

Broo Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Broo Limited
ACN:	060 793 099
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	100.0% to	-
Loss from ordinary activities after tax attributable to the owners of Broo Limited	down	69.1% to	(908,580)
Loss for the half-year attributable to the owners of Broo Limited	down	69.1% to	(908,580)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$908,580 (31 December 2021: \$2,942,543).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.64)</u>	<u>(0.59)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

The below entities have liquidated:-

- Midura Brewery Pub (Broo) Pty Ltd - finalised 17 May 2023
- Midura Brewery (Broo) Pty Ltd - finalised 17 October 2023

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Broo Limited for the half-year ended 31 December 2022 is attached.

12. Signed

Signed _____



Peter Pan
Executive Chairman

Date: 19 December 2023

Broo Limited

ACN 060 793 099

Interim Report - 31 December 2022

Broo Limited
Directors' report
31 December 2022

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 half-year ended 31 December 2022.

Directors

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

David Zhu (Executive Director) – appointed 15 October 2021 and resigned 17 October 2023
David Zhu (Non-Executive Director) –appointed 17 October 2023
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 and resigned 29 September 2023
James LI(Non-Executive Chair) – appointed 29 September 2023
Peter Yong Pan (Executive Chair)-appointed 17 October 2023
Michael Chen (Executive Director)-appointed 17 October 2023

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- production packaged and draught beer Australia; and
- management of hospitality venues.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$908,580 (31 December 2021: \$2,942,543).

Business and operations update

In recent times, Broo Ltd has navigated through significant financial and operational hurdles. Faced with a liquidity crisis and under the strain of substantial debt, the company has had to rethink its strategy fundamentally. Leadership changes and a strategic shift towards optimizing operations and supply chains have been critical in addressing these challenges. The company's decision to revamp its sales and marketing approach, particularly in light of its weakened industry network, marks a crucial step in its journey towards recovery.

In response to shifting market dynamics and consumer preferences, Broo Ltd is proud to introduce a new beer brand crafted to resonate with the vibrant energy of life. The company aims to leverage its existing strengths while embracing innovation and modern brewing trends. This approach is expected to rejuvenate the brand, expand its consumer base, and position Broo Ltd as a dynamic and versatile player in the brewing industry.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

On 10 May 2023, the company 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. On 11 November 2023, there was a new agreement which the amount increased to \$261,817.25, the balance of \$6,000 was the legal costs in Federal court. On 11 November 2023, the company has paid Kent \$80,000 and with the balance of \$181,817.25 due by 13 March 2024..

Since September 2023, the company has discussed the payment plan with the Australian Taxation Office (ATO) to repay the outstanding excise duty of around \$1.3 million. The payment plan has not been finalised as at the date of signing of this interim financial report.

Broo Limited
Directors' report
31 December 2022

No other matter or circumstance has arisen since 31 December 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.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Peter Pan
Executive Chairman

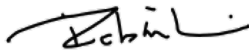
19 December 2023

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor for the review of Broo Limited for the half-year ended 31 December 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Broo Limited and controlled entities.



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

Broo Limited
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31 December 2022

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General information

The financial statements cover Broo Limited as a consolidated entity consisting of Broo Limited and the entities it controlled at the end of, or during, the half-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:

L14, 333 Collins Street
Melbourne VIC 3000

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 December 2023.

Broo Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

		Consolidated	
	Note	Dec 2022	Dec 2021
		\$	\$
Revenue	2	-	566,363
Other income	3	139,845	341,736
Expenses			
Cost of sales		-	(804,225)
Marketing		(474)	(84,321)
Impairment of property, plant and equipment		-	(1,292,361)
Occupancy		-	(291,702)
Administration		(512,217)	(928,873)
Impairment of intangible assets	6	(168,993)	-
Finance costs		(366,741)	(449,160)
Loss before income tax expense		(908,580)	(2,942,543)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Broo Limited		(908,580)	(2,942,543)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Broo Limited		<u>(908,580)</u>	<u>(2,942,543)</u>
		Cents	Cents
Basic earnings per share	14	(0.10)	(0.31)
Diluted earnings per share	14	(0.10)	(0.31)

