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BROO LIMITED

APPENDIX 4E

Preliminary Final Report



BROO Limited ACN 060 793 099

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Broo Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Broo Limited
ACN:	060 793 099
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	17.6% to	2,036,877
Loss from ordinary activities after tax attributable to the owners of Broo Limited	down	46.2% to	(1,873,405)
Loss for the year attributable to the owners of Broo Limited	down	46.2% to	(1,873,405)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,873,405 (30 June 2020: \$3,482,245).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.05	(0.23)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

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


The financial statements have not been audited.

11. Attachments

Details of attachments (if any):

The Preliminary Report of Broo Limited for the year ended 30 June 2021 is attached.

12. Signed

Signed  _____
Kent Grogan

Date: 31 August 2021

Broo Limited

ACN 060 793 099

Preliminary Report - 30 June 2021

Broo Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Revenue	1	1,982,006	2,135,477
Other income	2	336,292	57,004
Expenses			
Cost of sales		(1,696,102)	(2,328,755)
Marketing		(121,521)	(23,666)
Occupancy		(105,776)	(154,320)
Administration		(1,876,814)	(1,992,021)
Impairment of assets		-	(323,055)
Other expenses		(6,764)	(19,350)
Finance costs		(434,154)	(485,147)
Loss before income tax expense from continuing operations		(1,922,833)	(3,133,833)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(1,922,833)	(3,133,833)
Profit/(loss) after income tax expense from discontinued operations		49,428	(348,412)
Loss after income tax expense for the year attributable to the owners of Broo Limited		(1,873,405)	(3,482,245)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Broo Limited		<u>(1,873,405)</u>	<u>(3,482,245)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(1,873,405)	(3,482,245)
Discontinued operations		-	-
		<u>(1,873,405)</u>	<u>(3,482,245)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Broo Limited			
Basic loss per share		(0.22)	(0.47)
Diluted loss per share		(0.22)	(0.47)
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Broo Limited			
Basic earnings per share		0.01	(0.05)
Diluted earnings per share		0.01	(0.05)
Earnings per share for loss attributable to the owners of Broo Limited			
Basic loss per share		(0.21)	(0.52)
Diluted loss per share		(0.21)	(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 2021

	Note	Consolidated 2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	3	115,241	62,675
Trade and other receivables	4	349,829	189,760
Inventories	5	1,756,223	77,332
Other	6	83,251	173,974
		<u>2,304,544</u>	<u>503,741</u>
Assets of disposal groups classified as held for sale	7	2,123,404	60,000
Total current assets		<u>4,427,948</u>	<u>563,741</u>
Non-current assets			
Property, plant and equipment	8	1,821,391	4,081,482
Right-of-use assets	9	2,363,751	2,745,024
Intangibles	10	219,580	216,380
Other		-	22,000
Total non-current assets		<u>4,404,722</u>	<u>7,064,886</u>
Total assets		<u>8,832,670</u>	<u>7,628,627</u>
Liabilities			
Current liabilities			
Trade and other payables	11	2,886,709	2,628,129
Borrowings	12	784,299	2,208,094
Lease liabilities	13	339,800	320,276
Employee benefits		158,062	146,645
		<u>4,168,870</u>	<u>5,303,144</u>
Liabilities directly associated with assets classified as held for sale	14	1,916,565	-
Total current liabilities		<u>6,085,435</u>	<u>5,303,144</u>
Non-current liabilities			
Borrowings	15	-	1,314,443
Lease liabilities	16	2,082,569	2,422,358
Employee benefits		5,698	4,938
Total non-current liabilities		<u>2,088,267</u>	<u>3,741,739</u>
Total liabilities		<u>8,173,702</u>	<u>9,044,883</u>
Net assets/(liabilities)		<u>658,968</u>	<u>(1,416,256)</u>
Equity			
Issued capital	17	22,846,937	18,898,308
Reserves	18	293,851	293,851
Accumulated losses		<u>(22,481,820)</u>	<u>(20,608,415)</u>
Total equity/(deficiency)		<u>658,968</u>	<u>(1,416,256)</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 2021

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 17)	-	937,715	-	937,715
Share-based payments	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>
Consolidated	Reserves	Contributed equity	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2020	293,851	18,898,308	(20,608,415)	(1,416,256)
Loss after income tax expense for the year	-	-	(1,873,405)	(1,873,405)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,873,405)	(1,873,405)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 17)	-	3,948,629	-	3,948,629
Balance at 30 June 2021	<u>293,851</u>	<u>22,846,937</u>	<u>(22,481,820)</u>	<u>658,968</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 2021

