Broo Limited

ACN 060 793 099

Annual Report - 30 June 2016

Broo Limited
Corporate directory
30 June 2016

Directors	Kent Grogan (Chairman and Executive Director) Mathew Boyes (Non-Executive Director) Geoff De Graaff (Non- Executive Director)
Company secretary	Justyn Stedwell
Registered office	Suite 4, Level 1 119-125 Ocean Beach Road SORRENTO VIC 3943
Principal place of business	Suite 4, Level 1 119-125 Ocean Beach Road SORRENTO VIC 3943
Auditor	ShineWing Australia Level 10, 530 Collins St MELBOURNE VIC 3000
Solicitors	Pointon Partners Lawyers Level 14, 565 Bourke Street MELBOURNE VIC 3000
Contact details	Telephone: +61 3 5984 2222 Facsimile: +61 3 5984 2122 E-mail: enquiries@broo.com.au Web page: www.broo.com.au

Broo Limited
Directors' report
30 June 2016

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 2016.

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
Geoff De Graaff (appointed 30 June 2016)
Paul Clark (resigned 30 June 2016)

Principal activities
During the financial year the principal continuing activities of the consolidated entity was the production and sale of packaged beer.

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 $2,652,497 (30 June 2015: $1,071,430).

Significant changes in the state of affairs
During the year the company issued 8,934,600 shares raising $1,454,800 and with shares valued at $1,012,500 being issued to settle liabilities.

On 8 March 2016, the company undertook a five for one year share split.

There were no other 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 4 Jul 2016, the company issued 60,342,500 options to key management personnel. These options had a 4 year expiry period and have an exercise price of 30 cents.

On 12 July 2016, the company entered into an agreement to repay convertible notes totalling $575,000 on 23 December 2016. As part of this agreement, the company has agreed to pay an additional amount of $115,000 to the warrant subscribers in consideration for them agreeing to relinquish their rights to subscribe for shares in Australia Draught.

No other matter or circumstance has arisen since 30 June 2016 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.

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.
Special responsibilities:	N/A
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 the Deakin University and was admitted as a Chartered Accountant in 1999, becoming a Chartered Accountant 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.
Special responsibilities:	N/A
Name:	Geoff De Graaff
Title:	Non – Executive Director (appointed on 30 June 2016)
Experience and expertise:	Geoff has built and managed a range of successful businesses across the technology and communications sector. Geoff was the founding member of the Telstra Licensed Shop channel, and after years of success in the retail space, was instrumental in the development and creation of the Telstra Business Centres. Geoff's businesses have achieved several awards including awards for Outstanding People Development and Partner of the Year. Geoff was previously the CEO of the communications arm of Leading Edge Group, a company which conducted operations in Australia, New Zealand and the UK. Geoff was also a board member of the Leading Edge group of companies. Geoff has a solid background in management, sales and marketing. Geoff has a passion for commercial and multi residential development, and been involved in a number of large projects over the years.
Special responsibilities:	N/A
Name:	Paul Clark
Title:	Non – Executive Director (resigned on 30 June 2016)
Experience and expertise:	Joined the Board on 11 November 2010. Paul has thirty years experience in advertising, brand development and growth. He has been the creator and visionary for many successful Australian brands. Paul is the creative director and principal of Creative Sweat.
Special responsibilities:	N/A

Broo Limited
Directors' report
30 June 2016

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Kent Grogan	3	3
Mathew Boyes	3	3
Paul Clark	3	3

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

Geoff De Graaff was appointed on 30 June 2016, and there were no meetings held during whilst he was in office.

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
4 July 2016	3 July 2020	$0.30	60,342,500

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 2016 and up to the date of this report.

Indemnity and insurance of officers

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

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

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.

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

ShineWing Australia continues in office in accordance with section 327 of the Corporations Act 2001.

Broo Limited
Directors' report
30 June 2016

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

16 August 2016
Sorrento

ShineWing Australia
Accountants and Advisors
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shinewing.com.au

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the directors of Broo Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there has been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Scott Phillips
Partner
Melbourne, 16 August 2016

Broo Limited
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30 June 2016

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 an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 4, Level 1
119-125 Ocean Beach Road
Sorrento VIC
3943

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 16 August 2016. The directors have the power to amend and reissue the financial statements.

