	23,000,000
Asset finance	4,000,000	4,000,000
	32,700,000	33,200,000
Used at the reporting date		
Bank overdraft and trade finance	-	-
Bank bills	7,920,000	5,020,000
Asset finance	2,508,191	2,550,049
	10,428,191	7,570,049
Unused at the reporting date		
Bank overdraft and trade finance	6,200,000	6,200,000
Bank bills	14,580,000	17,980,000
Asset finance	1,491,809	1,449,951
	22,271,809	25,629,951

Note 19. Non-current liabilities - provisions

	Consolidated 2018 $	Consolidated 2017 $
Long service leave	257,689	259,049
Onerous lease	65,136	239,308
	322,825	498,357

Onerous lease
The provision represents the present value of the estimated costs, net of any sub-lease revenue, that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2018	Onerous lease $
Carrying amount at the start of the year	239,308
Amounts transferred to current	(174,172)
Carrying amount at the end of the year	65,136

Note 20. Equity - issued capital

	Consolidated			
	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	53,043,949	52,592,007	59,522,743	58,629,873

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2016	1,370,001		1,370,001
Issue of shares	13 February 2017	45,455	$1.10	50,000
Conversion of preference shares to ordinary shares on Initial Public Offering 1:1	24 April 2017	37,135,455		37,140,000
Issue of shares as purchase consideration for Adelaide Timber and Building Supplies	24 April 2017	2,397,260	$1.46	3,500,000
Share capital raised	24 April 2017	11,643,836	$1.46	17,000,001
Transaction costs arising on share issue, net of tax				(430,129)
Balance	30 June 2017	52,592,007		58,629,873
Issue of shares as purchase consideration for Midcoast Timbers	5 September 2017	153,059	$1.96	300,000
Issue of shares as purchase consideration for Ern Smith Timber & Hardware	4 December 2017	298,883	$2.01	600,000
Transaction costs arising on share issue, net of tax				(7,130)
Balance	30 June 2018	53,043,949		59,522,743

Movements in A class preference shares

Details	Date	Shares	Issue price	$
Balance	1 July 2016	37,090,000		37,090,000
Issue of shares	13 February 2017	45,455	$1.10	50,000
Conversion of shares on Initial Public Offering	24 April 2017	(37,135,455)		(37,140,000)
Balance	30 June 2017	-		-
Balance	30 June 2018	-		-

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

A class preference shares
The Company's preference shares were converted into ordinary shares on a 1:1 basis on 24 April 2017.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 20. Equity - issued capital (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2017 Annual Report.

Note 21. Equity - accumulated losses

	Consolidated	
	2018 $	2017 $
Accumulated losses at the beginning of the financial year	(2,105,274)	(3,609,653)
Profit after income tax expense for the year	5,176,270	3,927,681
Dividends paid (note 22)	(3,697,259)	(2,423,302)
Accumulated losses at the end of the financial year	(626,263)	(2,105,274)

Note 22. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2018 $	2017 $
A class preference dividend for the period ended 30 June 2017, paid prior to the Group listing	-	2,423,302
Final dividend of 3.5 cents per fully paid ordinary share paid on 29 September 2017	1,840,721	-
Interim dividend of 3.5 cents per fully paid ordinary share paid on 4 April 2018	1,856,538	-
	3,697,259	2,423,302

On 27 August 2018, the directors declared a fully franked final dividend of 3.5 cents per fully paid ordinary share to be paid on 2 October 2018.

Franking credits

	Consolidated	
	2018 $	2017 $
Franking credits available at the reporting date based on a tax rate of 30%	19,507,313	18,286,966
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	726,187	1,186,213
Franking credits available for subsequent financial years based on a tax rate of 30%	20,233,500	19,473,179

Note 23. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures which are not significant. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group is not exposed to any significant foreign currency risk.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The policy is to regularly monitor interest rates and utilise fixed rates for a portion of long-term borrowings when deemed appropriate by the Board.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	2018		2017	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Bank bills	4.92%	7,920,000	4.67%	5,020,000
Net exposure to cash flow interest rate risk		7,920,000		5,020,000

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the Group the bank bills outstanding, totalling $7,920,000 (2017: $5,020,000), are principal and interest payment loans. Monthly cash outlays of approximately $32,472 (2017: $19,536) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2017: 100) basis points would have an adverse/favourable effect on profit before tax of the following:

	Basis points increase			Basis points decrease		
Consolidated - 2018	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Bank bills	(100)	(79,200)	(55,440)	100	79,200	55,440

Note 23. Financial instruments (continued)

	Basis points increase			Basis points decrease		
Consolidated - 2017	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Bank bills	(100)	(50,200)	(35,140)	100	50,200	35,140

The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of $2,000,000 (2017: $500,000) are due during the year ending 30 June 2019 (2017: 30 June 2018).

