Broo Limited

ACN 060 793 099

Annual Report - 30 June 2022

Broo Limited
Contents
30 June 2022

General information

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

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

Registered office:	Principal place of business:
65 Gilbert Street	20 Langtree Avenue
ADELAIDE SA 5000	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 19 July 2023. The directors have the power to amend and reissue the financial statements.

Directors	Kent Grogan (Chairman and Executive Director) – resigned 8 April 2022 Mathew Boyes (Non-Executive Director) – resigned 8 April 2022 Matthew Newberry (Non-Executive Director) – resigned 22 December 2021 David Zhu (Executive Director) – appointed 15 October 2021 Kobe Li (Chairman and Non-Executive Director) – appointed 8 April 2022 and resigned 15 March 2023 George Karafotias (Non-Executive Director) – appointed 8 April 2022 and resigned 6 February 2023 Jason Scher (Non-Executive Director) – appointed 27 October 2022 and resigned 6 February 2023 Scott Chen (Non-Executive Director) – appointed 8 February 2023 Jiawei Chen (Chairman and Non-Executive Director) – appointed 31 May 2023
Company secretary	Nova Taylor – resigned 15 March 2023 (The company is actively seeking a suitable individual to fill the role)
Registered office	65 Gilbert Street ADELAIDE SA 5000
Principal place of business	20 Langtree Avenue MILDURA VIC 3500
Auditor	George Georgiou FCA Connect National Audit Level 14, 333 Collins Street MELBOURNE VIC 3000
Solicitors	Holding Redlich Level 8, 555 Bourke 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

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 2022.

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 (Chairman and Executive Director) – resigned 8 April 2022
Mathew Boyes (Non-Executive Director) – resigned 8 April 2022
Matthew Newberry (Non-Executive Director) – resigned 22 December 2021
David Zhu (Executive Director) – appointed 15 October 2021
Kobe Li (Chairman and Non-Executive Director) – appointed 8 April 2022 and resigned 15 March 2023
George Karafotias (Non-Executive Director) – appointed 8 April 2022 and resigned 6 February 2023
Jason Scher (Non-Executive Director) – appointed 27 October 2022 and resigned 6 February 2023
Scott Chen (Non-Executive Director) – appointed 8 February 2023
Jiawei Chen (Chairman and Non-Executive Director) – appointed 31 May 2023

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 $6,979,145 (30 June 2021: $1,264,292).

Throughout the year, the Company maintained its collaborative relationship with the distribution network while undertaking significant management restructuring. These measures were part of a strategic review aimed at identifying and addressing issues within the existing business model to foster future growth.

In October 2021, Broo Ltd successfully secured commitments for a $3.6 million convertible note capital raising. This capital infusion enables Broo to sustain and accelerate its current operations, including beer production, marketing, distribution initiatives, and general working capital requirements.

As part of the extensive business and asset review, including the Company's organisational structure, the Company took the proactive step of appointing voluntary administrators for four of its wholly-owned subsidiaries. Subsequently, the Mildura Pub was closed, and the former operating subsidiaries, Mildura Brewery Pub (Broo) Pty Ltd, Mildura Brewery (Broo) Pty Ltd, and Sorrento Brewery Pty Ltd, have commenced the process of liquidation, as previously announced to the ASX on 24 June 2022.

Significant changes in the state of affairs
During the year the company issue the following shares:-

- 6,326,666 fully paid ordinary shares settling trade payables and directors fees totalling $94,900

As part of the strategic review of the business and its assets including the Company's organisational structure, the Board on 6 May 2022 appointed Con Kokkinos of Worrells as Voluntary Administrator for each of the following wholly-owned subsidiaries:

1. Australia Draught Pty Ltd (ACN 165 148 130);
2. Mildura Brewery Pub (Broo) Pty Ltd (ACN 616 811 744);
3. Mildura Brewery (Broo) Pty Ltd (ACN 616 810 621); and
4. Sorrento Brewery Pty Ltd (ACN 616 889 788).

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

Matters subsequent to the end of the financial year

On 12 December 2022, Development Victoria (DV) exercised its option to call back the property asset located at 2 Liberator Drive, Mitchell Park, Victoria 3355 (Ballarat Property) in accordance with the terms specified in the contract between Broo and DV, for a purchase price of $1.965m.

On 10 May 2023, the company has received a demand letter from former director & CEO Kent Grogan claiming total amount of $255,817 for historical director's fee and wages. As of 30 June 2022, the company has a payable of historical wages & director fees of $150,382 to Kent Grogan. The balance of $105,435 in his demand letter is related to unpaid wages for period from August 2022 to April 2023. It was agreed on 27 June 2023 that the company will pay Kent $50,000 by 7 July 2023 and the balance by 25 August 2023.

As of the issue date of this report, the status of the administration & liquidation of the subsidiaries is as follows:

1. Australia Draught Pty Ltd: Awaiting tax clearance from the ATO to pay dividend. Anticipate administration to last at least another 3-4 months.
2. Mildura Brewery Pub (Broo) Pty Ltd: Liquidation is completed.
3. Mildura Brewery (Broo) Pty Ltd: Awaiting a dividend payment from Australia Draught Pty Ltd. Once received it will be finalised. Anticipate administration to last at least another 3 months.
4. Sorrento Brewery Pty Ltd: Anticipate liquidation being finalised by end of the 2023 financial year.

As of the issue date of this report, the noteholder of the $3.6m convertible notes have not exercised their right to convert yet. The noteholder will convert the notes to shares when Broo Limited reinstates quotation upon shareholder approval.

No other matter or circumstance has arisen since 30 June 2022 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:	David Zhu
Title:	Executive Director
Experience and expertise:	David has over 8 years of capital markets experience. He holds Bachelor of Commerce from the University of Melbourne majoring in Finance and Economics.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None

Name:	Kobe Li
Title:	Non-Executive Director and Chairman
Experience and expertise:	Kobe Li previously spent 8 years as Senior Listings Adviser at the Australian Securities Exchange. Kobe has held numerous executive management positions, and currently serves as director of ASX-listed health and wellness company, Wellnex Life Limited (ASX: WNX). Kobe holds degrees in Law and Commerce from the University of Melbourne and has been admitted to the Supreme Court of Victoria as an Australian legal practitioner.
Other current directorships:	ASX:WNX
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	2,000,000 options over ordinary shares

Name:	George Karafotias
Title:	Non-Executive Director
Experience and expertise:	George Karafotias is an accountant holding a Bachelor of Commerce degree from the University of Adelaide. He has held various roles in numerous public companies over the last 9 years and has previously provided corporate advisory services to listed and unlisted companies, focusing on restructuring and refinancing. George currently serves as Chief Executive Officer and Executive Director of Wellnex Life Limited (ASX: WNX).
Other current directorships:	ASX:WNX
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None

