



2017

ANNUAL FINANCIAL STATEMENTS & REPORTS

BRISBANE BRONCOS LIMITED AND ITS CONTROLLED ENTITIES





2017 PLAYER AWARD WINNERS

NRL



PLAYER OF THE YEAR
Andrew McCullough



BEST BACK
Darius Boyd



BEST FORWARD
Matt Gillett



PLAY OF THE YEAR
Matt Gillett, James Roberts



PLAYERS' PLAYER
Andrew McCullough, Josh McGuire



XXXX FAN PLAYER OF THE YEAR
Matt Gillett



MOST CONSISTENT
Alex Glenn

NYC



NYC PLAYER OF THE YEAR
Patrick Carrigan



NYC BEST FORWARD
Payne Haas



NYC BEST BACK
Kotoni Staggs



NYC PLAYERS' PLAYER
Patrick Carrigan

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CORPORATE INFORMATION

A.B.N. 41 009 570 030

DIRECTORS

K D Morris (Chairman) (appointed 5 December 2017)

K S Bickford

A J Joseph

K M Lawlor

D J Lockyer

COMPANY SECRETARY

L A Lanigan

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

81 Fulcher Road

Red Hill Queensland 4059

SECURITIES REGISTER

Computershare Investor Services Pty Limited

GPO Box 2975

Melbourne Victoria 3001

Telephone: (within Australia) 1300 850 505; (outside Australia) +61 3 9415 4000

Facsimile: +61 3 9473 2500

Website: www.computershare.com.au

Brisbane Broncos Limited shares are listed on the Australian Securities Exchange.

SOLICITORS

Creagh Weightman

Level 1, 179 Mary Street

Brisbane Queensland 4000

BANKERS

Commonwealth Bank of Australia

201 Sussex Street

Sydney New South Wales 2000

AUDITORS

Ernst & Young

111 Eagle Street

Brisbane Queensland 4000

THE CHAIRMAN'S REPORT

The Brisbane Broncos enter an exciting new chapter in their proud 30-year history with a new facility, the Clive Berghofer Centre, at Red Hill. I am grateful for the opportunity to lead the Board at this time and oversee the business under the leadership of Chief Executive Officer, Paul White. On behalf of the Board, I recognise the contribution and commitment of our former Chairman, Dennis Watt, who led the Board from 2013.

It was a successful year for the club, both on and off the field. Significant progress has been achieved in restructuring the landscape of the game with a redesign of player pathways, completion of a new player collective bargaining agreement and an amended NRL club funding model.

As always our members, sponsors, community participants, fans and supporters are at the heart of everything we do.

As we move forward into 2018, the club's focus will be on exploring opportunities to consolidate and grow our standing in the game. All stakeholders of our club can be confident that we are focused and determined to continue to strive for on and off-field success, improve our business model and to grow our reach into the community.



Karl Morris

THE CEO'S REPORT

2017 was a strong year for the Brisbane Broncos with on-field success, our community programs reaching out to more participants and continued strong commercial outcomes with continued growth in our sponsorship and membership base. As always we acknowledge our loyal members and fans who continue to support the Brisbane Broncos with their attendance at our home games – again achieving the highest average home crowd attendance across the competition for the season – we continue to invest in enhancing our home game experience and look forward to delivering further innovation in 2018.

Under Head Coach, Wayne Bennett's leadership, the NRL team achieved a Top 4 finish for the regular season, eventually losing to the Premiers Melbourne in the Preliminary Final. With the retention of the majority of our playing roster secured in 2017, we look forward to the 2018 season. 2017 marked the final season for the National Youth Competition (NYC) team, who finished strongly to also compete in the semi-final series. A number of those players have taken up new contracts as part of our 2018 NRL squad.

I am excited about the opportunity provided to us, with the support of State and Federal Governments, to expand our community programs. Our commitment to increased staff resourcing has allowed us to further develop and build relationships in the community and deliver program outcomes in schools across South East Qld, Western Qld and Northern NSW. Our Beyond the Broncos Girls Academy has expanded to reach over 750 students. Special acknowledgement goes to Christine Halliwell, General Manager - Community & Government Programs, and her team for their achievements and we look forward to further enhancing our programs with the use of our new community facilities at Red Hill.

The close of 2017 saw the realisation of our much anticipated new training, administration and community base at Red Hill, the Clive Berghofer Centre. After more than five years of planning, development and construction phases - we mark our 30 years with this significant milestone. The project was delivered on time and on budget without the need for any external borrowings. The project was supported by all three levels of government and the local community. We are deeply grateful for that support. I would like to acknowledge the efforts of all those involved in the project including Hutchinson Builders, Populous Architects, Gilmore Advisory, our outgoing Chairman Dennis Watt, Shirley Moro, Chief Financial Officer, for her diligent work administering the project from concept to completion and Tain Drinkwater, General Manager – HR, Risk & Compliance, for her role in planning and managing the whole-of-business transition to our new home. We welcome Qscan to the Broncos family, as long-term tenants at the new facility. Their commitment will ensure that the business has the ability to absorb the new operational costs of the new facility. Thank you to Clive Berghofer for his generosity and commitment to the club.

A successful fundraising campaign was undertaken during the year with support of the Australian Sports Foundation (ASF) and I wish to thank and acknowledge the generous support of all those who have contributed. Our fundraising focus for 2018 now shifts from the delivery of our new facility to securing further funding to future-proof and sustain our important community and Game Development programs.

2017 was a year of change and uncertainty within the NRL. There were protracted negotiations for all clubs for funding, development of a new 'whole of game' pathway system and the negotiation and finalisation of a new Certified Bargaining Agreement (CBA) with the Players Association. All of these significant pieces took the majority of the year to resolve. This had an associated impact on our ability to plan for the future with certainty and also required a highly considered approach to our recruitment and retention. In this climate, without a known and finalised Salary Cap, a large number of our NRL squad were re-signed in 2017. This was a significant achievement and special thanks to Louise Lanigan, Company Secretary & Salary Cap Manager, and Peter Nolan, Recruitment Manager, who both did a remarkable job in difficult circumstances. We now move into 2018 with far greater certainty.

The 2017 financial results supports the solid underlying strength of our business and the Brisbane Broncos brand. As our shareholders, you can be confident we remain determined and focused on our continued strong performance in 2018. Like every sporting franchise, we understand the ultimate prize includes a 'premiership'. Our NRL squad and Head Coach, Wayne Bennett, are committed to continuing to build on the foundations of the last three years to realise this goal.

I look forward to 2018, understanding and embracing the expectation of success as we mark our 30-year history as a Rugby League Club.



Paul White

SPONSOR OVERVIEW

2017 saw further growth in sponsorship at the Brisbane Broncos with an increase of 12% compared to the prior year. The change to apparel supplier ISC in 2017 has seen an increase in sponsorship revenues and merchandise sales and, whilst margins have fallen, the licensing program royalties have increased strongly, driven primarily by a quality range and a broad product mix. We also welcomed Ladbrokes to the club who commenced as a member of the Broncos partner family, entering a long-term agreement as a Premier Sponsor. The newly formed partnership saw Ladbrokes appear on the upper back position across the Broncos playing apparel throughout the 2017 season.

NRMA, the club's principal partner continued their longstanding association with the Broncos and leveraged this partnership by commissioning a significant advertising campaign featuring Broncos players Sam Thaiday, Korbin Sims, Kodi Nikorima and Tevita Pangai Jnr across South East Queensland advertising channels. Official Restaurant, McDonald's also enjoyed outstanding results with the Bronco Burger which was available from all Brisbane Restaurants. These two campaigns driven by club sponsors, further reinforced the Broncos presence in the Queensland marketplace, significantly enhancing our brand awareness.

Our partnership with the Institute for Urban Indigenous Health and their 'Deadly Choices' program continued to provide positive outcomes and further growth into a true state-wide program, a significant achievement and compliment for both organisations involved in this initiative.

Firstmac, the Broncos financial services partner, committed to the club long-term in 2017 and will continue to be the exclusive sleeve sponsor of the club for the next five years. Similarly, Coca-Cola Amatil, a foundation sponsor of the club in 1988, commenced the first year of a new three-year arrangement in 2017.

The Broncos continue to lead the way with innovative initiatives, and the introduction of the Paddock Club, an outdoor entertainment offering complete with food and beverage options, was well received at the club's final three home games in 2017. XXXX who also extended their longstanding association with the Broncos in 2017 for a further five years, supported this initiative and continued to invest in match-day experiences at Suncorp Stadium.

Our commitment to the club's community programs continues to be an emphasis of the Broncos and this is demonstrated by Arrow Energy and their commitment to the Surrat Basin which enabled the entire playing group to visit remote areas within this region in 2017. Furthermore, the support provided by Premier sponsor, National Storage, and their commitment to the National Storage Locker Room within the confines of the Clive Berghofer Centre at Red Hill has enabled the club to further invest in our community programs.

As always, we would like to take this opportunity to thank all of our partners for their loyal support and continued dedication to our club and the Broncos brand during 2017, in particular our Principal Sponsor, NRMA Insurance, whom we have been privileged to work with for 14 years now.

2017 PRINCIPAL SPONSOR

NRMA Insurance – part of one of Australia's largest general insurance groups, Insurance Australia Group (IAG). As a provider of motor, home and a number of other insurance products, they are committed to ensuring Queenslanders can get on with their lives.



2017 PREMIER SPONSORS

XXXX GOLD – Queensland's favourite beer is proud to continue its partnership of more than 20 years with the Brisbane Broncos as a Premier Sponsor. The partnership enables the two celebrated icons to unite as Queensland's most favoured identities.



ISC – In 2017 ISC joined the Broncos for their first year as the club's apparel partner after a long history of supplying apparel for other rugby league and rugby union teams. ISC offer a wide range of products to suit every fan which has been very well received by the Broncos fan base. The quality of the product has also been endorsed by the playing squad after one season in use. Together ISC and the Broncos have set new benchmarks for what can be achieved in retail and merchandise sales.



Firstmac – Firstmac is a wholly Australian-owned financial institution with over 35 years' experience in home and investment loans, which provides an ideal alternative to the major banks. Firstmac manages over \$9 billion in mortgages and \$250 million in cash investments through a network of domestic and international offices. Firstmac have diversified their offering with the introduction of the Loans.com.au brand which offers self-serve, online home and car loans to a wider market.



SPONSOR OVERVIEW (CONTINUED)

Ladbrokes – Ladbrokes.com.au is the Australian operation of Ladbrokes plc., a responsible leader in the global betting and gaming market, with over 125 years' experience. As Australia's most innovative bookmaker, Ladbrokes offer a wide range of sports betting opportunities. Ladbrokes.com.au is managed from Australia, with offices in Sydney, Melbourne & Brisbane, by a team of local sports betting experts. The website and software have been specifically developed for Australia, one of the most sophisticated wagering markets in the world.

Ladbrokes

Arrow Energy – Arrow Energy is an integrated coal seam gas company supplying almost 20% of Queensland's natural gas and working to meet global demand for this fuel. As a Premier Sponsor, Arrow provides a link between the Brisbane Broncos and some of Queensland's regional communities, in towns where they operate.

arrowenergy
go further

National Storage – National Storage is one of Australasia's largest self-storage providers, tailoring self-storage solutions to over 35,000 residential and commercial customers at more than 100 storage centres across Australia and New Zealand. In December 2013, National Storage listed on the Australian Securities Exchange (ASX) becoming the first publicly listed independent, internally managed and fully integrated owner and operator of self-storage centres in Australia.

