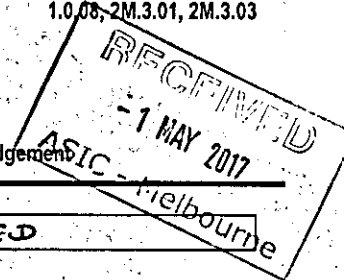




Form 388
Corporations Act 2001
294, 294B, 295, 298-301, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08, 2M.3.01, 2M.3.03

Copy of financial statements and reports

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement.



Company/scheme details

Company/scheme name

STADIUM OPERATIONS LIMITED

ACN/ARSN/PIN/ABN

20 079 701 447

Lodgement details

An image of this form will be available as part of the public register.

Who should ASIC contact if there is a query about this form?

ASIC registered agent number (if applicable)

25585

Firm/organisation

STADIUM OPERATIONS LIMITED

Contact name/position description

STEVE HANCOCK / CFO

Telephone number (during business hours)*

(03) 8625 7007

Email address (optional)

Postal address

740 BOURKE STREET

Suburb/City

DOCKLANDS

State/Territory

VIC

Postcode

3008

1 Reason for lodgement of statement and reports

Tick appropriate box.

See Guide for definition of Tier 2 public company limited by guarantee

See Guide for definition of large proprietary company

See Guide for definition of small proprietary company

Dates on which financial year begins and ends

- A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
- A Tier 2 public company limited by guarantee (L)
- A registered scheme (B)
- Amendment of financial statements or directors' report (company) (C)
- Amendment of financial statements or directors' report (registered scheme) (D)
- A large proprietary company that is not a disclosing entity (H)
- A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
- A small proprietary company, or a small company limited by guarantee that is requested by ASIC to prepare and lodge statements and reports (J)
- A prescribed interest undertaking that is a disclosing entity (K)

Financial year begins

01/01/16

to

Financial year ends

31/12/16

2 Details of large proprietary company

See Guide for definition of large and small proprietary companies.

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

A What is the consolidated revenue of the large proprietary company and the entities that it controls?

B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

C How many employees are employed by the large proprietary company and the entities that it controls?

D How many members does the large proprietary company have?

3 Auditor's or reviewer's report

Tick one box and complete relevant section(s)

Were the financial statements audited or reviewed?

Audited - complete B only

Reviewed - complete A and B

No

If no, is there a class or other order exemption current for audit/review relief?

Yes

No

A. Reviewed

Is the reviewer a registered company auditor, or member of The Institute of Chartered Accountants in Australia, CPA Australia Limited, or Institute of Public Accountants and holds a practising certificate issued by one of those bodies?

Yes

No

B. Audited or Reviewed

Is the opinion/conclusion in the report:

Modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

Yes

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

Yes

No

4 Details of current auditor or auditors

Notes:

- Registered schemes must advise ASIC of the appointment of an auditor on a Form 5137 *Appointment of scheme auditor* within 14 days of the appointment of the auditor.
- A public company limited by guarantee may, in some circumstances, have their accounts reviewed. These companies are still required to have an auditor and these details must be provided.

Auditor registration number (for individual auditor or authorised audit company)

R2f6 2638

Family name

Given name

or

Company name

KPMG

ACN/ABN

or

Firm name (if applicable)

KPMG

Office, unit, level

TOWER TWO COLLINS SQUARE

Street number and Street name

727 COLLINS STREET

Suburb/City

MELBOURNE

State/Territory

VIC

Postcode

3008

Country (if not Australia)

Date of appointment

/ /

[D] [D] [M] [M] [Y] [Y]

A company may have two appointed auditors, provided that both auditors were appointed on the same date. Otherwise, an appointed auditor must resign, be removed or otherwise ceased before a subsequent appointment may be made.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)

Office, unit, level

Street number and Street name

Suburb/City

State/Territory

Postcode

Country (if not Australia)

5 Statements and reports to be attached to this form

Financial statements for the year (as required by s295(2) and accounting standards)

- Statement of comprehensive income, may also include a separate income statement for the year
- Statement of financial position as at the end of the year
- Statement of cash flows for the year
- Statement of changes in equity.

OR

If required by accounting standards — the consolidated statements of comprehensive income/income statement, financial position, cash flows and changes in equity.

