#### **Brisbane Broncos**

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





Principal Sponsor

BRISBANE

17 March 2011

To: ASX Company Announcements Platform

#### **BRISBANE BRONCOS LIMITED** ANNUAL REPORT, NOTICE OF ANNUAL GENERAL MEETING, PROXY FORM AND PROPOSED AMENDED CONSITUTION

The directors of Brisbane Broncos Limited announce that the following documents will be forwarded to shareholders today 17 March 2011:

- 2010 Annual Financial Statements and Reports
- Notice of Annual General Meeting and Explanatory Notes
- Proxy Form for Annual General Meeting
- Proposed Amended Constitution to be put forward for adoption at the Annual General Meeting

A copy of all of the above documents is enclosed.

#### **Annual General Meeting**

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

Wednesday 20 April 2011 Date:

Time: 10am

Place: Darcey Mitchell Room

**Broncos Leagues Club** 92 Fulcher Road Red Hill OLD 4059

#### **New Brisbane Broncos Limited Constitution**

The Company will put forward a new Constitution for adoption by special resolution at the Annual General Meeting on Wednesday 20 April 2011 as indicated in the Notice of Meeting. The new Constitution will replace the current document in its entirety. The basis for the decision by the Board to adopt a new Constitution is simply the current document is aged and requires modernisation.

#

Platinum Sponsors





















The Company's solicitors confirm that the operational, legal and procedural content of both documents are consistent and the new Constitution is merely an updated version of the existing one. They also confirm that shareholder rights and entitlements remain unchanged in the new version.

A copy of the proposed Constitution is included in the attached document and is also available on the Brisbane Broncos website <a href="https://www.broncos.com.au">www.broncos.com.au</a> or at the registered office of the Company by request.

Yours sincerely

Louise Lanigan Company Secretary

XXge.

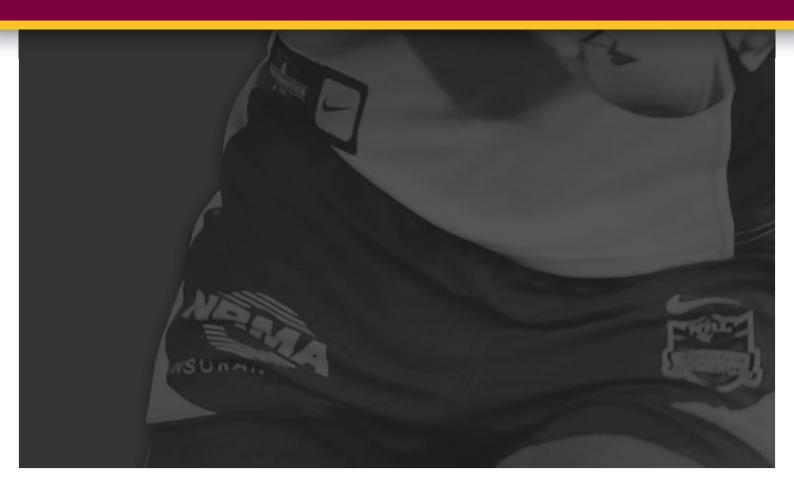
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BRISBANE BRONCOS LIMITED AND ITS CONTROLLED ENTITIES

# 2010 ANNUAL FINANCIAL STATEMENTS AND REPORTS





# 2010 PLAYER AWARD WINNERS

# NRI



Player of the Year Josh Hoffman



**Best Forward**Sam Thaiday



**Best Back** Israel Folau



Most Consistent
Corey Parker



Most Improved
Josh Hoffman



Rookie of the Year Matt Gillett



**Hit of the Year** Jharal Yow Yeh



**Play of the Year** Antonio Winterstein



Encouragement Award Matt Gillett



Players' Player Josh Hoffman

# NYC



**Player of the Year**Tariq Sims



**Best Forward** Andrew Clayton



**Best Back**Dane Gagai



**Players' Player**Tariq Sims



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# Corporate Information

#### A.B.N. 41 009 570 030

#### **DIRECTORS**

L G Brindle (Chairman)

B P Cullen (Retired as Managing Director 31 December 2010)

A J Joseph (Appointed 22 February 2011)

D M Watt

D C Somerville (Chairman) (Resigned 22 February 2011)

D S Jackson (Retired 31 December 2010)

#### **COMPANY SECRETARY**

L A Lanigan

#### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Level 1

92 Fulcher Road

Red Hill 4059

Queensland

Australia

#### **SHARE REGISTER**

Computershare Investor Services

Level 19

307 Queen Street

Brisbane 4000

Queensland

Australia

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

#### **SOLICITORS**

Creagh Weightman

Level 1

179 Mary Street

Brisbane 4000

Queensland

Australia

#### **BANKERS**

Queensland Country Credit Union

Koala House

256 Adelaide Street

Brisbane 4000 Queensland

Australia

#### **AUDITORS**

Ernst & Young

1 Eagle Street

Brisbane

Queensland

Australia

# Year in Review

#### FINANCIAL PERFORMANCE

Brisbane Broncos Limited produced a strong turnaround from the 2009 financial result which was adversely impacted by the Global Financial Crisis. The before tax profit for the financial year ended 31 December 2010 of \$1,463,038 is well up on the previous year's result of \$1,296,835. This was primarily a result of strong membership, sponsorship and interest revenues. Expenditure growth was restrained.

The after tax profit for the year was \$980,607 (2009: \$867,886). This profit has enabled the Group to consolidate its overall financial position and strengthen its balance sheet. The financial position of the Group has enabled the Board to approve a fully franked dividend payment of 0.5 cent per share.

#### **HIGHLIGHTS**

The Board and management commenced an internal review of the operating structures of the Company during the year. As a result of this review, which was commenced by Mr Bruno Cullen and continues under Mr Paul White, internal reorganisation of the football and back-office operations has largely been achieved. The Board is confident that the Company is far better placed to meet the challenges of the NRL competition and the commercial environment.

From a financial perspective it was pleasing to see the Company emerge from the worst of the Global Financial Crisis. All departments worked diligently to achieve their targets. The highlight of the year was the 8% growth achieved in sponsorship revenue, a fantastic result and a reflection on the strength of the Brisbane Broncos brand. Despite the continued reluctance of the corporate sector to spend on entertainment, the corporate sales area saw a slight improvement over 2009 which given the circumstances was also a satisfying result.

Season membership numbers grew by 7% with an increase of over \$300,000 in revenue. The average home game attendance for the season was 33,345. This does not include the full attendance for the double header we again promoted with Canterbury Bulldogs, Gold Coast Titans and South Sydney Rabbitohs. The inclusion of this attendance figure would lift the season average to approximately 35,000.

Total revenue increased from \$25.16 million to \$26.57 million. Expenditure also increased from \$23.86 million to \$25.11 million with the main impact being increased marketing expenditures and restructuring costs. These investments are expected to benefit the Company financially and the team performance in coming years.

#### **BRISBANE BRONCOS RUGBY LEAGUE FOOTBALL TEAM**

The Brisbane Broncos NRL team missed the finals series in 2010 for the first time in nineteen years. Having that magnificent run come to an end was of course very disappointing. The team missed the finals by basically one game, in a year in which it fielded its youngest ever side and continued the development of many of its young players who will surely deliver much better results in the coming seasons. They also played the entire season without star centre Justin Hodges due to an injury suffered in pre-season training. After an average start to the season, the team was on a roll towards the finals with some great performances against St George Illawarra Dragons (home), Parramatta Eels (away), Manly Sea Eagles (away), North Queensland Cowboys (away), Cronulla Sharks (away) and a huge win without State of Origin players against South Sydney Rabbitohs.

Unfortunately the win against the North Queensland Cowboys came with a devastating injury to inspirational skipper Darren Lockyer which ruled him out for the remainder of the season. There were four fixtures remaining and a good win in any one of those would have ensured a finals appearance. That did not happen and the rest as they say is history.

Despite this the year certainly was not lost. The continued development and experience gained by so many of our talented young men was a major positive. They still have to improve and step up for a full season, but 2010 will be invaluable in that process. Following the close of the 2010 season a review was conducted of the structure and personnel of the football department. As a result of this review a number of staff changes occurred. Subsequent to year end Anthony Griffin was appointed coach of the NRL team for the 2011 season. The Club looks forward to the 2011 season with confidence.

Similarly the NYC Under 20 side missed the finals after a mid-season surge failed to secure them a position. This too was a very young side with many players in their first year out of school. There is much to be done in the next development stage and under new coach Kurt Richards in 2011 we are confident this program will continue to produce NRL players of the future.

# Year in Review (continued)

#### **BOARD OF DIRECTORS AND MANAGEMENT**

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

During the year Andrew Gee joined the senior management team as General Manager Football Operations. Following his appointment a complete review and restructure of both the football and commercial operations departments was carried out by the management team. This has been endorsed by the Board of Directors and substantially implemented.

Mr Donald Jackson resigned from the Board effective 31 December 2010. Chairman Mr Darryl Somerville also resigned from the Board on 22 February 2011. The Board would like to pay tribute to Darryl's and Don's wonderful contribution to the Brisbane Broncos over a long period of time. Mr Lawrence Brindle was elected Chairman on 22 February 2011 until a permanent replacement is appointed. Mr Tony Joseph was also appointed director on 22 February 2011.

After a short handover period Mr Bruno Cullen retired from his position as Managing Director at year end and Mr Paul White was appointed as Chief Executive Officer. Paul comes to the Company with impressive management and community credentials. He holds an MBA and has spent the past five years in senior positions with Anglo American Metallurgical Coal and prior to that a number of years with Xstrata Zinc. He has lived and worked extensively throughout regional Queensland including almost 20 years in the Queensland Police Service. Mr White has been heavily involved in Rugby League both as a player and a coach and has held an impressive range of appointments.

#### THE YEAR AHEAD

The Brisbane Broncos Limited Board and the executive management team led by Chief Executive Officer Mr Paul White, are confident that the extensive work done during 2010 to reposition the organisation will be a success. While the focus is on producing a successful, entertaining and engaging football team, the landscape around the business model is forever changing. The Brisbane Broncos brand is as popular as ever and the contacts we have made through modern technology are astounding. More and more we connect with literally hundreds of thousands of people regularly and the focus is very much on how that can enhance our business.

The Broncos in the Community department will strive to make a difference. They continue to play a huge part in assisting the needy with the financial assistance through the Brisbane Broncos Charities Fund and the hundreds of hours the players spend in schools, nursing homes, hospitals and the like to bring relief and joy to many lives.

The 2011 Brisbane Broncos will be the NRMA Insurance Broncos and we welcome their increased support of our team. They lead a strong sponsorship family who contribute so much to the financial wellbeing of the organisation. We take this opportunity to thank WOW Sight and Sound for their support as naming rights sponsor over the past three years. They along with many others continue to support the business as part of the sponsorship family and our sincere gratitude is extended to that entire group.

On behalf of the Board

Lawrence Brindle

Chairman

25 February 2011



# Sponsor Overview 2010 and Beyond

The 2010 season saw little change to the Brisbane Broncos sponsorship family hierarchy with only one Platinum Sponsor changing hands with Audi Centre Brisbane replacing Toyota in the exclusive car sponsor category. WOW Sight & Sound continued their Principal and Sleeve sponsorship in 2010 with their Principal partnership concluding at the end of the year. They will remain as sleeve sponsor for a further two years. Apparel sponsorship also remained relatively unchanged with Sportingbet becoming the only new addition with branding on the back bottom of the playing jersey in 2010.

Once again the Brisbane Broncos sponsorship portfolio continues to generate the highest levels of revenue across the National Rugby League (NRL). Overall sponsorship levels remained high with a positive increase of 7.89% from 2009. The Brisbane Broncos sponsorship hierarchy is unlikely to experience major changes to its existing portfolio in 2011. Increased sponsor investment from existing partners demonstrates continued and growing brand strength and stability.

Independent research results facilitated by Repucom Australia recorded the WOW Brisbane Broncos as the highest ranked NRL club for exposure value generated including all inventory despite missing the NRL finals for the first time in 19 years. This process is undertaken by independent evaluation which analyses and benchmarks the exposure generated by all Australian football club sponsors, throughout television and print media. This result demonstrates the power of the Brisbane Broncos in being able to drive television news and print coverage (particularly in Brisbane) throughout the year, irrespective of on field results.

2011 will see Brisbane Broncos sponsorship climb to a record high with several existing sponsors increasing current investment levels. We will also welcome long-term existing platinum and shorts sponsor, NRMA Insurance as the new Principal Sponsor. Following a successful seven year partnership, this move was a natural progression to the principal position for NRMA Insurance.

We take this opportunity to thank all sponsors for their loyal support and ongoing dedication to our club and brand, in particular founding sponsor Australia Post who sadly depart our sponsorship family at year end.

#### **BRONCOS SPONSORSHIP HIERARCHY 2010**

Principal Sponsors	WOW Sight & Sound
Platinum Sponsors	XXXX Bitter, Nike, Coca Cola Amatil, Broncos Leagues Club, Audi Car Centre Brisbane, Sportingbet, NRMA Insurance, Channel
Major Sponsors	Queensland Country Credit Union, Bundaberg Rum, Four n Twenty/Streets, Radio 4BC
Associate Sponsors	Hogs Breath Café, Wyndham Estate, Musashi, Yellow Cabs, Cullen Group, Birch Carroll & Coyle, Australia Post
ial Suppliers/Suppo	Elastoplast Sport, Top Cut Foods Ltd, AlphaSport, <b>rters</b> Il Centro Restaurant, Cha Char Char Bar & Grill,  Jellyfish Restaurant, Goodlife Health Clubs, Hart Sports

# Sponsor Overview 2010 and Beyond (continued)

#### **2010 PRINCIPAL SPONSOR**

**WOW Sight & Sound** - Australia's most exciting electronics & entertainment superstores were the Brisbane Broncos 2010 Principal and Sleeve Sponsor. WOW Sight & Sound currently has 15 superstores Australia wide.



#### **2010 PLATINUM SPONSORS**

**XXXX Bitter** - Queensland's favourite beer continues to support the Brisbane Broncos as a Platinum 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 Brisbane Broncos established a partnership with Nike as our exclusive apparel, accessory and equipment sponsor. Our close working relationship has allowed for the development of many new and exciting Nike product innovations on the football field and beyond.



**Coca Cola** - another market leader and a longstanding partner, Coca-Cola is the official non-alcoholic drink supplier of the Brisbane Broncos. Coca Cola continues to dominate the Australian non-alcoholic beverage market share in all categories. 2010 was the first year of their renewed partnership with the organisation which will continue through to the end of 2013.



**Broncos Leagues Club** - sharing our intellectual property and many associated resources, the success of both the Broncos Leagues Club and the Broncos Football Club is of great importance. As such, our partnership is a strong and effective one.



**NRMA Insurance** – part of one of Australia's largest general insurance groups Insurance Australia Group (IAG). As a provider of motor, home, CTP and a number of other insurance products, they are committed to ensuring Queenslanders can get on with their lives. After seven years as Shorts Sponsor of the Brisbane Broncos, NRMA Insurance has upgraded their commitment to the organisation and will be the Naming Rights and Principal Sponsor of the Brisbane Broncos in 2011. They are proud of their close association with such an iconic Queensland team and look forward to seeing their logo sitting proudly on the front of the jersey as the players run out in 2011.



**Audi Centre Brisbane** - became the Brisbane Broncos exclusive motor vehicle and coach sponsor in 2010. Audi has the reputation as one of the most progressive premium brands in Australia. Customer satisfaction continues to be a key facet and priority to Audi. Innovation, quality, style - you'll find them all at the Audi Centre Brisbane.



**Sportingbet** – is one of the world's best known online gaming operators. Founded in 1998 they have been listed on the London Stock Exchange since 2001. With over two million customers in 30 markets across Europe, Australia, Canada, South America and South Africa, they now offer more than 8,000 different betting opportunities every single day. Sportingbet became the Brisbane Broncos back of jersey apparel sponsor in 2010 with a partnership agreed to the end 2012.



**Channel Nine Queensland** - Queensland's premier television network, proudly supporting the Broncos and broadcasting Brisbane Broncos games to Queenslanders since 1991.



**Nova 106.9** - official FM radio partner of the Brisbane Broncos, Nova continue to deliver innovative and exciting promotions while also providing great support to the organisation.



#### **2010 MAJOR SPONSORS**

Queensland Country Credit Union, Bundaberg Rum, Four'n Twenty/Streets & Radio 4BC

#### 2010 ASSOCIATE SPONSORS

Hogs Breath Café, Wyndham Estate, Musashi, Yellow Cabs, Cullen Group, Birch Carroll & Coyle & Australia Post

#### **2010 SUPPLIERS / SUPPORTERS**

Hans Continental Smallgoods, Elastoplast Sport, Top Cut Foods Ltd, AlphaSport, Il Centro Restaurant & Cha Char Bar & Grill, Jellyfish Restaurant, Goodlife Health Clubs & Hart Sports

# Directors' Report

Your directors submit their report for the year ended 31 December 2010.

#### **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

# **Lawrence George Brindle**Non-Executive Chairman

Mr Brindle was appointed as a director on 26 February 2008. Mr Brindle formerly held the position of director of the Company (previously Pacific Sports Entertainment Limited) from 31 January 1996 to 16 November 1998. He was the Finance Director of the Queensland Press Group from 20 December 1990 until 31 December 2009. Formerly a director of the Australian Stockman's Hall of Fame and Outback Heritage Centre, the North Queensland Cowboys Rugby League Football Limited and The Big Pineapple. Mr Brindle was elected Chairman of Brisbane Broncos Limited on 22 February 2011 until a permanent appointment is made.

#### **Brian Patrick Cullen**

Non-Executive Director (Retired as Managing Director 31 December 2010) Mr Cullen was appointed as Managing Director of Brisbane Broncos Limited in January 2003. Prior to this appointment he spent 26 years in the banking and finance industry, the last 12 of those as Managing Director of Queensland Country Credit Union Limited. He is currently Chairman of both Broncos Leagues Club Limited and Queensland Country Credit Union Limited. Mr Cullen is a Fellow of the Australian Mutuals Institute and a Fellow of the Australian Institute of Company Directors. Mr Cullen retired from the position of Managing Director on 31 December 2010, however he will remain a non-executive director of Brisbane Broncos Limited. Prior to his retirement as Managing Director, he was on a number of National Rugby League CEO Committees charged with looking after various aspects of the game.

#### **Anthony John Joseph**

Non-Executive Director Independent (Appointed 22 February 2011) 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 – the owner and manager of the Brisbane Markets. Mr Joseph has been involved on a number of government committees and reviews of the marketing sector and has served in the Queensland State Government Horticultural Industrial Development Council. He was formerly a longstanding member of the Brisbane Market Trust, the government appointed committee which oversaw the Brisbane Markets prior to it being privatised and sold to Brisbane Markets Limited in 2002. Mr Joseph has been passionately involved in Queensland Rugby League since the Brisbane Broncos formed in 1988 and was previously a committee member of the Queensland Surf Lifesaving Foundation.

#### **Dennis Michael Watt**

Non-Executive Director

Mr Watt was appointed as a director on 11 February 2003. Mr Watt was appointed General Manager of Rugby League for News Limited last year. His previous career was in print media, as the former general manager of Queensland Newspapers, publisher of The Courier-Mail and The Sunday Mail. Mr Watt had earlier been general manager of Quest Community Newspapers, publishing 20 newspapers across Brisbane and the Sunshine Coast.

#### **Darryl Craig Somerville**

Non-Executive Chairman Independent (Resigned 22 February 2011) Mr Somerville was appointed as a director on 24 February 2005. On 29 April 2005 he was elected as Non-Executive Chairman. Prior to his retirement in 2005, Mr Somerville had a long career in the accounting profession. He joined PriceWaterhouseCoopers in 1982 after ten years at the Australian Taxation Office. His tenure at PriceWaterhouseCoopers spanned 23 years including 19 years as partner of which 8 1/2 were as Managing Partner of the Brisbane office. He is a Fellow of both the Institute of Chartered Accountants of Australia and the Australian Society of Certified Practising Accountants and a member of the Australian Institute of Company Directors. For three years from 2005 Mr Somerville was a director and Chairman of the listed company Devine Limited, a property developer and home builder. He was appointed to the Devine board on 28 September 2005 and completed his term as Chairman and director on 31 October 2008. He is a director of a number of unlisted companies including the training organisation Careers Australia Group. Mr Somerville resigned as Chairman and director of Brisbane Broncos Limited on 22 February 2011.

#### **DIRECTORS (CONTINUED)**

**Donald Stanley Jackson**Non-Executive Director
Independent

(Retired 31 December 2010)

Mr Jackson was appointed as a director on 20 November 2001. Mr Jackson was employed by Castlemaine Perkins in the liquor industry spanning a period of almost 25 years. He is a member of the Australian Institute of Company Directors. Mr Jackson is Chairman and Managing Director of DCBT Holdings Pty Ltd and Chairman of the Sunshine Coast Turf Club. He is director of Brisbane Markets Limited, FOGS Limited, and Sunshine Coast Helicopter Rescue Service Limited. Mr Jackson retired as a director of Brisbane Broncos Limited on 31 December 2010.

#### **Company Secretary**

**Louise Anna Lanigan**Company Secretary

Ms Lanigan has been Company Secretary and Chief Financial Officer since 3 July 2000. She has been a Chartered Accountant for 17 years. Prior to holding this position she was Group Financial Controller of an ASX listed company for two years and worked in the Chartered Accounting industry for eight years.

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

As at the date of this report, no directors hold shares in the Company. Mr Jackson retired as director on 31 December 2010. At this date the number of shares owned by Mr Jackson and his related parties was 28,500, which has not changed since the previous reporting date. There were no options in the Company issued as at the date of this report.

#### **EARNINGS PER SHARE**

Basic Earnings Per Share	1 cent
Diluted Earnings Per Share	1 cent

#### **DIVIDENDS**

On 10 February 2011, the Board of Directors declared a final dividend of 0.5 cent per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares for the financial year ended 31 December 2010. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 December 2010 and will be recognised in the subsequent financial report.

On April 15 2010, a 2009 final dividend of 0.5 cent per share franked to 100% at 30% corporate income tax rate was paid to shareholders totalling \$490,203. This dividend was shown as declared in the 2009 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 2010 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 2010 financial result was a positive one for the Group with an increase in the before tax net profit of 12.82% from the previous year. The directors are particularly satisfied with this outcome considering it was achieved during a year when the economy was recovering from the Global Financial Crisis.

The Group recorded an after tax profit for the 31 December 2010 financial year of \$980,607 compared to the \$867,886 achieved in 2009. For comparison, the before tax profits for the 2010 and 2009 financial years were \$1,463,038 and \$1,296,835 respectively.

As a result of the continued financial success and the strong cash position of the Group, the Board are pleased to again be able to pay a 100% franked dividend to fully paid ordinary shareholders of 0.5 cent per share.

