

Broo Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Broo Limited
ACN:	060 793 099
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	30.8% to	2,529,941
Loss from ordinary activities after tax attributable to the owners of Broo Limited	up	10.2% to	(3,508,245)
Loss for the year attributable to the owners of Broo Limited	up	10.2% to	(3,508,245)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$3,508,245 (30 June 2019: \$3,182,989).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.23)	0.10

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements have not been audited.

11. Attachments

Details of attachments (if any):

The Preliminary Report of Broo Limited for the year ended 30 June 2020 is attached.

12. Signed



Signed _____

Kent Grogan

Date: 31 August 2020

Broo Limited

ACN 060 793 099

Preliminary Report - 30 June 2020

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

	Note	Consolidated 2020 \$	2019 \$
Revenue from continuing operations	1	2,192,481	2,815,417
Interest revenue calculated using the effective interest method		-	546
Expenses			
Cost of sales		(2,328,755)	(2,637,961)
Marketing		(23,666)	(139,558)
Occupancy		(154,320)	(632,304)
Administration		(2,093,069)	(2,250,782)
Impairment of assets		(248,007)	-
Other expenses		(19,350)	(18,492)
Finance costs		(485,147)	(199,369)
Loss before income tax expense from continuing operations		(3,159,833)	(3,062,503)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(3,159,833)	(3,062,503)
Loss after income tax expense from discontinued operations	2	(348,412)	(120,486)
Loss after income tax expense for the year attributable to the owners of Broo Limited		(3,508,245)	(3,182,989)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Broo Limited		<u>(3,508,245)</u>	<u>(3,182,989)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(3,508,245)	(3,182,989)
Discontinued operations		-	-
		<u>(3,508,245)</u>	<u>(3,182,989)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Broo Limited			
Basic loss per share		(0.47)	(0.50)
Diluted loss per share		(0.47)	(0.50)
Earnings per share for loss from discontinued operations attributable to the owners of Broo Limited			
Basic loss per share		(0.05)	(0.02)
Diluted loss per share		(0.05)	(0.02)
Earnings per share for loss attributable to the owners of Broo Limited			
Basic loss per share		(0.53)	(0.52)
Diluted loss per share		(0.53)	(0.52)

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

Broo Limited
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents		62,675	426,814
Trade and other receivables		189,760	238,717
Inventories		77,332	345,851
Other		173,974	89,153
		<u>503,741</u>	<u>1,100,535</u>
Assets of disposal groups classified as held for sale	3	60,000	-
Total current assets		<u>563,741</u>	<u>1,100,535</u>
Non-current assets			
Property, plant and equipment	4	4,130,229	4,873,916
Right-of-use assets	5	2,696,277	-
Intangibles		216,380	214,880
Other		22,000	22,000
Total non-current assets		<u>7,064,886</u>	<u>5,110,796</u>
Total assets		<u>7,628,627</u>	<u>6,211,331</u>
Liabilities			
Current liabilities			
Trade and other payables	6	2,628,129	2,097,926
Borrowings	7	2,208,094	1,549,275
Lease liabilities		320,276	-
Employee benefits		84,644	87,740
Other financial liabilities	8	-	400,000
Total current liabilities		<u>5,241,143</u>	<u>4,134,941</u>
Non-current liabilities			
Borrowings	9	1,340,443	1,163,121
Lease liabilities	10	2,422,358	-
Employee benefits		66,939	72,812
Total non-current liabilities		<u>3,829,740</u>	<u>1,235,933</u>
Total liabilities		<u>9,070,883</u>	<u>5,370,874</u>
Net assets/(liabilities)		<u>(1,442,256)</u>	<u>840,457</u>
Equity			
Issued capital	11	19,186,125	17,960,593
Reserves		6,034	6,034
Accumulated losses		<u>(20,634,415)</u>	<u>(17,126,170)</u>
Total equity/(deficiency)		<u>(1,442,256)</u>	<u>840,457</u>

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

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

Consolidated	Reserves \$	Contributed equity \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	6,034	16,075,857	(13,943,181)	2,138,710
Loss after income tax expense for the year	-	-	(3,182,989)	(3,182,989)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,182,989)	(3,182,989)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	-	1,884,736	-	1,884,736
Balance at 30 June 2019	<u>6,034</u>	<u>17,960,593</u>	<u>(17,126,170)</u>	<u>840,457</u>
Consolidated	Reserves \$	Contributed equity \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2019	6,034	17,960,593	(17,126,170)	840,457
Loss after income tax expense for the year	-	-	(3,508,245)	(3,508,245)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,508,245)	(3,508,245)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	-	1,225,532	-	1,225,532
Balance at 30 June 2020	<u>6,034</u>	<u>19,186,125</u>	<u>(20,634,415)</u>	<u>(1,442,256)</u>

