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 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

			$
Revenues from ordinary activities	up	13.0% to	281,381,909
Profit from ordinary activities after tax attributable to the owners of Big River Industries Limited	down	59.1% to	1,816,303
Profit for the year attributable to the owners of Big River Industries Limited	down	59.1% to	1,816,303

	2021 Cents	2020 Cents
Basic earnings per share	2.58	7.14
Diluted earnings per share	2.58	7.14

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend paid on 6 October 2020	2.40	2.40
Interim dividend paid on 21 April 2021	2.60	2.60

On 24 August 2021, the directors determined a fully franked dividend of 3.00 cents per fully paid ordinary share to be paid on 6 October 2021.

Comments
The profit for the Group after providing for income tax amounted to $1,816,303 (30 June 2020: $4,444,257).

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	63.11	67.48

Calculated as follows:

	Group 2021 $	Group 2020 $
Net assets	94,690,404	71,732,240
Intangibles	(43,809,425)	(29,578,070)
Net tangible assets	50,880,979	42,154,170
Ordinary shares (No.)	80,625,116	62,468,912

4. Control gained over entities

Not applicable.

5. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

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

The last date(s) for receipt of election notices for the dividend or distribution plans: 6 September 2021

6. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion has been issued.

7. Attachments

Details of attachments (if any):

The Annual Report of Big River Industries Limited for the year ended 30 June 2021 is attached.

8. Signed

Signed ______________________________ Date: 24 August 2021

Stephen Parks
Chief Financial Officer and Company Secretary
Sydney

Big River Industries Limited

ABN 72 609 901 377

Annual Report - 30 June 2021

Directors	James Bernard Bindon Malcolm Geoffrey Jackman Martin Kaplan Vicky Papachristos Brendan York
Company secretary	Stephen Thomas Parks
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 14 60 Martin Place 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	The directors and management are committed to conducting the business of Big River Industries Limited in an ethical manner and in accordance with the highest standards of corporate governance. Big River Industries Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report can be found at: 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 2021.

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:

James Bernard Bindon
Malcolm Geoffrey Jackman
Martin Kaplan
Vicky Papachristos
Brendan York

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:

	Group	
	2021 $	2020 $
Final dividend of 2.4 cents per fully paid ordinary share paid on 6 October 2020 (2020: 2.2 cents paid on 6 October 2019)	1,499,254	1,374,316
Interim dividend of 2.6 cents per fully paid ordinary share paid on 21 April 2021	2,017,489	-
	3,516,743	1,374,316

On 24 August 2021, the directors determined a fully franked dividend of 3.0 cents per fully paid ordinary share to be paid on 6 October 2021.

Review of operations
Revenue for the financial year ended 30 June 2021 was $281.4 million, up 13% from $248.9 million the previous financial year. This included three months of revenue contribution from the Timberwood acquisition which was completed at the end of March 2021.

Strong revenue growth came from New Zealand, Victoria and Western Australia, and it was pleasing to see every region grow their EBITDA contribution.

The formwork category was the only area of the business not to grow revenue. Significant exposure to high density unit development and commercial construction, along with international supply chain disruption impacted this category, so the resulting minimal 3% decline in like-for-like revenue was a solid outcome.

Excluding the impact of the Wagga Wagga impairment outlined in the significant changes in the state of affairs below, and other significant items, the Company reported a net profit after tax of $7.8 million, up 67% from $4.7 million in the previous corresponding period.

Acquisition costs were elevated in FY2021 at $1.3 million. The Timberwood acquisition was largest the Company has executed to date and resulted in higher associated legal, financial, advisory and stamp duty costs related to the capital raise and completion of the transaction.

FY2021 also saw the first year in which any share-based remuneration was applicable in accordance with the Long Term Incentive plan adopted by the Board in 2018 resulting in an expense of $0.6m for the full financial year.

	2021 $'000	2020 $'000	%
Revenue	281,382	248,924	13.0%
Operating EBITDA*	22,548	17,288	30.4%
Depreciation and amortisation	(9,415)	(8,343)	12.8%
Earnings before interest and tax ('EBIT')	13,133	8,945	46.8%
Interest	(1,933)	(2,292)	(15.7%)
Net profit before tax ('NPBT')	11,200	6,653	68.3%
Tax	(3,352)	(1,993)	68.2%
NPAT before significant items	7,848	4,660	68.4%
Significant items:			
Wagga Wagga impairment	(8,902)	-	
Acquisition costs	(1,348)	(740)	
Contingent consideration	100	381	
Share-based remuneration	(605)	-	
	(10,755)	(359)	
Tax on above	4,723	143	
Significant Items (net of tax)	(6,032)	(216)	
NPAT	1,816	4,444	

* Operating EBITDA is net profit before interest, taxes, depreciation, amortisation, Wagga Wagga impairment, contingent consideration gain/loss, share-based remuneration and acquisition costs.

After significant items (net of tax) of $6.0 million are deducted, the statutory net profit after tax for the financial year is $1.8 million.

The Wagga Wagga impairment arises from the Company being approved for a $10.0m Government Grant to assist with consolidating its manufacturing operations onto one site based in Grafton NSW and the resulting closure of the Wagga Wagga NSW site in due course.

Operating EBITDA of $22.5 million (prior to significant items) was up 30% on the previous financial year assisted by the acquisition of Timberwood on 29 March 2021.

Novel Coronavirus (COVID-19)
The outbreak of Novel Coronavirus (‘COVID-19’) had no material impact on the Company’s operations for the financial year and the Group was not entitled to any government support.

Significant changes in the state of affairs

On 3 November 2020, the Company announced that it had been approved for a Government Grant totalling $10.0 million under the NSW Governments Bushfire Industry Recovery Package – Sector Development Grants.

The Government Grant will support a consolidation of the Company’s current manufacturing operations onto one site at Grafton NSW which will result in the closure of the Wagga Wagga NSW site.

$7.7 million of the government grant has been offset against associated expenses and presented on a net basis. As part of the site consolidation involves capital expenditure of circa $6.0m on expansion of the Grafton NSW site, the remaining $2.3 million of the government grant will be recognised over the life of those assets as they are acquired.

As a result, the Company has booked a net impairment of the operations at Wagga Wagga NSW of $4.5 million net of tax and the associated government grant.

It is expected that the gradual closure and sale of assets, once complete, will have generated a cash surplus of circa $9.5 million after receipt of the Government Grant, utilisation of an expected future tax benefit from the impaired assets, release of working capital less the payment of cash closure costs, and the additional capital investment expansion at Grafton NSW.

On 7 December 2020, the Group executed a business purchase deed to acquire the business and assets of Timberwood Panels Pty Ltd ('Timberwood'), a business with branches located in Victoria and the Australian Capital Territory.

Completion was effective from 29 March 2021 and the maximum purchase price of $30.1 million, which includes inventory, and plant and equipment, was settled through the payment of $21.0 million in cash, the issue of $4.4 million in ordinary shares of Big River Industries Ltd, with the balance payable upon achieving agreed EBITDA targets over a three year period.

On 15 December 2020, the Company issued 10.6 million ordinary shares at an issue price of $1.35 per share to part fund the acquisition of Timberwood.

On 12 March 2021, the Company issued 4.5 million ordinary shares at an issue price of $1.35 per share to part fund the acquisition of Timberwood.

On 29 March 2021, the Company issued 3.0 million ordinary shares to the vendor of Timberwood at a value of $1.50 per share on completion of the acquisition of Timberwood.

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

On 24 August 2021, the Group executed a business purchase deed to acquire the business and assets of Revolution Wood Panels Pty Ltd, a business located in the Brisbane suburb of Brendale, QLD. The acquisition is subject to certain pre-conditions being met and is expected to complete in early October 2021.

Consideration for the transaction includes a payment of $6.0 million in cash, the issue of $1.0 million in ordinary shares of the Company, and a maximum of $1.0 million in earnout payments over a two-year period, subject to certain profitability targets being met.

The impact of the COVID-19 pandemic is ongoing, and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend determined as discussed above, no other matter or circumstance has arisen since 30 June 2021 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, including any potential impact from COVID-19.

As the COVID-19 situation remains fluid due to continuing changes in government policy and evolving business and customer reactions thereto, as at the date these financial statements are authorised for issue, the directors of the Group consider that the future financial effects of COVID-19 on the Group's operations and operating results cannot be reasonably estimated.

The Group has a strong balance sheet and a healthy undrawn banking facility which will continue to support the Group.