**NATIONAL
STORAGE**

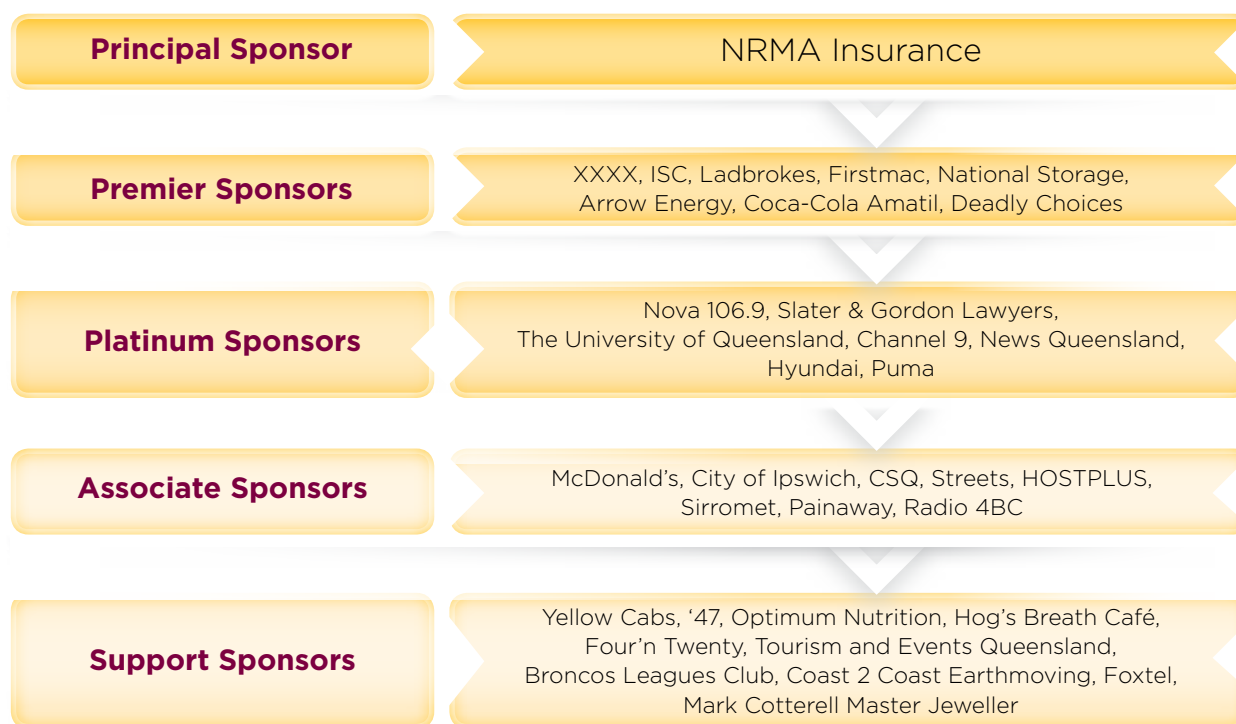
Deadly Choices – Deadly Choices is an initiative of the Institute for Urban Indigenous Health (IUIH) Limited in South East Queensland (SEQ) and is jointly funded by Queensland Health and the Commonwealth Department of Health. The IUIH was established in 2009 by four Aboriginal Medical Services to coordinate planning, development and delivery of comprehensive primary health care services to over 60,000 Aboriginal and Torres Strait Islander peoples within the SEQ Region – representing over a third of the total Indigenous population of Queensland and the fastest growing Indigenous population in the country.

Deadly Choices
IT'S YOUR HEALTHY CHOICE

Coca Cola – Coca-Cola Amatil is Australia's largest premium branded beverage and food company and one of the top five Coca-Cola bottlers in the world. A proud partner of the Brisbane Broncos since inception of the club in 1988, Coke is the longest serving major sponsor of the Brisbane Broncos. Major brands like Powerade, Coke Zero and Mount Franklin Spring Water hydrate the Broncos and their fans every day.

Coca-Cola
TASTE THE FEELING

BRONCOS SPONSORSHIP HIERARCHY 2017





DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December 2017.

DIRECTORS

The names and details of Brisbane Broncos Limited's (the Company) directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Karl Douglas Morris

Non-Executive Chairman
(Appointed 5 December 2017)

Mr Morris was appointed as Chairman on 5 December 2017. Mr Morris is Executive Chairman of Ord Minnett Limited with a career spanning over 30 years in financial services and wealth management. He is a commerce graduate of Griffith University and holds diplomas from the Stockbrokers and Financial Advisers Association of Australia, Institute of Company Directors and FINSIA. Mr Morris is Chairman and a Master Member of the Stockbrokers and Financial Advisers Association of Australia, Chairman of QSuper, Director of the Royal Automobile Club of Queensland (RACQ), Director of Gallipoli Medical Research, Board Member of JP Morgan Australia Advisory Council, Board Member of the Financial Sector Advisory Council, Board Member of Archdiocese of Brisbane Catholic Foundation, Chair of Mary MacKillop Brisbane Catholic School Access Fund, Chair of Griffith University Foundation Board, Governor of the University of Notre Dame Australia and Patron of Bravehearts, a child protection charity.

Katie Skye Bickford

Non-Executive Director
Independent

Mrs Bickford was appointed as a director on 23 May 2011. Mrs Bickford has more than 27 years' experience in executive management across both public and private sectors. Her experience includes advising on corporate governance, strategy, stakeholder and business engagement, risk and reputation management, strategic positioning and change management. For more than 17 years Mrs Bickford was an accredited equestrian coach, judge and competitor at national and international level. Mrs Bickford is an Australian Institute of Management Fellow and member of the Australian Institute of Company Directors.

Anthony John Joseph

Non-Executive Director
Independent

Mr Joseph was appointed as a director on 22 February 2011. Mr Joseph is a director of a number of private companies. He is Chairman of Brisbane Markets Limited and Vice Chairman of Brismark (Brisbane Markets Wholesale Members Organisation). Mr Joseph has been involved on a number of government committees and reviews of the marketing sector and has served on the Queensland State Government Horticultural Industrial Development Council. Mr Joseph has been passionately involved in Queensland Rugby League since the Brisbane Broncos formed in 1988, currently serving as a committee member of the Men of League (Queensland) and was previously a committee member of the Queensland Surf Lifesaving Foundation. Mr Joseph was appointed a director of Brisbane Broncos Leagues Club on 20 November 2014. Mr Joseph is a member of the Australian Institute of Company Directors and is a registered Commissioner of Declarations.

Kevin Michael Lawlor

Non-Executive Director

Mr Lawlor was appointed as a director and Chairman of the Audit & Risk committee on 10 May 2016. He is currently the General Manager – Financial Planning and Analysis at News Corporation Australia. He joined News Corporation Australia in April 2004 and has held a number of roles in the Finance function over that period. In his current role, Mr Lawlor has responsibility for financial planning for all News Corporation publishing assets in Australia. Mr Lawlor holds a Bachelor of Commerce degree and a Master's degree in Business Studies from University College Dublin in Ireland. He has been a qualified accountant for more than 15 years and is a member of the Association of Certified Chartered Accountants (ACCA).

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (CONTINUED)

Darren James Lockyer

Non-Executive Director
Independent

Mr Lockyer was appointed as a director on 30 October 2013. Mr Lockyer's credentials as a rugby league player are unprecedented. He is the most capped Australian, Queensland and Brisbane Broncos player. He captained the club for seven years from 2005 to 2011, and remains the longest serving player in Broncos' history. Throughout his career, Mr Lockyer continuously engaged with the club's stakeholders, staff, members and supporters. His appointment to the Board enables him to have a greater involvement in the delivery of key variables to the club's loyal supporter base. Since retiring from rugby league in 2011, Mr Lockyer has established himself as a successful sports commentator, has worked as an ambassador for several large corporate entities, and has pursued a number of personal business interests. These post-career undertakings have provided him with relevant expertise which, in addition to his invaluable rugby league insight, are of significant benefit to the Brisbane Broncos. Mr Lockyer is a member of the Australian Institute of Company Directors.

Dennis Michael Watt

Non-Executive Chairman
(Retired as Chairman and
Director 5 December 2017)

Mr Watt was appointed as Chairman on 23 July 2013 and had previously been a director since 11 February 2003. Mr Watt, a former News Corporation Australia employee, is also the former General Manager of Rugby League for News Limited (2010-2013) and his previous career was in print media. Mr Watt is a member of the Australian Institute of Company Directors.

COMPANY SECRETARY

Louise Anna Lanigan

Company Secretary and
Salary Cap Manager

Ms Lanigan was appointed Company Secretary and Chief Financial Officer on 3 July 2000. On 28 April 2011, Ms Lanigan resigned as Chief Financial Officer and continues in her dual role as Company Secretary & Salary Cap Manager. Ms Lanigan has been a Chartered Accountant for 24 years. Prior to holding these positions, she was Group Financial Controller of an ASX listed company for two years and worked in the Chartered Accounting industry for eight years. Ms Lanigan is a graduate of the Australian Institute of Company Directors.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, two directors hold shares in the Company as disclosed in note 26 to the financial statements. There were no options in the Company issued as at the date of this report.

EARNINGS PER SHARE

	Cents
Basic Earnings Per Share	2.8 cents
Diluted Earnings Per Share	2.8 cents

DIVIDENDS

On 21 February 2018, the Board of Directors declared a final dividend of three quarters of one cent per share franked to 100% at the 30% corporate income tax rate to the holders of fully paid ordinary shares for the financial year ended 31 December 2017. The financial effect of this dividend has not been brought into account in the financial statements for the year ended 31 December 2017 and will be recognised in the subsequent financial report.

On 12 April 2017, a 2016 final dividend of three quarters of one cent per share franked to 100% at the 30% corporate income tax rate was paid to shareholders totalling \$735,306. This dividend was shown as declared but unrecognised in the 2016 financial report. Refer to note 8 to the financial statements for further details.

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL ACTIVITIES

The principal activity of the Brisbane Broncos Group ("the Group") during the 2017 financial year was the management and operation of the Brisbane Broncos Rugby League Football Team ("the Broncos"). There were no significant changes in the nature of those activities during the year.

OPERATING AND FINANCIAL REVIEW

Operating results for the year

The Group recorded a 2% decrease in profits after tax for the 31 December 2017 financial year to \$2,747,519 (2016: \$2,803,861). Profits before tax for the 2017 and 2016 financial years were \$4,018,000 and \$4,113,000 respectively. The financial result reflects a strong commercial business and cash position of the Group impacted by a reduction in interest revenue and increase in depreciation and equipment write-off costs related to the move to our new facility. The Board are pleased to announce a dividend of three quarters of one cent per share, such dividend to be 100% franked to holders of fully paid ordinary shares.

Review of operations

Revenue

The Group recorded gross revenue for the 2017 financial year of \$46,491,485 which is a 10% increase on 2016. Operating revenue increased 10.6% whilst non-operating interest revenue fell 37% as noted below.

Revenue was boosted by the increased Club Grant and growth in sponsorship sales. Increased funding for the expanded community programs is reflected in the revenue growth and this is offset with a corresponding increase in costs. Membership sales had a modest increase, corporate hospitality and merchandise sales held steady while gate taking revenue fell slightly impacted by match scheduling.

Home game attendance was down 7% on last year, averaging 31,403 (2016: 33,610). Total corporate sales revenue rose 2%, inclusive of one home final related amounts, with one home final played in both 2017 and in 2016. Total membership numbers increased to 36,298 (2016: 36,203) with ticketed membership numbers decreasing to 23,061 (2016: 23,926) and non-ticketed membership numbers increasing to 10,719 (2016: 9,789).

Sponsorship revenues strengthened with 12% growth on the prior year with both years inclusive of finals bonus amounts, website and Broncos Insider sponsorship.

Whilst merchandise sales grew 1%, the gross margin on sales fell 20%, reflecting the competitive nature of the market with our new apparel partner stocked widely across the market. However, the reduction in gross margin is offset with a 32% growth in merchandise royalties related to apparel sales. Going forward, the distribution structure of NRL merchandise royalties is subject to change with a reduction expected over the next five years.

Interest revenue decreased by 37% to \$0.37 million (2016: \$0.58 million) due a reduction in average interest rates and a decrease in the average principal amount invested as cash was drawn down and used to pay for the new facility.

Expenditure

Total Group expenditure for the 2017 year was \$42,473,485, an increase of 11% over 2016. Operating costs have increased 10.1% and non-operating costs have increased 129% reflecting accelerated depreciation charges in respect of property, plant and equipment no longer held following relocation of our base at Red Hill and depreciation for the new facility for one month. A dissection of total expenditure is listed in note 6 to the financial statements. Total expenditure reflected business-as-usual including the increased spend in resourcing the expanded funded Indigenous and Community Programs.

Capital Expenditure

Capital expenditures largely reflects the investment in our new facility which was completed on 29 November 2017. The balance sheet reflects the investment with the transfer of costs from Construction in Progress to Property, Plant and Equipment as disclosed in note 13 to the financial statements.

Financial Position

The directors believe the Group continues to remain in a sound financial position with \$12,060,955 cash assets and \$33,457,040 net assets.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Community

In 2017, the Broncos in the Community program has seen players from the NRL squad participating in visits in the community including to schools and hospitals. In addition, the Beyond the Broncos program continues to support Indigenous students in 25 schools across South East Queensland and Northern New South Wales to increase school attendance and to improve year 12 completions and post school career transitions. In 2017, the Broncos Girls Academy programs was recognised in the Australian Government's Indigenous Education package to celebrate the 50th anniversary of the 1967 referendum. The Brisbane Broncos received \$5 million to expand the Girls Academy from 300 to 1,300 students from 2017 to 2019. This will see the program expand west to Cunnamulla and north to Caboolture. All Beyond the Broncos Indigenous programs support the Australian Government's commitment to Closing the Gap in educational and employment outcomes between Indigenous and non-Indigenous Australians.

Community staff travelled almost 50,000 kilometres in 2017, visiting students in our Indigenous programs. Our staff out in the schools spent more than 800 hours each week mentoring more than 750 students across Brisbane, the Surat Basin and Northern New South Wales. There were also more than 170 hours of player appearances.

