Level 1, 92 Fulcher Rd
Red Hill, QLD 4059
T: 07 3858 9111
F: 07 3858 9112
info@broncos.com.au
broncos.com.au
A.B.N. 41 009 570 030

Principal Sponsor

BRONCOS
BRISBANE

4 April 2017

To: ASX Company Announcements Platform

BRISBANE BRONCOS LIMITED
2016 ANNUAL REPORT, NOTICE OF ANNUAL GENERAL MEETING AND PROXY FORM

The directors of Brisbane Broncos Limited release the following attached documents:

- 2016 Annual Financial Statements and Reports
- Notice of Annual General Meeting and Explanatory Notes
- Proxy Form for Annual General Meeting and Instructions

As advised in the enclosed Notice, the details of the Annual General Meeting of Brisbane Broncos Limited are as follows:

Date:	Tuesday 16 May 2017
Time:	10am
Place:	Broncos Leagues Club 92 Fulcher Road Red Hill QLD 4059

Yours faithfully

L. Lanigan

Brisbane Broncos Limited
Louise Lanigan
Company Secretary

2016

Annual Financial Statements & Reports

BRONCOS
BRISBANE

BRISBANE BRONCOS LIMITED AND ITS CONTROLLED ENTITIES

2016 PLAYER AWARD WINNERS

BRONCOS BRISBANE

NRL

PLAYER OF THE YEAR
Darius Boyd

BEST BACK
Darius Boyd

BEST FORWARD
Sam Thaiday

PLAY OF THE YEAR
Darius Boyd, Anthony Milford, Corey Parker, Andrew McCullough, James Roberts, Ben Hunt, Josh McGuire, Sam Thaiday, Tom Opacic

PLAYERS' PLAYER
Anthony Milford

ROOKIE OF THE YEAR
Tom Opacic

XXXX FAN PLAYER OF THE YEAR
Anthony Milford

CLUBMAN OF THE YEAR
Lachlan Maranta

MOST CONSISTENT
Matt Gillett

NYC

NYC PLAYER OF THE YEAR
Patrick Carrigan

NYC BEST BACK
Gehamat Shibasaki

NYC BEST FORWARD
Patrick Carrigan

NYC PLAYERS' PLAYER
Kalolo Saitaua

CONTENTS

CORPORATE INFORMATION

A.B.N. 41 009 570 030

DIRECTORS

D M Watt (Chairman)
K S Bickford
J D Harvie (resigned 10 May 2016)
A J Joseph
K M Lawlor (appointed 10 May 2016)
D J Lockyer

COMPANY SECRETARY

L A Lanigan

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 1, 92 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

Queensland Country Credit Union
85 Patrick Street
Aitkenvale Queensland 4814

Commonwealth Bank of Australia
201 Sussex Street
Sydney New South Wales 2000

AUDITORS

Ernst & Young
111 Eagle Street
Brisbane Queensland 4000

YEAR IN REVIEW

FINANCIAL PERFORMANCE

Brisbane Broncos Limited and its Controlled Entities ("the Group") achieved a profit before tax for the financial year ended 31 December 2016 of $4,113,000 (2015: $3,772,000), up 9% on the previous year. The net profit after tax for the year increased 9% to $2,803,861 (2015: $2,561,924). The 2016 result reflects a strong underlying performance of the commercial business, particularly in sponsorship, membership and merchandise revenue.

Total revenue grew 4.6%, increasing from $40.4 million to $42.3 million. Expenditure increased by $1.5 million to $38.2 million reflecting business-as-usual and expanded community activities.

The Board has approved a fully franked dividend payment of three quarters of one cent per share (2015: 0.75 cent).

Revenue was boosted by the increased Club Grant, growth in sponsorship, membership and in-house merchandise sales. Mitigating the growth was a reduction in casual gate income and corporate hospitality sales.

There was significant growth in government funding for the Indigenous and Community Programs with five new programs launched in 2016. This commitment required a corresponding increased investment in resourcing to enable the delivery of program outcomes. The Broncos are proud to expand our reach in the community and the Board expresses its gratitude to the Federal Government for their continued support.

Home game attendance was up 0.2% on last year, averaging 33,610 (2015: 33,543) reflecting a 12.9% increase in average season member attendance, 26.7% reduction in complimentary tickets and 1.7% reduction in casual gate attendance. Total corporate sales revenue fell 12.2%, inclusive of home finals related amounts with one home final played in 2016 (2015: two home finals). Membership numbers increased to 36,203 (2015: 28,596). Ticketed membership numbers grew to 23,926 (2015: 19,893).

Sponsorship revenues strengthened with 7% growth on the prior year inclusive of finals bonus amounts, website and Broncos Insider sponsorship. National Storage commenced as a member of the Broncos sponsor family in 2016, coming on board as a Premier Sponsor appearing on the lower back position across the Broncos playing apparel. Our Principal Sponsor, NRMA Insurance, whom we have been privileged to work with for 13 years now have, during 2016, renewed for a further three years.

Our merchandise operation generated 7.3% growth in gross margin, a pleasing result particularly given the prior year result was boosted by the benefit of two home finals and a Grand Final appearance.

Interest revenue increased by 18.4% to $0.58 million (2015: $0.49 million) due an increase in the average principal amount being invested netted with a reduction in average interest rates.

OPERATIONS

Brisbane Broncos Rugby League Football Team

The NRMA Insurance Brisbane Broncos NRL team has a proud history with a high expectation of success. The 2016 Broncos began well but suffered a mid-season hiatus before coming home strongly, falling just short of a much-needed Top 4 finish. After another epic encounter against our arch rivals, the North Queensland Cowboys, the Brisbane Broncos were knocked out in the semi-final in another extraordinary extra time match.

In 2016, Darius Boyd, Josh McGuire, Sam Thaiday, Matt Gillett and Corey Parker represented both Queensland and Australia. Corey Oates also made his debut for Queensland and acquitted himself well in a winning series for Queensland.

Whilst our players are very proud of their achievements on the field, it is off the field in the community where they also excel. They continue to work hard to connect with fans, supporters and aspiring young people in the multitude of programs that the Brisbane Broncos bring to the community.

OPERATIONS (CONTINUED)

National Youth Competition (NYC) Under 20 Team

The Brisbane Broncos NYC players and staff faced many challenges in 2016, which was a tough year having lost over 50% of the playing squad from the 2015 season. It was a rebuilding year for the team which encouragingly showcased the great wealth of talent the Brisbane Broncos have coming through. The debut of so many young players into our squad formed a solid platform from which we can build a much stronger season in 2017, being the final season of the NYC competition.

Whilst the Brisbane Broncos NYC team won 50% of their games in 2016, it was the first time a team with that record missed out on the finals in the NYC.

On the representative front, a large contingent of Broncos NYC players competed for Australia, New Zealand, New South Wales and Queensland. For the Junior Kangaroos, we had two representatives and one for the Junior Kiwis. At State level, eight Brisbane Broncos NYC players were selected in the Queensland Under 18s team and a further four players were represented in the Queensland Under 20s team. We also had one player selected in each of the Under 18s and Under 20s New South Wales teams. The Brisbane Broncos is a development club so the large representation of players in State and National teams is a great indicator of the success of our Elite Player Development program and a credit to the staff that do the day-to-day work.

Development

The Brisbane Broncos remain committed to the long-term development of Rugby League in Queensland, through the delivery of a 'best practice' Education and Skill Development program. The program has been established across many regions and encompasses a wide variety of key Rugby League stakeholders, including the Intrust Super Cup, junior rugby league clubs, schools and local community club networks. Supporting and promoting this development path is at the core of our football department's philosophy and is vital to the ongoing health of our game and our future players.

The Broncos continue to support partnerships with Intrust Super Cup clubs Redcliffe, Wynnum, Norths, Ipswich and Souths Logan.

The Game Development Department consists of seven full-time Development Officers based across South East Queensland, directly supporting grassroots rugby league. These include several of the club's former champions; South Brisbane (Michael Hancock), East Brisbane (Michael De Vere), Brisbane North (David Stagg), Gympie/South Burnett/Dalby (Darren Burns), Brisbane West (Wayne Weekes) and Sunshine Coast (Jack Reed). The Broncos are very appreciative of the support it receives each year for these community based initiatives and the scope of this department would not be possible without the continued support of the Greenbank RSL, Arana Leagues Club/RLFC, Carina Leagues Club, Aspley Leagues Club, Gympie Junior Rugby League, Dalby Leagues Club, Mooloolaba SLSC and all levels of Government.

Supporting rugby league

The club once again joined with the Former Origin Greats organisation (FOGS) in conducting its regional dinner program in support of the Queensland rugby league community. Three functions were held during the year in association with local clubs in Cairns, Rockhampton and Perth, lifting the profile of the local league community and raising a total of $29,339 to support junior rugby league.

In addition to the regional dinner program, the Broncos Game Development Department conduct regional tours throughout Australia each year, providing resource and financial support to many regional towns. In 2016, the Broncos visited the following regional centres: Bundaberg, Cairns, Dalby, Emerald, Gladstone, Gold Coast, Gympie, Hervey Bay, Ipswich, Mackay, Middlemount, Rockhampton, Yeppoon, Charleville, Roma, Stradbroke Island, St George, South Burnett, Stanthorpe, Sunshine Coast, Toowoomba, Warwick, Wide Bay, Perth, Darwin and Adelaide as well as New Zealand.

Broncos Insider

Launched in 2012, Broncos Insider was the first commercial television program made by any NRL club and the first of any sporting team of any type on the eastern seaboard of Australia. In 2016, there was again a total of six 30 minute episodes aired each Sunday morning on Channel Nine's primary channel. Broncos Insider, again in 2016, was aired on Premier Sports in the UK, Setanta Asia and Fox Sports Africa.

OPERATIONS (CONTINUED)

Community

The NRMA Insurance Brisbane Broncos recognise that as a large organisation, the club has a corporate social responsibility to assist the local community including fans, members, community and charitable organisations. During 2016, the Broncos in the Community program has seen players from the NRL squad completing visits in the community including to schools and hospitals. In addition, the Beyond the Broncos program continues to support school-to-work transitions for year 12 students and also aims to increase school attendance for Indigenous students in 25 schools across South East Queensland.

In 2016, the Broncos Indigenous programs were awarded the NRL Community Program of the Year award, recognising the impact the programs have on the local Indigenous communities. Five new programs were launched in 2016, expanding the footprint of our Indigenous programs west to Roma and south to Ballina. All 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 2016, visiting students in our Indigenous programs. Our staff out in the schools spent more than 480 hours each week supporting 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 2016 including AEIOU Foundation, Yalari Limited and Variety Children's Charity Queensland. Each charity partner receives support in the form of player appearances, merchandise donations and an allocated home game for promotion.

The Broncos are committed to expanding our community involvement and this increased focus has been formalised with the most recent strategic plan developed in 2016 including Community Commitment as a pillar of our business along with On-Field Performance, Fan Engagement and Commercial Success.

Training, Administration and Community Facility

The construction of the Brisbane Broncos Training, Administration and Community Facility (TACF) at Red Hill is well underway at reporting date. Following extensive remediation of the site and completion of all pre-requisites, the State issued a Development Lease effective 12 September 2016. It was pleasing to see the first walls being erected on site on 29 November 2016 and occupancy is expected in late 2017.

The TACF is considered a 'stay-in-business' investment as our existing football department building, gym and training fields, whilst 'fit for purpose,' are falling behind the facilities and amenities of many of our competitors. In addition to the needs of our football department, our administration, commercial and community functions have also outgrown their current operating space, impacting longer term growth and operating efficiency. The new facility will allow both the football and administration operations to be housed together for the first time within the one building as well as providing improved facilities for community activities.