Notes to financial statements (see s295(3))

- Disclosures required by the regulations
- Notes required by the accounting standards
- Any other information necessary to give a true and fair view (see s297).

The signed directors' declaration about the statements and notes (see s295(4)).

The signed directors' report for the year, including the copy of the auditor's or reviewer's independence declaration (see s298 to s300A).

Signed auditor's report or, where applicable, reviewer's report (see s301, s307 to s308).

Concise report (if any) (see s319).

Signature

See Guide for details of signatory.

I certify that the attached documents marked () are a true copy of the original reports required to be lodged under s319 of the *Corporations Act 2001*.

Name

TIMOTHY BROWNE

Signature

TMBee

Capacity

- Director
 Company secretary

Date signed

28/04/17
[D] [D] [M] [M] [Y] [Y]

Lodgement

Send completed and signed forms to:
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

Or lodge the form electronically by:

- visiting the ASIC website www.asic.gov.au
- using Standard Business Reporting enabled software. See www.sbr.gov.au for more details.

For more information

Web www.asic.gov.au
Need help? www.asic.gov.au/question
Telephone 1300 300 630

Stadium Operations Limited
ABN: 20 079 701 447

Special Purpose
Annual Financial Report
31 December 2016

Stadium Operations Limited

Directors' Report

31 December 2016

Scope

The directors present their report, together with the financial report of the Group, being the Company and its controlled entities, for the year ended 31 December 2016 and the auditor's report thereon.

The financial report was authorised for issue by the directors on 28th April 2017.

Directors

The directors and alternate directors, at any time up to the financial period ended 31 December 2016 are:

Directors:

D.J. Phillips	Appointed 30 April 2008 Resigned 2 November 2016
W.M Brown	Appointed 17 December 2010 Resigned 2 November 2016
J.L. Hannam	Appointed 27 September 2013 Resigned 2 November 2016
J.F. Wilson	Appointed 30 September 2014 Resigned 2 November 2016
A.J.Hallam	Appointed 22 May 2015 Resigned 2 November 2016
A.S. T Wu	Appointed 18 December 2015 Resigned 2 November 2016
R.M. Gunston	Appointed 2 November 2016
A.J. Dillon	Appointed 2 November 2016
D.K. Birch	Appointed 2 November 2016
S. Fair	Appointed 8 December 2016

Alternate directors:

N.J. Ward	Appointed 18 December 2015 Resigned 2 November 2016
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Company secretary

C Charleson was appointed to the position of company secretary on the 23 May 2014, and resigned on the 26 February 2016.

T Browne was appointed to the position of company secretary on the 15 July 2015 and he resigned on 2 November 2016.

From 15 July 2015 to 26 February 2016, there were two company secretaries.

R Gunston was appointed to the position of company secretary on the 2 November 2016, and resigned on the 21 February 2017.

T Browne was re-appointed to the position of company secretary on the 14 March 2017.

Stadium Operations Limited

Directors' Report (continued)

31 December 2016

Company particulars

The registered office of the Company is Etihad Stadium 740 Bourke Street, Docklands, VIC 3008. The parent entity is domiciled in Australia and is limited by shares.

Principal activities

The principal activity of the Group during the course of the financial year was the operations and management of Etihad Stadium.

There were no significant changes in the nature of the activity of the Company during the period.

Review and result of operations

During the financial year ended 31 December 2016, Stadium Operations Limited ("the Group") managed and operated Etihad Stadium. The major hirer is the AFL, which has a user agreement through to 2025 for a minimum of 46 AFL Home and Away games plus 5 pre-season games for the years 2010 to 2014, reverting to a contract minimum of 40, with best endeavours for 42, Home and Away games plus an additional commitment to schedule 20 Home and Away games for the period 2010 to 2025 plus 5 pre-season games thereafter. During the year ended 31 December 2016 there were 46 2016 AFL Home and Away games and 5 pre-season games.

The venue also hosted a number of other major events, including:

- VFL Grand Final, the Under 18 Championship Final, and the EJ Whitten Legends match
- 5 A-League matches
- 3 Cricket Big Bash matches
- 7 concerts including five Royal Edinburgh Military Tattoo and two Coldplay concerts,
- 1 RMIT graduation ceremony, a two day Australian FIM Speedway Grand Prix and two Socceroos matches.

