Broo Limited

ACN 060 793 099

Annual Report - 30 June 2019

Broo Limited
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General information

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

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

Registered office	Principal place of business
3/506 Nepean Highway FRANKSTON VIC 3199	20 Langtree Avenue MILDURA VIC 3500

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2019. The directors have the power to amend and reissue the financial statements.

Directors	Kent Grogan (Chairman and Executive Director) Mathew Boyes (Non-Executive Director) Matthew Newberry (Non-Executive Director)
Company secretary	Justyn Stedwell
Registered office	3/506 Nepean Highway FRANKSTON VIC 3199
Principal place of business	20 Langtree Avenue MILDURA VIC 3500
Auditor	George Georgiou FCA Connect Audit Level 11, 350 Collins Street MELBOURNE VIC 3000
Solicitors	Moray and Agnew Level 6, 505 Little Collins Street MELBOURNE VIC 3000
Stock exchange listing	Broo Limited shares are listed on the Australian Securities Exchange (ASX code: BEE)
Contact details	Telephone: +61 3 5972 2480 E-mail: enquiries@broo.com.au Web page: www.broo.com.au

Broo Limited
Directors' report
30 June 2019

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 2019.

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

Kent Grogan
Mathew Boyes
Matthew Newberry

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- production packaged beer in both Australia and China; and
- management of hospitality venues.

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

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $3,182,989 (30 June 2018: $4,436,359).

The results were as expected, the consolidated entity is continuing to reduce operational costs across the group. These reductions in conjunction with release of new product lines and continued sales growth make the Board confident of the Company's financial performance. The company is focused on significant Australian expansion over the next 12 months, the first instalment was the recent agreement in QLD, however we have a number of additional opportunities to work through including further penetration of products that have been tested and proven in the market place across several categories.

Significant changes in the state of affairs
On 10 September 2018, the company issued 10,000,000 fully paid ordinary shares raising $2,000,000 before costs.

On 14 October 2018, 470,252,070 fully paid ordinary shares were released from escrow.

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
No matter or circumstance has arisen since 30 June 2019 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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	N/A
Interests in shares:	413,425,000 fully paid ordinary shares
Interests in options:	41,342,500 options

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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit Committee
Interests in shares:	500,000 fully paid ordinary shares
Interests in options:	2,000,000 options

Name:	Matthew Newberry
Title:	Non – Executive Director (appointed 2 March 2018)
Experience and expertise:	Matthew Newberry is the Director of Newberry Family Holdings, a hospitality management company based in QLD Australia. His company has been involved with a number of Hospitality Management Contracts and projects including as a General Manager for the McGuires Hotel Group, Queensland's Largest family owned hotel group, Kyko Group's $150 million Mon Komo Hotel Development Project, Ray Groups $1 billion Salt Village Development, the establishment & growth of the Coles Liquor Group to 100 Hotels Nationally. Prior to this he has held senior management and operational roles in Hotels, Resorts, Registered Clubs & Casinos.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit Committee
Interests in shares:	Nil
Interests in options:	Nil

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

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

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Kent Grogan	3	3
Mathew Boyes	3	3
Matthew Newberry	3	3

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

Remuneration report (audited)

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

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

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

The executive remuneration and reward framework has three components:
- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

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

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

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

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

Use of remuneration consultants
During the financial year ended 30 June 2019, the consolidated entity did not engage remuneration consultants.

Voting and comments made at the company's 22 November 2018 Annual General Meeting ('AGM')
At the 30 November 2017 AGM, 94.42% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

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

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

2018	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mathew Boyes	43,800	-	-	-	-	-	43,800
Phillip Grundy *	29,200	-	-	-	-	-	29,200
Matthew Newberry **	14,600	-	-	-	-	-	14,600
Executive Directors:							
Kent Grogan	360,000	-	-	20,047	-	-	380,047
	447,600	-	-	20,047	-	-	467,647

* resigned on 2 March 2018.
** appointed on 2 March 2018.