Broo Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 Restated $
Revenue	5	516,334	722,571
Other income	6	-	5,422
Expenses			
Cost of sales		(698,873)	(640,156)
Marketing		(60,064)	(100,412)
Occupancy		(14,581)	(13,961)
Administration		(2,302,127)	(936,735)
Finance costs	7	(93,186)	(108,159)
Loss before income tax expense		(2,652,497)	(1,071,430)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Broo Limited		(2,652,497)	(1,071,430)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Broo Limited		(2,652,497)	(1,071,430)
		Cents	**Cents**
Basic earnings per share	35	(0.50)	(0.22)
Diluted earnings per share	35	(0.50)	(0.22)

Refer to note 3 for detailed information on Restatement of comparatives.

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 2016

	Note	2016 $	Consolidated 2015 Restated $	1 July 2014 Restated $
Assets				
Current assets				
Cash and cash equivalents	9	736,053	1,185,989	288,202
Trade and other receivables	10	72,394	142,790	149,641
Inventories	11	95,908	57,542	16,158
Other	12	74,428	-	6,450
Total current assets		978,783	1,386,321	460,451
Non-current assets				
Property, plant and equipment	13	208,737	66,481	16,739
Intangibles	14	184,573	170,559	162,924
Other	15	-	9,031	9,132
Total non-current assets		393,310	246,071	188,795
Total assets		1,372,093	1,632,392	649,246
Liabilities				
Current liabilities				
Trade and other payables	16	323,621	583,446	620,961
Borrowings	17	597,055	580,108	14,749
Income tax	18	-	8,293	34,755
Employee benefits	19	7,717	-	-
Total current liabilities		928,393	1,171,847	670,465
Non-current liabilities				
Borrowings	20	183,201	15,548	825,168
Employee benefits	21	699	-	-
Total non-current liabilities		183,900	15,548	825,168
Total liabilities		1,112,293	1,187,395	1,495,633
Net assets/(liabilities)		259,800	444,997	(846,387)
Equity				
Issued capital	22	6,278,078	3,810,778	1,447,964
Accumulated losses		(6,018,278)	(3,365,781)	(2,294,351)
Total equity/(deficiency)		259,800	444,997	(846,387)

Refer to note 3 for detailed information on Restatement of comparatives.

Broo Limited
Statement of changes in equity
For the year ended 30 June 2016

Consolidated	**Contributed equity $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2014	1,447,964	(2,352,249)	(904,285)
Adjustment for correction of error (note 3)	-	57,898	57,898
Balance at 1 July 2014 - restated	1,447,964	(2,294,351)	(846,387)
Loss after income tax expense for the year	-	(1,071,430)	(1,071,430)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,071,430)	(1,071,430)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 22)	2,362,814	-	2,362,814
Balance at 30 June 2015	3,810,778	(3,365,781)	444,997

Refer to note 3 for detailed information on Restatement of comparatives.

Consolidated	**Contributed equity $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2015	3,810,778	(3,365,781)	444,997
Loss after income tax expense for the year	-	(2,652,497)	(2,652,497)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(2,652,497)	(2,652,497)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 22)	2,467,300	-	2,467,300
Balance at 30 June 2016	6,278,078	(6,018,278)	259,800

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 2016

	Note	Consolidated 2016 $	Consolidated 2015 Restated $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		628,068	807,101
Payments to suppliers and employees (inclusive of GST)		(2,393,972)	(1,740,259)
		(1,765,904)	(933,158)
Interest received		11,383	2,214
Interest and other finance costs paid		(93,186)	(108,159)
Income taxes paid		(8,293)	(26,462)
Net cash used in operating activities	33	(1,856,000)	(1,065,565)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(57,331)
Payments for intangibles		(14,053)	(7,870)
Net cash used in investing activities		(14,053)	(65,201)
Cash flows from financing activities			
Proceeds from issue of shares		1,454,800	2,047,500
Proceeds from borrowings		20,858	-
Share issue transaction costs		(39,271)	-
Repayment of borrowings		(16,270)	(18,947)
Net cash from financing activities		1,420,117	2,028,553
Net increase/(decrease) in cash and cash equivalents		(449,936)	897,787
Cash and cash equivalents at the beginning of the financial year		1,185,989	288,202
Cash and cash equivalents at the end of the financial year	9	736,053	1,185,989