The Federal Government had committed $5 million towards the project and an agreement was entered into for the first stage of the funding in the amount of $2.9 million on 2 September 2015. In April 2016, a Deed to Vary was executed to update the original agreement for the second stage of the funding. In June 2016, after meeting the second project milestones, an instalment of $1.7 million was received. The remaining project milestones are at various stages of construction completion.

In 2016, the Federal Government committed a further $2 million towards the project. A formal agreement is yet to be entered into at reporting date.

The Board expresses its gratitude to Local, State and Federal Governments for helping not only ensure the success of the project but also through their commitments recognising the positive impact the Broncos have on the wider community. In addition, the Board expresses its thanks to project builders, Hutchinson Builders, architects, Populous and development and project manager, Gilmore Advisory.

The Board expresses its gratitude for the generous support of donors who have contributed towards the project via the Australian Sports Foundation. In 2016, a Fundraising Manager has been appointed to explore opportunities to engage with potential interested parties who may wish to participate in bringing the project to realisation.

The new development will incur incremental operating costs for maintaining and running a larger facility and incremental depreciation in addition to interest costs (both foregone and new expense). The Board and management continue to pursue opportunities to best utilise the new facility and to offset these additional costs.

OPERATIONS (CONTINUED)

Capital management

The Board has considered the Company's capital structure in relation to the funding requirements of the TACF and believes that, a dividend payout ratio of approximately 26% (2015: 29%) is appropriate in the short term.

BOARD OF DIRECTORS, MANAGEMENT AND STAFF

Individual director details are listed in the Directors' Report and Notes to the Financial Statements in this publication.

The Board recognises the dedicated efforts of the executive management team led by Chief Executive Officer, Paul White; General Manager Marketing and Commercial Operations, Terry Reader; Chief Financial Officer, Shirley Moro; Salary Cap Manager and Company Secretary, Louise Lanigan, Football Operations Manager, Scot Czislowski, HR Manager, Tain Drinkwater and Community Programs Manager, Christine Halliwell.

We also recognise the dedicated efforts of Wayne Bennett in the role of head coach.

Our outstanding team of employees continues to perform at a high level in keeping with the Broncos goal to become the premier sporting business in the country.

THE YEAR AHEAD

2017 marks the start of our great club's 30th year of existence. Progress is being made in the construction of the club's new home at Red Hill with planned occupancy late in 2017. It will be an important milestone in the history of our club to see the commercial, administration, football and community arms all under the one roof. We continue to work hard to raise all necessary funds for the $27.2 million project including a donor program. Through the Australian Sports Foundation, tax-deductible donations can be made to support the building project, game development and our award-winning community programs. The Board extends our sincere gratitude for the generous donations made so far.

Formulated in 2016, the club's new three-year strategic plan 2017-2019, sets the course of the NRMA Insurance Brisbane Broncos. We continue to aim to be a top four club, with a focus on membership and fan engagement, commercial success and building on our already strong community commitment. We will continue to build value, leveraging the biggest social media supporter base in Australian club sport, utilising our digital assets to grow merchandise, ticketing, events and corporate sales.

Whilst falling short of a top four finish in 2016, we have built a solid NRL team and together with strong leadership, commercial and administration teams, the club is again well positioned in 2017 for success and to deliver shareholder value.

Negotiations continue between the NRL and clubs for club funding and licence arrangements for 2018 and beyond. Whilst the initial deal was struck in December 2015 and subject to a Memorandum of Understanding, a Further Deed of Agreement was entered into in December 2016. We await conclusion of the new player collective bargaining agreement, the 2018 salary cap and pathways for the post-NYC era. It is particularly challenging at this time to manage the longer term playing roster. The strength of our brand, our culture and our values gives us confidence that we are in the best position to retain the bulk of our NRL talent.

The year was also significant for the dedication and resilience of our CEO, Paul White, who continues to lead our business with passion and commitment. During the year, the Board were very pleased to sign Paul for another three years through to the end of 2019.

On behalf of the Board

Dennis Watt
Chairman
23 February 2017

SPONSOR OVERVIEW

The 2016 season was again a great success for the Brisbane Broncos across the sponsorship arm of the business, with further year-on-year growth in another challenging economic environment. The benchmark in rugby league sponsorship, both in terms of revenue and delivery, the Broncos posted growth of close to 7% when compared to the previous season through sales across our range of traditional, digital and television assets.

Within another strong year, the highlights were many. Again, our partnership with the Institute for Urban Indigenous Health and their 'Deadly Choices' program continued to provide positive outcomes and further grow into a true state-wide program, a significant achievement and compliment for both organisations involved in this initiative.

Additionally, National Storage commenced as a member of the Broncos sponsor family, coming on board as a Premier Sponsor. The newly formed partnership saw National Storage appear on the lower back position across the Broncos playing apparel throughout the 2016 season.

Across Australia, spending in the sponsorship industry remains tight. However, with the Broncos' long history of success, national and international popularity, exciting young playing roster that's guided by a group of experienced coaches, we are confident that the club will remain an extremely attractive option for organisations looking to drive their growth through sponsorship. That, in turn, should continue to deliver strong revenues.

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 brand during 2016, in particular our Principal Sponsor, NRMA Insurance, whom we have been privileged to work with for 13 years now and, in 2016, have renewed for a further three years. Nike and William Hill must also be thanked for their contribution to the Broncos over the many years that they have been involved, as 2016 will be their final season as sponsors of our club.

2016 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.

2016 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.

Nike – Sharing strong and common brand values as market leaders, in 1996 the Broncos established a partnership with Nike as our exclusive apparel, accessory and equipment sponsor. After undergoing a thorough process, from the 2017 season, the Broncos will reluctantly say farewell to Nike as the club moves forward with a strategy that sees the traditional head-to-toe apparel category broken up into playing apparel, casual clothing and footwear as well as headwear.

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 $8 billion in mortgages and $250 million in cash investments through a network of domestic and international offices.

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.

William Hill – William Hill, The Home of Faster, Easier Betting, is one of the world's leading betting and gaming companies, employing more than 16,000 people. Founded in 1934 in the UK, it is now one of the world's largest bookmakers. William Hill encourages a socially responsible attitude towards gambling and implements a range of responsible gambling initiatives globally. 2016 will be the last year that William Hill are partnered with the Broncos as a result of a change in their local sponsorship strategy.

SPONSORSHIP OVERVIEW (CONTINUED)

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.

Deadly Choices – Deadly Choices in 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.

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.

BRONCOS SPONSORSHIP HIERARCHY 2016

Principal Sponsor	NRMA Insurance
Premier Sponsors	XXXX, Nike, Firstmac, Arrow Energy, William Hill, National Storage, Deadly Choices, Coca-Cola Amatil
Platinum Sponsors	Nova 106.9, Hyundai, The Univeristy of Queensland, Channel 9, News Queensland
Associate Sponsors	Slater & Gordon, McDonald's, Pirtek, Streets, CSQ, Sirromet, HOSTPLUS, Painaway, Radio 4BC, Broncos Leagues Club
Support Sponsors	Optimum Nutrition, Hog's Breath Café, Ipswich City Council, Diageo, Four'n Twenty, Yellow Cabs, Event Cinemas

DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December 2016.

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

Dennis Michael Watt Non-Executive Chairman	Mr Watt was appointed as Chairman on 23 July 2013 and has 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). His previous career was in print media, as the former General Manager of Queensland Newspapers, publishing The Courier-Mail and The Sunday Mail. Mr Watt had earlier been General Manager of Quest Community Newspapers. Mr Watt is a member of the Australian Institute of Company Directors.
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. Mrs Bickford is also a director of the Brisbane Transport Board and the Sunshine Coast Economic Futures Board. Mrs Bickford has held board roles in the past, the most recent, as director on the Australian Baseball Federation (ABF) Board, a position she held for more than seven years. Sport has been part of Mrs Bickford's life. For more than 17 years she 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 and is Managing Director of Alfred E Chave Pty Ltd. 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 (appointed 10 May 2016)	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 (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, will be of significant benefit to the Brisbane Broncos. Mr Lockyer is a member of the Australian Institute of Company Directors.

Jeffery David Harvie
Non-Executive Director
(resigned 10 May 2016)

Mr Harvie was appointed as a director on 23 July 2013 and Chairman of the Audit Committee on 8 August 2013. Mr Harvie retired as director and Chairman of the Audit Committee on 10 May 2016. Mr Harvie is the Chief Financial Officer of Goodstart Early Learning, the largest provider of early childhood education in Australia with centres in every state and territory. Previously, Mr Harvie worked for News Corporation Australia as General Manager Finance, Queensland. Mr Harvie has more than 27 years working in finance and accounting in both the private and public sectors. He has also lived and worked in both New Zealand and the United Kingdom, as well as working across operations in a number of countries across Asia. Mr Harvie gained a Bachelor of Business degree from Massey University in New Zealand, completing his accounting studies at UTS in Sydney and has completed a number of management courses with AGSM. He has been a qualified CPA for over 22 years, is a member of Australian Institute of Company Directors and is a registered Commissioner of Declarations.

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 Salary Cap Manager and Company Secretary. Ms Lanigan has been a Chartered Accountant for 23 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, one director holds shares in the Company as disclosed in note 25 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	2.86 cents
Diluted Earnings Per Share	2.86 cents

DIVIDENDS

On 23 February 2017, 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 2016. The financial effect of this dividend has not been brought into account in the financial statements for the year ended 31 December 2016 and will be recognised in the subsequent financial report.

On 15 April 2016, a 2015 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 2015 financial report. Refer to note 8 to the financial statements for further details.

PRINCIPAL ACTIVITIES

The principal activity of the Brisbane Broncos Group ("the Group") during the 2016 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 9% increase in profits after tax for the 31 December 2016 financial year to $2,803,861 (2015: $2,561,924). Profits before tax for the 2016 and 2015 financial years were $4,113,000 and $3,772,000 respectively. The financial result reflects a robust commercial business and with the strong cash position of the Group. 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 2016 financial year of $42,298,939 which is a 4.6% increase on 2015.

Revenue was boosted by the increased Club Grant, growth in sponsorship, membership and in-house merchandise sales. Mitigating the growth was a reduction in casual gate income and corporate hospitality sales.

There was significant growth in government funding for the Indigenous and Community Programs with five new programs launched in 2016. This commitment required a corresponding increased investment in resourcing to enable the delivery of program outcomes.

Home game attendance was up 0.2% on last year, averaging 33,610 (2015: 33,543). Total corporate sales revenue fell 12.2%, inclusive of home finals related amounts with one home final played in 2016 (2015: two home finals). Membership numbers increased to 36,203 (2015: 28,596). Ticketed membership numbers grew to 23,926 (2015: 19,893).

Sponsorship revenues strengthened with 7% growth on the prior year inclusive of finals bonus amounts, website and Broncos Insider sponsorship.

Our merchandise operation generated 7.3% growth in gross margin, a pleasing result particularly given the prior year result was boosted by the benefit of two home finals and a Grand Final appearance.

Interest revenue increased by 18.4% to $0.58 million (2015: $0.49 million) due an increase in the average principal amount being invested netted with a reduction in average interest rates.

Expenditure

Total Group expenditure for the 2016 year was $38,185,939, an increase of 4% over 2015. A dissection of total expenditure is listed in note 6 to the financial statements. Total expenditure reflected business-as-usual together with an increased spend in resourcing for the funded Indigenous and Community Programs.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Review of operations (continued)

Capital Expenditure

Expenditures on capital equipment reflect normal day-to-day replacement of assets. In addition, Note 14 details capital expenditure on the Training, Administration and Community Facility (Construction in Progress), due for completion late 2017.

Financial Position

The directors believe the Group continues to remain in a sound financial position with $20,279,871 cash assets and $31,444,827 net assets.

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 2016, a new strategic plan was formulated 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

The Group achieved a strong result in 2016 with robust underlying commercial business. The NRL team performance led to finals appearances, with the benefit of incentives for one home final. Home game attendances were strong, increasing slightly on the prior year's average. Strong season membership sales offset shortfalls in casual game attendances. Sponsorship and merchandise revenues continued to grow whilst corporate hospitality sales were down on the prior year.