Environmental regulation

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

Information on directors

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. 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:	533,333 ordinary shares (indirectly)
Interests in options:	None

Name:	**Malcolm Geoffrey Jackman**
Title:	Independent Non-Executive Chairman
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 and became Chairman on 31 July 2019. 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.
Other current directorships:	Non-Executive Director of Force Fire Pty Limited (non-listed)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Board and Member of the Nomination and Remuneration Committee and the Audit and Risk Committee
Interests in shares:	120,166 ordinary shares (indirectly)
Interests in options:	None

Name:	**Martin Kaplan**
Title:	Non-Executive Director
Qualifications:	Martin holds a Bachelor of Commerce degree from the University of Cape Town and previously qualified as 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:	Non-Executive Director of Direct Couriers Group Pty Ltd (non-listed)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee and 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:	**Vicky Papachristos**
Title:	Independent 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 of Aussie Broadband Limited, Non-Executive Director of GMHBA Limited and Non-Executive Director of Scale Investors Limited
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Nomination and Remuneration Committee and Chair of the Audit and Risk Committee
Interests in shares:	31,047 ordinary shares (indirectly)
Interests in options:	None

Name:	**Brendan York**
Title:	Non-Executive Director
Qualifications:	Brendan is a Chartered Accountant and has a Bachelor of Business Administration and a Bachelor of Commerce from Macquarie University.
Experience and expertise:	Brendan has been a Non-Executive Director of the Company since October 2019. He is currently a portfolio manager of Naos Asset Management Limited. Brendan was previously the Chief Financial Officer of ASX Listed Enero Group Ltd.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee and the Audit and Risk Committee
Interests in shares:	None
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.

Interests in shares and options are as at the date of this report.

Company Secretary

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.

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 2021, 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
J Bindon *	15	15	4	4	4	4
M Kaplan	15	15	4	4	4	4
M Jackman	15	15	4	4	4	4
V Papachristos	15	15	4	4	4	4
B York	15	15	4	4	4	4

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

* 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, and explains how the Group's performance has driven remuneration outcomes.

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:
- Stephen Parks - Chief Financial Officer and Company Secretary
- John Lorente - General Manager Sales and Marketing

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 operation of incentive plans, including equity-based remuneration plans for senior executives;
- reviewing Board and senior executive succession plans; and
- recommending the appointment of any new directors.

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 achievement of 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 three components:
- fixed base salary, including superannuation and non-monetary benefits;
- short-term performance incentives; and
- long-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 incentive ('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 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 STI's are paid in cash following the end of the financial year and approval from the Nomination and Remuneration Committee. The Nomination and Remuneration Committee retains the discretion to withdraw or amend the STI at any time.

The long-term incentive program ('LTI') is designed to create an alignment between shareholder benefit and the remuneration of selected executives through the issue of Performance Rights. The number of Performance Rights vesting will be determined by reference to the compound annual growth rate ('CAGR') in Earnings Per Share ('EPS') over the vesting period and ranges from nil for less than 3% CAGR in EPS to 100% for greater than 10% CAGR in EPS, subject to an overriding discretion held by the Board. The Board considers CAGR in EPS to be an appropriate performance measure as it aligns with the Group's remuneration policy of creating value and is within the scope of influence of the selected executives.

Group 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 meeting the Board approved Annual Budget for operating EBITDA, and in the event of a senior executive leaving during a financial year, any STI payable is at the discretion of the Nomination and Remuneration Committee. 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 five years.

Use of remuneration consultants
During the financial year ended 30 June 2021, the Group did not engage remuneration consultants.

Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')
At the 28 October 2020 AGM, 99.86% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. 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	Long-term benefits		Share-based payments	
2021	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Total remuner-ation $	Perform-ance rights** $	Total statutory disclosure $
Non-Executive Directors:								
M Kaplan*	-	-	-	-	-	-	-	-
M Jackman	91,324	-	-	8,676	-	100,000	-	100,000
V Papachristos	63,927	-	-	6,073	-	70,000	-	70,000
B York	63,927	-	-	6,073	-	70,000	-	70,000
Executive Directors:								
J Bindon	443,369	199,750	-	25,000	16,855	684,974	269,107	954,081
Other Key Management Personnel:								
S Parks	333,792	111,600	-	25,000	10,067	480,459	117,785	598,244
J Lorente	333,816	111,600	-	25,000	8,292	478,708	117,785	596,493
	1,330,155	422,950	-	95,822	35,214	1,884,141	504,677	2,388,818

* M Kaplan waived his director's fees (including any committee fee to which he is entitled) during the financial year ended 30 June 2021.

** The value of the performance rights was determined as the face value of the performance rights at the grant date. The value disclosed is the portion of the fair value of the rights recognised as an expense in the reporting period. At the date of this report no performance rights have vested and the actual value is nil.

'Long-term benefits' represent movements in accrued long service leave and annual leave entitlements.

Total remuneration paid to non-executive directors for the year ending 30 June 2021 amounted to $240,000 (30 June 2020: $211,422) which is 48.0% (30 June 2020: 42.2%) of the non-executive directors aggregate.

	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payments	
2020	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Total remuner-ation $	Perform-ance rights $	Total statutory disclosure $
Non-Executive Directors:								
G Laurie**	8,781	-	-	834	-	9,615	-	9,615
M Kaplan*	-	-	-	-	-	-	-	-
M Jackman	84,738	-	-	8,050	-	92,788	-	92,788
V Papachristos	61,468	-	-	5,839	-	67,307	-	67,307
B York***	38,093	-	-	3,619	-	41,712	-	41,712
Executive Directors:								
J Bindon	422,981	-	-	24,038	16,564	463,583	-	463,583
Other Key Management Personnel:								
S Parks	318,108	-	-	24,139	19,484	361,731	-	361,731
J Lorente	321,711	-	-	24,393	16,659	362,763	-	362,763
	1,255,880	-	-	90,912	52,707	1,399,499	-	1,399,499

* M Kaplan waived his director's fees (including any committee fee to which he is entitled) during the financial year ended 30 June 2020.
** G Laurie retired on 31 July 2019.
*** Remuneration is for the period from date of appointment, 24 October 2019, to 30 June 2020.

'Long-term benefits' represent movements in accrued long service leave and annual leave entitlements.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2021	2020	2021	2020	2021	2020
Executive Directors:						
J Bindon	51%	100%	21%	-	28%	-
Other Key Management Personnel:						
S Parks	62%	100%	18%	-	20%	-
J Lorente	62%	100%	18%	-	20%	-

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

Name	Maximum STI $	Actual STI $	Cash bonus paid/payable 2021	Cash bonus paid/payable 2020	Cash bonus forfeited 2021	Cash bonus forfeited 2020
Executive Directors:						
J Bindon	211,500	199,750	94%	-	6%	100%
Other Key Management Personnel:						
S Parks	122,400	111,600	91%	-	9%	100%
J Lorente	122,400	111,600	91%	-	9%	100%

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:	Total fixed employment cost ('TFEC') of $470,000 per annum including statutory superannuation contributions. Either Jim or the Company may terminate the employment contract by giving 6 months' written notice to the other party. A Short Term Incentive ('STI') is payable up to 45% of TFEC subject to the achievement of financial hurdles, principally relating to EBITDA performance, and for the achievement of personal business objectives.

Name:	S Parks
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	July 2008
Term of agreement:	No fixed term
Details:	Total fixed employment cost ('TFEC') of $360,000 per annum including statutory superannuation contributions. 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. A Short Term Incentive ('STI') is payable up to 34% of TFEC subject to the achievement of financial hurdles, principally relating to EBITDA performance, and for the achievement of personal business objectives.

Name:	J Lorente
Title:	General Manager - Sales and Marketing
Agreement commenced:	February 2018
Term of agreement:	No fixed term
Details:	Total fixed employment cost ('TFEC') of $360,000 per annum including statutory superannuation contributions. Either John or the Company may terminate the employment contract by giving 3 months' written notice to the other party. A Short Term Incentive ('STI') is payable up to 34% of TFEC subject to the achievement of financial hurdles, principally relating to EBITDA performance, and for the achievement of personal business objectives.

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 2021.

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 2021.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Measurement period/ Vesting date	Expiry date	Fair value per right at grant date
J Bindon	154,024	23 November 2018	30 June 2021	23 November 2023	$1.611
	307,147	28 November 2019	30 June 2022	28 November 2024	$1.076
	222,787	1 December 2020	30 June 2023	1 December 2025	$1.312
S Parks	65,745	23 November 2018	30 June 2021	23 November 2023	$1.611
	134,435	28 November 2019	30 June 2022	28 November 2024	$1.076
	97,511	1 December 2020	30 June 2023	1 December 2025	$1.312
J Lorente	72,107	23 November 2018	30 June 2021	23 November 2023	$1.611
	134,435	28 November 2019	30 June 2022	28 November 2024	$1.076
	97,511	1 December 2020	30 June 2023	1 December 2025	$1.312

Vesting hurdle:
The number of Performance Rights vesting will be determined by reference to the CAGR in EPS over the vesting period of years and ranges from nil for less than 3% CAGR in EPS to 100% for greater than 10% CAGR in EPS, subject to an overriding discretion held by the Board. The Board considers CAGR in EPS to be an appropriate performance measure as it aligns with the Group’s remuneration policy of creating value and is within the scope of influence of the selected executives.