Name:	Jason Scher
Title:	Non-Executive Director
Experience and expertise:	Jason has had a successful 20+ year career track record in building businesses in the Fast Moving Consumer Goods (FMCG) space. He has been on the Board of Orange and Green Pty Ltd for over 10 years, led the Australia/New Zealand division of the Kruger Group from its inception in 2008, and Co-Founded Voost Vitamins which was successfully sold to The Proctor & Gamble Company in 2021. Jason is currently Chairman of his investment vehicle that is actively involved in businesses operating in the Sports Nutrition, Pharmaceutical, E-Commerce, Packaged Foods and Technology categories.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None

Name:	Scott Chen
Title:	Non-Executive Director
Experience and expertise:	Scott holds a double Master's Degree in accounting and commerce. Scott has had over 10 years of capital markets experience. He is the founder and director of 61 Financial, operating a the stock information online platform with more than 50k register users. He is also the fund manager of 61 Australian Emerging Company Fund.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	71,499,665 fully paid ordinary shares
Interests in options:	None

Name:	Jiawei Chen
Title:	Chairman and Non-Executive Director
Experience and expertise:	Jiawei has had a successful 10+ year career track record in building businesses in the Fast-Moving Consumer Goods (FMCG) and cross-border e-commerce space. He founded and developed a cross-border e-commerce platform which was subsequently acquired by a Hong Kong Listed company Tempus Holdings Ltd (HKEx: 06880) in 2015 and he was later appointed as the Vice President of Tempus International Ltd to oversee the company’s overseas business. Mr Chen is also a successful investor covering various sectors including beverage, nutritional products, and e-commerce.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None

'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 2022, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Kent Grogan	1	4
Mathew Boyes	1	4
Matthew Newberry	-	4
David Zhu	4	4
Kobe Li	3	4
George Karafotias	2	4

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

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

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

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

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

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

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

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

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

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 2022 consolidated entity did not engage remuneration consultants.

Voting and comments made at the company's 22 December 2021 Annual General Meeting ('AGM')
At the 22 December 2021 AGM, 93.65% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021.

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	
2022	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mathew Boyes	-	-	-	-	-	47,450	47,450
Matthew Newberry	-	-	-	-	-	47,450	47,450
Kobe Li*	15,217	-	-	-	-	-	15,217
George Karafotias*	9,683	-	-	-	-	-	9,683
Executive Directors:							
Kent Grogan**	272,000	-	-	12,000	-	-	284,000
David Zhu*	33,898	-	-	-	-	-	33,898
	330,798	-	-	12,000	-	94,900	437,698

* Kobe, George and David’s director fees were accrued and unpaid as of 30 June 2022.
** Kent became an employee from 1 November 2021.

2021	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Mathew Boyes	43,800	-	-	-	-	-	43,800
Matthew Newberry	43,800	-	-	-	-	-	43,800
Executive Directors:							
Kent Grogan *	360,000	-	-	-	-	-	360,000
	447,600	-	-	-	-	-	447,600

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

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

	Fixed remuneration		At risk - STI		At risk – LTI	
Name	2022	2021	2022	2021	2022	2021
Non-Executive Directors:						
Mathew Boyes	100%	100%	-	-	-	-
Matthew Newberry	100%	100%	-	-	-	-
Kobe Li	100%	-	-	-	-	-
George Karafotias	100%	-	-	-	-	-
Executive Directors:						
Kent Grogan	100%	100%	-	-	-	-
David Zhu	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:	David Zhu
Title:	Executive Director
Agreement commenced:	15 October 2021
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:	Kobe Li
Title:	Non-Executive Director and Chairman
Agreement commenced:	8 April 2022
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:	George Karafotias
Title:	Non-Executive Director
Agreement commenced:	8 April 2022
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
On 21 January 2022, the company issued 6,326,666 fully paid ordinary shares valued at 1.5 cents per share to settle accrued directors' fees for Mathew Boyes and Matthew Newberry.

Options
On 21 January 2022, the company issued 30,000,000 options over ordinary shares to its corporate advisor 61 Corporate Advisory Pty Ltd. The options have an exercise price of 2.5 cents and expire on 21 January 2025. The options are valued at $159,893 and have already been recognised in the financial statements. Kobe Li and David Zhu are related parties of 61 Corporate Advisory Pty Ltd.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 $	2021 $	2020 $	2019 $	2018 $
Sales revenue	2,321,022	1,982,006	2,529,941	3,657,393	2,579,267
Loss after income tax	(6,979,145)	(1,264,292)	(3,482,245)	(3,182,989)	(4,436,359)

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

	2022	2021	2020	2019	2018
Share price at financial year end ($)	0.02	0.02	0.02	0.02	0.14
Basic earnings per share (cents per share)	(0.74)	(0.14)	(0.52)	(0.52)	(0.73)
Diluted earnings per share (cents per share)	(0.74)	(0.14)	(0.52)	(0.52)	(0.73)

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	362,630,000	-	-	119,900,000	242,730,000
Mathew Boyes*	7,759,444	-	3,163,333	-	10,922,777
Matthew Newberry*	5,653,444	-	3,163,333	-	8,816,777
Kobe Li	-	-	-	-	-
George Karafotias	-	-	-	-	-
David Zhu	-	-	-	-	-
	376,042,888	-	6,326,666	119,900,000	262,469,554

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

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

	Balance at the start of the year	Acquired	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Kent Grogan	30,227,500	-	-	-	30,227,500
Mathew Boyes	1,622,222	-	-	-	1,622,222
Matthew Newberry	1,822,972	-	-	-	1,822,972
Kobe Li	-	2,000,000	-	-	2,000,000
George Karafotias	-	-	-	-	-
David Zhu	-	-	-	-	-
	33,672,694	2,000,000	-	-	35,672,694

Performance rights holding
On 21 January 2022, the company issued 5,000,000 Class A and 5,000,000 Class B performance rights to the company’s Chief Executive Officer. The performance milestone for the Class A performance rights is consolidated revenue of $10,000,000 in financial year 2022 and $15,000,000 for the Class B rights.