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. This growth required an increased investment in resourcing to enable the delivery of program outcomes.

The Brisbane Broncos remain the most financially successful National Rugby League franchise with one of the highest supporter bases in the game. The club is actively working with the NRL and other stakeholders as part of the negotiations for a proposed new perpetual club licence agreement. It is an important opportunity to secure a positive outcome for the game as a whole and for clubs individually.

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

Risk management

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process, and as such the Board addresses these issues through the Audit Committee. The risk identification and review process is currently being further refined by the Audit Committee.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Risk management (continued)

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.
- Annual detailed review and update of the business' 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.
- Detailed review and identification of Group's risks and documentation of appropriate responses to these risks.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

In January 2017, Ministerial approval was received for up to $2 million funding towards the Training, Administration and Community Facility, delivering on a 2016 election commitment. The funding is subject to the terms and conditions to be outlined in a Deed of Agreement, which is currently being negotiated.

On 23 February 2017, the Board of Directors declared a final dividend on ordinary shares in respect of the 2016 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 2016 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 revenues and results. The longer-term focus of the Group will be on the development and utilisation of the Training, Administration and Community Facility.

SHARE OPTIONS

At 31 December 2016, 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 2016 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' 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	9
Audit	2

DIRECTORS' MEETINGS (CONTINUED)

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

	Full Board	Audit & Risk Management Committee
D M Watt	9 (9)	2 (2)
K S Bickford	8 (9)	n/a
J D Harvie (resigned 10 May 2016)	3 (3)	1 (1)
A J Joseph	8 (9)	1 (2)
K M Lawlor (appointed 10 May 2016)	5 (6)	1 (1)
D J Lockyer	9 (9)	n/a

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 2016 financial year in their capacity as the Audit Committee.

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 31 December 2016 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

D M Watt	Chairman (Non-Executive)
K S Bickford	Director (Non-Executive)
A J Joseph	Director (Non-Executive)
K M Lawlor	Director (Non-Executive) (appointed 10 May 2016)
D J Lockyer	Director (Non-Executive)

(ii) Executive

P M White	Chief Executive Officer
S N Czislowski	Football Operations Manager
L A Lanigan	Company Secretary and Salary Cap Manager
S A Moro	Chief Financial Officer
T M Reader	General Manager – Marketing and Commercial Operations

There were no changes to KMP after reporting date and before the date the financial report was authorised for issue.

REMUNERATION REPORT (AUDITED) (CONTINUED)

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.

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 2016 financial year were $200,278.

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 any increase for the non-executive director pool at the 2017 Annual General Meeting.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. Non-executive director remuneration arrangements (continued)

Structure

Effective 1 October 2011, directors received a fee increase of 3.5%. No increases were received during 2016 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, other than the Chairman who receives $31,050 plus statutory superannuation. The Chairman, formerly employed by News Corporation Australia received $34,000 directly (2015: $34,000 paid directly to his former employer). In addition to the aforementioned Chairman's fee, the total payment to the Chairman in 2016 recognises the additional time commitment required of the Chairman in the current period. 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 2016 and 31 December 2015 is detailed in Table 1 and 2 respectively of this report.

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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

4. Executive remuneration arrangements (continued)

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.

5. Group Performance

Profit before tax has increased to $4,113,000 in 2016. The 2016 before tax profit result is a 9% increase on the 2015 financial year. Earnings per share for the current year and the past four financial years are shown below:

Year ended	2016	2015	2014	2013	2012
Profit before tax	$4.1 million	$3.77 million	$1.32 million	$3.01 million	$3.17 million
Earnings per share (cents)	2.86	2.61	0.85	2.07	2.19
Share Price	37 cents	34 cents	26 cents	25 cents	23 cents

The share price has moved from 34 cents at 1 January 2016 to 37 cents at 31 December 2016. 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

Mr Paul White's three-year employment contract expired on 31 December 2016. During the 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 agreement.

Details of Mr White's employment contract for 2016 were as follows:

- The contract was for the period 2014-2016. In the first year of the contract Mr White received fixed remuneration of $400,000 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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

6. Key management personnel contractual arrangements (continued)

Other KMP

Other KMP, excluding Mr White, have rolling contracts. The Company 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.

Remuneration of key management personnel

Table 1: Remuneration for the year ended 31 December 2016

		Short Term*			Post Employment	Long Term Benefits	Total	Performance
	Salary & Fees $	Cash Bonus $	Allowances $	Non Monetary Benefits $	Superannuation $	Long Service Leave $	$	Related %
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	-
J D Harvie – Non-executive (resigned 10 May 2016)	7,456	-	-	-	819	-	8,275	-
A J Joseph – Non-executive	20,700	-	-	-	1,967	-	22,667	-
K M Lawlor – Non executive +	13,244	-	-	-	1,258	-	14,502	-
D J Lockyer – Non-executive	20,700	-	-	-	1,967	-	22,667	-
Sub-total non-executive directors	**182,800**	**-**	**-**	**-**	**17,478**	**-**	**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 Czislowski – 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	**1,312,800**	**187,000**	**16,200**	**60,000**	**158,470**	**54,315**	**1,788,785**	

* Short term allowances cover incidental administrative expenses

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

++ 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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

6. Key management personnel contractual arrangements (continued)

Remuneration of key management personnel (continued)

Table 2: Remuneration for the year ended 31 December 2015

	Short Term*				Post Employment	Long Term Benefits	Total	Performance
	Salary & Fees $	Cash Bonus $	Allowances $	Non Monetary Benefits $	Superannuation $	Long Service Leave $	$	Related %
Non-executive directors								
D M Watt – Non-executive +	34,000	-	-	-	-	-	34,000	-
K S Bickford – Non-executive	20,700	-	-	-	1,967	-	22,667	-
J D Harvie – Non-executive ++	20,700	-	-	-	1,967	-	22,667	-
A J Joseph – Non-executive	20,700	-	-	-	1,967	-	22,667	-
D J Lockyer – Non-executive	20,700	-	-	-	1,967	-	22,667	-
Sub-total non-executive directors	**116,800**	**-**	**-**	**-**	**7,868**	**-**	**124,668**	
Other key management personnel								
P M White – Chief Executive Officer	450,000	210,000	-	20,000	62,700	22,071	764,771	27.5%
S N Czislowski – Football Operations Manager	120,000	16,000	15,000	-	12,920	3,096	167,016	9.6%
L A Lanigan – Company Secretary & Salary Cap Manager	90,500	12,000	-	-	9,738	3,359	115,597	10.4%
S A Moro – Chief Financial Officer ++	161,700	22,000	-	20,000	26,540	7,093	237,333	9.3%
T M Reader – General Manager Commercial Operations	206,000	32,000	-	20,000	22,610	1,392	282,002	11.3%
Sub-total executive KMP	**1,028,200**	**292,000**	**15,000**	**60,000**	**134,508**	**37,011**	**1,566,719**	
Totals	**1,145,000**	**292,000**	**15,000**	**60,000**	**142,376**	**37,011**	**1,691,387**	

* Short term allowances cover incidental administrative expenses

\+ Fees for Mr Watt were paid directly to his employer

++ 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 in the current year with actual payment made in the first pay cycle of the following year.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings of Key Management Personnel (Consolidated)

Shares held in Brisbane Broncos Limited (number):

	Balance 1 Jan 2015	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 31 Dec 2015
Directors					
D M Watt	-	-	-	-	-
K S Bickford	-	-	-	-	-
J D Harvie	-	-	-	-	-
A J Joseph *	60,000	-	-	-	60,000
D J Lockyer	-	-	-	-	-
Executives					
P M White	-	-	-	-	-
S N Czislowski	-	-	-	-	-
L A Lanigan	-	-	-	-	-
S A Moro	-	-	-	-	-
T M Reader	-	-	-	-	-
Total	**60,000**	**-**	**-**	**-**	**60,000**

* Mr Joseph held 53,141 ordinary shares on 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 has not changed in 2016 and as at reporting date is 60,000 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. No shares were held by the above listed personnel in the 2016 financial year other than Mr Joseph as noted in the footnote above.

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. The Company's Corporate Governance Statement is contained in the following section of this annual report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the declaration on page 23 from the auditor of Brisbane Broncos Limited.

On 15 August 2016, the Board approved the extension of the Lead Audit Partner rotation period from five years to seven years, subject to Ernst & Young continuing to act as the auditor of Brisbane Broncos Limited, in accordance with section 324DAB of the *Corporations Act 2001* and the Corporations Legislation Amendment (Audit Enhancement) Act 2012.

The reasons why the Board approved the extension included:

- Mr Tozer, the Lead Audit Partner, has a detailed understanding of the Group's business and strategies, its systems and controls. This knowledge is considered to be invaluable to the Board at this point in time.
- The existing independence and service metrics in place with Ernst & Young and Mr Tozer, are sufficient to ensure that auditor independence would not be diminished in any way by such an extension.
- Mr Tozer will continue to abide by the independence guidance provided in APES 110 'Code of Ethics for Professional Accountants' as issued by the Accounting Professional and Ethical Standards Board and Ernst & Young's own independence requirements.
- The threats of self-interest and familiarity have been mitigated as Ernst & Young appointed a new Engagement Quality Review Partner.
- The Board of Directors are of the view that Mr Tozer's continued involvement with the Group as the Lead Audit Partner will not in any way diminish the audit quality provided to the Group.

NON-AUDIT SERVICES

Details of non-audit services provided by the entity's auditor, Ernst & Young, are included at note 27 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.

Dennis Watt
Chairman
Brisbane
23 February 2017

Building a better working world

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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 2016, 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

Ernst & Young

Brad Tozer
Engagement Partner
23 February 2017

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Brisbane Broncos Limited ('the Company') is responsible for the corporate governance framework of the Group and is committed to applying the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (ASX Principles). The Board guides and monitors the business affairs of the Group on behalf of its shareholders by whom they are elected and to whom they are accountable. It is a requirement of the Board that the Company maintain high standards of ethics and integrity at all times.

The ASX Principles are an important regulatory guide for listed companies reporting on their corporate governance practices. Under ASX Listing Rule 4.10.3, listed companies must disclose the extent to which they have followed ASX Principles, and if any of the recommendations have not been followed, explain why. Where practical, the Group has complied with the ASX Principles. However, there are some instances whereby due to the size of the Board or News Corporation's substantial shareholding in the Company, it is not considered economical or practical to implement particular Recommendations. The Company's compliance with ASX Principles is are disclosed below.

The information in this statement is current as at 23 February 2017 and has been approved by the Board.

CORPORATE GOVERNANCE WEBSITE

Brisbane Broncos Limited's corporate governance practices were in place throughout the year ended 31 December 2016. Important information relating to the Company's corporate governance policies and practices are set out on the Company's website at www.broncos.com.au. The Company will continue to update its policies and practices to reflect developing corporate governance requirements and practices.

ROLE AND RESPONSIBILITY OF THE BOARD

The Board's Duties

The Board acts on behalf of and is accountable to the shareholders. It seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations and strives to meet them. In addition, the Board provides leadership, establishes broad corporate policies and is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. It also addresses issues relating to internal controls and approaches to risk management.

The role of the Board is to oversee and guide the management of the Group with the aim of protecting and enhancing the interests of its shareholders and taking into account the interests of other stakeholders including employees and the wider community.

The Board operate in accordance with a formal Charter (Board Charter) which outlines the Board's role and responsibilities. It clearly establishes the relationship between the Board and management and describes their functions and responsibilities. The Board Charter was last reviewed on 16 February 2016. A copy of this document is available on the corporate section of the Brisbane Broncos website www.broncos.com.au .