Performance rights granted carry no dividend or voting rights. On exercise of rights, the Board will determine at its discretion whether to settle the exercised rights in shares, cash, or a combination thereof. Performance rights that are not forfeited on cessation of employment will be retained for testing for vesting at the end of the relevant measurement period.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Number of rights granted during the year 2021	Number of rights granted during the year 2020	Number of rights vested during the year 2021	Number of rights vested during the year 2020
J Bindon	222,787	307,147	-	-
S Parks	97,511	134,435	-	-
J Lorente	97,511	134,435	-	-

Additional information

The earnings of the Group for the four years to 30 June 2021 are summarised below:

	2021 $	2020 $	2019 $	2018 $
Sales revenue	281,381,909	248,827,815	217,689,464	210,756,310
Operating EBITDA	22,548,515	17,288,566	9,819,789	10,980,548
Profit/(loss) after income tax (pre-significant items)	7,848,223	4,660,367	4,358,013	5,388,971

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018
Earnings per share pre-significant items (cents per share)	11.15	7.49	8.18	10.19

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					
M Kaplan	-	-	-	-	-
M Jackman	116,112	-	4,054	-	120,166
V Papachristos	30,000	-	1,047	-	31,047
B York	-	-	-	-	-
J Bindon	533,333	-	-	-	533,333
S Parks	320,000	-	-	-	320,000
J Lorente	36,588	-	-	-	36,588
	1,036,033	-	5,101	-	1,041,134

* Disposals/other represents no longer a director or key management personnel during the year, not necessarily a disposal of holding.

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)	-
S Parks	100,000	-	-	(100,000)	-
	300,000	-	-	(300,000)	-

Performance rights holding

The number of performance rights 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	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
J Bindon	461,171	222,787	-	-	683,958
S Parks	200,180	97,511	-	-	297,691
J Lorente	206,542	97,511	-	-	304,053
	867,893	417,809	-	-	1,285,702

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Big River Industries Limited under option outstanding at the date of this report.

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

Grant date	Expiry date	Number under rights
23 November 2018	23 November 2023	341,355
28 November 2019	28 November 2024	677,590
1 December 2020	1 December 2025	541,662
		1,560,607

No person entitled to exercise the performance rights had or has any right by virtue of the performance right 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 2021 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of Big River Industries Limited issued on the exercise of performance rights during the year ended 30 June 2021 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 29 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 29 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 (including Independence Standards) 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

Malcolm Jackman
Chairman

James Bindon
Managing Director

24 August 2021
Sydney

Deloitte Touche Tohmatsu
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Australia

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

24 August 2021

Dear Board Members

Auditor's Independence Declaration to
Big River Industries Limited

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

As lead audit partner for the audit of the financial statements of Big River Industries Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Haynes

David Haynes
Partner
Chartered Accountants

	Note	Group 2021 $	Group 2020 $
Revenue	5	281,381,909	248,924,142
Other income	6	233,935	396,501
Expenses			
Raw materials and consumables used	7	(199,254,023)	(177,340,696)
Selling and distribution expense		(6,459,195)	(6,135,202)
Employee benefits expense		(40,764,482)	(35,741,227)
Occupancy expense		(4,635,285)	(4,789,320)
General and administration expense		(7,339,884)	(7,114,814)
Acquisition costs	7	(1,347,628)	(739,501)
Depreciation and amortisation expense	7	(9,415,244)	(8,343,087)
Impairment of receivables	11	(1,119,101)	(530,010)
Impairment of assets and restructuring costs	8	(8,902,188)	-
Finance costs	7	(1,933,327)	(2,292,120)
Profit before income tax (expense)/benefit		445,487	6,294,666
Income tax (expense)/benefit	9	1,370,816	(1,850,409)
Profit after income tax (expense)/benefit for the year attributable to the owners of Big River Industries Limited	25	1,816,303	4,444,257
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(68,613)	(352,016)
Other comprehensive income for the year, net of tax		(68,613)	(352,016)
Total comprehensive income for the year attributable to the owners of Big River Industries Limited		1,747,690	4,092,241
		Cents	Cents
Basic earnings per share	37	2.58	7.14
Diluted earnings per share	37	2.58	7.14

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

	Note	Group 2021 $	Group 2020 $
Assets			
Current assets			
Cash and cash equivalents	10	7,850,824	8,712,184
Trade and other receivables	11	53,965,125	43,563,921
Inventories	12	54,143,241	38,209,452
Other assets	13	1,585,349	1,130,402
Total current assets		117,544,539	91,615,959
Non-current assets			
Property, plant and equipment	14	20,829,032	27,838,947
Right-of-use assets	15	22,510,409	18,460,358
Intangibles	16	43,809,425	29,578,070
Deferred tax	9	5,075,945	2,524,446
Total non-current assets		92,224,811	78,401,821
Total assets		209,769,350	170,017,780
Liabilities			
Current liabilities			
Trade and other payables	17	41,227,756	38,439,060
Borrowings	18	1,404,374	2,816,267
Lease liabilities	19	7,150,470	5,272,759
Income tax	9	997,660	863,342
Provisions	20	9,218,951	4,491,826
Contingent consideration	21	1,970,114	1,424,042
Other	22	2,324,000	-
Total current liabilities		64,293,325	53,307,296
Non-current liabilities			
Borrowings	18	26,000,000	25,850,000
Lease liabilities	19	18,635,575	16,251,410
Provisions	20	959,896	646,714
Contingent consideration	21	5,190,150	2,230,120
Total non-current liabilities		50,785,621	44,978,244
Total liabilities		115,078,946	98,285,540
Net assets		94,690,404	71,732,240
Equity			
Issued capital	23	93,408,747	69,286,174
Reserves	24	185,779	(350,252)
Retained profits	25	1,095,878	2,796,318
Total equity		94,690,404	71,732,240

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

Group	Issued capital $	Foreign currency translation reserve $	Share-based payments reserve $	Retained profits $	Total equity $
Balance at 1 July 2019	61,325,301	1,764	-	(273,623)	61,053,442
Profit after income tax expense for the year	-	-	-	4,444,257	4,444,257
Other comprehensive income for the year, net of tax	-	(352,016)	-	-	(352,016)
Total comprehensive income for the year	-	(352,016)	-	4,444,257	4,092,241
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 23)	7,960,873	-	-	-	7,960,873
Dividends paid (note 26)	-	-	-	(1,374,316)	(1,374,316)
Balance at 30 June 2020	69,286,174	(350,252)	-	2,796,318	71,732,240

Group	Issued capital $	Foreign currency translation reserve $	Share-based payments reserve $	Retained profits $	Total equity $
Balance at 1 July 2020	69,286,174	(350,252)	-	2,796,318	71,732,240
Profit after income tax benefit for the year	-	-	-	1,816,303	1,816,303
Other comprehensive income for the year, net of tax	-	(68,613)	-	-	(68,613)
Total comprehensive income for the year	-	(68,613)	-	1,816,303	1,747,690
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 23)	24,122,573	-	-	-	24,122,573
Share-based payments (note 38)	-	-	604,644	-	604,644
Dividends paid (note 26)	-	-	-	(3,516,743)	(3,516,743)
Balance at 30 June 2021	93,408,747	(418,865)	604,644	1,095,878	94,690,404

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

	Note	Group 2021 $	Group 2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		305,582,193	274,592,437
Payments to suppliers and employees (inclusive of GST)		(290,973,823)	(256,712,686)
		14,608,370	17,879,751
Other revenue		4,000,000	477,135
Interest and other finance costs paid		(1,719,307)	(2,150,669)
Income taxes paid		(2,741,862)	(1,278,702)
Net cash from operating activities	36	14,147,201	14,927,515
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired	33	(21,023,379)	(4,872,276)
Final payments for prior period's business acquisition		-	(14,697,412)
Payments for contingent consideration	21	(1,253,515)	(250,000)
Payments for property, plant and equipment	14	(1,807,131)	(1,122,021)
Payments for intangibles	16	(384,929)	(973,262)
Proceeds from disposal of property, plant and equipment		142,879	44,489
Net cash used in investing activities		(24,326,075)	(21,870,482)
Cash flows from financing activities			
Proceeds from issue of shares	23	20,410,001	6,096,750
Share issue transaction costs		(1,152,355)	(41,860)
Proceeds from borrowings		150,000	12,330,000
Net lease repayments		(5,274,687)	(4,891,520)
Dividends paid	26	(3,408,777)	(1,374,316)
Net cash from financing activities		10,724,182	12,119,054
Net increase in cash and cash equivalents		545,308	5,176,087
Cash and cash equivalents at the beginning of the financial year		5,895,917	695,983
Effects of exchange rate changes on cash and cash equivalents		5,225	23,847
Cash and cash equivalents at the end of the financial year	10	6,446,450	5,895,917

The above consolidated 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 24 August 2021. 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.