The Broncos continues to support the Brisbane Broncos Charity Fund and its Charity Partner Program. The program supported 12 Queensland charities in 2017 including AEIOU Foundation, Youngcare and Starlight Foundation. Each charity partner receives support in the form of player appearances, merchandise donations and an allocated home game for promotion.

Performance indicators

Management and the Board monitor the Group's overall performance from a strategic level through to the operating and financial performance of the Group. They regularly compare actual results of the business to operating plans and financial budgets to assess the Group's overall ongoing performance.

The Board and management have identified key performance indicators (KPIs) that are used together with budgeted targets to measure performance. The Board receives monthly operational and financial reports to enable all directors to actively monitor the Group's performance. These reports provide an operational update of all aspects of the business and a comprehensive financial analysis of actual results compared to budgets, full year forecasts, KPIs and a detailed explanation of all variances.

During 2017, the new strategic plan commenced for the three-year period 2017 to 2019 inclusive. The strategic plan outlines the key pillars of our business, detailing the key result areas for each department and informing the budgeting process and strategic decisions for the business.

Dynamics of the business

Some key staffing appointments have been made in the last two years and with the executive team now well established we can move forward under our new strategic plan, focused on delivering further growth and striving further for on-field success.

The Broncos are proud to expand our reach in the community, with significant growth in government funding for the Indigenous and Community Programs, five new programs were launched in 2016 and 2017 saw the necessary staff recruitment largely completed to enable the delivery of program outcomes. We continue to seek opportunities to partner with business and government to further expand our reach.

The Brisbane Broncos remain the most financially successful National Rugby League franchise with one of the highest supporter bases in the game. The club continues to work with the NRL and other stakeholders as part of the negotiations for a proposed new perpetual club licence agreement.

Your Board believes that the Company has more opportunities to achieve sports industry best practice to grow our business. Management believe they have taken appropriate steps to ensure that the Group is strongly positioned to deal with current economic uncertainties and capitalise on future opportunities to grow returns on investment.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Risk management

The Board has a proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an important part of the Group's approach to creating long-term shareholder value. In recognition of this, the Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. In doing so, the Board has taken the view that all Board members are to be a part of this process and as such has not established a separate Risk Management Committee.

During the reporting period, the Board and management reviewed the Company's risk management systems and strategies. Risks have been identified and the Group's risk register, risk matrix and risk management policy have been reviewed and updated. Action plans for the most significant risks are documented.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.
- Receipt of detailed monthly Board reports assessing actual performance of the Group and potential risks or issues foreseen by management.
- Monitoring the strategic plan which encompasses the Group's vision, mission and strategy statements designed to meet shareholders' needs and manage business risk.
- Annual review of the Group's insurance coverage.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 21 February 2018, the Board of Directors declared a final dividend on ordinary shares in respect of the 2017 financial year. The total amount of the dividend is \$735,305 which represents three quarters of one cent dividend franked to 100% per share. The dividend has not been provided for in the 31 December 2017 financial statements..

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the directors believe that it would be likely to result in unreasonable prejudice to one or more entities in the Group. The Group expects to focus on improving its on-field performance in the NRL and grow off-field commercial returns. The longer-term focus of the Group will be on maximising the opportunity presented with the completion of the new facility, the Clive Berghofer Centre.

SHARE OPTIONS

At 31 December 2017, there were no share options granted to directors or relevant officers as part of their remuneration. There are no share options issued by the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

Insurance and indemnity arrangements established in the previous year concerning officers of the Group were renewed during the 2017 financial year. Each of the directors of the Company named earlier in this report and each full-time executive officer, director and secretary of all Group entities are indemnified via insurance cover against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. The monetary limit is \$20 million for each and every claim and in the aggregate during the policy period.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

Board or Committee	Number of Meetings
Full Board	8
Audit	2

The attendance of the directors at meetings of the Board and of its Committees was:

	Full Board	Audit & Risk Management Committee
K D Morris (appointed 5 December 2017)	1 (1)	0 (0)
K S Bickford	7 (8)	n/a
A J Joseph	8 (8)	2 (2)
K M Lawlor	7 (8)	2 (2)
D J Lockyer	6 (8)	n/a
D M Watt (resigned 5 December 2017)	8 (8)	2 (2)

Where a director did not attend all meetings of the Board or relevant committee (or was not a director for the entire year), the number of meetings for which the director was eligible to attend is shown in brackets. The Board met twice during the 2017 financial year in their capacity as the Audit Committee.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 31 December 2017 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent company, and includes executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the Chief Executive Officer, executive directors, senior executives, general managers and secretary of the Parent and the Group and the term 'director' refers to non-executive directors only.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Board oversight of remuneration
3. Non-executive director remuneration arrangements
4. Executive remuneration arrangements
5. Company performance and the link to remuneration
6. Executive contractual arrangements

1. Individual key management personnel disclosures

Details of KMP of the Parent and Group are set out below.

Key Management Personnel

(i) Directors

K D Morris	Chairman (Non-Executive) (appointed 5 December 2017)
K S Bickford	Director (Non-Executive)
A J Joseph	Director (Non-Executive)
K M Lawlor	Director (Non-Executive)
D J Lockyer	Director (Non-Executive)

(ii) Executive

P M White	Chief Executive Officer
S N Czişlowski	General Manager - Football Operations
T M Drinkwater	General Manager - HR, Risk & Compliance
C L Halliwell	General Manager - Community & Government Programs
L A Lanigan	Company Secretary & Salary Cap Manager
S A Moro	Chief Financial Officer
T M Reader	Chief Commercial Officer
S A Tallon	General Manager - Communications & Digital Media

The number of KMP has increased in 2017 following a restructure across the business and recognition of earlier appointments as General Manager roles. There were no changes to KMP after reporting date and before the date the financial report was authorised for issue.

2. Board oversight of remuneration

Remuneration Committee

Due to the small size of the Board, a separate Remuneration Committee has not been established. The Board as a whole assesses the appropriateness of the nature and the amount of remuneration of non-executive directors and executives on a periodic basis by reference to relevant employment market conditions. The overall objective of this process is to ensure maximum stakeholder benefit from the retention of a high quality, high performing Board and executive team. The Board also consider all matters relevant to the nomination of directors. The non-executive directors are responsible for evaluating the performance of the Chief Executive Officer, who in turn evaluates the performance of all other senior executives.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

2. Board oversight of remuneration (continued)

Remuneration approval process

The Board approves the remuneration arrangements for the Chief Executive Officer and other executives. The Board also sets the aggregate remuneration of non-executive directors which is then subject to shareholder approval.

Remuneration philosophy

The performance of the Company depends on the quality of its directors and executives. Brisbane Broncos Limited's strategy is designed to attract, motivate and retain highly skilled employees and non-executive directors by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

To this end, key objectives of the Company are to ensure that its remuneration practices:

- › Are aligned to the Group's business strategy;
- › Offer competitive remuneration benchmarked against the external market;
- › Provide a strong link between individual and Group performance and rewards;
- › Incorporate annual performance reviews to ensure executives are meeting pre-determined performance benchmarks; and
- › Feature an in-depth recruitment program to ensure executives with the appropriate skills and experience are employed.

Remuneration structure

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

3. Non-executive director remuneration arrangements

Remuneration Policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Company's constitution and ASX Listing Rules specify that the non-executive director fee pool shall be determined from time to time by a general meeting. An amount not exceeding the determined amount is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 13 May 2010 where shareholders approved an aggregate remuneration of \$220,000 per year. Each director receives a fixed fee for being a director of the Company. Historically the Company's annual directors' fees paid have been below this limit. The total directors' fees paid for the 2017 financial year were \$205,249.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed periodically. The Board considers fees paid to non-executive directors of comparable companies when undertaking the periodical review process.

The Board will not seek an increase for the non-executive director pool at the 2018 Annual General Meeting.

Structure

Effective 1 October 2011, directors received a fee increase of 3.5%. No increases were received during 2017 for director's fees. Accordingly, each non-executive director receives an annual fee of \$20,700 plus statutory superannuation for being a director of the Company and the retired Chairman received \$31,050 plus statutory superannuation. The new Chairman will receive \$70,000 plus statutory superannuation per annum. In addition to the aforementioned fee paid to the retired Chairman, the total payment to the retired Chairman in both 2016 and 2017 recognised the additional time commitment required of the retired Chairman in the prior and current periods. The director's fee for Mr Lawlor, employed by News Corporation, was paid directly to his employer. The non-executive directors do not receive retirement benefits nor do they participate in any incentive program.

The remuneration of non-executive directors for the period ended 31 December 2017 and 31 December 2016 is detailed in Table 1 and 2 respectively of this report.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

4. Executive remuneration arrangements

Remuneration levels and mix

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Company, business unit and individual performance against budgets and targets; and
- Ensure total remuneration is competitive by market standards.

Structure

The non-executive directors are responsible for evaluating the performance of the Chief Executive Officer, who in turn evaluates the performance of all other senior executives. In determining the level and composition of executive remuneration, comparable executive roles and individual skill and experience are taken into consideration. The executives of the Group are subject to a formal annual performance review. The results of this performance review, the financial and/or operational performance of the Company and market conditions are all taken into consideration when determining revisions to remuneration.

The Company has a detailed customised employment contract with the Chief Executive Officer and a standard contract with other executives. Details of the Chief Executive Officer's contract is provided below. Remuneration consists of the following key elements:

- Fixed remuneration; and
- Variable remuneration.

The proportion of fixed remuneration and variable remuneration (potential short-term and long-term incentives) for each executive is set out in Table 1 and 2 of this report.

Fixed remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of Company, business unit and individual performance, and relevant comparative remuneration internally and externally. The Board has access to external advice independent of management if required.

Senior managers and executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles at the discretion of the Chief Executive Officer. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. Executive contracts do not include any guaranteed base pay increases.

The fixed remuneration component of the Group and Company executives is detailed in Tables 1 and 2.

Variable remuneration – Short Term Incentive (STI) and Long Term Incentive (LTI)

There are no formal STI or LTI payment programs in place for senior management. Senior management may be paid annual bonuses at the Chief Executive Officer's discretion with the approval of the Board of Directors. The Chief Executive Officer considers results of performance reviews, effort, commitment, the financial and/or operational performance of the Company, and market conditions when considering the payment of bonuses.

The Chief Executive Officer is incentivised for annual bonuses to be paid upon achievement of budgeted profit, membership growth targets and football team performance. In the event of these targets not being met, it is also open to the Board to consider a discretionary bonus based on overall company performance and Mr White's personal efforts.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Group Performance

Profit before tax has increased to \$4,018,000 in 2017. The 2017 before tax profit result is a 2% decrease on the 2016 financial year. Earnings per share for the current year and the past four financial years are shown below:

Year ended	2017	2016	2015	2014	2013
Profit before tax	\$4.02 million	\$4.1 million	\$3.77 million	\$1.32 million	\$3.01 million
Earnings per share (cents)	2.80	2.86	2.61	0.85	2.07
Share Price	55 cents	37 cents	34 cents	26 cents	25 cents

The share price has moved from 37 cents at 1 January 2017 to 55 cents at 31 December 2017. The directors note that given the large shareholding of Nationwide News Pty Ltd (68.87%) and the low volume of trade, they do not necessarily consider the share price to reflect the true underlying value of the Company.

6. Key management personnel contractual arrangements

Chief Executive Officer

During the prior year, the Group signed a further three-year employment contract with Mr White, which is due to expire on 31 December 2019. The structure, terms, conditions and remuneration components of the new agreement remain materially unchanged from the earlier agreements.

