

Broo Limited

ACN 060 793 099

Annual Report - 30 June 2020

Broo Limited
Contents
30 June 2020

Corporate directory	2
Directors' report	3
Auditor's independence declaration	12
Statement of profit or loss and other comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Statement of cash flows	16
Notes to the financial statements	17
Directors' declaration	46
Independent auditor's report to the members of Broo Limited	47
Shareholder information	51

General information

The financial statements cover Broo Limited as a consolidated entity consisting of Broo Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Broo Limited's functional and presentation currency.

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

20 Langtree Avenue
MILDURA VIC 3500

A description of the nature of the consolidated entity'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 18 September 2020. The directors have the power to amend and reissue the financial statements.

Broo Limited
Corporate directory
30 June 2020

Directors	Kent Grogan (Chairman and Executive Director) Mathew Boyes (Non-Executive Director) Matthew Newberry (Non-Executive Director)
Company secretary	Justyn Stedwell
Registered office	20 Langtree Avenue MILDURA VIC 3500
Principal place of business	20 Langtree Avenue MILDURA VIC 3500
Auditor	George Georgiou FCA Connect Audit Level 8, 350 Collins Street MELBOURNE VIC 3000
Solicitors	Moray and Agnew Level 6, 505 Little Collins Street MELBOURNE VIC 3000
Stock exchange listing	Broo Limited shares are listed on the Australian Securities Exchange (ASX code: BEE)
Contact details	Telephone: +61 3 5972 2480 E-mail: enquiries@broo.com.au Web page: www.broo.com.au

Broo Limited
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Broo 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 2020.

Directors

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

Kent Grogan
Mathew Boyes
Matthew Newberry

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- production packaged beer in both Australia and China; and
- management of hospitality venues.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$3,482,245 (30 June 2019: \$3,182,989).

The 2020 financial year has been a challenging trading environment due to the COVID-19 pandemic restrictions imposed by both the state and federal governments. The Company supports these measures and has closed hospitality venues in line with government initiatives. Measures have also been introduced to production and wholesale operations ensuring compliance with business COVID safe plans and continuance of trade.

COVID-19 restrictions have significantly impacted the company's hospitality operations. Whilst the company increased wholesale sales consolidated operations resulted in a total revenue reduction from the same period last year. The Company had an overall net loss reduction, before impairments totalling \$431,268, compared to prior years and the board will continue to review and rationalise costs across the group where possible with a view to move the operations to profitability at the earliest opportunity.

The board is confident in the strategies implemented to see the Company in a strong position as we emerge from COVID-19 complexities.

Cash Flow Management

Broo is actively managing its cash flow and has implemented several positive steps to ensure long term sustainability of the company and has taken the following steps.

- Successfully raised capital to fund production and future sales expansion;
- Adjusting cost base to reflect the current trading environment;
- Outsourcing production and supply of mainstay brands to Carlton & United Breweries (CUB) ;
- Increase sales and distribution of higher margin products; and
- Launch of Rights Issue.

Rights issue

The Board has reviewed several funding options and considered the rights issue to be the most beneficial for the Company and its shareholders. The Company lodged the prospectus for a non-renounceable pro-rata rights issue with ASX. The Rights Issue is a non-renounceable pro-rata offer whereby Eligible Shareholders have the option to subscribe for 1 New Share in the Company for every 5 Shares held by Eligible Shareholders registered at 7pm (AEST) on the Record Date at an issue price of \$0.018 per New Share, together with 1 free attaching Option exercisable at \$0.03 on or before 31 October 2020 (New Options) for every 2 New Shares subscribed for, to raise up to \$2,809,225 (before costs).

Broo Limited
Directors' report
30 June 2020

Contract Brewing Agreement with Carlton & United Breweries (CUB)

Broo is delighted to be working with CUB under the new contract brewing agreement announced to the market on August 12, 2020.

CUB have a long and proud history in Australia and stand as Australia's largest beer producer. CUB is an industry innovation leader embracing best practice for quality assurance and environmentally friendly and sustainable brewing technology. CUB production and supply of Broo Premium Lager and Australia Draught enables the Company to fulfill existing sales demand from our current distribution networks and accelerate Broo's plans for rapid sales expansion.

The company owned and operated iconic Mildura Brewery continues to produce beer under its existing sales arrangements. This facility will shift focus to increasing production of premium craft offerings and on-premise keg production.

The Ballarat project is receiving renewed emphasis this current financial year, with a plan to secure the various development approvals.

Broo Limited is looking forward to improving the revenue and margin together with a simplified business operation. The entire team at Broo Limited is excited about the future prospects.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 3 July 2020, 60,342,500 options over ordinary shares expired without being exercised.

On 12 August 2020, the company announced that it had signed a contract brewing agreement with CUB Pty Ltd for the production of Broo Premium Lager and Australia Draught. The agreement will provide increased production and supply capacity for its brands and enable the company to meet and capitalise on market demand. The agreement will continue for a period of 24 months expiring on 31 August 2022. The company has already paid for its first order under the order.

On 26 August 2020, the company announced that it had successfully completed a private placement raising \$1,254,945.86 (before costs) from sophisticated and professional investors through the issue of 70,274,770 fully paid ordinary shares in the company at \$0.018 per share and, subject to shareholder approval being obtained at the company's general meeting, one free attaching option to acquire a share exercisable at \$0.03 on or before 31 October 2022 for every two placement shares issued under the placement.

On 26 August 2020, the company also announced a non-renounceable pro-rata rights issue whereby the company will be offering for issue up to up to approximately 156,068,102 fully paid ordinary shares at an issue price of \$0.018 with one free attaching Option exercisable at \$0.03 on or before 31 October 2022 for ever two fully paid ordinary shares. This will raise up to \$2,809,225 before costs. The rights issue offer will also include a shortfall offer under which eligible shareholders who take up their full entitlement may apply for additional new shares and new options not taken up by other eligible shareholders.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

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

Broo Limited
Directors' report
30 June 2020

Information on directors

Name: Kent Grogan
Title: Executive Director and Chairman
Experience and expertise: Kent founded the Business in 2009 and has been managing all facets of the Business since then, in his capacity as an executive director of the company.

Kent is the creator of the Broo Premium Lager and Australia Draught Beer brands, and has been instrumental in developing the commercial strategy and marketing initiatives for the company since the launch of the business.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: N/A
Interests in shares: 302,175,000 fully paid ordinary shares
Interests in options: Nil

Name: Mathew Boyes
Title: Non – Executive Director
Experience and expertise: Mathew Boyes is a Chartered Accountant and a partner at Harper Group. Mathew has been a non-executive director of the company since 2011.

Mathew completed his Bachelor of Commerce from Deakin University and was admitted as a Chartered Accountant in 1999, becoming a Financial Planning Specialist in 2010 and a SMSF Specialist Advisor with the Self Managed Super Fund Association in 2011.