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

Name	Fixed remuneration 2019	Fixed remuneration 2018	At risk - STI 2019	At risk - STI 2018	At risk - LTI 2019	At risk - LTI 2018
Non-Executive Directors:						
Mathew Boyes	100%	100%	-	-	-	-
Matthew Newberry	100%	100%	-	-	-	-
Executive Directors:						
Kent Grogan	100%	100%	-	-	-	-

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

Name:	Kent Grogan
Title:	Chairman and Executive Director
Agreement commenced:	1 June 2016
Term of agreement:	Employment may be terminated without cause by either the employer or executive with six months notice. The agreement remains in force until terminated.
Name:	Mathew Boyes
Title:	Non-Executive Director
Agreement commenced:	1 July 2016
Term of agreement:	Non-executives can voluntarily resign. Under Broo's constitution, a director who has held office for more than 3 years since the last election will automatically retire at the AGM and can be re-elected at the AGM. The agreement remains in force until terminated.
Name:	Matthew Newbury
Title:	Non-Executive Director
Agreement commenced:	2 March 2018
Term of agreement:	Non-executives can voluntarily resign. Under Broo's constitution, a director who has held office for more than 3 years since the last election will automatically retire at the AGM and can be re-elected at the AGM. The agreement remains in force until terminated.

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

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

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

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Kent Grogan	41,342,500	4 July 2016	4 July 2016	3 July 2020	$0.30	$0.0001
Geoff De Graaff	10,000,000	4 July 2016	4 July 2016	3 July 2020	$0.30	$0.0001
Mathew Boyes	2,000,000	4 July 2016	4 July 2016	3 July 2020	$0.30	$0.0001
Phillip Grundy	5,000,000	4 July 2016	4 July 2016	3 July 2020	$0.30	$0.0001

Options granted carry no dividend or voting rights.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Sales revenue	3,657,393	2,579,267	980,617	516,334	722,571
Profit after income tax	(3,182,989)	(4,436,359)	(3,488,544)	(2,652,497)	(1,071,430)

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

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

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

Additional disclosures relating to key management personnel

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

	Balance at the start of the year	Acquired	Other additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Kent Grogan	413,425,000	-	-	-	413,425,000
Mathew Boyes	500,000	-	-	-	500,000
	413,925,000	-	-	-	413,925,000

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

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

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

This concludes the remuneration report, which has been audited.

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

Grant date	Expiry date	Exercise price	Number under option
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 2019 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.

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

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Connect Audit continues was appointed in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

Kent Grogan
Chairman and Executive Director

30 September 2019

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350 Collins St
Melbourne VIC 3000
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AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the audit of Broo Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

(a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of BROO LIMITED.

George Georgiou FCA
ASIC Reg No 10310
Melbourne, Victoria
Dated: 30/09/2019

Broo Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Revenue	4	3,657,393	2,562,393
Interest revenue calculated using the effective interest method		546	16,874
Expenses			
Cost of sales		(3,239,577)	(2,243,449)
Marketing		(139,558)	(273,061)
Occupancy		(815,499)	(859,618)
Administration		(2,425,157)	(3,257,456)
Other expenses		(21,759)	(202,135)
Finance costs	5	(199,378)	(179,907)
Loss before income tax expense		(3,182,989)	(4,436,359)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Broo Limited		(3,182,989)	(4,436,359)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Broo Limited		(3,182,989)	(4,436,359)
		Cents	**Cents**
Basic loss per share	33	(0.52)	(0.73)
Diluted loss per share	33	(0.52)	(0.73)