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has no significant credit risk to any individual customer.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2018 $	**2017 $**
Bank overdraft and trade finance	6,200,000	6,200,000
Bank bills	14,580,000	17,980,000
Asset finance	1,491,809	1,449,951
	22,271,809	25,629,951

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Note 23. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	29,939,728	-	-	-	29,939,728
Other payables	-	2,510,069	-	-	-	2,510,069
Interest-bearing - variable						
Bank bills	4.92%	2,000,000	2,000,000	3,920,000	-	7,920,000
Interest-bearing - fixed rate						
Lease liability	5.25%	1,107,566	822,444	785,749	-	2,715,759
Total non-derivatives		35,557,363	2,822,444	4,705,749	-	43,085,556

Consolidated - 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	27,133,322	-	-	-	27,133,322
Other payables	-	1,762,072	-	-	-	1,762,072
Interest-bearing - variable						
Bank bills	4.67%	500,000	2,000,000	2,731,084	-	5,231,084
Interest-bearing - fixed rate						
Lease liability	5.02%	941,808	940,005	873,692	-	2,755,505
Total non-derivatives		30,337,202	2,940,005	3,604,776	-	36,881,983

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 24. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2018 $	Consolidated 2017 $
Short-term employee benefits	1,211,444	998,652
Post-employment benefits	110,621	85,140
Long-term benefits	34,009	22,592
	1,356,074	1,106,384

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated 2018 $	Consolidated 2017 $
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	174,027	183,253
Other services - Deloitte Touche Tohmatsu		
Due diligence	-	392,294
Taxation	38,352	40,585
	38,352	432,879
	212,379	616,132

Note 26. Contingent liabilities

The Group has given bank guarantees as at 30 June 2018 of $742,975 (2017: $629,262) to various landlords.

Note 27. Commitments

	Consolidated 2018 $	Consolidated 2017 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,344,346	2,230,739
One to five years	6,389,206	4,300,494
More than five years	276,323	383,333
	10,009,875	6,914,566
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	1,107,566	941,808
One to five years	1,608,193	1,813,697
Total commitment	2,715,759	2,755,505
Less: Future finance charges	(207,568)	(205,456)
Net commitment recognised as liabilities	2,508,191	2,550,049
Representing:		
Lease liability - current (note 16)	986,719	830,804
Lease liability - non-current (note 18)	1,521,472	1,719,245
	2,508,191	2,550,049

Operating lease commitments includes contracted amounts for various distribution outlets under non-cancellable operating leases expiring within 1 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.

Note 27. Commitments (continued)

Finance lease commitments includes contracted amounts for various plant and equipment under finance leases expiring within 5 years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 28. Related party transactions

Parent entity
Big River Industries Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during this financial year.

During 2017, the Company paid a management fee to Anacacia Capital Pty Ltd, a director related entity and substantial shareholder of $480,000 for the provision of ongoing services and assistance, and a fee of $960,000 for the provision of support services to Big River Industries Limited to assist the Company with its Initial Public Offering and listing on the ASX.

During 2017, M Jackman, a director, was paid a fee of $25,000 for management consultancy services provided in conjunction with the acquisition of Adelaide Timber and Building Supplies.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018 $	2017 $
Profit after income tax	3,697,259	1,090,021
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	3,697,259	1,090,021

Note 29. Parent entity information (continued)

Statement of financial position

	Parent	
	2018	2017
	$	$
Total current assets	23,212,913	19,274,252
Total non-current assets	41,412,541	41,558,332
Total assets	64,625,454	60,832,584
Total current liabilities	2,000,000	500,000
Total non-current liabilities	5,920,000	4,520,000
Total liabilities	7,920,000	5,020,000
Net assets	56,705,454	55,812,584
Equity		
Issued capital	59,522,743	58,629,873
Accumulated losses	(2,817,289)	(2,817,289)
Total equity	56,705,454	55,812,584

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity is a party to a deed of cross guarantee (refer Note 32) under which it guarantees the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 30. Business combinations

2018
Midcoast Timbers
On 24 August 2017, the Group executed a business purchase deed to acquire the business and assets of Midcoast Timbers, a business located in Burleigh West, Queensland. The purchase price was $2,710,732 which includes the acquisition of inventory and plant and equipment and was settled through the payment of $2,410,732 in cash and $300,000 in ordinary shares of Big River Industries Limited.