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 31 December 2022

	Note	Consolidated	Consolidated
		Dec 2022	Jun 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		2,544	2,125
Trade and other receivables		40,205	37,155
Other	4	<u>254,385</u>	<u>302,053</u>
		297,134	341,333
Assets of disposal groups classified as held for sale	5	-	1,965,000
Total current assets		<u>297,134</u>	<u>2,306,333</u>
Non-current assets			
Property, plant and equipment		56,830	65,346
Intangibles	6	-	168,993
Total non-current assets		<u>56,830</u>	<u>234,339</u>
Total assets		<u>353,964</u>	<u>2,540,672</u>
Liabilities			
Current liabilities			
Trade and other payables	7	2,413,642	2,216,223
Borrowings	8	3,863,568	3,637,238
Employee benefits		144,251	69,637
		<u>6,421,461</u>	<u>5,923,098</u>
Liabilities directly associated with assets classified as held for sale	9	-	1,935,192
Total current liabilities		<u>6,421,461</u>	<u>7,858,290</u>
Non-current liabilities			
Employee benefits		6,489	68,146
Total non-current liabilities		<u>6,489</u>	<u>68,146</u>
Total liabilities		<u>6,427,950</u>	<u>7,926,436</u>
Net liabilities		<u>(6,073,986)</u>	<u>(5,385,764)</u>
Equity			
Issued capital		22,941,835	22,941,835
Reserves	10	744,611	524,253
Accumulated losses		<u>(29,760,432)</u>	<u>(28,851,852)</u>
Total deficiency in equity		<u>(6,073,986)</u>	<u>(5,385,764)</u>

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

Broo Limited
Statement of changes in equity
For the half-year ended 31 December 2022

	Reserves	Contributed	Accumulated	Total
	\$	equity	losses	deficiency in
Consolidated	\$	\$	\$	\$
Balance at 1 July 2021	293,851	22,846,937	(21,872,707)	1,268,081
Loss after income tax expense for the half-year	-	-	(2,942,543)	(2,942,543)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,942,543)	(2,942,543)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	159,893	-	-	159,893
Recognition of equity portion of convertible note	467,773	-	-	467,773
Balance at 31 December 2021	<u>921,517</u>	<u>22,846,937</u>	<u>(24,815,250)</u>	<u>(1,046,796)</u>
	Reserves	Contributed	Accumulated	Total
	\$	equity	losses	deficiency in
Consolidated	\$	\$	\$	\$
Balance at 1 July 2022	524,253	22,941,835	(28,851,852)	(5,385,764)
Loss after income tax expense for the half-year	-	-	(908,580)	(908,580)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(908,580)	(908,580)
Recognition of equity portion of convertible note	220,358	-	-	220,358
Balance at 31 December 2022	<u>744,611</u>	<u>22,941,835</u>	<u>(29,760,432)</u>	<u>(6,073,986)</u>

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

Broo Limited
Statement of cash flows
For the half-year ended 31 December 2022

	Consolidated	
	Dec 2022	Dec 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	-	726,133
Payments to suppliers and employees (inclusive of GST)	(266,746)	(1,867,292)
Other revenue	-	341,736
Interest and other finance costs paid	(98,376)	(558,576)
	<u>(365,122)</u>	<u>(1,357,999)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	2,104,845	-
	<u>2,104,845</u>	<u>-</u>
Net cash from investing activities		
Cash flows from financing activities		
Proceeds from borrowings	205,000	420,000
Repayment of borrowings	(1,944,304)	(1,122,552)
Proceeds from convertible notes	-	2,000,000
	<u>(1,739,304)</u>	<u>1,297,448</u>
Net cash from/(used in) financing activities		
Net increase/(decrease) in cash and cash equivalents	419	(60,551)
Cash and cash equivalents at the beginning of the financial half-year	2,125	115,241
	<u>2,544</u>	<u>54,690</u>
Cash and cash equivalents at the end of the financial half-year		

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

Broo Limited
Notes to the financial statements
31 December 2022

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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 of \$908,580 for the half-year ended 31 December 2022 and has a working capital deficit of \$6,124,327 and had cash outflows from operating activities of \$365,122. These conditions indicate a significant or material uncertainty about the consolidated entity's ability to continue as a going concern.