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
21 January 2022	21 January 2025	$0.025	30,000,000
			30,000,000

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 2022 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 National Audit
There are no officers of the company who are former partners of Connect National 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 National 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

David Zhu
Executive Director

19 July 2023

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 2022, 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
Managing Partner
Connect National Audit Pty Ltd
ASIC Authorised Audit Company No.: 521888
Melbourne, Victoria
Date: 19 July 2023

Robin King Heng Li
Director
Connect National Audit Pty Ltd
ASIC Authorised Audit Company No.: 521888
Melbourne, Victoria
Date: 19 July 2023

Broo Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $	2021 $
Revenue from continuing operations	4	2,321,022	1,982,006
Other income	5	9,894,659	336,292
Expenses			
Cost of sales		(3,032,519)	(2,487,175)
Administration		(1,650,446)	(1,874,542)
Finance costs		(975,828)	(434,154)
Impairment of assets	6	(11,746,516)	-
Marketing		(88,309)	(121,521)
Occupancy		(294,757)	(105,776)
Other expenses		(8,537)	(6,764)
Loss before income tax benefit from continuing operations		(5,581,231)	(2,711,634)
Income tax benefit / (expense)	7	(1,397,914)	1,397,914
Loss after income tax benefit from continuing operations		(6,979,145)	(1,313,720)
Profit/(loss) after income tax expense from discontinued operations	8	-	49,428
Loss after income tax benefit for the year attributable to the owners of Broo Limited		(6,979,145)	(1,264,292)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Broo Limited		(6,979,145)	(1,264,292)
Total comprehensive loss for the year is attributable to:			
Continuing operations		(6,979,145)	(1,264,292)
Discontinued operations		-	-
Total comprehensive loss for the year		(6,979,145)	(1,264,292)
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the owners of Broo Limited			
Basic loss per share	37	(0.74)	(0.15)
Diluted loss per share	37	(0.74)	(0.15)
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Broo Limited			
Basic earnings per share	37	-	0.01
Diluted earnings per share	37	-	0.01
Earnings per share for loss attributable to the owners of Broo Limited			
Basic loss per share	37	(0.74)	(0.14)
Diluted loss per share	37	(0.74)	(0.14)

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 2022

	Note	Consolidated 2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	9	2,125	115,241
Trade and other receivables	10	37,155	349,829
Inventories	11	-	967,923
Other	12	302,053	83,251
		341,333	1,516,244
Assets of disposal groups classified as held for sale	13	1,965,000	2,123,404
Total current assets		2,306,333	3,639,648
Non-current assets			
Property, plant and equipment	14	65,346	1,821,391
Right-of-use assets	15	-	2,363,751
Intangibles	16	168,993	219,580
Deferred tax	17	-	1,397,914
Total non-current assets		234,339	5,802,636
Total assets		2,540,672	9,442,284
Liabilities			
Current liabilities			
Trade and other payables	18	2,216,223	2,887,210
Borrowings	19	3,637,238	784,299
Lease liabilities	20	-	339,800
Employee benefits		69,637	158,062
		5,923,098	4,169,371
Liabilities directly associated with assets classified as held for sale	21	1,935,192	1,916,565
Total current liabilities		7,858,290	6,085,936
Non-current liabilities			
Lease liabilities	22	-	2,082,569
Employee benefits		68,146	5,698
Total non-current liabilities		68,146	2,088,267
Total liabilities		7,926,436	8,174,203
Net assets/(liabilities)		(5,385,764)	1,268,081
Equity			
Issued capital	23	22,941,835	22,846,937
Reserves	24	524,253	293,851
Accumulated losses		(28,851,852)	(21,872,707)
Total equity/(deficiency)		(5,385,764)	1,268,081

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 2022

Consolidated	Note	Reserves $	Contributed equity $	Accumulated losses $	Total equity $
Balance at 1 July 2020		293,851	18,898,308	(20,608,415)	(1,416,256)
Loss after income tax expense for the year		-	-	(1,264,292)	(1,264,292)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	(1,264,292)	(1,264,292)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	23	-	3,948,629	-	3,948,629
Balance at 30 June 2021		293,851	22,846,937	(21,872,707)	1,268,081

Consolidated	Note	Reserves $	Contributed equity $	Accumulated losses $	Total equity $
Balance at 1 July 2021		293,851	22,846,937	(21,872,707)	1,268,081
Loss after income tax benefit for the year		-	-	(6,979,145)	(6,979,145)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	(6,979,145)	(6,979,145)
Transactions with owners in their capacity as owners:					
Share based payment	38	159,893	-	-	159,893
Issuance of convertible notes	24	70,509	-	-	70,509
Contributions of equity, net of transaction costs	23	-	94,898	-	94,898
Balance at 30 June 2022		524,253	22,941,835	(28,851,852)	(5,385,764)

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 2022

	Note	Consolidated 2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,303,100	2,020,138
Payments to suppliers and employees (inclusive of GST)		(4,493,720)	(4,702,117)
		(2,190,620)	(2,681,979)
Interest and other finance costs paid		(976,444)	(369,987)
Covid relief		347,391	281,603
Net cash used in operating activities	35	(2,819,673)	(2,770,363)
Cash flows from investing activities			
Payments for intangibles		-	(3,200)
Proceeds from disposal of business		-	60,000
Payments for purchase of property, plant and equipment		-	-
Proceeds from disposal of property, plant and equipment		-	45,454
Net cash from/(used in) investing activities		-	102,254
Cash flows from financing activities			
Proceeds from issue of shares		-	2,985,985
Proceeds from borrowings		420,000	758,906
Proceeds from issue of convertible notes		3,600,000	-
Share issue transaction costs		-	(293,741)
Repayment of borrowings		(1,313,443)	(459,056)
Repayment of lease liabilities		-	(271,419)
Net cash from financing activities		2,706,557	2,720,675
Net increase/(decrease) in cash and cash equivalents		(113,116)	52,566
Cash and cash equivalents at the beginning of the financial year		115,241	62,675
Cash and cash equivalents at the end of the financial year	11	2,125	115,241

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.

Going concern
The consolidated entity has incurred a net loss after tax of $6,979,145 for the period ended 30 June 2022 (30 June 2021: $1,264,292) has a working capital deficit of $5,551,957 at reporting date (30 June 2021: $2,446,288) and had cash outflows from operating activities of $2,819,673 (30 June 2021: $2,770,363).

The consolidated financial statements have been prepared on a going concern basis which assumes that the company will realise on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the consolidated financial statements do not give effect to adjustments that would be necessary should the company be unable to continue as a going concern and therefore be required to realise their assets and liquidate their liabilities and commitments in other than the normal course of business and at amounts different from those in these consolidated financial statements. Such adjustments could be material.

The company is establishing a 36-month payment plan with the Australian Taxation Office (ATO) to repay the outstanding excise duty of around $1.3 million. The monthly instalment is estimated to be around $43,000 inclusive of principal and interest.

The company sold its Ballarat property to Development Victoria for $1.965 million which settled on 12 December 2022 and the fund was mainly used to repay the company’s outstanding loan.

On 8 May 2023, the Group has received a non-binding indicative offer regarding a proposed investment of $2 million by external investors in which $200,000 by way of an unsecured interest free loan and the balance of $1.8 million through secured convertible notes. The $1.8 million secured convertible notes will accrue interest at an interest rate of 8% per annum and will be convertible to Broo ordinary shares within 24 months from the date of payment, in which $300,000 at $0.0005 per shares and the remainder of $1.5 million at $0.001 per shares. The management is in the process of reviewing and negotiating the details and arrangements of the proposed offer with the investors.