Mathew has over 15 years' experience in accounting and professional services, with a strong track record of assisting clients with the operation of their businesses and financial affairs. As a result, Mathew brings substantial professional experience that will be valuable for the management of the company.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 4,515,000 fully paid ordinary shares
Interests in options: Nil

Name: Matthew Newberry
Title: Non – Executive Director
Experience and expertise: Matthew Newberry is the Director of Newberry Family Holdings, a hospitality management company based in QLD Australia. His company has been involved with a number of Hospitality Management Contracts and projects including as a General Manager for the McGuires Hotel Group, Queensland's Largest family owned hotel group, Kyko Group's \$150 million Mon Komo Hotel Development Project, Ray Groups \$1 billion Salt Village Development, the establishment & growth of the Coles Liquor Group to 100 Hotels Nationally. Prior to this he has held senior management and operational roles in Hotels, Resorts, Registered Clubs & Casinos.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 2,007,500 fully paid ordinary shares
Interests in options: Nil

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

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

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board Attended	Held
Kent Grogan	4	4
Mathew Boyes	4	4
Matthew Newberry	4	4

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

The 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 consolidated entity'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 of Directors ('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
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel. The Board have structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- 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 wealth
- 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.

Broo Limited
Directors' report
30 June 2020

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 Board. The Board 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.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 29 November 2016, where the shareholders approved a maximum annual aggregate remuneration of \$300,000.

Executive remuneration

The consolidated entity 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 has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

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 Board based on individual and business unit performance, the overall performance of the consolidated entity 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 consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') include long service leave and share-based payments including options.

Use of remuneration consultants

During the financial year ended 30 June 2020 consolidated entity did not engage remuneration consultants.

Voting and comments made at the company's 19 November 2019 Annual General Meeting ('AGM')

At the 19 November 2019 AGM, 88.42% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2020	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Mathew Boyes	43,800	-	-	-	-	-	43,800
Matthew Newberry	43,800	-	-	-	-	-	43,800
<i>Executive Directors:</i>							
Kent Grogan *	240,000	-	-	17,100	-	-	257,100
	<u>327,600</u>	<u>-</u>	<u>-</u>	<u>17,100</u>	<u>-</u>	<u>-</u>	<u>344,700</u>

Broo Limited
Directors' report
30 June 2020

* For the period from 1 January 2020 to 30 June 2020 Kent Grogan opted to reduce remuneration to a flat fee of \$120,000 per annum, before that he was entitled to \$360,000 per annum plus superannuation. The reduction in total remuneration is a short term response to the impact of the COVID pandemic on the consolidated entity's financial performance.

2019	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
<i>Non-Executive Directors:</i>							
Mathew Boyes	43,800	-	-	-	-	-	43,800
Mathew Newberry	43,800	-	-	-	-	-	43,800
<i>Executive Directors:</i>							
Kent Grogan	360,000	-	-	24,764	-	-	384,764
	447,600	-	-	24,764	-	-	472,364

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2020	2019	2020	2019	2020	2019
<i>Non-Executive Directors:</i>						
Mathew Boyes	100%	100%	-	-	-	-
Mathew Newberry	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Kent Grogan	100%	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: Kent Grogan
Title: Chairman and Executive Director
Agreement commenced: 1 June 2016
Term of agreement: Employment may be terminated without cause by either the employer or executive with six months notice. The agreement remains in force until terminated.

Name: Mathew Boyes
Title: Non-Executive Director
Agreement commenced: 1 July 2016
Term of agreement: Non-executives can voluntarily resign. Under Broo's constitution, a director who has held office for more than 3 years since the last election will automatically retire at the AGM and can be re-elected at the AGM. The agreement remains in force until terminated. Matthew was reappointed at the company's 2019 AGM.

Name: Matthew Newbury
Title: Non-Executive Director
Agreement commenced: 2 March 2018
Term of agreement: Non-executives can voluntarily resign. Under Broo's constitution, a director who has held office for more than 3 years since the last election will automatically retire at the AGM and can be re-elected at the AGM. The agreement remains in force until terminated.

Broo Limited
Directors' report
30 June 2020

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

For the period from 1 January 2020 to 30 June 2020 Kent Grogan opted to reduce remuneration to a flat fee of \$120,000 per annum, before that he was entitled to \$360,000 per annum plus superannuation. The reduction in total remuneration is a short term response to the impact of the COVID pandemic on the consolidated entity's financial performance.

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 2020.

Options

The terms and conditions of each grant of options 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 options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Kent Grogan	41,342,500	4 July 2016	4 July 2016	3 July 2020	\$0.300	\$0.0001
Matthew Boyes	2,000,000	4 July 2016	4 July 2016	3 July 2020	\$0.300	\$0.0001

Options granted carry no dividend or voting rights.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2020 are summarised below:

	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
Sales revenue	2,529,941	3,657,393	2,579,267	980,617	516,334
Profit after income tax	(3,482,245)	(3,182,989)	(4,436,359)	(3,488,544)	(2,652,497)

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

	2020	2019	2018	2017
Share price at financial year end (\$)	0.02	0.02	0.14	0.30
Basic earnings per share (cents per share)	(0.52)	(0.52)	(0.73)	(0.59)
Diluted earnings per share (cents per share)	(0.52)	(0.52)	(0.73)	(0.59)

The company listed on the ASX on 14 October 2016 and for this reason earlier information has not been disclosed.

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 consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Acquired	Other additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Kent Grogan	413,425,000	-	-	(111,250,000)	302,175,000
Mathew Boyes *	500,000	4,015,000	-	-	4,515,000
Matthew Newberry *	-	2,007,500	-	-	2,007,500
	<u>413,925,000</u>	<u>6,022,500</u>	<u>-</u>	<u>(111,250,000)</u>	<u>308,697,500</u>

* Shares received as settlement of prior year director's fees.

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 consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Kent Grogan	41,342,500	-	-	-	41,342,500
Mathew Boyes	2,000,000	-	-	-	2,000,000
	<u>43,342,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,342,500</u>

Loans to key management personnel and their related parties

There were no loans to key management personnel and their related parties during the year.

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
31 January 2020	8 January 2022	\$0.020	15,000,000
30 June 2020	30 June 2022	\$0.020	10,000,000
			<u>25,000,000</u>

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

Shares issued on the exercise of options

There were no ordinary shares of Broo Limited issued on the exercise of options during the year ended 30 June 2020 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.

Broo Limited
Directors' report
30 June 2020

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.

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

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Connect Audit

There are no officers of the company who are former partners of Connect Audit.

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

Connect Audit continues was appointed 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



Kent Grogan
Chairman and Executive Director

18 September 2020



Level 8
350 Collins St
Melbourne VIC 3000

Tel: +613 9592 2357
Web: www.connectaudit.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor for the audit of Broo Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Broo Ltd and Controlled Entities.