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

AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business
The Group has adopted AASB 2018-6 from 1 July 2020. The standard applies to annual periods beginning on or after 1 July 2020. This standard amends the definition of a business contained in AASB 3 ‘Business Combinations’ thereby affecting whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create goods or services to customers, generating investment income or other income from ordinary activities. The amendments provide guidance to assist entities assess whether a substantive process has been acquired; and adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments apply to asset acquisitions and business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after 1 July 2020. It therefore does not affect prior periods. The standard did not have a material impact on the Group’s financial statements.

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 financial assets and liabilities at fair value through profit or loss.

Note 2. Significant accounting policies (continued)

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 32.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Big River Industries Limited as at 30 June 2021 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.

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Big River Industries Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into the functional currency using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 2. Significant accounting policies (continued)

Revenue recognition
The Group recognises revenue as follows:

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

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

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

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

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

Government grant
Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the periods necessary to match them with the costs that they are intended to compensate.

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

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

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

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

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.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of 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.

Note 2. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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.

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.

Note 2. Significant accounting policies (continued)

Right-of-use assets

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

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

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

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. 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.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of up to 7 years.

Product development

Product development has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the useful life of up to 10 years.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is 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.

Note 2. Significant accounting policies (continued)

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.

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

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Variable lease payments include rent concessions in the form of rent forgiveness or a waiver as a direct consequence of the COVID-19 pandemic and which relate to payments originally due on or before 30 June 2021.

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

Finance costs
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 used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise 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.

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 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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.

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.

During the year, the Group impaired the property, plant and equipment located at Wagga Wagga, NSW. The timing and measurement of the impairment was based on management's estimate and the time frame the plant would remain operational and their assessment of the restructuring costs and realisable value of the Wagga Wagga property, plant and equipment.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into one operating segment as the Group operated mainly 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.

	Revenue from external customers		Geographical non-current assets	
	2021	2020	2021	2020
	$	$	$	$
Australia	254,349,389	223,841,605	66,414,729	53,975,703
New Zealand	27,032,520	24,986,210	20,289,693	21,901,672
	281,381,909	248,827,815	86,704,422	75,877,375

The Group's revenue is generated from sales of building products in Australia and New Zealand. The geographic split of this revenue across all companies is: a) Australia (90%) and b) New Zealand (10%).

There is no single customer with 10% or more of revenue.

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

Note 5. Revenue

	Group	
	2021	2020
	$	$
Revenue from contracts with customers		
Sale of goods	281,381,909	248,827,815
Other revenue		
Other revenue	-	96,327
Revenue	281,381,909	248,924,142

Disaggregation of revenue
Disaggregation of revenue is disclosed in note 4. All of the Group's revenue is recognised at a point in time.

Note 6. Other income

	Group	
	2021	2020
	$	$
Net gain on disposal of property, plant and equipment	133,935	15,693
Remeasurement of contingent consideration*	100,000	380,808
Other income	233,935	396,501

* Remeasurement of contingent consideration represents a portion of acquisition EBITDA earn out requirements not met.

Note 7. Expenses

	Group 2021 $	Group 2020 $
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	199,725,818	177,340,696
Depreciation		
Buildings	167,097	166,355
Plant and equipment	2,879,707	2,487,330
Buildings right-of-use assets	5,787,865	5,005,597
Total depreciation	8,834,669	7,659,282
Amortisation		
Customer relationships	312,289	579,960
Software	246,000	68,000
Product development	22,286	35,845
Total amortisation	580,575	683,805
Total depreciation and amortisation	9,415,244	8,343,087
Finance costs		
Interest and finance charges paid/payable on borrowings	1,047,681	1,452,534
Interest and finance charges paid/payable on lease liabilities	671,626	698,135
Unwind of interest on contingent consideration	214,020	141,451
Finance costs expensed	1,933,327	2,292,120
Unrealised foreign exchange loss		
Unrealised foreign exchange loss	5,237	-
Leases		
Short-term lease payments	-	108,253
Superannuation expense		
Defined contribution superannuation expense	2,453,743	2,253,667
Share-based payments expense		
Share-based payments expense	604,644	-
Expenses associated with business combinations		
Transaction costs	1,347,628	739,501

Note 8. Impairment of assets and restructuring costs

	Group 2021 $	2020 $
Buildings (note 14)	1,841,945	-
Plant and equipment (note 14)	10,431,983	-
Site restoration cost provision	1,738,285	-
Redundancy costs	2,096,010	-
Stock writedowns	469,965	-
	16,578,188	-
Government grant	(7,676,000)	-
Impairment of assets and restructuring costs (per statement of profit or loss)	8,902,188	-
Tax benefit	(4,420,873)	-
Net impact after tax	4,481,315	-

On 3 November 2020, the Company announced that it had been approved for a Government Grant totalling $10.0 million under the NSW Governments Bushfire Industry Recovery Package – Sector Development Grants. The Company since executed the appropriate Funding Deed from The Department of Regional NSW.

The Government Grant will support a consolidation of the Company's current manufacturing operations onto one site at Grafton NSW which will result in the closure of the Wagga Wagga NSW site.

$7.7 million of the government grant has been offset against associated expenses and presented on a net basis. As part of the site consolidation involves capital expenditure of circa $6.0 million on expansion of the Grafton NSW site, the remaining $2.3 million of the government grant will be recognised over the life of those assets as they are acquired.

As a result, the Company has booked a net impairment of the operations at Wagga Wagga NSW of $4.5 million net of tax and the associated government grant.

Note 9. Income tax

	Group 2021 $	Group 2020 $
Income tax expense/(benefit)		
Current tax	2,320,981	2,067,040
Deferred tax - origination and reversal of temporary differences	(4,248,398)	(224,805)
Adjustment recognised for prior periods	556,601	8,174
Aggregate income tax expense/(benefit)	(1,370,816)	1,850,409
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets	(5,260,163)	644,500
Increase/(decrease) in deferred tax liabilities	1,011,765	(869,305)
Deferred tax - origination and reversal of temporary differences	(4,248,398)	(224,805)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit before income tax (expense)/benefit	445,487	6,294,666
Tax at the statutory tax rate of 30%	133,646	1,888,400
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based remuneration	181,393	-
Unwind of contingent consideration	(30,000)	-
Non-assessable government grant	(2,302,800)	-
Sundry items	141,384	(8,719)
	(1,876,377)	1,879,681
Adjustment recognised for prior periods	556,601	8,174
Difference in overseas tax rates	(51,040)	(37,446)
Income tax expense/(benefit)	(1,370,816)	1,850,409

	Group 2021 $	Group 2020 $
Amounts credited directly to equity		
Deferred tax assets	(312,518)	(12,559)

	Group 2021 $	Group 2020 $
Net deferred tax balance		
Deferred tax asset (refer breakdown below)	13,987,092	8,186,466
Deferred tax liability (refer breakdown below)	(8,911,147)	(5,662,020)
Net deferred tax asset (as per statement of financial position)	5,075,945	2,524,446

Note 9. Income tax (continued)

	Group 2021 $	Group 2020 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Allowance for expected credit losses	646,120	505,047
Property, plant and equipment	2,660,162	(127,522)
Employee benefits	1,789,639	1,656,647
Leases	6,913,977	5,690,251
Capital raise expenses	267,087	193,520
Rehabilitation provision	495,900	-
Redundancy provision	802,108	-
Other provisions and accruals	412,099	268,523
Deferred tax asset	13,987,092	8,186,466
Amount expected to be recovered within 12 months	8,995,265	3,911,543
Amount expected to be recovered after more than 12 months	4,991,827	4,274,923
	13,987,092	8,186,466
Movements:		
Opening balance	8,186,466	2,445,584
Credited/(charged) to profit or loss	5,260,163	(644,500)
Credited to equity	312,518	12,559
Additions through business combinations (note 33)	227,945	120,994
Introduction of AASB 16 'Leases'	-	6,251,829
Closing balance	13,987,092	8,186,466

Note 9. Income tax (continued)

	Group 2021 $	Group 2020 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Right-of-use assets	6,542,454	5,377,961
Customer relationships	1,222,821	251,593
Brand	780,000	-
Present value on contingent consideration	365,872	32,466
Deferred tax liability	8,911,147	5,662,020
Amount expected to be settled within 12 months	2,134,026	1,521,147
Amount expected to be settled after more than 12 months	6,777,121	4,140,873
	8,911,147	5,662,020
Movements:		
Opening balance	5,662,020	105,600
Charged/(credited) to profit or loss	1,011,765	(869,305)
Additions through business combinations (note 33)	2,237,362	-
Finalisation of prior period business combination	-	378,803
Introduction of AASB 16 'Leases'	-	6,046,922
Closing balance	8,911,147	5,662,020

	Group 2021 $	Group 2020 $
Provision for income tax		
Provision for income tax	997,660	863,342

The provision for income tax includes $200,189 of allowed payment deferrals.