Ern Smith Timber & Hardware
On 3 November 2017, the Group executed a business purchase deed to acquire the business and assets of Ern Smith Timber & Hardware, a business located in Hume, Australian Capital Territory. The purchase price was $1,720,000 which includes the acquisition of inventory and plant and equipment and was settled through the payment of $1,120,000 in cash and $600,000 in ordinary shares of Big River Industries Limited.

The values identified in relation to the acquisitions are final as at 30 June 2018.

Note 30. Business combinations (continued)

Details of the acquisitions are as follows:

	Midcoast Timbers Fair value $	Ern Smith Timber & Hardware Fair value $	Total Fair value $
Inventories	506,075	1,037,936	1,544,011
Plant and equipment	143,383	505,900	649,283
Employee benefits	(24,715)	(28,404)	(53,119)
Net assets acquired	624,743	1,515,432	2,140,175
Goodwill	2,085,989	204,568	2,290,557
Acquisition-date fair value of the total consideration transferred	2,710,732	1,720,000	4,430,732
Representing:			
Cash paid or payable to vendor	2,410,732	1,120,000	3,530,732
Big River Industries Limited shares issued to vendor	300,000	600,000	900,000
	2,710,732	1,720,000	4,430,732
Acquisition costs expensed to profit or loss	195,100	108,758	303,858
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	2,710,732	1,720,000	4,430,732
Less: shares issued by Company as part of consideration	(300,000)	(600,000)	(900,000)
Net cash used	2,410,732	1,120,000	3,530,732

2017

Adelaide Timber and Building Supplies
On 1 March 2017, the subsidiary Big River Group Pty Limited, executed a business purchase deed to acquire the business assets of Adelaide Timber and Building Supplies, a business located in Adelaide, South Australia. The purchase price was $7,534,192 which includes inventory and plant and equipment and was settled through the payment of $3,834,192 in cash and the issue of ordinary shares to a value of $3,500,000. A contingent amount of $200,000 is payable upon achieving an agreed EBITDA target.

Sabdia Mitre 10
On 8 March 2017, the subsidiary Big River Group Pty Limited, executed a business purchase deed to acquire the business assets of Sabdia Mitre 10, a business located in Brisbane, Queensland. The purchase price was $1,250,000 which includes inventory and plant and equipment and is settled through the payment of $1,250,000 in cash.

The values identified in relation to the acquisitions are final as at 30 June 2018.

Note 30. Business combinations (continued)

Details of the acquisitions are as follows:

	Adelaide Timber and Building Supplies Fair value $	Sabdia Mitre 10 Fair value $	Total Fair value $
Inventories	1,787,143	1,139,759	2,926,902
Prepayments	161,447	-	161,447
Plant and equipment	121,267	110,241	231,508
Customer relationships	1,584,000	-	1,584,000
Deferred tax asset	30,946	-	30,946
Trade payables	(587,142)	-	(587,142)
Deferred tax liability	(475,200)	-	(475,200)
Employee benefits	(103,154)	-	(103,154)
Accrued expenses	(55,048)	-	(55,048)
Net assets acquired	2,464,259	1,250,000	3,714,259
Goodwill	5,069,933	-	5,069,933
Acquisition-date fair value of the total consideration transferred	7,534,192	1,250,000	8,784,192
Representing:			
Cash paid or payable to vendor	3,834,192	1,250,000	5,084,192
Big River Industries Limited shares issued to vendor	3,500,000	-	3,500,000
Contingent consideration	200,000	-	200,000
	7,534,192	1,250,000	8,784,192
Acquisition costs expensed to profit or loss	150,279	42,160	192,439
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	7,534,192	1,250,000	8,784,192
Less: contingent consideration	(200,000)	-	(200,000)
Less: shares issued by Company as part of consideration	(3,500,000)	-	(3,500,000)
Net cash used	3,834,192	1,250,000	5,084,192

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
ACN 609 939 139 Pty Ltd (formerly known as Big River Group Holdings Pty Limited)	Australia	100.00%	100.00%
Big River Group Pty Limited	Australia	100.00%	100.00%

Note 32. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Big River Industries Limited
Big River Group Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Big River Industries Limited, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and statement of financial position are substantially the same as the Group and therefore have not been separately disclosed.