Details of Mr White's employment contract for 2017 were as follows:

- The renewed contract is for the period 2017-2019. In the first year of the renewed contract, Mr White received fixed remuneration of \$600,000 per annum plus statutory superannuation and a fully maintained motor vehicle.
- Mr White's salary package is reviewed annually by the Chairman and the Board of Directors. In its review, the Board considers overall company performance, Mr White's personal effort and commitment and market rates and salary packages for similar roles in Australia.
- Mr White is incentivised to be paid an annual bonus as a result of achievement of budgeted profit, membership growth targets and football team performance. The performance measures were chosen as they reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the group and its shareholders. In the event of these targets not being met, the Board may also consider a discretionary bonus based on overall company performance and Mr White's personal efforts.
- Mr White may resign from his position and thus terminate his contract by providing six months' written notice.
- The Company may terminate the contract immediately following written notice given by Mr White by providing payment of six months' salary in lieu of the notice period (based on the fixed component of Mr White's remuneration).
- The Company may terminate the contract by giving six months' written notice and providing a payment in lieu of six months' salary in lieu of the notice period. A payment of not less than six months' salary will also be paid in these circumstances. These payments are based on the fixed component of Mr White's remuneration.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Chief Executive Officer is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Other KMP

Other KMP, excluding Mr White, have rolling contracts. The Company and KMP may terminate the KMP's employment by providing four weeks' notice in writing or providing payment in lieu of the notice period (based on the fixed component of the KMP's remuneration). The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the KMP is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Performance measures for all other KMP reflect the same overarching objectives as the CEO, further customised for departmental objectives. The performance measures were chosen as they reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the group and its shareholders.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of key management personnel

Table 1: Remuneration for the year ended 31 December 2017

		Short Term [#]			Post Employment	Long Term Benefits	Total	Performance Related
	Salary & Fees \$	Cash Bonus \$	Allowances \$	Non Monetary Benefits \$	Superannuation \$	Long Service Leave \$	\$	%
Non-executive directors								
K D Morris – Non-executive (appointed 5 December 2017)	4,640	-	-	-	441	-	5,081	-
K S Bickford – Non-executive	20,700	-	-	-	1,967	-	22,667	-
A J Joseph – Non-executive [^]	17,250	-	-	-	5,417	-	22,667	-
K M Lawlor – Non-executive ⁺	22,667	-	-	-	-	-	22,667	-
D J Lockyer – Non-executive	20,700	-	-	-	1,967	-	22,667	-
D M Watt - Non-executive (retired 5 December 2017) ⁺⁺	100,000	-	-	-	9,500	-	109,500	-
Sub-total non-executive directors	185,957	-	-	-	19,290	-	205,249	
Other key management personnel								
P M White – Chief Executive Officer	600,000	200,000	-	20,000	76,000	19,045	915,045	21.9%
S N Czulowski – General Manager – Football Operations	152,000	13,000	16,800	-	15,675	619	198,094	6.6%
T M Drinkwater – General Manager – HR, Risk & Compliance ^{^^}	115,000	19,000	16,200	-	12,730	636	163,566	11.6%
C L Halliwell – General Manager – Community & Government Programs	125,000	18,000	16,200	-	13,585	1,873	174,658	10.3%
L A Lanigan – Company Secretary & Salary Cap Manager ^{^*}	140,650	16,000	-	-	16,360	4,153	177,163	9.0%
S A Moro – Chief Financial Officer [^]	210,980	29,000	-	20,000	30,485	6,995	297,460	9.7%
T M Reader – Chief Commercial Officer	240,000	28,000	2,000	20,000	25,460	8,049	323,509	8.7%
S A Tallon – General Manager – Communications & Digital Media (appointed 22 May 2017)	103,736	9,000	1,088	15,000	10,710	-	139,534	6.5%
Sub-total executive KMP	1,695,736	332,000	52,288	75,000	192,635	41,370	2,389,029	
Totals	1,883,176	332,000	52,288	75,000	210,444	41,370	2,594,278	

[#] Short-term allowances cover incidental administrative expenses

[^] Mr Joseph, Ms Lanigan and Ms Moro salary sacrificed a portion of their wages

⁺ Fees for Mr Lawlor were paid directly to his employer

⁺⁺ The total payment to Mr Watt recognised the additional time commitment required

^{^^} Ms Drinkwater is remunerated for a 4-day week

^{*} Ms Lanigan is remunerated for a 3½-day week

If a person was not employed for the full year, the amounts above reflect the remuneration for the period the individual was employed.

A bonus pool is approved by the Board, and individual performance bonus amounts are determined by the Chairman and CEO following individual Performance Management Contract reviews. Bonus payments earned are recognised as an expense in the current year with actual payment made in the first pay cycle of the following year.

Post Mr Watt's retirement as a director, a consultancy agreement was entered into with the Company for services to be provided in 2018 and a payment of \$100,000 was paid to him in January 2018.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of key management personnel (continued)

Table 2: Remuneration for the year ended 31 December 2016

		Short Term*			Post Employment	Long Term Benefits	Total	Performance Related
	Salary & Fees \$	Cash Bonus \$	Allowances \$	Non Monetary Benefits \$	Superannuation \$	Long Service Leave \$	\$	%
Non-executive directors								
D M Watt - Non-executive +	100,000	-	-	-	9,500	-	109,500	-
K S Bickford – Non-executive	20,700	-	-	-	1,967	-	22,667	-
A J Joseph – Non-executive	20,700	-	-	-	1,967	-	22,667	-
K M Lawlor – Non executive (appointed 10 May 2016) ++	14,502	-	-	-	-	-	14,502	-
D J Lockyer – Non-executive	20,700	-	-	-	1,967	-	22,667	-
J D Harvie – Non-executive (resigned 10 May 2016)	7,456	-	-	-	819	-	8,275	-
Sub-total non-executive directors	184,058	-	-	-	15,820	-	200,278	
Other key management personnel								
P M White – Chief Executive Officer	500,000	100,000	-	20,000	57,000	27,057	704,057	14.2%
S N Czulowski – Football Operations Manager	143,000	12,000	16,200	-	14,725	1,858	187,783	6.4%
L A Lanigan – Company Secretary & Salary Cap Manager ^	96,500	13,000	-	-	10,402	9,797	129,699	10.0%
S A Moro – Chief Financial Officer ^^	175,500	26,000	-	20,000	35,020	11,733	268,253	9.7%
T M Reader – General Manager Commercial Operations	215,000	36,000	-	20,000	23,845	3,870	298,715	12.1%
Sub-total executive KMP	1,130,000	187,000	16,200	60,000	140,992	54,315	1,588,507	
Totals	1,314,058	187,000	16,200	60,000	156,812	54,315	1,788,785	

* Short-term allowances cover incidental administrative expenses

+ The total payment to Mr Watt recognised the additional time commitment required

++ Fees for Mr Lawlor were paid directly to his employer

^ Ms Lanigan is remunerated for a 2½-day week

^^ Ms Moro salary sacrificed a portion of her wage

If a person was not employed for the full year, the amounts above reflect the remuneration for the period the individual was employed.

A bonus pool is approved by the Board, and individual performance bonus amounts are determined by the Chairman and CEO following individual Performance Management Contract reviews. Bonus payments earned are recognised as an expense in the current year with actual payment made in the first pay cycle of the following year.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings of Key Management Personnel (Consolidated)

Two directors hold shares in Brisbane Broncos Limited. No other Key Management Personnel hold shares in the Company.

Mr Joseph's shareholding did not change in 2017. Mr Joseph held 53,141 ordinary shares on his appointment date and subsequently acquired 3,000 ordinary shares on 9 March 2011 and 3,859 ordinary shares on 14 March 2011. His total shareholding as at reporting date is 60,000 ordinary shares.

Mr Lockyer acquired 43,778 ordinary shares on 27 June 2017. His total shareholding as at reporting date is 43,778 ordinary shares.

All equity transactions with key management personnel are entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Brisbane Broncos Limited support and adhere to where practical the principles of corporate governance. A copy of the Company's Corporate Governance Statement is available on the Brisbane Broncos' website www.broncos.com.au.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the declaration on page 22 from the auditor of Brisbane Broncos Limited.

NON-AUDIT SERVICES

Details of non-audit services provided by the entity's auditor, Ernst & Young, are included at note 28 of the financial report. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the directors.



Karl Morris

Chairman

Brisbane

21 February 2018



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Auditor's Independence Declaration to the Directors of Brisbane Broncos Limited

As lead auditor for the audit of Brisbane Broncos Limited for the financial year ended 31 December 2017, I declare 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 Brisbane Broncos Limited and the entities it controlled during the financial year.

Ernst & Young

Brad Tozer
Engagement Partner
Brisbane
21 February 2018

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Consolidated	
		2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	10	12,060,955	20,279,871
Trade and other receivables	11	2,512,482	1,780,198
Inventories	12	193,244	173,513
Income tax receivable	7	107,948	-
Other current assets		896,096	860,499
Total Current Assets		15,770,725	23,094,081
Non-current Assets			
Property, plant and equipment	13	22,121,876	7,222,383
Deferred tax asset	7(c)	196,403	165,325
Intangible assets	14(a)	12,510,580	12,510,580
Other non-current assets		99,167	134,167
Total Non-current Assets		34,928,026	20,032,455
TOTAL ASSETS		50,698,751	43,126,536
LIABILITIES			
Current Liabilities			
Trade and other payables	15	3,203,589	3,444,504
Provisions	16	1,238,528	925,468
Income taxes payable	7	-	541,752
Unearned revenue	17	7,078,603	4,830,575
Total Current Liabilities		11,520,720	9,742,299
Non-current Liabilities			
Trade and other payables	18	1,731,693	1,126,778
Provisions	19	187,928	247,743
Unearned revenue	20	3,801,370	564,889
Total Non-current Liabilities		5,720,991	1,939,410
TOTAL LIABILITIES		17,241,711	11,681,709
NET ASSETS		33,457,040	31,444,827
EQUITY			
Equity attributable to equity holders of the Parent			
Contributed equity	21	28,991,500	28,991,500
Accumulated profits	22	4,465,540	2,453,327
TOTAL EQUITY		33,457,040	31,444,827

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated	
		2017 \$	2016 \$
Operations			
Sale of goods		2,163,430	2,131,109
Rendering of services		34,497,780	31,456,941
Grant received from National Rugby League		9,392,417	8,125,000
Interest revenue		365,663	577,305
Other revenue		72,195	8,584
Revenue		46,491,485	42,298,939
Expenses	6	(42,473,485)	(38,185,939)
Profit before income tax		4,018,000	4,113,000
Income tax expense	7(a)	(1,270,481)	(1,309,139)
Net profit and other comprehensive income for the period attributable to the ordinary equity holders of the parent		2,747,519	2,803,861
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic earnings per share	9	2.80 cents	2.86 cents
Diluted earnings per share	9	2.80 cents	2.86 cents

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated	
		2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (GST inclusive)		54,718,320	45,484,721
Payments to suppliers & employees (GST inclusive)		(45,423,845)	(41,262,742)
Other revenue received		694,625	489,003
Purchase of inventories		(1,468,258)	(1,248,803)
Interest received		395,281	589,874
Income tax paid		(1,951,257)	(1,230,695)
Net cash flows from/(used in) operating activities	23	6,964,866	2,821,358
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(19,286,635)	(6,722,622)
Grant funds received (GST inclusive)		3,588,159	1,959,770
Net cash flows from/(used in) investing activities		(15,698,476)	(4,762,852)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(735,306)	(735,306)
Proceeds from National Rugby League	24	1,250,000	1,750,000
Net cash flows from/(used in) financing activities		514,694	1,014,694
Net increase/(decrease) in cash and cash equivalents		(8,218,916)	(926,800)
Cash and cash equivalents at beginning of the period		20,279,871	21,206,671
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	12,060,955	20,279,871

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Attributable to equity holders of the Parent		
		Contributed Equity	Accumulated Profits	Total Equity
CONSOLIDATED				
At 1 January 2016		28,991,500	384,772	29,376,272
Dividends paid	8(a)	-	(735,306)	(735,306)
Total comprehensive income for the year		-	2,803,861	2,803,861
At 31 December 2016		28,991,500	2,453,327	31,444,827
Dividends paid	8(a)	-	(735,306)	(735,306)
Total comprehensive income for the year		-	2,747,519	2,747,519
AT 31 DECEMBER 2017	22/23	28,991,500	4,465,540	33,457,040

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. CORPORATE INFORMATION

The financial report of Brisbane Broncos Limited for the year ended 31 December 2017 was authorised for issue in accordance with a resolution of directors on 21 February 2018.

Brisbane Broncos Limited (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The immediate parent of Brisbane Broncos Limited is Nationwide News Pty Ltd which owns 68.87% of the ordinary shares, with the ultimate parent being News Corporation.

The nature of operations and principal activities of the Group are described in the Directors' Report.

The Group's financial statements are presented in Australian dollars, which is the functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost and going concern basis. The financial report is presented in Australian dollars.

The accounting policies and methods of computation are consistent with those adopted in the 2016 financial report. Accelerated depreciation charges have been applied in respect of property, plant and equipment which is no longer held following the relocation to the new facility.

Australian Accounting Standard AASB 101 *Presentation of Financial Statements* allows an entity to change the presentation or classification of items in its financial statements, if the change in presentation provides information that is reliable and more relevant to the users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. Certain comparative expenditure items in the notes to the financial statements have been reclassified to align with the 31 December 2017 year end disclosures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2017, none of which had a material impact on the financial position or performance of the Group:

- AASB 2016-2 - *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*
- AASB 2017-2 - *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*

New and amended accounting standards have been issued by the AASB but are not yet effective for the period ended 31 December 2017.

The Company has evaluated the impact of AASB 9 - *Financial Instruments* and it is not expected to have a material impact to the Group. The Company is currently evaluating the impact of AASB 16 - *Leases*.