George Georgiou FCA
ASIC Reg No 10310
Melbourne, Victoria
Dated: 18 September 2020

For personal use only

Broo Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 \$	2019 \$
Revenue from continuing operations	5	2,192,481	2,815,417
Interest revenue calculated using the effective interest method		-	546
Expenses			
Cost of sales		(2,328,755)	(2,637,961)
Marketing		(23,666)	(139,558)
Occupancy		(154,320)	(632,304)
Administration		(1,992,021)	(2,250,782)
Impairment of assets	6	(323,055)	-
Other expenses		(19,350)	(18,492)
Finance costs		(485,147)	(199,369)
Loss before income tax expense from continuing operations		(3,133,833)	(3,062,503)
Income tax expense	7	-	-
Loss after income tax expense from continuing operations		(3,133,833)	(3,062,503)
Loss after income tax expense from discontinued operations	8	(348,412)	(120,486)
Loss after income tax expense for the year attributable to the owners of Broo Limited		(3,482,245)	(3,182,989)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Broo Limited		<u>(3,482,245)</u>	<u>(3,182,989)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(3,482,245)	(3,182,989)
Discontinued operations		-	-
		<u>(3,482,245)</u>	<u>(3,182,989)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Broo Limited			
Basic loss per share	37	(0.47)	(0.50)
Diluted loss per share	37	(0.47)	(0.50)
Earnings per share for loss from discontinued operations attributable to the owners of Broo Limited			
Basic loss per share	37	(0.05)	(0.02)
Diluted loss per share	37	(0.05)	(0.02)
Earnings per share for loss attributable to the owners of Broo Limited			
Basic loss per share	37	(0.52)	(0.52)
Diluted loss per share	37	(0.52)	(0.52)

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

Broo Limited
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	9	62,675	426,814
Trade and other receivables	10	189,760	238,717
Inventories	11	77,332	345,851
Other	12	173,974	89,153
		<u>503,741</u>	<u>1,100,535</u>
Assets of disposal groups classified as held for sale	13	60,000	-
Total current assets		<u>563,741</u>	<u>1,100,535</u>
Non-current assets			
Property, plant and equipment	14	4,081,482	4,873,916
Right-of-use assets	15	2,745,024	-
Intangibles	16	216,380	214,880
Other		22,000	22,000
Total non-current assets		<u>7,064,886</u>	<u>5,110,796</u>
Total assets		<u>7,628,627</u>	<u>6,211,331</u>
Liabilities			
Current liabilities			
Trade and other payables	17	2,628,129	2,097,926
Borrowings	18	2,208,094	1,549,275
Lease liabilities	19	320,276	-
Employee benefits		146,645	87,740
Other financial liabilities	20	-	400,000
Total current liabilities		<u>5,303,144</u>	<u>4,134,941</u>
Non-current liabilities			
Borrowings	21	1,314,443	1,163,121
Lease liabilities	22	2,422,358	-
Employee benefits		4,938	72,812
Total non-current liabilities		<u>3,741,739</u>	<u>1,235,933</u>
Total liabilities		<u>9,044,883</u>	<u>5,370,874</u>
Net assets/(liabilities)		<u>(1,416,256)</u>	<u>840,457</u>
Equity			
Issued capital	23	18,898,308	17,960,593
Reserves	24	293,851	6,034
Accumulated losses		<u>(20,608,415)</u>	<u>(17,126,170)</u>
Total equity/(deficiency)		<u>(1,416,256)</u>	<u>840,457</u>

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

Broo Limited
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Reserves	Contributed equity	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2018	6,034	16,075,857	(13,943,181)	2,138,710
Loss after income tax expense for the year	-	-	(3,182,989)	(3,182,989)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,182,989)	(3,182,989)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 23)	-	1,884,736	-	1,884,736
Balance at 30 June 2019	<u>6,034</u>	<u>17,960,593</u>	<u>(17,126,170)</u>	<u>840,457</u>
Consolidated	Reserves	Contributed equity	Accumulated losses	Total deficiency in equity
	\$	\$	\$	\$
Balance at 1 July 2019	6,034	17,960,593	(17,126,170)	840,457
Loss after income tax expense for the year	-	-	(3,482,245)	(3,482,245)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,482,245)	(3,482,245)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 23)	-	937,715	-	937,715
Share-based payments (note 38)	287,817	-	-	287,817
Balance at 30 June 2020	<u>293,851</u>	<u>18,898,308</u>	<u>(20,608,415)</u>	<u>(1,416,256)</u>

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

Broo Limited
Statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,356,262	3,948,600
Payments to suppliers and employees (inclusive of GST)		<u>(3,424,396)</u>	<u>(5,229,268)</u>
		(1,068,134)	(1,280,668)
Interest received		-	546
Other revenue		94,932	-
Interest and other finance costs paid		<u>(553,909)</u>	<u>(226,664)</u>
Net cash used in operating activities	35	<u>(1,527,111)</u>	<u>(1,506,786)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(81,878)
Payments for intangibles		<u>(1,500)</u>	<u>(3,377)</u>
Net cash used in investing activities		<u>(1,500)</u>	<u>(85,255)</u>
Cash flows from financing activities			
Proceeds from issue of shares		700,000	1,400,000
Proceeds received in advance of the issue of shares		-	400,000
Proceeds from borrowings		2,193,699	-
Share issue transaction costs		(44,118)	(115,264)
Repayment of borrowings		(1,383,558)	(304,715)
Repayment of lease liabilities		<u>(301,551)</u>	<u>-</u>
Net cash from financing activities		<u>1,164,472</u>	<u>1,380,021</u>
Net decrease in cash and cash equivalents		(364,139)	(212,020)
Cash and cash equivalents at the beginning of the financial year		<u>426,814</u>	<u>638,834</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>62,675</u></u>	<u><u>426,814</u></u>

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

Note 1. 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 consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

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

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

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity has leases in relation to the its Mildura Brewery and pub has recognised a liabilities and right-of-use assets using the modified retrospective approach in relation to these leases.

Going concern

The consolidated entity has incurred a net loss of \$3,482,245 for the period ended 30 June 2020 (30 June 2019: \$3,182,989) has a working capital deficit of \$4,739,403 at reporting date (30 June 2019: \$3,034,406) and had cash outflows from operating activities of \$1,553,111 (30 June 2019: \$1,506,786). These conditions indicate a significant or material uncertainty about the consolidated entity's ability to continue as a going concern.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

Note 1. Significant accounting policies (continued)

- On 12 August 2020, the company announced that it had signed a contract brewing agreement with CUB Pty Ltd for the production of Broo Premium Lager and Australian Draught. The agreement will provide increased production and supply capacity for its brands and enable the company to meet and capitalise on market demand. The agreement will continue for a period of 24 months expiring on 31 August 2022. The company has already paid for its first order under the order;
- On 26 August 2020, the company announced that it had successfully completed a private placement raising \$1,254,945.86 (before costs) from sophisticated and professional investors through the issue of 70,274,770 fully paid ordinary shares in the company at \$0.018 per share and, subject to shareholder approval being obtained at the company's general meeting, one free attaching option to acquire a share exercisable at \$0.03 on or before 31 October 2022 for every two placement shares issued under the placement;
- On 26 August 2020, the company also announced a non-renounceable pro-rata rights issue whereby the company will be offering for issue up to up to approximately 156,068,102 fully paid ordinary shares at an issue price of \$0.018 with one free attaching Option exercisable at \$0.03 on or before 31 October 2022 for ever two fully paid ordinary shares. This will raise up to \$2,809,225 before costs. The rights issue offer will also include a shortfall offer under which eligible shareholders who take up their full entitlement may apply for additional new shares and new options not taken up by other eligible shareholders.
- The board will seek to refinance its current loan facility of \$1,950,000 before it matures; and
- The board is currently investigating options to dispose of all non-essential assets. Since 30 June 2020, the company has entered into a sales contract for the Sorrento Brewhouse for \$60,000.