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

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

Going concern
The consolidated entity has incurred a net loss of $2,652,497 for the period ended 30 June 2016 (30 June 2015 : $1,071,430) and had cash outflows from operating activities of $1,856,000 (30 June 2015: $1,044,056). 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:

- The company is currently seeking to list on the Australian Securities Exchange (ASX), with the prospectus expected to be finalised shortly after the signing of these financial statements. The company is seeking to raise between $10.5 million and $15 million before associated costs;
- The company has entered into an agreement with Chinese organizations for the right to supply and distribute beer in China. This agreement covers a 5 year period with options for extensions; and
- The current administration expense includes a once-off fee of $1,012,500 in relation to sourcing, negotiation and implementation of commercial opportunities for the production and distribution of the company’s beer products in China.

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.

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

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

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 30.

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 2016 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
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

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

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

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

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

Note 1. Significant accounting policies (continued)

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.

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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the 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 provision for impairment.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and government excise, net of rebates and discounts received or receivable.

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

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.

Note 1. Significant accounting policies (continued)

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:

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.

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

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

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

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

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

Intangible assets
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
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.

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

Note 1. Significant accounting policies (continued)

Employee benefits

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

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as 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 government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Issued capital
Ordinary shares are classified as equity.

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 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 1. Significant accounting policies (continued)

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is not expected to be material.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018. The company has yet to perform a review of the consequences and impact of this standard.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 January 2019 but the impact of its adoption is not expected to be material.

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.

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

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 $172,343 (2015 : $66,481).

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 covering a period of 5 years.

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, in particular, expansion plans into China. Significant growth rates have been used in the value in use calculations to reflect the anticipated significant increase in cash flows resulting from successful execution of our Chinese strategy.

In determining the present value, management has used a pre-tax discount rate of 8% applied to the cash flows of each CGU. The recoverability of these intangibles are dependent upon successfully listing on the ASX and raising sufficient capital to fund expansion into China. Failure to successfully list would negatively impact the ability to execute the Chinese strategy resulting in significantly reduced cash flows. As such, a reasonably possible change in the assumptions used in assessing the carrying value of the trademarks could generate an impairment loss.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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.

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

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. Restatement of comparatives

Correction of errors
The previous accounting policy was to amortise the trademarks. This amortisation has been reversed, because the trademarks don't have a finite life, and therefore should not be amortised under AASB 138 Intangible Assets. Instead they have been tested for impairment, with no impairments being recognised.

There were intercompany sales that occurred in the 2015 financial years, that were not eliminated on consolidation. These have now been eliminated with no affect on overall loss before tax.

The company has settled liabilities through the issues of fully paid shares at different stages during the financial years ended 30 June 2013, 2014 and 2015. There were shares issued in the 2014 financial year, that were not valued in accordance with AASB 2 Share Based Payments, and adjustments have been recognised to reflect this in the statement of financial position as at 1 July 2014.

There were transactions disclosed in the previous audit years that were subsequently reversed in later years. There have been adjustments recognised in the 2014 and the 2015 restated financial years, to accurately reflect revenue and expenses in the correct financial years.

Plant and equipment valued at $41,375 was incorrectly disclosed as inventory at 30 June 2015.. This has been amended in the restated statement of financial position.

Restatements have also been made in relation to the disclosure of expenses to ensure comparability with the current year disclosures.

Note 3. Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

	2015 $ Reported	Consolidated $ Adjustment	2015 $ Restated
Revenue	825,071	(102,500)	722,571
Other income	5,422	-	5,422
Expenses			
Depreciation and amortisation expense	(42,101)	42,101	-
Cost of sales	(713,746)	73,590	(640,156)
Impairment of receivables	(82,892)	82,892	-
Marketing	(100,412)	-	(100,412)
Occupancy	(13,961)	-	(13,961)
Administration	(891,022)	(45,713)	(936,735)
Finance costs	(108,159)	-	(108,159)
Loss before income tax expense	(1,121,800)	50,370	(1,071,430)
Income tax expense	-	-	-
Loss after income tax expense for the year attributable to the owners of Broo Limited	(1,121,800)	50,370	(1,071,430)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year attributable to the owners of Broo Limited	(1,121,800)	50,370	(1,071,430)

	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(0.23)	0.01	(0.22)
Diluted earnings per share	(0.23)	0.01	(0.22)

Note 3. Restatement of comparatives (continued)