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

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

	Consolidated	
	2020	2019
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	2,356,261	3,948,600
Payments to suppliers and employees (inclusive of GST)	<u>(3,450,396)</u>	<u>(5,229,268)</u>
	(1,094,135)	(1,280,668)
Interest received	-	546
Other revenue	94,932	-
Interest and other finance costs paid	<u>(553,909)</u>	<u>(226,664)</u>
Net cash used in operating activities	<u>(1,553,112)</u>	<u>(1,506,786)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(81,878)
Payments for intangibles	<u>(1,500)</u>	<u>(3,377)</u>
Net cash used in investing activities	<u>(1,500)</u>	<u>(85,255)</u>
Cash flows from financing activities		
Proceeds from issue of shares	700,000	1,400,000
Proceeds received in advance of the issue of shares	-	400,000
Proceeds from borrowings	2,219,699	-
Share issue transaction costs	(44,118)	(115,264)
Repayment of borrowings	(1,383,558)	(304,715)
Repayment of lease liabilities	<u>(301,550)</u>	<u>-</u>
Net cash from financing activities	<u>1,190,473</u>	<u>1,380,021</u>
Net decrease in cash and cash equivalents	(364,139)	(212,020)
Cash and cash equivalents at the beginning of the financial year	<u>426,814</u>	<u>638,834</u>
Cash and cash equivalents at the end of the financial year	<u><u>62,675</u></u>	<u><u>426,814</u></u>

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

Broo Limited
Notes to the financial statements
30 June 2020

Note 1. Revenue

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

Disaggregation of revenue

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

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

Note 2. Discontinued operations

Description

Sorrento Brewhouse has been disclosed a discontinued operation.

Broo Limited
Notes to the financial statements
30 June 2020

Note 2. Discontinued operations (continued)

Financial performance information

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

Note 3. Current assets - assets of disposal groups classified as held for sale

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

The assets of the Sorrento Brewhouse have been disclosed as as held for sale.

Note 4. Non-current assets - property, plant and equipment

	Consolidated	Consolidated
	2020	2019
	\$	\$
Land - at cost	2,123,404	2,123,404
Leasehold improvements - at cost	52,375	266,572
Less: Accumulated depreciation	(15,627)	(35,079)
Less: Impairment	(36,748)	-
	<u>-</u>	<u>231,493</u>
Plant and equipment - at cost	2,815,020	2,846,847
Less: Accumulated depreciation	(580,501)	(400,525)
Less: Impairment	(282,217)	-
	<u>1,952,302</u>	<u>2,446,322</u>
Motor vehicles - at cost	54,706	54,706
Less: Accumulated depreciation	(48,930)	(47,005)
	<u>5,776</u>	<u>7,701</u>
Motor vehicles under lease	180,012	180,012
Less: Accumulated depreciation	(131,265)	(115,016)
	<u>48,747</u>	<u>64,996</u>
	<u><u>4,130,229</u></u>	<u><u>4,873,916</u></u>

Reconciliations

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

	Land	Motor vehicles	Plant and Equipment	Leasehold improvements	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2018	2,123,404	96,930	2,594,806	222,056	5,037,196
Additions	-	-	46,931	34,947	81,878
Depreciation expense	-	(24,233)	(195,415)	(25,510)	(245,158)
Balance at 30 June 2019	2,123,404	72,697	2,446,322	231,493	4,873,916
Classified as held for sale	-	-	-	(60,000)	(60,000)
Impairment of assets	-	-	(282,217)	(149,051)	(431,268)
Depreciation expense	-	(18,174)	(211,803)	(22,442)	(252,419)
Balance at 30 June 2020	<u><u>2,123,404</u></u>	<u><u>54,523</u></u>	<u><u>1,952,302</u></u>	<u><u>-</u></u>	<u><u>4,130,229</u></u>

Impairments have been recognised in relation to the plant and equipment at both Sorrento Brewhouse and Mildura pub which have been shut due to the COVID 19 pandemic.

Broo Limited
Notes to the financial statements
30 June 2020

Note 5. Non-current assets - right-of-use assets

	Consolidated	
	2020	2019
	\$	\$
Land and buildings - right-of-use	3,044,184	-
Less: Accumulated depreciation	(347,907)	-
	<u>2,696,277</u>	<u>-</u>

Reconciliations

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

Consolidated	Land and buildings \$	Total \$
Balance at 1 July 2018	-	-
Balance at 30 June 2019	-	-
Recognised on adoption of AASB 16	3,044,184	3,044,184
Depreciation expense	(347,907)	(347,907)
Balance at 30 June 2020	<u>2,696,277</u>	<u>2,696,277</u>

Note 6. Current liabilities - trade and other payables

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

Note 7. Current liabilities - borrowings

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

Note 8. Current liabilities - other financial liabilities

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

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

Note 9. Non-current liabilities - borrowings

	Consolidated 2020 \$	2019 \$
Bank loans	-	75,325
Loans from director	1,340,443	1,000,000
Hire purchase	-	87,796
	<u>1,340,443</u>	<u>1,163,121</u>

Note 10. Non-current liabilities - lease liabilities

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

Note 11. Equity - issued capital

	2020 Shares	Consolidated 2019 Shares	2020 \$	2019 \$
Ordinary shares - fully paid	<u>710,065,743</u>	<u>618,249,911</u>	<u>19,186,125</u>	<u>17,960,593</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	608,249,911		16,075,857
Issue of share	10 September 028	10,000,000	\$0.200	2,000,000
Cost of capital raising		-	\$0.000	(115,264)
Balance	30 June 2019	618,249,911		17,960,593
Issue of shares	1 July 2019	20,000,000	\$0.020	400,000
Shares issued to settle payables	21 October 2019	2,460,000	\$0.020	49,200
Shares issued to settle payables	19 October 2019	6,022,500	\$0.020	120,450
Issue of shares	8 January 2020	50,000,000	\$0.010	500,000
Issue of shares	30 June 2020	13,333,332	\$0.010	200,000
Cost of capital raising		-	\$0.000	(44,118)
Balance	30 June 2020	<u>710,065,743</u>		<u>19,186,125</u>