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 2019

	Note	Consolidated 2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	7	426,814	638,834
Trade and other receivables	8	238,717	164,185
Inventories	9	345,851	1,097,402
Other	10	89,153	87,645
Total current assets		1,100,535	1,988,066
Non-current assets			
Property, plant and equipment	11	4,873,916	5,037,196
Intangibles	12	214,880	211,503
Other	13	22,000	22,000
Total non-current assets		5,110,796	5,270,699
Total assets		6,211,331	7,258,765
Liabilities			
Current liabilities			
Trade and other payables	14	2,097,926	1,356,076
Borrowings	15	1,549,275	1,532,715
Employee benefits	16	87,740	118,243
Other financial liabilities	17	400,000	600,000
Total current liabilities		4,134,941	3,607,034
Non-current liabilities			
Borrowings	18	1,163,121	1,484,396
Employee benefits	19	72,812	28,625
Total non-current liabilities		1,235,933	1,513,021
Total liabilities		5,370,874	5,120,055
Net assets		840,457	2,138,710
Equity			
Issued capital	20	17,960,593	16,075,857
Reserves	21	6,034	6,034
Accumulated losses		(17,126,170)	(13,943,181)
Total equity		840,457	2,138,710

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 2019

Consolidated	**Reserves** $	**Contributed equity** $	**Accumulated losses** $	**Total equity** $
Balance at 1 July 2017	6,034	16,075,857	(9,506,822)	6,575,069
Loss after income tax expense for the year	-	-	(4,436,359)	(4,436,359)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(4,436,359)	(4,436,359)
Balance at 30 June 2018	6,034	16,075,857	(13,943,181)	2,138,710

Consolidated	**Reserves** $	**Contributed equity** $	**Accumulated losses** $	**Total equity** $
Balance at 1 July 2018	6,034	16,075,857	(13,943,181)	2,138,710
Loss after income tax expense for the year	-	-	(3,182,989)	(3,182,989)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,182,989)	(3,182,989)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 20)	-	1,884,736	-	1,884,736
Balance at 30 June 2019	6,034	17,960,593	(17,126,170)	840,457

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 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,948,600	3,113,468
Payments to suppliers and employees (inclusive of GST)		(5,229,268)	(5,879,697)
		(1,280,668)	(2,766,229)
Interest received		546	16,874
Interest and other finance costs paid		(226,664)	(200,629)
Net cash used in operating activities	32	(1,506,786)	(2,949,984)
Cash flows from investing activities			
Payments for property, plant and equipment		(81,878)	(56,013)
Payments for intangibles		(3,377)	(3,578)
Net cash used in investing activities		(85,255)	(59,591)
Cash flows from financing activities			
Proceeds from issue of shares		1,400,000	-
Proceeds received in advance of the issue of shares		400,000	600,000
Proceeds from borrowings		-	2,342,000
Proceeds from repayment of loan to related party		-	250,000
Share issue transaction costs		(115,264)	-
Repayment of borrowings		(304,715)	(237,542)
Net cash from financing activities		1,380,021	2,954,458
Net decrease in cash and cash equivalents		(212,020)	(55,117)
Cash and cash equivalents at the beginning of the financial year		638,834	693,951
Cash and cash equivalents at the end of the financial year	7	426,814	638,834

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

Note 1. Significant accounting policies

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

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

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

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

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

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 January 2018. The standard introduced 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 that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are 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 or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, 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 use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using 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. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The impact of this standard's adoption was not material.

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The impact of this standard's adoption was not material.

Going concern
The consolidated entity has incurred a net loss of $3,182,989 for the period ended 30 June 2019 (30 June 2018: $4,436,359) has a working capital deficit of $3,034,406 at reporting date (30 June 2018: $1,618,968) and had cash outflows from operating activities of $1,506,786 (30 June 2018: $2,949,984). These conditions indicate a significant or material uncertainty about the consolidated entity’s ability to continue as a going concern.

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

Note 1. Significant accounting policies (continued)

- Since 30 June 2019, the company has approval to extend the loan facility of $1,228,000 with Manda Capital Holdings Pty Ltd until 15 October 2020;
- The company is in negotiations for outsourcing its brewing requirements. This provides the consolidated entity with an efficient and cost effective supply chain and provides opportunity for significant expansion into further distribution channels;
- The outsourcing arrangement removes the consolidated entity's requirement to retain its Mildura brewing plant. Once the outsourced brewing agreement is in place, the consolidated Mildura operations value can be realised;
- The board are in negotiations with several parties in relation to further funding. Both debt and equity sources are being considered;
- The Sorrento Brewhouse business has been placed on the market and the board is currently considering proposals;
- On 7 August 2019 the company announced the signing of a distribution agreement with the East End Hotel Group in Queensland. The minimum sales target under the sales agreement is 2 million litres of Broo product in first 12 months. The first orders under this agreement have been placed.