	Note	Consolidated 2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,020,138	2,356,262
Payments to suppliers and employees (inclusive of GST)		(4,702,117)	(3,424,396)
		(2,681,979)	(1,068,134)
Other revenue		-	94,932
Interest and other finance costs paid		(369,987)	(553,909)
Covid relief		281,603	-
Net cash used in operating activities		(2,770,363)	(1,527,111)
Cash flows from investing activities			
Payments for intangibles		(3,200)	(1,500)
Proceeds from disposal of business		60,000	-
Proceeds from disposal of property, plant and equipment		45,454	-
Net cash from/(used in) investing activities		102,254	(1,500)
Cash flows from financing activities			
Proceeds from issue of shares		2,985,985	700,000
Proceeds from borrowings		758,906	2,193,699
Share issue transaction costs		(293,741)	(44,118)
Repayment of borrowings		(459,056)	(1,383,558)
Repayment of lease liabilities		(271,419)	(301,551)
Net cash from financing activities		2,720,675	1,164,472
Net increase/(decrease) in cash and cash equivalents		52,566	(364,139)
Cash and cash equivalents at the beginning of the financial year		62,675	426,814
Cash and cash equivalents at the end of the financial year	3	<u>115,241</u>	<u>62,675</u>

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

Broo Limited
Notes to the financial statements
30 June 2021

Note 1. Revenue

	Consolidated	
	2021	2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales	1,981,948	2,113,727
<i>Other revenue</i>		
Other revenue	58	21,750
Revenue	<u>1,982,006</u>	<u>2,135,477</u>

Disaggregation of revenue

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

	Consolidated	
	2021	2020
	\$	\$
<i>Major product lines</i>		
Brewing	1,395,831	1,345,589
Hospitality	586,117	768,138
	<u>1,981,948</u>	<u>2,113,727</u>
<i>Geographical regions</i>		
Australia	<u>1,981,948</u>	<u>2,113,727</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>1,981,948</u>	<u>2,113,727</u>

Note 2. Other income

	Consolidated	
	2021	2020
	\$	\$
Net gain on disposal of property, plant and equipment	20,531	-
COVID relief	315,761	57,004
Other income	<u>336,292</u>	<u>57,004</u>

Note 3. Current assets - cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
Cash on hand	4,833	866
Cash at bank	110,408	61,809
	<u>115,241</u>	<u>62,675</u>

Note 4. Current assets - trade and other receivables

	Consolidated	
	2021	2020
	\$	\$
Trade receivables	148,000	146,196
Less: Allowance for expected credit losses	<u>(22,325)</u>	<u>(125,776)</u>
	125,675	20,420
Other receivables	3,324	4,014
BAS receivable	<u>220,830</u>	<u>165,326</u>
	<u><u>349,829</u></u>	<u><u>189,760</u></u>

Note 5. Current assets - inventories

	Consolidated	
	2021	2020
	\$	\$
Stock on hand - at net realisable value	<u>1,756,223</u>	<u>77,332</u>

Note 6. Current assets - other

	Consolidated	
	2021	2020
	\$	\$
Prepayments	<u>83,251</u>	<u>173,974</u>

Note 7. Current assets - assets of disposal groups classified as held for sale

	Consolidated	
	2021	2020
	\$	\$
Property, plant and equipment	<u>2,123,404</u>	<u>60,000</u>

On 11 June 2021, the company announced that it had entered into an agreement to sell its Ballarat property for \$7.5million. The sale is conditional upon approval from Development Victoria.

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

	Consolidated	
	2021	2020
	\$	\$
Land - at cost	-	2,123,404
Leasehold improvements - at cost	52,375	52,375
Less: Accumulated depreciation	(15,627)	(15,627)
Less: Impairment	(36,748)	(36,748)
	-	-
Plant and equipment - at cost	2,717,350	2,815,020
Less: Accumulated depreciation	(687,090)	(580,501)
Less: Impairment	(211,259)	(282,217)
	1,819,001	1,952,302
Motor vehicles - at cost	15,956	54,706
Less: Accumulated depreciation	(13,566)	(48,930)
	2,390	5,776
	<u>1,821,391</u>	<u>4,081,482</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 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)
Balance at 30 June 2020	2,123,404	5,776	1,952,302	-	4,081,482
Classified as held for sale	(2,123,404)	-	-	-	(2,123,404)
Disposals	-	(2,587)	-	-	(2,587)
Depreciation expense	-	(799)	-	(133,301)	(134,100)
Balance at 30 June 2021	<u>-</u>	<u>2,390</u>	<u>1,952,302</u>	<u>(133,301)</u>	<u>1,821,391</u>