#### **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

#### **Operating results for the year (continued)**

The 2010 season was the first since 1991 in which the Brisbane Broncos Rugby League Team finished outside of the top eight (tenth) and did not get the opportunity to participate in the National Rugby League (NRL) Finals Series. Justin Hodges sustained an Achilles injury at pre-season training which prevented him from playing for the entire season, and Captain Darren Lockyer missed the final four matches with a rib injury. 2010 also saw the youngest playing roster in the Club's history take the field with six players making their NRL debut during the year. A positive to come out of this situation was the experience gained by these young players at the elite level during 2010 which can only have a promising impact on future years.

#### **Review of operations**

#### Revenue

The Group recorded gross revenue for the 2010 financial year of \$26,574,081 which is a \$1,411,829 (5.6%) increase from 2009. This is attributable to an increase in many of the main revenue categories of the business and also the receipt of some new income streams.

The sponsorship category continued to strengthen experiencing the most significant increase with revenue 7.89% higher than 2009. This growth is due to upgrades to existing sponsors, restructuring sponsorship assets, and the signing of new sponsors for 2010 and beyond. The potential for significant growth in this category going forward continues to be restricted as all major sponsorship assets are completely sold. Management's focus is on maintaining the existing high levels of sponsorship and creating new opportunities to increase sponsorship revenue. Signage sales grew 84.9% above the 2009 result.

The sale of corporate facilities improved slightly compared to the prior year. This category was the most significantly affected by the 2009 economic downturn and the 2010 result indicates that corporate spending continues to be impacted.

Management are extremely pleased that season membership numbers and revenue continue to increase as this is an area of ongoing significant focus. Growth was experienced for the sixth consecutive year with total full season equivalent memberships increasing by 7.06%. Total season membership numbers prior to being adjusted to full season equivalents were 13,082. This was again the highest in the NRL.

The average crowd attendance for 2010 of 33,345 was slightly higher than the 2009 average of 32,496. Accordingly, gate taking revenue remained relatively consistent with the prior year as casual ticket prices remained unchanged in 2010. This is the sixth year in a row that the crowd average has exceeded 30,000 which is an enormous achievement and the largest again in the NRL by almost 50%.

Weather conditions were fortunate during the 2010 as only one match was impacted by inclement weather. Scheduling was also relatively favourable in 2010 with the notable clashes during the season being Brisbane Broncos home games held on simultaneous weekends as the Brisbane Lions and Queensland Reds. This occurred on six occasions. In summary, two matches during 2010 attracted more than 40,000 patrons (compared to three in 2009), six attracted attendees in excess of 30,000, with the remaining matches achieving crowds of more than 20,000 people. Seven of the twelve home games were scheduled for a Friday night, four matches were held on a Sunday with the remaining game being a Monday night home match.

As the Brisbane Broncos team finished outside of the top eight in 2010, they did not qualify for a home final nor was any prize money received during the financial year. Prize money was received and home finals were held in both 2009, these revenue streams were not available in 2010.

A new partnership agreement with the Queensland Government was entered into during the 2010 financial year. The essence of this partnership is to provide services and support to indigenous school children. This takes the form of both guidance and mentoring whilst the children are completing their final school year, providing assistance in locating suitable employment for the students, and monitoring and guiding them during their first year in the work force. The Group has an allocated employee, a qualified teacher, managing this program who is assisted by employees in the business' Game Development Department. Financial grants are received from the Queensland Government to facilitate this program. These grants commenced in November 2010 which were a new source of revenue to the Group this financial year.

#### **Expenditure**

Total expenditure for the Group for 2010 was \$25,111,043 which is \$1,245,626 (5,2%) higher than the 2009 financial year. A dissection of total expenditure is listed in note 6 to the financial statements. There are several factors that have contributed to the increase in expenses from 2009 to 2010.

#### **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

#### **Review of operations (continued)**

#### **Expenditure (continued)**

Increased marketing expenditures were incurred to offset the impact of the Global Financial Crisis and in particular to support the club's push to gain higher growth in season memberships. As part of the Company's review of operations, significant structural changes were implemented aimed at strengthening our staff resources in areas that generated significantly increased revenue streams and community involvement - namely multi media, season memberships, and the new indigenous program. Staff terminations also contributed to these restructuring costs.

Increases were experienced in relation to game day expenditure as a result of contractual annual rate rises in running costs for Brisbane Broncos home games. Costs associated with corporate sales and season memberships also increased as a direct correlation to the growth in revenue in these areas. The sponsorship team were able to keep sponsor related expenditure consistent with the previous financial year which had a very positive impact on the net profit position considering the significant increase in sponsor revenue in 2010 from 2009.

During 2009, management made a decision to significantly reduce budgeted advertising expenditure as a result of the impact of the Global Financial Crisis on the Group in that year. After careful consideration, this advertising expenditure was reintroduced into the 2010 marketing plan in particular to support a push for higher season memberships.

Administration expenses in 2010 overall remained relatively consistent with 2009. One main exception relates to costs incurred in the executive search for a new Chief Executive Officer following Mr Bruno Cullen's retirement during the reporting period.

Two lump sum payments were negotiated upon the retirement of PJ Marsh due to injury and the release of Steven Michaels from the Brisbane Broncos. The unavailability of members of the NRL team due to injury also resulted in increased costs in 2010 by way of match payments for replacement players, medical costs and also development fees for players making their NRL debut. The club continues to invest in the future by allocating funds to an elite player development program and player rosters. Finally new costs were also incurred in 2010 in relation to the indigenous program introduced in November 2010 as a result of the partnership with the Queensland Government mentioned above.

The review of and restructure of the commercial and football operations continues into the 2011 financial year in an effort to improve and strengthen the Group's ongoing financial and on-field performance.

#### **Capital Expenditure**

The Group renovated its administration offices at the end of the 2010 financial year with a total cost of approximately \$170,000. This was a vital project which converted the majority of existing office floor space into an open plan setting. Prior to this renovation, space was extremely limited and there was no opportunity for expansion or growth. The new configuration provides much needed additional workstations and centralises specialist groups within the administration team with the intention of further increasing productivity and efficiencies.

#### **Financial Position**

The directors believe the Group continues to remain in a sound financial position with \$13,824,357 cash assets and \$24,607,375 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

#### **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

#### **Dynamics of the business**

The Group has had a more successful year financially than initially forecasted which indicated slow continued recovery from the recent Global Financial Crisis. Season membership and sponsorship revenue continued to improve which was a very positive sign and gate taking revenue remained consistent with the high level achieved in the 2009 season. However, despite this improved financial performance, the business still found it challenging to achieve the sales levels of prior years in the area of corporate facilities.

It is uncertain what impact the recent disastrous floods that affected South East Queensland in January 2011 will have on the financial performance of the Group in 2011. Management hope the effect is not significant however the business needs to consider the possible ramifications. Several areas and many homes in our supporter base were directly affected or devastated by this natural disaster. The enormity of the situation also certainly has the potential to have a ripple effect on those not directly affected by the flood waters.

The floods will significantly impact the Queensland economy as 75% of the State was declared a disaster zone during this time. This will possibly reduce the discretionary spending capabilities of many corporate and individual supporters for the 2011 season. However, management remains confident that as people slowly rebuild and recover from the flood crisis and as the economy continues to improve, the Group's market stronghold will allow the business to continue its steady growth strategy over the coming years.

The Brisbane Broncos remain the most financially successful National Rugby League franchise with the highest home game attendances and sponsorship levels in the game.

Management believes they have taken appropriate steps to ensure that the Group is in a strong position to deal with current economic uncertainties and capitalise on future profit making opportunities.

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 and Risk Management Committee. The risk identification and review process is currently being further refined by the Audit and Risk Management Committee.

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:

- -o 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' 2008 strategic plan completed during the 2010 financial year, 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.
- -o Detailed review and identification of the Group's risks and documentation of appropriate responses to these risks which commenced in 2010. This process is currently being completed by management.

#### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 10 February 2011, the Board of Directors declared a final dividend on ordinary shares in respect of the 2010 financial year. The total amount of the dividend is \$490,203 which represents a 0.5 cent dividend franked to 100% per share. The dividend has not been provided for in the 31 December 2010 financial statements.

#### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

As discussed above, the directors are uncertain of the financial impact the devastating January 2011 Queensland floods will have on the 2011 financial year. However, they remain hopeful of maintaining and increasing the 2010 revenue and profit levels in the 2011 financial year. Management believe they have taken appropriate steps to ensure that the Group is in a strong position to cope with these uncertainties and will continue to look at ways to maximise profit and refine costs in 2011.

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.

#### **SHARE OPTIONS**

At 31 December 2010, 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 2010 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 \$10 million for each and every claim and in the aggregate during the policy period.

#### **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 and Risk Management	2

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

	Full Board	Audit & Risk Management Committee
D C Somerville (Resigned 22 February 2011)	9 (9)	2 (2)
B P Cullen (Retired as Managing Director 31 December 2010)	9 (9)	2 (2)
D S Jackson (Retired 31 December 2010)	9 (9)	2 (2)
D M Watt	9 (9)	2 (2)
L G Brindle	9 (9)	2 (2)

Where a director did not attend all meetings of the Board or relevant committee (or was not a director for the entire year), the number of meetings for which the director was eligible to attend is shown in brackets. The Board met twice during the 2010 financial year in their capacity as the Audit and Risk Management Committee. Given the size of the Company and the Board, it had been previously resolved that the entire Board comprises the Audit and Risk Management Committee.

#### **REMUNERATION REPORT (AUDITED)**

This Remuneration Report for the year ended 31 December 2010 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 the three executives in the Parent and the Group receiving the highest remuneration.

#### REMUNERATION REPORT (AUDITED) (CONTINUED)

For the purposes of this report, the term 'executive' encompasses the Managing Director, 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

#### Individual key management personnel disclosures

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

#### **Key Management Personnel**

#### **Directors** (i)

I G Brindle Director (Non-Executive)

D S Somerville Chairman (Non-Executive) (Resigned 22 February 2011)

B P Cullen Director (Non-Executive) (Retired as Managing Director 31 December 2010)

D S Jackson Director (Non-Executive) (Retired 31 December 2010)

D M Watt Director (Non-Executive)

A J Joseph Director (Non-Executive) (Appointed 22 February 2011)

(ii) Executive

> L A Lanigan Chief Financial Officer and Company Secretary

T M Reader General Manager - Marketing and Commercial Operations A D Gee General Manager - Football Operations (commenced 3 May 2010)

Mr Paul White commenced as Chief Executive Officer on 1 January 2011 following Mr Bruno Cullen's retirement as Managing Director on 31 December 2010. On 22 February 2011, Mr Darryl Somerville resigned as Chairman and Director of Brisbane Broncos Limited. Mr Lawrence Brindle was electred Chairman on this date until a permanent replacement is appointed. Also on 22 February 2011, Mr Tony Joseph was appointed as a Director of Brisbane Broncos Limited. There were no other changes to KMP after reporting date and before the date the financial report was authorised for issue.

#### 2. **Board oversight of remuneration**

#### **Remuneration Committee**

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

#### **REMUNERATION REPORT (AUDITED) (CONTINUED)**

#### 2. Board oversight of remuneration (continued)

#### Remuneration philosophy (continued)

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;
- Incorporates annual performance reviews to ensure executives are meeting performance benchmarks; and
- Supports an in depth recruitment program to ensure executives with the appropriate skills and experience.

#### 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 2010 financial year were \$86,300.

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 2011 Annual General Meeting.

#### **Structure**

Each non-executive director receives an annual fee of \$20,000 plus statutory superannuation for being a director of the Company, other than the Chairman who receives \$30,000 plus statutory superannuation. News Limited employed directors receive \$10,000 paid directly to their 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 2010 and 31 December 2009 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 Managing Director/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.

#### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### **Executive remuneration arrangements (continued)**

#### **Structure (continued)**

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

- Fixed remuneration
- 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 Managing Director/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 Table 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 Managing Director's/Chief Executive Officer's discretion with the approval of the Board of Directors. The Managing Director/Chief Executive Officer considers results of performance reviews, effort, commitment, the financial and/or operational performance of the Company, and market conditions when considering the payment of bonuses.

The Managing Director's/Chief Executive Officer's employment agreement provides for annual bonuses to be paid at the complete discretion of the Board. In considering this discretionary amount, the Board take into consideration such factors as the Company's overall financial performance, the personal efforts, dedication, commitment and contribution of the Managing Director, and the external conditions prevailing in the economy.

#### **Group Performance**

Profit before tax has increased to \$1,463,038 in 2010. The 2010 before tax profit result is a 12.8% improvement on the 2009 financial year. Earnings per share for the current year and the past four financial years are shown below:

Year ended	2010	2009	2008	2007	2006
Profit before tax	\$1.46 million	\$1.30 million	\$1.84 million	\$2.16 million	\$2.26 million
Earnings per share (cents)	1.00	.89	1.26	1.49	1.57
Share Price	32 cents	38 cents	23 cents	24 cents	19 cents

The share price has moved from 38 cents at 1 January 2010 to 32 cents at 31 December 2010. 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.

#### **Executive contractual arrangements**

#### **Managing Director**

Mr Bruno Cullen's contract expired on 31 December 2010 at which time he retired from his position as Managing Director. Details of Mr Cullen's employment contract for the 2010 financial year were as follows:

- -o Mr Cullen received fixed remuneration of \$287,500 plus 9% superannuation and a fully maintained motor vehicle.
- -o Mr Cullen was entitled to be paid annual bonuses as a result of individual achievement, effort, dedication, commitment and overall Company performance at the discretion of the Board of Directors.

#### **REMUNERATION REPORT (AUDITED) (CONTINUED)**

#### 6. Executive contractual arrangements (continued)

#### **Chief Executive Officer**

On 11 October 2010, the Board of Directors announced the appointment of Mr Paul White as Chief Executive Officer to be effective from 1 January 2011. Mr White's employment contract is for a three year period which expires on 31 December 2013. At this time the Group may choose to commence negotiations to enter into a new contract with Mr White if both parties agree.

Details of Mr White's employment contract are as follows:

- -o Mr White will receive fixed remuneration of \$285,000 per annum plus statutory superannuation and a fully maintained motor vehicle.
- -o Mr White will receive a once only lump sum commencement payment of \$20,000 plus statutory superannuation.
- Mr White's salary package will be reviewed annually by the Board of Directors and will be increased by at least CPI. The review will be based on individual and Group performance, effort, commitment and the market rates or the salary packages of similar positions elsewhere in Australia.
- -o Mr White is entitled to be paid an annual bonus as a result of individual achievement, effort, dedication, commitment and the overall Group performance at the complete discretion of the Board of Directors.
- -o Mr White may resign from his position and thus terminate his contract by providing three months written notice.
- The Company may terminate the contract immediately following written notice given by Mr White by providing payment of a minimum three 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 three months written notice and providing a payment in lieu of three 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 Managing Director is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

#### **Other KMP**

All other KMP 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.

#### **REMUNERATION REPORT (AUDITED) (CONTINUED)**

#### Remuneration of key management personnel

Table 1: Remuneration for the year ended 31 December 2010

			Short Term		Post Employment	Long Term Benefits	Total	Performance Related
	Salary & Fees \$	Cash Bonus \$	Allowances	Non Monetary Benefits \$	Superannuation \$	Long Service Leave \$	\$	%
Non-executive directors								
D C Somerville – Chairman (Resigned 22 February 2011)	-	-	-	-	32,700	-	32,700	-
D S Jackson – Non-executive (Retired 31 December 2010)	-	-	-	-	21,800	-	21,800	-
D M Watt – Non-executive +	10,000	-	-	-	-	-	10,000	-
L G Brindle – Non-executive	-	-	-	-	21,800	-	21,800	-
Sub-total non-executive directors	10,000	-	-	-	76,300	-	86,300	-
Executive directors								
B P Cullen – Managing Director (Retired as Managing Director 31 December 2010)	287,500	50,000	-	20,000	30,375	5,529	393,404	12,71%
Other key management personnel								
L A Lanigan – Company Secretary & Chief Financial Officer	149,539**	7,500	-	20,000	13,458^	2,769	193,266	3.88%
T R Reader – General Manager Commercial Operations	144,000	7,500	-	20,000	12,960	15,065	199,525	3.75%
A D Gee – General Manager Football Operations (commenced 3 May 2010)	93,333	5,000	14,400	-	8,400	1,795	122,928	4.07%
Sub-total executive KMP	674,372	70,000	14,400	60,000	65,193	25,158	909,123	
TOTALS	684,372	70,000	14,400	60,000	141,493	25,158	995,423	

<sup>+</sup> Fees for Dennis Watt are paid directly to his employer.

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

<sup>^</sup> Includes superannuation on unused annual leave payout of \$498.

 $<sup>^{\</sup>star\star}$  Includes unused annual leave payout of \$5,539

#### **REMUNERATION REPORT (AUDITED) (CONTINUED)**

Remuneration of key management personnel (continued)

Table 2: Remuneration for the year ended 31 December 2009

		Short Term			Long Term Benefits	Total	Performance Related
	Salary & Fees \$	Cash Bonus \$	Non Monetary Benefits \$	Superannuation \$	Long Service Leave \$	\$	%
Non-executive directors							
D C Somerville - Chairman	-	-	-	32,700	-	32,700	-
D S Jackson - Non-executive	-	-	-	21,800	-	21,800	-
D M Watt - Non-executive +	10,000	-	-	-	-	10,000	-
L G Brindle – Non-executive +	10,000	-	-	-	-	10,000	-
Sub-total non-executive directors	20,000	-	-	54,500	-	74,500	-
Executive directors							(1)
B P Cullen – Managing Director	283,500	30,000	20,000	28,215	5,452	367,167	8.17%
Other key management personnel				A.(((()))			N
L A Lanigan – Company Secretary & Chief Financial Officer	150,770*	6,000	20,000	13,569**	2,692	193,031	3.11%
T R Reader – General Manager Commercial Operations (commenced 22 June 2009)	73,500	2,000	20,000	6,615	1,456	103,571	1.93%
Sub-total executive KMP	507,770	38,000	60,000	48,399	9,600	663,769	
TOTALS	527,770	38,000	60,000	102,899	9,600	738,269	

<sup>+</sup> Fees for Dennis Watt and Lawrence Brindle are paid directly to their employer

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

#### **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 20 from the auditor of Brisbane Broncos Limited.

#### **NON-AUDIT SERVICES**

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

Lawrence Brindle

Chairman

Brisbane, 25 February 2011

<sup>\*</sup>Includes unused annual leave payout of \$10,770.

<sup>\*\*</sup> Includes superannuation on unused annual leave payout of \$969.



1 Eagle Street Brisbane QLD 4000 Australia GPO Box 7878 Brisbane QLD 4001

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

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

In relation to our audit of the financial report of Brisbane Broncos Limited for the financial year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional

Ernst & Young

Ric Roach Partner

25 February 2011

Liability limited by a scheme approved under Professional Standards Legislation

# Corporate Governance Statement

The Board of directors of Brisbane Broncos Limited is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. 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.

Brisbane Broncos Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations which are as follows:

Principle 1 Lay solid foundations for management and oversight.

Principle 2 Structure the board to add value.

Principle 3 Promote ethical and responsible decision making.

Principle 4 Safeguard integrity in financial reporting.

Principle 5 Make timely and balanced disclosure.

Principle 6 Respect the rights of shareholders.

Principle 7 Recognise and manage risk.

Principle 8 Remunerate fairly and responsibly.

Brisbane Broncos Limited's corporate governance practices were in place throughout the year ended 31 December 2010. Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Brisbane Broncos Limited, refer to our website: www.broncos.com.au

# NON COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS OF ASX CORPORATE GOVERNANCE COUNCIL

Where practical, the Group has complied with the Best Practice Recommendations suggested by the ASX Corporate Governance Council. However, there are some instances whereby due to the limited size of the Board, or News Limited's substantial shareholding in the Company, it is not considered economical or practical to implement some Recommendations. The Best Practice Recommendations that have not been complied with are disclosed below.

#### **COMPOSITION OF BOARD OF DIRECTORS**

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. As at 31 December 2010 and for the full reporting year, the Board comprised of five members, four non-executive and one executive member being the Managing Director. Of the four non-executive board members, two were independent.

On 31 December 2010 Mr Donald Jackson retired from his position as non-executive director and Mr Bruno Cullen retired from the position as Managing Director. Mr Cullen remains on the Board as a non-executive director. Although Mr Cullen is no longer involved the executive decision making process, he is not considered independent as he has been employed in an executive capacity by the Company and the Board do not consider that a sufficient period of time has passed to consider him to be independent. Mr Lawrence Brindle ceased employment with Queensland Newspapers Pty Ltd (a wholly owned subsidiary of News Limited owing 68.87% shareholder in the Company) on 31 December 2009. The Board also do not consider that a sufficient period of time has passed to consider him to be independent. Mr Paul White was appointed as Chief Executive Officer on 1 January 2011. Mr Darryl Somerville resigned as Chairman and non-executive director on 22nd February 2011. Mr Tony Joseph was appointed as non-executive director on 22 February 2011. Therefore from 22 February 2011, the Board consisted of four non-executive directors, one of which is independent.

Therefore, ASX Best Practice Recommendation 2.1 "A majority of the Board should be independent directors" is not complied with.

Due to the size of the Company, it has been considered most practical and economical to limit the size of the Board. As News Limited controls 68.87% of the Company, it intends to maintain at least two non-executive Board members.

#### **BOARD FUNCTIONS**

The Board of Directors and executive management operate in accordance with a Board Charter. The Board oversees the business of the Brisbane Broncos Limited ("the Company") and its controlled entities and is responsible for corporate governance of the Group. The Board establishes broad corporate policies, sets the strategic direction for the Group and oversees management. They are also responsible for guiding and monitoring the Group on behalf of the shareholders.

#### **BOARD FUNCTIONS (CONTINUED)**

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

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. It also addresses issues relating to internal controls and approaches to risk management.

Various information reports are regularly sent to the Board in order 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 nine) each year and special meetings if necessary.

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the Managing Director/Chief Executive Officer and the executive team. It is the Board's responsibility to appoint or remove the Managing Director/Chief Executive Officer and to ratify the appointment or removal of key executives and 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 Managing Director/Chief Executive Officer and executive management team. The Board ensures appropriate resources are available to senior executives to enable them to achieve performance objectives.

Due to the current limited size of the Board, only one sub-committee has been established being the Audit and Risk Management Committee. The entire Board comprises the membership of this committee. The Board as a whole addresses all other matters of the business that arise as required.

The Board is responsible for ensuring 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:

- -o Meetings with executives to discuss initiatives and strategies concerning operations and business improvement recommendations.
- Approval of a strategic plan designed to meet shareholders' needs and manage business risk.
- Monitoring senior executives' performance.
- -o Implementation of budgets by management and monitoring progress against budget via the establishment and reporting of both financial and non-financial key performance indicators.
- Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Other functions reserved to the Board include:

- Approval of annual and half-yearly financial reports.
- Approving and monitoring progress of major capital expenditure and capital management.
- -o Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.
- Reporting to shareholders.