Broo Limited FY24 Business Plan:

As part of ongoing strategy review, the Board has decided to broaden the current product category offering to cover mid-strength beer, craft beer and zero percent alcohol drinks on top of the existing product range. The rationale for this strategy is aimed at increasing profit margin as a result of lower taxes applied to these products as well as the ability to focus on a broader consumer base.

In addition, the company is exploring additional domestic and international distribution channels for the sale of Broo products.

Domestic market:

Leveraging the existing distribution channels agreement with ALM, and production agreement with CUB. Broo is actively in discussions with a few local distributors in Victoria to expand its distribution network.

In addition, Broo is currently engaging with an additional brewery to expand new product lines including mid-strength, zero alcohol and other beverages. Details still in discussion.

Note 1. Significant accounting policies (continued)

International market:

Broo is also actively seeking distribution parties to expand its international network.
As the first major international distribution party, Broo has engaged with Beijing Quantum Power Trading Co., Ltd to distribute its products in China. The company has agreed to take on a minimum order vale of $2.4m from Broo per 12 months for 5 years. Predominantly Broo premium lager and mid-strength beer and other beverage products.

About Beijing Quantum Power Trading Co., Ltd:

Found in Beijing in 2000, specialise in alcohol, non-alcohol beverage, instant food, dairy product and other FMCG products. Since its inception, the company has been dedicated to building its own brand, cooperating with well-known domestic and international brands as agents, and providing marketing consulting services.

The company has integrated online and offline channels to create comprehensive marketing services. Online, the company primarily collaborates with channels such as JD.com, Tmall, Miss Fresh, Meituan, Douyin, and Pinduoduo. Offline, the company has access to over 30,000 retail shops and cooperates with channel retailers such as 7-11, LAWSON, 7FRESH, Hema Fresh, Bianlifeng, Mei Yijia, CR Vanguard, and Panda Express. With monthly turnover over Ten millions RMB.

In addition, the Board has prepared a 12-month cash flow forecast with three-way forecast model in which two major products of the company have been included in the model and the forecast is prepared based on a number of assumptions made, such as estimated purchase price, sale price, timing of production run and sales and promotional cost (incentive to partners and retailers).

Based on the FY24 business plan, Broo is expected to be back in production commencing September 2023 and will endeavour to achieve net profit before tax breakeven by June 2024.

Based on this analysis, management believes that the company will have sufficient financial resources to meet its obligations and fund its operations during the forecasted period. The accuracy of the forecast is dependent on various assumptions and estimates, and actual results may differ from the projected figures. Management remains committed to monitoring the company's financial position and taking appropriate actions to maintain its status as a going concern.

For the above reasons the board considers that the company 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.

Note 1. Significant accounting policies (continued)

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 35.

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 2022 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.

Mildura Brewery (Broo) Pty Ltd, Mildura Brewery Pub (Broo) Pty Ltd, Sorrento Brewery Pty Ltd and Australia Draught (collectively named as “the Liquidating Companies”) are wholly owned by Broo Limited.

The management undertook a substantive analysis of the operations of the Liquidating Companies, from which it was determined that the current financial positions and performances of the Liquidating Companies were not feasible to continue operations. Further, in view of the potential exposure to the board members in relation to the significant amount of historical tax debts, the management considered that the most appropriate course of action was to place the Liquidating Companies into voluntary administration. Accordingly, voluntary administrators were appointed on 6 May 2022.

Further, since Australia Draught holds multiple active licences, permits and other permissions in relation to the manufacturing and distribution of alcoholic goods for the purpose of maintaining the operation of Broo Limited, the management considered entering a Deed of Company Arrangement (DoCA) with its creditors would be an alternative from winding up.

Based on the detailed assessments undertaken by the voluntary administrators, there was insufficient working capital for the Liquidating Companies to continue their trading operations. Past performance also indicated that it was likely continued operations would result in a net loss, particularly when the costs of voluntary administration were considered. It was also apparent given the limited trading in recent times, the closure would have minimal impact on any potential sale of the business and or assets of the Liquidating Companies. Accordingly, the decision was made to cease trading as of 9 May 2022.

Following the event of voluntary administration, the management considers that the Group’s control over the Liquidating Companies were lost on the date of the appointment of voluntary administrators, on 6 May 2022. Further, the management considers it is prudent and in the best interest of the Group to segregate the Liquidating Companies from the Group from the appointment date of voluntary administrators to protect the Group from any further potential losses and damages, including reputational risks and potential third-party claims. Accordingly, the Group deconsolidated the Liquidating Companies from 6 May 2022.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

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

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 1. Significant accounting policies (continued)

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

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

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

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

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

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

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.

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

Issued capital
Ordinary shares are classified as equity.

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.

Note 1. Significant accounting policies (continued)

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 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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

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

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 $65,346 (2021: $1,837,312).

Note 2. Difference to preliminary results (continued)

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

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

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

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

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

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

Disposal of Ballarat Property
The company sold its Ballarat property to Development Victoria for $1.965 million and the sale was completed in December 2022.

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.
Head office / other	Provision of corporate support function to other business units plus other smaller non-reportable segments

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

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 2022	Hospitality $	Australian brewing $	Head office / other $	Other segments $	Total $
Revenue					
Sales to external customers	544,995	1,745,435	-	-	2,290,430
Other revenue	-	-	-	30,592	30,592
Total revenue	544,995	1,745,435	-	30,592	2,321,022
EBITDA					7,429,582
Depreciation and amortisation					(12,034,985)
Finance costs					(975,828)
Loss before income tax benefit					(5,581,231)
Income tax benefit					(1,397,914)
Loss after income tax benefit					(6,979,145)
Assets					
Segment assets	-	-	2,540,672	-	2,540,672
Total assets					2,540,672
Total assets includes:					
Acquisition of non-current assets	-	-	-	-	-
Liabilities					
Segment liabilities	-	-	7,926,436	-	7,926,436
Total liabilities					7,926,436

Consolidated - 2021	Hospitality $	Australian brewing $	Head office / other $	Other segments $	Total $
Revenue					
Sales to external customers	1,395,831	586,117	-	-	1,981,948
Other revenue	-	54,871	58	-	54,929
Total revenue	1,395,831	640,988	58	-	2,036,877
EBITDA				-	(1,735,013)
Depreciation and amortisation					(493,039)
Finance costs					(434,154)
Loss before income tax expense					(2,662,206)
Income tax expense					1,397,914
Loss after income tax expense					(1,264,292)
Assets					
Segment assets	1,116,094	7,780,775	545,415	-	9,442,284
Total assets					9,442,284
Total assets includes:					
Acquisition of non-current assets	-	3,200	-	-	3,200
Liabilities					
Segment liabilities	1,698,173	5,228,270	1,247,760	-	8,174,203
Total liabilities					8,174,203

Note 4. Revenue

	Consolidated 2022 $	Consolidated 2021 $
From continuing operations		
Revenue from contracts with customers		
Sales	2,290,430	1,981,948
Other revenue		
Other revenue	30,592	58
Revenue from continuing operations	2,321,022	1,982,006