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

	Consolidated	
	2021	2020
	\$	\$
Land and buildings - right-of-use	3,044,184	3,044,184
Less: Accumulated depreciation	(696,354)	(347,907)
	<u>2,347,830</u>	<u>2,696,277</u>
Motor vehicles - right-of-use	77,256	180,012
Less: Accumulated depreciation	(61,335)	(131,265)
	<u>15,921</u>	<u>48,747</u>
	<u><u>2,363,751</u></u>	<u><u>2,745,024</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	Motor vehicles \$	Land and buildings \$	Total \$
Balance at 1 July 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	(16,249)	(347,907)	(364,156)
Balance at 30 June 2020	48,747	2,696,277	2,745,024
Disposals	(22,336)	-	(22,336)
Depreciation expense	(10,490)	(348,447)	(358,937)
Balance at 30 June 2021	<u><u>15,921</u></u>	<u><u>2,347,830</u></u>	<u><u>2,363,751</u></u>

Note 10. Non-current assets - intangibles

	Consolidated	
	2021	2020
	\$	\$
Patents and trademarks - at cost	<u><u>219,580</u></u>	<u><u>216,380</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	Patents and trademarks \$	Total \$
Balance at 1 July 2019	214,880	214,880
Additions	1,500	1,500
Balance at 30 June 2020	216,380	216,380
Additions	3,200	3,200
Balance at 30 June 2021	<u><u>219,580</u></u>	<u><u>219,580</u></u>

Note 11. Current liabilities - trade and other payables

	Consolidated	
	2021	2020
	\$	\$
Trade payables	505,570	888,653
BAS payable	203,711	208,390
Other payables	2,177,428	1,531,086
	<u>2,886,709</u>	<u>2,628,129</u>

Note 12. Current liabilities - borrowings

	Consolidated	
	2021	2020
	\$	\$
Bank loans	-	170,298
Loan facility	758,907	1,950,000
Hire purchase	25,392	87,796
	<u>784,299</u>	<u>2,208,094</u>

Note 13. Current liabilities - lease liabilities

	Consolidated	
	2021	2020
	\$	\$
Lease liability	339,800	320,276
	<u>339,800</u>	<u>320,276</u>

Note 14. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated	
	2021	2020
	\$	\$
Loan facility	1,916,565	-
	<u>1,916,565</u>	<u>-</u>

On 11 June 2021, the company announced that it had entered into an agreement to sell its Ballarat property for \$7.5million. The sale is conditional upon approval from Development Victoria. The above loan facility will be settled out of the sales proceeds.

Note 15. Non-current liabilities - borrowings

	Consolidated	
	2021	2020
	\$	\$
Loans from director	-	1,314,443
	<u>-</u>	<u>1,314,443</u>

Note 16. Non-current liabilities - lease liabilities

	Consolidated 2021 \$	2020 \$
Lease liability	<u>2,082,569</u>	<u>2,422,358</u>

Note 17. Equity - issued capital

	2021 Shares	2020 Shares	Consolidated 2021 \$	2020 \$
Ordinary shares - fully paid	<u>945,752,965</u>	<u>710,065,743</u>	<u>22,846,937</u>	<u>18,898,308</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 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	710,065,743		18,898,308
Issue of shares	28 August 2020	70,274,770	\$0.018	1,264,946
Issue of shares	28 September 2020	61,954,549	\$0.018	1,115,182
Shares issued to settle loan with director	28 September 2020	60,455,000	\$0.018	1,088,190
Issue of shares	2 October 2020	33,658,740	\$0.018	605,857
Shares issued to settle trade payables	13 November 2020	2,855,275	\$0.018	51,395
Shares issued to non-executive directors in lieu of fees	13 November 2020	6,488,888	\$0.018	116,800
Cost of capital raising		-	\$0.000	(293,741)
Balance	30 June 2021	<u>945,752,965</u>		<u>22,846,937</u>

Note 18. Equity - reserves

	Consolidated 2021 \$	2020 \$
Share-based payments reserve	<u>293,851</u>	<u>293,851</u>