#### STRUCTURE OF THE BOARD

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. 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.

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.

#### STRUCTURE OF THE BOARD (CONTINUED)

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

D C Somerville 6 years (Resigned 22 February 2011)

B P Cullen 8 years (Retired as Managing Director 31 December 2010)

D S Jackson 9 years (Retired 31 December 2010)

D M Watt 8 years
L G Brindle 3 years

A J Joseph O years (Appointed 22 February 2011)

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 Board appointments, please refer to our website.

#### 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 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 Managing Director conducted written and verbal performance evaluations for all senior executives and managers which involved assessment of each person's performance against specific and measurable qualitative and quantitative performance criteria.

A formal, documented review process is also in place for the Board of Directors. The Board individually and as a whole annually reviews their own performance and that of the Chairman, Managing Director and the Board as a whole. Directors whose performance is consistently unsatisfactory may be asked to retire.

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 note 25(c) and in the Directors' Report.

#### **AUDIT AND RISK MANAGEMENT COMMITTEE**

The entire Board comprises the Audit and Risk Management Committee due to its limited size. The Board addresses all issues that a separate Audit and Risk Management Committee would address and comprehensive processes are in place to ensure the integrity of the Company's financial reporting. However, due to the limited size of the Board and the 68.87% controlling interest in the Company by News Limited, it is impractical to comply with ASX Best Practice Recommendation 4.2 that recommends the preferred structure of the Audit and Risk Management Committee. The Chairman of the Audit and Risk Management Committee is Mr Lawrence Brindle. Due to the resignation of Darryl Somerville on 22 February 2011, Mr Brindle was also appointed Chairman of the Company until a permanent replacement is made.

The Audit and Risk Management Committee is responsible for ensuring that an effective internal control network 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 such as the benchmarking of operational key performance indicators. The full Board as the Audit and Risk Management Committee and management oversee the establishment and implementation of the risk management system, and review at least annually the effectiveness of this system.

#### **AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)**

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 and Risk Management Committee are also responsible for monitoring the independence and suitability of the external auditors and all professional advisors.

#### **RISK**

The Board acknowledges the Revised Supplementary Guidance to Principal 7 issued by the ASX in June 2008. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the Company'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 it is crucial for all Board members to be a part of this process and as such the entire Board comprises the Audit and Risk Management Committee.

The Board oversees 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 Managing Director, including responsibility for the day to day design and implementation of the Company's risk management and internal control system. Management reports to the Board 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.
- -o Preparation of a strategic plan, which encompasses the Company's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- -o Continuously 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.
- -o Formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and controls.
- -o 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.

The executive team is currently documenting and formalising the Company's risk management strategies and policies.

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.

#### **RISK (CONTINUED)**

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.
- Board approval of an updated strategic plan originally completed during the 2008 financial year, 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.

#### **REMUNERATION**

It is the Company'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 Company'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.

Given the size of the Board, separate Nomination and Remuneration Committees have not been established. Therefore, ASX Best Practice Recommendations 2.4 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.

#### **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, a key management personnel must in writing notify the Company Secretary or Chairman 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.

Key management personnel are prohibited from trading in the Company's securities during the following specific 'closed periods':

- ullet 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 Trading Policy is available on the Brisbane Broncos website www.broncos.com.au.

#### **CEO AND CFO CERTIFICATION**

In accordance with section 295A of the Corporations Act, the Chief Executive Officer and the Chief Financial Officer have provided a written statement to the Board that:

- -o Their view provided of 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.

#### **CEO AND CFO CERTIFICATION (CONTINUED)**

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.

#### CODE OF CONDUCT FOR THE CHIEF EXECUTIVE OFFICER AND KEY EXECUTIVES

To further promote ethical and responsible decision making, the Board has established a Code of Conduct for the Managing Director/Chief Executive Officer and key executives that is included in the Group's Code of Conduct. The full text of the Code of 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. The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

Brisbane Broncos Limited is committed to:

- -o 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.
- -o Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia.
- -o Communicating effectively with its shareholders and making it easier for shareholders to communicate with Brisbane Broncos Limited.

To promote effective communication with shareholders, and encourage effective participation at general meetings, information is communicated to shareholders through:

- The release of information to the market via the Australian Stock Exchange.
- The distribution of the annual report, interim report and notices of annual general meeting.
- Notices and explanatory memoranda of annual general meetings.
- The annual general meeting.
- -o The Group's website www.broncos.com.au which has a dedicated investor relations section.

It is both Company policy and the policy of the auditor for the lead engagement partner to be present at the annual general meeting and to answer questions if necessary about the conduct of the audit and the preparation and content of the Independent Audit Report. Shareholders are invited to raise matters of concern at general meetings.

#### ETHICAL STANDARDS AND PERFORMANCE

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. Consistent with its legal obligations, 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 Standards of Business Conduct for directors, officers and employees and a Code of Ethics for the Managing Director/Chief Executive Officer and key executives.

# Statement of Financial Position

as at 31 December 2010

	Notes	Consolid	ated	Parent		
		2010 \$	2009 \$	2010 \$	2009	
ASSETS		*	· ·	· ·		
Current assets						
Cash and cash equivalents	10	13,824,357	12,124,279	13,096,649	11,521,489	
Trade and other receivables	11	2,303,163	1,845,959	83,131	384,432	
Inventories	12	-	-	-		
Income taxes receivable	7	-	73,613	-	73,613	
Other current assets		698,193	484,483	174,817	143,396	
Total current assets		16,825,713	14,528,334	13,354,597	12,122,930	
Non-current assets						
Other financial assets	15	-	-	5	5	
Property, plant and equipment	14	2,225,672	2,148,740	-		
Deferred income tax asset	7(c)	67,155	-	47,765	,	
Intangible assets	16	12,482,580	12,482,580	-		
Total non-current assets		14,775,407	14,631,320	47,770	Ę	
TOTAL ASSETS		31,601,120	29,159,654	13,402,367	12,122,935	
LIABILITIES		Maria		100		
Current liabilities						
Trade and other payables	17	1,139,016	614,044	261,267	78,011	
Provisions	18	578,886	498,012	200,489	141,760	
Income taxes payable	7	154,328	-	154,328		
Unearned revenue		5,015,150	3,781,568	-		
Total current liabilities		6,887,380	4,893,624	616,084	219,771	
Non-current liabilities						
Trade and other payables	19	-	-	4,066,803	3,592,097	
Provisions	20	106,365	112,472	1,712	42,148	
Deferred income tax liability	7(c)	-	36,587	-	49,723	
Total non-current liabilities		106,365	149,059	4,068,515	3,683,968	
TOTAL LIABILITIES		6,993,745	5,042,683	4,684,599	3,903,739	
NET ASSETS		24,607,375	24,116,971	8,717,768	8,219,196	
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 losses	22	(4,384,125)	(4,874,529)	(20,273,732)	(20,772,304	
TOTAL EQUITY		24,607,375	24,116,971	8,717,768	8,219,196	

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 2010

	Notes	Consolid	ated	Parent	arent	
		2010 \$	2009 \$	2010 \$	<b>200</b> 9	
Continuing operations						
Sales revenue		25,831,880	24,513,339	-	-	
Dividend revenue		-	-	1,520,369	1,361,196	
Interest revenue		717,994	580,806	715,625	580,278	
Other revenue		24,207	68,107	2,073	41,870	
Revenue	6(a)	26,574,081	25,162,252	2,238,067	1,983,344	
Expenses	6(b)	(25,111,043)	(23,865,417)	(1,475,186)	(1,315,777)	
Profit/(loss) from continuing operations before income tax		1,463,038	1,296,835	762,881	667,567	
Income tax benefit/(expense)		(482,431)	(428,949)	225,894	206,816	
Net profit/(loss) and comprehensive income for the period attributable to members of the Parent	7(a)	980,607	867,886	988,775	874,383	
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:						
Basic earnings per share	9	1.00 cent	.89 cents			
Diluted earnings per share	9	1.00 cent	.89 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 2010

	Notes	Consolid	ated	Paren	t
		2010 \$	2009 \$	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		28,979,244	27,551,452	-	-
Payments to suppliers & employees		(27,128,734)	(26,334,409)	(1,308,530)	(1,430,187)
Other revenue received		24,207	68,107	2,073	41,870
Interest received		1,022,764	759,628	1,020,396	759,178
Income tax paid		(358,232)	(612,034)	(358,232)	(612,034)
Interest and other costs of finance paid		-	-	-	-
Net cash flows from/(used in) operating activities	23	2,539,249	1,432,744	(644,293)	(1,241,173)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		-	-	1,520,369	1,361,196
Purchase of property, plant and equipment		(348,971)	(67,728)	-	-
Net cash flows from/(used in) investing activities		(348,968)	(67,728)	1,520,369	1,361,196
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(490,203)	-	(490,203)	-
Proceeds from controlled entities		-	-	1,189,287	1,056,224
Net cash flows from/(used in) financing activities		(490,203)	-	699,084	1,056,224
Net increase in cash and cash equivalents		1,700,078	1,365,016	1,575,160	1,176,247
Cash and cash equivalents at beginning of the period		12,124,279	10,759,263	11,521,489	10,345,242
Cash and cash equivalents at end of period	10	13,824,357	12,124,279	13,096,649	11,521,489

# Statement of Changes in Equity

for the year ended 31 December 2010

	Notes	Attributable to equity holders of the parent				
		Issued Capital	(Accumulated Losses)	Total Equity		
CONSOLIDATED						
At 1 January 2009		28,991,500	(5,742,415)	23,249,085		
Total comprehensive income for the year		-	867,886	867,886		
At 31 December 2009		28,991,500	(4,874,529)	24,116,971		
Dividends paid	8(a)	-	(490,203)	(490,203)		
Total comprehensive income for the year		-	980,607	980,607		
At 31 December 2010	21/22	28,991,500	(4,384,125)	24,607,375		

	Notes	Attributable to equity holders of the parent			
		Issued Capital	(Accumulated Losses)	Total Equity	
PARENT					
At 1 January 2009		28,991,500	(21,646,687)	7,344,813	
Total comprehensive income for the year		-	874,383	874,383	
At 31 December 2009		28,991,500	(20,772,304)	8,219,196	
Dividends paid	8(a)	-	(490,203)	(490,203)	
Total comprehensive income for the year		-	988,775	988,775	
At 31 December 2010	21/22	28,991,500	(20,273,732)	8,717,768	

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

# Notes to the Financial Statements

for the year ended 31 December 2010

#### 1. CORPORATE INFORMATION

The financial report of Brisbane Broncos Limited for the year ended 31 December 2010 was authorised for issue in accordance with a resolution of directors on 25 February 2011.

Brisbane Broncos Limited (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock 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 Limited.

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Table of Contents**

Basis	Basis of preparation				
(a)	Compliance with IFRS				
(b)	New accounting standards and interpretations				
(c)	Basis of consolidation				
(d)	Operating segments – refer note 5				
(e)	Cash and cash equivalents – refer note 10				
(f)	Trade and other receivables – refer note 11				
(g)	Inventories – refer note 12				
(h)	Investments and other financial assets				
(i)	Property, plant and equipment – refer note 14				
(j)	Leases – refer note 26				
(k)	Impairment of non-financial assets other than goodwill and indefinite life intangibles - refer note 16				
(l)	Goodwill and intangibles – refer note 16				
(m)	Trade and other payables – refer note 17				
(n)	Interest-bearing loans and borrowings				
(0)	Provisions and employee leave benefits – refer note 18 and 20				
(p)	Contributed equity – refer note 21				
(p)	Revenue recognition – refer note 6				
(r)	Income tax and other taxes – refer note 7				
(s)	Earnings per share – refer note 9				

#### **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.

#### (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.

# Notes to the Financial Statements (continued)

for the year ended 31 December 2010

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2.

#### New accounting standards and interpretations

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2010:

- AASB 3 Business Combinations (revised) effective 1 July 2009
- AASB 127 Consolidated and Separate Financial Statements (revised) effective 1 July 2009
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 effective 1 July 2009
- AASB 2009-4 Amendments to Australian Accounting Standards arising from AASB 5, 7, 107, 112, 136, 139 and Interpretation 17 effective 1 July 2009
- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project arising from AASB 5, 8, 101, 107, 117, 118, 136 & 139 effective 1 January 2010
- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project arising from AASB 1 & AASB 5 effective 1 July 2009

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 31 December 2010.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:	1 January 2011  The amendments are not expected to have any financial impact on the Group's financial report.	are not expected to have any financial impact on the Group's	1 January 2011
		(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other			
		(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other			
		(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other			
		A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.			

# Notes to the Financial Statements (continued)

for the year ended 31 December 2010

#### 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### New accounting standards and interpretations (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:	1 July 2013	The amendments are not expected to change the recognition, measurement and presentation requirements as it appears the Group would be considered Tier 1. Therefore the amendments are not	1 January 2014
		(a) Tier 1: Australian Accounting Standards			
	<ul> <li>(b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements</li> <li>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</li> <li>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</li> </ul>	1			
		presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those			
			expected to have any impact on		
		(a) For-profit entities in the private sector that have public accountability (as defined in this Standard)		the Group's financial report.	
		(b) The Australian Government and State, Territory and Local Governments			
		The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:			
		(a) For-profit private sector entities that do not have public accountability			
		(b) All not-for-profit private sector entities			
		Public sector entities other than the Australian Government and State, Territory and Local Governments			
AASB 2009-12	Amendments to Australian Accounting Standards AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.	1 January 2011  The amendments are not expected to have any financial impact on the Group's financial report.	are not expected to have any	1 January 2011
		In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.			

for the year ended 31 December 2010

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### New accounting standards and interpretations (continued)

Other Standards and amendments which are not expected to have any impact on the accounting policies, financial position or performance of the Group:

- AASB 9 Financial Instruments
- → AASB 2009-10 Classification of Rights Issues
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9
- -o AASB 2009-14 Amendments to Australian Interpretation Prepayments of a Minimum Funding Requirement
- -o AASB Interpretation 19 and AASB 2009-13Extinguishing Financial Liabilities with Equity Instruments
- -o AASB 2010-1 Amendments to Australian Accounting Standards Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters
- -o AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- -o AASB 2010-5 Amendments to Australian Accounting Standards AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets
- → AASB 2010-7 Financial Instruments (Financial Liabilities)
- AASB 2010-8 Deferred Tax: Recovery of Underlying Assets
- → AASB 2010-9 Additional changes for First-time Adopters
- AASB 2010-10 Further additional changes for First-time Adopters

#### **Basis of consolidation** (c)

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 existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

Special purpose entities are those entities over which the Group has no ownership but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of benefits from its operation. There are no special purpose entities in the Group.

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 intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

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

#### 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 Managing Director/Chief Executive Officer.

for the year ended 31 December 2010

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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 with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 are valued at the lower of cost and net realisable value. 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 de-recognition**

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.

#### **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.

for the year ended 31 December 2010

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2.

#### Investments and other financial assets (continued) (h)

Subsequent measurement (continued)

#### 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.

#### 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.

#### 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.

Depreciation is calculated on a diminishing value basis for plant and equipment and straight line basis for leasehold improvements over the estimated useful life of the asset as follows:

Plant and equipment - over 4 to 8 years

Leasehold improvements - over 10 years

Motor vehicles - over 4 years

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

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 de-recognition 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.

#### Leases - refer note 26 (i)

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

#### (i) **Group as lessee**

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

for the year ended 31 December 2010

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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 an 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 or intangible assets with a finite life within the Group.

#### (I) 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. There are no intangible assets with a finite life in the Group. 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 definite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

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

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

Gains or losses arising from de-recognition 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.

for the year ended 31 December 2010

#### 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### (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.

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

#### **Employee leave benefits**

#### 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.

#### 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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### Contributed equity - refer note 21 (p)

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.

for the year ended 31 December 2010

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (q) Revenue recognition - refer note 6

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 financial 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.

#### **Prize money**

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

#### Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### (r) Income tax and other taxes - refer note 7

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

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

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

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

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

• when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

for the year ended 31 December 2010

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2.

#### (r) Income tax and other taxes (continued)

-o 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.

## 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:

- -o 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.

for the year ended 31 December 2010

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (s) Earnings per share - refer note 9

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

#### 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	
	2010 \$	2009 \$	2010 \$	2009 \$
Cash at bank and in hand	3,234,357	3,491,117	2,596,649	2,888,327
Short-term deposit	10,500,000	8,633,162	10,500,000	8,633,162
	13,824,357	12,124,279	13,096,649	11,521,489

The Group invests its cash in short-term deposits earning interest at an average rate of 5.5% (2009: 5.0%) per annum. It is reasonably possible that movements in interest rates (+ 1%, - 1%) would impact interest revenue by approximately \$138,000 and not have any significant effect on net profit or equity of the consolidated Group or parent entity for the year ended 31 December 2010.

#### Credit Risk

The Group is exposed to minimal risk from its financial instruments as a result of its debt free status. Therefore the main risk affecting the Group is 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 \$262,476 (2009: \$241,567) financial liabilities with six months or less contractual maturity. The contractual maturities of the parent's financial liabilities are \$17,309 (2009: \$10,320) with six months or less and \$6,301,737 (2009: \$3,592,097) with 1 – 5 years.

for the year ended 31 December 2010

#### 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.

#### 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.

#### 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.

#### Long service leave provision

As discussed in note 2(n), 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.

for the year ended 31 December 2010

#### 5. **SEGMENT INFORMATION**

The principal activity of the Group during the 2010 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.

	Consolid	ated	Parent	
	2010 \$	2009	2010 \$	2009 \$
6. REVENUE AND EXPENSES				
(a) Revenue				
Sales revenue	22,275,213	21,063,339	-	-
Dividend revenue	-	-	1,520,369	1,361,196
Grant received from National Rugby League	3,556,667	3,450,000	-	-
Interest revenue	717,994	580,806	715,625	580,278
Other revenue	24,207	68,107	2,073	41,870
	26,574,081	25,162,252	2,238,067	1,983,344
(b) Expenses				
Administration expense	2,815,053	2,742,285	1,475,186	1,315,777
Stadium operations expense	2,240,942	2,183,091	-	-
Corporate sales and ticketing expense	5,360,796	5,131,195	-	-
Marketing, community, sponsorship and advertising expense	3,603,915	2,971,772	-	-
Football related expense	11,090,337	10,837,074	-	-
Borrowing costs	-	-	-	-
	25,111,043	23,865,417	1,475,186	1,315,777
Included in the above expenses are the following:	100			
Lease payments – operating leases	2,060,254	1,983,570	-	-
Depreciation of property, plant and equipment	272,039	233,937	-	-
Provision for employee benefits	389,522	329,813	68,147	66,575
Provision for doubtful debts	-	-	-	-
Provision for inventory obsolescence	-	-	-	-
Salary and wage expense	9,644,819	9,324,284	795,195	738,345

for the year ended 31 December 2010

		Conso	Consolidated		nt
		2010 \$	2009 \$	2010 \$	<b>200</b> 9
7.	INCOME TAX				
(a)	Income tax expense				
The I	major components of income tax expense/(benefit) are:				
State	ement of comprehensive income				
Curre	ent income tax				
Curre	ent income tax charge/(benefit)	586,173	473,487	(128,406)	(154,686)
Defe	erred income tax				
Relat	ting to origination and reversal of temporary differences	(103,742)	(44,538)	(97,488)	(52,130)
	me tax expense/(benefit) reported in statement of comprehensive income	482,431	428,949	(225,894)	(206,816)
(b)	Numerical reconciliation between aggregate tax expense recognition per the statutory income tax rate	nised in the statemer	nt of comprehensive	income and tax expe	ense calculated
A rec	conciliation between tax expense and the product of accounting profit be	efore income tax multi <sub> </sub>	plied by the Group's a	pplicable income tax r	ate is as follows:
Acco	ounting profit/(loss) before tax from continuing operations	1,463,038	1,296,835	762,881	667,567
At th	e Group's statutory income tax rate of 30% (2009: 30%)	438,911	389,051	228,864	200,270
Ехре	enditure not allowed for income tax purposes				
Ente	rtainment	43,520	39,898	1,353	1,273
Inter-	-company dividend	-	-	(456,111)	(408,359)

for the year ended 31 December 2010

	Statement of Finan	Statement of Financial Position S		ensive Income
	2010 \$	2009 \$	2010 \$	2009 \$
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	(79,262)	(173,694)	94,432	44,248
Doubtful debts	28,500	30,000	(1,500)	-
Employee benefits	97,109	88,786	8,323	7,844
Prepayments	(2,855)	(1,959)	(896)	(284)
Accruals	21,407	16,062	5,345	(3,019)
Expenses capitalised for income tax purposes	2,256	4,218	(1,962)	(4,251)
DEFERRED TAX ASSETS/(LIABILITIES)	67,155	(36,587)		
DEFERRED TAX INCOME/(EXPENSE)			103,742	44,538
PARENT				<u> </u>
(i) Deferred tax assets/(liabilities)				
Unearned revenue	(19,262)	(110,695)	91,433	51,899
Employee benefits	54,601	50,698	3,903	2,767
Prepayments	(293)	(255)	(38)	(52)
Accruals	11,294	10,097	1,197	(2,482)
Expenses capitalised for income tax purposes	1,425	432	993	(2)
DEFERRED TAX ASSETS/(LIABILITIES)	47,765	(49,723)		
DEFERRED TAX INCOME/(EXPENSE)			97,488	52,130

#### (d) Tax losses

The Group has no carry forward tax losses arising in Australia as at the reporting date (2009: \$0).

#### (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.

## (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 tax funding agreement is discussed further below.

for the year ended 31 December 2010

#### **INCOME TAX (CONTINUED)**

#### **Tax consolidation (continued)**

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

#### Nature of 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		Par	ent
		2010 \$	2009 \$	2010 \$	2009 \$
8.	DIVIDENDS PAID AND PROPOSED				
(a)	Recognised amounts				
Paid	during the year:				
Final	franked dividend for 2009: 0.5 cent	-	490,203	-	490,203
(b)	Unrecognised amounts				
Divid	ends on ordinary shares:				
Final	franked dividend for 2010: 0.5 cent (2009: Nil)	490,203	-	490,203	-
(c)	Franking account balance				
The a	amount of franking credits available for the subsequent financial year are	9:			
- frar	nking account balance as at the end of the financial year at 30% (2009:	30%)		1,592,169	1,444,024
- frar	- franking debits that will arise from the refund of income tax receivable as at the end of the financial year		-	(73,613)	
- frar	nking debits that will arise from the payment of dividends as at the end of	of the financial year		154,328	-
				1,746,497	1,370,411

The tax rate at which paid dividends have been franked is 30% (2009: 30%). Dividends proposed will be franked at the rate of 30% (2009: 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:

	Conso	lidated
	2010	2009
(c) Franking account balance		
Net profit from continuing operations attributable to equity holders of the parent	\$980,607	\$867,886
Weighted average number of ordinary shares for basic earnings per share	98,040,631	98,040,631
There have been no transactions involving ordinary shares since the reporting date and before the completion of	these financial statements.	

for the year ended 31 December 2010

	Conso	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$	
10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS					
Cash at bank and in hand	3,324,357	3,491,117	2,596,649	2,888,327	
Short-term deposit	10,500,000	8,633,162	10,500,000	8,633,162	
	13,824,357	12,124,279	13,096,649	11,521,489	

Cash at bank earns interest at fixed 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 the Queensland Country Credit Union's short term deposit rate.