The Board is responsible for setting the strategic direction of the Group, establishing goals for management and monitoring the achievement of those goals. During the reporting period, the Board and management undertook a detailed review and revision of the Company's Strategic Plan. This process was completed in December 2016. An updated three-year Strategic Plan for 2017 to 2019 has been approved by the Board.

The Chief Executive Officer (CEO) is responsible for the day-to-day management of the Group and reports to the Board on key management and operational issues. The Board ensures that the CEO is appropriately qualified and experienced to discharge his responsibilities and has procedures in place to assess the performance of the CEO on behalf of the shareholders. The Board also appoints the Company Secretary. The Company Secretary is responsible for coordination of all Board business including agendas, minutes, communication with regulatory bodies and ASX and all other filings.

The Board is responsible for overseeing the financial position and for monitoring the business and affairs on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable.

Various information reports are regularly sent to the Board to keep them informed of the Group's business. Directors also receive monthly operating and financial reports and have access to senior management at Board and Committee meetings. The Board holds regular meetings (average 9) each year and special meetings if necessary.

ROLE AND RESPONSIBILITY OF THE BOARD (CONTINUED)

The Board's Duties (continued)

The responsibility for the operation and administration of the Group is delegated, by the Board, to the CEO and the executive management team. It is the Board's responsibility to appoint or remove the CEO and to ratify the appointment or removal of key executives and the Company Secretary. The Board ensures that this executive team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and executive management team. The Board ensures appropriate resources are available to senior executives to enable them to achieve performance objectives.

As the current Board comprises only five directors, it is considered logical and more practical that the entire Board address all matters of the business in relation to Risk, Nomination and Remuneration. Accordingly, it is not considered necessary to establish separate committees for these functions.

The Board has established a separate Audit Committee which is comprised of three members. To support the Group's Corporate Governance focus, the Audit Committee operates in accordance with a Charter approved by the Board. A copy of this document is available on the corporate section of the Brisbane Broncos website www.broncos.com.au. Further information in relation to the operation and composition of the Audit Committee is outlined below.

The activity, volume of information, and workload associated with proposed Training, Administration and Community Facility (TACF) continues to be significant as the project has entered the building and construction phase during the reporting period. Accordingly, it is considered best practice that the entire Board continue to oversee the management of the project. The TACF is a standing agenda item at each Board meeting and is addressed in detail by all directors with the relevant executive management personnel and external specialist consultants in attendance. Further information regarding this development project is detailed in the Directors' Report.

The Board's execution of its role and responsibilities ensure that management's objectives and activities are aligned with the expectations and risk identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Monitoring the effectiveness of the Company's governance practices.
- Board approval and ongoing development and monitoring of the strategic plan designed to meet stakeholders' needs and manage business risk.
- Strategic meetings with executives to discuss initiatives and strategies concerning operations and business improvement recommendations.
- Overseeing management's implementation of the Group's strategic objectives and its performance generally.
- Approving initiatives and strategies designed to ensure the continued growth and success of the Group.
- Monitoring the employee performance management system including detailed and customised Performance Contracts for all staff members incorporating formalised and measurable targets, objectives, development strategies and KPIs to achieve results that align with the Group's core business values.
- Ongoing monitoring senior executives' performance.
- Approval and appointment of the CEO.
- Approving the appointment, and when necessary, the replacement of senior executives.
- Ensuring the Group has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate.
- Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.
- Monitoring the financial performance and integrity of the Group's accounting and corporate reporting system and liaising with the external auditor.
- Approval of and overseeing the implementation of budgets by management and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators.
- Approval of annual and half-yearly financial reports.
- Approving and monitoring progress of major capital expenditure and capital management.
- Oversees the effectiveness of management processes and approval of major corporate initiatives.
- Reporting to and communicating with shareholders.
- Enhancing and protecting the reputation of the Brisbane Broncos.

STRUCTURE OF THE BOARD

As at the date of this report, there are five directors on the Board whose names, skills, experience and expertise are included in the Directors' Report. There was one change to the composition of the Board during the reporting period. Mr Kevin Lawlor was appointed as non-executive director and Chair of the Audit Committee on 10 May 2016. Mr Lawlor is the General Manager – Financial Planning and Analysis at News Corporation Australia where he has been employed since 2004 in various finance roles. Mr Lawlor holds a Bachelor of Commerce degree and a Masters degree in business studies from the University of Dublin and is a member of the Association of Certified Chartered Accountants. Mr Jeff Harvie tendered his resignation as non-executive director and Chair of the Audit Committee on 10 May 2016 – a role he fulfilled since 23 July 2013. Mr Harvie was an extremely valuable member of the Board and the directors extend their gratitude for his significant contribution during his tenure.

Three directors are regarded as independent being Mrs Katie Bickford, Mr Tony Joseph and Mr Darren Lockyer. Directors of Brisbane Broncos Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

Mr Kevin Lawlor is not independent given his employment with News Corporation Australia outlined above. Mr Lawlor brings significant value to the Board and the directors believe his contribution provides substantial benefits to the Group as a result of his long standing financial experience, qualifications and skills.

Mr Lockyer has been party to a commercial arms-length promotional agreement with the Brisbane Broncos since his retirement from rugby league following the 2011 season. His current arrangement expires on 17 February 2018. The Board do not believe that Mr Lockyer's current promotional agreement affects his independence status as a director.

Directors of Brisbane Broncos Limited are classified as either executive or non-executive, with the former being those directors engaged in full time employment by the Group. At the date of this report, all Board members are non-executive being Mr Dennis Watt as Chair, Mr Tony Joseph, Mrs Katie Bickford, Mr Kevin Lawlor and Mr Darren Lockyer.

The Board recognises the Corporate Governance Council's recommendation that the Chair should be an independent director. Non-executive director, Mr Dennis Watt, was employed by News Corporation Australia (a 68.87% shareholder in the Company) until 23 December 2015. Accordingly, he is not considered independent as insufficient time has passed since the cessation of his employment with News Corporation Australia. Hence, Principle 2.5 'The Chair of the Board of a listed entity should be an independent director' is not complied with. Mr Watt was elected and remains as Chair of the Board as the directors believe he has the most relevant experience, skill and expertise to fulfil the role and brings the highest quality of leadership and decision making to all relevant issues falling within the scope of the role of Chair.

Mr Paul White has been Chief Executive Officer of the Group since 1 January 2011. He is not a director of the Company.

The term in office held by each director at the date of this report is as follows:

Dennis Watt	14 years
Katie Bickford	5 years 9 months
Tony Joseph	6 years
Kevin Lawlor	7 months
Darren Lockyer	3 years 4 months

In the event that a potential conflict of interest may arise, involved directors withdraw from all deliberations concerning the matter and are not permitted to exercise any influence over other Board members or receive relevant Board papers.

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense. If appropriate, any advice so received will be made available to all directors.

If applicable, executive directors do not receive any additional compensation for serving as a director. Non-executive directors receive fees for serving on the Board. For additional details regarding the nomination and appointment of Board members, please refer to the corporate section of the Company's website www.broncos.com.au.

AUDIT COMMITTEE

The size of the Audit Committee remained at three members throughout the reporting period. However, due to Mr Jeff Harvie's resignation as director on 10 May 2016, there was one change to the composition. On this date, Mr Kevin Lawlor replaced Mr Harvie as a Chair of the Audit Committee with Mr Dennis Watt and Mr Tony Joseph comprising the other two members. All members are non-executive directors.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee. The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The Board recognises the CGC's recommendation in Principle 4.1(a)(2) which stipulates the Chair of the Audit Committee should be an independent director. However, the Board acknowledge that Mr Lawlor is the most appropriate director to fill this position as he brings the most relevant experience, skill and qualifications to the role. He has extensive knowledge of the finance and accounting sector as outlined above and is the only current Board member with such specialised expertise. For this reason, Principle 4.1(a)(2) is not complied with.

The directors also recognise the CGC's recommendation in Principle 4.2(1)(a)(1) which specifies that the majority of the Audit Committee should consist of independent directors. Despite this, the Board believe the current composition is the optimal structure taking into consideration the individual skills and relevant experience of the directors. Mr Joseph (independent) currently serves on the Audit Committee of Brisbane Markets Limited. Mr Watt is considered the most suitable third member of the Audit Committee due to his long history with the Brisbane Broncos and extensive knowledge of rugby league club administration and operations.

Due to its size, the Company does not have an internal audit function however it is Company policy for management to regularly conduct an assessment of the following:

- Adequacy, appropriateness and effectiveness of accounting and operating controls.
- Management processes supporting external reporting.
- A continuous improvement program for accounting and operating controls.
- Extent of compliance with Group policies and procedures.
- Accuracy and security over data and information.
- Accountability for Group's assets to safeguard against loss.
- Continual review of the cost structure of the business in an attempt to identify inefficiencies.
- Economy and efficiency with which resources are employed.

If deficiencies in any of the above are identified, management will promptly implement a policy to overcome the deficiency.

The Audit Committee is also responsible for monitoring the independence and suitability of the external auditors and all professional advisors. For additional details regarding the Audit Committee, including a copy of its charter, please refer to the Brisbane Broncos website www.broncos.com.au. For the names, qualifications and skills of the members of the Audit Committee and the number of meetings attended, please refer to the Directors' Report.

PERFORMANCE EVALUATION OF BOARD AND KEY EXECUTIVES

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. The Group has a formal, documented performance management process in place for the review and evaluation of all employees, including key executives. This occurs on an annual basis. During the reporting period, the CEO conducted written and verbal performance evaluations for all senior executives and managers assessing their results against individualised Performance Contracts. This performance review process is extended to all staff throughout the organisation. These documents also address the personal development of employees and assess how well staff have demonstrated adherence to Brisbane Broncos Core Values whilst performing their roles. This process occurs in November and December each year and is extensively documented. It involves assessment of personalised measurable key targets, objectives and performance indicators, and comparing these to results achieved by reviewing qualitative and quantitative performance criteria.

PERFORMANCE EVALUATION OF BOARD AND KEY EXECUTIVES (CONTINUED)

A formal, documented review process is also in place for the Board of Directors. The directors annually review their own individual and collective performance and that of the Chairman and CEO. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of the Group. The Board evaluation process was completed in January 2017. Directors whose performance is consistently unsatisfactory may be asked to retire.

As mentioned previously, 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.

DISCLOSURES ABOUT DIRECTORS

Details of the directors' remuneration and retirement benefits are disclosed in note 25(b) and in the Directors' Report. Details of the indemnity given to directors are disclosed in the Directors' Report. Details of directors' shareholdings are disclosed in the Directors' Report.

RISK

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 oversees a periodic assessment of the effectiveness of risk management and internal control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the CEO, including responsibility for the day to day design and implementation of the Company's risk management and internal control systems. Management reports to the Board though regular formal and informal Board reporting processes on the Company's key risks and the extent to which it believes these risks are being adequately managed.

The Company's process of risk management and internal compliance and control currently includes:

- Establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives.
- Board approval of a strategic plan which encompasses the Company's vision, mission and strategy statements designed to meet stakeholders' needs and manage business risk.
- Review and monitoring of the Group's strategic plan.
- Identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors that affect these risks.
- Review of risk register, matrix and action plans to ensure they remain relevant and up to date.
- Formulating and reviewing risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and controls.
- Monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal control compliance and controls, including an annual assessment of the effectiveness of risk management and internal compliance and control.

RISK (CONTINUED)

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.

To this end, the risk management practices in place are directed towards achieving the following objectives:

- Effectiveness and efficiency in the use of Company resources.
- Compliance with applicable laws and regulations.
- Preparation of reliable published financial information.