Statement of financial position at the beginning of the earliest comparative period

	1 July 2014 $ Reported	Consolidated $ Adjustment	1 July 2014 $ Restated
Assets			
Current assets			
Cash and cash equivalents	288,202	-	288,202
Trade and other receivables	170,388	(20,747)	149,641
Inventories	16,158	-	16,158
Other	6,450	-	6,450
Total current assets	481,198	(20,747)	460,451
Non-current assets			
Property, plant and equipment	16,739	-	16,739
Intangibles	133,679	29,245	162,924
Other	9,132	-	9,132
Total non-current assets	159,550	29,245	188,795
Total assets	640,748	8,498	649,246
Liabilities			
Current liabilities			
Trade and other payables	620,961	-	620,961
Borrowings	14,749	-	14,749
Income tax	34,755	-	34,755
Total current liabilities	670,465	-	670,465
Non-current liabilities			
Borrowings	825,168	-	825,168
Total non-current liabilities	825,168	-	825,168
Total liabilities	1,495,633	-	1,495,633
Net liabilities	(854,885)	8,498	(846,387)
Equity			
Issued capital	1,497,364	(49,400)	1,447,964
Accumulated losses	(2,352,249)	57,898	(2,294,351)
Total deficiency in equity	(854,885)	8,498	(846,387)

Note 3. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

	2015 $ Reported	Consolidated $ Adjustment	2015 $ Restated
Assets			
Current assets			
Cash and cash equivalents	1,185,989	-	1,185,989
Trade and other receivables	149,357	(6,567)	142,790
Inventories	98,917	(41,375)	57,542
Total current assets	1,434,263	(47,942)	1,386,321
Non-current assets			
Property, plant and equipment	25,106	41,375	66,481
Intangibles	127,368	43,191	170,559
Other	9,031	-	9,031
Total non-current assets	161,505	84,566	246,071
Total assets	1,595,768	36,624	1,632,392
Liabilities			
Current liabilities			
Trade and other payables	605,690	(22,244)	583,446
Borrowings	580,108	-	580,108
Income tax	8,293	-	8,293
Total current liabilities	1,194,091	(22,244)	1,171,847
Non-current liabilities			
Borrowings	15,548	-	15,548
Total non-current liabilities	15,548	-	15,548
Total liabilities	1,209,639	(22,244)	1,187,395
Net assets	386,129	58,868	444,997
Equity			
Issued capital	3,860,178	(49,400)	3,810,778
Accumulated losses	(3,474,049)	108,268	(3,365,781)
Total equity	386,129	58,868	444,997

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment, relating to the production and sale of packaged beer in Australia.

Note 5. Revenue

	Consolidated 2016 $	Consolidated 2015 Restated $
Sales revenue		
Sales	504,951	720,357
Other revenue		
Interest	11,383	2,214
Revenue	516,334	722,571

Note 6. Other income

	Consolidated 2016 $	Consolidated 2015 Restated $
Government grants	-	5,422

Note 7. Expenses

	Consolidated 2016 $	Consolidated 2015 Restated $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	5,724	273
Motor vehicles	32,032	6,138
Total depreciation	37,756	6,411
Amortisation		
Website	39	235
Total depreciation and amortisation	37,795	6,646
Impairment		
Trade receivables	4,123	65,174
Rental expense relating to operating leases		
Minimum lease payments	13,498	13,282
Superannuation expense		
Defined contribution superannuation expense	16,303	6,028
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	186,674	202,497
Write off of assets		
Trade receivables	1,529	1,516
Consulting fees	1,485,957	165,955

Included in consulting fees is $1,012,500 of equity settled share based payments (refer to Note 34).

Note 8. Income tax expense

	Consolidated 2016 $	Consolidated 2015 Restated $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,652,497)	(1,071,430)
Tax at the statutory tax rate of 30%	(795,749)	(321,429)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of other timing and permanent differences	18,752	6,334
Blackhole expenses	44,769	(15,608)
	(732,228)	(330,703)
Current year tax losses not recognised	732,228	330,703
Income tax expense	-	-

	Consolidated 2016 $	Consolidated 2015 Restated $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	5,420,449	2,979,690
Potential tax benefit @ 30%	1,626,135	893,907

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.