The Group recorded a loss for the financial year ended 31 December 2016 after income tax of \$51,067,236 (31 December 2015: loss of \$18,433,755), this increase is primarily driven by the write-off of prepaid lease amounts paid to the previous leaseholders.

Dividends

No amount has been paid, or is proposed to be paid by way of dividends for the year ended 31 December 2016 (2015: nil).

State of affairs

On 2nd November 2016, the Australian Football League completed the purchase of Stadium Operations Limited and its subsidiaries.

Other than the above, in the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial period under review.

Stadium Operations Limited

Directors' Report (continued)

31 December 2016

Environmental regulation

The Group operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

Likely developments

It is not envisaged that the activities of the Group will significantly change in the next financial period.

Indemnification and insurance of officers


Melbourne Stadiums Limited, a 100% owned subsidiary of the Group, has paid insurance premiums in respect of a directors' and officers' liability insurance contract insuring against certain liabilities (subject to exclusions) for all current and former officers of the Company, including all directors named in this report, the Company secretaries and all persons concerned in, or taking part in the management of the Company and former directors and officers who have retired or relinquished their positions.

The insurance policy prohibits disclosure of the premiums paid in respect of those policies and the nature of the liabilities insured by the policies.

Lead auditor's independence declaration

A copy of the Lead Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included in page 4 and forms part of the Directors report for the year ended 31 December 2016.

Signed in accordance with a resolution of the directors.



Raymond Mark Gunston
Director

Dated at Melbourne this 28th Day of April 2017



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Stadium Operations Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2016 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

M. Bisetto

Maurice Bisetto
Partner

Melbourne

28 April 2017



Independent Auditor's Report

To the members of Stadium Operations Limited

Opinion

We have audited the **Financial Report** of Stadium Operations Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group** and Company's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* to the extent described in Notes 1 to 3 and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statements of financial position as at 31 December 2016
- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company and Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Notes 1 to 3 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of Stadium Operations Limited and should not be used by parties other than the members of Stadium Operations Limited. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any



person other than the members of Stadium Operations Limited or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Stadium Operations Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view and have determined that the basis of preparation described in Notes 1 to 3 to the Financial Report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company and Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company and Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar7.pdf



This description forms part of our Auditor's Report.

KPMG

KPMG

M. Bisetto

Maurice Bisetto

Partner

Melbourne

28 April 2017

Stadium Operations Limited

Statements of comprehensive income

For the year ended 31 December 2016

	Note	Consolidated		Company	
		2016 \$	2015 \$	2016 \$	2015 \$
Revenue	5	76,945,925	79,030,977	-	-
Employee expenses		13,126,602	12,814,920	-	-
Sales and marketing costs		1,515,595	741,254	-	-
Event expenses		7,219,561	7,320,108	-	-
Insurance costs		722,967	746,738	-	-
Occupancy costs	6	52,935,312	25,603,264	-	-
Other expenses	6	18,415,681	16,742,095	8,348,295	142,705
Amortisation of licences, naming and other rights		7,572,949	7,713,929	-	-
Depreciation		1,125,564	1,220,844	-	-
Total expenses		102,634,231	72,903,152	8,348,295	142,705
Results from operating activities		(25,688,306)	6,127,825	(8,348,295)	(142,705)
Interest income		130,453	142,664	21,757,402	20,791,558
Interest expense		(25,509,383)	(24,704,244)	(25,509,383)	(24,704,244)
Loss from operations before income tax		(51,067,236)	(18,433,755)	(12,100,276)	(4,055,391)
Income tax benefit / (expense)		-	-	1,028	(1,655)
Loss from operations after tax		(51,067,236)	(18,433,755)	(12,099,248)	(4,057,046)
Other comprehensive income / (loss) for the period		-	-	-	-
Total comprehensive loss for the period		(51,067,236)	(18,433,755)	(12,099,248)	(4,057,046)

Occupancy costs increased in 2016 primarily due to the write-off of prepaid lease amounts paid to the previous leaseholders.

The statements of comprehensive income should be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 24.