CEO AND CFO CERTIFICATION

In accordance with section 295A of the Corporations Act, the CEO and the CFO have provided a written statement to the Board that:

- Their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements financial policies adopted by the Board.
- That the Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

REMUNERATION

It is the Group's objective to provide maximum shareholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. For a full discussion of the Group's remuneration philosophy and framework, and the remuneration received by directors and executives in the current period please refer to the Remuneration Report which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the CEO and executive team. The Board believes it is important for all directors to be involved in nomination and remuneration issues so separate Nomination and Remuneration Committees have not been established. Therefore, ASX Best Practice Recommendations 2.1 and 8.1 have not been complied with. The full Board deals with nomination and remuneration issues as and when required. There are Board processes in place which raise the issues that would otherwise be considered by a Nomination or Remuneration Committee. A copy of the Policy for Nomination and Selection of Directors and Senior Executives is available on the corporate section of the Brisbane Broncos website www.broncos.com.au.

TRADING POLICY

Under the Company's Securities Trading Policy, an executive or director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities. Before commencing to trade, an executive must first obtain approval from the Company Secretary to do so and a director must first obtain approval of the Chairman. They must advise of their intention to trade in securities, confirm that they do not hold inside information and confirm there is no reason to preclude the trading in the Company's securities.

TRADING POLICY (CONTINUED)

Executives, directors and officers are prohibited from trading in the Company's securities during the following specific 'closed periods':

- Midnight 30 June until the half-year results are released; and
- Midnight 31 December until after the full-year results are released.

As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company. The Company's Securities Trading Policy is available on the Brisbane Broncos website www.broncos.com.au.

CONTINUOUS DISCLOSURE POLICY

Principle 5.1 stipulates that companies should establish written policies designed to ensure ASX Listing Rule disclosure requirements to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies. A copy of the Company's Continuous Disclosure Policy is available on the Group's website www.broncos.com.au.

CODE OF ETHICS AND CONDUCT FOR THE CEO AND KEY EXECUTIVES

The Board acknowledges the need for and continued maintenance of the highest standards of corporate governance practice and ethical conduct by all directors and employees of the Group. To further promote ethical and responsible decision making, as well as part of its commitment to corporate governance, the Board has implemented an overall framework of internal control and business risk management process, and established a Code of Ethics and Conduct for directors, officers and employees. The full text of the Code of Ethics and Conduct is available on the Group's website www.broncos.com.au.

SHAREHOLDER COMMUNICATION POLICY

Pursuant to Principle 6, Brisbane Broncos Limited's objective is to promote effective communication with its shareholders at all times.

Brisbane Broncos Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about Brisbane Broncos Limited's activities in a balanced and understandable way.
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia.
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with Brisbane Broncos Limited.

The Company seeks to provide balanced communication to existing and potential shareholders. Company announcements are factual and produced in plain language. To promote effective communication with shareholders, and encourage effective participation at general meetings, information is communicated to shareholders in the following ways:

- Any price sensitive information is released to the market via the Australian Securities Exchange (ASX) and subsequently posted immediately on the Company's website.
- The distribution of the annual report, interim report and Notices of Annual General Meeting.
- The Explanatory Memoranda of the Annual General Meetings which provides additional information concerning the resolutions and business of the meeting.
- The Annual General Meeting at which shareholders are provided with the opportunity to ask questions regarding the Company's governance and business matters.
- The external auditor attends the Annual General Meeting who is available to receive questions from shareholders.
- Through letters and other forms of communication directly to shareholders.
- By posting relevant information and ASX releases on the Group's website.

The Brisbane Broncos' website www.broncos.com.au has a dedicated corporate section for the purpose of publishing all important Company information and relevant announcements made to the ASX. A copy of the Company's Shareholder Communication Policy is available on the website www.broncos.com.au.

DIVERSITY AT BRISBANE BRONCOS

The Brisbane Broncos actively values and embraces the diversity of its employees and is committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated. The Brisbane Broncos are committed to fostering diversity at all levels.

To this end, the Group supports and complies with the recommendation contained in ASX Corporate Governance Principles and Recommendations. The Group has established a diversity policy outlining the Board's measurable objectives for achieving diversity. This is assessed annually to measure the progress towards achieving those objectives. The diversity policy is available in the corporate section of the Group's website www.broncos.com.au.

Outlined below are the measurable objectives established by the Board to achieve diversity, the steps taken during the year to achieve these objectives and the outcomes.

Monitor the number of females in the workplace, including senior management positions and at Board level

The Group has five females in senior management positions as at the reporting date:

Mrs Katie Bickford	Non-executive Director
Ms Louise Lanigan	Company Secretary and Salary Cap Manager
Ms Shirley Moro	Chief Financial Officer
Ms Tain Drinkwater	Human Resources Manager
Ms Christine Halliwell	Community Programs Manager

As at reporting date, women represented 33% of the Group's total workforce (excluding football players), 71% in senior management positions and 20% at Board level. The Board are extremely comfortable with this position given the male concentrated industry of professional rugby league in which the Brisbane Broncos operates within. To avoid distorting the true composition of the proportion of females working at the Brisbane Broncos, the quoted percentages exclude the professional rugby league footballers employed by the organisation whom by the nature of their role must be male.

Mrs Katie Skye Ann Bickford was appointed in May 2011 as the first female director of Brisbane Broncos Limited.

Create development opportunities for men and women that develop skills and experience for advancement to prepare them to take on senior positions

Employees are encouraged to undertake professional development and skill enhancement training each year. All reasonable requests are approved by the CEO. The Group allocates funds in its financial budgets annually to meet the cost of these training programs.

Provide flexible workplace arrangements including part time positions and other incentives to be assessed on a case by case basis

During the 2016 financial year, the Group continued to approve flexible and part time positions on a case by case basis. The Brisbane Broncos will continue to do this where practical.

Provide employment opportunities for people with disabilities

The Group ensures the workplace is free of discrimination and accommodates employees with disabilities. As at reporting date, the Brisbane Broncos workforce includes employees with disabilities.

Promote an inclusive culture that treats the workforce with fairness and respect

The Brisbane Broncos has a zero-tolerance policy against discrimination of employees at all levels. The Company also encourages employees to voice their concerns and encourages them to report any discrimination. No cases of discrimination were reported during the year.

Review gender gaps on an annual basis

The Board will continue to review gender gaps on an annual basis and are currently comfortable with the percentage of females in the workplace.

DIVERSITY AT BRISBANE BRONCOS (CONTINUED)

Provide career development opportunities for every employee, irrespective of any cultural, gender or other differences

All employees are encouraged to undertake personal development and skill enhancement training each year. All reasonable requests are approved by the CEO. The Group allocates funds in its financial budgets annually to meet the cost of these training programs.

Provide and monitor employment opportunities for Indigenous Australians

The Brisbane Broncos provides employment opportunities and support to Indigenous Australians in all areas of its business. This is achieved through direct employment (administration and football), partnerships with organisations that are dedicated to supporting the Indigenous community, and the Beyond Broncos Mentoring Program that works with Indigenous youth to improve education and transition to vocational, higher education and work outcomes.

ASX CORPORATE GOVERNANCE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

	RECOMMENDATION	Comply Yes/No
	Principle 1 – Lay solid foundations for management and oversight	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	Yes
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision whether or not to elect or re-elect a director.	Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4	The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	Yes
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either; (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined 'senior executive' for these purposes); or (2) if the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indictors', as defined in and published under that Act.	Yes
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes

ASX CORPORATE GOVERNANCE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS (CONTINUED)

	RECOMMENDATION	Comply Yes/No
	Principle 2 - Structure the Board to add value	
2.1	The Board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendees of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employees to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	No
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Yes
2.3	A listed entity should disclose (a) the names of the directors considered by the Board to be independent directors; (b) if a director has an interest, position, association or relationship relevant to the assessment of their independence as a director but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each director.	Yes
2.4	A majority of the Board of a listed entity should be independent directors.	Yes
2.5	The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No/Yes
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes
	Principle 3 – Act ethically and responsibly	
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes
	Principle 4 – A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.	
4.1	The Board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the Board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendees of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the process it employees that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	No No Yes Yes Yes Yes
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes

ASX CORPORATE GOVERNANCE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS (CONTINUED)

	RECOMMENDATION	Comply Yes/No
	Principle 5 – Make timely and balanced disclosure	
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes
	Principle 6 – Respect the rights of shareholders	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two way communication with investors.	Yes
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes
	Principle 7 – Recognise and manage risk	
7.1	The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	No
7.2	The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes

ASX CORPORATE GOVERNANCE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS (CONTINUED)

RECOMMENDATION		Comply Yes/No
Principle 8 – Remunerate fairly and responsibly		
8.1	The Board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	No
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	No
8.3	A listed entity which has an equity based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	N/A

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated		Parent	
		2016 $	2015 $	2016 $	2015 $
ASSETS					
Current Assets					
Cash and cash equivalents	10	20,279,871	21,206,671	19,580,943	19,915,027
Trade and other receivables	11	1,780,198	2,033,328	1,985,891	728,776
Inventories	12	173,513	163,040	-	-
Other current assets		860,499	522,068	25,759	28,357
Total Current Assets		**23,094,081**	**23,925,107**	**21,592,593**	**20,672,160**
Non-current Assets					
Other financial assets	15	-	-	5	5
Property, plant and equipment	14	7,222,383	2,752,632	3,267,913	-
Deferred tax asset	7(c)	165,325	146,338	107,814	91,061
Intangible assets	16(a)	12,510,580	12,565,297	-	-
Other non-current assets		134,167	169,167	-	-
Total Non-current Assets		**20,032,455**	**15,633,434**	**3,375,732**	**91,066**
TOTAL ASSETS		**43,126,536**	**39,558,541**	**24,968,325**	**20,763,226**
LIABILITIES					
Current Liabilities					
Trade and other payables	17	3,444,504	2,949,547	836,747	708,725
Provisions	18	925,468	892,164	239,420	244,004
Income taxes payable	7	541,752	444,321	541,752	444,321
Unearned revenue		4,830,575	5,699,644	-	-
Total Current Liabilities		**9,742,299**	**9,985,676**	**1,617,919**	**1,397,050**
Non-current Liabilities					
Trade and other payables	19	1,126,778	-	7,595,522	5,743,029
Provisions	20	247,743	196,593	133,556	81,264
Unearned revenue	24(c)	564,889	-	-	-
Total Non-current Liabilities		**1,939,410**	**196,593**	**7,729,078**	**5,824,293**
TOTAL LIABILITIES		**11,681,709**	**10,182,269**	**9,346,997**	**7,221,343**
NET ASSETS		**31,444,827**	**29,376,272**	**15,621,328**	**13,541,883**
EQUITY					
Equity attributable to equity holders of the Parent					
Contributed equity	21	28,991,500	28,991,500	28,991,500	28,991,500
Accumulated profits/(losses)	22	2,453,327	384,772	(13,370,172)	(15,449,617)
TOTAL EQUITY		**31,444,827**	**29,376,272**	**15,621,328**	**13,541,883**

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 2016

	Note	Consolidated		Parent	
		2016 $	2015 $	2016 $	2015 $
Continuing operations					
Sale of goods		2,131,109	1,878,360	-	-
Rendering of services		31,456,941	29,871,190	-	-
Grant received from National Rugby League		8,125,000	8,073,333	-	-
Dividend revenue		-	-	4,166,592	3,969,484
Interest revenue		577,305	487,561	576,797	487,523
Other revenue		8,584	127,920	-	2,310
Revenue		42,298,939	40,438,364	4,743,389	4,459,317
Expenses	6	(38,185,939)	(36,666,364)	(2,506,691)	(2,479,850)
Profit before income tax		**4,113,000**	**3,772,000**	**2,236,698**	**1,979,467**
Income tax benefit/(expense)	7(a)	(1,309,139)	(1,210,076)	578,053	594,988
Net profit and other comprehensive income for the period attributable to the ordinary equity holders of the Parent		**2,803,861**	**2,561,924**	**2,814,751**	**2,574,455**

Earnings per share attributable to the ordinary equity holders of the company:			
Basic earnings per share	9	2.86 cents	2.61 cents
Diluted earnings per share	9	2.86 cents	2.61 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 2016