The financial report has been prepared on a going concern basis which assumes there will be upcoming strong funding from investors and board, for the following reasons:

- 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;
- Since 17 October 2023, the board has changed, the company received a loan of \$165,000 from a new director Michael and another loan of \$335,000 will be drawn at the end of December, the details of loan are under negotiate;
- In December 2023, Duke61 financials agreed to extend the existing loan to the date of reinstatement;
- In December 2023, the investor agreed to extend \$3.6 million convertible notes to the date of reinstatement and exempt unpaid interests since June 2022, management is in the process of reviewing and negotiating the details and agreement of the proposed offer with the investors;
- As mentioned previously, the board has decided to create a new beer brand and plan on launching it onto the market in February 2024, the estimated revenue will be \$1.8 million annually;
- Overall, the management have prepared a 12-month cash flow forecast which shows the company will have a positive cash flow due to the upcoming beer brand launch and funding from reinstatement;
- Meanwhile, the board continues to review costs and is seeking to remove all non-essential expenses; and
- The directors are of the opinion that the company will be able to access equity capital markets for any additional working capital requirements.

For the above reasons the board considers that the consolidated entity remains a going concern and the financial report has been prepared on this basis.

Broo Limited
Notes to the financial statements
31 December 2022

Note 2. Revenue

	Consolidated	
	Dec 2022	Dec 2021
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales of goods	-	1,140,889
Sales - discounts and rebates	-	(600,421)
	-	<u>540,468</u>
<i>Other revenue</i>		
Other revenue	-	<u>25,895</u>
Revenue	-	<u><u>566,363</u></u>

Disaggregation of revenue

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

	Consolidated	
	Dec 2022	Dec 2021
	\$	\$
<i>Major product lines</i>		
Brewery sales	-	262,587
Hospitality sales	-	<u>277,881</u>
	-	<u><u>540,468</u></u>
<i>Geographical regions</i>		
Australia	-	<u><u>540,468</u></u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	-	<u><u>540,468</u></u>

Note 3. Other income

	Consolidated	
	Dec 2022	Dec 2021
	\$	\$
Net gain on disposal of property, plant and equipment	139,845	-
Government COVID stimulus	-	<u>341,736</u>
Other income	<u>139,845</u>	<u><u>341,736</u></u>

Note 4. Current assets - other

	Consolidated	
	Dec 2022	Jun 2022
	\$	\$
Prepayments	30,040	42,611
Borrowing costs	<u>224,345</u>	<u>259,442</u>
	<u><u>254,385</u></u>	<u><u>302,053</u></u>

Broo Limited
Notes to the financial statements
31 December 2022

Note 5. Current assets - assets of disposal groups classified as held for sale

	Consolidated	
	Dec 2022	Jun 2022
	\$	\$
Property, plant and equipment	-	1,965,000
	<u>-</u>	<u>1,965,000</u>

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

Note 6. Non-current assets - intangibles

	Consolidated	
	Dec 2022	Jun 2022
	\$	\$
Patents and trademarks - at cost	168,993	168,993
Less: Impairment	(168,993)	-
	<u>-</u>	<u>168,993</u>

Reconciliations

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

Consolidated	Patents and trademarks \$	Total \$
Balance at 1 July 2022	168,993	168,993
Impairment of assets	(168,993)	(168,993)
Balance at 31 December 2022	<u>-</u>	<u>-</u>

The consolidated entity's patents and trademarks have been impaired in full in the current year due to significant due to the fact that no revenue was received in this financial half-year.

Note 7. Current liabilities - trade and other payables

	Consolidated	
	Dec 2022	Jun 2022
	\$	\$
Trade payables	353,267	459,231
Excise payables	1,303,585	1,303,585
BAS payable	196,182	-
Other payables	560,608	453,407
	<u>2,413,642</u>	<u>2,216,223</u>

Broo Limited
Notes to the financial statements
31 December 2022

Note 8. Current liabilities - borrowings

	Consolidated	
	Dec 2022	Jun 2022
	\$	\$
Convertible notes payable	3,563,310	3,566,791
Other loans	221,391	-
Insurance premium funding	17,532	-
Hire purchase	61,335	70,447
	<u>3,863,568</u>	<u>3,637,238</u>

Convertible notes

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 were 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.