For the above reasons the board considers that the consolidated entity remains a going concern and the financial report has been prepared on this basis. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be incurred should the consolidated entity not continue as a going concern.

Comparatives

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

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, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity'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 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity 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 Broo Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Broo Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 1. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

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 consolidated entity 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 consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

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

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: 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

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

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

Other revenue

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

Note 1. Significant accounting policies (continued)

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.

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.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

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

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

Cash and cash equivalents

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

Trade and other receivables

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

Note 1. Significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables.

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 'first in first out' 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, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Property, plant and equipment

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.

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

Leasehold improvements	10%
Plant and equipment	13% to 67%
Vehicles	25%

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 company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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.

Note 1. Significant accounting policies (continued)

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

The consolidated entity 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

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents and trademarks

Trademarks and patents do not have a fixed term and will represent a benefit to the company for an indefinite period. For this reason, significant costs associated with patents and trademarks are measured at cost less any impairment.

Trade and other payables

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

Borrowings

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

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 consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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.

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.

Note 1. Significant accounting policies (continued)

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 using the projected unit credit method. 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 national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-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. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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 consolidated entity 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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

Issued capital

Ordinary shares are classified as equity.

Note 1. Significant accounting policies (continued)

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

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Broo 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 consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. 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.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

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

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. The carrying value of assets subject to estimations is \$4,703,102 (2019: \$2,750,512).

Trademarks and patents

The consolidated entity has identified two cash generating units being Broo and Australia Draught. Intangible assets represent trademarks and have been allocated to cash generating units (CGU's) according to costs incurred to register and protect respective trademarks. The recoverable amount of each CGU is based on value-in-use calculations (using a discounted cash flow).

These calculations are based on projected budgets and cash flows approved by the directors.

The budgets prepared by management have assessed the expected revenues for Broo and Australia Draught. Management's determination of cash flow projections are based on past performance and its expectation for the future.

Recovery of deferred tax assets

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

Deferred tax balances have not been recognised, because their realisation has not been deemed probable.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Impact of COVID 19 pandemic

During the period ended 30 April 2020, the COVID-19 was declared a pandemic by the World Health Organisation (WHO). The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Since its outbreak, governments across the country have set up measures to contain the pandemic. Many states have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. Monetary and fiscal stimulus packages have also been introduced. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture. The impact which COVID 19 has had on the consolidated entity is set out below.

Hospitality

The consolidated entity owned and operated two hospitality venues in Mildura and Sorrento during the year. When restrictions were first imposed by the Victorian government both venues shut and have not re-opened. This has had a significant impact on overall revenue and expenses in the hospitality segment. These venues have both received government stimulus during the current year. Given the significant uncertainty in this sector the board have decided to recognise impairments totalling \$431,268 in relation to plant and equipment held by this segment.

Brewing

The impact of COVID on the consolidated entity's brewing segment has not been as significant. The Mildura Brewery continues to produce beer under its existing sales arrangements and the consolidated entity remains focused on increasing domestic sales and distribution.

Broo Limited
Notes to the financial statements
30 June 2020

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into four operating segment, hospitality, Australian brewing, Chinese brewing and head office.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Hospitality	Management of pub and boutique brewery venues.
Australian brewing	Production and sale of packaged beer in Australia.
Head office / other	Provision of corporate support function to other business units plus other smaller non-reportable segments

Major customers

The consolidated entity does not have any single customers that represent in excess of 10% of total revenue.

Operating segment information

	Hospitality	Australian brewing	Head office / other	Other segments	Total
Consolidated - 2020	\$	\$	\$	\$	\$
Revenue					
Sales to external customers	1,329,411	1,091,061	-	-	2,420,472
Other revenue	37,541	65,928	6,000	-	109,469
Total revenue	<u>1,366,952</u>	<u>1,156,989</u>	<u>6,000</u>	<u>-</u>	<u>2,529,941</u>
EBITDA	<u>(1,371,429)</u>	<u>301,254</u>	<u>(895,148)</u>	<u>-</u>	<u>(1,965,323)</u>
Depreciation and amortisation					(600,506)
Impairment of assets					(431,268)
Finance costs					(485,148)
Loss before income tax expense					<u>(3,482,245)</u>
Income tax expense					-
Loss after income tax expense					<u>(3,482,245)</u>
Assets					
Segment assets	<u>214,405</u>	<u>6,115,845</u>	<u>1,298,377</u>	<u>-</u>	<u>7,628,627</u>
Total assets					<u>7,628,627</u>
<i>Total assets includes:</i>					
Acquisition of non-current assets	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Liabilities					
Segment liabilities	<u>2,171,389</u>	<u>4,789,537</u>	<u>2,083,957</u>	<u>-</u>	<u>9,044,883</u>
Total liabilities					<u>9,044,883</u>

Broo Limited
Notes to the financial statements
30 June 2020

Note 4. Operating segments (continued)

	Hospitality	Australian brewing	Head officer /other	Other segments	Total
Consolidated - 2019	\$	\$	\$	\$	\$
Revenue					
Sales to external customers	2,277,661	1,379,720	-	-	3,657,381
Other revenue	-	-	558	-	558
Total revenue	<u>2,277,661</u>	<u>1,379,720</u>	<u>558</u>	<u>-</u>	<u>3,657,939</u>
EBITDA	<u>(252,383)</u>	<u>(1,004,856)</u>	<u>(1,481,214)</u>	<u>-</u>	<u>(2,738,453)</u>
Depreciation and amortisation					(245,158)
Finance costs					(199,378)
Loss before income tax expense					<u>(3,182,989)</u>
Income tax expense					-
Loss after income tax expense					<u>(3,182,989)</u>
Assets					
Segment assets	682,125	4,897,153	632,053	-	6,211,331
Total assets					<u>6,211,331</u>
<i>Total assets includes:</i>					
Acquisition of non-current assets	70,954	10,924	3,377	-	85,255
Liabilities					
Segment liabilities	787,773	1,980,559	2,602,542	-	5,370,874
Total liabilities					<u>5,370,874</u>

Note 5. Revenue

	Consolidated	
	2020	2019
	\$	\$
From continuing operations		
<i>Revenue from contracts with customers</i>		
Sales	2,097,549	2,815,405
<i>Other revenue</i>		
Other revenue	94,932	12
Revenue from continuing operations	<u>2,192,481</u>	<u>2,815,417</u>