Note 10. Cash and cash equivalents

	Group 2021 $	Group 2020 $
Current assets		
Cash on hand	3,341,575	1,557,850
Cash at bank	4,509,249	7,154,334
	7,850,824	8,712,184

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	Group 2021 $	Group 2020 $
Balances as above	7,850,824	8,712,184
Bank overdraft and trade finance (note 18)	(1,404,374)	(2,816,267)
Balance as per statement of cash flows	6,446,450	5,895,917

Note 11. Trade and other receivables

	Group 2021 $	Group 2020 $
Current assets		
Trade receivables	47,242,657	43,453,313
Less: Allowance for expected credit losses	(2,153,733)	(1,683,490)
	45,088,924	41,769,823
Other receivables	2,876,201	1,794,098
Government grant	6,000,000	-
	53,965,125	43,563,921

Allowance for expected credit losses
The Group has recognised a loss of $1,119,101 in profit or loss in respect of the expected credit losses for the year ended 30 June 2021 (30 June 2020: loss of $530,010).

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

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Group	2021 %	2020 %	2021 $	2020 $	2021 $	2020 $
Not overdue	0.60%	-	29,831,781	25,777,435	179,159	-
0 to 3 months overdue	1.00%	1.00%	16,553,414	15,312,077	165,534	153,121
3 to 6 months overdue	20.00%	15.00%	992,719	944,689	198,544	141,703
Over 6 months overdue	58.76%	43.20%	2,740,944	3,213,210	1,610,496	1,388,666
			50,118,858	45,247,411	2,153,733	1,683,490

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

Note 12. Inventories

	Group 2021 $	Group 2020 $
Current assets		
Raw materials and work in progress - at cost	3,176,584	3,202,586
Finished goods - at cost	51,252,177	35,244,866
Less: Provision for stock obsolescence	(285,520)	(238,000)
	54,143,241	38,209,452

Note 13. Other assets

	Group 2021 $	Group 2020 $
Current assets		
Prepayments	1,449,205	994,258
Other deposits	136,144	136,144
	1,585,349	1,130,402

Note 14. Property, plant and equipment

	Group 2021 $	Group 2020 $
Non-current assets		
Freehold land - at cost	855,701	855,701
Buildings - at cost	4,226,556	6,052,389
Less: Accumulated depreciation	(933,780)	(766,682)
	3,292,776	5,285,707
Plant and equipment - at cost	24,197,518	28,291,312
Less: Accumulated depreciation	(7,516,963)	(6,593,773)
	16,680,555	21,697,539
	20,829,032	27,838,947

Note 14. 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:

Group	Freehold land $	Buildings $	Plant and equipment $	Plant and equipment under lease $	Total $
Balance at 1 July 2019	855,701	5,443,159	21,672,990	-	27,971,850
Additions	-	8,903	637,305	475,813	1,122,021
Additions through business combinations (note 33)	-	-	1,455,000	-	1,455,000
Disposals	-	-	(28,796)	-	(28,796)
Exchange differences	-	-	(27,443)	-	(27,443)
Transfers in/(out)	-	-	(2,831,719)	2,831,719	-
Depreciation expense	-	(166,355)	(1,596,841)	(890,489)	(2,653,685)
Balance at 30 June 2020	855,701	5,285,707	19,280,496	2,417,043	27,838,947
Additions	-	16,111	1,074,588	716,432	1,807,131
Additions through business combinations (note 33)	-	-	6,517,160	-	6,517,160
Disposals	-	-	(8,944)	-	(8,944)
Exchange differences	-	-	(4,530)	-	(4,530)
Impairment of assets	-	(1,841,945)	(10,431,983)	-	(12,273,928)
Transfers in/(out)	-	-	199,541	(199,541)	-
Depreciation expense	-	(167,097)	(2,395,594)	(484,113)	(3,046,804)
Balance at 30 June 2021	855,701	3,292,776	14,230,734	2,449,821	20,829,032

Note 15. Right-of-use assets

	Group 2021 $	Group 2020 $
Non-current assets		
Buildings - right-of-use	31,752,188	23,465,955
Less: Accumulated depreciation	(9,241,779)	(5,005,597)
	22,510,409	18,460,358

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

Note 15. Right-of-use assets (continued)

Reconciliations

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

Group	Buildings - right-of-use $
Balance at 1 July 2019	-
Recognised on transition to AASB 16	20,723,973
Additions	2,958,718
Exchange differences	(216,736)
Depreciation expense	(5,005,597)
Balance at 30 June 2020	18,460,358
Additions	4,216,156
Additions through business combinations (note 33)	6,206,703
Lease adjustments	(553,988)
Exchange differences	(30,955)
Depreciation expense	(5,787,865)
Balance at 30 June 2021	22,510,409

For other AASB 16 and lease related disclosures, refer to the following:

- note 7 for details of interest on lease liabilities and other lease payments;
- note 14 for plant and equipment under lease;
- note 19 for lease liabilities and maturity analysis at 30 June 2021; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 16. Intangibles

	Group 2021 $	Group 2020 $
Non-current assets		
Goodwill	35,351,455	27,059,018
Customer relationships	6,240,794	2,707,184
Less: Accumulated amortisation	(2,119,971)	(1,808,637)
	4,120,823	898,547
Software - at cost	1,917,841	1,539,129
Less: Accumulated amortisation	(314,000)	(68,000)
	1,603,841	1,471,129
Product development - at cost	191,437	185,221
Less: Accumulated amortisation	(58,131)	(35,845)
	133,306	149,376
Brand - at cost	2,600,000	-
	43,809,425	29,578,070

Note 16. Intangibles (continued)

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

Group	Goodwill $	Customer relationships $	Software $	Product development $	Brand $	Total $
Balance at 1 July 2019	25,193,341	352,000	601,379	149,709	-	26,296,429
Additions	-	-	937,750	35,512	-	973,262
Additions through business combinations (note 33)	2,901,014	-	-	-	-	2,901,014
Finalisation of prior period business combination accounting	(744,381)	1,123,184	-	-	-	378,803
Exchange differences	(290,956)	3,323	-	-	-	(287,633)
Amortisation expense	-	(579,960)	(68,000)	(35,845)	-	(683,805)
Balance at 30 June 2020	27,059,018	898,547	1,471,129	149,376	-	29,578,070
Additions	-	-	378,712	6,216	-	384,928
Additions through business combinations (note 33)	8,338,646	3,538,000	-	-	2,600,000	14,476,646
Exchange differences	(46,209)	(3,435)	-	-	-	(49,644)
Amortisation expense	-	(312,289)	(246,000)	(22,286)	-	(580,575)
Balance at 30 June 2021	35,351,455	4,120,823	1,603,841	133,306	2,600,000	43,809,425

Impairment testing
For the purpose of impairment testing, goodwill and brands are allocated to a group of cash generating units ('CGUs'), which are expected to benefit from the synergies of the business combinations.

The recoverable amount of the group of CGUs has been determined based on value-in-use calculations which use cash flow projections from the financial budgets for the FY2021 financial year as reviewed by the Board.

In preparing the FY2022 budget, due consideration was given to the economic uncertainty associated with COVID-19. The cash flows beyond the budget period have been extrapolated over a further 4 years. The value-in-use calculations have been prepared using a compound revenue growth rate of 2% (30 June 2020: 2%) and terminal growth rate of 2% (30 June 2020: 2%). The post-tax discount rate applied to cash flow projections was 10% (30 June 2020: 11%) which is derived from the Group's weighted average cost of capital, adjusted for varying risk profiles, where appropriate.

The key assumptions used in the value-in-use calculation are based on past experience and the Group's forecast operating and financial performance for the CGUs taking into account the current market and economic conditions, risks, uncertainties and opportunities for improvements.

Management has considered possible changes in the key assumptions used in the value-in-use calculations, and has not identified any reasonable change in assumptions that would lead to an impairment.

The Group believes that the assumptions adopted in the value-in-use calculation reflect an appropriate balance between the Group's experience to date and the uncertainty associated with the COVID-19 pandemic. Accordingly, the Group has concluded that no impairment is required as at 30 June 2021.