	Note	Consolidated		Parent	
		2016 $	2015 $	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		45,484,721	43,033,143	763,394	-
Payments to suppliers & employees		(41,262,742)	(36,871,920)	(2,422,168)	(1,921,871)
Other revenue received		489,003	548,988	-	2,310
Inventories		(1,248,803)	(1,000,290)	-	-
Interest received		589,874	435,355	589,365	575,949
Income tax paid		(1,230,695)	(294,471)	(1,230,695)	(294,471)
Net cash flows from/(used in) operating activities	23	**2,821,358**	**5,850,805**	**(2,300,104)**	**(1,638,083)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		-	-	4,166,592	3,969,484
(Purchase)/disposal of property, plant and equipment		(6,722,622)	(1,190,357)	(5,231,565)	374,012
Grant funds received		1,959,770	1,320,000	-	-
Purchase of licence and establishment costs		-	(30,800)	-	-
Net cash flows from/(used in) investing activities		**(4,762,852)**	**98,843**	**(1,064,973)**	**4,343,496**
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(735,306)	(490,203)	(735,306)	(490,203)
Proceeds from controlled entities (inter-group loans and advances)		-	-	3,766,299	3,057,021
Proceeds from related entities (loan)		1,750,000	-	-	-
Net cash flows from/(used in) financing activities		**1,014,694**	**(490,203)**	**3,030,993**	**2,566,818**
Net increase/(decrease) in cash and cash equivalents		(926,800)	5,459,445	(334,084)	5,272,231
Cash and cash equivalents at beginning of the period		21,206,671	15,747,226	19,915,027	14,642,796
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	**20,279,871**	**21,206,671**	**19,580,943**	**19,915,027**

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 2016

	Note	Attributable to equity holders of the Parent		
		Contributed Equity	Accumulated Profits/(Losses)	Total Equity
CONSOLIDATED				
At 1 January 2015		28,991,500	(1,686,949)	27,304,551
Dividends paid	8(a)	-	(490,203)	(490,203)
Total comprehensive income for the year		-	2,561,924	2,561,924
At 31 December 2015		**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	21/22	**28,991,500**	**2,453,327**	**31,444,827**

	Note	Attributable to equity holders of the Parent		
		Contributed Equity	Accumulated Profits/(Losses)	Total Equity
PARENT				
At 1 January 2015		28,991,500	(17,533,869)	11,457,631
Dividends paid	8(a)	-	(490,203)	(490,203)
Total comprehensive income for the year		-	2,574,455	2,574,455
At 31 December 2015		**28,991,500**	**(15,449,617)**	**13,541,883**
Dividends paid	8(a)	-	(735,306)	(735,306)
Total comprehensive income for the year		-	2,814,751	2,814,751
AT 31 DECEMBER 2016	21/22	**28,991,500**	**(13,370,172)**	**15,621,328**

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

1. CORPORATE INFORMATION

The financial report of Brisbane Broncos Limited for the year ended 31 December 2016 was authorised for issue in accordance with a resolution of directors on 23 February 2017.

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

Table of Contents

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 financial report has been prepared under ASIC Class Order 10/654.

The accounting policies and methods of computation are consistent with those adopted in the 2015 financial report.

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 2016 year end disclosures.

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 2016, none of which had a material impact on the financial position or performance of the Group:

- AASB 2015-3 – *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*
- AASB 2014-4 – *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)*
- AASB 1057 – *Application of Australian Accounting Standards*
- AASB 2015-2 – *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

New and amended accounting standards have been issued by the AASB but are not yet effective for the period ended 31 December 2016. These standards are not expected to have a material impact on the financial position or performance of the Group.

The Company is currently evaluating the impact of AASB 9 – *Financial Instruments* and AASB 16 – *Leases.* The Company has started an evaluation process to assess the impact of AASB 15 – *Revenue from Contracts with Customers,* however at this point it is too early to quantify any future impact.

(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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis on consolidation (continued)

Investments in subsidiaries held by Brisbane Broncos Limited are accounted for at cost less any impairment charges in the separate financial statements of the parent entity.

(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 finished goods 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) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Recognition and derecognition

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the assets if it has transferred control of the assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets (continued)

Subsequent measurement

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the Statement of Financial Position.

(ii) Loans and receivables – refer note 11 and 13

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date which are classified as non-current.

(iii) Available-for-sale securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

(i) Property, plant and equipment – refer note 14

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.

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 15 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.

(j) Leases – refer note 26

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases – refer note 26 (continued)

(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.

(k) Impairment of non-financial assets other than goodwill and indefinite life intangibles – refer note 16

Non-financial assets other than goodwill and indefinite life 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 for groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

There is no goodwill with a finite life within the Group. During the 2011 financial year, the Group acquired intangible assets with a deemed finite life of five years as discussed at note 16.

(l) Goodwill and intangibles – refer note 16

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Goodwill and intangibles – refer note 16 (continued)

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

	Sporting Franchise	Merchandise Licence Rights	Other Intangibles
Useful life	Indefinite	5 years	Indefinite
Method used	No amortisation	Amortisation	No amortisation
Internally generated/acquired	Acquired	Acquired	Acquired
Impairment testing	Annually and more frequently where an indication of impairment exists	Reviewed annually	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.

(m) Trade and other payables – refer note 17

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.

(n) 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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(o) Provisions and employee leave benefits – refer note 18 and 20

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Provisions and employee leave benefits (continued)

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.

(p) 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.

(q) 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.

(r) 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.

Prize money

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (continued)

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.

Rental income

Rental income is accounted for in the period in which it is earned.

(s) 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 is 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Tax consolidation legislation

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

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(e).

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.

(t) 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.

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		Parent	
	2016 $	2015 $	2016 $	2015 $
Cash at bank and in hand	5,579,871	3,706,671	4,880,943	2,415,027
Short-term deposit	14,700,000	17,500,000	14,700,000	17,500,000
	20,279,871	**21,206,671**	**19,580,943**	**19,915,027**

The Group invests its cash in short-term deposits earning interest at an average rate of 2.46% (2015: 3.04%) per annum. It is reasonably possible that movements in interest rates (+ 1%, - 1%) would impact interest revenue by approximately $150,236 (2015: $140,623) and not have any material effect on net profit or equity of the consolidated group or parent entity for the year ended 31 December 2016.

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 $1,686,671 (2015: $1,363,398) financial liabilities with six months or less contractual maturity and has $1,750,000 (2015: $nil) financial liabilities with greater than six months to five years' contractual maturity. The contractual maturities of the Parent's financial liabilities are $549,028 (2015: $392,248) with six months or less contractual maturity and no financial liabilities with greater than six months to five years' contractual maturity.

Capital Risk

The Board has considered the Company's capital structure in relation to the possible funding requirements of the proposed new Training, Administration and Community Facility and believes that, even though borrowings may be required, a dividend payout ratio of approximately 26% (2015: 29%) is appropriate in the short term. In the longer term this ratio may fall to adequately service debt.

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

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.

Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the Statement of Financial Position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future income and expenditure levels, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Comprehensive Income.

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(ii) Significant accounting estimates and assumptions (continued)

Long service leave provision

As discussed in note 2(o), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

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.

5. SEGMENT INFORMATION

The principal activity of the Group during the 2016 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 $8,520,333 arising from sales and grants in respect of the 2016 financial year (2015: $8,725,333).

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
6. EXPENSES				
Cost of sales	1,238,330	1,013,967	-	-
Administration expense	4,215,386	4,661,866	2,506,691	2,479,850
Stadium operations expense	6,312,921	5,870,232	-	-
Corporate sales, merchandise and ticketing expense	4,225,442	4,231,723	-	-
Marketing, sponsorship and advertising expense	4,385,106	4,011,556	-	-
Development, community and indigenous program costs	1,919,432	917,322	-	-
Football related expenses	15,889,322	15,959,698	-	-
	38,185,939	**36,666,364**	**2,506,691**	**2,479,850**
Included in the above expenses are the following:				
Lease payments – operating leases	2,056,823	2,018,122	-	-
Depreciation of property, plant and equipment	293,101	307,970	-	-
Amortisation of intangibles	54,717	65,660	-	-
Movement in provision for employee benefits	722,038	625,506	187,479	229,640
Salary and wage expense	16,940,950	16,244,781	1,713,295	1,629,791

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
7. INCOME TAX				
(a) Income tax expense				
The major components of income tax expense/(benefit) are:				
Statement of Comprehensive Income				
Current income tax				
Current income tax charge/(benefit)	1,328,127	1,274,149	(561,301)	(522,836)
Deferred income tax				
Relating to origination and reversal of temporary differences	(18,988)	(64,073)	(16,752)	(72,152)
Income tax expense/(benefit) reported in the statement of comprehensive income	**1,309,139**	**1,210,076**	**(578,053)**	**(594,988)**

(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	**4,113,000**	**3,772,000**	**2,236,698**	**1,979,467**
At the Group's statutory income tax rate of 30% (2015: 30%)	1,233,900	1,131,600	671,009	593,840
Expenditure not allowed for income tax purposes				
Entertainment	58,663	58,679	754	1,918
Amortisation of intangibles	16,415	19,698	-	-
Inter-company dividend	-	-	(1,249,977)	(1,190,845)
Other	161	99	161	99
Aggregate income tax expense/(benefit)	**1,309,139**	**1,210,076**	**(578,053)**	**(594,988)**

	Statement of Financial Position		Statement of Comprehensive Income	
	2016 $	2015 $	2016 $	2015 $
7. INCOME TAX (CONTINUED)				
(c) Recognised deferred tax assets and liabilities				
Deferred income tax at 31 December relates to the following:				
CONSOLIDATED				
(i) Deferred tax assets/(liabilities)				
Unearned revenue	(46,872)	(57,147)	10,276	23,843
Provisions	10,643	12,955	(2,312)	(20,185)
Employee benefits	211,679	181,775	29,904	38,134
Prepayments	(4,119)	(4,047)	(72)	20
Fixed assets	(20,735)	(16,621)	(4,114)	13,744
Accruals	14,729	29,423	(14,694)	9,042
Expenses capitalised for income tax purposes	-	-	-	(525)
Deferred tax assets/(liabilities)	**165,325**	**146,338**		
Deferred tax income/(expense)			**18,988**	**64,073**
PARENT				
(ii) Deferred tax assets/(liabilities)				
Unearned revenue	(11,891)	(15,662)	3,771	26,528
Employee benefits	109,059	93,271	15,788	27,055
Prepayments	(510)	(445)	(65)	103
Accruals	11,156	13,897	(2,741)	2,330
Fixed assets	-	-	-	16,136
Deferred tax assets/(liabilities)	**107,814**	**91,061**		
Deferred tax income/(expense)			**16,753**	**72,152**

(d) Tax losses

The Group has no carry forward tax losses arising in Australia as at the reporting date (2015: $nil).

(e) 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.

7. INCOME TAX (CONTINUED)

(e) Tax Consolidation (continued)

(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.

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
8. DIVIDENDS PAID AND PROPOSED				
(a) Recognised Amounts				
Paid during the year:				
Final franked dividend for 2015: 0.75 cent paid in 2016 (2015: for 2014 0.5 cent paid in 2015)	735,306	490,203	735,306	490,203
(b) Unrecognised Amounts				
Dividends on ordinary shares:				
Final franked dividend for 2016: 0.75 cent (2015: final franked dividend for 2015: 0.75 cent)	735,306	735,305	735,306	735,305
(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% (2015: 30%)			4,869,562	3,953,997
› franking credits that will arise from the payment of income tax as at the end of the financial year			541,752	444,321
› 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)
			5,096,183	**4,083,187**

(d) Tax Rates

The tax rate at which paid dividends have been franked is 30% (2015: 30%). Dividends proposed will be franked at the rate of 30% (2015: 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	
	2016 $	2015 $
Net profit from continuing operations attributable to equity holders of the parent	$2,803,861	$2,561,924
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.