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

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

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

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

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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

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 2019 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'.

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.

Note 1. Significant accounting policies (continued)

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

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

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

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

Revenue recognition
The consolidated entity recognises revenue as follows:

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

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

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

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

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

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.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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.

Note 1. Significant accounting policies (continued)

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

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

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

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.

Employee benefits

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

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

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

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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

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

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

Issued capital
Ordinary shares are classified as equity.

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 2019. 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 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.

The company plans to adopt the standard when it becomes effective for the year ending 30 June 2020 and expects to apply the standard using the modified retrospective approach. Right-of-use assets and lease liabilities of approximately $3.5 million are expected to be recognised upon the adoption of the standard.

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.

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

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 $2,750,512 (2018 : $2,913,792).

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

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

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

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

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

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

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

Note 3. Operating segments

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

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

Hospitality	Management of pub and boutique brewery venues.
Australian brewing	Production and sale of packaged beer in Australia.
Chinese brewing	Production and sale of packaged beer in China.
Head office	Provision of corporate support function to other business units

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

Operating segment information

Consolidated - 2019	Hospitality $	Australian brewing $	Chinese brewing $	Corporate $	Total $
Revenue					
Sales to external customers	2,277,661	1,379,720	-	-	3,657,381
Other revenue	-	-	-	558	558
Total revenue	2,277,661	1,379,720	-	558	3,657,939
EBITDA	(252,383)	(1,004,856)	(2,373)	(1,478,841)	(2,738,453)
Depreciation and amortisation					(245,158)
Finance costs					(199,378)
Loss before income tax expense					(3,182,989)
Income tax expense					-
Loss after income tax expense					(3,182,989)
Assets					
Segment assets	682,125	4,897,153	19,784	612,269	6,211,331
Total assets					6,211,331
Total assets includes:					
Acquisition of non-current assets	70,954	10,924	-	3,377	85,255
Liabilities					
Segment liabilities	787,773	1,980,559	-	2,602,542	5,370,874
Total liabilities					5,370,874

Note 3. Operating segments (continued)

Consolidated - 2018	Hospitality $	Australian brewing $	China $	Corporate $	Total $
Revenue					
Sales to external customers	1,608,825	951,288	-	-	2,560,113
Other revenue	17,715	1,439	-	-	19,154
Total revenue	1,626,540	952,727	-	-	2,579,267
EBITDA	(660,501)	(1,176,632)	(340,437)	(1,875,903)	(4,053,473)
Depreciation and amortisation					(202,979)
Finance costs					(179,907)
Loss before income tax expense					(4,436,359)
Income tax expense					-
Loss after income tax expense					(4,436,359)
Assets					
Segment assets	717,657	5,585,103	24,559	931,446	7,258,765
Total assets					7,258,765
Total assets includes:					
Acquisition of non-current assets	241,967	544,308	-	3,578	789,853
Liabilities					
Segment liabilities	382,443	2,197,999	-	2,539,613	5,120,055
Total liabilities					5,120,055

In prior year, the consolidated entity was organised into one operating segment, relating to the production and sale of packaged beer in Australia. For this reason, no comparative information, has been included in this note.