Stadium Operations Limited

Statements of changes in equity

Year ended 31 December 2016

Consolidated	Share Capital	Retained Losses	Total Equity
	\$	\$	\$
Balance at 1 January 2015	25,807,733	(155,529,454)	(129,721,721)
Total comprehensive income for the period			
Profit or loss	-	(18,433,755)	(18,433,755)
Other comprehensive income	-	-	-
Balance at 31 December 2015	25,807,733	(173,963,209)	(148,155,476)
Balance at 1 January 2016	25,807,733	(173,963,209)	(148,155,476)
Total comprehensive income for the period			
Profit or loss	-	(51,067,236)	(51,067,236)
Other comprehensive income	-	-	-
Balance at 31 December 2016	25,807,733	(225,030,445)	(199,222,712)
Company	Share Capital	Retained Losses	Total Equity
	\$	\$	\$
Balance at 1 January 2015	25,807,733	(19,797,849)	6,009,884
Total comprehensive income for the period			
Profit or loss	-	(4,057,046)	(4,057,046)
Other comprehensive income	-	-	-
Balance at 31 December 2015	25,807,733	(23,854,895)	1,952,838
Balance at 1 January 2016	25,807,733	(23,854,895)	1,952,838
Total comprehensive income for the period			
Profit or loss	-	(12,099,248)	(12,099,248)
Other comprehensive income	-	-	-
Balance at 31 December 2016	25,807,733	(35,954,143)	(10,146,410)

The statements of changes in equity should be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 24.

Stadium Operations Limited

Statements of financial position

As at 31 December 2016

	Note	Consolidated		Company	
		2016 \$	2015 \$	2016 \$	2015 \$
CURRENT ASSETS					
Cash and cash equivalents	19(ii)	6,457,788	6,295,739	53,150	64,484
Trade and other receivables	9	9,963,474	14,701,358	1,893,530	1,851,099
Other assets	11	3,357,697	7,367,798	-	-
TOTAL CURRENT ASSETS		19,778,959	28,364,895	1,946,680	1,915,583
NON-CURRENT ASSETS					
Interest bearing receivables	9	-	-	223,827,063	209,525,500
Property plant and equipment	7	14,143,452	11,733,867	-	-
Intangible assets	8	48,115,528	55,688,479	-	-
Investment in related parties	10	-	-	200,000,000	208,197,036
Deferred tax assets		-	-	17,085	16,055
Other assets	11	1,048,119	21,616,767	-	-
TOTAL NON-CURRENT ASSETS		63,307,099	89,039,113	423,844,148	417,738,591
TOTAL ASSETS		83,086,058	117,404,008	425,790,828	419,654,174
CURRENT LIABILITIES					
Trade and other payables	13	16,225,423	16,606,405	1,999,130	2,229,895
Provisions	16	1,409,877	1,236,565	-	-
Deferred income	17	10,790,556	10,792,162	-	-
TOTAL CURRENT LIABILITIES		28,425,856	28,635,132	1,999,130	2,229,895
NON-CURRENT LIABILITIES					
Related party payable	13	-	-	1,921,713	1,932,548
Deferred income	17	7,000,720	8,522,539	-	-
Interest bearing liabilities	14	206,730,861	228,253,359	206,730,861	228,253,359
Non interest bearing liabilities	15	40,000,000	-	225,285,534	185,285,534
Provisions	16	151,334	148,454	-	-
TOTAL NON-CURRENT LIABILITIES		253,882,915	236,924,352	433,938,108	415,471,441
TOTAL LIABILITIES		282,308,771	265,559,484	435,937,238	417,701,336
NET ASSETS		(199,222,714)	(148,155,476)	(10,146,410)	1,952,838
EQUITY					
Contributed equity		25,807,733	25,807,733	25,807,733	25,807,733
Retained losses		(225,030,447)	(173,963,209)	(35,954,143)	(23,854,895)
TOTAL EQUITY		(199,222,714)	(148,155,476)	(10,146,410)	1,952,838

The statements of financial position should be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 24.

Stadium Operations Limited

Statements of cash flows

Year ended 31 December 2016

	Note	Consolidated		Company	
		2016 \$	2015 \$	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		89,378,402	81,889,775		
Payments to suppliers and employees		(82,057,680)	(65,442,772)	(112,489)	(177,346)
Interest received		115,380	139,981	7,351,155	12,401,365
Interest paid		(7,250,000)	(12,200,000)	(7,250,000)	(12,200,000)
NET CASH FLOWS FROM OPERATING ACTIVITIES	19(i)	186,102	4,386,984	(11,334)	24,019
Proceeds from sale of plant and equipment		-	3,508,923	-	-
Payments for property, plant and equipment		(24,053)	(4,474,427)	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(24,051)	(965,504)	-	-
Repayments of loan from related Party		-	-	-	-
Repayments of interest bearing Liability		-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		-	-	-	-
NET INCREASE / (DECREASE) IN CASH		162,049	3,421,480	(11,334)	24,019
Cash at beginning of period		6,295,739	2,874,259	64,484	40,465
CASH AT END OF PERIOD	19(ii)	6,457,788	6,295,739	53,150	64,484

The statements of cash flows should be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 24.