Note 17. Trade and other payables

	Group 2021 $	Group 2020 $
Current liabilities		
Trade payables	33,753,292	32,738,564
Goods and services tax payable	615,607	2,626,394
Other payables and accrued expenses	6,858,857	3,074,102
	41,227,756	38,439,060

Refer to note 27 for further information on financial instruments.

The goods and services tax payable includes $nil (2020: $1,775,800) of allowed payment deferrals.

Note 18. Borrowings

	Group 2021 $	Group 2020 $
Current liabilities		
Bank overdraft and trade finance	1,404,374	2,816,267
Non-current liabilities		
Bank bills	26,000,000	25,850,000

Refer to note 27 for further information on financial instruments.

Total secured liabilities
The total secured liabilities are as follows:

	Group 2021 $	Group 2020 $
Bank overdraft and trade finance	1,404,374	2,816,267
Bank bills	26,000,000	25,850,000
	27,404,374	28,666,267

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

Note 18. Borrowings (continued)

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

	Group 2021 $	Group 2020 $
Total facilities		
Bank overdraft and trade finance	18,224,663	19,170,849
Bank bills	36,000,000	26,000,000
Lease facility	3,900,000	3,900,000
	58,124,663	49,070,849
Used at the reporting date		
Bank overdraft and trade finance	1,404,374	2,816,267
Bank bills	26,000,000	25,850,000
Lease facility	2,247,474	2,000,173
	29,651,848	30,666,440
Unused at the reporting date		
Bank overdraft and trade finance	16,820,289	16,354,582
Bank bills	10,000,000	150,000
Lease facility	1,652,526	1,899,827
	28,472,815	18,404,409

Note 19. Lease liabilities

	Group 2021 $	Group 2020 $
Current liabilities		
Lease liability - finance lease	676,476	492,420
Lease liability - right-of-use lease	6,473,994	4,780,339
	7,150,470	5,272,759
Non-current liabilities		
Lease liability - finance lease	1,570,998	1,507,753
Lease liability - right-of-use lease	17,064,577	14,743,657
	18,635,575	16,251,410

Note 19. Lease liabilities (continued)

The following table details the Group's remaining contractual maturity, both current and non-current, for its lease liabilities:

	1 year or less	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Remaining contractual maturities
2021							
Lease liability - finance lease	758,178	738,564	586,396	333,836	-	-	2,416,974
Lease liability - right-of-use lease	7,138,516	6,449,040	4,307,961	3,133,535	2,708,667	1,608,931	25,346,650
	7,896,694	7,187,604	4,894,357	3,467,371	2,708,667	1,608,931	27,763,624
2020							
Lease liability - finance lease	579,327	593,344	573,730	421,562	28,754	-	2,196,717
Lease liability - right-of-use lease	5,372,792	4,862,667	4,080,477	2,486,701	1,534,191	3,037,189	21,374,017
	5,952,119	5,456,011	4,654,207	2,908,263	1,562,945	3,037,189	23,570,734

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

Note 20. Provisions

	Group 2021 $	Group 2020 $
Current liabilities		
Annual leave	2,597,693	2,304,775
Long service leave	2,294,566	2,187,051
Redundancy	2,673,692	-
Rehabilitation	1,653,000	-
	9,218,951	4,491,826
Non-current liabilities		
Long service leave	659,896	646,714
Lease make good	300,000	-
	959,896	646,714

Redundancy
The provision represents the estimated redundancy payments and the associated accrued annual leave and long service leave entitlements payable upon the closure of Wagga Wagga NSW.

Rehabilitation
The provision represents the estimated costs to remove equipment and remediate the site at Wagga Wagga NSW upon closure.

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Note 20. Provisions (continued)

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

Group - 2021	Redundancy $	Rehabilitation $	Lease make good $
Carrying amount at the start of the year	-	-	-
Additions through business combinations (note 33)	-	-	100,000
Provisions recognised	2,673,692	1,738,285	200,000
Amounts used	-	(85,285)	-
Carrying amount at the end of the year	2,673,692	1,653,000	300,000

Note 21. Contingent consideration

	Group	
	2021 $	2020 $
Current liabilities		
Contingent consideration	1,970,114	1,424,042
Non-current liabilities		
Contingent consideration	5,190,150	2,230,120

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2021 $	2020 $
Opening balance	3,654,162	3,615,756
Additions through business combinations (note 33)	4,680,127	600,000
Reassessment of contingent consideration	(100,000)	(380,808)
Unwind of present value interest	214,020	141,451
Payments made during the year	(1,253,515)	(250,000)
Exchange differences	(34,530)	(72,237)
Closing balance	7,160,264	3,654,162

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

Fair value measurement
The below table gives information about how the level 3 fair values measurement of the contingent considerations that are disclosed above and in note 33 are determined (in particular, the valuation technique and inputs used).

Type	Valuation technique	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to value
Contingent consideration through business combinations	The valuation model considers the present value of the expected payments which are determined considering the possible scenarios of forecast EBITDA.	Forecast EBITDA Risk adjusted discount rate	The higher the discount rate, the lower the fair value The higher the amount of EBITDA, the higher the fair value

Note 22. Other

	Group 2021 $	Group 2020 $
Current liabilities		
Deferred revenue	2,324,000	-

Deferred revenue related to the portion of government grant that will be recognised over the life of the associated assets to be acquired.

Note 23. Issued capital

	Group 2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	80,625,116	62,468,912	93,408,747	69,286,174

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2019	54,859,219		61,325,301
Issue of shares	11 July 2019	5,806,429	$1.05	6,096,750
Issue of shares as part consideration to the vendors of Plytech International Limited and Decortech Limited	12 July 2019	1,803,264	$1.05	1,893,427
Transaction costs arising on share issue, net of tax		-	$0.00	(29,304)
Balance	30 June 2020	62,468,912		69,286,174
Issue of shares	6 October 2020	8,313	$1.44	11,993
Issue of shares	15 December 2020	10,600,000	$1.35	14,310,000
Issue of shares	12 March 2021	4,518,519	$1.35	6,100,000
Issue of shares as part consideration to the vendors of Timberwood group	29 March 2021	2,962,963	$1.50	4,444,444
Issue of shares	21 April 2021	66,409	$1.45	95,973
Transaction costs arising on share issue, net of tax		-	$0.00	(839,837)
Balance	30 June 2021	80,625,116		93,408,747

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.

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.

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.

Note 23. Issued capital (continued)

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 2020 Annual Report.

Note 24. Reserves

	Group	
	2021 $	2020 $
Foreign currency translation reserve	(418,865)	(350,252)
Share-based payments reserve	604,644	-
	185,779	(350,252)

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

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

Note 25. Retained profits

	Group	
	2021 $	2020 $
Retained profits at the beginning of the financial year	2,796,318	206,945
Adjustment for change in accounting policy (note 2)	-	(480,568)
Retained profits/(accumulated losses) at the beginning of the financial year - restated	2,796,318	(273,623)
Profit after income tax (expense)/benefit for the year	1,816,303	4,444,257
Dividends paid (note 26)	(3,516,743)	(1,374,316)
Retained profits at the end of the financial year	1,095,878	2,796,318

Note 26. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Group	
	2021	2020
	$	$
Final dividend of 2.4 cents per fully paid ordinary share paid on 6 October 2020 (2020: 2.2 cents paid on 6 October 2019)	1,499,254	1,374,316
Interim dividend of 2.6 cents per fully paid ordinary share paid on 21 April 2021	2,017,489	-
	3,516,743	1,374,316

On 24 August 2021, the directors determined a fully franked dividend of 3.0 cents per fully paid ordinary share to be paid on 6 October 2021.

Franking credits

	Group	
	2021	2020
	$	$
Franking credits available at the reporting date based on a tax rate of 30%	21,362,752	20,743,642
Franking credits that will arise from the payment/(refund) of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	196,191	582,231
Franking credits available for subsequent financial years based on a tax rate of 30%	21,558,943	21,325,873

Note 27. 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 risk and ageing analysis for credit 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.

Note 27. Financial instruments (continued)

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

Group	2021 Weighted average interest rate %	2021 Balance $	2020 Weighted average interest rate %	2020 Balance $
Bank overdraft and trade finance	3.54%	1,404,374	4.10%	2,816,267
Bank bills	3.08%	26,000,000	3.25%	25,850,000
Net exposure to cash flow interest rate risk		27,404,374		28,666,267

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

For the Group the variable rate borrowings outstanding, totalling $27,404,374 (30 June 2020: $28,666,267), are interest only loans. Monthly cash outlays of approximately $70,876 (30 June 2020: $79,632) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (30 June 2020: 100) basis points would have an adverse/favourable effect on profit before tax of the following:

Group - 2021	Basis points increase: Basis points change	Basis points increase: Effect on profit before tax	Basis points increase: Effect on equity	Basis points decrease: Basis points change	Basis points decrease: Effect on profit before tax	Basis points decrease: Effect on equity
Variable rate borrowings	(100)	(274,043)	(191,830)	100	274,043	191,830

Group - 2020	Basis points increase: Basis points change	Basis points increase: Effect on profit before tax	Basis points increase: Effect on equity	Basis points decrease: Basis points change	Basis points decrease: Effect on profit before tax	Basis points decrease: Effect on equity
Variable rate borrowings	(100)	(286,662)	(200,663)	100	286,662	200,663

The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts. No principal repayments are due during the year ending 30 June 2021 or 30 June 2020.