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

	Consolidated 2022 $	Consolidated 2021 $
Major product lines		
Brewing	1,745,435	1,395,831
Hospitality	544,995	586,117
Head Office/Other	-	-
	2,290,430	1,981,948
Geographical regions		
Australia	2,290,430	1,981,948
Timing of revenue recognition		
Goods transferred at a point in time	2,290,430	1,981,948

Note 5. Other income

	Consolidated 2022 $	Consolidated 2021 $
Net gain on disposal of property, plant and equipment	-	20,531
Net gain on loss of control of subsidiaries	9,547,268	-
Government grants	347,391	315,761
Total other income	9,894,659	336,292

Note 6. Impairment of assets

	Consolidated 2022 $	2021 $
Impairment of property, plant and equipment	1,450,764	-
Impairment of loans to loss of control of subsidiaries	10,295,752	-
Total impairment of assets	11,746,516	-

Note 7. Income tax benefit

	Consolidated 2022 $	2021 $
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit from continuing operations	(5,581,230)	(2,711,634)
Profit/(loss) before income tax expense from discontinued operations	-	49,428
	(5,581,230)	(2,662,206)
Tax at the statutory tax rate of 25% (2021: 26%)	(1,395,308)	(692,174)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of other timing and permanent differences	426,751	(34,686)
	(968,557)	(726,860)
Current year tax losses not recognised	968,557	726,860
Recognition of deferred tax asset in relation to capital gain on expected property sales	-	(1,397,914)
De-recognition of deferred tax asset in relation to capital gain on expected property sales*	1,397,914	-
Income tax expense / (benefit)	1,397,914	(1,397,914)

*On 12 December 2022, Development Victoria (DV) exercised its option to call back the property asset located at 2 Liberator Drive, Mitchell Park, Victoria 3355 (Ballarat Property) in accordance with the terms specified in the contract between Broo and DV, for a purchase price of $1.965m. It is determined that the company will not make any capital gains on the disposal of the property.

	Consolidated 2022 $	2021 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	21,404,111	15,822,881
Potential tax benefit @ 25% (2021: 26%)	5,351,028	4,113,949

Note 7. Income tax benefit (continued)

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.

Management did not include the tax losses of the liquidated entities in the tax consolidation. The net gain on disposal of the liquidated entities of $9.5m is non-assessable and the impairment of loans of $10.3m to the liquidated entities is not deductible.

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.

During the current year the consolidated entity formed a tax consolidation with effect from 1 July 2021.

Note 8. Discontinued operations

Financial performance information

	Consolidated	
	2022	**2021**
	$	**$**
Sales	-	-
Other income	-	54,871
Total revenue	-	54,871
Cost of Sales	-	-
Marketing	-	-
Occupancy	-	(620)
Administration	-	(4,823)
Finance Costs	-	-
Impairment of assets	-	-
Other Expenses	-	-
Total expenses	-	(5,443)
	-	
Profit/(loss) before income tax expense	-	49,428
Income tax expense	-	-
Profit/(loss) after income tax expense from discontinued operations	-	49,428

Cash flow information

	Consolidated	
	2022	**2021**
	$	**$**
Net cash from/(used in) operating activities	-	49,428
Net cash used in investing activities	-	-
Net cash from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents from discontinued operations	-	49,428

Note 9. Current assets - cash and cash equivalents

	Consolidated 2022 $	Consolidated 2021 $
Cash on hand	864	4,833
Cash at bank	1,261	110,408
	2,125	115,241

Note 10. Current assets - trade and other receivables

	Consolidated 2022 $	Consolidated 2021 $
Trade receivables	-	148,000
Less: Allowance for expected credit losses	-	(22,325)
	-	125,675
Other receivables	-	3,324
BAS receivable	37,155	220,830
	37,155	349,829

Note 11. Current assets - inventories

	Consolidated 2022 $	Consolidated 2021 $
Stock on hand - at net realisable value	-	967,923

Note 12. Current assets - other

	Consolidated 2022 $	Consolidated 2021 $
Prepayments	42,611	83,251
Borrowing costs	259,442	-
	302,053	83,251

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

	Consolidated 2022 $	Consolidated 2021 $
Property, plant and equipment	1,965,000	2,123,404

The company sold its Ballarat property to Development Victoria for $1.965 million and the sale was completed in December 2022.

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

	Consolidated 2022 $	Consolidated 2021 $
Land - at cost	-	-
Leasehold improvements - at cost	-	52,375
Less: Accumulated depreciation	-	(15,627)
Less: Impairment	-	(36,748)
	-	-
Plant and equipment - at cost	-	2,717,350
Less: Accumulated depreciation	-	(687,090)
Less: Impairment	-	(211,259)
	-	1,819,001
Motor vehicles - at cost	158,627	15,956
Less: Accumulated depreciation	(93,281)	(13,566)
	65,346	2,390
	65,346	1,821,391

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 2020	2,123,404	5,776	1,952,302	-	4,081,482
Classified as held for sale	(2,123,404)	-	-	-	(2,123,404)
Disposals	-	(2,587)		-	(2,587)
Depreciation expense	-	(799)	(133,301)	-	(134,100)
Balance at 30 June 2021	-	2,390	1,819,001	-	1,821,391
Acquisitions	-	81,336	-	-	81,336
Classified as held for sale	-	-	-	-	-
Disposals/Impairments	-	-	(1,819,001)	-	(1,819,001)
Depreciation expense	-	(18,380)	-	-	(18,380)
Balance at 30 June 2022	-	65,346	-	-	65,346

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

	Consolidated 2022 $	Consolidated 2021 $
Land and buildings - right-of-use	-	3,044,184
Less: Accumulated depreciation	-	(696,354)
	-	2,347,830
Motor vehicles - right-of-use	-	77,256
Less: Accumulated depreciation	-	(61,335)
	-	15,921
	-	2,363,751

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

Consolidated	Motor vehicles $	Land and buildings $	Total $
Balance at 1 July 2020	48,747	2,696,277	2,745,024
Disposals	(22,336)	-	(22,336)
Depreciation expense	(10,490)	(348,447)	(358,937)
Balance at 30 June 2021	15,921	2,347,830	2,363,751
Disposals/Impairments	(15,921)	(2,347,830)	(2,363,751)
Depreciation expense	-	-	-
Balance at 30 June 2022	-	-	-

Note 16. Non-current assets - intangibles

	Consolidated 2022 $	Consolidated 2021 $
Patents and trademarks - at cost	168,993	219,580

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 2020	216,380	216,380
Additions	3,200	3,200
Balance at 30 June 2021	219,580	219,580
Additions	-	-
Disposals/Impairments	(50,587)	(50,587)
Balance at 30 June 2022	168,993	168,993

Note 17. Non-current assets - deferred tax

	Consolidated	
	2022 $	2021 $
Deferred tax asset	-	1,397,914

Note 18. Current liabilities - trade and other payables

	Consolidated	
	2022 $	2021 $
Trade payables	459,231	505,570
BAS payable	-	203,711
Excise payable	1,303,585	-
Other payables	453,407	2,177,929
	2,216,223	2,887,210

Refer to note 26 for further information on financial instruments.