In December 2023, the investor agreed to extend \$3.6 million convertible notes to the date of reinstatement and exempt unpaid interests since June 2022.

Other loans

On 11 July 2022, the company received a loan from Duke61 with total amount of \$405,000 and repaid \$200,000 on 20 December 2022. Interest is payable at 15% per annum.

Note 9. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated	
	Dec 2022	Jun 2022
	\$	\$
Loan facility	-	1,935,192
	<u>-</u>	<u>1,935,192</u>

As disclosed in note 5, the company sold its Ballarat property to Development Victoria for \$1.965 million and the sale was completed in December 2022. This loan was settled in full from the proceeds of that sale.

Note 10. Equity - reserves

	Consolidated	
	Dec 2022	Jun 2022
	\$	\$
Share-based payments reserve	453,744	453,744
Convertible note reserve	290,867	70,509
	<u>744,611</u>	<u>524,253</u>

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.

Broo Limited
Notes to the financial statements
31 December 2022

Note 10. Equity - reserves (continued)

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 financial half-year are set out below:

Consolidated	Share based payments \$	Convertible note \$	Total \$
Balance at 1 July 2022	453,744	70,509	524,253
Recognition of equity portion of convertible note	-	220,358	220,358
Balance at 31 December 2022	<u>453,744</u>	<u>290,867</u>	<u>744,611</u>

Note 11. Equity - dividends

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

Note 12. Related party transactions

Parent entity

Broo Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated Dec 2022 \$	Dec 2021 \$
Payment for other expenses:		
Interest and borrowing costs paid and accrued to an entity related to Dazid Zhu	180,177	256,000
Interest and borrowing costs paid and accrued to an entity related to Scott Chen	16,391	-

Receivable from and payable to related parties

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

	Consolidated Dec 2022 \$	Jun 2022 \$
Current payables:		
Accrued directors' fee and wages	361,720	257,720

Loans to/from related parties

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

Terms and conditions

Unless stated otherwise, all transactions were made on normal commercial terms and conditions and at market rates.

Broo Limited
Notes to the financial statements
31 December 2022

Note 13. Events after the reporting period

On 10 May 2023, the company 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. On 11 November 2023, there was a new agreement which the amount increased to \$261,817.25, the balance of \$6,000 was the legal costs in Federal court. On 11 November 2023, the company has paid Kent \$80,000 and with the balance of \$181,817.25 due by 13 March 2024.

Since September 2023, the company has discussed the payment plan with the Australian Taxation Office (ATO) to repay the outstanding excise duty of around \$1.3 million. The payment plan has not been finalized when the audit report release.

No other matter or circumstance has arisen since 31 December 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 14. Earnings per share

	Consolidated	
	Dec 2022	Dec 2021
	\$	\$
Loss after income tax attributable to the owners of Broo Limited	<u>(908,580)</u>	<u>(2,942,543)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>952,079,631</u>	<u>945,752,965</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>952,079,631</u>	<u>945,752,965</u>
	Cents	Cents
Basic earnings per share	(0.10)	(0.31)
Diluted earnings per share	(0.10)	(0.31)

Broo Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001, other mandatory professional reporting requirements, and the accounting policies as described in Note 1;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-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.

On behalf of the directors



Peter Pan
Executive Chairman

19 December 2023

Independent Auditor's Review Report

To the members of Broo Ltd and its controlled entities

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of Broo Ltd and its controlled entities ("The Group").

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of the Group is not in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The Half-year Financial Report comprises:

- Statement of financial position as at 31 December 2022;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the Half-year ended on that date;
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Broo Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to note 1 in the half year financial report which indicates that the consolidated entity incurred a net loss of \$908,580, had a working capital deficiency of \$6,124,327 and net asset deficiency of \$6,073,986 as at 31 December 2022 and had net cash outflows from operating activities of \$365,122 during the half year ended 31 December 2022. These events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast a significant doubt on the consolidated entity's ability to continue as a going concern.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the half year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- The preparation of the Half-year Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and Corporations Act 2001

- For such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Broo Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

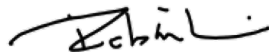
A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Connect National Audit

CONNECT NATIONAL AUDIT PTY LTD

Authorised Audit Company No. 521888



ROBIN KING HENG LI CA RCA
DIRECTOR

19 December 2023