	Consolidated		Par	Parent	
	2010 \$	2009 \$	2010 \$	2009 \$	
11. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES					
Trade receivables	1,710,070	1,030,534	-	-	
Allowance for impairment loss (a)	-	-	-	-	
	1,710,070	1,030,534	-	-	
Other receivables	593,093	815,425	83,131	384,432	
Carrying amount of trade and other receivables	2,303,163	1,845,959	83,131	384,432	

### (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 2010 are aged within the 30-90 day terms with only \$127,776 of trade receivables past due but not considered impaired.

### (b) Fair value and credit risk

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

	Consolidated		Pai	rent
	2010 \$	2009 \$	2010 \$	2009 \$
12. CURRENT ASSETS - INVENTORIES				
Merchandise – at cost	33,035	70,500	-	-
Provision for net realisable value write down	(33,035)	(70,500)	-	-
Total inventories at the lower of cost and net realisable value	-	-	-	-

for the year ended 31 December 2010

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
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)
	-	-	-	-

#### (a) Related party receivables

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

#### 14. NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

#### (a) Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated			
	Plant and Equipment \$	Leasehold Improvements \$	Total \$	
Year ended 31 December 2010				
At 1 January 2010 net of accumulated depreciation and impairment	552,693	1,596,047	2,148,740	
Additions	345,516	3,455	348,971	
Depreciation charge for year	(165,553)	(106,486)	(272,039)	
At 31 December 2010 net of accumulated depreciation and impairment	732,656	1,493,016	2,225,672	
At 1 January 2010				
Cost	1,537,603	1,906,506	3,444,109	
Accumulated depreciation and impairment	(984,910)	(310,459)	(1,295,369)	
Net carrying amount	552,693	1,596,047	2,148,740	
At 31 December 2010				
Cost	1,506,877	1,909,960	3,416,837	
Accumulated depreciation and impairment	(774,221)	(416,944)	(1,191,165)	
Net carrying amount	732,656	1,493,016	2,225,672	
Year ended 31 December 2009				
At 1 January 2009 net of accumulated depreciation and impairment	604,838	1,710,111	2,314,949	
Additions	67,728	-	67,728	
Depreciation charge for year	(119,873)	(114,064)	(233,937)	
At 31 December 2009 net of accumulated depreciation and impairment	552,693	1,596,047	2,148,740	
At 31 December 2009				
Cost	1,537,603	1,906,506	3,444,109	
Accumulated depreciation and impairment	(984,910)	(310,459)	(1,295,369)	
Net carrying amount	552,693	1,596,047	2,148,740	

for the year ended 31 December 2010

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
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.

	Consol	lidated	Parent
	Sporting Franchise \$	Total \$	Total \$
16. NON-CURRENT ASSETS - INTANGIBLE ASSETS			
(a) Reconciliation of carrying amounts at the beginning and	end of the period		
At 31 December 2010			
Sporting franchise – at cost	13,382,857	13,382,857	-
Accumulated impairment	(900,277)	(900,277)	-
Net carrying amount	12,482,580	12,482,580	-
At 31 December 2009	/// //		
Sporting franchise – at cost	13,382,857	13,382,857	-
Accumulated impairment	(900,277)	(900,277)	-
Net carrying amount	12,482,580	12,482,580	-

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

The Sporting Franchise is considered to have an indefinite useful life as 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 2012. The Club Agreement signed between the Group and the National Rugby League provides that termination can only take place if the Club becomes insolvent or breaches any provisions of the Club Agreement. Management are confident that these conditions necessary to obtain renewal will continue to be met on an ongoing basis. The Sporting Franchise is 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 theses 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:

for the year ended 31 December 2010

#### **NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)**

#### Impairment testing of intangibles with indefinite lives

- -o market research results on brand recognition
- -o the success of the Brisbane Broncos Rugby League Team since its inception
- -o 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
- the new television rights deal recently negotiated by the National Rugby League

An annual growth rate of 3% has been used in the future maintainable earnings calculation and a pre-tax discount rate of 12% (2009: 12%) has been applied to the cash flow projections.

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 or financial performance of the Group on a go forward basis. 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 2010 the present value of the cash flow projections supported the carrying value of the cash generating unit and there is therefore no impairment.

	Consolidated		Par	Parent	
	2010 \$	2009 \$	2010 \$	2009 \$	
17. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES					
Trade payables	262,476	241,567	17,309	10,320	
Other payables	876,540	372,477	243,958	67,691	
	1,139,016	614,044	261,267	78,011	

#### (a) Fair value

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of three months. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

#### (b) **Financial guarantees**

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

### 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.

for the year ended 31 December 2010

	Conso	lidated	Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
RRENT LIABILITIES - PROVISIONS				
fits tax	137,630	94,044	20,197	14,914
eave	231,745	259,820	77,485	79,129
rice leave	209,511	144,148	102,807	47,717
	578,886	498,012	200,489	141,760

		Consolidated		Parent		
		2010 \$	2009 \$	2010 \$	2009 \$	
19.	NON-CURRENT LIABILITIES - TRADE AND OTHER PAYABLE	S				
Relat	ted party payables - amounts payable to controlled entities	-	-	4,066,803	3,592,097	

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

		Conso	Consolidated		Parent	
		2010	2009 \$	2010 \$	2009 \$	
20.	NON-CURRENT LIABILITIES – PROVISIONS					
Long	service leave	106,365	112,472	1,712	42,148	
		106,365	112,472	1,712	42,148	

#### (a) Long service leave

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

	Consol	Consolidated		Parent	
	2010	2009 \$	2010 \$	2009 \$	
ONTRIBUTED EQUITY					
nares - issued and fully paid	28,991,500	28,991,500	28,991,500	28,991,500	
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.

for the year ended 31 December 2010

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
22. ACCUMULATED LOSSES				
Balance 1 January	(4,874,529)	(5,742,415)	(20,772,304)	(21,646,687)
Net profit	980,607	867,886	988,775	874,383
Dividends	(490,203)	-	(490,203)	-
Balance 31 December	(4,384,125)	(4,874,529)	(20,273,732)	(20,772,304)

	Conso	Consolidated		ent
	2010 \$	2009 \$	2010 \$	2009
23. CASH FLOW STATEMENT RECONCILIATION	*	*	*	*
Reconciliation of net profit after tax to net cash flows from operations				
Net profit/(loss)	980,607	867,886	988,775	874,383
Adjustments for:				
Depreciation and amortisation	272,039	233,937	-	-
Amounts recovered from subsidiaries under tax funding agreement	-	-	(714,580)	(628,175)
Dividends classified as investment cash flow	-	-	(1,520,369)	(1,361,196)
Employee benefits provisions	31,183	68,741	13,009	9,227
Changes in assets and liabilities				
(Increase)/decrease in inventories	37,465	60,555	-	-
(Increase)/decrease in trade and other receivables	(723,163)	1,090,934	273,087	145,457
(Increase)/decrease in deferred tax asset	(103,742)	(44,538)	(97,488)	(52,130)
(Decrease)/increase in current tax liability	227,941	(138,544)	227,941	(138,544)
(Decrease)/increase in creditors and accruals	577,216	(318,412)	180,049	(88,493)
(Decrease)/increase in unearned revenue	1,233,582	(344,250)	-	-
(Decrease)/increase in provisions	6,121	(43,565)	5,283	(1,702)
Net cash from/(used in) operating activities	2,539,249	1,432,744	(644,293)	(1,241,173)

for the year ended 31 December 2010

#### 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 Fatitu	Country of		% of sh	ares held
Name of Controlled Entity	Incorporation		2010	2009
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 Bandits Pty Ltd	Australia		100	100
Brisbane Bullets Trust	Australia		100	100
Pacific Sports Holdings Pty Ltd (Trustee)	Australia	(i)	100	100
Brisbane Professional Sports Investment Pty Ltd	Australia		100	100
Broncos Insurance Agencies Pty Ltd	Australia		100	100
AH BR Pty Ltd	Australia		100	100

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 Interpretation 112 Consolidation Special Purpose Entities.

#### (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 from related parties \$	Purchases from related parties \$
CONSOLIDATED				
Major shareholder				
News Limited	2010	48,993	-	171,338
	2009	46,512	-	110,453
Other				
National Rugby League Limited	2010	884,560	3,556,667	118,508
	2009	722,900	3,450,000	191,055

for the year ended 31 December 2010

#### RELATED PARTY DISCLOSURE (CONTINUED) 24.

#### **Transactions with related parties (continued)**

### 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 Limited owned 68.87% of the Group as at 31 December 2010. News Limited 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 Limited and its related entities to the value of \$171,338 (2009: \$110,453).

#### Other

The licence held by the Group is provided by the National Rugby League Limited which is 50% owned by News Limited. This licence entitles the Group to receive an annual grant from the 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.

#### 25 **KEY MANAGEMENT PERSONNEL**

#### (a) **Details of Key Management Personnel**

#### (i) **Directors**

I G Brindle Chairman (Non-Executive)

D C Somerville Chairman (Non-Executive) (Resigned 22 February 2011)

B P Cullen Director (Non-Executive) (Retired as Managing Director on 31 December 2010)

D S Jackson Director (Non-Executive) (Retired 31 December 2010)

D M Watt Director (Non-Executive)

A J Joseph Director (Non-Executive) (Appointed 22 February 2011)

**Executives** 

Company Secretary and Chief Financial Officer L A Lanigan

T M Reader General Manager Marketing and Commercial Operations

A D Gee General Manager Football Operations (Commenced 3 May 2010)

#### (b) **Compensation of Key Management Personnel**

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
Short-term employee benefits	828,772	625,770	544,539	530,270
Post-employment	141,493	102,899	120,133	96,284
Other long-term benefits	25,158	9,600	8,298	8,144
	995,423	738,269	672,970	634,698

for the year ended 31 December 2010

#### 25. KEY MANAGEMENT PERSONNEL (CONTINUED)

#### (c) Shareholdings of Key Management Personnel (Consolidated)

Shares held in Brisbane Broncos Limited (number):

	Balance 1 Jan 2010	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 31 Dec 2010
Directors					
B P Cullen (Resigned as Managing Director 31 December 2010)		-	-	-	-
D C Somerville (Resigned 22 February 2011)	-	-	-	-	-
D S Jackson (Retired 31 December 2010)	28,500	-	-	-	28,500
D M Watt	-	-	-	-	-
L G Brindle	-	-	-	-	-
Executives					
L A Lanigan	-	-	-	-	-
T R Reader	-	-	-	-	-
A D Gee (Commenced 3 May 2010)	-	-	-	-	-
TOTAL	28,500	-	-	-	28,500

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.

#### (d) Other transactions and balances with Key Management Personnel

D M Watt is an employee of News Limited which is a related party of the Group. Transactions conducted with News Limited and its related entities are disclosed in note 24 of this report.

### 26. COMMITMENTS AND CONTINGENCIES

## (a) Commitments

#### (i) Leasing commitments

## Operating lease commitments - Group as lessee

The Group has entered into commercial leases on property and motor vehicles. Motor vehicle leases have a life of two years. Property leases have an average life of 10 years with a renewable option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

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

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
Within one year	66,423	118,161	-	-
After one year but not more than five years	90,000	156,400	-	-
After more than five years	-	-	-	-
Total minimum lease payments	156,423	274,561	-	-

Included above as an operating lease commitment is the 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.

for the year ended 31 December 2010

#### 26. **COMMITMENTS AND CONTINGENCIES (CONTINUED)**

#### (a) **Commitments (continued)**

#### (ii) **Player contract commitments**

Commitments for the payment of player contracts in existence at the reporting date but not recognised as liabilities are:

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
Within one year	5,133,510	4,566,360	-	-
After one year but not more than five years	5,316,940	4,441,600	-	-
	10,450,450	9,007,960	-	-

### Affiliate club commitments

Commitments for the payment of affiliate club grant contracts in existence at the reporting date but not recognised as liabilities are:

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
Within one year	171,364	289,545	-	-
After one year but not more than five years	144,091	260,909	-	-
	315,455	550,454	-	-

### (iv) Management 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	
	2010 \$	2009 \$	2010 \$	2009 \$
Within one year	352,450	333,375	-	333,375
After one year but not more than five years	661,300	-	-	-
	1,013,750	333,375	-	333,375

Mr Bruno Cullen retired as Managing Director on 31 December 2010. Mr Paul White was appointed as Chief Executive Officer on 1 January 2011. Amounts disclosed as 2010 remuneration commitments include commitments arising from Mr White's employment agreement that expires on 31 December 2013. The amounts include cash salary, superannuation and the provision of a motor vehicle. The Chief Executive Officer is the only employee with which the Group has entered into an employment agreement.

## (b) Contingencies

No contingencies exist as at the reporting date.

for the year ended 31 December 2010

## 27. AUDITORS' REMUNERATION

The auditor of Brisbane Broncos Limited is Ernst & Young.

Consolidated		Parent	
2010 \$	2009 \$	2010 \$	2009 \$
80,000	77,000	72,000	69,500
535	9,850	535	9,850
80,535	86,850	72,535	79,350
	100000000000000000000000000000000000000		The second secon
5,400	8,210	5,400	8,210
	2010 \$ 80,000 535 <b>80,535</b>	2010 2009 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2010     2009     2010       \$     \$     \$       80,000     77,000     72,000       535     9,850     535       80,535     86,850     72,535

#### 28. EVENTS AFTER BALANCE DATE

On 10 February 2011, the Board of Directors declared a final dividend on ordinary shares in respect of the 2010 financial year. The total amount of the dividend is \$490,203 which represents a 0.5 cent dividend franked to 100% per share.

# 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 2010 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); and
  - (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.
- 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 ending 31 December 2010.

On behalf of the Board.

**Lawrence Brindle** 

Chairman

Brisbane

25 February 2011



1 Eagle Street Brisbane QLD 4000 Australia GPO Box 7878 Brisbane QLD 4001

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

## Independent auditor's report to the members of Brisbane Broncos Limited

## Report on the Financial Report

We have audited the accompanying financial report of Brisbane Broncos Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards and International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Liability limited by a scheme approved under Professional Standards Legislation



## Auditor's Opinion

In our opinion:

- the financial report of Brisbane Broncos Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the financial position of Brisbane Broncos Limited and the consolidated entity at 31 December 2010 and of their performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- 2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 31 December 2010. 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.

### Auditor's Opinion

In our opinion the Remuneration Report of Brisbane Broncos Limited for the year ended 31 December 2010, complies with section 300A of the  $\it Corporations$   $\it Act 2001$ .

Ernst & Young

Ric Roach Partner Brisbane

25 February 2011

# **ASX Additional Information**

Additional information required by the Australian Stock Exchange Ltd and now shown elsewhere in this report is as follows. This information is current as at 7 February 2011.

## **Distribution of equity securities**

98,040,631 fully paid ordinary shares are held by 530 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	54	-
1001 – 5000	265	-
5001 – 10000	101	-
10001 - 100000	98	-
100001 – OVER	12	-
	530	-
Holding less than a marketable parcel	67	-

#### **Substantial shareholders** (b)

Ordinary shareholders	Fully paid shares	Percentage
Nationwide News Pty Ltd	67,521,089	68.87%
RL Development (QLD) Pty Ltd	10,000,000	10.20%
BXBX Pty Ltd	9,598,685	9.79%
Drenside Pty Ltd	3,091,756	3.15%
	90,211,530	92.01%

#### (c) Twenty largest holders of quoted equity securities

Ordinary shareholders	Number of ordinary shares	Percentage held
Nationwide News Pty Limited	67,521,089	68.87%
RL Development (QLD) Pty Ltd	10,000,000	10.20%
BXBX Pty Ltd	9,598,685	9.79%
Drenside Pty Ltd	3,091,756	3.15%
Scanlon Group Holdings Pty Ltd	1,424,883	1.45%
AEG Ogden Pty Ltd	631,666	.64%
W F M Motors Pty Ltd	300,000	.31%
Moonton Pty Ltd	281,750	.29%
Meingrove Pty Ltd	278,149	.28%
Mr Adrian Charles Vos	132,536	.14%
Ms Joan Ann Mary Enever	110,000	.11%
Mr Raymond John Balkin and Mrs Ethel Moya Balkin	104,627	.11%
Bushfly Air Charter Pty Ltd	100,000	.10%
George Enever Pty Ltd	100,000	.10%
Mr Sean Ryan and Mrs Julia Ryan	100,000	.10%
ACT Demo Pty Ltd	83,333	.08%
Mr John James Nuell	79,000	.08%
Mr David Neil Holland	78,000	.08%
Lonestar Pty Ltd	68,900	.07%
Mr Gregory Apel	60,570	.06%
	94,144,944	96.01%

# Notice of Annual General Meeting

### Registered Office: 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 following time and place:

Time:	10.00am
Date:	Wednesday 20 April 2011
Place:	Darcey Mitchell Room Broncos Leagues Club Fulcher Road RED HILL QLD 4059

#### **BUSINESS**

#### Consideration of Reports

To consider and receive the Financial Report, the Directors' Report, and the Independent Audit Report of Brisbane Broncos Limited and its controlled entities for the year ended 31 December 2010.

#### 2. Resolution 1 - 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 for the year ended 31 December 2010."

#### Resolution 2 - Re-election of Director - Mr Dennis Watt

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

"That Mr Dennis Watt, who retires in accordance with article 12.4.1 of the Company's Constitution and being eligible offers himself for re-election, be re-elected as a director of the Company."

#### 4. Resolution 3 - Election of Director - Mr Anthony Joseph

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

"That Mr Anthony Joseph, having consented to act as a director of the Company, and having been appointed by the directors on 22 February 2011 in accordance with article 12.6.1 of the Company's Constitution, be and is hereby elected as a director of the Company, with immediate effect."

#### 5. Resolution 4 - Adoption of New Constitution

To consider and, if thought appropriate, pass the following resolution as a **special** resolution:

"That with effect from the end of the Meeting, the Constitution of Brisbane Broncos Limited be repealed and replaced in its entirety with the Constitution tabled at this general meeting and signed by the Chair for identification".

By order of the Board of BRISBANE BRONCOS LIMITED

Ms Louise Lanigan

Company Secretary

18 March 2011

# Explanatory Notes on Items of Business

#### Registered Office: Level 1, Broncos Leagues Club, 92 Fulcher Road, Red Hill QLD 4059.

#### **Consideration of Financial Statements**

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.

Shareholders will be provided with the opportunity to ask questions about the reports or about the Brisbane Broncos generally but there will be no formal resolution put to the meeting.

#### 2. **Resolution 1 - Remuneration Report**

As required by section 250R(2) of the Act, a resolution that Brisbane Broncos Limited's Remuneration Report be adopted must be put to the vote. Section 250R(3) of the Act provides that the vote on the resolution is advisory only and does not bind the Directors of the Company. The Board however will take the outcome of the vote into consideration when reviewing the remuneration practices of the Company.

The Remuneration Report is available in the Directors' Report included in the Annual Report. Shareholders will have the opportunity to ask questions about the Brisbane Broncos Limited Remuneration Report at the Annual General Meeting.

#### Resolution 2 - Re-Election of Director - Mr Dennis Watt

Pursuant to article 12.4.1 of the Company's Constitution, Mr Dennis Watt must retire from the Board. In accordance with article 12.4.3 Mr Dennis Watt, being eligible, offers himself for re-election at the Meeting. The Directors, other than Mr Watt, recommend that shareholders vote in favour of this resolution. Mr Watt, because of his interest, makes no recommendation in relation to this resolution.

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

#### Resolution 3 - Election of Director - Mr Anthony Joseph

Pursuant to Article 12.6.1 of the Company's Constitution, the directors of the Company appointed Mr Anthony Joseph as director on 22 February 2011. In accordance with Article 12.6.2, Mr Anthony Joseph, being eligible and having consented to act, offers himself for election at the meeting. Mr Anthony Joseph, because of his interest, makes no recommendation in relation to this resolution.

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

### **Resolution 4 - Adoption of New Constitution**

The current Constitution of Brisbane Broncos Limited is aged and requires updating. The Directors propose to replace this Constitution with a more modern version. A copy of the new Constitution is available on the Brisbane Broncos website www.broncos.com.au or upon request at the registered office.

# Proxy Form - 2011 Annual General Meeting

## **Appointment of proxy**

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")  The Chairman of the Meeting (mark with an "X")  Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting as your proxy. Do not insert your own name.  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 followin directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Brisbane Bronc Limited to be held in the Darcey Mitchell of the Broncos Leagues Club, Fulcher Road, Red Hill, Queensland at 10am (Brisbatime) Wednesday, 20 April 2011, and at any adjournment of that Meeting.  Voting directions to your proxy – please mark "x" to indicate your directions  Resolution 1 – To adopt the Remuneration Report of Brisbane Broncos Limited for the year ended 31 December 2010.  Resolution 3 – Election of Mr Anthony Joseph as a director of Brisbane Broncos Limited.  Resolution 4 – Adoption of new Constitution.  "If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of han or on a poll and your votes will not be counted in computing the required majority on a poll.  Appointing a second proxy  We wish to appoint a second proxy  Mark with an "X" if you wish to appoint a second proxy  Mark with an "X" if you wish to appoint a second proxy  Director Director  Director Company Secretary  Director Company Secretary	I/WE				
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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, 1st Floor, Broncos Leagues Club, Fulcher Road, Red Hill, Queensland, 4059, or faxed to (07) 3858 9112. A shareholder's voting entitlement at the Annual General Meeting will be taken to be the entitlement of the person shown in the register of members as at 7:00 pm (Brisbane time) on 18 April 2011.

## Instructions for how to complete this Proxy Form

#### **Your Address**

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

#### **Appointment of Proxy**

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box on the left. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the full name of that individual or body corporate. 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.

#### 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 has 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 undirected proxies in favour of each item of business.

#### **Appointment of a Second Proxy**

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's Registered Office on (07) 3858 9111 or you may copy this form.

To appoint a second proxy you must:

- (a) Indicate that you wish to appoint a second proxy by marking the box.
- (b) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable on that form (together being no more than 100% of your total shareholding). If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) Return both forms together.