Note 4. Revenue

	Consolidated	
	2019 **$**	**2018** **$**
Revenue from contracts with customers		
Sales	3,657,381	2,560,112
Other revenue		
Other revenue	12	2,281
Revenue	3,657,393	2,562,393

Note 4. Revenue (continued)

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

	Consolidated	
	2019	**2018**
	$	**$**
Major product lines		
Brewing	1,379,720	951,288
Hospitality	2,277,661	1,608,824
	3,657,381	2,560,112
Geographical regions		
Australia	3,657,381	2,560,112
Timing of revenue recognition		
Goods transferred at a point in time	3,657,381	2,560,112

Note 5. Expenses

	Consolidated	
	2019	**2018**
	$	**$**
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	25,510	9,249
Plant and equipment	195,415	161,420
Motor vehicles	24,233	32,310
Total depreciation	245,158	202,979
Rental expense relating to operating leases		
Minimum lease payments	575,535	523,333
Superannuation expense		
Defined contribution superannuation expense (excluding KMP)	137,665	134,147
Defined contribution superannuation expense (paid to KMP)	24,764	13,365
Total superannuation expense	162,429	147,512
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	1,755,752	1,774,141

Note 6. Income tax expense

	Consolidated 2019 $	Consolidated 2018 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,182,989)	(4,436,359)
Tax at the statutory tax rate of 27.5%	(875,322)	(1,219,999)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of other timing and permanent differences	20,257	89,334
Blackhole expenses	(64,593)	(64,593)
	(919,658)	(1,195,258)
Current year tax losses not recognised	919,658	1,195,258
Income tax expense	-	-

	Consolidated 2019 $	Consolidated 2018 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	16,276,009	12,931,797
Potential tax benefit @ 27.5%	4,475,902	3,556,244

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

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

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

Note 7. Current assets - cash and cash equivalents

	Consolidated 2019 $	Consolidated 2018 $
Cash on hand	23,777	24,309
Cash at bank	403,037	614,525
	426,814	638,834

Note 8. Current assets - trade and other receivables

	Consolidated 2019 $	Consolidated 2018 $
Trade receivables	184,283	100,701
Less: Allowance for expected credit losses	(50,000)	(22,349)
	134,283	78,352
Other receivables	18,858	2,283
BAS receivable	85,576	83,550
	238,717	164,185

Note 9. Current assets - inventories

	Consolidated 2019 $	Consolidated 2018 $
Stock on hand - at net realisable value	345,851	1,097,402

Note 10. Current assets - other

	Consolidated 2019 $	Consolidated 2018 $
Prepayments	89,153	87,645

Note 11. Non-current assets - property, plant and equipment

	Consolidated 2019 $	Consolidated 2018 $
Land - at cost	2,123,404	2,123,404
Leasehold improvements - at cost	266,572	231,625
Less: Accumulated depreciation	(35,079)	(9,569)
	231,493	222,056
Plant and equipment - at cost	2,846,847	2,799,916
Less: Accumulated depreciation	(400,525)	(205,110)
	2,446,322	2,594,806
Motor vehicles - at cost	54,706	54,706
Less: Accumulated depreciation	(47,005)	(44,437)
	7,701	10,269
Motor vehicles under lease	180,012	180,012
Less: Accumulated depreciation	(115,016)	(93,351)
	64,996	86,661
	4,873,916	5,037,196

Note 11. Non-current assets - property, plant and equipment (continued)

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

Consolidated	Land $	Motor vehicles $	Plant and Equipment $	Leasehold improvements $	Total $
Balance at 1 July 2017	2,123,404	129,240	1,492,211	49,888	3,794,743
Additions	-	-	604,858	181,417	786,275
Transfers from deposits	-	-	659,157	-	659,157
Depreciation expense	-	(32,310)	(161,420)	(9,249)	(202,979)
Balance at 30 June 2018	2,123,404	96,930	2,594,806	222,056	5,037,196
Additions	-	-	46,931	34,947	81,878
Depreciation expense	-	(24,233)	(195,415)	(25,510)	(245,158)
Balance at 30 June 2019	2,123,404	72,697	2,446,322	231,493	4,873,916

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

Note 12. Non-current assets - intangibles

	Consolidated 2019 $	Consolidated 2018 $
Patents and trademarks - at cost	214,880	211,503

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 2017	207,925	207,925
Additions	3,578	3,578
Balance at 30 June 2018	211,503	211,503
Additions	3,377	3,377
Balance at 30 June 2019	214,880	214,880

Note 13. Non-current assets - other

	Consolidated	
	2019	2018
	$	$
Security deposits	22,000	22,000

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2019	2018
	$	$
Trade payables	728,776	590,236
BAS payable	90,812	-
Other payables	1,278,338	765,840
	2,097,926	1,356,076

Refer to note 23 for further information on financial instruments.