Note 19. Current liabilities - borrowings

	Consolidated	
	2022 $	2021 $
Loan facility	-	758,907
Convertible notes payable	3,566,791	-
Hire purchase	70,447	25,392
	3,637,238	784,299

Refer to note 26 for further information on financial instruments.

On 8 October 2021, the Company announced that it has raised $3.6m (before costs) via a secured convertible note financing from a group of sophisticated and professional investors. Under the terms of the convertible note subscription deed, the subscription monies was advanced to the Company in 3 tranches. The first tranche of $1m was advanced on 8 October 2021, a further tranche of $1m was advanced on 15 October 2021 and a final tranche of $1.6m was advanced in February, March and April 2022 over several transfers.

A total of 240 million notes will be issued for $3.6m. Each one (1) note is convertible into one (1) ordinary share in the Company at a conversion price of $0.015 per note.

The convertible notes have a term of 12 months, with interest payable monthly on the notes at 12% per annum. As a condition of funding, the convertible notes are to be secured over the Company and its business and property assets.

Note 20. Current liabilities - lease liabilities

	Consolidated	
	2022 $	2021 $
Lease liability	-	339,800

Note 21. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated	
	2022 $	2021 $
Loan facility	1,935,192	1,916,565

As disclosed in note 15, the Ballarat property was sold to Development Victoria for $1.965 million and the sale was completed in December 2022.

The face value of the loan is $1,949,898 with prepayments of borrowings costs having been offset against the carrying value. The loan is secured against the Ballarat property and is repayable in 24 monthly instalments. Interest is payable at 14.27% per annum.

Note 22. Non-current liabilities - lease liabilities

	Consolidated	
	2022 $	2021 $
Lease liability	-	2,082,569

Note 23. Equity - issued capital

	Consolidated			
	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	952,079,631	945,752,965	22,941,835	22,846,937

Note 23. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2020	710,065,743		18,898,308
Issue of shares	28 August 2020	70,274,770	$0.018	1,264,946
Issue of shares	28 September 2020	61,954,549	$0.018	1,115,182
Shares issued to settle loan with director	28 September 2020	60,455,000	$0.018	1,088,190
Issue of shares	2 October 2020	33,658,740	$0.018	605,857
Shares issued to settle trade payables	13 November 2020	2,855,275	$0.018	51,395
Shares issued to non-executive directors in lieu of fees	13 November 2020	6,488,888	$0.018	116,800
Transaction cost				(293,741)
Balance	30 June 2021	945,752,965		22,846,937
Shares issued to non-executive directors in lieu of fees	21 January 2022	6,326,666	$0.015	94,898
Balance	30 June 2022	952,079,631		22,941,835

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 24. Equity – reserves

	Consolidated	
	2022 $	2021 $
Share-based payments reserve	453,744	293,851
Convertible note reserve	70,509	-
	524,253	293,851

Note 24. Equity - reserves (continued)

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.

Convertible note reserve
The reserve is used to recognise the value of the equity portion of convertible notes.

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

Consolidated	Share based payment $	Convertible note $
Balance at 1 July 2020	293,851	-
Balance at 30 June 2021	293,851	-
Additions	159,893	70,509
Balance at 30 June 2022	453,744	70,509

Note 25. Equity - dividends

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

Note 26. Financial instruments

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

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

Market risk

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

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

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

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

Note 26. Financial instruments (continued)

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 no recognised expense in relation to impairment and write off of receivables as at 30 June 2022 (2021: $13,955).

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.

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 - 2022	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	-	2,216,223	-	-	-	2,216,223
Interest-bearing - fixed rate						
Loan-facility	14.27%	1,949,898	-	-	-	1,949,898
Hire purchase	5.60%	70,447	-	-	-	70,447
Total non-derivatives		4,236,568	-	-	-	4,236,568

Consolidated - 2021	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	-	2,287,210	-	-	-	2,287,210
Interest-bearing - variable						
Loan facility	7.89%	758,907	-	-	-	758,907
Loan facility	14.00%	1,949,898	-	-	-	1,949,898
Hire purchase	5.60%	25,392	-	-	-	25,392
Lease liability	3.50%	339,800	339,800	1,019,400	339,800	2,038,800
Total non-derivatives		5,361,207	339,800	1,019,400	339,800	7,060,207

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

Note 26. Financial instruments (continued)

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

Note 27. Key management personnel disclosures

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

Kent Grogan (Chairman and Executive Director) – resigned 8 April 2022
Mathew Boyes (Non-Executive Director) – resigned 8 April 2022
Matthew Newberry (Non-Executive Director) – resigned 22 December 2021
David Zhu (Executive Director) – appointed 15 October 2021
Kobe Li (Chairman and Non-Executive Director) – appointed 8 April 2022 and resigned 15 March 2023
George Karafotias (Non-Executive Director) – appointed 8 April 2022 and resigned 6 February 2023
Jason Scher (Non-Executive Director) – appointed 27 October 2022 and resigned 6 February 2023
Scott Chen (Non-Executive Director) – appointed 8 February 2023
Jiawei Chen (Chairman and Non-Executive Director) – appointed 31 May 2023

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

	Consolidated	
	2022 $	**2021 $**
Short-term employee benefits	330,798	447,600
Post-employment benefits	12,000	-
Share-based payments	94,900	-
	437,698	447,600

Note 28. Remuneration of auditors

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

	Consolidated	
	2022 $	**2021 $**
Audit services - Connect National Audit		
Audit or review of the financial statements	52,000	50,000

Note 29. Contingent liabilities

On 10 May 2023, the company has received a demand letter from former director & CEO Kent Grogan claiming total amount of $255,817 for historical director's fee and wages. As of 30 June 2022, the company has a payable of historical wages & director fees of $150,382 to Kent Grogan. The balance of $105,435 in his demand letter is related to unpaid wages for period from August 2022 to April 2023. The company is currently investigating and seeking legal advice on this matter.

The company had no other contingent liabilities as at 30 June 2022.

Note 30. Commitments

Other than lease and hire purchase liabilities the consolidated entity did not have commitments at 30 June 2022 and 30 June 2021.

Note 31. Related party transactions

Parent entity
Broo Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 36.