#### 5 **Signing Instructions**

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

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed Companies:

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.

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.

### LODGEMENT OF PROXY FORM

This Proxy Form must be received no later than 10am (Brisbane time) on Monday 18 April 2011. Any Proxy From received after that time will not be valid for the scheduled meeting. Proxy forms can be delivered or mailed to Brisbane Broncos Limited, 1st Floor, Broncos Leagues Club, Fulcher Road, Red Hill, Queensland, 4059, or faxed to (07) 3858 9112.







# Corporations Act 2001 Public Company Limited by Shares

## **CONSTITUTION OF BRISBANE BRONCOS LIMITED ACN 009 570 030**

#### INTRODUCTION

- 1. Replaceable Rules Excluded
  - 1.1. The replaceable rules contained in the Law do not apply to the Company.
- 2. Definitions and Interpretation
  - 2.1. In this Constitution:
- (1) "ASX" means the Australian Securities Exchange Limited;
- (2) **auditor**" means any person appointed for the time being to perform the duties of an auditor of the Company;
- (3) "ASTC Settlement Rules" means the settlement rules of the SCH. "ASTC" is the ASX Settlement & Transfer Corporation Pty Ltd
- (4) "Business Day" has the meaning given to that term in the Listing Rules;
- (5) "CHESS" has the meaning ascribed in the ASTC Settlement rules;
- (6) "CHESS Approved Securities" means securities for which CHESS approval has been given in accordance with the ASTC Settlement Rules;
- (7) "CHESS Holding" means the holding of securities on CHESS;
- (8) "Company" means the Brisbane Broncos Limited ACN 009 570 030;
- (9) "Constitution" means the constitution of the Company in force from time to time and reference to particular rules have corresponding meaning;
- (10) "directors" means the directors for the time being of the Company or the directors assembled as board:
- (11) "dividend" means any sum arising from the division of the profits among the Members and includes a bonus;
- (12) "Executive Director" means a director in full time employment of the Company or any subsidiary or related corporation other than the Managing Director;
- (13) "Holding Lock" means a facility that, in accordance with the SCH Business Rules, prevents securities being deducted from, or entered into, a holding pursuant to a transfer or conversion (that is a transfer of securities form a CHESS Holding or to any other holding or from any holding to a CHESS Holding or a movement from a holding on 1 sub register to a holding on another sub register without any change in legal ownership);

- (14) "Issuer Sponsored Sub register" means that part of the Register for a class of the Company's CHESS Approved Securities that is administered by the Company (and not by the ASX) and that records un-certificated holdings of securities;
- (15) "Law" means the Corporations Act 2001 and includes any amendment or reenactment of it or any legislation passed in substitution for it;
- (16) "Listing Rules" means the listing rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express waiver by the ASX:
- (17) "Managing Director" means any person appointed to perform the duties of Managing Director of the Company;
- (18) "member", "shareholder" or "holder" means any person entered in the Register as a member for the time being of the Company;
- (19) "member present" means a member present at any general meeting of the Company in person or by proxy or attorney or, in the case of a body corporate, by a duly appointed representative;
- (20) "month" means calendar month;
- (21) "Office" means the registered office for the time being of the Company;
- (22) "Official List" means the official list of entities that the ASX has admitted and not removed:
- (23) "proper SCH transfer" has the meaning ascribed by the Law;
- (24) "Register" means the register of members to be kept pursuant to the Law and/or the Listing Rules and where appropriate includes shall include branch registers and/or sub-registers;
- (25) "representative" means a person authorized to act as a representative of a body corporate pursuant to section 250D of the Law;
- (26) "Restricted Securities" has the meaning ascribed by the Listing Rules;
- (27) "SCH" means the body corporate approved by the Minister in accordance with the Corporations Law as the securities clearing house
- (28) "**Seal**" means the common seal of the Company and includes any share seal, certificate seal or official seal of the Company;
- (29) "**secretary**" means any person appointed to perform the duties of secretary of the Company and any person appointed to act temporarily as secretary;
- (30) "securities" has the meaning ascribed by the Listing Rules; and
- (31) "Transfer Auditor" means a person (who need not be a registered company auditor and who may be an employee of the Company) appointed by the directors for the purpose of certifying as to the correctness of transfers of shares, registered unsecured notes and convertible notes, the allotment of shares, registered unsecured notes and convertible notes and the issue of certificates in respect of shares to which members or intending members of the Company may be entitled and the issue of certificates in respect of registered unsecured notes and convertible notes to which any person may be entitled.

- 2.2. Except so far as the contrary intention appears in the Constitution:
  - (1) an expression has in this Constitution the same meaning as in the Law; and
  - (2) if an expression is given different meanings for the purposes of different provisions of the Law.
- 2.3. Words and the expressions defined in the Listing Rules and the ASTC Settlement Rules have the same meaning where used in this Constitution unless the context or subject matter otherwise requires.
- 2.4. Headings are for convenience only and do not affect the interpretation of this Constitution.
- 2.5 Reference to one gender includes the other gender.
- 2.6 The singular includes the plural and the plural includes the singular.
- 2.7 The word "person" includes a body corporate.

#### **CAPITAL AND VARIATION OF RIGHTS**

### 3. Capital and Control Issue of Shares

- 3.1. Without prejudice to any special rights previously offered on the holders of any existing shares or class of shares but subject to the Law and the Listing Rules, the shares in the Company for the time being unissued are under control of the directors.
- 3.2. The directors may allot or otherwise dispose of any unissued shares to such persons at such times and on such terms and conditions and having attached to them such preferred, deferred or such other special rights or such restrictions as the directors think fit.
- 3.3. Subject to the Law, the directors may grant to any person options or other securities with rights of conversion to shares or pre-emptive rights to any shares for any consideration and for any period.
- 3.4. Subject to the Law, any preference shares may, with the sanction of a resolution of the Company in general meeting, be issued on the terms that they are, or at the option of the Company are, liable to be redeemed.
- 3.5. The Company must not in any way prevent, delay or interfere with the issue of securities following the exercise, conversion or paying up of any security quoted on the ASX, except as permitted by the Listing Rules.

### 4. Joint Holders

- 4.1. Where 2 or more persons are registered as the holders of any share, they are deemed to hold the share as joint tenants with benefits of survivorship subject to rule 4.2 and the following:
  - (1) the Company is not bound to register more than 3 persons (not being the trustees, executors or administrators of a deceased holder) as the holder of any share;
  - (2) the joint holders of any share are liable severally as well as jointly in respect of all payments which ought to be made in respect of the share;

- (3) on the death of any 1 of the joint holders, the survivor or survivors are the only person or persons recognized by the Company as having any title to the share, but the directors may require such evidence of death as they think fit;
- any 1 of the joint holders may give effective receipts for any dividend, bonus or return of capital payable to the joint holders;
- (5) only the person whose name stands first in the Register as 1 of the joint holders of any share is entitled to delivery of the certificate relating to the share or to receive notices from the Company and any notice given to that person is deemed notice to all the joint holders; and
- (6) any 1 of the joint holders may vote at any meeting either personally or by proxy, in respect of the share as if that person were solely entitled to the share, but if more than 1 of the joint holders are present at any meeting personally or by proxy the holder present whose name stands first in the Register in respect of the share is alone entitled to vote in respect of the share.
- 4.2. Where 3 or more persons are registered holders of a share in the Register (or a request is made to register more than 3 persons) only the first 3 named persons are regarded as holders of the share and all other named persons must be disregarded for all purposes except in the case of executors or trustees of a deceased shareholder.

## 5. Variation of Rights

- 5.1. If at any time different classes of shares are issued, the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class which variation shall take effect in accordance with sections 246D and 246E of the Law.
- 5.2. The provisions of this Constitution relating to general meetings apply so far as they are capable of application and with the necessary changes to every such separate meeting except that:
  - (1) a quorum is constituted by 2 members present who, between then, hold or represent 1/3 of the issued shares of the class (unless a body corporate holds the whole of the issued shares of the class, in which case a quorum is constituted by 1 member); and
  - (2) any member who holds or represents shares of the class may demand a poll.
- 5.3. If a quorum is not present at any separate general meeting of holders of shares of a class or if a resolution is not passed by the necessary majority all or any of those rights and privileges may be varied with the consent in writing of the holders of at least ¾ of the issued shares of the class within 2 months after the date of the meeting.

#### 6. Unmarketable Parcels

6.1. In this rule 6:

- (1) "Marketable Parcel" of the relevant securities has the meaning ascribed by the Listing Rules;
- "Minimum Sale Price" means the weighted average sale price of the relevant securities sold on the ASX during a period of 5 consecutive trading days immediately preceding the relevant Notice Date, rounded off to the nearest half cent or, if there are no sales of the relevant securities on the ASX during that period the sale price which in the opinion of the directors is a fair and reasonable sale price for the relevant securities immediately prior to the relevant Notice Date;
- (3) "Minority Member" means the holder of less than a Marketable Parcel of the relevant securities;
- (4) "Notice" means the written notice given to Minority Members in accordance with rule 6.2;
- (5) "Notice Date" means the date of the Notice sent by the Company to a Minority Member advising that the Company intends to sell that Minority Member's securities on that member's behalf under rule 6.2;
- (6) "Purchaser" means the person or persons (including a member or members to whom the relevant securities are disposed or sold in accordance with rule 6.2; and
- (7) "Sale Consideration" means the proceeds of any sale or other disposal of the relevant securities of a Minority Member pursuant to this rule 6.
- 6.2. Subject to the Listing Rules, the Company is entitled to sell securities of a Minority Member on the following conditions:
  - (1) the Company must give to the Minority Member a Notice that the Company intends to invoke the power of sale contained in this rule 6:
  - the Minority Member must be given at least 6 weeks from the Notice Date in which to advise the Company that the member wishes to retain the member's security holding;
  - (3) if the Minority Member advises the Company under rule 6.2(2) that the member wishes to retain the member' security holding, the Company must not sell it; and
  - (4) subject to rule 6.2(3), at the expiry of the 6 week period, the Company is entitled to sell any security holding of the Minority Member which is, at the date of sale, less than a Marketable Parcel.
- 6.3. For the purposes of the sale of securities under this rule 6 each Minority Member:
  - (1) appoints the Company as the Minority Member's agent to sell, as soon as practicable after the expiry of the 6 week period after the Notice Date, all of the Minority Member's relevant securities at a price or for a consideration which in the opinion of the directors, has a value not less than the Minimum Sale Price and to receive the Sale Consideration on behalf of the Minority Member; and
  - (2) appoints the Company and each of its directors jointly and severally as the Minority Member's attorneys in that member's name and on that member's behalf to effect all transfer documents, deeds or other

documents or instruments necessary to transfer the relevant securities from the Minority Member to the Purchaser.

- 6.4. The Company must bear all costs of and incidental to the sale of security holdings under this rule 6.
- 6.5. The Purchaser is not bound to see to the regularity of the actions and proceedings of the Company under this rule 6 or to the application of the Sale Consideration in respect of a Minority Member's relevant securities. After the Purchaser's name is entered in the Register in respect of the relevant securities the validity of the sale or other disposal may not be impeached by any person and the remedy of any person aggrieved by the sale or other disposal is in damages only and against the Company exclusively. The title of the Purchaser is not affected by any irregularity or invalidity in connection with the sale or disposal of the relevant securities to the Purchaser.
- 6.6. Subject to rule 6.7, with respect to the receipt and payment of the Sale Consideration:
  - (1) the Sale Consideration must be received by the Company and paid by the Company to the Minority Member or as that member may direct:
  - (2) the Sale Consideration received by the Company must be paid into a bank account opened and maintained by the Company for that purpose only;
  - (3) the Company must hold the Sale Consideration in trust for the Minority Member(s) whose securities are sold under this rule 6 pending distribution of the Sale Consideration;
  - (4) the Company must as soon as practicable after the sale of securities of Minority Members, and to the extent that it may reasonably do so, distribute the Sale Consideration; and
  - (5) the provisions of the Law and any other applicable legislation dealing with unclaimed moneys apply to any Sale Consideration unable to be distributed by the Company for any reason.
- 6.7. The Sale Consideration must not be sent to a Minority Member until the Company receives any certificate relating to the securities, which have been sold (or is satisfied that the certificate has been lost or destroyed).
- 6.8. This rule 6 may be invoked only once in any 12 month period.
- 6.9. The power to sell in this rule 6 lapses following the announcement of a takeover offer or the making of a takeover announcement. However, despite rule 6.8, the procedure provided in this rule 6 may be started again after the close of the offers made under the takeover offer or takeover announcement.

# 7. Brokerage and Commission

- 7.1. The Company may exercise the power to make payments by way of brokerage or commission conferred by the Law in the manner provided by the Law.
- 7.2. Payments by way of brokerage or commission may be satisfied by the payment of cash, by the allotment of shares or other securities or partly by the payment of cash and partly by the allotment of shares or other securities.

## 8. Recognition of Ownership

- 8.1. Except as required by law, the Company is not bound to recognize a person as holding a share upon any trust.
- 8.2. The Company is not bound by or compelled in any way to recognize (whether or not it has notice of the interest or rights concerned) any equitable, contingent, future or partial interest in ay share or unit of a share or (except as otherwise provided by this Constitution or by law) any other right in respect of a share except an absolute right of ownership in the registered holder.

## 9. Notification of Ownership of Restricted Shares to the ASX

9.1. Not Applicable.

## **OBLIGATIONS IN RELATION TO CHESS**

## 10. Complying with ASTC Settlement Rules

10.1. The Company must comply with the ASTC Settlement Rules if any of its securities are CHESS Approved Securities.

#### 11. Registers to be kept

- 11.1. The Company must keep a register of members in accordance with:
  - (1) the Law; and
  - (2) And in the event the Company is Listed the Listing Rules and the ASTC Settlement Rules.
- 11.2 Where the Company is Listed the Directors shall immediately notify the Exchange of any intention to:
  - (1) fix a record date to determine entitlements to a reduction of capital stating the record date, which shall be that date specified in the Listing Rules; and
  - (2) fix any other record date and the reason therefore, stating the record date, which shall be that number of Business Days specified from time to time in the Listing Rules or the ASTC Settlement Rules after the notification, and the address of share registries at which documents will be accepted for registration until 5:00pm on the record date or in the case of a Proper ASTC Transfer, until such later time on the record date as may be permitted by the ASTC Settlement Rules.

### SHARE CERTIFICATES AND HOLDING STATEMENTS

#### 12. Entitlement to and Replacement of Certificates

12.1. Subject to Rules 12.7 and 11.6, the Company shall issue to every person whose name is entered as a Member in the Register either a holding statement or share certificate (as the case may be) issued in accordance with the *Corporations Act*, the Listing Rules and the ASTC Settlement Rules.

- 12.2. Where shares are held jointly by several persons the Company is not bound to issue more than 1 certificate and delivery of a certificate to 1 of several joint holders is sufficient delivery to all of them.
- 12.3. A certificate must be issued in accordance with the provisions of this Constitution and the Listing Rules and the ASTC Settlement Rules.
- 12.4. On or before the last date permitted by the Listing Rules or the ASTC Settlement Rules, or if not applicable, within 5 Business Days after the allotment of securities of the Company or registration of a new holder of securities of the Company, the Company must dispatch a notice or certificate (as applicable) to the holder of the securities.
- 12.5. The notice or certificate must show:
  - (1) the name of the Company;
  - (2) the jurisdiction of incorporation or registration of the Company;
  - (3) the name, address and telephone number of the Company's principal security registry with a statement that full terms and conditions of the Company's securities can be obtained from that registry; and
  - (4) any other information required by the Listing Rules or the ASTC Settlement Rules to be provided to the holder of the securities.
- 12.6. The Company shall:
  - (1) register all:
    - a. proper ASTC Transfers; and
    - b. paper-based registrable transfer forms;
  - (2) split certificates, renunciations and transfer forms;
  - (3) issue certificates and transmission receipts;
  - (4) effect conversions between subregisters;
  - (5) mark or note transfer forms; and
  - (6) where the Company is Listed, do those other matters referred to in Listing Rule 8.14 of the Listing Rules,

without charge, except where the issue of certificates is to replace those lost or destroyed.

- 12.7. Subject to the Listing Rules and the ASTC Settlement Rules, if any certificate or other document of title to shares is worn out or defaced then upon production of the certificate or document to the directors they must order it to be cancelled and issue within 5 Business Days after receipt of the worn out or defaced certificate or document a new certificate or document in its place upon the conditions prescribed by the Law.
- 12.8. Subject to the Listing Rules and the ASTC Settlement Rules, if any certificate or other document of title to shares is stolen, lost or destroyed then upon proof to the satisfaction of the directors that the certificate or document has been stolen, lost or destroyed and has not been pledged, sold or otherwise disposed of and on such indemnity and undertaking as the directors deem

adequate being given and such steps (including advertising) taken as the directors think necessary, a new certificate or document in its place must be issued to the party entitled to the stolen, lost or destroyed certificate or document within 5 Business Days after receipt of the certificate, document or proof and in that event the Company is entitled to charge for each new certificate or document issued a fee not exceeding the maximum amount permitted by the Law. The new certificate or document must be clearly endorsed with the words "Issued in replacement of certificate [or document]: number" or such other words as may from time to time be prescribed by the Listing Rules or permitted by the ASX.

- 12.9 Despite the provisions of this Rule 12, the Company shall not be required to issue a certificate for shares held by a Member and may cancel a certificate without issuing a replacement certificate where:
  - (1) this is permitted by the *Corporations Act*, or
  - (2) where the Company is Listed this is:
    - (a) permitted by the Listing Rules; or
    - (b) permitted by the ASTC Settlement Rules.
- 12.10 The provisions of the Listing Rules and the ASTC Settlement Rules shall regulate the manner in which the Company deals with the delivery up and cancellation of certificates for the purposes of converting the securities to an SCH register.

## 13. Issuer Sponsored Holding Statements

- 13.1. The Company must send a member on the Issuer Sponsored Subregister a statement for a new holding on that subregister within 5 Business Days after the holding is created. The statement must include the opening balance of the holding and the SRN for the holding.
- 13.2. The Company must send each member on the Issuer Sponsored Subregister a routine transaction statement which sets out the changes to the holding since the last routine transaction statement (or opening balance statement) and the SRN for the holding. The statement must be sent within 5 Business Days after the end of the month in which there is a change.
- 13.3. If a member on the Issuer Sponsored Subregister asks, the Company must send the member a special transaction statement, and the SRN for the holding which sets out any changes to the holding since the last routine transaction statement. The Company may require a reasonable payment for a special transaction statement. The statement must be sent within 3 Business Days after receiving the written request and any payment that is required.

## **LIEN ON SHARES**

# 14. Right to Lien

14.1. Subject to the Listing Rules, ASTC Settlement Rules and this rule 14 the Company has a first and paramount lien on every share registered in the name of each member (whether solely or jointly with others). The Company's lien on a share extends to all dividends the Company pays in respect of the share.

- 14.2. The amount of the Company's lien is restricted to:
  - (1) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid;
  - (2) if the shares were acquired under an employee incentive scheme an amount is owed to the Company for acquiring them; and
  - (3) an amount that the Company is required by law to pay (and has paid) in respect of the shares of a member or deceased former member.
- 14.3. The Company's lien on a share extends to reasonable interest and expenses incurred because an amount referred to in rule 14.2 is not paid.
- 14.4. Unless otherwise agreed the registration of a transfer document operates as a waiver of the Company's lien (if any) on the shares transferred.
- 14.5. The directors may at any time exempt a share wholly or in part from the provisions of this rule 14.
- 14.6. The Company may do everything necessary or appropriate under the ASTC Settlement Rules to protect any lien, charge or other right to which it is entitled under the law or these rules.
- 14.7. If the Company has a lien on securities, the Company may give notice to SCH, in the form required by SCH from time to time requesting SCH to apply a Holding Lock to that CHESS Holding.

## 15. Imposition of a Liability

- 15.1. This rule 15 applies where any law for the time being of any country, State or place:
  - (1) imposes or purports to impose any immediate or future or possible liability upon the Company to make any payment; or
  - (2) empowers any government or taxing authority or government official to require the Company to make any payment in respect of any shares registered in the Register as held either jointly or solely by any members or in respect of any dividends or other moneys which are or may become due or payable or are accruing due to the member by the Company on or in respect of any shares so registered;

for or on account or in respect of any member and whether in consequence of:

- (3) the death of the member;
- (4) the liability for income tax or other tax by the member:
- (5) the liability for any estate, probate, succession, death, stamp or other duty by the executor or administrator of the member or by or out of such member's estate; or
- (6) anything else.
- 15.2. If any liability contemplated by rule 15.1 is imposed on the Company, the Company in every such case:

- (1) must be fully indemnified by the member or the member's executor or administrator from all liability;
- (2) has a first and paramount lien upon all shares registered in the Register as held either jointly or solely by the member and upon all dividends and, subject to the Listing Rules, other money payable in respect of the share for any liability arising under or in consequence of that law and for any amount paid in complete or partial satisfaction of the liability and for interest on any amount so paid at the rate per annum set by the directors from the date of payment to the date of repayment. The Company may deduct from or set off against the dividends or other money payable any money so paid or payable by the Company together with interest;
- (3) may recover as a debt due from the member or the member's executor or administrator wherever situated any money paid by the Company under or in consequence of the law and interest on the money at the rate and for the period referred to in rule 15.2(2) in excess of any dividend or other money then due or payable by the Company to the member; and
- (4) may, if the money is paid or payable by the Company under that law, (but subject to the Law, the ASTC Settlement Rules and the Listing Rules) refuse to register a transfer of the shares by the member or the member's executor or administrator until the money with interest is set off or deducted or where that amount exceeds the amount of the dividend or other money then due or payable by the Company to the member, until the excess is paid to the Company.
- 15.3. This rule 15 does not prejudice or affect any right or remedy which that law may confer or purport to confer on the Company and as between the Company and the member and the member's executors, administrators and estate wherever situated any right or remedy conferred or purported to be conferred by that law on the Company is enforceable by the Company.

### 16. Sale of Shares the Subject of Lien

- 16.1. Subject to rule 16.2, the Law and the Listing Rules the Company may sell, in such manner as the directors think fit, any shares on which the Company has a lien.
- 16.2. A share on which the Company has a lien may not be sold unless:
  - (1) a sum in respect of which the lien exists is presently payable; and
  - (2) the Company has, not less than 14 days before the date of the sale, given to the registered holder for the time being of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder a notice in writing setting out, and demanding payment of, such part of the amount in respect of which the lien exists as is presently payable.
- 16.3. To give effect to a sale of shares under this rule 16, the directors may authorise a person to transfer the shares sold to the purchaser of the shares.
- 16.4. The Company must register the purchaser as the holder of the shares comprised in any such transfer and the purchaser is not bound to see to the application of the purchase money.