Note 15. Current liabilities - borrowings

	Consolidated	
	2019	2018
	$	$
Bank loans	292,375	278,097
Loan facility	1,228,000	1,228,000
Hire purchase	28,900	26,618
	1,549,275	1,532,715

Refer to note 23 for further information on financial instruments.

Total secured liabilities
The loan facility of $1,228,000 is secured against the Ballarat property. The loan commenced in August 2017 and has an initial twelve month. On 15 August 2018, the loan has been extended through to 15 October 2019. Since 30 June 2019, the company has received approval to further extend this loan until 15 October 2020.

Note 16. Current liabilities - employee benefits

	Consolidated	
	2019	2018
	$	$
Employee benefits	87,740	118,243

Note 17. Current liabilities - other financial liabilities

	Consolidated	
	2019	2018
	$	$
Amounts received in advance of the issue of shares	400,000	600,000

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

Note 18. Non-current liabilities - borrowings

	Consolidated 2019 $	Consolidated 2018 $
Bank loans	75,325	367,699
Loans - others	1,000,000	1,000,000
Hire purchase	87,796	116,697
	1,163,121	1,484,396

Refer to note 23 for further information on financial instruments.

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

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

	Consolidated 2019 $	Consolidated 2018 $
Bank loans	367,700	645,796
Loan facility	1,228,000	1,228,000
Hire purchase	116,696	143,315
	1,712,396	2,017,111

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

	Consolidated 2019 $	Consolidated 2018 $
Motor vehicles	72,697	86,661
Land	2,123,404	2,123,404
Plant and equipment	2,072,474	2,192,761
	4,268,575	4,402,826

Note 19. Non-current liabilities - employee benefits

	Consolidated 2019 $	Consolidated 2018 $
Long service leave	508	4,431
Employee benefits	72,304	24,194
	72,812	28,625

Note 20. Equity - issued capital

	Consolidated			
	2019 Shares	**2018 Shares**	**2019 $**	**2018 $**
Ordinary shares - fully paid	618,249,911	608,249,911	17,960,593	16,075,857

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2017	608,249,911		16,075,857
Balance	30 June 2018	608,249,911		16,075,857
Issue of share	10 September 028	10,000,000	$0.20	2,000,000
Cost of capital raising		-	$0.00	(115,264)
Balance	30 June 2019	618,249,911		17,960,593

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.

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

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

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

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 21. Equity - reserves

	Consolidated	
	2019 $	**2018 $**
Share-based payments reserve	6,034	6,034

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

Note 22. Equity - dividends

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

Note 23. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

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

Market risk

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

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

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

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The consolidated entity has recognised an expense of $27,651 (2018: $nil) in relation to impairment and write off of receivables.

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

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

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

Note 23. Financial instruments (continued)

Remaining contractual maturities

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

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	2,097,926	-	-	-	2,097,926
Interest-bearing - variable						
Hire purchase	5.60%	30,980	87,987	-	-	118,967
Loan facility	19.50%	1,228,000	-	-	-	1,228,000
Bank loans	4.89%	292,375	75,325	-	-	367,700
Total non-derivatives		3,649,281	163,312	-	-	3,812,593

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,326,876	-	-	-	1,326,876
Interest-bearing - variable						
Hire purchase	5.60%	30,980	118,967	-	-	149,947
Loan facility	19.50%	1,228,000	-	-	-	1,228,000
Bank loans	4.89%	303,677	303,677	75,919	-	683,273
Total non-derivatives		2,889,533	422,644	75,919	-	3,388,096

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 24. Key management personnel disclosures

Directors

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

Kent Grogan
Mathew Boyes
Matthew Newberry

Note 24. Key management personnel disclosures (continued)

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

	Consolidated 2019 $	Consolidated 2018 $
Short-term employee benefits	447,600	447,600
Post-employment benefits	24,764	20,047
	472,364	467,647

Note 25. Remuneration of auditors

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

	Consolidated 2019 $	Consolidated 2018 $
Audit services - Connect Audit (2018: ShineWing Australia)		
Audit or review of the financial statements	37,500	68,149

Note 26. Contingent liabilities

The company had no contingent liabilities at 30 June 2019 and 30 June 2018.