Stadium Operations Limited

Notes to the Financial Statements

1. REPORTING ENTITY

Stadium Operations Limited (the 'Company') is a Company domiciled in Australia. The address of the Company's register office is Etihad Stadium 740 Bourke Street, Docklands, VIC 3008. The ultimate parent of the company is Australian Football League (AFL). The Company is a for-profit entity and operates and manages the rights of Etihad Stadium.

The financial report was authorised for issue by the Directors on 28th April 2017.

In the opinion of the directors, the Company is not a reporting entity. The financial report of the Company has been drawn up as a special purpose financial report for distribution to the members and for the purpose of fulfilling the requirements of the *Corporations Act 2001*.

2. BASIS OF PREPARATION

(a) *Statement of compliance and basis of preparation*

The special purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The financial report does not include the disclosure requirements of all AASBs, except for the following minimum requirements:

- AASB 101: Presentation of financial statements
- AASB 107: Statement of cash flows
- AASB 108: Accounting policies, changes in Accounting Estimates and Errors
- AASB 1048: Interpretation and application of standards
- AASB 1054: Australian additional disclosures
- AASB 1057: Application of Australian Accounting Standards

The financial report has been prepared on the accrual basis of accounting using the historical cost convention and going concern assumption. The accounting policies have been consistently applied.

The financial statements have been prepared on a going concern basis. The directors consider this basis to be appropriate having regard to all aspects of the Group's business including the estimated fair values of the Group's assets and forecast future net cash flows.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Stadium Operations Limited

Notes to the Financial Statements

2. BASIS OF PREPARATION (continued)

(a) *Statement of compliance and basis of preparation (continued)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) *Going concern*

As at 31 December 2016, the Group is in a net asset deficiency position of \$199,222,714 and a net current asset deficiency of \$8,646,897. This is primarily due to non current interest bearing liabilities of \$246,730,861 owed to a related entity. Based on forecast cash flows, and financial support provided by the AFL the directors have formed the opinion that the Group will be able to pay their debts as and when they fall due for a period of at least twelve months, having regard to all aspects of the Group's business including the estimated fair values of the Group's assets and forecast future net cash flows. On this basis, the directors have formed the opinion that the Group's financial statements should be prepared on the going concern basis.

(c) *Functional and presentation currency*

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(a) *Principles of Consolidation*

The consolidated financial statements comprise the financial statements of the Company, being the parent entity and its subsidiaries ("the Group").

Subsidiaries

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries are carried in the Group's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the statement of comprehensive income when they are declared by the controlled entities.

Stadium Operations Limited

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Revenue Recognition

Service Revenue

Revenues are recognised at fair value of the consideration received net of the amount of goods and service tax (GST) payable to the taxation authority.

Service revenue comprises revenue earned from the provision of services, namely income from the hire of stadium facilities. Sales revenue is recognised in the period the event takes place.

Commission revenue

Commission revenue comprises of revenue from the sale of food and beverages at Stadium events. Revenue is recognised at the time the event occurs.

Royalty income

Royalty income comprises of revenue earned based on ticket sales to certain stadium events. Revenue is recognised in the period the event takes place.

Membership income

Membership income is derived via membership fees, which entitle members access to a seat at certain stadium events. Revenue is recognised on a straight line basis over the period of membership.

Deferred income

Revenue received in advance is recognised initially as deferred income. Deferred income is recognised as revenue in the statement of comprehensive income in the period in which it accrues.

(c) Goods and services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Trade receivables and trade payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Stadium Operations Limited

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Income tax*

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company is the parent entity of the tax-consolidated group. The tax sharing agreement entered requires each Company to make contributions to the head entity for tax liabilities and deferred tax balances arising from transactions occurring after the implementation of tax consolidation excluding intercompany dividends. The contributions are calculated as a percentage of the group's current tax liability.