Broo Limited
Notes to the financial statements
30 June 2020

Note 5. Revenue (continued)

Disaggregation of revenue

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

	Consolidated	
	2020	2019
	\$	\$
<i>Major product lines</i>		
Brewing	1,329,411	1,379,720
Hospitality	768,138	1,435,685
	<u>2,097,549</u>	<u>2,815,405</u>
<i>Geographical regions</i>		
Australia	<u>2,097,549</u>	<u>2,815,405</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>2,097,549</u>	<u>2,815,405</u>

Note 6. Expenses

	Consolidated	
	2020	2019
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	22,442	25,510
Plant and equipment	211,803	195,415
Motor vehicles	1,925	24,233
Buildings right-of-use assets	347,907	-
Motor vehicles right-of-use assets	16,429	-
Total depreciation	<u>600,506</u>	<u>245,158</u>
<i>Impairment</i>		
Leasehold improvements	36,748	-
Plant and equipment	211,259	-
Trade receivables	75,048	-
Total impairment	<u>323,055</u>	<u>-</u>
<i>Leases</i>		
Minimum lease payments	<u>142,472</u>	<u>575,535</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense (excluding KMP)	69,257	137,665
Defined contribution superannuation expense (paid to KMP)	17,100	24,764
Total superannuation expense	<u>86,357</u>	<u>162,429</u>
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	<u>735,881</u>	<u>1,755,752</u>

Broo Limited
Notes to the financial statements
30 June 2020

Note 7. Income tax expense

	Consolidated	2019
	2020	2019
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense from continuing operations	(3,133,833)	(3,062,503)
Loss before income tax expense from discontinued operations	(348,412)	(120,486)
	<u>(3,482,245)</u>	<u>(3,182,989)</u>
Tax at the statutory tax rate of 27.5%	(957,617)	(875,322)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of other timing and permanent differences	23,955	(44,336)
	(933,662)	(919,658)
Current year tax losses not recognised	<u>933,662</u>	<u>919,658</u>
Income tax expense	<u>-</u>	<u>-</u>

	Consolidated	2019
	2020	2019
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	19,492,194	16,097,059
Potential tax benefit @ 27.5%	<u>5,360,353</u>	<u>4,426,691</u>

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

- i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- iii) no change in tax legislation adversely affects the consolidated entity in realising the benefits from deducting the losses.

Note 8. Discontinued operations

Description

During the year the board opted to dispose of the Sorrento Brewhouse. Since 30 June 2020, the company has entered into a sales contract for the Sorrento Brewhouse for \$60,000.

Broo Limited
Notes to the financial statements
30 June 2020

Note 8. Discontinued operations (continued)

Financial performance information

	Consolidated	
	2020	2019
	\$	\$
Sales	322,923	841,976
Other revenue	14,537	-
Total revenue	<u>337,460</u>	<u>841,976</u>
Cost of sales	(242,767)	(601,616)
Marketing	(878)	-
Occupancy	(258,958)	(357,570)
Other expenses	(8)	(3,276)
Impairment of assets	(183,261)	-
Total expenses	<u>(685,872)</u>	<u>(962,462)</u>
Loss before income tax expense	(348,412)	(120,486)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u><u>(348,412)</u></u>	<u><u>(120,486)</u></u>

Cash flow information

	Consolidated	
	2020	2019
	\$	\$
Net cash used in operating activities	(348,412)	(120,486)
Net cash used in investing activities	(5,031)	(69,900)
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents from discontinued operations	<u><u>(353,443)</u></u>	<u><u>(190,386)</u></u>

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2020	2019
	\$	\$
Cash on hand	866	23,777
Cash at bank	61,809	403,037
	<u><u>62,675</u></u>	<u><u>426,814</u></u>

Broo Limited
Notes to the financial statements
30 June 2020

Note 10. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	\$	\$
Trade receivables	146,196	184,283
Less: Allowance for expected credit losses	<u>(125,776)</u>	<u>(50,000)</u>
	20,420	134,283
Other receivables	4,014	18,858
BAS receivable	<u>165,326</u>	<u>85,576</u>
	<u>189,760</u>	<u>238,717</u>

Note 11. Current assets - inventories

	Consolidated	
	2020	2019
	\$	\$
Stock on hand - at net realisable value	<u>77,332</u>	<u>345,851</u>

Note 12. Current assets - other

	Consolidated	
	2020	2019
	\$	\$
Prepayments	<u>173,974</u>	<u>89,153</u>

Note 13. Current assets - assets of disposal groups classified as held for sale

	Consolidated	
	2020	2019
	\$	\$
Property, plant and equipment	<u>60,000</u>	<u>-</u>

During the year the board opted to dispose of the Sorrento Brewhouse. Since 30 June 2020, the company has entered into a sales contract for the Sorrento Brewhouse for \$60,000. The assets being disposed of have been disclosed as held for sale and their carrying value adjusted to the proceeds to be received.

Broo Limited
Notes to the financial statements
30 June 2020

Note 14. Non-current assets - property, plant and equipment

	Consolidated	
	2020	2019
	\$	\$
Land - at cost	2,123,404	2,123,404
Leasehold improvements - at cost	52,375	266,572
Less: Accumulated depreciation	(15,627)	(35,079)
Less: Impairment	(36,748)	-
	<u>-</u>	<u>231,493</u>
Plant and equipment - at cost	2,815,020	2,846,847
Less: Accumulated depreciation	(580,501)	(400,525)
Less: Impairment	(282,217)	-
	<u>1,952,302</u>	<u>2,446,322</u>
Motor vehicles - at cost	54,706	54,706
Less: Accumulated depreciation	(48,930)	(47,005)
	<u>5,776</u>	<u>7,701</u>
Motor vehicles under lease	-	180,012
Less: Accumulated depreciation	-	(115,016)
	<u>-</u>	<u>64,996</u>
	<u><u>4,081,482</u></u>	<u><u>4,873,916</u></u>

Reconciliations

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

	Land	Motor vehicles	Plant and Equipment	Leasehold improvements	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2018	2,123,404	96,930	2,594,806	222,056	5,037,196
Additions	-	-	46,931	34,947	81,878
Depreciation expense	-	(24,233)	(195,415)	(25,510)	(245,158)
	<u>2,123,404</u>	<u>72,697</u>	<u>2,446,322</u>	<u>231,493</u>	<u>4,873,916</u>
Balance at 30 June 2019	2,123,404	72,697	2,446,322	231,493	4,873,916
Classified as held for sale	-	-	-	(60,000)	(60,000)
Transfers to right-of-use	-	(64,996)	-	-	(64,996)
Impairment of assets *	-	-	(282,217)	(149,051)	(431,268)
Depreciation expense	-	(1,925)	(211,803)	(22,442)	(236,170)
	<u>-</u>	<u>(1,925)</u>	<u>(211,803)</u>	<u>(22,442)</u>	<u>(236,170)</u>
Balance at 30 June 2020	<u><u>2,123,404</u></u>	<u><u>5,776</u></u>	<u><u>1,952,302</u></u>	<u><u>-</u></u>	<u><u>4,081,482</u></u>

* The hospitality sector has been impacted significantly by COVID. The consolidated entity operates two venues in Victoria, which have been shut since restrictions were first imposed. It still remains unclear when and in what capacity they will be able to re-open. For this reason the board have opted to recognise impairments totalling \$431,268 in relation the hospitality segments plant and equipment.