The Company has performed an evaluation process to assess the impact of AASB 15 - *Revenue from Contracts with Customers*. AASB 15 is applicable for the Company for the period ending 31 December 2018 and the new standard will be applied for the first time at the start of the 2018 financial period. Based on the evaluation process performed, membership revenue is the revenue stream expected to be impacted by AASB 15. Revenues related to memberships comprise of three performance obligations being the merchandise pack, merchandise voucher and home game tickets. Merchandise related revenue will be recognised on delivery to the member of the merchandise pack and on presentation by the member of the merchandise voucher. The revenue for the ticket portion of the membership price will be recognised when the Broncos perform their home games across the season. The recognition of the merchandise related portion of the membership revenue is expected to have a \$33,420 positive financial impact as at year end. The impact at the 2018 interim reporting date will be a function of the quantum of memberships sold, the timing of delivery of merchandise packs and presentation of vouchers and the football season relative to the interim reporting period end. As the Company is electing the modified retrospective approach, any impact at the interim period will be reported at 30 June 2018 (as comparatives are not restated).

(c) Basis on consolidation

The consolidated financial statements comprise the financial statements of Brisbane Broncos Limited and its subsidiaries (as outlined in note 24) as at 31 December each year (the Group). Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis on consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

(d) Operating segments – refer note 5

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Operating segments have been identified based on the information and internal reports provided to the chief operating decision maker being the Chief Executive Officer.

(e) Cash and cash equivalents – refer note 10

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits convertible to cash within 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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. If applicable, bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

(f) Trade and other receivables – refer note 11

Trade receivables, which generally have 30-90 day terms, are recognised at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is raised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, together with lack of payment or commitment following correspondence from the Group's solicitor and debts that are more than 90 days old are considered objective evidence of impairment.

(g) Inventories – refer note 12

Inventories which consist of merchandise and apparel are valued at the lower of cost and net realisable value. Cost reflects the weighted average cost of each item. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Property, plant and equipment – refer note 13

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment – refer note 13 (continued)

The method of depreciation is straight line basis over the estimated useful lives of the assets as follows:

- Plant and equipment – over 4 to 8 years
- Leasehold improvements – over 10 to 40 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Costs are capitalised into Construction in Progress during the planning, design and construction phase and will be recognised as Property, Plant and Equipment on completion.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(i) Leases – refer note 27

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and requires assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

(i) Group as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly in the Statement of Comprehensive Income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

(j) Impairment of non-financial assets other than indefinite life intangibles – refer note 14

Non-financial assets other than intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Brisbane Broncos Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors such as changes in expected future processes, technology and economic conditions are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(k) Intangibles – refer note 14

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangibles – refer note 14 (continued)

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at each report period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's intangible asset is as follows:

	Sporting Franchise	Other Intangibles
Useful life	Indefinite	Indefinite
Method used	No amortisation	No amortisation
Internally generated/acquired	Acquired	Acquired
Impairment testing	Annually and more frequently where an indication of impairment exists	Annually and more frequently where an indication of impairment exists

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(l) Trade and other payables – refer note 15 and 18

Trade payables and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

(m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(n) Provisions and employee leave benefits – refer note 16 and 19

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions and employee leave benefits – refer note 16 and 19 (continued)

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as 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 high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Government grants

When the government grant relates to an asset, the grant is offset against the carrying value of the asset. The grant is then recognised in the Statement of Comprehensive Income over the useful life of the depreciable asset by way of a reduced depreciation charge.

(p) Contributed equity – refer note 21

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sponsorship revenue

Sponsorship revenue is recognised evenly on a monthly basis wholly within the year to which it relates.

Game day related revenue

Revenue relating to Brisbane Broncos home games is recognised in the period in which the game is held. Revenues received in advance of a playing season are deferred as unearned income in the Statement of Financial Position and brought to account over the relevant sporting seasons.

NRL grant revenue

NRL grant revenue is recognised evenly on a monthly basis over the course of the year to which the grant relates. Any one-off amounts are recognised in the year to which they relate.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions have been complied with. Government grants are recognised as revenue over the period to match the costs that it is intended to recover.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition (continued)

Prize money

Prize money is recognised in the financial year in which it is earned.

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.

(r) Income tax and other taxes – refer note 7

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences are associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Brisbane Broncos Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 January 2004.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income tax and other taxes – refer note 7 (continued)

The head entity, Brisbane Broncos Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the stand-alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Brisbane Broncos Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in note 7(d).

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned consolidated entities.

Other Taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Earnings per share – refer note 9

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to include any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from operations. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements. The Group does not have any exposure to foreign exchange movements.

The financial risk management policies of the Parent are consistent with the Group's.

Risk exposures and responses

Interest rate risk

The Group has minimal exposure to market interest rates due to its debt free status. As at balance date, the only financial assets or liabilities exposed to Australian variable interest rate risk were cash and cash equivalents outlined below:

	Consolidated	
	2017 \$	2016 \$
Cash at bank and in hand	5,610,955	5,579,871
Short-term deposit	6,450,000	14,700,000
	12,060,955	20,279,871

The Group invests its cash in short-term deposits earning interest at an average rate of 2.18% (2016: 2.46%) per annum. It is reasonably possible that movements in interest rates (+ 1%, - 1%) would impact interest revenue by approximately \$125,842 (2016: \$150,236) and not have any material effect on net profit or equity of the consolidated group for the year ended 31 December 2017.

Credit Risk

To minimise credit risk exposure, the Group trades only with recognised, creditworthy third parties. It is Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored, by regular assessment, for impairment of balances aged greater than 90 days with the result that the Group's exposure to bad debts is not significant.

Liquidity Risk

The Group's objective is to maintain sufficient funds to finance its current operations and to ensure its long-term survival. The Group currently maintains sufficient cash reserves to meet this objective. The Group has \$1,764,558 (2016: \$1,686,671) financial liabilities with six months or less contractual maturity and has \$2,600,000 (2016: \$1,750,000) financial liabilities with greater than six months to five years' contractual maturity.

Capital Risk

The Board has considered the Company's capital structure following delivery of the new facility, Clive Berghofer Centre, and believes that a dividend payout ratio of approximately 27% (2016: 26%) is appropriate in the short term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

4. SIGNIFICANT 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 and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Impairment of non-financial assets other than intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. This involves the value in use calculations, which incorporate a number of key estimates and assumptions.

Consolidation of Brisbane Broncos Rugby League Club Limited

As disclosed in Note 24(a)(ii), the Group consolidates the results and position of Brisbane Broncos Rugby League Club Limited ("BBRLC"). BBRLC is a company limited by guarantee and has no share capital. Through operating and other arrangements, for financial reporting purposes, the Group has the ability to control BBRLC. All Board members of BBRLC are directors of the Group. Based on these facts and circumstances, management determined that for financial reporting purposes, in substance the Group controls BBRLC with no non-controlling interests.

(ii) Significant accounting estimates and assumptions

Impairment of intangibles with indefinite lives

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units using a value in use discounted cash flow methodology to which the intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in note 16.

Estimate of useful lives of assets

The estimation of useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included at note 6.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

5. SEGMENT INFORMATION

The principal activity of the Group during the 2017 financial year was the management and operation of the Brisbane Broncos Rugby League Football Team. There were no significant changes in the nature of those activities during the year. The Group operates in Australia only.

Revenue from one customer amounted to \$9,681,500 arising from sales and grants in respect of the 2017 financial year (2016: \$8,520,333).

	Consolidated	
	2017 \$	2016 \$
6. EXPENSES		
Cost of sales	1,448,526	1,238,330
Administration expense	5,552,366	4,215,386
Stadium operations expense	6,181,113	6,292,921
Corporate sales, merchandise and ticketing expense	4,580,478	4,225,442
Marketing, sponsorship and advertising expense	4,829,852	4,405,106
Development, community and indigenous program costs	2,933,790	1,919,432
Football related expenses	16,947,360	15,889,322
	42,473,485	38,185,939

Included in the above expenses are the following:		
Lease payments – operating leases	2,062,316	2,056,823
Depreciation of property, plant and equipment	798,044	293,101
Amortisation of merchandise licence rights	-	54,717
Movement in provision for employee benefits	776,846	722,038
Salary and wage expense	19,455,841	16,940,950

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated	
	2017 \$	2016 \$

7. INCOME TAX

(a) Income tax expense

The major components of income tax expense are:

Statement of Comprehensive Income

Current income tax

Current income tax charge

1,301,402 1,328,127

Under-provision prior year

157 -

Deferred income tax

Relating to origination and reversal of temporary differences

(31,078) (18,988)

Income tax expense reported in the statement of comprehensive income

1,270,481 1,309,139

(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit before tax

4,018,000 4,113,000

At the Group's statutory income tax rate of 30% (2016: 30%)

1,205,400 1,233,900

Expenditure not allowed for income tax purposes

Entertainment

64,950 58,663

Amortisation of merchandise licence rights

- 16,415

Other

131 161

Aggregate income tax expense

1,270,481 1,309,139

	Statement of Financial Position		Statement of Comprehensive Income	
	2017 \$	2016 \$	2017 \$	2016 \$

(c) Recognised deferred tax assets and liabilities

Deferred income tax at 31 December relates to the following:

CONSOLIDATED

(i) Deferred tax assets/(liabilities)

Sundry debtors

(49,720) (46,872) (2,847) 10,276

Provisions

8,562 10,643 (2,081) (2,312)

Employee benefits

242,806 211,679 31,127 29,904

Prepayments

(4,218) (4,119) (99) (72)

Fixed assets

(23,088) (20,735) (2,353) (4,114)

Accruals

22,061 14,729 7,331 (14,694)

Deferred tax assets/(liabilities)

196,403 165,325

Deferred tax income/(expense)

31,078 18,988

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

7. INCOME TAX (CONTINUED)

(d) Tax Consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Brisbane Broncos Limited and its 100% owned Australian resident subsidiaries (except Brisbane Broncos Rugby League Club Limited) have formed a tax consolidated group with effect from 1 January 2004. Brisbane Broncos Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the consolidated group

Measurement method adopted under AASB Interpretation 1052 *Tax Consolidation Accounting*

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the separate taxpayer within group approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement under which the wholly owned entities compensate the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity under the tax consolidation legislation. The funding amounts are determined by reference to the current and deferred tax amounts recognised by the controlled entities.

The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable/(payable) which is at call. The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The terms and conditions for these transactions are disclosed in note 24.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated	
	2017 \$	2016 \$
8. DIVIDENDS PAID AND PROPOSED		
(a) Recognised Amounts		
<i>Paid during the year:</i>		
Final franked dividend for 2016: 0.75 cent paid in 2017 (2016: for 2015 0.75 cent paid in 2016)	735,306	735,306
(b) Unrecognised Amounts		
<i>Dividends on ordinary shares:</i>		
Final franked dividend for 2017: 0.75 cent (2016: final franked dividend for 2016: 0.75 cent)	735,306	735,306
(c) Franking Account Balance		
The amount of franking credits available for the subsequent financial year are:		
➤ franking account balance as at the end of the financial year at 30% (2016: 30%)	6,505,687	4,869,562
➤ franking credits that will arise from the payment of income tax as at the end of the financial year	6,615	541,752
➤ franking debits that will arise from the payment of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(315,131)	(315,131)
	6,197,171	5,096,183
(d) Tax Rates		
The tax rate at which paid dividends have been franked is 30% (2016: 30%). Dividends proposed will be franked at the rate of 30% (2016: 30%).		

9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. No dilution factors need to be taken into consideration for Brisbane Broncos Limited. The following reflects the income and share data used in the basic earnings per share computation:

	Consolidated	
	2017 \$	2016 \$
Net profit from continuing operations attributable to equity holders of the parent	\$2,747,519	\$2,803,861
Weighted average number of ordinary shares for basic earnings per share	98,040,631	98,040,631

There have been no transactions involving the issue or cancellation of ordinary shares since the reporting date and before the completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated	
	2017 \$	2016 \$
10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	5,610,955	5,579,871
Short-term deposit	6,450,000	14,700,000
	12,060,955	20,279,871

Cash at bank earns interest at variable rates based on the Group's bank deposit rates. Excess cash is placed on short-term deposit for varying periods depending on the immediate cash requirements of the Group and earn interest at Westpac's short-term deposit rate.

	Consolidated	
	2017 \$	2016 \$
11. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade receivables	2,123,665	1,282,900
Allowance for impairment loss (a)	-	-
	2,123,665	1,282,900
Other receivables	388,817	497,298
Carrying amount of trade and other receivables	2,512,482	1,780,198

Other receivables for the Group include GST receivable of \$8,837 (2016: \$299,836) and NRL Merchandise Royalties receivable of \$156,882 (2016: \$116,601).

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for impairment loss is recognised when there is objective evidence that a trade receivable is impaired. No provision has been recognised in the current or prior periods. The majority of trade receivables at 31 December 2017 are aged within the 30-90 day terms with \$487,228 (2016: \$433,562) of trade receivables past due but not considered impaired.