Note 9. Current assets - cash and cash equivalents

	Consolidated 2016 $	Consolidated 2015 Restated $
Cash on hand	866	966
Cash at bank	648,687	1,185,023
Restricted cash	86,500	-
	736,053	1,185,989

The restricted cash relates to money held in trust in relation to ASX listing fees and prospectus preparation and lodgement.

Note 10. Current assets - trade and other receivables

	Consolidated 2016 $	Consolidated 2015 Restated $
Trade receivables	57,640	113,029
Less: Provision for impairment of receivables	(4,123)	-
	53,517	113,029
Other receivables	976	539
BAS receivable	17,901	29,222
	72,394	142,790

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $20,447 as at 30 June 2016 ($66,450 as at 30 June 2015).

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

	Consolidated 2016 $	Consolidated 2015 Restated $
1 month overdue	5,334	9,406
2 months overdue	3,970	15,843
3 and more months overdue	11,143	41,201
	20,447	66,450

Note 11. Current assets - inventories

	Consolidated 2016 $	Consolidated 2015 Restated $
Stock on hand - at cost	95,908	57,542

Inventories totalling $675,099 (2015 : $606,553) were recognised as an expense and included in 'Cost of sales'.

Note 12. Current assets - other

	Consolidated 2016 $	Consolidated 2015 Restated $
Prepayments	35,157	-
Prepaid IPO costs	39,271	-
	74,428	-

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

	Consolidated	
	2016	**2015 Restated**
	$	**$**
Plant and equipment - at cost	44,164	44,164
Less: Accumulated depreciation	(7,770)	(2,046)
	36,394	42,118
Motor vehicles - at cost	54,706	54,706
Less: Accumulated depreciation	(36,050)	(30,343)
	18,656	24,363
Motor vehicles under lease	180,012	-
Less: Accumulated depreciation	(26,325)	-
	153,687	-
	208,737	66,481

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 $	Plant and Equipment $	Total $
Balance at 1 July 2014	14,545	2,194	16,739
Additions	15,956	41,375	57,331
Write off of assets	-	(1,178)	(1,178)
Depreciation expense	(6,138)	(273)	(6,411)
Balance at 30 June 2015	24,363	42,118	66,481
Additions	180,012	-	180,012
Depreciation expense	(32,032)	(5,724)	(37,756)
Balance at 30 June 2016	172,343	36,394	208,737

Note 14. Non-current assets - intangibles

	Consolidated	
	2016	**2015 Restated**
	$	**$**
Website - at cost	-	10,667
Less: Accumulated amortisation	-	(10,628)
	-	39
Patents and trademarks - at cost	184,573	170,520
	184,573	170,559

Note 14. 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	Website $	Patents and trademarks $	Total $
Balance at 1 July 2014	274	162,650	162,924
Additions	-	7,870	7,870
Amortisation expense	(235)	-	(235)
Balance at 30 June 2015	39	170,520	170,559
Additions	-	14,053	14,053
Amortisation expense	(39)	-	(39)
Balance at 30 June 2016	-	184,573	184,573

Note 15. Non-current assets - other

	Consolidated 2016 $	Consolidated 2015 Restated $
Other non-current assets	-	9,031

Note 16. Current liabilities - trade and other payables

	Consolidated 2016 $	Consolidated 2015 Restated $
Trade payables	201,106	469,457
Interest payable	7,089	7,089
Other payables	115,426	106,900
	323,621	583,446

Refer to note 24 for further information on financial instruments.

Note 17. Current liabilities - borrowings

	Consolidated 2016 $	Consolidated 2015 Restated $
Convertible notes	575,000	575,000
Hire purchase	22,055	5,108
	597,055	580,108

Note 17. Current liabilities - borrowings (continued)

Refer to note 24 for further information on financial instruments.

Interest is payable on the convertible notes at a rate of 15% per annum.

The original convertible note agreement was for a two year period ending 23 December 2015, however on the 21st December 2015 the agreement was extended until 23 December 2016.

Australia Draught Pty Ltd has obtained a loan facility from AD 2013 Notes Security Pty Ltd. The loan facility is secured by a first ranking general security interest registered in favour of the financier over Australia Draught Pty Ltd. The Financers also have equity warrants in place under the loan facility.

On 12 July 2016, Australia Draught Pty Ltd entered into an agreement to repay the convertible notes in full on 23 December 2016. As part of this agreement, the company has agreed to pay an additional amount of $115,000 to the warrant subscribers in consideration for them agreeing to relinquish their rights to subscribe for shares in Australia Draught.