The assets and liabilities arising under the tax sharing agreement are recognised in related party accounts.

The implementation date for the tax-consolidated group was 15 August 2006.

(e) *Cash and cash equivalents*

Cash and short term deposits are carried at face value of the amounts deposited or drawn. The carrying value of cash and short term deposits approximate net fair value. Interest revenue is accrued at the market or contracted rates.

Event Trust cash is netted against the Event Creditor Account as this cash does not belong to the Group, it is held in Trust awaiting the completion of the Event at which point the Group provides settlement.

Stadium Operations Limited

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *Receivables*

The collectability of debts is assessed at year-end and specific allowance for impairment is made for any doubtful accounts.

Trade debtors

Trade debtors are generally settled within 60 days and are therefore carried at amounts due. The collectability of debts is assessed at end of the financial period and specific allowance for impairment is made for any doubtful accounts if required. The carrying value of trade debtors approximates net fair value.

(g) *Impairment*

The carrying amounts of assets, other than deferred tax assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of an asset exceeds its recoverable amount, the asset is written down to the lower amount. The impairment loss is recognised as an expense in the statement of comprehensive income in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where stated.

(h) *Plant and equipment*

Acquisition

Items of plant and equipment acquired are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent additional costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Stadium Operations Limited

Notes to the Financial Statements

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) *Plant and equipment (continued)*

Depreciation rate	
Plant and equipment	4 - 33%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) *Intangibles*

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less any accumulated impairment losses.

Right to manage

Right to manage consists of various rights to manage and operate "Etihad Stadium" in Melbourne. Due to the inter-relationships between various rights they are, for accounting purposes, treated as a single "Right to Manage" which is consistent with the substance of the arrangements. These rights include Medallion Club Licences and Naming Rights held by controlled entities. Upon acquisition, each year of the Medallion Club licences were attributed a value reflecting their fair value.

Inventory of licences that were acquired by the Group are stated at cost less accumulated depreciation and impairment losses.

Rights to manage are expensed as follows:

- Each Medallion Club licence is expensed over the period of the licence term.
- Naming and other rights are amortised on a straight line basis over the term of the sub-lease.

(j) *Investments in controlled entities*

Investments in subsidiaries are carried at their cost of acquisition in the Group's financial statements.

(k) *Accounts payable*

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed. Trade accounts payable are normally settled within 30 days. The carrying amount of accounts payable approximates net fair value.

Stadium Operations Limited

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) *Employee Benefits*

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration rates that the entity expects to pay as at reporting date including related on-costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services to balance date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history.

(m) *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) *Loans and borrowings*

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(o) *Leases*

Leases for which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Stadium Operations Limited

Notes to the Financial Statements

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for the following:

- AASB 9 Financial Instruments, which becomes effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted and could change the classification and measurement of financial assets.
- AASB 15 Revenue from contracts with customers replaces existing revenue recognition guidance and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.
- AASB 116 Leases, which becomes effective for annual reporting period starting 1 January 2019 and could change the classification and measurement of leases.

The Company does not plan to adopt these standards early and the extent of the impact has not been determined.

Stadium Operations Limited

Notes to the Financial Statements

	Consolidated		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
5. REVENUE				
Service revenue	49,870,894	50,546,098	-	-
Other revenue:				
Medallion Club joining fees	38,750	123,333	-	-
Medallion Club licence fee income	17,593,557	18,759,874	-	-
Commission income	6,081,190	6,317,463	-	-
Royalty income	3,361,534	3,284,209	-	-
Total revenue	76,945,925	79,030,977	-	-
6. ITEMS INCLUDED IN STATEMENT OF COMPREHENSIVE INCOME				
Expenses included in the statement of comprehensive income:				
Occupancy expenses:				
Lease payments	20,340,529	20,057,304	-	-
Other occupancy expenses	32,594,783	5,545,960	-	-
Occupancy costs Increased in 2016 primarily due to the write-down of prepaid lease amounts paid to the previous leaseholders.				
Other expenses:				
AFL membership rights	6,331,140	4,672,308	-	-
Cost of sales	2,410,658	2,293,001	-	-
Other expenses	9,673,883	9,776,786	151,264	142,705
Investment write down expense	-	-	8,197,031	-
7. PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment – at cost	27,618,993	25,366,855	-	-
Less: accumulated depreciation	(21,625,755)	(22,120,345)	-	-
	5,993,238	3,246,510	-	-
Freehold Land – at cost	727,192	727,192	-	-
Plant & equipment under construction	7,423,022	7,760,165	-	-
	14,143,452	11,733,867	-	-
Reconciliations:				
Plant and equipment - Cost				
Cost at beginning of period	25,366,855	26,417,493	-	-
Additions	4,076,101	11,486	-	-
Disposals	(1,823,963)	(1,062,124)	-	-
Cost at end of period	27,618,993	25,366,855	-	-