Note 27. Commitments

	Consolidated 2019 $	Consolidated 2018 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	557,448	454,790
One to five years	2,070,334	458,150
More than five years	1,692,574	-
	4,320,356	912,940
Hire purchase		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	30,980	30,980
One to five years	87,987	118,967
Total commitment	118,967	149,947
Less: Future finance charges	(2,270)	(6,632)
Net commitment recognised as liabilities	116,697	143,315

The most significant lease commitments relate to the Mildura Pub and Brewery. The leases have a ten year terms with a further ten year option. Other lease commitments relate to leases on normal commercial terms with periods of up to 5 years.

Note 27. Commitments (continued)

Capital commitments includes contracted amounts for the brewing equipment purchased for the Mildura brewery.

Note 28. Related party transactions

Parent entity
Broo Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 30.

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

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

	Consolidated	
	2019	**2018**
	$	**$**
Other income:		
Interest received on loan to director related entity (charged at 10% per annum).	-	15,312
Payment for goods and services:		
Payments to directors and related entities for professional services	-	33,698
Payments to directors related entity for rent. ($300,000 of this amount has been recognised as a prepayment at 30 June 2017). *	-	100,000

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

	Consolidated	
	2019	**2018**
	$	**$**
Current payables:		
Accrued directors' wages and fees	328,899	177,782

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

	Consolidated	
	2019	**2018**
	$	**$**
Current borrowings:		
Loan from key management personnel (interest is not payable on the loans and they have no fixed term of repayment)	1,000,000	1,000,000

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

Note 29. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2019 $	Parent 2018 $
Loss after income tax	(1,577,792)	(1,924,433)
Total comprehensive income	(1,577,792)	(1,924,433)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	9,466,618	8,950,752
Total assets	9,703,710	9,208,701
Total current liabilities	1,519,133	1,411,095
Total liabilities	2,673,675	2,539,612
Equity		
Issued capital	17,960,595	16,075,857
Share-based payments reserve	6,034	6,034
Accumulated losses	(10,936,594)	(9,412,802)
Total equity	7,030,035	6,669,089

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 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

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 30. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Broo Exports Pty Ltd	Australia	100.00%	100.00%
Australia Draught Pty Ltd	Australia	100.00%	100.00%
Broo KH Ltd	Hong Kong	100.00%	100.00%
Broo Beverages Pty Ltd	Australia	100.00%	100.00%
Sorrento Brewery Pty Ltd	Australia	100.00%	100.00%
Broo Brewery Pty Ltd	Australia	100.00%	100.00%
Mildura Brewery Pub (Broo) Pty Ltd	Australia	100.00%	100.00%
Mildura Brewery (Broo) Pty Ltd	Australia	100.00%	100.00%
Direct Liquor Outlet (DLO) Pty Ltd	Australia	100.00%	100.00%
郑州布鲁饮品有限公司 (Broo China)	China	100.00%	100.00%

Note 31. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 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 32. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax expense for the year	(3,182,989)	(4,436,359)
Adjustments for:		
Depreciation and amortisation	245,158	202,979
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(74,532)	294,836
Decrease/(increase) in inventories	751,551	(67,163)
Decrease/(increase) in other operating assets	(1,508)	391,363
Increase in trade and other payables	741,850	592,663
Increase in employee benefits	13,684	71,697
Net cash used in operating activities	(1,506,786)	(2,949,984)