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	5,579,871	3,706,671	4,880,943	2,415,027
Short-term deposit	14,700,000	17,500,000	14,700,000	17,500,000
	20,279,871	**21,206,671**	**19,580,943**	**19,915,027**

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 and Queensland Country Credit Union's short term deposit rate.

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
11. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES				
Trade receivables	1,282,900	1,561,252	1,963,651	693,998
Allowance for impairment loss (a)	-	-	-	-
	1,282,900	**1,561,252**	**1,963,651**	**693,998**
Other receivables	497,298	472,076	22,240	34,778
Carrying amount of trade and other receivables	**1,780,198**	**2,033,328**	**1,985,891**	**728,776**

Other receivables for the Group include GST receivable of $299,836 (2015: $214,539), interest receivable on term deposits of $39,638 (2015: $52,206) and NRL Merchandise Royalties receivable of $116,601 (2015: $138,284).

11. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (CONTINUED)

(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. The majority of trade receivables at 31 December 2016 are aged within the 30-90 day terms with $433,562 (2015: $436,267) of trade receivables past due but not considered impaired.

	Consolidated	
	2016 $	2015 $
Allowance for impairment loss		
Balance as at 1 January	-	55,000
Amount charged to the Statement of Comprehensive Income	-	(55,000)
Amount written back to the Allowance for Impairment Loss	-	-
Balance as at 31 December	**-**	**-**

(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		Parent	
	2016 $	2015 $	2016 $	2015 $
12. CURRENT ASSETS - INVENTORIES				
Finished goods – at cost	173,513	163,040	-	-
Provision for net realisable value write down	-	-	-	-
Total inventories at the lower of cost and net realisable value	**173,513**	**163,040**	**-**	**-**

On 1 November 2011, the Group commenced its in-house merchandise operations when it acquired the rights to sell Broncos merchandise on home game days at the game venue. Inventories recognised as an expense for the year ended 31 December 2016 totalled $1,238,330 (2015: $1,013,967) for the Group. This expense has been included in the cost of sales line item as a cost of inventories.

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
13. NON-CURRENT ASSETS - RECEIVABLES				
Receivables from controlled entities	-	-	13,900,000	13,900,000
Provision for non-recovery	-	-	(13,900,000)	(13,900,000)
	-	**-**	**-**	**-**

Related party receivables

For terms and conditions of related party receivables refer to note 24.

14. 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 2016				
At 1 January 2016 net of accumulated depreciation, impairment and grant monies received	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, impairment and grant monies received	**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**
Year ended 31 December 2015				
At 1 January 2015 net of accumulated depreciation and impairment	933,758	1,248,771	1,004,919	3,187,448
Additions	166,466	1,254	905,434	1,073,154
Grant monies received	-	-	(1,200,000)	(1,200,000)
Depreciation charge for year	(234,248)	(73,722)	-	(307,970)
At 31 December 2015 net of accumulated depreciation and impairment	**865,976**	**1,176,303**	**710,353**	**2,752,632**
At 31 December 2015				
Cost	2,000,330	2,278,356	1,910,353	6,189,039
Accumulated grant monies received	-	-	(1,200,000)	(1,200,000)
Accumulated depreciation and impairment	(1,134,354)	(1,102,053)	-	(2,236,407)
Net carrying amount	**865,976**	**1,176,303**	**710,353**	**2,752,632**

The parent entity's Property, Plant and Equipment balance at 31 December 2016 is $3,267,913 (2015: nil) reflecting Construction in Progress costs related to the Training, Administration and Community Facility (TACF). The parent acts on its own behalf and as agent for another company in the group, initially incurring TACF costs and then periodically on-charging costs, where applicable, to the other group company.

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
15. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS				
Unlisted				
Shares in controlled entities – at cost	-	-	130,005	130,005
Provision for diminution	-	-	(130,000)	(130,000)
	-	**-**	**5**	**5**

Further information regarding shares in controlled entities is shown in note 24.

	Consolidated				Parent
	Sporting Franchise $	Merchandise Licence Rights $	Other Intangibles $	Total $	Total $
16. NON-CURRENT ASSETS - INTANGIBLE ASSETS					
(a) Reconciliation of carrying amounts at the beginning and end of the period					
At 31 December 2016					
Cost	13,382,857	328,300	28,000	13,739,157	-
Accumulated amortisation and impairment	(900,277)	(328,300)	-	(1,228,577)	-
Net carrying amount	**12,482,580**	**-**	**28,000**	**12,510,580**	**-**
At 31 December 2015					
Cost	13,382,857	328,300	28,000	13,739,157	-
Accumulated amortisation and impairment	(900,277)	(273,583)	-	(1,173,860)	-
Net carrying amount	**12,482,580**	**54,717**	**28,000**	**12,565,297**	**-**

Other intangibles, being the Victory Song, was acquired during the prior year, no amortisation was required. Amortisation expense of $54,717 for 10 months has been recorded for the merchandise licence rights which is now fully amortised (2015: $65,660 for 12 months' amortisation).

(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 and has been renewed until 2018. 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.

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

(b) Description of Group's intangible assets (continued)

During 2016, negotiations were undertaken 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 and in accordance with this document, additional funds of $1,750,000 were paid to each club. In 2017, $1,250,000 is due to be paid to each club, in equal monthly instalments over 10 months. A Further Deed of Agreement was entered into with the NRL in December 2016 which supplements aspects of the MOU and Club Agreement. The Deed states 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. At reporting date, deemed interest of $564,889 has been recognised as unearned grant income in respect of the loan. 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.

On 1 November 2011, the Group acquired the rights to sell Broncos merchandise on home game days at the game venue. The consideration paid and payable to the third party above the value of inventory acquired and other services provided has been booked as an intangible. Associated with this acquisition was an amount of $287,500 of deferred consideration which was paid during the year ended 31 December 2012. The intangible is deemed to be of fixed life equivalent to the vendor's licence renewal period of five years and accordingly has been fully amortised over that time.

During 2015, $28,000 in costs was incurred to write, produce, record and acquire the licence for the use of the new Broncos Victory song entitled "We're the Broncos". Those costs comprising the Licence fee and the Producer fee have been capitalised as an intangible asset with indefinite useful life as the use of the song is in perpetuity.

Intangible assets are subject to annual impairment testing.

(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% (2015: 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 2016, the present value of the cash flow projections supported the carrying value of the cash generating unit and there is therefore no impairment.

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
17. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES				
Trade payables	1,686,672	1,363,398	549,028	392,248
Related party payables - amounts payable to other entities	58,333	-	-	-
Other payables	1,699,499	1,586,149	287,719	316,477
	3,444,504	**2,949,547**	**836,747**	**708,725**

For terms and conditions related to related party payables refer to note 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.

(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		Parent	
	2016 $	2015 $	2016 $	2015 $
18. CURRENT LIABILITIES - PROVISIONS				
Fringe benefits tax	73,412	148,259	9,446	14,364
Annual leave	468,360	436,045	150,546	163,936
Long service leave	383,696	307,860	79,428	65,704
	925,468	**892,164**	**239,420**	**244,004**

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
19. NON-CURRENT LIABILITIES - TRADE AND OTHER PAYABLES				
Related party payables - amounts payable to controlled entities	-	-	7,595,522	5,743,029
Related party payables - amounts payable to other entities	1,126,778	-	-	-
	1,126,778	**-**	**7,595,522**	**5,743,029**

For terms and conditions related to related party payables refer to note 24.

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
20. NON-CURRENT LIABILITIES – PROVISIONS				
Long service leave	247,743	196,593	133,556	81,264
	247,743	**196,593**	**133,556**	**81,264**

Long Service Leave

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

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
21. CONTRIBUTED EQUITY				
Ordinary shares - issued and fully paid	28,991,500	28,991,500	28,991,500	28,991,500
Number of ordinary shares on issue	98,040,631	98,040,631	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		Parent	
	2016 $	2015 $	2016 $	2015 $
22. ACCUMULATED PROFITS/(LOSSES)				
Balance 1 January	384,772	(1,686,949)	(15,449,617)	(17,533,869)
Net profit	2,803,861	2,561,924	2,814,751	2,574,455
Dividends	(735,306)	(490,203)	(735,306)	(490,203)
Balance 31 December	**2,453,327**	**384,772**	**(13,370,172)**	**(15,449,617)**

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
23. CASH FLOW STATEMENT RECONCILIATION				
Reconciliation of net profit after tax to net cash flows from operations				
Net profit	2,803,861	2,561,924	2,814,751	2,574,455
Adjustments for:				
Depreciation and amortisation	347,818	373,630	-	-
Sundry provision reversal	7,708	12,284	-	-
Movement in employee benefit provisions	159,301	208,335	52,626	90,182
Amounts recovered from subsidiaries under tax funding agreement	-	-	(1,889,428)	(1,796,984)
Dividends classified as investment cash flow	-	-	(4,166,592)	(3,969,484)
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	840,490	(842,381)	832,837	(38,005)
(Increase)/decrease in inventories	(10,473)	13,677	-	-
(Increase)/decrease in deferred tax asset	(18,987)	(64,072)	(16,753)	(72,151)
(Decrease)/increase in current tax liability	97,431	979,677	97,431	979,677
(Decrease)/increase in creditors and accruals	(427,466)	2,082,721	(20,060)	589,747
(Decrease)/increase in unearned revenue	(903,478)	477,609	-	-
(Decrease)/increase in provisions	(74,847)	47,401	(4,918)	4,480
Net cash from/(used in) operating activities	**2,821,358**	**5,850,805**	**(2,300,104)**	**(1,638,083)**

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	
			2016	2015
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

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 Class Order 98/1418.

(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 25.

(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 note 19).

		Sales to related parties $	Grants and other income from related parties $	Purchases from related parties $	Loans from related parties $
CONSOLIDATED					
Major shareholder					
News Corporation	2016	109,057	-	179,863	-
	2015	276,833	-	231,410	-
Other					
National Rugby League Limited	2016	767,668	8,520,333	219,924	1,185,111
	2015	1,086,072	8,725,333	421,342	-

Inter-group loans and advances

During the financial year, loans were advanced and repayments received on inter-company accounts between Brisbane Broncos Limited and its subsidiaries. The contractual maturity amount is the same as the carrying amount as it is non-interest bearing. These are shown as non-current liabilities as the subsidiaries have agreed not to call on these loans within twelve months.

Majority shareholder

News Corporation, via its subsidiary Nationwide News Pty Ltd, owned 68.87% of the Group as at 31 December 2016 (2015: 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 $179,863 (2015: $231,410).

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, fines, travel and other miscellaneous game day related items.

24. RELATED PARTY DISCLOSURE (CONTINUED)

(a) Subsidiaries (continued)

Other (continued)

During 2016, negotiations were undertaken 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 and in accordance with this document, additional funds of $1,750,000 were paid to each club. In 2017, $1,250,000 is due to be paid to each club, in equal monthly instalments over 10 months. A Further Deed of Agreement was entered into with the NRL in December 2016 which supplements aspects of the MOU and Club Agreement. The Deed states 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. At reporting date, deemed interest of $564,889 has been recognised as unearned grant income in respect of the loan. 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.

25. KEY MANAGEMENT PERSONNEL

(a) Compensation of Key Management Personnel

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
Short-term employee benefits	1,576,000	1,512,000	951,000	986,200
Post-employment benefits	158,470	142,376	102,422	98,978
Other long-term benefits	54,315	37,011	48,587	32,523
	1,788,785	**1,691,387**	**1,102,009**	**1,117,701**

(b) Shareholdings of Key Management Personnel (Consolidated)

	Consolidated	
	2016	2015
Shares held in Brisbane Broncos Limited (number)	60,000	60,000
Balance as at 31 December	**60,000**	**60,000**

(c) Other transactions and balances with Key Management Personnel

Mr Watt and Mr Harvie are 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 is 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 (2015:$80,000) were made to Mr Lockyer in consideration for his services provided during the financial year.