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

	Consolidated	
	2017 \$	2016 \$
12. CURRENT ASSETS - INVENTORIES		
Finished goods – at cost	193,244	173,513
Provision for net realisable value write down	-	-
Total inventories at the lower of cost and net realisable value	193,244	173,513

Inventories recognised as an expense for the year ended 31 December 2017 totalled \$1,448,526 (2016: \$1,238,330) for the Group. This expense has been included in the cost of sales line item as a cost of inventories.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated			
	Plant and Equipment \$	Leasehold Improvements \$	Construction in Progress \$	Total \$
Year ended 31 December 2017				
At 1 January 2017 net of accumulated depreciation, impairment and grant monies received	969,621	1,116,435	5,136,327	7,222,383
Additions	330,297	-	18,842,597	19,172,894
Grant monies received	-	-	(3,475,357)	(3,475,357)
Reclassification on project completion (cost)	6,397,505	20,572,872	(26,970,377)	-
Reclassification on project completion (grants)	(304,847)	(6,161,963)	6,466,810	-
Depreciation charge for year	(697,097)	(100,947)	-	(798,044)
At 31 December 2017 net of accumulated depreciation, impairment and grant monies received	6,695,479	15,426,397	-	22,121,876
At 31 December 2017				
Cost	8,002,734	22,855,497	-	30,858,231
Accumulated grant monies received	(304,847)	(6,161,963)	-	(6,466,810)
Accumulated depreciation and impairment	(1,002,408)	(1,267,137)	-	(2,269,545)
Net carrying amount	6,695,479	15,426,397	-	22,121,876
Year ended 31 December 2016				
At 1 January 2016 net of accumulated depreciation and impairment	865,976	1,176,303	710,353	2,752,632
Additions	322,306	14,572	6,217,427	6,554,305
Grant monies received	-	-	(1,791,453)	(1,791,453)
Depreciation charge for year	(218,661)	(74,440)	-	(293,101)
At 31 December 2016 net of accumulated depreciation and impairment	969,621	1,116,435	5,136,327	7,222,383
At 31 December 2016				
Cost	2,119,451	2,292,928	8,127,780	12,540,159
Accumulated grant monies received	-	-	(2,991,453)	(2,991,453)
Accumulated depreciation and impairment	(1,149,830)	(1,176,493)	-	(2,326,323)
Net carrying amount	969,621	1,116,435	5,136,327	7,222,383

On 29 November 2017, practical completion was achieved for the new Clive Berghofer Centre at Red Hill. The lease with State Government was issued effective 30 November 2017, being the start date for depreciation. Accordingly, the Construction in Progress amounts are now recognised as Property and Equipment or Leasehold Improvement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated		
	Sporting Franchise \$	Other Intangibles \$	Total \$
14. NON-CURRENT ASSETS - INTANGIBLE ASSETS			
(a) Reconciliation of carrying amounts at the beginning and end of the period			
At 31 December 2017			
Cost	13,382,857	28,000	13,410,857
Accumulated amortisation and impairment	(900,277)	-	(900,277)
Net carrying amount	12,482,580	28,000	12,510,580
At 31 December 2016			
Cost	13,382,857	28,000	13,410,857
Accumulated amortisation and impairment	(900,277)	-	(900,277)
Net carrying amount	12,482,580	28,000	12,510,580

(b) Description of Group's intangible assets

Effective 10 February 2012, Brisbane Broncos Limited became a member of the Australian Rugby League Commission Limited ("ARLC"), as a Licensee. The ARLC was established to be, amongst other things, the single controlling body and administrator of the game of rugby league football in Australia. National Rugby League Limited is a wholly controlled entity of the ARLC. As a Licensee, the Group enjoys the benefits from competing in the NRL competition. The Sporting Franchise is considered to have an indefinite useful life based on an analysis of all relevant factors. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. The licence granted by the National Rugby League may be renewed indefinitely at no cost. The Club Agreement signed between the Group and the National Rugby League provides that termination can only take place if an Insolvency Event occurs, or if the Licensee commits a material breach or commits persistent breaches of any provision of the Club Agreement. Management is confident that the conditions necessary to obtain renewal will continue to be met on an ongoing basis.

During 2017 negotiations which began in 2016 continued between the NRL and the 16 NRL clubs for terms of a proposed new Club Agreement. A Memorandum of Understanding (MOU) was issued by the NRL in 2016. In accordance with that document, additional funds of \$1,750,000 were paid to each club in 2016 and \$1,250,000 in 2017. A Further Deed of Agreement was entered into with the NRL in December 2016 which supplemented aspects of the MOU and Club Agreement. The Deed stated that the additional funds received by clubs in 2016 and 2017 will be characterised as a loan, to be forgiven over a five-year period from November 2017 to October 2022. However, in 2017 the NRL advised that the nature of the additional funds is an advance of participation grant funds related to the period from November 2017 to October 2022. The advanced funds will be recognised as grant revenue over the five-year period in equal monthly instalments. At reporting date, \$100,000 in grant revenue has been recognised in the Statement of Comprehensive Income and \$568,306 in deemed interest has been recognised as unearned grant income in respect of the advanced funds. The Deed also committed clubs to collectively offer a reduction of \$3,200,000 per annum in other category funding over each of the five years from 2018 to 2022. Negotiations have continued with the NRL in 2017 to source the reduction with a proposed solution related to a redistribution of the merchandise royalty.

Under the Deed, the term of the current Club Agreement, which was due to expire on 31 October 2018, has been extended for five years to 31 October 2023. Negotiations continue between the NRL and clubs for a proposed new perpetual licence agreement, terms of which include a commitment to transfer ownership of club intellectual property from the NRL to clubs. The NRL and clubs are working to implement the new perpetual licence during 2018.

Intangible assets are subject to annual impairment testing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

14. NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

(c) Impairment testing of intangibles with indefinite lives

The Group's tangible and intangible assets are all used in the operation and management of the Brisbane Broncos Rugby League Football Team and all revenue streams are dependent and reliant upon these operations i.e. gate takings, season tickets, corporate sponsorship, signage, corporate sales and National Rugby League grant monies. It is therefore considered that the cash generating unit to which the Sporting Franchise belongs is the Group and its operations, and as such the future maintainable earnings of the Group, excluding interest income, has been used to support the recoverable amount of the Group's net assets and therefore the Sporting Franchise.

For the purpose of determining whether the carrying amount of the Sporting Franchise is impaired, management has considered the future maintainable earnings of the Group based on financial budgets and forecasts. Factors considered in the calculation of future maintainable earnings were:

- market research results on brand recognition
- the success of the Brisbane Broncos Rugby League Team since its inception
- the long term tenancy at Suncorp Stadium
- the level of current sponsorship and signage sales
- the growth trend of crowd attendances, gate takings and season memberships
- the probability of the Group to renew its rugby league licence and receive grants under this licence

An annual growth rate of 3% has been used in the future maintainable earnings calculation and a pre-tax discount rate of 12% (2016: 12%) has been applied to the cash flow projections. Value in use has been calculated using a five-year model with a terminal value (based on continued 3% terminal growth).

Budgets and forecasts have been prepared based on the above factors and trends and the assumption that there will be no major events or changes in circumstances that will significantly affect the revenue streams, financial performance of the Group or key assumptions that would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

There is no present indication that these factors will change in the foreseeable future. As a result, management is of the opinion that the future maintainable earnings calculation can be justified based on these assumptions.

As at 31 December 2017, the present value of the cash flow projections supported the carrying value of the cash generating unit and there is therefore no impairment.

	Consolidated	
	2017 \$	2016 \$
15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	1,464,558	1,686,672
Related party payables – National Rugby League Limited	600,000	58,333
Other payables	1,139,031	1,699,499
	3,203,589	3,444,504

For terms and conditions related to related party payables refer to note 14(b) and 24.

(a) Fair value

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing.

(b) Financial guarantees

The Group has not provided any external financial guarantees on these payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES (CONTINUED)

(c) Related party payables

For terms and conditions relating to related payables, refer to note 24.

(d) Interest rate risk

Information relating to interest rate risk is set out in note 3.

	Consolidated	
	2017	2016
	\$	\$

16. CURRENT LIABILITIES - PROVISIONS

Fringe benefits tax	94,709	73,412
Annual leave	620,282	468,360
Long service leave	523,537	383,696
	1,238,528	925,468

	Consolidated	
	2017	2016
	\$	\$

17. CURRENT LIABILITIES - UNEARNED REVENUE

Game Day	4,942,912	4,830,575
Community Grants	1,868,754	-
Naming Rights	75,000	-
Other	191,937	-
	7,078,603	4,830,575

	Consolidated	
	2017	2016
	\$	\$

18. NON-CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Related party payables – National Rugby League Limited	1,731,693	1,126,778
	1,731,693	1,126,778

For terms and conditions related to related party payables refer to notes 14(b) and 24.

	Consolidated	
	2017	2016
	\$	\$

19. NON-CURRENT LIABILITIES - PROVISIONS

Long service leave	187,928	247,743
	187,928	247,743

Long Service Leave

Refer to note 2(n) for the relevant accounting policy and a discussion of the estimations and assumptions applied in the measurement of this provision.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated	
	2017 \$	2016 \$

20. NON-CURRENT LIABILITIES - UNEARNED REVENUE

Community Grants	2,500,000	-
Naming Rights	925,000	-
Other	376,370	564,889
	3,801,370	564,889

Naming Rights relates to the Advertising and Naming Rights agreement entered into for the Clive Berghofer Centre and Clive Berghofer Field. The agreement is for an amount of \$3 million of which \$1 million was receipted at 31 December 2017. The agreement is for the term of the lease for the new facility at Red Hill.

	Consolidated			
	2017 #	2016 #	2017 \$	2016 \$

21. CONTRIBUTED EQUITY

Ordinary shares - issued and fully paid	-	-	28,991,500	28,991,500
Number of ordinary shares on issue	98,040,631	98,040,631	-	-

Fully paid ordinary shares carry one vote per share and carry the right to dividends. When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns and the creation of long-term shareholder value.

	Consolidated	
	2017 \$	2016 \$

22. ACCUMULATED PROFITS

Balance 1 January	2,453,327	384,772
Net profit	2,747,519	2,803,861
Dividends	(735,306)	(735,306)
Balance 31 December	4,465,540	2,453,327

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated	
	2017 \$	2016 \$

23. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of net profit after tax to net cash flows from operations

Net profit	2,747,519	2,803,861
Adjustments for:		
Depreciation and amortisation	798,044	347,818
Sundry provision reversal	6,936	7,708
Movement in employee benefit provisions	231,948	159,301
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,029,879)	840,490
(Increase)/decrease in inventories	(19,731)	(10,473)
(Increase)/decrease in deferred tax asset	(31,078)	(18,987)
(Decrease)/increase in current tax liability	(649,700)	97,431
(Decrease)/increase in creditors and accruals	(491,581)	(427,466)
(Decrease)/increase in unearned revenue	5,381,091	(903,478)
(Decrease)/increase in provisions	21,297	(74,847)
Net cash from/(used in) operating activities	6,964,866	2,821,358

24. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Brisbane Broncos Limited and the subsidiaries listed in the following table:

Name of Controlled Entity	Country of Incorporation		% of Shares Held	
			2017	2016
Brisbane Broncos Corporations Trust	Australia		100	100
Brisbane Broncos Corporation Pty Ltd (Trustee)	Australia		100	100
Brisbane Broncos Management Corporation Pty Ltd	Australia	(i)	100	100
Brisbane Broncos Rugby League Club Ltd	Australia	(ii)	n/a	n/a
Queensland Entertainment Services Pty Ltd	Australia	(i)	100	100
Laurelgrove Pty Ltd	Australia	(i)	100	100
Pacific Sports International Pty Ltd	Australia	(i)	100	100
Brisbane Broncos (Licencee) Pty Ltd	Australia		100	100
A.C.N. 067 052 386 Pty Ltd	Australia		100	100
Pacific Sports Holdings Pty Ltd (Trustee)	Australia	(i)	100	100
Brisbane Professional Sports Investment Pty Ltd	Australia		100	100
AH BR Pty Ltd	Australia		100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

24. RELATED PARTY DISCLOSURE (CONTINUED)

(a) Subsidiaries (continued)

The financial years of all controlled entities are the same as that of the parent entity.

All controlled entities were incorporated in Australia, have only issued ordinary share capital, and are controlled either directly or through its subsidiaries by the parent entity.

- (i) These companies have entered into a deed of cross guarantee with Brisbane Broncos Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each Company participating in the deed on winding up of that company. Closed group disclosures are not presented as no company within the closed group is required to avail itself of the relief from preparation of financial statements granted by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
- (ii) Brisbane Broncos Rugby League Club Ltd is a company limited by guarantee, is owned by its members but has been consolidated as a controlled entity under AASB 10 *Consolidated Financial Statements*.

(b) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 26.

(c) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to notes 15 and 18).