Broo Limited
Notes to the financial statements
30 June 2020

Note 14. Non-current assets - property, plant and equipment (continued)

Call Option over Ballarat Brewery Land

The Ballarat land, valued at \$2,123,404 is subject to a call option where the consolidated entity has granted the vendor the option to buy back the land at the vendor's discretion, in the event that the consolidated entity defaults on its obligations to complete the development of a commercial brewery at the site and ensure that at least 100 full time employees are employed at the site, within five years of settlement. Finance has since been obtained by the group, and the financier has been granted a mortgage over the land. The call option right is subject to the financier's right to have the sale proceeds applied to repay the financier's debt in full in the event that the call option is exercised, with the balance of the sale proceeds to be for the benefit of the group.

Note 15. Non-current assets - right-of-use assets

	Consolidated	
	2020	2019
	\$	\$
Land and buildings - right-of-use	3,044,184	-
Less: Accumulated depreciation	<u>(347,907)</u>	<u>-</u>
	<u>2,696,277</u>	<u>-</u>
Motor vehicles - right-of-use	180,012	-
Less: Accumulated depreciation	<u>(131,265)</u>	<u>-</u>
	<u>48,747</u>	<u>-</u>
	<u><u>2,745,024</u></u>	<u><u>-</u></u>

Reconciliations

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

Consolidated	\$	Land and buildings	Total
		\$	\$
Balance at 1 July 2018	-	-	-
Balance at 30 June 2019	-	-	-
Recognised on adoption of AASB 16	-	3,044,184	3,044,184
Transfer from P,P&E adoption of AASB 16	64,996	-	64,996
Depreciation expense	<u>(16,249)</u>	<u>(347,907)</u>	<u>(364,156)</u>
Balance at 30 June 2020	<u>48,747</u>	<u>2,696,277</u>	<u>2,745,024</u>

Note 16. Non-current assets - intangibles

	Consolidated	
	2020	2019
	\$	\$
Patents and trademarks - at cost	<u>216,380</u>	<u>214,880</u>

Broo Limited
Notes to the financial statements
30 June 2020

Note 16. Non-current assets - 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:

Consolidated	Patents and trademarks \$	Total \$
Balance at 1 July 2018	211,503	211,503
Additions	3,377	3,377
	<hr/>	<hr/>
Balance at 30 June 2019	214,880	214,880
Additions	1,500	1,500
	<hr/>	<hr/>
Balance at 30 June 2020	<u>216,380</u>	<u>216,380</u>

Note 17. Current liabilities - trade and other payables

	Consolidated	
	2020	2019
	\$	\$
Trade payables	888,653	728,776
BAS payable	208,390	90,812
Other payables	1,531,086	1,278,338
	<hr/>	<hr/>
	<u>2,628,129</u>	<u>2,097,926</u>

Refer to note 26 for further information on financial instruments.

Note 18. Current liabilities - borrowings

	Consolidated	
	2020	2019
	\$	\$
Bank loans	170,298	292,375
Loan facility	1,950,000	1,228,000
Hire purchase	87,796	28,900
	<hr/>	<hr/>
	<u>2,208,094</u>	<u>1,549,275</u>

Refer to note 26 for further information on financial instruments.

Total secured liabilities

The loan facility of \$1,950,000 is secured against the Ballarat property. The loan expires on 6 February 2021. Interest is payable at 12% per annum.

Broo Limited
Notes to the financial statements
30 June 2020

Note 19. Current liabilities - lease liabilities

	Consolidated	
	2020	2019
	\$	\$
Lease liability	320,276	-
	<u>320,276</u>	<u>-</u>

Refer to note 26 for further information on financial instruments.

Note 20. Current liabilities - other financial liabilities

	Consolidated	
	2020	2019
	\$	\$
Amounts received in advance of the issue of shares	-	400,000
	<u>-</u>	<u>400,000</u>

The shares in relation to this amount were issued on 1 July 2019.

Note 21. Non-current liabilities - borrowings

	Consolidated	
	2020	2019
	\$	\$
Bank loans	-	75,325
Loans from director	1,314,443	1,000,000
Hire purchase	-	87,796
	<u>1,314,443</u>	<u>1,163,121</u>

Refer to note 26 for further information on financial instruments.

The loans from director are interest free and have no fixed term of repayment. The lender has agreed to not call on the funds if it jeopardises the ability of the consolidated entity to pay its debts as and when the fall due.

Total secured liabilities

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

	Consolidated	
	2020	2019
	\$	\$
Bank loans	170,298	367,700
Loan facility	1,950,000	1,228,000
Hire purchase	87,796	116,696
	<u>2,208,094</u>	<u>1,712,396</u>

Broo Limited
Notes to the financial statements
30 June 2020

Note 21. Non-current liabilities - borrowings (continued)

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Consolidated	
	2020	2019
	\$	\$
Motor vehicles	48,747	64,996
Land	2,123,404	2,123,404
Plant and equipment	1,940,646	2,072,474
	<u>4,112,797</u>	<u>4,260,874</u>

Note 22. Non-current liabilities - lease liabilities

	Consolidated	
	2020	2019
	\$	\$
Lease liability	<u>2,422,358</u>	<u>-</u>

Refer to note 26 for further information on financial instruments.

Note 23. Equity - issued capital

	Consolidated			
	2020	2019	2020	2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>710,065,743</u>	<u>618,249,911</u>	<u>18,898,308</u>	<u>17,960,593</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	608,249,911		16,075,857
Issue of share	10 September 028	10,000,000	\$0.200	2,000,000
Cost of capital raising		-	\$0.000	(115,264)
Balance	30 June 2019	618,249,911		17,960,593
Issue of shares	1 July 2019	20,000,000	\$0.020	400,000
Shares issued to settle payables	21 October 2019	2,460,000	\$0.020	49,200
Shares issued to settle payables	19 October 2019	6,022,500	\$0.020	120,450
Issue of shares	8 January 2020	50,000,000	\$0.010	500,000
Issue of shares	30 June 2020	13,333,332	\$0.015	200,000
Cost of capital raising		-	\$0.000	(331,935)
Balance	30 June 2020	<u>710,065,743</u>		<u>18,898,308</u>

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.

Note 23. Equity - issued capital (continued)

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.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The company'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.

The consolidated entity 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 consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 24. Equity - reserves

	Consolidated	Consolidated
	2020	2019
	\$	\$
Share-based payments reserve	<u>293,851</u>	<u>6,034</u>

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.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payment \$
Balance at 1 July 2018	<u>6,034</u>
Balance at 30 June 2019	6,034
Share based payments	<u>287,817</u>
Balance at 30 June 2020	<u><u>293,851</u></u>

Note 25. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 26. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: credit risk and liquidity risk. The consolidated entity'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 consolidated entity.