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

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

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

	Consolidated	
	2022 **$**	**2021** **$**
Current payables:		
Accrued directors' wages, superannuation and fees	257,720	342,592

Note 32. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2022 **$**	**2021** **$**
Loss after income tax	(2,889,757)	(1,575,906)
Total comprehensive income	(2,889,757)	(1,575,906)

Note 32. Parent entity information (continued)

Statement of financial position

	Parent 2022 $	2021 $
Total current assets	2,761,294	10,286,796
Total assets	2,995,634	10,474,202
Total current liabilities	5,812,154	1,243,982
Total liabilities	5,880,300	1,247,758
Equity		
Issued capital	22,941,839	22,846,939
Share-based payments reserve	453,744	293,851
Convertible instrument reserve	70,508	-
Accumulated losses	(26,350,757)	(13,914,346)
Total equity	(2,884,666)	9,226,444

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 2022 and 30 June 2021, other guarantees provided in relation to property leases for Mildura Pub and Brewery.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 33. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	2021 %
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%
Broo Bio Medical Pty Ltd	Australia	100.00%	100.00%

Note 34. Events after the reporting period

On 12 December 2022, Development Victoria (DV) exercised its option to call back the property asset located at 2 Liberator Drive, Mitchell Park, Victoria 3355 (Ballarat Property) in accordance with the terms specified in the contract between Broo and DV, for a purchase price of $1.965m.

On 10 May 2023, the company has received a demand letter from former director & CEO Kent Grogan claiming total amount of $255,817 for historical director's fee and wages. As of 30 June 2022, the company has a payable of historical wages & director fees of $150,382 to Kent Grogan. The balance of $105,435 in his demand letter is related to unpaid wages for period from August 2022 to April 2023. It was agreed on 27 June 2023 that the company will pay Kent $50,000 by 7 July 2023 and the balance by 25 August 2023.

As of the issue date of this report, the status of the administration & liquidation of the subsidiaries is as follows:

1. Australia Draught Pty Ltd: Awaiting tax clearance from the ATO to pay dividend. Anticipate administration to last at least another 3-4 months.
2. Mildura Brewery Pub (Broo) Pty Ltd: Liquidation is completed.
3. Mildura Brewery (Broo) Pty Ltd: Awaiting a dividend payment from Australia Draught Pty Ltd. Once received it will be finalised. Anticipate administration to last at least another 3 months.
4. Sorrento Brewery Pty Ltd: Anticipate liquidation being finalised by end of the 2023 financial year.

As of the issue date of this report, the noteholder of the $3.6m convertible notes have not exercised their right to convert yet. The noteholder will convert the notes to shares when Broo Limited reinstates quotation upon shareholder approval.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

	Consolidated 2022 $	Consolidated 2021 $
Loss after income tax benefit for the year	(6,979,145)	(1,264,292)
Adjustments for:		
Depreciation and amortisation	1,580,828	493,037
Impairment of property, plant and equipment	1,556,318	-
Net loss on disposal of subsidiaries	587,605	-
Net gain on disposal of non-current assets	-	(20,531)
Share issued to settle trade payables	-	168,195
Prepaid interest	-	(33,333)
Rent relief	-	(48,846)
Borrowing costs related to capital raising	79,947	-
Equity portion of convertible note reserve	37,299	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(74,477)	(160,069)
Decrease/(increase) in inventories	(212,580)	(890,591)
Increase in accrued revenue	-	(1,397,914)
Decrease/(increase) in other operating assets	(138,855)	112,723
Increase in trade and other payables	1,158,269	259,081
Increase/(decrease) in employee benefits	(414,882)	12,177
Net cash used in operating activities	(2,819,673)	(2,770,363)

Note 36. Changes in liabilities arising from financing activities

Consolidated	Lease liabilities $	Borrowings $	Total $
Balance at 1 July 2020	2,742,634	3,548,537	6,291,171
Net cash from/(used in) financing activities	(271,419)	299,850	28,431
Loans issued via the issue of shares	-	(1,088,190)	(1,088,190)
Other changes	(48,846)	(59,333)	(108,179)
Balance at 30 June 2021	2,422,369	2,700,864	5,123,233
Net cash from/(used in) financing activities	(198,217)	(695,225)	(893,442)
Loans issued via the issue of convertible notes	-	3,600,000	3,600,000
Other changes	(2,224,152)	(1,968,401)	(4,192,553)
Balance at 30 June 2022	-	3,637,238	3,637,238

Note 37. Loss per share

	Consolidated 2022 $	Consolidated 2021 $
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Broo Limited	(6,979,145)	(1,313,720)

Note 37. Loss per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	948,526,298	892,060,366
Weighted average number of ordinary shares used in calculating diluted earnings per share	948,526,298	892,060,366

	Cents	Cents
Basic loss per share	(0.74)	(0.15)
Diluted loss per share	(0.74)	(0.15)

	Consolidated 2022 $	2021 $
Earnings per share for profit/(loss) from discontinued operations		
Profit/(loss) after income tax attributable to the owners of Broo Limited	-	49,428

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	948,526,298	892,060,366
Weighted average number of ordinary shares used in calculating diluted earnings per share	948,526,298	892,060,366

	Cents	Cents
Basic earnings per share	-	0.01
Diluted earnings per share	-	0.01

	Consolidated 2022 $	2021 $
Earnings per share for loss		
Loss after income tax attributable to the owners of Broo Limited	(6,979,145)	(1,264,292)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	948,526,298	892,060,366
Weighted average number of ordinary shares used in calculating diluted earnings per share	948,526,298	892,060,366

	Cents	Cents
Basic loss per share	(0.74)	(0.14)
Diluted loss per share	(0.74)	(0.14)

Note 38. Share-based payments

During the prior year $30,000,000 options were issued to corporate advisor that assisted with raising capital.

Set out below are summaries of options granted:

	Number of options 2022	Weighted average exercise price 2022	Number of options 2021	Weighted average exercise price 2021
Outstanding at the beginning of the financial year	25,000,000	$0.020	85,342,500	$0.218
Granted	30,000,000	$0.025	-	$0.000
Forfeited	(25,000,000)	$0.020	(60,342,500)	$0.300
Outstanding at the end of the financial year	30,000,000	$0.025	25,000,000	$0.200
Exercisable at the end of the financial year	30,000,000	$0.020	25,000,000	$0.020

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.56 years (2021 : 0.51 years).

For the options granted during the prior financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
21/01/2022	25/01/2025	$0.011	$0.025	105.00%	-	0.89%	$0.0053

A total of $159,893 has been recognised in the relation to the above options during the prior year.

Broo Limited
Directors' declaration
30 June 2022

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 2022 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

David Zhu
Executive Director

19 July 2023

Independent Auditor's Report
To the Members of Broo Limited
Report on the Audit of the Financial Report

Qualified Opinion

We have audited the accompanying financial report of Broo Limited (the "consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2022, 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 consolidated entity as set out on page 47.