- 16.5. The title of the purchaser to the shares is not affected by any irregularity or invalidity in connection with the sale.
- 16.6. The proceeds of a sale under this rule 16 must be applied by the Company in payment of such part of the amount in respect of which the lien exists as is presently payable, and in payment of any other money due and payable to the Company and the residue (if any) must (subject to any like lien for sums not presently payable that existed upon the shares before the sale) be paid to the person entitled to the shares immediately prior to the sale.

#### **CALLS ON SHARES**

#### 17. Power to Make Calls

- 17.1. The directors may make calls upon the members in respect of any money unpaid on the shares of the members and not by the terms of issue of those shares made payable at fixed times.
- 17.2. A call may be made payable by instalments.
- 17.3. A call may be revoked, postponed or extended as the directors determine.

#### 18. Time of Calls

18.1. A call is deemed to be made at the time when the resolution of the directors authorising the call is passed.

### 19. Notice of Calls

- 19.1. Each member must pay the amount called on the member's shares according to the terms of the notice of call.
- 19.2. At least 30 Business Days before the due date for payment, the Company must send notices to all members on whom the call is made who are on the Register when the call is announced. The notice must include each of the following:
- (1) the name of the member:
- (2) the number of shares held by the member;
- (3) the amount of the call;
- (4) the due date for payment of the call;
- (5) the consequences of non-payment of the call;
- (6) the last day for trading of partly paid "call unpaid" shares;
- the last day for acceptance by the Company's registry of lodgements of transfers of partly paid "call unpaid" shares;
- (8) the latest available market price of the shares on which the call is being made before the date of issue of the call notice;
- (9) the highest and lowest market price of the shares on which the call is being made during the 3 months immediately before the date of issue of the call notice and the dates of those sales; and
- (10) the latest available market price of the shares on which the call is being made immediately before the Company announced to the ASX that it intended to make a call.
- 19.3. Every notice of any call in respect of CHESS Approved Securities must:
  - (1) specify any additional information required by the Listing Rules; and
  - (2) be given within such period as is required by the Listing Rules.

19.4. The non-receipt of a notice of a call by or the accidental omission to give notice of a call to any of the members does not invalidate the call.

#### 20. Fixed Calls

- 20.1. Subject to any notice requirements under the Listing Rules, if by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed times the amount or instalment is payable as if it were a call duly made by the directors.
- 20.2. In case of non-payment the provisions of these rules as to payment of interest and expenses, forfeiture or otherwise apply as if the amount or instalment had become payable by virtue of a call duly made and notified.

## 21. Interest on Outstanding Calls

21.1. If a sum called is not paid on or before the date for payment the person from whom the sum is due must pay interest on the sum (or on so much as remains unpaid from time to time) at such rate as the directors may determine calculated from the day payment is due till the time of actual payment. The directors may waive the interest in whole or in part.

### 22. Liability of Joint Shareholders

22.1. The joint holders of a share are jointly and severally liable for the payment of all amounts of instalments and calls in respect of the share.

### 23. Differentiation between Shareholders

23.1. The directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

### 24. Proceedings on Default

24.1. If a sum called in respect of a share is not paid before or on the due date for payment of the sum, the Company may proceed to recover the amount due with interest and expenses (if any) by action, suit or otherwise but the exercise of this right is without prejudice to the right to forfeit the share of any member in arrears and either or both of these rights may be exercised by the directors in their discretion.

# 25. Proof of Outstanding Call

- 25.1. On the trial or hearing of any action for the recovery of any money due for any call and in any circumstances where it is necessary to prove the right to forfeit or sell shares for non-payment of a call it is sufficient to prove:
  - (1) that the name of the member sued is entered in the Register as the holder or 1 of the holders of the shares in respect of which the call was made;
  - (2) that the resolution making the call is duly recorded in the minute book:
  - (3) that:
    - (a) notice of the call was duly given to the registered holder of the shares in pursuance of this Constitution; or

- in the case of calls or instalments payable at fixed times by the terms of issue of any share or otherwise, those terms apply; and
- (4) that the sum or call has not been paid.

Proof of the above matters is conclusive evidence of the debt or of the right to forfeit or sell shares for non-payment of a call and it is not necessary to prove the appointment of the directors who made the call or the passing of the resolution or anything else.

### 26. Payment of Calls in Advance

- 26.1. The directors may if they think fit receive from a member the whole or a part of the interest upon the whole or any part of the money so paid in advance until the amount becomes payable, at such rate as the directors determine.
- 26.2. Any amount paid in advance of calls is not included or taken into account in ascertaining the amount of dividend payable upon the shares in respect of which the advance has been made.
- 26.3. The directors may at any time repay the amount so advanced upon giving to such member 1 month's notice in writing.

#### TRANSFER OF SHARES

## 27. Participation in Transfer Schemes

- 27.1. The Company at any time and from time to time may participate in any computerised or electronic share transfer registration or stock market settlement system introduced by or acceptable to the ASX or as provided for by the Law or the ASTC Settlement Rules.
- 27.2. Despite any other provision of this Constitution during any period of participation in a system or scheme referred to in this rule 27:
  - (1) the Company, in respect of securities for the time being subject to the system or scheme:
    - (a) may cancel any existing securities certificate; and
    - (b) is not obliged to issue or replace any securities certificate;
  - (2) securities may be transferred and transfers may be registered, in any manner required or permitted by law, the Listing Rules and the ASTC Settlement Rules applying in relation to the system or scheme; and
  - (3) the Company must apply and give effect to the law and those rules.

## 28. Right to Transfer

- 28.1. Except where required or permitted by law, the Listing Rules, the ASTC Settlement Rules or this Constitution, there is no restriction on the transfer of shares.
- 28.2. Subject to rules 29.1 and 31 the Company and the directors must not in any way prevent, delay or interfere with the generation of a proper SCH transfer or prevent, delay or interfere with the generation of a proper SCH transfer or the registration of a paper-based transfer in registrable from of any securities.

## 29. Holding Lock

- 29.1. The Company may ask the SCH to apply a Holding Lock to prevent a proper SCH transfer, or refuse to register a paper-based transfer, in any of the following circumstances:
  - (1) the Company has a lien on the securities;
  - (2) the Company is served with a court order that restricts the holder's capacity to transfer the securities;
  - (3) registration of the transfer may break an Australian law and the ASX has agreed in writing to the application of a Holding Lock or that the Company may refuse to register a transfer. The application of the Holding Lock must not breach an SCH Business Rule;
  - (4) if the transfer is paper-based, the Company is obliged or allowed to refuse to register it under rule 31;
  - (5) if the transfer is paper-based, a law related to stamp duty prohibits the Company from registering it; or
  - (6) the Company is otherwise permitted to do so by the Listing Rules.
  - (7) The transfer does not comply with the terms of an employee incentive scheme.
  - (8) If the transfer is paper based, registration of the transfer will create a new holding which at the time the transfer is lodged is less than a marketable parcel.
  - (9) The holder has agreed in writing to the application of a holding lock or that the entity may refuse to register a paper based transfer. The application of the holding lock must not breach of the approved CS facility.
- 29.2. If the Company refuses to register a paper-based transfer under rule 29.1 it must tell the lodging party in writing of the refusal and the reason for it. The Company must do so within 5 Business Days after the date on which the transfer was lodged.
- 29.3. If the Company asks the SCH to apply a Holding Lock under rule 29.1 the Company must tell the holder of the securities in writing of the Holding Lock and the reason for it. It must do so within 5 Business Days after the date on which it asked for the Holding Lock.

# 30. No Documentary Evidence Required

30.1. The Company must not require a statutory declaration or other document in connection with ownership restrictions of its securities before it will register a paper-based transfer or authorise a proper SCH transfer.

# 31. Refusal to Register a Transfer

31.1. Where the Company issues new certificates under rule 12.6(2) after a reorganisation of capital, the Company must reject a transfer accompanied by a certificate issued before the ASX recognised the reorganisation as not being in registrable form.

- 31.2. The Company must refuse to register a paper-based transfer if some or all of the securities involved are reserved for an offeror because the offeree has accepted a takeover offer. However, the Company must register the transfer if:
  - (1) the takeover offer is not, or is no longer subject to a defeating condition; and
  - (2) the transfer is to or at the direction of the offeror.

## 32. Transfer Documents and Processing

- 32.1. The transfer document of any security must be in writing in any usual or common form or in any other form, which the directors may approve, or in such form as is required under the ASTC Settlement Rules and may be comprised of more than 1 document. If the transfer is a proper SCH transfer the transfer document must be in such form as the directors may approve, subject to the ASTC Settlement Rules.
- 32.2. The transfer document of a security must be effected or validated by or on behalf of the transferor and, except where the transferee is deemed by the Law, this Constitution, the Listing Rules or the ASTC Settlement Rules to have accepted the shares transferred, must also be effected by the transferee. The transfer document is deemed to have been signed by the transferor where it has been validated by the stamp of the transferor's broker in accordance with the Law, and the transfer validated by the stamp of the transferee's broker in accordance with the Law.
- 32.3. All powers of attorney granted by members which may be used for the purpose of transferring shares and which are lodged produced or exhibited to the Company are deemed as between the Company and the grantor of the powers to remain in full force and may be acted upon until express notice in writing of their revocation or of the death of the grantor is lodged at the Office or at the Company's share registry.
- 32.4. The transferor is deemed to remain the holder of the security until the name of the transferee is entered in the Register in respect of the security and the date of transfer is governed by the ASTC Settlement Rules.
- 32.5. Subject to the ASTC Settlement Rules all transfer documents, which are registered, must be retained by the Company but any transfer document which the directors decline to register, except on the grounds of fraud, must upon demand in writing be returned to the party presenting it.
- 32.6. In the case of non ASTC transfers, every instrument of transfer shall be left at the Office for registration accompanied by the following:
  - (1) the certificate of the share to be transferred;
  - (2) such other evidence to be transferred and such other evidence as the Directors may reasonably require to prove the title of the transferor or his right to transfer the share, the due execution of the transfer and the due compliance with the requirements of any law;
- 32.7 Despite Rule 32.6, if, in accordance with the Law:
  - (1) a certificate covering shares to be transferred has not been issued by the Company; and

(3) the instrument of transfer covering such share is not required to be accompanied by a certificate the instrument of transfer left at the Office for registration need not be accompanied by such a certificate;

## 33. Fees for Registration

- 33.1. The Company must not charge a fee for:
  - (1) registering proper SCH transfers;
  - (2) registering paper-based transfer in registrable form; or
  - (3) noting transfer forms.
- 33.2. Despite rule 33.1, the Company may charge a reasonable fee for marking a transfer form or marking a renunciation and transfer form, within 2 Business Days after the form is lodged.

## 34. Period of Closure of Register

34.1. Subject to the Listing Rules, the transfer books and the Register may be closed during such times as the directors think fit and the Listing Rules and the ASTC Settlement Rules allow.

## **TRANSMISSION OF SHARES**

## 35. Title to Shares following Death of Members

35.1. In the case of the death of a member, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased where the deceased was a sole holder, are the only persons recognised by the Company as having any title to the deceased's interest in the share, but this rule 35 does not release the estate of deceased joint holder from any liability in respect of a share that had been jointly held by the deceased with any other person.

## 36. Procedure for Transmission

- 36.1. Subject to the Bankruptcy ACT 1966, a person becoming entitled to a share in consequence of the death or bankruptcy of a member or to a share of a member of unsound mind may, upon such information being produced as is properly required by the directors, elect either to be registered himself or herself as holder of the share or to have some other person nominated by him or her registered as the transferee of the share.
- 36.2. If the person so becoming entitled elects to be registered himself or herself, he or she must deliver or send to the Company a notice in writing signed by him or her stating that he or she so elects.
- 36.3. If the person elects to have another person registered, he or she must effect a transfer of the share to that other person.
- 36.4. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer, and the registration of transfer of, shares apply to the notice or transfer as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

### 37. Rights of Person Entitled

- 37.1. Where the registered holder of a share is an infant, is of unsound mind, dies or becomes bankrupt, the guardian, the committee, the personal representative or the trustee of the estate of the registered holder, as the case may be, is, upon the production of such information as is properly required by the directors, entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting or otherwise), as the registered holder would have been entitled to if he or she had not been an infant, of unsound mind, died or become bankrupt.
- 37.2. Where 2 or more persons are jointly entitled to any share in consequence of the death of the registered holder, they are, for the purpose of this Constitution, deemed to be joint holders of the share.

## FORFEITURE AND SURRENDER OF SHARES

#### 38. Procedure for Forfeiture

- 38.1. If a member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for payment of the call or instalment or fails to pay any money payable under rule 15 the directors may at any time afterwards while that amount remains unpaid serve a notice on the member requiring payment of it and interest up to the date of payment and any expenses incurred by the Company by reason of the non-payment.
- 38.2. The notice must name a further day (not earlier than the expiration of 14 days after the date of service of the notice) on or before which the payment required by the notice must be made and the place where payment must be made. The notice must also state that, in the event of non-payment on or before the day and at the place appointed, the shares in respect of which the payment is due will be liable to be forfeited.
- 38.3. If the requirements of a notice served under rule 38.1 are not complied with or are partly complied with, any share in respect of which the notice has been given may at any time after the time given by the notice has expired, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.
- 38.4. The forfeiture includes all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
- 38.5. This right to forfeit the shares does not affect the right of the Company to sue for any allotment money, calls, instalments, interest and expenses due in respect of the shares.
- 38.6. Every share which is forfeited may, subject to the Law and Listing Rules, be sold or otherwise disposed of on such terms and in such manner as the directors think fit and where the ASTC Settlement Rules apply the directors and the Company have authority to do whatever is necessary or appropriate under the ASTC Settlement Rules to effect the transfer.
- 38.7. Forfeited shares, which are withdrawn from sale or for which no bid is received at the sale, are held by the directors in trust for the Company and may be disposed of in such manner and on such terms as the directors determine.
- 38.8. Forfeited shares, which have been offered for sale at auction, may afterwards be sold by private treaty, with payment either in cash or by instalments, with or without interest.

- 38.9. The directors may at any time before the forfeited shares have been sold or otherwise disposed of, annul the forfeiture of the shares upon such conditions as they think fit.
- 38.10. A person whose shares have been forfeited ceases to be a member in respect of the forfeited shares, but (unless the ordinary shareholders resolve otherwise) remains liable to pay and must forthwith pay to the Company all calls, instalments, interest and expenses owing upon or payable in respect of the shares at the time of forfeiture together with interest from the time of forfeiture until payment at the rate determined by the directors. The directors may enforce payment of the money as they think fit but are not under any obligation to do so.
- 38.11. A statement in writing by a director or the secretary that a share in the Company has been duly forfeited on a date stated is prima facie evidence of the facts stated as against all persons claiming to be entitled to the share.

#### 39. Transfer of Forfeited Share

- 39.1. The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the share and may transfer or appoint a person to transfer the share to the transferee.
- 39.2. Upon the effecting of the transfer or the giving of the transfer document in registrable form, the transferee is entitled to be registered as the holder of the share and is not bound to see to the application of any money paid as consideration.
- 39.3. The title of the transferee to the share is not affected by any irregularity or invalidity in connection with the forfeiture, sale or disposal of the share.

#### 40. Surrender of Shares

40.1. The directors may accept the surrender of any paid-up share by way of compromise of any question as to the holder being properly registered in respect of the share. Any share so surrendered may be disposed of in the same manner as a forfeited share.

## **CONVERSION OF SHARES**

# 41. Company May Convert Shares

- 41.1. The Company may by resolution:
  - (1) increase the number of shares that may be issued by the Company; or
  - (2) convert all or any of its shares into a larger or smaller number of shares, without altering the proportion between the amount paid and the amount (if any) unpaid on the shares concerned, subject to the Listing Rules.
- 41.2. All ordinary shares must have the same rights and obligations attached to them unless otherwise approved by the ASX or permitted by the Listing Rules.

### 42. Power to Reduce Capital

- 42.1. The Company may, subject to the Law and the Listing Rules, by special resolution reduce its share capital, including, without limitation, its paid-up capital, asset revaluation reserve, and any other reserve account in any way and in particular may:
  - (1) extinguish or reduce the liability on any of its shares in respect of share capital not paid up;
  - (2) cancel any paid-up share capital that is lost or is not represented by available assets; or
  - (3) pay off any paid-up share capital that is in excess of the needs of the Company.

## **GENERAL MEETINGS**

## 43. Convening of General Meetings

- 43.1. Except as permitted by law a general meeting, to be called the "annual general meeting", must be held at least once in every calendar year.
- 43.2. The directors may whenever they think fit convene a general meeting.
- 43.3. Except as provided in the Law no member is and no members together are entitled to convene a general meeting.

## 44. Notice of General Meetings

- 44.1. At least 28 days' notice (exclusive of the day on which the notice is served or deemed served and of the day for which notice is given) of a general meeting must be given to the members entitled to be present at the meeting and to the auditor except where the Law allows a shorter notice to be given by agreement or because the Company is not admitted to the Official List.
- 44.2. If at the time notice of a general meeting is given the Company is admitted to the Official List, the Company must notify the ASX of:
  - (1) the date of a meeting at which directors are to be elected, at least 5 Business Days before the closing date for receipt of nominations for election to the office of director; and
  - (2) the contents of any prepared announcement (including any prepared address by the chairperson) that will be delivered at a meeting of members, no later than the start of the meeting.
- 44.3. A notice of a general meeting must specify:
  - (1) the place, the day and the hour of meeting (and, if the meeting is to be held in 2 or more places, the technology that will be used to facilitate this);
  - (2) state the general nature of the business of the meeting;
  - (3) if a special resolution is to be proposed at the meeting, set out an intention to propose the special resolution and state the resolution; and
  - (4) contain a statement setting out the following information:

- (a) that the member has a right to appoint a proxy;
- (b) that the proxy need not be a member of the Company; and
- (c) that a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- 44.4. A notice must comply with any Listing Rule requirement for notices.

#### 45. Accidental Omission to Give Notice

45.1. The accidental omission to give notice of any general meeting to or the nonreceipt of the notice by any of the members or the auditor or the ASX or the accidental omission to advertise (if necessary) the meeting does not invalidate the proceedings at or any resolution passed at the meeting.

### 46. Cancellation or Postponement of General Meetings

- 46.1. Subject to rule 46.2, the directors may, by advertisement published in a newspaper circulating in each capital city of every Australian state or territory, on or before the day of a proposed general meeting, cancel a proposed general meeting convened by them.
- 46.2. Where a proposed general meeting was requisitioned by shareholders pursuant to the Law, that meeting may only be cancelled by the directors pursuant to rule 46.1 if a written notice of withdrawal of the requisition signed by the requisitioning members has been deposited at the Office.
- 46.3. Where a general meeting is cancelled:
  - (1) the directors must, in addition to publication of advertisements in accordance with rule 46.1, endeavor to notify each member of cancellation of a proposed general meeting by posting a notice to the address of each member as stated in the Register; and
  - (2) failure to post the notice to any member or the non-receipt of the notice by any member does not affect the validity of the cancellation of the proposed general meeting.
- 46.4. The directors may, by advertisement published in a newspaper circulating in each capital city of every Australian State or Territory, on or before the day of a proposed general meeting, postpone the proposed general meeting from time to time (for a period not exceeding 28 days) or vary the venue of the proposed general meeting, but no business may be transacted at any postponed meeting other than the business stated in the notice to members of the postponed general meeting.
- 46.5. Where a general meeting is postponed:
  - (1) the directors must, in addition to publication or advertisements in accordance with proposed general meeting by posting a notice to the address of each member as stated in the Register;
  - (2) the notice must include details of the day, time and place on and at which the postponed general meeting will be held or, in the case of variation of venue, details of the new venue; and

- (3) failure to post the notice to any member or the non-receipt of the notice by any member does not affect the validity of the postponement or variation of venue of the proposed general meeting.
- 46.6. A proposed general meeting may not be postponed on more than 2 occasions.

# 47. Representation of Member

- 47.1. Any member may be represented at any general meeting of the Company or at a meeting of the holders of a class of shares by a proxy or attorney.
- 47.2. If a body corporate is a member it may also, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative either at a particular general meeting or at all general meetings of the Company or of any class of members. Where a person so authorised is present at a general meeting, the body corporate is deemed to be personally present at the meeting.
- 47.3. A person authorised under rule 47.2 is, in accordance with that authority and until it is revoked by the body corporate, entitled to exercise the same powers on behalf of the body corporate as the body corporate could exercise if it were a natural person who was a member.

#### PROCEEDINGS AT GENERAL MEETINGS

#### 48. Quorum

- 48.1. No business may be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- 48.2. Except as provided in rules 5 and 49, 2 members present constitute a quorum where there are 2 members or more. One member shall constitute a quorum where such member is in accordance with this Constitution and the Law the sole member of the Company.
- 48.3. For the purpose of determining whether a quorum is present in accordance with rule 48.2 a person attending as a proxy or attorney or as a representative of a body corporate that is a member, is deemed to be a member.

#### 49. Absence of Quorum

- 49.1. If a quorum is not present within 15 minutes after the time appointed for the meeting:
  - (1) where the meeting was convened upon the requisition of members the meeting is dissolved; or
  - (2) in any other case:
    - (a) the meeting stands adjourned to the same Business Day in the next week at the same time and place, or to such other day, time and place as the directors may, by notice to the members, determine; and
    - (b) if at the adjourned meeting a quorum is not present within 15 minutes after the time appointed for the meeting the member present constitutes a quorum.

## 50. Ordinary and Special Business

- 50.1. The business of an annual general meeting is:
  - (1) to receive and consider the profit and loss account, the balance sheet, the reports of the directors and of the auditors and the directors' statement required by the Law to be attached to the accounts of the Company;
  - (2) to elect directors in place of those retiring by rotation or otherwise;
  - (3) when necessary to appoint auditors and fix their remuneration;
  - (4) to declare dividends; and
  - (5) to transact any other business which under this Constitution or the Law may or ought to be transacted at an annual general meeting.
- 50.2. All other business transacted at an annual general meeting and all business transacted at any other general meeting is special business.

### 51. Resolutions Proposed by Members

- 51.1. No member may at any meeting move any resolution relating to special business unless:
  - (1) the resolution has previously been approved by the directors; or
  - (2) the member has given not less than 30 Business Days previous notice in writing of the member's intention to move an ordinary resolution or 45 Business Day's notice in writing of the member's intention to move a special resolution at the meeting by leaving the notice and a signed copy of the resolution at the Office.
- 51.2. Upon receiving a notice referred to in rule 51.1(2) the secretary must:
  - (1) if the notice convening the meeting has already been dispatched, immediately notify the members of the proposed resolution; or
  - (2) otherwise include notice of the proposed resolution in the notice convening the meeting.