Note 18. Current liabilities - income tax

	Consolidated	
	2016 $	2015 Restated $
Provision for income tax	-	8,293

Note 19. Current liabilities - employee benefits

	Consolidated	
	2016 $	2015 Restated $
Annual leave	7,717	-

Note 20. Non-current liabilities - borrowings

	Consolidated	
	2016 $	2015 Restated $
Loans - others	15,548	15,548
Hire purchase	167,653	-
	183,201	15,548

Refer to note 24 for further information on financial instruments.

Note 20. Non-current liabilities - borrowings (continued)

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

	Consolidated 2016 $	Consolidated 2015 Restated $
Hire purchase	189,708	5,108

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

	Consolidated 2016 $	Consolidated 2015 Restated $
Motor vehicles	153,687	10,909

Note 21. Non-current liabilities - employee benefits

	Consolidated 2016 $	Consolidated 2015 Restated $
Long service leave	699	-

Note 22. Equity - issued capital

	Consolidated 2016 Shares	2015 Shares	2016 $	2015 $
Ordinary shares - fully paid	555,818,040	102,169,088	6,278,078	3,810,778

Note 22. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2014	94,913,460		1,447,964
Issue of shares	18 September 2014	200,000	$0.50	100,000
Issue of shares	11 November 2014	1,940,628	$0.36	705,314
Issue of shares	9 January 2015	515,000	$0.50	257,500
Issue of shares	20 April 2015	200,000	$0.50	100,000
Issue of shares	24 June 2015	400,000	$0.50	200,000
Issue of shares	30 June 2015	4,000,000	$0.25	1,000,000
Balance	30 June 2015	102,169,088		3,810,778
Issue of shares	7 September 2015	1,509,600	$0.50	754,800
Issue of shares	29 September 2015	2,025,000	$0.50	1,012,500
Issue of shares	22 January 2016	300,000	$0.50	150,000
Issue of shares	26 February 2016	100,000	$0.50	50,000
Issue of shares	29 February 2016	5,000,000	$0.10	500,000
Share split (5 to 1 basis)	8 March 2016	444,714,352	$0.00	-
Balance	30 June 2016	555,818,040		6,278,078

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

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

Capital risk management
The 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.

Note 23. Equity - dividends

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

Note 24. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The 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.

Note 24. Financial instruments (continued)

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 recognised an expense of $5,652 (2015 : $66,690) in relation to impairment and write off of receivables.

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.

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 - 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	323,621	-	-	-	323,621
Employee benefits	-	7,717	-	-	699	8,416
Other borrowings	-	-	15,548	-	-	15,548
Interest-bearing - fixed rate						
Hire purchase	5.60%	30,980	30,890	149,947	-	211,817
Convertible notes	15.00%	616,589	-	-	-	616,589
Total non-derivatives		978,907	46,438	149,947	699	1,175,991

Note 24. Financial instruments (continued)

Consolidated - 2015 Restated	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	583,466	-	-	-	583,466
Other borrowings	-	-	15,548	-	-	15,548
Interest-bearing - variable						
Hire purchase	5.60%	5,108	-	-	-	5,108
Convertible notes	15.00%	616,589	-	-	-	616,589
Total non-derivatives		1,205,163	15,548	-	-	1,220,711

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 25. Key management personnel disclosures

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

Kent Grogan
Mathew Boyes
Paul Clark
Geoff De Graaff

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

	Consolidated	
	2016 $	**2015 Restated $**
Short-term employee benefits	541,944	264,354
Post-employment benefits	6,853	1,900
	548,797	266,254

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by ShineWing Australia, the auditor of the company, and unrelated firms:

	Consolidated 2016 $	Consolidated 2015 Restated $
Audit services - ShineWing Australia		
Audit or review of the financial statements	45,000	-
Other services - ShineWing Australia		
Independent accountant's report	47,000	-
	92,000	-
Audit services - Connect Audit Pty Ltd (previous auditor)		
Audit or review of the financial statements	-	10,000

Note 27. Contingent liabilities

The company had no contingent liabilities at 30 June 2016 and 30 June 2015.