In our opinion, except for the incomplete disclosure of the information referred to in the Basis for Qualified Opinion section of our report, the accompanying financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 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 Qualified Opinion

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of $6,979,145 during the year ended 30 June 2022 and, as of that date, the consolidated entity's current liabilities exceeded its total assets by $5,317,618. At the date of this report, the consolidated entity has been unable to conclude the proposed investment of $2 million by external investors. 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 consolidated entity's ability to continue as a going concern. Neither the consolidated entity nor the financial report adequately addressed or disclosed these facts.

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 Company 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 Broo Ltd**.,** would be on 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 qualified opinion.

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
Excise Duty	
In the past, Mildura Brewery (Broo) Pty Ltd, a wholly owned subsidiary of Broo Limited, has been responsible for bearing the payable of excise duty. Consequently, the Australian Taxation Office (ATO) has requested an investigation into Broo Limited's excise duty account. On 28th February 2023, the ATO finalized the excise duty audit for Broo Limited, resulting in an excise duty payable of Broo Limited amounting to $966,047.48.	Our procedures included amongst others: Perform audit procedures to ensure the completeness and accuracy of the excise duty payable. Obtain the ATO excise duty account and ATO documentation for both Broo Limited and Mildura Brewery (Broo) Pty Ltd to ensure the total amount of excise duty payable as at 30 June 2022.
Loss of control on the liquidated subsidiaries	
On 6 May 2022, Worrells was appointed as liquidators by the consolidated entity for Australia Draught Pty Ltd, Mildura Brewery (Broo) Pty Ltd, Mildura Brewery Pub (Broo) Pty Ltd and Sorrento Brewery Pty Ltd. As a result of this appointment, the consolidated entity loss control of these subsidiaries on that day and therefore has been presented as the gain / (loss) on loss of control on the liquidated subsidiaries. We consider this to be significant in the conclusion of this transaction and impact on the consolidated entity's structure.	Obtained and reviewed the liquidator's email correspondence and reports to creditors ensuring the date of loss control of the liquidated subsidiaries. Performed audit procedures ensuring the accuracy in calculating the gain / (loss) on loss of control on the liquidated subsidiaries.
Assets of disposal consolidated entitys classified as held for sale	
On 11 January 2023, the consolidated entity announced that Development Victoria has exercised its option to call back the property asset located at 2 Liberator Drive, Mitchell Park, Victoria 3355 (Ballarat Property) in accordance with the terms specified in the contract between Broo and Development Victoria, for a total amount of $1,965,000. The financial statements have been presented in accordance with AASB 5: Non-Current Assets Classified as Held for Sale and Discontinued Operations. The asset and liability of the Ballarat property in the statement of financial position are presented as held for sale. Due to the significant contribution which the sale of its Ballarat property makes to the consolidated entity, the judgement applied in classifying the asset as held for sale, this has been identified as a key audit matter.	Evaluating the presentation in the consolidated financial statements against the requirements of AASB 5 in order to determine whether the requirements of AASB 5 had been met. This included obtaining an understanding of the status of the sale as at 30 June 2022 and inspecting supporting documentation received from the Directors supporting its Ballarat property being held for sale; Performing audit procedures to ensure that the assets held for sale are carried at lower of carrying value and fair value less costs to sell in terms of AASB 5; and Assessing the adequacy of the consolidated entity's disclosures in respect of the asset held for sale with reference to AASB 5. We concur with the directors' conclusion that Ballarat property meets the requirements of AASB 5. We consider the disclosures of the assets held for sale to be appropriate.
Related Party Transactions	
The consolidated entity has engaged in a number of transactions with related parties during the year.	Our procedures included amongst others: Reviewed related parties schedule and related transactions;

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 consolidated entity's operations by users of financial statements, including assessments of the risks and opportunities facing the consolidated entity.	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 consolidated entity 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 consolidated entity'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 consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.
A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the financial year ended 30 June 2022.

In our opinion the Remuneration Report of Broo Limited for the financial year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the consolidated entity 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
Managing Partner
Connect National Audit Pty Ltd
ASIC Authorised Audit Company No.: 521888
Melbourne, Victoria

Robin King Heng Li
Director
Connect National Audit Pty Ltd
ASIC Authorised Audit Company No.: 521888
Melbourne, Victoria
Date: 19 July 2023

Broo Limited
Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 15 June 2023.

Distribution of equitable securities

		Shares	
Range	**Total holders**	**Units**	**% of Shares Issued**
1 – 1,000	6,294	864,876	0.09
1,001 – 5,000	328	864,929	0.09
5,001 – 10,000	292	2,630,146	0.28
10,001 – 100,000	718	28,312,048	2.97
100,001 and over	405	919,407,632	96.57
Total	**8,037**	**952,079,631**	**100.00**

The number of shareholdings held in less than marketable parcels is 8,036.

Substantial shareholders

Name of Shareholder	No of Shares	% Held of Issued Ordinary Capital
GROGES HOLDINGS PTY LTD AND ASSOCIATES	242,730,000	25.66
YANHUA CHEN	71,499,655	7.56

Top 20 Shareholders

	Name of Shareholder	No of Shares	% Held of Issued Ordinary Capital
1	GROGES HOLDINGS PTY LTD <GROGES A/C>	241,530,000	25.37
2	KNIGHT61 INVESTMENTS PTY LTD <KNIGHT61 INVESTMENTS A/C>	52,180,000	5.48
3	DE GRAAFF HOLDINGS PTY LTD	43,835,352	4.60
4	MR SHENGPEI CHEN	40,146,674	4.22
5	MS YUFEN GAO	40,000,000	4.20
5	MR CHAO ZHONG	40,000,000	4.20
7	CE 61 INVESTMENTS PTY LTD <CE 61 INVESTMENTS UNIT T A/C>	30,660,000	3.22
8	MR KING YUEN CHEUNG	27,800,000	2.92
9	HUI TING CAPITAL PTY LTD	12,200,000	1.28
10	AUSTANE CONSTRUCTIONS PTY LTD	11,550,000	1.21
11	A&S JIN NOMINEES PTY LTD <MAXJIN SUPER FUND A/C>	11,000,000	1.16
12	MS JIANJUN GUO	10,833,333	1.14
13	MRS JIN CUI	8,800,000	0.92
14	61 FINANCIAL INFORMATION TECHNOLOGY PTY LTD	8,330,000	0.87
15	DE GRAAFF HOLDINGS PTY LTD	8,275,314	0.87
16	GEM ASIA PACIFIC LTD	8,000,000	0.84
17	MENCH INVESTMENTS PTY LTD <HARPER INVESTMENT A/C>	7,663,333	0.80
18	MR MAURIZIO MARIO TERMINE + MRS ROSARIA TERMINE	7,500,000	0.79
19	MR YANHUA CHEN	7,000,000	0.74
19	JAN FINANCIAL SOLUTIONS PTY LTD	7,000,000	0.74
		631,304,006	**66.31**

Unquoted equity securities The Company has the following unlisted securities on issue:

30,000,000 Options exercisable at $0.052 each expiring 21/01/25 held by 1 option holder.