#### 52. Chairperson of General Meetings

- 52.1. If the directors have appointed 1 of their number as chairperson of their meetings, the person appointed presides as chairperson at every general meeting.
- 52.2. If the directors have appointed 1 of their number as deputy chairperson of their meetings, to act as chairperson in the absence of the chairperson, the person appointed presides as chairperson at every general meeting at which the chairperson is absent.
- 52.3. Where a general meeting is held and:
  - (1) a chairperson or deputy chairperson has not been appointed as referred to in rules 52.1 and 52.2; or

(2) the chairperson or deputy chairperson is not present within 30 minutes after the time appointed for the holding of the meeting or is unwilling to act;

the directors present may appoint 1 of their number as a chairperson and in default of their doing so the members present may appoint 1 of the directors to be chairperson, and, if no director present is willing to take the chair, must appoint 1 of their number to be chairperson.

- 52.4. The rulings of the chairperson of a meeting on all matters relating to the order of business, procedure and conduct of a general meeting is final and no motion of dissent from those rulings may be accepted.
- 52.5. Any persons (including members) in possession of pictorial recording or sound recording devices, placards, banners or articles considered by the chairperson of a meeting to be dangerous, offensive or liable to cause disruption, or who refuse to produce or to permit examination of any articles in their possession or the contents of the articles, may be refused admission to the meeting or may be required to leave and remain out of the meeting.

### 53. Adjournment of Meetings

- 53.1. The chairperson of a meeting may with the consent of any meeting at which a quorum is present, adjourn the meeting from time to time and from place to place as the meeting determines, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 53.2. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting.
- 53.3. Except as provided by rule 53.2, the Law or the Listing Rules, it is not necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

## **VOTING AT GENERAL MEETINGS**

# 54. Voting Rights

- 54.1. Subject to any rights or restrictions for the time being attached to any class or classes of shares at meetings of members or classes of members, votes may be given either personally or by proxy or attorney under power or, in the case of a body corporate, by its representative.
- 54.2. No person is entitled to vote unless the person is a member and present in person or by proxy or attorney or is the representative of a body corporate, which is a member.
- 54.3. Subject to the rights or restrictions attached to any class or classes of shares, on a show of hands every member present in person or by proxy has 1 vote.
- 54.4. Subject to rule 54.3 on a poll every member present has 1 vote for each fully paid share and a fraction of a vote for each partly paid share held by the member in the Company. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). In this rule 54.4 amounts paid in advance of a call are ignored when calculating the proportion.

- 54.5. The holder of a preference share (or preference security, as that term is defined in the Listing Rules) has the right to vote in each of the following circumstances but not in others:
  - (1) during a period during which a dividend (or part of a dividend) in respect of the shares is in arrears;
  - (2) on a proposal to reduce the capital of the Company;
  - (3) on a resolution to approve the terms of a buy-back agreement;
  - (4) on a proposal that affects the rights attached to the share;
  - (5) on a proposal to wind up the Company;
  - on a proposal for the disposal of the whole of the Company's property, business and undertaking; and
  - (7) during the winding up of the Company.

# 55. Voting Disqualification

- 55.1. A holder of ordinary shares has no right to vote at a general meeting in respect of those shares if:
  - (1) calls due and payable on those shares have not been paid;
  - (2) the person became a holder of the shares after the specified time (being not more than 48 hours prior to the date of the meeting) established by the Company in accordance with a law of a state or territory or of the commonwealth for the purpose of voting at the meeting;
  - (3) the right is removed or changed under Australian legislation, or under a provision of this Constitution which must be included to comply with Australian legislation, but this rule 55.1(3) ceases to apply once it is no longer necessary;
  - (4) the right is removed or changed under a provision in this Constitution that is permitted by the Listing Rules or that the ASX has approved as appropriate and equitable; or
  - (5) the right is removed or changed under a court order.

### 56. Power to Demand a Poll

- 56.1. At any general meeting a resolution put to the vote of the meeting is decided on a show of hands unless a poll is demanded (before or on the declaration of the result of the show of hands):
  - (1) by the chairperson of the meeting;
  - (2) by at least 5 members having the right to vote at the meeting;
  - (3) by a member or members with at least 5% of the votes that may be cast on the resolution on a poll; or
  - (4) by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate

sum has been paid up equal to not less than 5% of the total sum paid up on all the shares conferring that right.

### 57. Evidence of Resolutions

57.1. Unless a poll is demanded as provided by rule 56, a declaration by the chairperson of the meeting that a resolution or a special resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company, signed by the chairperson of that or the next succeeding meeting, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution or special resolution (as the case may be).

#### 58. Conduct of Poll

- 58.1. If a poll is duly demanded, it must be taken in such manner as the chairperson directs and subject to rule 58.2 either at once or after an interval or adjournment, not exceeding 14 days, as the chairperson directs, and the result of the poll is the resolution of the meeting at which the poll was demanded.
- 58.2. A poll demanded on the election of a chairperson of a meeting and a poll demanded on a question of adjournment must be taken at the meeting and without adjournment.
- 58.3. The demand for a poll does not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
- 58.4. The demand for a poll may be withdrawn.

#### 59. Casting Vote

59.1. In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson, in addition to any vote or votes, which he or she has as a member, has a casting vote. The chairperson has discretion both as to use of the casting vote and as to the way in which it is used.

# 60. Voting Rights of Joint Shareholders

60.1. In the case of joint holders of any shares any 1 may vote but the vote of the person first named in the Register who tenders a vote, whether in person or by proxy or attorney, must be accepted to the exclusion of the votes of the other joint holders. Several executors or administrators of a deceased member, for the purposes of this rule 60, are deemed joint holders.

## 61. Voting Rights of Persons Entitled under Transmission Rule

- 61.1. A person entitled under rule 36 to any shares may not vote at a meeting or adjourned meeting in respect of the shares unless:
  - (1) at least 24 hours before the time of holding the meeting or adjourned meeting as the case may be at which he or she proposes to vote he or she lodges at the Office documentation of entitlement which satisfies the chairperson of the meeting or adjourned meeting of his or her right to the shares; or

(2) the directors have previously admitted his or her right to vote at the meeting in respect of the shares.

### 62. Objections to Exercise of Voting Rights

- 62.1. An objection may be raised to the qualification of a voter only at the meeting or adjourned meeting at which the vote objected to is given or tendered.
- 62.2. The objection must be referred to the chairperson of the meeting, whose decision is final.
- 62.3. A vote not disallowed following the objection is valid for all purposes.

### **PROXIES**

# 63. Multiple Proxies

- 63.1. A member may appoint not more than 2 proxies. A proxy need not be a member.
- 63.2. Where a member appoints 2 proxies and does not specify the proportion or number of the member's votes each proxy may exercise half of the member's rights.

### 64. Deposit of Proxy and Attorney Instrument

- 64.1. An instrument appointing a proxy may not be treated as valid unless the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or proof of the power or authority to the satisfaction of the directors is or are deposited at the Office or at the Company's share registry not less than 48 hours before the time for the holding of the particular meeting or adjourned meeting as the case may be at which the person named in the instrument proposes to vote.
- 64.2. The instrument appointing a proxy must specify a place and a facsimile number, and may specify an electronic address for the purpose of receipt of proxy appointments.
- 64.3. For the purpose of rule 64.1 it is sufficient if the proxy is received at the Office, at the Company's share registry by facsimile transmission or to the Company's electronic address or by similar means of communication in a reasonably legible form. If the proxy is required to be accompanied by other documents then these documents may also be received at the Office or the Company's share registry by facsimile transmission or electronic communication.

## 65. Proxy Instrument to be in Writing

65.1. An instrument appointing a proxy must be in writing under the hand of the appointer or of the appointer's attorney duly authorised in writing or, if the appointer is a body corporate, either under its common seal if it has a common seal, or under the hand of an officer or duly authorised attorney or duly authorised representative.

### 66. Form of Proxy

66.1. The instrument of proxy must be in the form determined by the directors but the form must provide for the member:

- (1) to vote for or against each resolution;
- (2) to appoint a proxy of the member's choice; and
- (3) to make the appointment a standing one if the member wishes.
- 66.2. The form may provide that if the member leaves it blank as to the person appointed as proxy or if the person or persons named as proxy fails or fail to attend, the chairperson of the meeting is appointed proxy.

# 67. Effect of Proxy Instrument

- 67.1. An instrument appointing a proxy is deemed to confer authority to speak at the meeting to vote (but only to the extent allowed by the appointment) and to join in a demand for a poll.
- 67.2. If a proxy is only for a single meeting it may be used at any postponement or adjournment of that meeting, unless the proxy states otherwise.
- 67.3. A proxy may be revoked at any time by notice in writing to the Company.

#### 68. Voting Rights of Proxies and Attorneys

- 68.1. An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
- 68.2. A vote given or act done in accordance with the terms of an instrument of proxy or of a power of attorney is valid despite:
  - (1) the previous death or unsoundness of mind of the principal;
  - (2) the revocation of the instrument (or of the authority under which the instrument was executed) or of the power; or
  - (3) the transfer of the share in respect of which the instrument or power is given;

if the Company has not received written notification of the death, unsoundness of mind, revocation or transfer at the Office or the Company's share registry more than 24 hours before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

## APPOINTMENT AND REMOVAL OF DIRECTORS

### 69. Number of Directors

- 69.1. The number of directors must be not less than 3 or more than 10.
- 69.2. The Company in general meeting may by resolution increase or reduce the number of directors but the number may not be reduced below 3.

## 70. Directors' Qualifications

70.1. A share qualification for directors may be fixed by the Company in general meeting. Unless and until so fixed a director is not required to hold any share in the Company.

## 71. Appointment of Directors

- 71.1. The Company in general meeting may by resolution and the directors may at any time appoint any other qualified person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors does not at any time exceed the number fixed by rule 69.
- 71.2. Any directors appointed under rule 71.1 holds office only until the next annual general meeting of the Company and are then eligible for re-election but are not taken into account in determining the number of directors who are to retire by rotation at that meeting.

#### 72. Insufficient Directors

72.1. In the event of a vacancy or vacancies in the office of a director or offices of directors, the remaining directors may act, but if the number of remaining directors is not sufficient to constitute a quorum at a meeting of directors, they may act only for the purpose of increasing the number of directors to a number sufficient to constitute a quorum for convening a general meeting of the Company or in emergencies, but for no other purpose.

## 73. Resignation of Director

73.1. Any director may retire from office upon giving notice in writing to the Company of his or her intention to do so and the resignation takes effect upon the expiration of the notice or its earlier acceptance.

#### 74. Removal of Directors

74.1. Subject to the provisions of this Constitution and the Law the Company may by resolution passed at any general meeting remove any director and may appoint another person in his or her stead. The person so appointed holds office during such time only as the director in whose place he or she is appointed would have held office.

### 75. Rotation of Directors

- 75.1. At the first annual general meeting of the Company all the directors retire from office, and at the annual general meeting in every subsequent year 1/3 of the directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to but not exceeding 1/3, retire from office but no director may retain office for more than 3 years without submitting himself or herself for re-election even though the submission results in more than 1/3 of the directors retiring from office.
- 75.2. The director or directors to retire at an annual general meeting other than the first annual general meeting are those who have been longest in office since their election.
- 75.3. As between or among 2 or more directors who became directors on the same day, the director or directors to retire are determined by lot unless they otherwise agree between or among themselves.
- 75.4. A retiring director is eligible for re-election without the necessity of giving any previous notice of his or her intention to submit himself or herself for reelection.
- 75.5. Unless the directors decide to reduce the number of directors in office the Company at any annual general meeting at which any director retires may fill

the vacated office by re-electing the retiring director or, subject to rule 76, electing some other qualified person.

#### 76. Nominations for Election of Directors

- 76.1. No person is eligible for election as a director at any general meeting unless there has been left at the Office a notice in writing:
  - (1) signed by the person signifying his or her candidature; or
  - (2) if a member intends to nominate another person for election, signed by that member and by the person nominated signifying the person's consent to the nomination.
- 76.2. Rule 76.1 does not apply to a director retiring by rotation, a director appointed by virtue of rule 74.1 or a person recommended by the directors for election.
- 76.3. The Company must accept a notice given under rule 76.1 up to 30 Business Days before the date of the general meeting and, subject to rule 76.4, may accept a notice given under rule 76.1 within 30 Business Days of a general meeting.
- 76.4. Notice of each and every candidature must be forwarded by the Company to all members at least 14 days before the general meeting at which an election is to take place.

#### 77. Vacation of Office of Director

- 77.1. In addition to the circumstances in which the office of a director becomes vacant by virtue of the Law the office of a director becomes vacant if the director.
  - (1) becomes bankrupt or suspends payment or compounds with his or her creditors:
  - (2) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
  - (3) is removed by a resolution pursuant to rule 74.1;
  - (4) is absent from 3 consecutive meetings of the directors without special leave of absence from the directors and the directors thereupon declare his or her seat to be vacant;
  - (5) fails to pay any call due on any shares held by him or her for the space of 1 month or such further time as the directors allow after the time when the call is made;
  - (6) being an Executive Director, ceases to be employed full time by the Company or any subsidiary or related body corporate; or
  - (7) becomes prohibited from being a director under or by reason of any order made under the Law.

#### **ALTERNATE DIRECTORS**

# 78. Power to Appoint

- 78.1. A director may appoint any person approved for that purpose by a majority of the other directors to act as an alternate director in place of the appointer whenever the appointer is unable or unwilling to act personally by reason of illness, absence or any other cause and may do so generally or for a meeting or for any other purpose or for a specified period.
- 78.2. A Managing Director may not appoint an alternate to act as Managing Director.

## 79. Rights and Powers of Alternate Director

- 79.1. An alternate director is entitled to notice of meetings of the directors and, if the appointer is not present at such a meeting, is entitled to attend and vote in his or her stead.
- 79.2. An alternate director may exercise any powers that the appointer may exercise and the exercise of any power by the alternate director is deemed to be the exercise of the power by the appointer.
- 79.3. An alternate director is not required to have any share qualification.
- 79.4. An alternate director is not taken into account in determining the number of directors or rotation of directors.

#### 80. Suspension or Revocation of Appointment

- 80.1. A director may suspend or revoke the appointment of an alternate director appointed by him or her.
- 80.2. The directors may suspend or remove an alternate director by resolution after giving the appointer reasonable notice of their intention to do so.

## 81. Form of Appointment, Suspension or Revocation

81.1. Every appointment, suspension or revocation of appointment or removal of an alternate director must be made by notice in writing signed by the director making it.

## 82. Termination of Appointment

- 82.1. The appointment of an alternate director automatically terminates:
  - (1) if the director for whom the alternate director acts as alternate ceases to hold office as director:
  - on the happening in respect of the alternate director of any event which causes a director to vacate the office of director, or
  - (3) if the alternate director resigns the appointment by written notice left at the Office.

## 83. Power to Act as Alternate for More than 1 Director

83.1. A director or any other person may act as alternate director to represent more than 1 director.

## MANAGING DIRECTORS AND EXECUTIVE DIRECTORS

## 84. Power to Appoint

- 84.1. The directors may appoint 1 or more of their number to be a Managing Director or Managing Directors of the Company or to any other office (except that of auditor) or employment under the Company either for a fixed term (but not for life) or without fixing any term and otherwise subject to such conditions limitations and restrictions as the directors may determine.
- 84.2. If there is more than 1 Managing Director in office, the Managing Directors hold office jointly.

#### 85. Qualifications

85.1. A Managing Director appointed under rule 84.1 (or, if there is more than 1 Managing Director at the same time, the one appointed first), is not subject to retirement by rotation under rule 75 and is not taken into account in determining the rotation of retirement of directors, but is, subject to the provisions of any contract between him or her and the Company and to this Constitution, subject to the same provisions as to resignation, disqualification and removal as the other directors and if he or she ceases to hold the office of director from any cause he or she automatically ceases to be a Managing Director.

## 86. Temporary Appointments

86.1. If a Managing Director or an Executive Director becomes in any way incapable of acting in that capacity the directors may appoint any other person to act temporarily as Managing Director or Executive Director.

### 87. Removal or Dismissal

87.1. The directors at any time may remove or dismiss any Managing Director or Executive Director from his or her office and appoint another in his or her place.

#### 88. Powers

88.1. The directors may from time to time entrust to and confer upon a Managing Director or an Executive Director for the time being such of the powers exercisable under this Constitution as they think expedient and they may from time to time revoke, withdraw, alter or vary all or any of those powers.

#### 89. Remuneration of Managing Directors and Executive Directors

- 89.1. Subject to the provisions of any contract between the Company and a Managing Director or an Executive Director the remuneration of a Managing Director or an Executive Director is fixed from time to time by the directors and may be by way of fixed salary or participation in profits of the Company or of any other company in which the Company is interested or by any or all of those modes but may not be by way of commission on or percentage of operating revenue of the Company.
- 89.2. Unless otherwise determined by the Company in general meeting this remuneration may be in addition to any remuneration, which he or she receives as a director.

#### **REMUNERATION OF DIRECTORS**

### 90. Payment of Fees

- 90.1. The directors may be paid out of the funds of the Company as remuneration for their ordinary services as directors such sum as has been or may from time to time be determined by the Company in general meeting.
- 90.2. The remuneration must be by a fixed sum and not by a commission on or percentage of operating revenue of the Company or (except in the case of a Managing Director or Executive Director) its profits.
- 90.3. The sum so fixed must be divided among the directors in such proportion and manner as they agree from time to time or, in default of agreement, equally.
- 90.4. The remuneration of each director for his or her ordinary services is deemed to accrue from day to day and is apportionable accordingly.

### 91. Payment of Expenses

91.1. The directors may also be paid all travelling and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or otherwise in connection with the execution of their duties as directors.

## 92. Payment for Extra Services

92.1. Any director who being willing is called upon to perform extra services or to make any special exertions or to undertake any executive or other work for the Company beyond his or her ordinary duties or to go or reside abroad or otherwise away from home for any of the purposes of the Company may, subject to the Law, be remunerated either by a fixed sum or a salary as determined by the directors and this remuneration may be either in addition to or in substitution for his or her share in the remuneration provided by rule 90.

#### 93. Increases in Remuneration

- 93.1. The Company must not increase the total amount of directors' remuneration payable by it without the members' approval by ordinary resolution at a general meeting.
- 93.2. The notice convening the general meeting at which any increase is to be proposed must comply with the Listing Rules and include the amount of the increase and the maximum amount that may be paid to the directors as a whole.
- 93.3. This rule does not apply to the salary of an Executive Director or Managing Director.

## 94. Cancellation, Suspension, Reduction or Postponement

94.1. A resolution of directors cancelling, suspending, reducing or postponing payment of any remuneration in whole or in part binds all the directors for the time being.

#### 95. Effect of Cessation of Office

95.1. Upon a director ceasing or at any time after his or her ceasing to hold office, whether by retirement or otherwise, the directors may pay to the former director or in the case of death to his or her legal personal representatives or dependants or any of them a lump sum in respect of past services of the director of an amount not exceeding the amount either permitted by the Law or the Listing Rules with the approval of the Company in general meeting.

- The Company may contract with any director to secure payment of the lump sum to the director, his or her legal personal representatives or dependants or any of them, unless prohibited by the Law or the Listing Rules.
- 95.2. A determination made by the directors in good faith that a person is or was at the time of the death of a director a dependant of the director is conclusive for all purposes of rule 95.1.

## **POWERS AND DUTIES OF DIRECTORS**

### 96. General Business Management

- 96.1. Subject to the Law and to any other provision of this Constitution, the business of the Company is managed and controlled by the directors, who may pay all expenses incurred in promoting and forming the Company, and may exercise all powers of the Company which are not, by the Law, the Listing Rules or this Constitution, required to be exercised by the Company in general meeting.
- 96.2. No rule made or resolution passed by the Company in general meeting can invalidate any prior act of the directors, which would have been valid if that rule or resolution had not been made or passed.
- 96.3. The Company must obtain the members' approval by ordinary resolution at a general meeting if any significant change, either directly or indirectly to the nature or scale of its activities involves the Company disposing of its main undertaking. However, the Company may enter into an agreement of this type before approval is given by the members if the agreement is made subject to that approval.

## 97. Borrowing Powers

97.1. Without limiting rule 96.1, the directors have power to raise or borrow any sum or sums of money for the purposes of the Company and to secure the payment or repayment of the money and any other obligation or liability of the Company in such manner and on such other terms and conditions in all respects as they think fit whether upon the security of any mortgage or by the issue of debentures or debenture stock of the Company charged upon all or any of the property of the Company (both present and future) including its goodwill, undertaking and uncalled capital for the time being or upon bills of exchange, promissory notes or other obligations or otherwise.

#### 98. Negotiable Instruments

98.1. All cheques, promissory notes, bankers drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company may be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by any 2 directors or in such other manner as the directors determine from time to time.

## 99. Appointment of Attorney

- 99.1. The directors may appoint any person or persons to be the attorney or attorneys of the Company for the purposes, with the powers, authorities and discretions (being powers, authorities and discretions vested in or exercisable by the directors), for the period and subject to the conditions they think fit.
- 99.2. Any power of attorney may contain those provisions for the protection and convenience of persons dealing with the attorney that the directors think fit

and may also authorize the attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.

#### 100. Conferment of Powers

- 100.1. The directors may confer upon any director or such other person as they may select the powers exercisable under this Constitution by the directors as they think fit for such time and to be exercised for such objects and purposes and upon the terms and conditions and with such restrictions as they think fit for such time and to be exercised for such objects and purposes and upon the terms and conditions and with such restrictions as they think expedient.
- 100.2. The directors may confer those powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the directors in that behalf.
- 100.3. The directors may revoke, withdraw, alter or very all or any of those powers.

## **PROCEEDINGS OF DIRECTORS**

#### 101. Meetings of Directors

- 101.1. The directors may meet together for the dispatch of business and adjourn and otherwise regulate their meetings as they think fit.
- 101.2. The minutes of any meeting of the directors must state the method of meeting and the persons present.

## 102. Convening of Meeting

102.1. A director may at any time, and the secretary must on the requisition of a director, convene a meeting of the directors.

# 103. Notice of Meeting

- 103.1. Unless the directors resolve to the contrary, each meeting of the directors must be called upon at least 24 hours' notice, except that all the directors may in writing in respect of any particular meeting waive the requisite period of notice.
- 103.2. Notice of every directors' meeting must be given to each director and alternate director except that it is not necessary to give notice of a meeting of directors to any director or alternate director who:
  - (1) has been given special leave of absence; or
  - (2) is absent from Australia and has not left a facsimile number at which he or she may be given notice.
- 103.3. Any notice of a meeting of directors may be given in writing or orally, and whether by facsimile, telegram, cable, telephone or any other means of communication. If given orally, the secretary or director, as the case may be, convening the meeting must speak personally to the director or alternate director entitled to notice of the meeting.

#### 104. Waiver of Notice

104.1. All resolutions of the directors passed at a meeting where a quorum is present but where notice of meeting has not been given to each director, or

any act carried out pursuant to any of the resolutions, is as valid as if notice of meeting and been duly given to all directors if each director to whom notice was not given subsequently agrees to waive the notice.