Note 28. Commitments

	Consolidated 2016 $	Consolidated 2015 Restated $
Hire purchase		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	30,980	5,108
One to five years	180,707	-
Total commitment	211,687	5,108
Less: Future finance charges	(21,979)	-
Net commitment recognised as liabilities	189,708	5,108

The company now leases its Sorrento office on month to month cancellable lease.

Note 29. Related party transactions

Parent entity
Broo Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 25.

Note 29. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2016 $	2015 Restated $
Payment for goods and services:		
Payments to directors and related entities	485,072	266,254

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

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

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

Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2016 $	2015 Restated $
Loss after income tax	(2,415,315)	(665,307)
Total comprehensive income	(2,415,315)	(665,307)

Statement of financial position

	Parent	
	2016 $	2015 Restated $
Total current assets	1,460,450	1,359,944
Total assets	1,810,896	1,572,506
Total current liabilities	321,333	303,281
Total liabilities	489,685	303,281
Equity		
Issued capital	6,278,078	3,810,778
Accumulated losses	(4,956,867)	(2,541,553)
Total equity	1,321,211	1,269,225

Note 30. 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 2016 and 30 June 2015.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

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 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2016 %**	**2015 Restated %**
Broo Franchising Pty Ltd *	Australia	100.00%	100.00%
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%	-

* forms were lodged with ASIC to finalisation liquidation of this entity in August 2016.
** incorporated on 3 June 2016.

Note 32. Events after the reporting period

On 4 Jul 2016, the company issued 60,342,500 options to key management personnel. These options had a 4 year expiry period and have an exercise price of 30 cents.

On 12 July 2016, the company entered into an agreement to repay convertible notes totalling $575,000 on 23 December 2016. As part of this agreement, the company has agreed to pay an additional amount of $115,000 to the warrant subscribers in consideration for them agreeing to relinquish their rights to subscribe for shares in Australia Draught.

No other matter or circumstance has arisen since 30 June 2016 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 33. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2016 $	2015 Restated $
Loss after income tax expense for the year	(2,652,497)	(1,071,430)
Adjustments for:		
Depreciation and amortisation	37,795	6,646
Write off of property, plant and equipment	-	1,178
Share-based payments	1,012,500	90,000
Change in operating assets and liabilities:		
Decrease in trade and other receivables	70,396	6,851
Increase in inventories	(38,366)	(41,384)
Decrease/(increase) in other operating assets	(26,126)	6,551
Decrease in trade and other payables	(259,825)	(37,515)
Decrease in provision for income tax	(8,293)	(26,462)
Increase in employee benefits	8,416	-
Net cash used in operating activities	(1,856,000)	(1,065,565)

Note 34. Share based payments

	Consolidated	
	2016 $	2015 Restated $
Shares issued to settle liabilities	1,012,500	90,000

During the current year the company engaged Stamford Wine Exports Pty Ltd to provide services in relation to the sourcing, negotiation and implementation of commercial opportunities for the production and distribution of the company's beer products in China.

The parties have entered into a Deed to confirm the terms of this service arrangement. The consideration included 2,025,000 ordinary shares in the company at a deemed issue price of $0.50 per share, which is the fair value of the instrument on grant date.

Note 35. Earnings per share

	Consolidated	
	2016 $	2015 Restated $
Loss after income tax attributable to the owners of Broo Limited	(2,652,497)	(1,071,430)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	534,097,516	483,233,388
Weighted average number of ordinary shares used in calculating diluted earnings per share	534,097,516	483,233,388

Note 35. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(0.50)	(0.22)
Diluted earnings per share	(0.50)	(0.22)

The weighted average number of shares has been grossed up in both periods to reflect the five for one share split undertaken on 8 March 2016, in order to ensure comparability.

Broo Limited
Directors' declaration
30 June 2016

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 2016 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.

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

16TH AUGUST 2016
Sorrento

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROO LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Broo Limited and Controlled Entities which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, that the financial statements comply with the Australian Accounting Standards including the Australian Accounting Interpretations.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for Qualified Opinion

We did not observe the counting of the physical inventories at the beginning of the year and were unable to satisfy ourselves by alternative means concerning inventory quantities held at 30 June 2015. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the statement of profit and loss and other comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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 company' s financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Emphasis of Matter

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of $2,652,497 and had cash outflows from operating activities of $1,856,000 during the year ended 30 June 2016. 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 Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Scott Phillips
Partner

Melbourne, 16 August 2016