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 consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity is not exposed to any significant foreign currency risk.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. 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 consolidated entity does not hold any collateral.

The consolidated entity 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 consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The consolidated entity has recognised an expense of \$75,048 (2019: \$27,651) in relation to impairment and write off of receivables.

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.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity 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 consolidated entity 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.

Broo Limited
Notes to the financial statements
30 June 2020

Note 26. Financial instruments (continued)

Remaining contractual maturities

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

Consolidated - 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						
<i>Non-interest bearing</i>						
Trade and other payables	-	2,628,129	-	-	-	2,628,129
Loan from director	-	-	-	-	1,314,443	1,314,443
<i>Interest-bearing - variable</i>						
Loan facility	12.00%	1,950,000	-	-	-	1,950,000
Bank loans	4.89%	170,298	-	-	-	170,298
Hire purchase	5.60%	87,796	-	-	-	87,796
Lease liability	3.50%	320,276	320,276	960,828	1,141,254	2,742,634
Total non-derivatives		5,156,499	320,276	960,828	2,455,697	8,893,300

Consolidated - 2019	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						
<i>Non-interest bearing</i>						
Trade and other payables	-	2,097,926	-	-	-	2,097,926
Loan from director	-	-	-	1,000,000	-	1,000,000
<i>Interest-bearing - variable</i>						
Hire purchase	5.60%	30,980	87,987	-	-	118,967
Loan facility	19.50%	1,228,000	-	-	-	1,228,000
Bank loans	4.89%	292,375	75,325	-	-	367,700
Total non-derivatives		3,649,281	163,312	1,000,000	-	4,812,593

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 27. Key management personnel disclosures

Directors

The following persons were directors of Broo Limited during the financial year:

Kent Grogan
 Mathew Boyes
 Matthew Newberry

Note 27. Key management personnel disclosures (continued)

Compensation

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

	Consolidated	
	2020	2019
	\$	\$
Short-term employee benefits	327,600	447,600
Post-employment benefits	17,100	24,764
	<u>344,700</u>	<u>472,364</u>

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Connect Audit, the auditor of the company:

	Consolidated	
	2020	2019
	\$	\$
<i>Audit services - Connect Audit</i>		
Audit or review of the financial statements	<u>45,000</u>	<u>37,500</u>

Note 29. Contingent liabilities

The company had no contingent liabilities at 30 June 2020 and 30 June 2019

Note 30. Commitments

Other than lease and hire purchase liabilities the consolidated entity did not have commitments at 30 June 2020 and 30 June 2019

Note 31. Related party transactions

Parent entity

Broo Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Note 31. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2020	2019
	\$	\$
Current payables:		
Accrued directors' wages and fees	502,788	328,899

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2020	2019
	\$	\$
Current borrowings:		
Loan from key management personnel (interest is not payable on the loans and they have no fixed term of repayment)	1,314,443	1,000,000

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	
	2020	2019
	\$	\$
Loss after income tax	<u>(1,401,846)</u>	<u>(1,577,792)</u>
Total comprehensive income	<u>(1,401,846)</u>	<u>(1,577,792)</u>

Statement of financial position

	Parent	
	2020	2019
	\$	\$
Total current assets	<u>9,068,692</u>	<u>9,466,618</u>
Total assets	<u>9,289,110</u>	<u>9,703,710</u>
Total current liabilities	<u>1,423,127</u>	<u>1,519,133</u>
Total liabilities	<u>2,435,389</u>	<u>2,673,675</u>
Equity		
Issued capital	18,898,310	17,960,595
Share-based payments reserve	293,851	6,034
Accumulated losses	<u>(12,338,440)</u>	<u>(10,936,594)</u>
Total equity	<u><u>6,853,721</u></u>	<u><u>7,030,035</u></u>

Broo Limited
Notes to the financial statements
30 June 2020

Note 32. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019, other guarantees provided in relation to property leases for Mildura Pub and Brewery.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 33. 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 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Broo Exports Pty Ltd	Australia	100.00%	100.00%
Australia Draught Pty Ltd	Australia	100.00%	100.00%
Broo KH Ltd	Hong Kong	100.00%	100.00%
Broo Beverages Pty Ltd	Australia	100.00%	100.00%
Sorrento Brewery Pty Ltd	Australia	100.00%	100.00%
Broo Brewery Pty Ltd	Australia	100.00%	100.00%
Mildura Brewery Pub (Broo) Pty Ltd	Australia	100.00%	100.00%
Mildura Brewery (Broo) Pty Ltd	Australia	100.00%	100.00%
Direct Liquor Outlet (DLO) Pty Ltd	Australia	100.00%	100.00%
郑州布鲁饮品有限公司 (Broo China)	China	100.00%	100.00%

Note 34. Events after the reporting period

On 3 July 2020, 60,342,500 options over ordinary shares expired without being exercised.

On 12 August 2020, the company announced that it had signed a contract brewing agreement with CUB Pty Ltd for the production of Broo Premium Lager and Australia Draught. The agreement will provide increased production and supply capacity for its brands and enable the company to meet and capitalise on market demand. The agreement will continue for a period of 24 months expiring on 31 August 2022. The company has already paid for its first order under the order.

On 26 August 2020, the company announced that it had successfully completed a private placement raising \$1,254,945.86 (before costs) from sophisticated and professional investors through the issue of 70,274,770 fully paid ordinary shares in the company at \$0.018 per share and, subject to shareholder approval being obtained at the company's general meeting, one free attaching option to acquire a share exercisable at \$0.03 on or before 31 October 2022 for every two placement shares issued under the placement.

On 26 August 2020, the company also announced a non-renounceable pro-rata rights issue whereby the company will be offering for issue up to up to approximately 156,068,102 fully paid ordinary shares at an issue price of \$0.018 with one free attaching Option exercisable at \$0.03 on or before 31 October 2022 for ever two fully paid ordinary shares. This will raise up to \$2,809,225 before costs. The rights issue offer will also include a shortfall offer under which eligible shareholders who take up their full entitlement may apply for additional new shares and new options not taken up by other eligible shareholders.