Note 33. Loss per share

	Consolidated	
	2019	2018
	$	$
Loss after income tax attributable to the owners of Broo Limited	(3,182,989)	(4,436,359)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	616,277,308	608,249,911
Weighted average number of ordinary shares used in calculating diluted earnings per share	616,277,308	608,249,911
	Cents	Cents
Basic loss per share	(0.52)	(0.73)
Diluted loss per share	(0.52)	(0.73)

Broo Limited
Directors' declaration
30 June 2019

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 2019 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Kent Grogan
Chairman and Executive Director

30 September 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROO LIMITED

Opinion

We have audited the accompanying financial report of Broo Limited (the "company") and controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

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

a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
b) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $3,182,989 during the year ended 30 June 2019 and, as of that date, the Group's current liabilities exceeded its current assets by $3,034,406. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
Note 28 Related Party Transactions	
The group has engaged in a number of transactions with related parties during the year. We identified related parties as a key audit matter given the nature and materiality of these transactions. Knowledge of these transactions, outstanding balances, commitments, and relationships with related parties may affect assessments of the group's operations by users of financial statements, including assessments of the risks and opportunities facing the group.	Our procedures included amongst others: • Assessed internal processes for the identification and disclosure of related party transactions; • Reviewed related parties schedule and related transactions; • Reviewed minutes from board of directors' meetings, particularly when the board discussed significant business transactions • Obtained representations from board members regarding their ownership of other entities and participation on additional boards; and • Ensuring transactions and balances are disclosed in accordance with the disclosure requirements of AASB 124 Related Party Transactions

Responsibilities of the directors for the financial report

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

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

Auditor's Responsibilities for the audit of the financial report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the financial year ended 30 June 2019.

In our opinion the Remuneration Report of Broo Limited for the financial year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Melbourne, Victoria
Date: 30/09/2019

Broo Limited
Shareholder information
30 June 2019

The shareholder information set out below was applicable as at 31st August 2018.

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

	Number of holders of ordinary shares	Number of shares held
1 to 1,000	6,339	864,703
1,001 to 5,000	364	1,024,629
5,001 to 10,000	360	3,317,231
10,001 to 100,000	632	23,923,220
100,001 and over	212	609,120,128
	7,907	638,249,911
Holding less than a marketable parcel	7,316	9,288,373

Equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
GROGES HOLDINGS PTY LTD (GROGES A/C)	412,425,000	64.62
DE GRAAFF HOLDINGS PTY LTD	41,376,570	6.48
EUREKA UNITY PTY LTD	17,500,000	2.74
AUSTANE CONSTRUCTIONS PTY LTD	11,550,000	1.81
DE GRAAFF HOLDINGS PTY LTD	9,376,570	1.47
NUT CAYENNE PTY LTD (A SINCLAIR SUPER FUND)	7,000,000	1.10
DENIS COLDEBELLA	5,000,000	0.78
QUENMEL HOLDINGS PTY LTD (WOODHAMS SUPER FUND A/C)	3,598,778	0.56
MR GEOFFREY MARK GOREY + MRS DONNA RONNIS GOREY	3,385,631	0.53
MR EUGENE DE FRANCESCO	3,261,100	0.51
MR GEORGE THEOPHANOUS	3,020,000	0.47
MR GANG ZHAO	2,800,000	0.44
SILVER FOX AUSTRALIA PTY LTD	2,500,000	0.39
TORMEL INVESTMENTS PTY LTD	2,500,000	0.39
MR KELVAN GILBERT BENTLEY	2,329,953	0.37
MR ROBERT SPANN + MS NATALIE GREEN (CANJAB A/C)	2,300,000	0.36
D2 LINK GROUP PTY LTD	2,200,000	0.34
MR RONEL LESLIE CALDWELL + MRS HELEN FRANCES CALDWELL	1,870,124	0.29
GT BROO PTY LTD (GT BROO SUPER FUND A/C)	1,800,000	0.28
NATHAN MURPHY (MURPHY FAMILY S/F A/C)	1,800,000	0.28
	537,593,726	84.21

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
There are no substantial holders in the company.

Voting rights

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

Ordinary shares

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

There are no other classes of equity securities.