		Sales to related parties \$	Grants and other income from related parties \$	Purchases from related parties \$	Advances from related parties \$
CONSOLIDATED					
Major shareholder					
News Corporation	2017	103,657	-	169,254	-
	2016	109,057	-	179,863	-
Other					
National Rugby League Limited	2017	919,311	9,681,500	374,766	1,146,582
	2016	767,668	8,520,333	219,924	1,185,111

Majority shareholder

News Corporation, via its subsidiary Nationwide News Pty Ltd, owned 68.87% of the Group as at 31 December 2017 (2016: 68.87%). News Corporation and its related entities provided the Group with sponsorship and commercial income during the financial year. Advertising and other services were also provided during the financial year by News Corporation and its related entities to the value of \$169,254 (2016: \$179,863).

Other

The licence held by the Group during the year was provided by National Rugby League Limited. The licence entitles the Group to receive an annual grant from National Rugby League Limited. Further advertising grants and merchandise royalty income were also provided to the Group during the financial year. Various amounts were paid to the National Rugby League by the Group during the year relating to tickets to rugby league matches and other functions, insurances, travel and other miscellaneous game day related items.

An update is provided at note 14 (b) regarding continued negotiations between the NRL and the 16 NRL clubs for terms of a proposed new Club Agreement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

25. INFORMATION RELATING TO BRISBANE BRONCOS LIMITED (THE PARENT)

	Parent Entity	
	2017 \$	2016 \$
Current assets	10,647,223	21,609,989
Total assets	27,447,955	24,985,723
Current liabilities	1,084,931	1,635,317
Total liabilities	9,803,172	9,364,395
Net Assets	17,644,783	15,621,328
Issued Capital	28,991,500	28,991,500
Accumulated profits/(losses)	(11,346,717)	(13,370,172)
Total equity	17,644,783	15,621,328
Profit or loss of the Parent Entity	2,023,455	2,814,751
Total comprehensive income of the Parent Entity	2,023,455	2,814,751

The Parent has entered into a deed of cross guarantee with a number of its controlled entities as described at note 24.

The Parent guarantees the performance and financial obligations of Brisbane Broncos Rugby League Club Limited (BBRLC) under the terms of the Agreement for Lease, Development Lease and Final Lease described at note 27. The Parent acted on its on behalf and as agent for BBRLC under the terms of the building contract for the new facility. The Parent has entered into a Sublease and related agreements with BBRLC in relation to the new facility. The Parent has provided a \$1.2 million bank guarantee under the Agreement for Lease with the State of Queensland (State) which is expected to be returned in 2018 now that the Development Lease with State has expired.

The Parent has entered into an Agreement for Lease to sub-sublease a long-term commercial tenancy as described at note 27. At reporting date, the Parent is in negotiations for a café tenant for the new facility.

The Parent has no contingent liabilities.

The Parent entity has obligations to purchase plant and equipment for \$141,675 at balance date (2016: \$17,084,557) relating to the completion of new facility at Red Hill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

26. KEY MANAGEMENT PERSONNEL

(a) Compensation of Key Management Personnel

	Consolidated	
	2017 \$	2016 \$
Short-term employee benefits	2,342,464	1,576,000
Post-employment benefits	210,444	158,470
Other long-term benefits	41,370	54,315
	2,594,278	1,788,785

Key management personnel number 14 during 2017 (2016: 11).

(b) Shareholdings of Key Management Personnel (Consolidated)

	Consolidated	
	2017	2016
Shares held in Brisbane Broncos Limited (number)	103,778	60,000
Balance as at 31 December	103,778	60,000

Refer to the Remuneration Report in the Directors' Report for details of KMP shareholdings.

(c) Other transactions and balances with Key Management Personnel

Mr Watt and Mr Harvie were former employees of News Corporation Australia which is a related party of the Group. Mr Lawlor is an employee of News Corporation Australia. Transactions conducted with News Corporation Australia and its related entities are disclosed in note 24 of this report.

On 17 February 2015, a new Licence and Endorsement Agreement was entered into between Mr Lockyer and a subsidiary of Brisbane Broncos Limited up until December 2017. This followed expiry of the earlier three-year Licence and Endorsement Agreement which ended on 31 October 2014. The purpose of the agreement is for Mr Lockyer to provide promotional services and intellectual property access to the Brisbane Broncos. The term of this agreement was three years which commenced on 1 January 2015 and expires on 31 December 2017. The Licence Fee payable in relation to this agreement is \$80,000 (GST exclusive) per annum. In accordance with the agreements, payments totalling \$80,000 (2016:\$80,000) were made to Mr Lockyer in consideration for his services provided during the financial year.

Post Mr Watt's retirement as a director, a consultancy agreement was entered into with the Company for services to be provided in 2018 and a payment of \$100,000 was paid to him in January 2018.

27. COMMITMENTS AND CONTINGENCIES

(a) Commitments

(i) Leasing Commitments

Operating lease commitments – Group as lessee

On 4 February 2015, the renewed Hiring Agreement between Brisbane Broncos and AEG Ogden (Brisbane Stadium Management) Pty Ltd as agent for Stadiums Queensland was signed. The terms of the property lease incentivise the parties to grow game day attendances and are more favourable for the Group than the terms of the original agreement. The lease has an eight-year term, including the review anniversary at four years and a renewal option. There is no minimum amount payable under the Hiring Agreement with Suncorp Stadium. Additional amounts payable under this agreement are based on proceeds from sales of corporate facilities, signage, ticket sales, and other revenue per game which cannot be reliably forecast. Refer to note 6 for amounts paid.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(a) Commitments (continued)

On 24 December 2014, an Agreement for Lease (AFL) was entered into between the State of Queensland (State) and the Brisbane Broncos for the Training, Administration and Community Facility (TACF) site at Fulcher Road, Red Hill. The AFL is the overarching agreement between the parties that enables and governs the development of the facility and the long-term lease of the site. The AFL itself did not result in a lease commitment for the Brisbane Broncos, but it brought together a number of other pre-agreed documents to be executed in due course. These documents included the Development Lease, that provides the tenure required for the TACF to be constructed, and a 40-year Final Lease for the occupation and operation of the completed TACF.

On 9 September 2016, the State Government issued a 36-month Development Lease for the TACF site with an effective start date of 12 September 2016. This followed satisfactory completion of the pre-requisite conditions including planning and design approvals, project funding confirmation and Board approvals to commit to project completion. The Development Lease covered the entire site and enabled the construction of the facility which was completed on 17 November 2017.

Following practical completion and satisfaction the pre-requisites, the Final Lease for the TACF site for a 40-year term was granted by the State effective 30 November 2017. At this time, other related lease documents and licence agreements required to accommodate the requirements within the Broncos structure also took effect. The Final Lease requires Brisbane Broncos to meet the requirements of a Community Benefits Plan over the term of the lease.

On 5 December 2017, an Agreement for Lease and Sub-sublease document were signed with Qscan for a long-term commercial tenancy at the new facility. This followed the signing of a Memorandum of Understanding in April 2017 and agreement of terms. The Sub-sublease is expected to take effect in the first half of 2018 following a fit-out period. This long-term agreement ensures that the business has the ability to absorb the new operational costs of the new facility.

At reporting date, negotiations were underway to secure a café tenant at the new facility.

The Group has entered into commercial leases of property. No motor vehicles leases are held in the current or prior year. There are no restrictions placed upon the lessee by entering into these leases. Equipment rentals have an average life of three years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Consolidated	
	2017 \$	2016 \$
Within one year	67,397	113,719
After one year but not more than five years	65,000	-
Total minimum lease payments	132,397	113,719

(ii) Football Related, Community and Merchandise Commitments

Commitments for the payment of coaching staff, player and community staff contracts, affiliate club and merchandise forward orders in existence at the reporting date but not recognised as liabilities are:

	Consolidated	
	2017 \$	2016 \$
Within one year	15,053,394	12,146,018
After one year but not more than five years	20,674,942	7,388,782
	35,728,336	19,534,800

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(a) Commitments (continued)

(iii) Executive Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities are:

	Consolidated	
	2017 \$	2016 \$
Within one year	823,511	786,500
After one year but not more than five years	786,500	1,518,250
	1,610,011	2,304,750

Mr Paul White was appointed as Chief Executive Officer on 1 January 2011. Amounts disclosed as 2017 and 2016 remuneration commitments include commitments arising from Mr White's employment agreements, the renewed agreement which expired on 31 December 2016 and the current agreement signed in May 2016 for a three-year period expiring on 31 December 2019. The amounts include cash salary, superannuation and the provision of a motor vehicle.

(iv) Capital Expenditure Commitments

Commitments for the completion of the Clive Berghofer Centre (formerly Brisbane Broncos Training, Administration and Community Facility) at the reporting date but not recognised as liabilities are:

	Consolidated	
	2017 \$	2016 \$
Within one year	141,675	17,084,557
	141,675	17,084,557

(b) Contingencies

No contingencies exist as at the reporting date.

28. AUDITORS' REMUNERATION

The auditor of Brisbane Broncos Limited is Ernst & Young.

	Consolidated	
	2017 \$	2016 \$
Amounts received, or due and receivable, by Ernst & Young (Australia) for		
➤ an audit or review of the financial report of the entity and any other entity in the consolidated group	112,400	105,800
➤ other services in relation to the entity and any other entity in the consolidated group		
➤ other	5,500	3,100
	117,900	108,900

29. EVENTS AFTER BALANCE DATE

On 21 February 2018, the Board of Directors declared a final dividend on ordinary shares in respect of the 2017 financial year. The total amount of the dividend is \$735,305 which represents three quarters of one cent dividend franked to 100% per share. The dividend has not been provided for in the 31 December 2017 financial statements.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Brisbane Broncos Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true view of the Company's and consolidated entity's financial position as at 31 December 2017 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a),
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - (d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 24 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.
2. This declaration is made after receiving the declarations required to be made to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial period ended 31 December 2017.

On behalf of the Board



Karl Morris

Chairman

Brisbane

21 February 2018

Independent Auditor's Report to the Shareholders of Brisbane Broncos Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brisbane Broncos Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Impairment Testing of Intangible Assets

Why significant

The non-current asset impairment assessment was a key audit matter due to the size of the recorded asset (\$12.5 million) and the degree of estimation and assumptions required to be made by the Group, specifically concerning future discounted cash flows.

Note 14(a) to the financial statements discloses the individual intangible assets, and Note 14(c) discloses the assumptions used by the Group in testing these assets.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessed the Group's determination that it consists of a single Cash Generating Unit.
- ▶ Tested the mathematical accuracy of the impairment model.
- ▶ Agreed forecasts to Board approved business plans.
- ▶ Considered the historical accuracy of the Group's cash flow forecasts.
- ▶ We applied our knowledge of the business and corroborated our work with external information where possible, including market capitalisation.
- ▶ We assessed the key assumptions within the cash flow model including the growth rates and discount rate.

We assessed the adequacy of the impairment disclosures in the financial report.

2. Recognition of Revenue

Why significant

The recognition of revenue and associated unearned revenue liabilities was a key audit matter due to the differing nature of revenue streams and timing of when revenue is recognised for each stream.

The process of revenue recognition and calculation of unearned revenue involves judgment with respect to the period over which revenue is recognised.

Note 2(q) to the financial statements details the revenue streams of the Group and associated accounting policies.

How our audit addressed the key audit matter

We considered whether the Group's revenue recognition policies comply with the policies in terms of applicable Australian Accounting Standards.

For all significant revenue related contracts we tested the Group's determination and allocation of contract elements. In addition, for individual revenue streams our procedures included the following:

Sponsorship, community and game day related revenue

Why significant

How our audit addressed the key audit matter

For a sample of sponsorship and game day related revenue contracts we evaluated individual contracts to determine whether the timing and value of revenue was appropriately recognised in the financial statements. We assessed sponsorship, community and ticketing receipts received but not earned to determine whether unearned revenue balances were correctly calculated at period end.

We assessed the financial report disclosures related to the Sponsorship, community and game day related revenue.

National Rugby League Grant revenue

We agreed the total approved Grant revenue to correspondence the Group received from the National Rugby League and tested the allocation of earned revenue and unearned revenue. Specifically, this addressed cash received in advance from the National Rugby League and the existence of performance criteria that had not yet been satisfied.

We assessed the financial report disclosures related to the National Rugby League Grant revenue.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, 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, with the exception of the Remuneration Report and our related assurance opinion.

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 Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

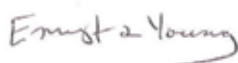
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 21 of the directors' report for the year ended 31 December 2017.

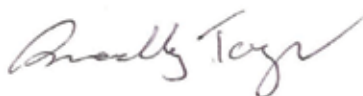
In our opinion, the Remuneration Report of Brisbane Broncos Limited for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



Ernst & Young



Brad Tozer
Engagement Partner
Brisbane
21 February 2018

IN THE COMMUNITY



ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. This information is current as at 8 February 2018.