Broo Limited
Notes to the financial statements
30 June 2020

Note 34. Events after the reporting period (continued)

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 35. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2020	2019
	\$	\$
Loss after income tax expense for the year	(3,482,245)	(3,182,989)
Adjustments for:		
Depreciation and amortisation	600,326	245,158
Impairment of property, plant and equipment	431,268	-
Share issued to settle trade payables	169,650	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	48,958	(74,532)
Decrease in inventories	268,519	751,551
Increase in other operating assets	(84,821)	(1,508)
Increase in trade and other payables	530,203	741,850
Increase/(decrease) in employee benefits	(8,969)	13,684
Net cash used in operating activities	<u>(1,527,111)</u>	<u>(1,506,786)</u>

Note 36. Changes in liabilities arising from financing activities

Consolidated	Lease liabilities \$	Borrowings \$	Total \$
Balance at 1 July 2018	-	3,017,111	3,017,111
Net cash used in financing activities	-	(304,715)	(304,715)
Balance at 30 June 2019	-	2,712,396	2,712,396
Net cash from/(used in) financing activities	(301,550)	836,141	534,591
Lease liabilities recognised upon adoption of AASB 16	3,044,184	-	3,044,184
Balance at 30 June 2020	<u>2,742,634</u>	<u>3,548,537</u>	<u>6,291,171</u>

Note 37. Loss per share

	Consolidated	
	2020	2019
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Broo Limited	<u>(3,133,833)</u>	<u>(3,062,503)</u>

Broo Limited
Notes to the financial statements
30 June 2020

Note 37. Loss per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	667,352,151	616,277,308
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>667,352,151</u>	<u>616,277,308</u>
	Cents	Cents
Basic loss per share	(0.47)	(0.50)
Diluted loss per share	(0.47)	(0.50)

	Consolidated	
	2020	2019
	\$	\$
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Broo Limited	<u>(348,412)</u>	<u>(120,486)</u>

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	667,352,151	616,277,308
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>667,352,151</u>	<u>616,277,308</u>
	Cents	Cents
Basic loss per share	(0.05)	(0.02)
Diluted loss per share	(0.05)	(0.02)

	Consolidated	
	2020	2019
	\$	\$
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of Broo Limited	<u>(3,482,245)</u>	<u>(3,182,989)</u>

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	667,352,151	616,277,308
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>667,352,151</u>	<u>616,277,308</u>
	Cents	Cents
Basic loss per share	(0.52)	(0.52)
Diluted loss per share	(0.52)	(0.52)

Note 38. Share-based payments

During the year \$25,000,000 options were issued to brokers that assisted with raising capital.

Broo Limited
Notes to the financial statements
30 June 2020

Note 38. Share-based payments (continued)

Set out below are summaries of options granted:

	Number of options 2020	Weighted average exercise price 2020	Number of options 2019	Weighted average exercise price 2019
Outstanding at the beginning of the financial year	60,342,500	\$0.300	60,342,500	\$0.300
Granted	<u>25,000,000</u>	\$0.020	<u>-</u>	\$0.000
Outstanding at the end of the financial year	<u>85,342,500</u>	\$0.218	<u>60,342,500</u>	\$0.300
Exercisable at the end of the financial year	<u>85,342,500</u>	\$0.218	<u>60,343,500</u>	\$0.300

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.51 years (2019 : 1.01 years).

For the options 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	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
31/01/2020	08/01/2022	\$0.020	\$0.030	116.00%	-	0.76%	\$0.0117
30/06/2020	30/06/2022	\$0.020	\$0.030	130.00%	-	0.25%	\$0.0113

A total of \$287,817 has been recognised in the relation to the above options during the year.

Broo Limited
Directors' declaration
30 June 2020

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 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Kent Grogan
Chairman and Executive Director

18 September 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROO LIMITED

Opinion

We have audited the accompanying financial report of Broo Limited (the "company") and controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

In our opinion the financial report of Broo Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$3,482,245 during the year ended 30 June 2020 and, as of that date, the Group's current liabilities exceeded its current assets by \$4,739,403. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Note 31 Related Party Transactions	
<p>The group has engaged in a number of transactions with related parties during the year.</p> <p>We identified related parties as a key audit matter given the nature and materiality of these transactions.</p> <p>Knowledge of these transactions, outstanding balances, commitments, and relationships with related parties may affect assessments of the group's operations by users of financial statements, including assessments of the risks and opportunities facing the group.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none">• Assessed internal processes for the identification and disclosure of related party transactions;• Reviewed related parties schedule and related transactions;• Reviewed minutes from board of directors' meetings, particularly when the board discussed significant business transactions• Obtained representations from board members regarding their ownership of other entities and participation on additional boards; and• Ensuring transactions and balances are disclosed in accordance with the disclosure requirements of AASB 124 Related Party Transactions

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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In the basis of preparation, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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

Auditor's Responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the financial year ended 30 June 2020.

In our opinion the Remuneration Report of Broo Limited for the financial year ended 30 June 2020, 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.



George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Melbourne, Victoria
Date: 18 September 2020

Broo Limited
Shareholder information
30 June 2020

The shareholder information set out below was applicable as at 7 September 2020.

Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of shares held
1 to 1,000	6,343	864,478
1,001 to 5,000	352	900,408
5,001 to 10,000	343	3,171,109
10,001 to 100,000	737	30,009,508
100,001 and over	391	745,305,010
	<u>8,166</u>	<u>780,250,513</u>
Holding less than a marketable parcel	<u>7,372</u>	<u>11,264,960</u>

Equity security holders

Twenty largest quoted equity security holders

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

	Number held	Ordinary shares % of total shares issued
GROGES HOLDINGS PTY LTD (GROGES A/C)	301,275,000	38.61
DE GRAAFF HOLDINGS PTY LTD	50,785,761	6.51
GEM SYNDICATION PTY LTD	23,333,334	2.99
MS LIANG GAO	12,000,000	1.54
AUSTANE CONSTRUCTIONS PTY LTD	11,550,000	1.48
MS JIANJUN GUO	10,833,333	1.39
AUSTANE CONSTRUCTIONS PTY LTD	10,106,022	1.30
KMS PTY LTD (KMS SUPER FUND A/C)	10,000,000	1.28
KNIGHT61 INVESTMENTS PTY LTD (KNIGHT61 INVESTMENTS A/C)	9,777,837	1.25
A&S JIN NOMINEES PTY LTD (MAXJIN SUPER FUND A/C)	9,500,000	1.22
CE 61 INVESTMENTS PTY LTD (CE 61 INVESTMENTS UNIT T A/C)	9,052,633	1.16
MR MAURIZIO MARIO TERMINE + MRS ROSARIA TERMINE	7,500,000	0.96
NUT CAYENNE PTY LTD (A SINCLAIR SUPER FUND)	7,000,000	0.90
SIXTH ERRA PTY LTD (THE I COLLIE FAMILY A/C)	6,700,000	0.86
GEM ASIA PACIFIC LTD	6,666,666	0.85
SIXTH ERRA PTY LTD (STAFF SUPER FUND A/C)	6,600,000	0.85
KABILA INVESTMENTS PTY LIMITED	6,000,000	0.77
MR LI SUN	5,500,000	0.70
DENIS COLDEBELLA	5,000,000	0.64
MR TIANFENG HONG	5,000,000	0.64
	<u>514,180,586</u>	<u>65.90</u>

Unquoted equity securities

There are no unquoted equity securities.

Broo Limited
Shareholder information
30 June 2020

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
GROGES HOLDINGS PTY LTD	301,275,000	38.61
DE GRAAFF HOLDINGS PTY LTD	50,785,761	6.51

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.