Note 33. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2018 $	Consolidated 2017 $
Profit after income tax expense for the year	5,176,270	3,927,681
Adjustments for:		
Depreciation and amortisation	2,496,606	1,969,130
Net gain on disposal of property, plant and equipment	(62,075)	(57,451)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(2,235,154)	(4,805,703)
Increase in inventories	(3,388,829)	(2,739,013)
Decrease/(increase) in deferred tax assets	25,592	(731,878)
Decrease/(increase) in other operating assets	(25,779)	98,642
Increase in trade and other payables	3,662,207	6,080,281
Increase/(decrease) in provision for income tax	(460,026)	756,998
Decrease in deferred tax liabilities	(158,400)	(52,800)
Increase in other provisions	130,286	95,546
Increase/(decrease) in other operating liabilities	(200,000)	200,000
Net cash from operating activities	4,960,698	4,741,433

Note 34. Changes in liabilities arising from financing activities

Consolidated	Bank bills $	Lease liability $	Total $
Balance at 1 July 2016	12,000,000	2,968,536	14,968,536
Net cash used in financing activities	(6,980,000)	(418,487)	(7,398,487)
Balance at 30 June 2017	5,020,000	2,550,049	7,570,049
Net cash from/(used in) financing activities	2,900,000	(41,858)	2,858,142
Balance at 30 June 2018	7,920,000	2,508,191	10,428,191

Note 35. Earnings per share

Earnings per share

	Consolidated 2018 $	Consolidated 2017 $
Profit after income tax attributable to the owners of Big River Industries Limited	5,176,270	3,927,681
Preference dividends	-	(2,423,302)
Profit after income tax attributable to the owners of Big River Industries Limited used in calculating basic earnings per share	5,176,270	1,504,379
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	52,888,531	10,921,448
Weighted average number of ordinary shares used in calculating diluted earnings per share	52,888,531	10,921,448
	Cents	**Cents**
Basic earnings per share	9.79	13.77
Diluted earnings per share	9.79	13.77

Options over ordinary shares were excluded from the above calculations as they are not dilutive.

Adjusted earnings per share

	Consolidated 2018 $	Consolidated 2017 $
Profit after income tax attributable to the owners of Big River Industries Limited used in calculating adjusted earnings per share	5,176,270	3,927,681
	Number	Number
Weighted average number of ordinary shares	52,888,531	10,921,448
Weighted average number of preference shares	-	30,188,800
Weighted average number of shares used in calculating adjusted earnings per share	52,888,531	41,110,248
	Cents	Cents
Adjusted basic earnings per share	9.79	9.55
Adjusted diluted earnings per share	9.79	9.55

Options over ordinary shares were excluded from the above calculations as they are not dilutive.

Note 36. Share-based payments

Unlisted options
The Company has granted options to senior managers of the Company, through persons or entities nominated by them. The options will not be listed.

The options are governed by the terms of option deeds (as amended pursuant to deeds of amendment to comply with the ASX Listing Rules) that are on the same or substantially similar terms. The terms of issue of the options are summarised below.

Note 36. Share-based payments (continued)

Exercise
Under the option deeds, the options may be exercised for the exercise price specified on grant of the option (as set out in the table below). The options may only be exercised before the expiry date (as set out in the table below). The options may be exercised by delivering a signed exercise notice and an amount equal to the exercise price multiplied by the number of options being exercised to the address of the Company's solicitors. On exercise, the holder will be issued one ordinary share for each option exercised.

Lapse
The options lapse automatically:
- if the senior management executive who nominated the optionholder ceases to be employed by the Company; or
- at the end of the designated exercise period for the options, unless extended in accordance with the option deeds; or
- if the optionholder ceases to be a holder of ordinary shares in the Company; or
- in the event that a drag along notice or a tag along notice is issued, each option will terminate and lapse with immediate effect upon issue of the drag along notice or the tag along notice and the Company must upon completion of the transaction contemplated, pay an amount to the optionholder equal to the price per share specified in the drag along notice less the exercise price multiplied by the number of options.

Transfer/Dealing
The optionholder cannot dispose, encumber or otherwise deal with their options without the prior written approval of the Board.

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

2018

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

2017

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

The weighted average share price during the financial year was $2.082 (2017: $1.649).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.64 years (2017: 3.64 years).