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 adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 11, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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

Note 27. Financial instruments (continued)

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:

	Group 2021 $	Group 2020 $
Bank overdraft and trade finance	16,820,289	16,354,582
Bank bills	10,000,000	150,000
Lease facility	1,652,526	1,899,827
	28,472,815	18,404,409

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

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.

Group - 2021	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	-	33,753,292	-	-	-	33,753,292
Other payables	-	6,858,857	-	-	-	6,858,857
Interest-bearing - variable						
Bank overdraft and trade finance	3.54%	1,404,374	-	-	-	1,404,374
Bank bills	3.08%	800,800	800,800	26,601,693	-	28,203,293
Total non-derivatives		42,817,323	800,800	26,601,693	-	70,219,816

Group - 2020	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	-	32,738,564	-	-	-	32,738,564
Other payables	-	3,074,102	-	-	-	3,074,102
Interest-bearing - variable						
Bank overdraft and trade finance	4.10%	2,816,267	-	-	-	2,816,267
Bank bills	3.25%	840,125	26,480,094	-	-	27,320,219
Total non-derivatives		39,469,058	26,480,094	-	-	65,949,152

Note 27. Financial instruments (continued)

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

Remaining contractual maturities for leases in the current year are now disclosed in non-current liabilities - lease liabilities (refer to note 19).

Note 28. 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:

	Group	
	2021 $	2020 $
Short-term employee benefits	1,753,105	1,255,880
Post-employment benefits	95,822	90,912
Long-term benefits	35,214	52,707
Share-based payments	504,677	-
	2,388,818	1,399,499

Note 29. 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:

	Group	
	2021 $	2020 $
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	199,000	198,600
Other services - Deloitte Touche Tohmatsu		
Taxation	31,125	29,550
Other services	270,320	-
	301,445	29,550
	500,445	228,150

Note 30. Contingent liabilities

The Group has given bank guarantees as at 30 June 2021 of $2,509,386 (30 June 2020: $2,353,231) to various landlords.

Note 31. Related party transactions

Parent entity
Big River Industries Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Note 31. Related party transactions (continued)

Transactions with related parties
During the financial year, the Company paid $47,885 (30 June 2020: $50,000) to Anacacia Capital Pty Ltd, a director related entity and substantial shareholder, as an advisory fee.

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 32. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $	2020 $
Profit after income tax	6,513,394	1,872,041
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	6,513,394	1,872,041

Statement of financial position

	Parent	
	2021 $	2020 $
Total current assets	71,773,850	44,417,962
Total non-current assets	48,916,659	48,398,648
Total assets	120,690,509	92,816,610
Total current liabilities	31	-
Total non-current liabilities	26,000,000	25,850,000
Total liabilities	26,000,031	25,850,000
Net assets	94,690,478	66,966,610
Equity		
Issued capital	93,408,747	69,286,174
Share-based payments reserve	604,644	-
Retained profits/(accumulated losses)	677,087	(2,319,564)
Total equity	94,690,478	66,966,610

Note 32. Parent entity information (continued)

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 35) under which it guarantees the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020.

Under the government grant entitlement, the Company will invest circa $6.0 million of capital expenditure expanding the Grafton NSW site.

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 33. Business combinations

2021

Timberwood Panels Pty Ltd, VIC and ACT
On 7 December 2020, the Group executed a business purchase deed to acquire the business and assets of Timberwood Panels Pty Ltd ('Timberwood'), a business located in Victoria and the Australian Capital Territory. Completion was effective from 29 March 2021 and the maximum purchase price of $30.1 million, which includes inventory and plant and equipment, was settled through the payment of $21.0 million in cash, the issue of $4.4 million of ordinary shares of Big River Industries Limited, with the balance payable upon achieving agreed EBITDA targets over a three year period. The acquisition contributed $15.2 million to revenue and $0.9 million to net profit after tax of the Group for the year ended 30 June 2021. The values identified in relation to the acquisition are provisional as at 30 June 2021.

Note 33. Business combinations (continued)

	Fair value $
Inventories	11,379,989
Prepayments	543,390
Plant and equipment	6,517,160
Right-of-use assets	6,206,703
Customer relationships	3,538,000
Brand name	2,600,000
Deferred tax asset	227,945
Deferred tax liability	(2,237,362)
Employee benefits	(759,818)
Lease make good provision	(100,000)
Lease liability	(6,106,703)
Net assets acquired	21,809,304
Goodwill	8,338,646
Acquisition-date fair value of the total consideration transferred	30,147,950
Representing:	
Cash paid to vendor	21,023,379
Big River Industries Ltd shares issued to vendor on 29 March 2021	4,444,444
Contingent consideration at present value	4,680,127
	30,147,950
Acquisition costs expensed to profit or loss	830,714
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	30,147,950
Less: contingent consideration at present value	(4,680,127)
Less: shares issued by Company as part of consideration on 29 March 2021	(4,444,444)
Net cash used	21,023,379

2020

Big Hammer Building Supplies, Townsville QLD
On 5 July 2019, the Group executed a business purchase deed to acquire the business and assets of Big Hammer Building Supplies, a business located in Townsville, Queensland. The purchase price was $1,974,445 which includes the acquisition of inventory and plant and equipment and was settled through the payment of $1,774,445 in cash. An amount of $200,000 is payable as cash or through the issue of ordinary shares in Big River Industries Limited, at the Group's discretion, upon achieving agreed EBITDA targets over a two year period. As this acquisition combined the operations of an existing business with that of Big Hammer Building Supplies it is not practical to separate the revenue or net profit after tax of the individual businesses after the acquisition.

Pine Design Truss and Timber, Adelaide SA
On 17 February 2020, the Group executed a business purchase deed to acquire the trading business and assets of Pine Design Truss and Timber located in Adelaide, South Australia. The purchase price is $3,498,331 which includes the acquisition of inventory and plant and equipment. $3,098,331 is payable at completion with the balance of $400,000 payable upon achieving agreed EBITDA targets over a two year period. The acquisition contributed $4,830,000 to revenue and $84,000 to net profit after tax of the Group for the year ended 30 June 2020. Revenue and net profit after tax for the Group for the year ended 30 June 2020 would have been $258,224,142 and $4,577,432 respectively, had the Group acquired Pine Design Truss and Timber at the beginning of the financial year.

The values identified in relation to the acquisitions are final as at 30 June 2021.

Note 33. Business combinations (continued)

Details of the acquisitions are as follows:

	Big Hammer Building Supplies Fair value $	Pine Design Truss and Timber Fair value $	Total $
Cash and cash equivalents	500	-	500
Inventories	435,787	962,794	1,398,581
Plant and equipment	220,000	1,235,000	1,455,000
Deferred tax asset	12,343	108,651	120,994
Employee benefits	(41,143)	(362,170)	(403,313)
Net assets acquired	627,487	1,944,275	2,571,762
Goodwill	1,346,958	1,554,056	2,901,014
Acquisition-date fair value of the total consideration transferred	1,974,445	3,498,331	5,472,776
Representing:			
Cash paid or payable to vendor	1,774,445	3,098,331	4,872,776
Contingent consideration	200,000	400,000	600,000
	1,974,445	3,498,331	5,472,776
Acquisition costs expensed to profit or loss	328,886	260,596	589,482
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	1,974,445	3,498,331	5,472,776
Less: cash and cash equivalents	(500)	-	(500)
Less: contingent consideration	(200,000)	(400,000)	(600,000)
Net cash used	1,773,945	3,098,331	4,872,276

Note 34. 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 2021 %	Ownership interest 2020 %
Big River Group Pty Ltd	Australia	100.00%	100.00%
Big River Group (NZ) Limited	New Zealand	100.00%	100.00%
Plytech International Limited	New Zealand	100.00%	100.00%
Decortech Limited	New Zealand	100.00%	100.00%

Note 35. 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

Note 35. Deed of cross guarantee (continued)