Stadium Operations Limited

	Consolidated		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT (continued)				
Plant and equipment – Accumulated depreciation				
Accumulated depreciation at beginning of period	(22,120,345)	(21,837,779)	-	-
Depreciation for the period	(1,125,564)	(1,220,844)	-	-
Disposals	1,620,154	938,278	-	-
Accumulated depreciation at end of period	<u>(21,625,755)</u>	<u>(22,120,345)</u>	-	-
Plant and equipment under construction				
Cost at beginning of period	7,760,165	1,663,988	-	-
Additions	5,166,209	9,719,244	-	-
Sale to related party	(5,503,352)	(3,623,067)	-	-
Cost at end of period	<u>7,423,022</u>	<u>7,760,165</u>	-	-
8. INTANGIBLES				
Goodwill:				
Opening Balance	2,848,192	2,848,192	-	-
Acquisition through business combination	-	-	-	-
Closing Balance	<u>2,848,192</u>	<u>2,848,192</u>	-	-
Licences held for sale and rights to manage Etihad Stadium:				
Opening balance	164,676,890	164,676,890	-	-
Cost of licences sold and accumulated amortisation of rights to manage	(119,409,554)	(111,836,603)	-	-
Closing Balance	<u>45,267,336</u>	<u>52,840,287</u>	-	-
Total intangible assets	<u>48,115,528</u>	<u>55,688,479</u>	-	-

The goodwill was acquired as part of a business combination in August 2006. The recoverable amounts of the cash generating unit that includes goodwill was determined using discounted cashflow projections based on financial budgets and forecasts approved by management, over their useful life using forecast growth rates. Forecast growth rates were based on past performance and management's expectations for future performance. Discount rates used were the weighted average cost of capital (after tax) for the Group, risk adjusted as applicable.

Stadium Operations Limited

Notes to the Financial Statements

	Consolidated		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
9. TRADE AND OTHER RECEIVABLES				
Current				
Trade receivables	8,849,126	11,403,319	-	61,536
Related party receivable	-	-	1,893,530	1,789,563
Other receivables	1,465,338	3,655,348	-	-
Allowance for impairment	(350,990)	(357,309)	-	-
	9,963,474	14,701,358	1,893,530	1,851,099
Non-current				
Related party receivable	-	-	223,827,063	209,525,500
Reconciliation of impairment allowance:				
Opening balance	(357,309)	(335,627)	-	-
(Additions) / reductions to allowance	(6,319)	(21,682)	-	-
Closing balance	(363,628)	(357,309)	-	-
10. INVESTMENT				
Investment in related party	-	-	200,000,000	208,197,036
11. OTHER ASSETS				
Current				
Prepayments	1,107,707	4,850,847	-	-
Deferred expenditure	2,249,990	2,516,951	-	-
	3,357,697	7,367,798	-	-
Non-Current				
Prepayments	36,984	19,770,056	-	-
Deferred expenditure	1,011,135	1,846,711	-	-
	1,048,119	21,616,767	-	-

Prepayments primarily comprise amounts prepaid in respect of the Etihad Stadium operating lease, these have been written off in the current year.

12. UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following items:

Tax losses as at 30 June 2016	57,073,282	45,360,987	-	-
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Deferred tax assets have not been recognised in respect of tax losses as it is not considered sufficiently probable the future taxable profits will be available for which they can be utilised in the short term.