(a) Distribution of equity securities

98,040,631 fully paid ordinary shares are held by 732 individual shareholders. All issued shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding in each class is as follows:

Size of Holding	Ordinary Shareholders	Ordinary Share Option-holders
1 – 1,000	63	-
1,001 – 5,000	421	-
5,001 – 10,000	121	-
10,001 – 100,000	111	-
100,001 – OVER	16	-
	732	-
Holding less than a marketable parcel	27	-

(b) Substantial shareholders

Ordinary Shareholders	Fully Paid Shares	Percentage
Nationwide News Pty Ltd	67,521,089	68.87%
BGM Projects Pty Ltd	21,620,972	22.05%
	89,142,061	90.92%

(c) Twenty largest holders of quoted equity securities

Ordinary Shareholders	Number of Ordinary Shares	Percentage Held
Nationwide News Pty Ltd	67,521,089	68.87
BGM Projects Pty Ltd	21,620,972	22.05
AEG Ogden Pty Ltd	631,666	0.64
Meingrove Pty Ltd	395,000	0.40
Bartlett Management Pty Ltd	388,580	0.40
Mr Sean Ryan and Mrs Julia Anne Ryan	388,464	0.40
W F M Motors Pty Ltd	300,000	0.31
Moonton Pty Ltd	288,550	0.29
Mr Jonathan James Hunter and Mrs Rebecca Mei Liang Hunter	285,600	0.29
Mrs Kellyanne Dyer	250,000	0.25
Mr Stewart Douglas Upton	185,000	0.19
Mr Adrian Charles Vos	132,536	0.14
Mr D'Wayne Richard George Wigley and Mrs Lynne Wigley	123,653	0.13
Ms Joan Ann Mary Enever	110,000	0.11
Mr Raymond John Balkin	104,627	0.11
Mr Dale Preston Bray	100,500	0.10
Bushfly Air Charter Pty Ltd	100,000	0.10
George Enever Pty Ltd	100,000	0.10
Mr John James Nuell	86,000	0.09
Mr David Neil Holland	78,000	0.08
	93,190,237	95.05%

NOTICE OF ANNUAL GENERAL MEETING

Registered Office: 81 Fulcher Road, Red Hill QLD 4059.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Shareholders of BRISBANE BRONCOS LIMITED will be held at the Clive Berghofer Centre, 81 Fulcher Road, Red Hill QLD 4059 on Tuesday 15 May 2018 commencing at 10.00 am.

BUSINESS

Item 1 Financial Statements and Reports

To receive and consider the Annual Financial Report of Brisbane Broncos Limited and its controlled entities together with the Directors' Report and Auditor's Report for the financial year ended 31 December 2017.

Item 2 Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"To adopt the Remuneration Report for Brisbane Broncos Limited and its controlled entities for the year ended 31 December 2017."

(Note: The vote on this resolution is advisory only and does not bind the directors of Brisbane Broncos Limited).

Voting Exclusion Statement

For all resolutions that are directly or indirectly related to the remuneration of a director, officer or a member of the Key Management Personnel ('KMP') of the Company (being item 2), the *Corporations Act 2001* restricts KMP and their closely related parties from voting in some circumstances. Closely related party is defined in the *Corporations Act* and includes spouse, dependants, and certain other close family members, as well as any companies controlled by the directors, officers or KMPs.

The Company will disregard any votes cast on item 2 by or on behalf of the directors, officers or KMPs (and their closely related parties) named in the Remuneration Report. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with the directions of the Proxy Form.

Item 3 Election of Director – Mr Karl Morris

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That Mr Karl Morris, having consented to act as a director of the Company, and having been appointed by the directors on 5 December 2017 in accordance with Clause 71 of the Company's Constitution, be and is hereby elected as a director of Brisbane Broncos Limited."

Item 4 Election of Director – Mr Neil Monaghan

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That Mr Neil Monaghan, having consented to act as a director of the Company, and having been appointed by the directors on 9 April 2018 in accordance with Clause 71 of the Company's Constitution, be and is hereby elected as a director of Brisbane Broncos Limited."

Item 5 Re-election of Director – Mr Anthony Joseph

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That Mr Anthony Joseph, who retires by rotation in accordance with Clause 75 of the Company's Constitution and being eligible offers himself for re-election, be re-elected as a director of Brisbane Broncos Limited."

Voting Entitlements

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001*, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00 pm (Brisbane time) on Sunday 13 May 2018. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitlements to attend and vote at the Annual General Meeting.

On a show of hands, every shareholder present has one vote. On a poll, shareholders have one vote for every fully paid ordinary share held. All items will be determined on a show of hands unless a poll is duly called on an item.

Corporate Representatives

Any corporate shareholder or corporate proxy appointed by a shareholder, which has appointed an individual to act as the shareholder's or proxy's corporate representative at the Annual General Meeting should provide the person with a certificate or letter executed in accordance with the *Corporations Act* authorising him or her to act as that company's representative. The authority may be sent to the Company or its share register in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative. An appointment of Corporate Representative form is available by contacting the Company's share registry Computershare Investor Services Pty Limited on 1300 552 270 during business hours.

By order of the Board of BRISBANE BRONCOS LIMITED



Ms Louise Lanigan
Company Secretary
9 April 2018

EXPLANATORY NOTES

Registered Office: 81 Fulcher Road, Red Hill QLD 4059.

1. INTRODUCTION

These Explanatory Notes have been prepared for the information of shareholders in connection with the resolutions to be considered by them at the Annual General Meeting to be held at the Clive Berghofer Centre, 81 Fulcher Road, Red Hill QLD 4059 on Tuesday 15 May 2018 commencing at 10.00 am.

The purpose of the Explanatory Notes is to provide shareholders with the information known to the Company that the Board considers material to their decision on whether to approve the resolutions in the accompanying Notice of Meeting. This document is important and should be read in conjunction with all of the information included in the Notice of Meeting and Annual Report.

2. BUSINESS

Item 1 – Financial Statements and Reports

As required by section 317 of the *Corporations Act 2001 (Cth)* (the 'Act'), the Financial Report, Directors' Report and Auditor's Report of Brisbane Broncos Limited and its controlled entities for the most recent financial year will be laid before the meeting.

These reports are contained in the Company's 2017 Annual Report. Shareholders can access a copy of the Annual Report on the corporate section of the Brisbane Broncos website www.broncos.com.au. A printed copy of the Company's 2017 Annual Report has been sent to all shareholders.

Neither the *Corporations Act 2001* nor the Company's Constitution requires a vote of shareholders at the Meeting on such reports or statements, however shareholders will be provided with the opportunity to ask questions with respect to these reports or about the Broncos generally at the Annual General Meeting.

Item 2 – Remuneration Report

It is a requirement under the *Corporations Act 2001* that the Annual Report for the financial year ended 31 December 2017 contains a Remuneration Report, which forms part of the Directors' Report and sets out the remuneration policy for the Company and its controlled entities and reports on the remuneration arrangements in place for directors, officers and senior executives.

The *Corporations Act 2001* requires listed companies to put an annual non-binding resolution to shareholders to adopt the Remuneration Report. In line with the legislation, this vote is advisory only and does not bind the directors or the Company. However, directors will have regard to the outcome of the vote and any discussion when setting the remuneration policies in future years. Shareholders will have the opportunity to ask questions about the Brisbane Broncos Limited Remuneration Report at the Annual General Meeting.

A voting exclusion statement applies to this item of business as set out in the Notice of Meeting.

The directors unanimously recommend that members vote in favour of adopting the Remuneration Report. The Chairman of the meeting intends to vote all available proxies in favour of this Resolution.

Item 3 – Election of Director – Mr Karl Morris

The directors of the Company appointed Mr Karl Morris as director on 5 December 2017 pursuant to Clause 71 of the Company's Constitution. Mr Morris, having been appointed as director since the last Annual General Meeting must retire from office and in accordance with Clause 71, being eligible and having consented to act, offers himself for election at the meeting. Mr Morris, because of his interest, makes no recommendation in relation to this resolution.

Mr Morris' qualifications and experience are detailed in the Directors' Report included in the Annual Report.

The Board recommends the election of Mr Morris. The Chairman of the Meeting intends to vote all available proxies in favour of this Resolution.

Item 4 – Election of Director – Mr Neil Monaghan

The directors of the Company appointed Mr Neil Monaghan as director on 9 April 2018 pursuant to Clause 71 of the Company's Constitution. Mr Monaghan, having been appointed as director since the last Annual General Meeting must retire from office and in accordance with Clause 71, being eligible and having consented to act, offers himself for election at the meeting. Mr Monaghan, because of his interest, makes no recommendation in relation to this resolution.

Mr Monaghan's qualifications and experience are detailed in the Directors' Report included in the Annual Report.

The Board recommends the election of Mr Monaghan. The Chairman of the Meeting intends to vote all available proxies in favour of this Resolution.

Item 5 – Re-election of Director – Mr Anthony Joseph

Pursuant to Clause 75 of the Company's Constitution, Mr Anthony Joseph must retire by rotation from the Board. In accordance with Clause 75, Mr Anthony Joseph, being eligible, offers himself for re-election at the Meeting. Mr Joseph, because of his interest, makes no recommendation in relation to this resolution.

Mr Joseph's qualifications and experience are detailed in the Directors' Report included in the Annual Report.

The Board recommends the re-election of Mr Joseph. The Chairman of the Meeting intends to vote all available proxies in favour of this Resolution.

PROXY FORM – BRISBANE BRONCOS LIMITED 2018 ANNUAL GENERAL MEETING

STEP 1 APPOINT A PROXY TO VOTE ON YOUR BEHALF

I/WE

Name(s) of Individual or Corporate Holder(s)

OF

Address of shareholder(s) as shown on the register of members

A member of BRISBANE BRONCOS LIMITED (ABN 41 009 570 030) hereby appoint

☐

The Chairman of the Meeting (mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate you are appointing as your proxy. Do not insert your own name.

Leave this box blank if you are selecting the Chairman

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Brisbane Broncos Limited to be held at the Clive Berghofer Centre, 81 Fulcher Road, Red Hill, Brisbane on Tuesday 15 May 2018 at 10.00 am (Brisbane time), and at any adjournment of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 2** (except where I/we have indicated a different voting intention below) even though **Item 2** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 2** by marking the appropriate box in step 2 below.

STEP 2 ITEMS OF BUSINESS – PLEASE MARK 'X' TO INDICATE YOUR DIRECTIONS

ORDINARY BUSINESS		For	Against	Abstain*
Item 2	Remuneration Report			
Item 3	Election Director – Mr Karl Morris			
Item 4	Election Director – Mr Neil Monaghan			
Item 5	Re-election Director – Mr Anthony Joseph			

*If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority.

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN THIS SECTION MUST BE SIGNED IN ACCORDANCE WITH THE INSTRUCTIONS OVERLEAF TO ENABLE YOUR DIRECTIONS TO BE IMPLEMENTED

Individual or Shareholder 1

Individual/Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Return Proxy Forms

Proxy forms must be received at our Registered Office no later than 48 hours before the commencement of the Annual General Meeting. Proxy forms can be delivered or mailed to The Company Secretary, Brisbane Broncos Limited, Clive Berghofer Centre, 81 Fulcher Road, Red Hill, Queensland, 4059, or faxed to (07) 3858 9112.

Voting Entitlement

A shareholder's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00 pm (Brisbane time) on 13 May 2018. Accordingly, shares transferred after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

INSTRUCTIONS FOR HOW TO COMPLETE THIS PROXY FORM

1. YOUR ADDRESS

This is your address as it appears on the Company's share register.

2. APPOINTMENT OF PROXY

Please write the name of your proxy where indicated in Step 1. If you wish to appoint the Chairman of the Meeting as your proxy, mark the box on the left in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company. Please do not write the name of the Company or the registered shareholder in the space provided.

Voting 100% of your holding

Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding

Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. The sum of the percentages allocated to each proxy must not exceed 100%. When appointing a second proxy, write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

3. VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any one item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as they choose. If you mark more than one box on an item, your vote on that item will be invalid unless the marks are a number or percentage of shares. If you attempt to vote in excess of your shareholding on the register, whether by one proxy or two, your vote will be invalid.

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

4. SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

- Individual: Where the holding is in one name, the shareholder must sign.
- Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. Delete titles as applicable.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

If a representative of a corporate shareholder or proxy is to attend the Meeting, the appropriate 'Certificate of Appointment of Corporate Representative' should be produced prior to admission.

5. LODGEMENT OF PROXY FORM

This Proxy Form must be received no later than 10.00 am (Brisbane time) on 13 May 2018. Any Proxy Form received after that time will not be valid for the scheduled meeting. Proxy forms can be delivered or mailed to The Company Secretary, Brisbane Broncos Limited, 81 Fulcher Road, Red Hill, Queensland, 4059, or faxed to (07) 3858 9112.





BRISBANE BRONCOS 81 Fulcher Rd, Red Hill QLD 4059 | T: 07 3858 9111 F: 07 3858 9112

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