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 36. Cash flow information

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

	Group	
	2021 $	2020 $
Profit after income tax (expense)/benefit for the year	1,816,303	4,444,257
Adjustments for:		
Depreciation and amortisation	9,415,244	8,343,087
Impairment of property, plant and equipment	12,273,928	-
Net gain on disposal of property, plant and equipment	(133,935)	(15,693)
Share-based payments	604,644	-
Foreign exchange differences	(286,319)	(219,167)
Interest on contingent consideration	214,020	141,451
Reassessment of contingent consideration	(100,000)	(380,808)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(10,170,432)	(735,040)
Decrease/(increase) in inventories	(4,553,800)	398,279
Decrease in prepayments	88,444	-
Increase in deferred tax	(4,248,398)	(161,883)
Increase in trade and other payables	2,788,696	2,116,031
Increase in provision for income tax	134,317	796,512
Increase in other provisions	3,980,489	200,489
Increase in other operating liabilities	2,324,000	-
Net cash from operating activities	14,147,201	14,927,515

Non-cash investing and financing activities

	Group	
	2021 $	2020 $
Additions to the right-of-use assets	4,216,156	2,958,718
Shares issued under dividend reinvestment plan	107,966	-
Shares issued in relation to business combinations	4,444,444	1,893,427
	8,768,566	4,852,145

Note 36. Cash flow information (continued)

Changes in liabilities arising from financing activities

Group	Bank bills $	Lease liability $	Total $
Balance at 1 July 2019	13,520,000	2,269,223	15,789,223
Net cash from/(used in) financing activities	12,330,000	(4,891,520)	7,438,480
Leases recognised on the adoption of AASB 16	-	21,409,449	21,409,449
Acquisition of leases	-	2,958,718	2,958,718
Exchange differences	-	(221,701)	(221,701)
Balance at 30 June 2020	25,850,000	21,524,169	47,374,169
Net cash from/(used in) financing activities	150,000	(5,506,995)	(5,356,995)
Acquisition of leases	-	4,216,156	4,216,156
Changes through business combinations (note 33)	-	6,106,703	6,106,703
Lease adjustments	-	(553,988)	(553,988)
Balance at 30 June 2021	26,000,000	25,786,045	51,786,045

Note 37. Earnings per share

	Group 2021 $	2020 $
Profit after income tax attributable to the owners of Big River Industries Limited	1,816,303	4,444,257
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	70,359,025	62,256,070
Weighted average number of ordinary shares used in calculating diluted earnings per share	70,359,025	62,256,070
	Cents	**Cents**
Basic earnings per share	2.58	7.14
Diluted earnings per share	2.58	7.14

Options over ordinary shares were excluded from the above calculations as they are not dilutive. As at 30 June 2020, the performance conditions in relation to the performance rights issued during the year were not met and, accordingly, the performance rights under employee share plans have not been included as dilutive.

Note 38. 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 38. 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:

2021

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	1,185,000	-	-	(1,185,000)	-
13/02/2017	13/02/2022	$2.20	45,455	-	-	(45,455)	-
			1,230,455	-	-	(1,230,455)	-

2020

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

The weighted average share price during the financial year was $1.639 (30 June 2020: $1.2155).

The weighted average remaining contractual life of options outstanding at the end of the financial year was nil years (30 June 2020: 0.68 years).

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

The number of performance rights vesting is determined by reference to the compound annual growth rate ('CAGR') in earnings per share ('EPS') over the vesting period and ranges from nil for less than 3% CAGR in EPS to 100% for greater than 10% CAGR in EPS, subject to overriding discretion held by the Board.

Note 38. Share-based payments (continued)

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

2021

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23/11/2018	23/11/2023	341,355	-	-	-	341,355
28/11/2019	28/11/2024	677,590	-	-	-	677,590
01/12/2020	01/12/2025	-	541,662	-	-	541,662
		1,018,945	541,662	-	-	1,560,607

2020

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23/11/2018	23/11/2023	341,355	-	-	-	341,355
28/11/2019	28/11/2024	-	677,590	-	-	677,590
		341,355	677,590	-	-	1,018,945

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.86 years (30 June 2020: 4.07 years).

Valuation model inputs
For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Dividend yield	Risk-free interest rate	Fair value at grant date
01/12/2020	01/12/2025	$1.45	3.31%	0.41%	$1.312

Note 39. Events after the reporting period

On 24 August 2021, the Group executed a business purchase deed to acquire the business and assets of Revolution Wood Panels Pty Ltd, a business located in the Brisbane suburb of Brendale, QLD. The acquisition is subject to certain pre-conditions being met and is expected to complete in early October 2021.

Consideration for the transaction includes a payment of $6.0 million in cash, the issue of $1.0 million in ordinary shares of the Company, and a maximum of $1.0 million in earnout payments over a two-year period, subject to certain profitability targets being met.

The impact of the COVID-19 pandemic is ongoing, and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend determined as disclosed in note 26, no other matter or circumstance has arisen since 30 June 2021 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 2021 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 35 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

Malcolm Jackman
Chairman

James Bindon
Managing Director

24 August 2021
Sydney

Deloitte.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Big River Industries Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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:

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 Company, 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 for 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
Restructuring of Wagga Wagga plant In the year ended 30 June 2021, the Group recognised \$16.6m worth of expenses relating to the restructuring of the Wagga Wagga plant consisting of \$12.3m of asset impairment, \$2.1m of redundancy costs, \$1.7m of site restoration costs and \$0.5m of inventory write downs. As disclosed in Note 3, the Group's assessment of the timing and measurement of the Wagga Wagga plant closure, in accordance with AASB 136 *Impairment of assets and AASB 137 "Provisions, Contingent Liabilities and Contingent Assets",* involves accounting estimates and judgements. The measurement of the restructuring provision and impairment of plant assets requires the estimation of the future costs/liabilities and the recoverable amount of the Wagga Wagga property, plant and equipment.	Our procedures included, but were not limited to: • Evaluating the design and implementation of the relevant controls relating to the estimation of restructuring costs and determining the recoverable amount of the Wagga property, plant and equipment; • Challenging management's key estimates in the restructuring provision including the timing and measurement of the restoration costs and contingencies and recoverable amount of property, plant and equipment. • Assessing the management's determination of the level of the cash generating unit, and the assessment of whether the Wagga Wagga asset was a disposal group; • Assessing management's impairment assessment model and considering the reasonableness of management's conclusions; and • Assessing the appropriateness of the disclosures in Note 8 *Impairment of assets* and Note 20 *Provisions* 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, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman and Managing Director's Report and Corporate Details, 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.

When we read the Chairman and Managing Director's Report and Corporate Details, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view 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 ability of the Group 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 has 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 skepticism 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, actions taken to eliminate threats or safeguards applied.

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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 8 to 14 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Big River Industries Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company 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

David Haynes

David Haynes
Partner
Chartered Accountants

Sydney, 24 August 2021

The shareholder information set out below was applicable as at 12 August 2021.

Distribution of equitable securities

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

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	126	0.06
1,001 to 5,000	98	0.31
5,001 to 10,000	34	0.31
10,001 to 100,000	58	2.91
100,001 and over	32	96.41
	348	100.00
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
NATIONAL NOMINEES LIMITED	26,412,854	32.76
ANACACIA PARTNERSHIP II LP	13,550,001	16.81
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES FUND I I LP	6,037,278	7.49
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,211,091	5.22
PANTHEON INTERNATIONAL PLC	3,327,277	4.13
BNP PARIBAS NOMINEES PTY LTD (AGENCY LENDING DRP A/C)	3,202,935	3.97
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES FUND III LP	3,026,167	3.75
CITICORP NOMINEES PTY LIMITED	2,714,066	3.37
GRANJE PTY LTD (PARSONSON FAMILY)	2,222,222	2.76
CS THIRD NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 13 A/C)	1,968,586	2.44
SAID BUILDING PRODUCTS GROUP PTY LTD	1,604,785	1.99
ANACACIA PTY LIMITED (WATTLE FUND)	1,558,295	1.93
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,297,771	1.61
DENIS WILLIAM JAGGAR & CHRISTINE PAULA JAGGAR (NIKAU POINT)	901,632	1.12
PAUL HARVEY WEBBER & SUSAN MARGARET WEBBER (CADENZA)	901,632	1.12
IAIN OWUSU ANASH AGYEMAN (AGYEMAN FAMILY)	740,741	0.92
PANTHEON MULTI STRATEGY CO-INVESTMENT PROGRAM 2014	730,195	0.91
ANACACIA PTY LTD	555,556	0.69
PANTHEON ASIA FUND VI LP	429,083	0.53
MEGAN ANNE BINDON (THE BINDON FAMILY A/C)	319,048	0.40
	75,711,215	93.92

Unquoted equity securities

	Number on issue	Number of holders
Performance rights	1,560,607	5

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

	Ordinary shares	
	Number held	% of total shares issued
ANACACIA PARTNERSHIP II LP	27,100,001	33.61
NAOS ASSET MANAGEMENT LIMITED	24,797,573	30.76
KINETIC INVESTMENT PARTNERS LIMITED	4,035,448	5.01

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.