Stadium Operations Limited

Notes to the Financial Statements

	Consolidated		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
13. TRADE AND OTHER PAYABLES				
Current				
Trade creditors	14,302,374	14,465,238	76,081	88,728
Related party payables	1,923,049	2,141,167	1,923,049	2,141,167
	<u>16,225,423</u>	<u>16,606,405</u>	<u>1,999,130</u>	<u>2,229,895</u>
Non-current				
Related party payable	-	-	1,921,713	1,932,548
14. INTEREST BEARING LIABILITIES				
Interest bearing loan from AFL Stadia (Docklands)	206,730,861	228,253,359	206,359,172	228,253,359
15. NON-INTEREST BEARING LIABILITIES				
Non-interest bearing loan from related party	40,000,000	-	225,285,534	185,285,534
16. EMPLOYEE BENEFITS				
Current				
Employee benefits – annual leave	327,511	370,248	-	-
Employee benefits – long service leave	1,082,366	866,317	-	-
	<u>1,409,877</u>	<u>1,236,565</u>	<u>-</u>	<u>-</u>
Non Current				
Employee benefits – long service leave	151,334	148,454	-	-
17. DEFERRED INCOME				
Current				
Deferred income	10,790,556	10,792,162	-	-
Non Current				
Deferred income	7,000,720	8,522,539	-	-

Stadium Operations Limited

Notes to the Financial Statements

	Consolidated		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
17. DEFERRED INCOME (cont)				
<i>Reconciliation of carrying value of Capital Grant from SPT</i>				
Capital grant from SPT	-	5,034,464	-	-
Accumulated amortisation	-	(4,651,357)	-	-
Grant refund to SPT	-	(383,107)	-	-
	-	-	-	-

Deferred income balances predominately comprise Medallion Club and Corporate Suite upfront licence fees, tenancy rental from Delaware North Companies Australia, naming rights payments and Ticketmaster royalties.

18. AUDITORS REMUNERATION

Audit and review of financial reports	19,375	21,525
Other Services	56,000	

All amounts payable to the auditors, KPMG, were paid by Melbourne Stadiums Limited a 100% owned subsidiary of SOL.

19. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Loss After Tax to Net Cash Provided by Operating Activities

Net loss for the period after income tax	(51,067,236)	(18,433,755)	(12,099,248)	(4,057,046)
Add (less) non-cash items:				
- Depreciation	1,125,564	1,220,844	-	-
- Movement in provisions	25,446	21,682	-	-
- Amortisation	7,572,949	7,713,929	-	-
- Write off restructure cost	26,890,901	-	-	-
- Loss on disposal of PPE	203,810	123,846	-	-
	(15,248,566)	(9,353,454)	(12,099,248)	(4,057,046)
Changes in assets and liabilities:				
(Increase) / decrease in:				
- Trade and other receivables	4,712,438	(5,065,982)	(14,343,994)	(8,438,527)
- Transfer of assets	(3,714,907)	-	-	-
- Deferred tax assets	-	-	(1,030)	1,655
- Other assets	536,042	6,411,243	8,197,036	-
- Goodwill	(2,848,192)	-	-	-
Increase / (decrease) in:				
- Trade creditors	(162,863)	(56,937)	(12,647)	13,693
- Deferred income	(1,523,425)	(248,775)	(10,835)	-
- Provisions	176,192	196,645	-	-
- Related party payable	18,259,383	12,504,244	18,259,383	12,504,244
Net cash provided by operating activities	186,102	4,386,984	(11,334)	24,019

Stadium Operations Limited

Notes to the Financial Statements

19. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(ii) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash	6,457,788	6,295,739	53,150	64,484

20. CONTROLLED ENTITIES

	Country of incorporation	OWNERSHIP INTEREST	
		2016 %	2015 %
PARENT ENTITY			
Stadium Operations Limited	Australia		
SUBSIDIARIES			
TD Goal Pty Limited	Australia	100	100
TD Goal Properties Pty Limited	Australia	100	100
TD Goal Stadiums Pty Limited	Australia	100	100
Melbourne Stadiums Limited	Australia	100	100
Medallion Club (Melbourne) Pty Limited	Australia	100	100

21. SUBSEQUENT EVENTS

There have been no events subsequent to balance date that would have a material effect on the Company's financial report at 31 December 2016.

Stadium Operations Limited

Directors' Declaration

In the opinion of the directors of Stadium Operations Limited ("the Company"):

- (a) the Company is not a reporting entity;
- (b) the financial statements and notes, set out on pages 7 to 24 are in accordance with *the Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Company and the Group as at 31 December 2016 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Notes 1 and 3; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2 and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



Raymond Mark Gunston
Chairman

Dated at Melbourne this 28th Day of April 2017