26. COMMITMENTS AND CONTINGENCIES

(a) Commitments

(i) Leasing Commitments

Operating lease commitments – Group as lessee

The Group has entered into commercial leases of property. No motor vehicles leases are held in the current or prior year.

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.

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 that are to be executed in due course. These documents include 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 covers the entire site and enables the construction of the facility. On completion of the development and achievement of pre-requisites such as insurance and maintenance agreements, the Final Lease for the TACF site is to be granted by the State. The Final Lease will be for a 40-year term.

The property leases for the current administration and merchandise facilities are renewed on an annual basis.

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		Parent	
	2016 $	2015 $	2016 $	2015 $
Within one year	113,719	118,852	-	-
After one year but not more than five years	-	29,167	-	-
Total minimum lease payments	**113,719**	**148,019**	**-**	**-**

26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(a) Commitments (continued)

(ii) Football Related Commitments

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

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
Within one year	10,348,038	10,770,249	-	-
After one year but not more than five years	6,900,275	9,417,068	-	-
	17,248,313	**20,187,317**	**-**	**-**

(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		Parent	
	2016 $	2015 $	2016 $	2015 $
Within one year	786,500	741,250	786,500	567,500
After one year but not more than five years	1,518,250	29,263	1,518,250	-
	2,304,750	**770,513**	**2,304,750**	**567,500**

Mr Paul White was appointed as Chief Executive Officer on 1 January 2011. Amounts disclosed as 2016 and 2015 remuneration commitments include commitments arising from Mr White's employment agreements, the original which expired on 31 December 2013, 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) Merchandise Order Commitments

Commitments for the purchase of merchandise at the reporting date but not recognised as liabilities are:

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
Within one year	741,471	404,579	-	-
	741,471	**404,579**	**-**	**-**

Forward orders are placed in respect of stock deliveries required for the 2017 season.

26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(a) Commitments (continued)

(v) Capital Expenditure Commitments

Commitments for the TACF at the reporting date but not recognised as liabilities are:

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
Within one year	17,084,557	715,056	17,084,557	715,056
	17,084,557	**715,056**	**17,084,557**	**715,056**

(b) Contingencies

No contingencies exist as at the reporting date.

27. AUDITORS' REMUNERATION

The auditor of Brisbane Broncos Limited is Ernst & Young.

	Consolidated		Parent	
	2016 $	2015 $	2016 $	2015 $
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	105,800	98,300	96,600	89,400
› other services in relation to the entity and any other entity in the consolidated group				
› other	3,100	25,400	-	25,400
	108,900	**123,700**	**96,600**	**114,800**

28. EVENTS AFTER BALANCE DATE

In January 2017, Ministerial approval was received for up to $2 million funding towards the Training, Administration and Community Facility, delivering on a 2016 election commitment. The funding is subject to the terms and conditions to be outlined in a Deed of Agreement, which is currently being negotiated.

On 23 February 2017, the Board of Directors declared a final dividend on ordinary shares in respect of the 2016 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 2016 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 2016 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 2016.

On behalf of the Board

Dennis Watt
Chairman
Brisbane
23 February 2017

Building a better working world

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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), including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion:

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

(i) giving a true and fair view of the Group's consolidated financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and

(ii) 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 *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional* Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have 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.

EY
Building a better working world

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 statements. 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	How our audit addressed the key audit matter
The non-current asset impairment assessment is 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. An annual impairment test for the sporting franchise asset is required under Australian Accounting Standard (AASB) 136 *Impairment of Assets*. Note 16(a) to the financial statements discloses the individual intangible assets, and Note 16(c) discloses the assumptions used by the Group in testing these assets.	As part of our procedures we assessed the Group's determination of the Cash Generating Unit (CGU). The Group has determined there is one CGU. In obtaining sufficient audit evidence: • We checked the mathematical accuracy of the cash flow forecasts and impairment model • We considered the accuracy of the Group's historical 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 rate and discount rate. We assessed the adequacy of the impairment disclosure in Note 16 to the financial statements.

2. Recognition of Revenue

Why significant	How our audit addressed the key audit matter
The recognition of revenue and associated unearned revenue liabilities is considered a key audit matter due to the differing nature and timing of revenue generated by the Group. The process of revenue recognition and unearned revenue involves judgment and is complex. As such we have considered revenue recognition and associated unearned revenue significant to our audit.	For all significant customer contracts we tested the Group's determination and allocation of contract elements. In addition, for individual revenue streams we then tested as follows: *Sponsorship, community and game day related revenue*

EY
Building a better working world

Why significant	How our audit addressed the key audit matter
Note 2(r) to the financial statements details the revenue streams of the Group and associated accounting policies. Revenue amounts are disclosed in the Consolidated Statement of Comprehensive Income, and associated unearned revenue liabilities are disclosed in the Consolidated Statement of Financial Position. We performed procedures on the significant revenue streams as noted below and as disclosed in Note 2(r) to the financial statements: • Sponsorship revenue; • Community revenue; • Game day related revenue; and • National Rugby League Grant revenue.	For a sample of significant sponsorship and game day related revenue contracts we evaluated individual contracts of service and agreed revenue amounts to the financial statements and other records such as bank statements. As part of these procedures we assessed the values recorded and the timing of recognition over the service period. We tested sponsorship, community and ticketing receipts received but not earned to test unearned revenue balances at period end. *National Rugby League Grant revenue* In obtaining sufficient audit evidence over the National Rugby League Grant revenue, we performed the following procedures: • Agreed the total approved Grant revenue to correspondence received from the National Rugby League • Agreed revenue amounts to tax invoice and other records such as bank statements • Assessed the financial statement disclosures as it related to the National Rugby League Grant revenue. We tested the allocation of earned revenue and unearned revenue liability accounts. Specifically, this related to where cash was receipted in advance from the National Rugby League or where communication, as it relates to the satisfaction of performance criteria, had not yet been received. We considered the adequacy of the Group's revenue recognition accounting policies and assessed compliance with the policies in terms of applicable Australian Accounting Standards.

3. National Rugby League Salary Cap

Why significant	How our audit addressed the key audit matter
The National Rugby League (NRL) governing body imposes a salary cap on player payments which applies to all clubs in the NRL competition. The NRL performs an annual salary cap audit of every NRL club. The NRL salary cap is considered a key audit matter due to the impact that non-compliance could have on operating expenses through incurring fines, license retention and a resultant impact on the value of intangible assets and the ability of the Group to continue as a going concern. Player payments and third party arrangements are significant obligations and expenses.	We performed the following audit procedures: • Assessed monthly board reporting where the NRL salary cap position is reported • The Group has a designated Salary Cap Manager who, in conjunction with the Football Operations department, is responsible for the oversight and management of the Brisbane Broncos salary cap. We enquired with the Salary Cap Manager about controls in place, compliance monitoring and any exceptions noted

EY
Building a better working world

Why significant	How our audit addressed the key audit matter
Future commitments for the payment of player contracts are disclosed in the Football Related Commitments, Note 26(ii) to the financial statements. Our responsibility as auditor does not extend to the Group's compliance with the Salary Cap. We do however consider this matter in terms of assessment of laws and regulations.	• We selected a sample of player payroll payments processed through the Group's payroll system throughout the period and agreed payroll payments to signed player contracts • Assessed correspondence from the NRL salary cap auditor • Enquired with the NRL Salary Cap Auditor to understand the audit process undertaken and any findings noted • Enquired with senior management and the Board to understand any whistle-blower or findings detected • Received written representations from the Group as it relates to Salary Cap compliance • Reconciled total payments paid through the player payroll expense account to the salary cap limit

Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

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

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

Directors' Responsibilities 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 related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

EY
Building a better working world

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 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 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 entity'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 in the preparation of the financial report.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

EY
Building a better working world

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 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 2016.

In our opinion, the Remuneration Report of Brisbane Broncos Limited for the year ended 31 December 2016, 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

Ernst & Young

Brad Tozer
Engagement Partner

Brisbane
23 February 2017

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 7 February 2017.

(a) Distribution of equity securities

98,040,631 fully paid ordinary shares are held by 735 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 – 1000	61	-
1001 – 5000	425	-
5001 – 10000	122	-
10001 – 100000	112	-
100001 – OVER	15	-
	735	**-**
Holding less than a marketable parcel	**64**	**-**

(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%
Bartlett Management Pty Ltd	388,580	0.40%
Mr Sean Ryan and Mrs Julia Anne Ryan	388,464	0.40%
Mrs Kellyanne Dyer	319,990	0.33%
Meingrove Pty Ltd	318,600	0.32%
W F M Motors Pty Ltd	300,000	0.31%
Moonton Pty Ltd	288,550	0.29%
Mr Stewart Douglas Upton	182,000	0.19%
Angueline Capital Pty Limited	150,000	0.15%
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%
Bushfly Air Charter Pty Ltd	100,000	0.10%
George Enever Pty Ltd	100,000	0.10%
Mr Jonathan James Hunter and Mrs Rebecca Mei Liang Hunter	88,130	0.09%
Mr John James Nuell	86,000	0.09%
Mr Patrick Mark Trevor	83,333	0.08%
	93,038,190	**94.90%**

NOTICE OF ANNUAL GENERAL MEETING

Registered Office: Level 1, Broncos Leagues Club, 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 Broncos Leagues Club, 92 Fulcher Road, Red Hill QLD 4059 on Tuesday 16 May 2017 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 2016.

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 2016."

(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 Kevin Lawlor

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

"That Mr Kevin Lawlor, having consented to act as a director of the Company, and having been appointed by the directors on 10 May 2016 in accordance with Clause 71 of the Company's Constitution, be and is hereby elected as a director of Brisbane Broncos Limited."

Item 4 Re-election of Director – Mr Darren Lockyer

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

"That Mr Darren Lockyer, 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 14 May 2017. 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

L. Lanigan

Ms Louise Lanigan
Company Secretary
4 April 2017

EXPLANATORY NOTES

Registered Office: Level 1, Broncos Leagues Club, 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 Broncos Leagues Club, 92 Fulcher Road, Red Hill QLD 4059 on Tuesday 16 May 2017 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 2016 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 2016 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 2016 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 Kevin Lawlor

The directors of the Company appointed Mr Kevin Lawlor as director on 10 May 2016 pursuant to Clause 71 of the Company's Constitution. Mr Lawlor, 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 Lawlor, because of his interest, makes no recommendation in relation to this resolution.

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

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

Item 3 - Re-election of Director – Mr Darren Lockyer

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

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

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

PROXY FORM – BRISBANE BRONCOS LIMITED 2017 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 Broncos Leagues Club, 92 Fulcher Road, Red Hill, Brisbane on Tuesday 16 May 2017 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 Kevin Lawlor			
Item 4	Re-election Director – Mr Darren Lockyer			

*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	Shareholder 2	Shareholder 3
Individual/Sole Director and Sole Company Secretary	Director	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 Brisbane Broncos Limited, Level 1, Broncos Leagues Club, 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 14 May 2017. Accordingly, shares transferred after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

PROXY FORM – BRISBANE BRONCOS LIMITED 2017 ANNUAL GENERAL MEETING

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 from 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 attached 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 14 May 2017. Any Proxy Form received after that time will not be valid for the scheduled meeting. Proxy forms can be delivered or mailed to Brisbane Broncos Limited, Level 1, Broncos Leagues Club, Fulcher Road, Red Hill, Queensland, 4059, or faxed to (07) 3858 9112.

BRONCOS BRISBANE

BRISBANE BRONCOS Level 1, 92 Fulcher Rd, Red Hill QLD 4059 | T: 07 3858 9111 F: 07 3858 9112

ABN 41 009 570 030 | www.broncos.com.au