Note 37. Events after the reporting period

Apart from the dividend declared as disclosed in note 22, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Gregory Laurie Chairman	James Bindon Managing Director

27 August 2018
Sydney

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

Opinion

We have audited the financial report of Big River Industries Limited (the "Entity") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Provisions for impairment of receivables As at 30 June 2018, the Group had trade receivables of $38,627,107 and a provision for impairment against receivables of $1,325,554 as disclosed in Note 10. Given the nature and volume of customers and debtors, there is a considerable level of judgement and degree of estimate involved in determining impairment of receivables. Management determines an impairment provision based on the ageing of receivables, historical collection rates, specific knowledge of the individual debtor's financial position, security provided and applicable debtor insurance cover.	Our audit procedures included, but were not limited to: • Assessing the key controls around management's policies and procedures relating to trade receivables approval processes; • Agreeing the receivables ageing report used by Management to the general ledger; • Assessing all material receivables balances in arrears at year end for impairment by reference to each debtors' historical collection rate, proposed payment plans, security provided and applicable debtor insurance cover; and • Assessing the appropriateness of the trade receivable provisions recorded against the trade receivable balances, for compliance with the Group's provisioning policy. We have also assessed the appropriateness of the disclosures in Note 10 to the financial statements.
Key Audit Matter	**How the scope of our audit responded to the Key Audit Matter**

Impairment assessment of goodwill
 	
As at 30 June 2018, the Group has recognised goodwill of $8,303,189, of which $2,290,557 arose as a result of acquisitions during the current year as disclosed in Note 30.
 	
Management's assessment of the recoverability of goodwill requires them to exercise significant judgement in respect of key assumptions supporting the expected future cash flows, the discount rate and the long term growth rate.
	Our procedures included, but were not limited to:
	• Challenging management's ability to accurately forecast cash flows by assessing the precision of the prior year forecasts against actual outcomes; and
	• Engaging our valuation specialists to assist with:
	  o Comparing the discount rate utilised by management to an independently calculated discount rate;
	  o Comparing the Group's forecast cash flows to the board approved budget, and challenging the growth rates used; and
	  o Performing sensitivity analysis on the growth and discount rates.
	
	We also assessed the appropriateness of the disclosures in Note 14 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Directory and Shareholder Information, which we obtained prior to the date of this auditor's report. This also includes the other information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon), which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Deloitte.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the Director's Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Big River Industries Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Big River Industries Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants
Sydney, 27 August 2018

The shareholder information set out below was applicable as at 3 August 2018.

In accordance with ASX listing rule 4.10.19 the Company confirms that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission to the ASX in a way consistent with its business objectives.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	26
1,001 to 5,000	75
5,001 to 10,000	41
10,001 to 100,000	56
100,001 and over	19
	217
Holding less than a marketable parcel	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
ANACACIA PARTNERSHIP II LP	15,850,001	29.88
NATIONAL NOMINEES LIMITED	10,750,819	20.27
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES FUND I I LP	7,062,056	13.31
PANTHEON INTERNATIONAL PLC	3,892,055	7.34
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES FUND III LP	3,539,834	6.67
SAID BUILDING PRODUCTS GROUP PTY LTD	2,397,260	4.52
ANACACIA PTY LIMITED (WATTLE FUND)	1,999,644	3.77
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,356,365	2.56
PANTHEON MULTI STRATEGY CO-INVESTMENT PROGRAM 2014	854,139	1.61
PANTHEON ASIA FUND VI LP	501,916	0.95
ERN SMITH PTY LTD	298,883	0.56
DEAN JOSEPH HENDERSON & TERESA YOLANDA HENDERSON (THE HENDERSON SUPER FUND)	250,000	0.47
MEGAN ANNE BINDON (THE BINDON FAMILY A/C)	200,000	0.38
VESKAY PTY LTD (VESKAY SUPER FUND A/C)	200,000	0.38
BINDON SUPER PTY LTD (BINDON SUPER FUND A/C)	200,000	0.38
JAMES HIATT & BREE HIATT (THE J&B HIATT SUPER FUND A/C)	160,000	0.30
MICHELLE MARGARET GLANCY (GLANCY FAMILY)	153,059	0.29
CRAIG ANDREW DORWARD & KATRINA LOUISE DORWARD (DORWARD FAM SUPER FUND)	150,000	0.28
DAVID MCFEETER & MARY N BAKER (MCFEETER SUPER FUND A/C)	140,000	0.26
SIXTEENONINE HOLDINGS PTY LTD (SIXTEENONINE INVEST SUPER FUND A/C)	100,000	0.19
	50,056,031	94.37

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	1,415,455	15

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Anacacia Partnership II, LP	31,700,001	59.76
NAOS Asset Management Limited	10,400,819	19.61

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On-market buy-backs

There is no current on-market buy-back in relation to the Company's securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary shares	Upon close of market on 28 August 2018	18,000,001
Ordinary shares	30 September 2018	153,059
Ordinary shares	4 December 2018	298,883
Ordinary shares	31 December 2018	4,948,170
		23,400,113