#### 105. Quorum

105.1. At a meeting of directors, the number of directors whose presence is necessary to constitute a quorum is 3 directors entitled to vote or such greater number or lesser number (not being less than 2) as is determined by the directors. An alternate director (if he or she is not also a director) present at a meeting is counted in a quorum at a meeting at which the director who appointed the alternate is not present (so long as the alternate is, under the Law, entitled to vote).

# 106. Chairperson of Directors' Meetings

- 106.1. The directors may appoint 1 of their number as chairperson of their meetings and may determine the period for which the chairperson is to hold office.
- 106.2. At a meeting of directors if:
  - (1) a chairperson has not been appointed as provided by rule 106.1; or
  - (2) the chairperson is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act;

the directors present may appoint 1 of their number to be chairperson of the meeting.

106.3. The directors may from time to time appoint a deputy chairperson who in the absence of the chairperson at a meeting of the directors may exercise all the powers and the powers and authorities of the chairperson.

## 107. Voting of Directors

- 107.1. Subject to this Constitution, questions arising at a meeting of directors are decided by a majority of votes of directors and each director has 1 vote and any such decision is for all purposes deemed a decision of the directors.
- 107.2. Subject to the provisions of rule 107.3 in case of an equality of votes the chairperson of the meeting, in addition to his or her deliberative vote (if any), has a casting vote. The chairperson has discretion both as to whether or not to use the casting vote and as to the way in which it is used.

#### 107.3. Where:

- (1) directors form a quorum, and at a meeting only that quorum is present; or
- only 2 of the directors who are present are entitled to vote on a question at a meeting;

the chairperson does not have a casting vote.

107.4. A person who is an alternate director is entitled (in addition to his or her own vote if he or she is a director) to 1 vote on behalf of each director whom he or she represents as an alternate director at the meeting and who is not present at the meeting.

## 108. Telecommunication Meeting of Directors

- 108.1. For the purpose of this constitution the contemporaneous linking together in oral communication by telephone, audio-visual or other instantaneous means ("telecommunication meeting") of number of the directors not less than a quorum is deemed to constitute a meeting of the directors. All the provisions of this Constitution relating to a meeting of the directors apply to a telecommunication meeting in so far as they are not inconsistent with the provisions of this rule 108.
- 108.2. The following provisions apply to a telecommunication meeting:
  - (1) all the directors for the time being entitled to receive notice of a meeting of the directors (including any alternate director) are entitled to notice of a telecommunication meeting;
  - (2) all the directors participating in the meeting must be linked by telephone, audio-visual or other instantaneous means for the purpose of the meeting;
  - (3) notice of the meeting may be given on the telephone or other electronic means;
  - (4) each of the directors taking part in the meeting must be able to hear and be heard by each of the other directors taking part at the commencement of the meeting and each director so taking part is deemed for the purposes of this Constitution to be present at the meeting; and
  - (5) at the commencement of the meeting each director must announce his or her presence to all the other directors taking part in the meeting.
- 108.3. If the secretary is not present at a telecommunication meeting 1 of the directors present must take minutes of the meeting.
- 108.4. Before a director intentionally leaves a telecommunication meeting by disconnecting his or her means of communication with the other directors that director must advise the chairperson of the meeting of his or her intention to leave.
- 108.5. A director is conclusively presumed to have been present and to have formed part of a quorum at all time during a telecommunication meeting unless the chairperson has become aware that the director has left the meeting.
- 108.6. A resolution passed by the telecommunication meeting is deemed to have been passed at a meeting of the directors as if they were conferring in the 1 location in the physical presence of each other on the day on which and at the time at which the telecommunication or the last telecommunication, as the case may be, was held.
- 108.7. A minute of the proceedings of a telecommunication meeting is sufficient evidence of the proceedings and of the observance of all necessary formalities if the minute is certified to be a correct minute by the chairperson of the meeting.

### 109. Circulated Resolutions

109.1. If all the directors at that time present in Australia and any director absent from Australia who has left a facsimile number at which he or she may be given notice have signed a document containing a statement that they are in

favour of a resolution of the directors in terns set out in the document, a resolution in those terms is deemed to have been passed at a meeting of the directors held on the day on which the document was signed and at the time at which the document was last signed by a director or, if the directors signed the document of different days, on the day on which, and at the time at which, the document was last signed by a director.

- 109.2. For the purposes of rule 109.1, 2 or more separate documents containing statements in identical terms each of which is signed by 1 or more directors are deemed together to constitute 1 document containing a statement in those terms signed by those directors on the respective days on which they signed the separate documents.
- 109.3. A reference in rule 109.1 to all the directors does not include a reference to a director who, at a meeting of directors, would not be entitled to vote on the resolution.
- 109.4. Every resolution passed under rule 109.1 must as soon as practicable be entered in the minutes of the directors' meetings.
- 109.5. A facsimile, telegram or similar means of communication addressed to or received by the Company and purporting to be signed by a director for the purpose of this Constitution is deemed to be a document in writing signed by that director.

## 110. Restriction on Voting

110.1. No director is entitled to be present in person or by an alternate director or to vote at a meeting of directors or to be reckoned in a quorum if and so long as he or she has failed to pay any call to the Company on shares held by him or her after the date upon which the payment should have been made.

#### 111. Committees of Directors

- 111.1. The directors may delegate any of their powers to committees consisting of those directors they think fit and may revoke the delegation.
- 111.2. Any committee formed under rule 111.1 must in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the directors.
- 111.3. Otherwise the meetings and proceedings of any committee consisting of 2 or more members are governed by the provisions in this Constitution regulating the meetings and proceedings of the directors.
- 111.4. The directors may establish any local boards or agencies for managing any of the affairs of the Company in any specified locality and may appoint any persons to be members of the local board or any managers or agents and may pay them remuneration.

#### 112. Validation of Acts of Directors

112.1. All acts done at any meeting of directors or of a committee of directors or by any person acting as a director or by any person purporting to act as an attorney under power of the Company are, although it is afterwards discovered that there was some defect in the appointment or continuance in office of the director or person or attorney concerned or that any of them were disqualified or were not entitled to vote, as valid as if each of them had been duly appointed and had duly continued in office and was qualified to be a director and was entitled to vote.

#### **DIRECTORS' INTERESTS**

#### 113. Prohibition on Being Present or Voting

- 113.1. Except to the extent permitted by the Law a director who has a material personal interest in a matter that is being considered at a meeting of the directors;
  - (1) must not be counted in a quorum;
  - (2) must not vote on the matter; and
  - (3) must not be present while the matter is being considered at the meeting.
- 113.2. If a director who has a material personal interest in a matter that is being considered at a meeting of the directors is not prohibited by the Law from being present at the meeting and voting, the director may be present and vote, and is counted in a quorum, despite his or her interest.
- 113.3. Rules 113, 114, 115 and 116 operate in addition to the Listing Rules.

#### 114. Existence of Interest

- 114.1. A director may to the extent permitted by the Law:
  - (1) hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with the office of director;
  - (2) enter into contracts or arrangements or have dealings with the Company either as vendor purchaser mortgagee or otherwise;
  - enter into any contract with the Company giving the director an option to take up shares in the Company; or
  - (4) be interested in any contract, operation, undertaking or business entered into undertaken or assisted by the Company or in which the Company is or may be interested.
- 114.2. The director is not because of entering into any relationship or transaction referred to in rule 114.1:
  - (1) disgualified from the office of director; or
  - (2) liable to account to the Company for any profit arising from the relationship or transaction by reason of being a director or of the fiduciary relationship between the director and the Company.
- 114.3. For the purposes of rules 114.1 and 114.2 "Company" includes any subsidiary of the Company and any other company in which the Company or any subsidiary of the Company is or becomes a shareholder or is otherwise interested.

#### 115. Disclosure of Interest

115.1. To the extent, if any, required by the Law, the nature of the director's interest as referred to in rule 114.1 must be disclosed by the director before or at the meeting of directors at which the question of entering into the contract or arrangement is first taken into consideration if the interest then exists or in

any other case at the first meeting of the directors after the director becomes so interested.

#### 116. Financial Benefit

- 116.1. To the extent, if any, required by the Law, a director must ensure that the requirements of the Law are complied with in relation to any financial benefit given by the Company to the director or to any other related party of the director by any act or transaction referred to in rule 114.1.
- 116.2. It is expressly declared that the Company must not make loans to directors or provide guarantees or security for obligations undertaken by directors except as may be permitted by the Law.

### 117. Other Directorships and Shareholdings

117.1. A director of the Company may be or become a director, officer, employee or member of any company promoted by the Company or in which it may be interested as a vendor, shareholder of otherwise and is not accountable for any reasonable benefits received as a director, employee or member of the other company.

### 117.2. Subject to the Law:

- (1) the directors of the Company may exercise the voting power conferred by the shares or other interest held by the Company in another company in favour of a resolution appointing themselves or any of them as directors or other officers of the other company;
- (2) any director of the Company may vote at a meeting of directors of the Company in favour of a resolution that the Company exercises its voting power conferred by the shares or other interest held by the Company in the other company to appoint that director as a director or other office of the other company;
- (3) any director of the Company may be appointed as representative of the Company and may vote at a general meeting of the other company in favour of a resolution appointing that director as a director or other officer of the other company; and
- (4) a director of the Company who is also a director of the other company may vote as a director of the other company in whatever manner he or she thinks fit, including voting in favour of a resolution appointing the director to any other office in the other company and a resolution appointing any other directors of the Company as directors or other officers of the other company.

## 118. Notification to the ASX of Material Contracts

118.1. Despite rules 113, 114,115,115 and 117, while the Company is admitted to the Official List, where required by the Listing Rules the Company must advise the ASX without delay of any material contract involving directors' interests, including the names of the parties to the contract, the name of the director (if not a party to the contract) interested in the contract, the particulars of the contract and the director's interests in the contract.

## 119. Formalities Omitted

119.1. If some formality required by this Constitution is inadvertently omitted or is not carried out the omission does not invalidate any resolution, act, matter or

thing which but for the omission has directly prejudiced any member financially. The decision of the directors is final and binding on all members.

# **SECRETARY**

# 120. Terms of Office of Secretary

- 120.1. The directors must, in accordance with the Law, appoint 1 or more secretaries.
- 120.2. A secretary appointed by the directors holds office for such term, at such remuneration and on such terms and conditions as the directors determine.
- 120.3. The directors may appoint a person as an acting secretary or as a temporary substitute for a secretary.

# **MINUTES**

# 121. Minutes to be kept

- 121.1. The directors must cause minutes to be duly entered in books provided for the purpose. The minutes must record:
  - (1) the names of the directors present as each meeting of the directors and at any committee formed by the directors;
  - (2) all orders resolutions and proceedings of general meetings and of meetings of the directors and committees formed by the directors; and
  - (3) all matters required by the Law to be recorded in the books, including without limitation, disclosure of proxy votes, and all declarations made or notices given by any director (either generally or specially) of his or her interest in any contract or proposed contract or of his or her holding of any office or property by which any conflict of duty or interest may arise.
- 121.2. Any minutes, if purporting to be signed by any person purporting to be the chairperson of the meeting or to be the chairperson of the next succeeding meeting, may by received in evidence without any further proof as sufficient evidence that the matters and things recorded by the minutes actually look place or happened as recorded and of their regularity in all respects and that they took place at a meeting duly convened and held.

# **SEAL**

# 122. Company Seal

- 122.1. The Company may use a seal.
- 122.2. The directors must provide for the safe custody of the Seal.
- 122.3. The Seal may not be affixed to any document except by the authority of the directors or of a committee of the directors authorized by the directors to authorize the use of the Seal.

122.4. Every document to which the Seal is affixed must be signed by at least 1 director and countersigned by another director, a secretary or another person appointed by the directors to countersign that document or a class of documents in which that document is included.

### 123. Affixing of Seal by Interested Director

123.1. A director may sign or countersign as director any instrument to which the Seal is affixed although the instrument relates to a contract, arrangement, dealing or other transaction in which he or she is interested and his or her signature is effective in regard to compliance with the requirements of this Constitution as to the affixing of the Seal despite his or her interest.

#### 124. Official Seal

124.1. The Company may have for use outside the state or territory where its Seal is kept 1 or more official seals each of which is a facsimile of the Seal with the addition on its face of the name of the place where it is to be used. Subject to the Law, an official seal must be used in the manner and for the purposes determined by the directors.

# 125. Share Seal

125.1. The Company may adopt a duplicate Seal to be known as the share seal, which is a facsimile of the Seal with the substitution on its face of the words "Share Seal", or "Certificate Seal" for the words "Common Seal". Any certificate may be issued under the share seal and if so issued is deemed to be sealed with the Seal.

# 126. Affixing of Share Seal

126.1. The signature of any director, secretary or other person as referred to in the preceding rules and the share seal may be affixed by some mechanical or other means to certificates but if the signatures are affixed by mechanical or other means the certificate must bear evidence of examination by the auditor, or other person appointed for that purpose by the Company.

# 127. Meaning of Certificate

127.1. For the purposes of the rules 125 and 126 "certificate" means a certificate in respect of shares, debentures, registered unsecured notes, convertible notes, certificates of debenture or any certificate or other document evidencing any options or rights to take up shares or other interests in the Company.

# **INSPECTION OF RECORDS**

# 128. Rights of Inspection

128.1. The directors determine whether and to what extent, and at what times and places and under what conditions, the accounting records and other documents of the Company or any of them are open to inspection of members other than directors, and a member other than a director does not have the right to inspect any document of the Company except as provided by law or authorized by the directors or by the Company in general meeting.

#### 129. Confidential Information

129.1. Except as provided by the Law, no member (not being a director) is entitled to require or receive any information concerning the business, trading or

customers of the Company or any trade secret, secret process or other confidential information of or used by the Company.

# **DIVIDENDS AND RESERVES**

# 130. Declaration of Dividends by Directors

- 130.1. The directors may from time to time declare and pay to the members such dividends as appear to the directors to be justified by the profits of the Company.
- 130.2. The directors may determine that a dividend is payable without a general meeting of the Company and may fix:
  - (1) the amount of payment;
  - (2) the time for payment; and
  - (3) the method of payment.

### 131. Declaration of Dividends by General Meeting

- 131.1. The Company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and, subject to the Listing Rules, may fix the time for payment.
- 131.2. No larger dividend may be declared than is recommended by the directors but the Company in general meeting may declare a smaller dividend.

### 132. Source of Dividends

132.1. No dividend may be paid otherwise than out of profits or as otherwise permitted by the Law.

### 133. Power to Employ Reserves

- 133.1. The directors may, before declaring any dividend, set aside out of the profits of the Company those sums they think proper as reserves, to be applied, at the discretion of the directors, for any purpose to which the profits of the Company may be property applied.
- 133.2. Pending any such application of reserves, the reserves may, at the discretion of the directors, be used in the business of the Company or be invested as the directors think fit.
- 133.3. The directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to a reserve.

### 134. Distribution of Dividends

- 134.1. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend and this rule 134, all dividends are apportioned and paid proportionately to the amounts paid or credited as paid on the shares.
- 134.2 If a share is issued on terms that it will rank for dividend as from a particular date, that share ranks for dividend only from that date.

- 134.3 Any amount paid up or credited as paid on a share during the period for which a dividend is declared only entitles the holder of the share to an apportioned amount of the dividend as from the date of payment.
- Despite any other provision of this rule 134 the holder of a partly paid share must not be entitled to a greater proportion of the dividend than the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). In this rule 134.4 amounts paid in advance of a call are ignored when calculating the proportion.
- Any amount paid or credited as paid on a share in advance of a call is not to be taken for the purpose of this rule 134 to be paid or credited as paid on the share until the due date for payment.

### 135. Interest

135.1 Dividends do not bear interest against the Company.

### 136. Deductions from Dividends

136.1 The directors may deduct and retain from any dividends payment to a member all sums of money (if any) presently payable by the member to the Company on account of calls in relation to shares in the Company and may apply the amount deducted in or towards satisfaction of the debts or liabilities in respect of the calls.

### 137. Unclaimed Dividends

137.1 All dividends for 1 year after having been declared may be invested or otherwise made use of by the directors for the benefit of the Company until claimed or until the money becomes payable to some official under any law relating to unclaimed money.

# 138. Entitlement to Dividends

138.1 Subject to this Constitution, all dividends and interest belong and must be paid (subject to any lien of the Company) to those members whose names are on the Register at the date at which the books are closed for the purpose of the payment of such dividend or interest, or at such other date as the directors determine.

### 139. Payment of Dividends on Transmission

139.1 The directors may retain the dividends payable on any share in respect of which any person is under rule 36 entitled to become registered as holder until registered has been effected.

# 140. Payment of Dividends by Asset Distribution

- 140.1 The directors, or any general meeting on the recommendation of the directors, may, when declaring a dividend direct payment of the dividend wholly or partly by the distribution of specific assets, and in particular of paid-up shares, debentures or debenture stock of any other company or in any 1 or more of those ways.
- 140.2 Where a difficulty arises in regard to a distribution referred to in rule 140.1, the directors may settle the matter as they think expedient and fix the value for distribution of the specific assets or any part of those assets and may determine that cash payments will be made to any members on the basis of

the value so fixed in order to adjust the rights of all parties, and may vest any of those specific assets in trustees as the directors consider expedient.

### 141. Administration of Dividend Payments

- 141.1 Any dividend, interest or other money payable in cash in respect of shares may be paid:
  - (1) directly into an account, with a bank or some other financial institution, that the holder or joint holders in writing directs or direct; or
  - (2) by cheque sent through the post directed to:
    - (a) the address of the holder as shown in the Register, or in the case of joint holders, the address shown in the Register as the address of the joint holder first named in the Register; or
    - (b) to any other address that the holder or joint holders in writing directs or direct.
- 141.2 The cheque must be made payable to the person to whom it is sent and may be made payable to bearer.
- 141.3 Any 1 of 2 or more joint holders may give effectual receipts for any dividends, interest or other money payable in respect of the shares held by them as joint holders.

### 142. Power to Make Concurrent Call

142.1 The directors, when declaring a dividend, may make a call on the members of such amount as they may fix but so that the call on each member does not exceed the dividend payable to the member and so that the call is made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call.

# **CAPATALISATION OF PROFITS**

# 143. Power to Capitalise Profits and Reserves

143.1 The directors may resolve that it is desirable to capitalize any sum, being the whole or a part of the amount for the time being standing to the credit of any reserve account or the profit and loss account or otherwise available for distribution to members, and may resolve to apply the sum, in any of the ways mentioned in rule 144, for the benefit of members in the proportions to which those members would have been entitled in a distribution of that sum by way of dividend and that distribution or payment must be accepted by the members in full satisfaction of their interests in the capitalized sum.

# 144. Methods of Capitalisation

- 144.1 Subject to the Law, the ways in which a sum may be applied for the benefit of members under rule 143 are:
  - (1) in paying up any amounts unpaid on shares held by members;
  - (2) in issuing shares or debentures to be issued to members as fully paid;

- partly as mentioned in rule 144.1(1) and partly as mentioned in rule 144.1(2); or
- (4) in any other way permitted by the Law or this Constitution.

### 145. Director' Powers upon Capitalisation

- 145.1 The directors must do all things necessary to give effect to the resolution referred to in rule 143 and, in particular, to the extent necessary to adjust the rights of the members among themselves, may:
  - (1) issue fractional certificates or make cash payments in cases where shares, debentures or unsecured notes become issuable in fractions;
  - (2) fix the value for distribution of any specific assets or any part of them;
  - (3) determine that cash payments be made to any members upon the footing of the value so fixed or that fractions may be disregarded in order to adjust rights of all parties;
  - (4) vest any cash or specific assets in trustees upon trust for the persons entitled to the dividend or capitalized fund; and
  - authorize any person to make, on behalf of the members concerned, an agreement with the Company providing:
    - in the case of members entitled to any further shares or debentures upon the capitalization, for the issue to them, credited as fully paid up, of the further shares or debentures; and
    - (b) in the case of members entitled to have the amounts or any part of the amounts remaining unpaid on their existing shares paid up by the Company upon the capitalization, for the payment up by the Company on their behalf of those amounts remaining unpaid on their existing shares;

by the application of their respective proportions of the sum resolved to be capitalized.

145.2 Any agreement made under an authority referred to in rule 145.1 is effective and binding on all the members concerned.

# **DIVIDEND REINVESTMENT, BONUS SHARE AND EMPLOYEE INCENTIVE PLANS**

# 146. Dividend Reinvestment, Bonus Share and Employee Incentive Plans

- 146.1 A general meeting of the Company or the directors may:
  - (1) establish 1 or more plans ("Plan") under which some or all members may from time to time elect in terms of 1 or more of the following for a period or periods as provided in the Plan:
    - (a) that dividends to be paid in respect of some or all of the shares from time to time held by the members may be satisfied by the issue of fully paid ordinary shares;
    - (b) that dividends are not to be declared or paid in respect of some or all of the shares from time to time held by the

- member, but that the member is to receive an issue of fully paid ordinary shares; or
- (c) that shares be offered or issued to some or all employees of the Company whether or not for consideration; and vary, suspend or terminate the Plan.
- 146.2 Any Plan has effect in accordance with its terms and the directors must do all things necessary and convenient for the purpose of implementing the Plan, including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalization, application, payment and distribution of funds which lawfully may be appropriated, capitalized, applied, paid or distributed for the purpose of the allotment.
- 146.3 For the purpose of giving effect to any Plan, the directors may make an appropriation, capitalisation, application, payment or distribution and the powers of the directors may be exercised (and with adjustments as may be required) even if only some of the members or holders of shares of any class participate in the appropriation, capitalization, application, payment or distribution.
- 146.4 In offering opportunities to members or employees to participate in any Plan, the directors may give any information that in their opinion may be useful to assist members or employees in assessing the opportunity and making requests to their best advantage. The director, the Company and its officers are not responsible for, nor are they obliged to provide, any legal, taxation or financial advice in respect of the choices available to members or employees.
- 146.5 The directors are under no obligation:
  - (1) to admit any member or employee as a participant in any Plan; or
  - (2) to comply with any request made by a member or employee who is not admitted as a participant in any Plan.
- 146.6 In establishing and maintaining any Plan, the directors must act in accordance with this Constitution and may exercise all or any of the powers conferred on them by the terms of any such Plan, by this Constitution or by the Law.

### **NOTICES**

### 147. Service of Notices

147.1 Subject to this Constitution a notice may be given by the Company to any member either by serving it on the member personally or by sending it by post or facsimile transmission or other means that ensures it is received quickly to the member at the address shown in the Register or the address or facsimile number supplied by the member to the Company for the giving of notices.

### 148. Method of Service

148.1 If a notice is sent by post, service of the notice is deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to be effected on the next business day after the date of its posting. A notice or other document sent by post to an overseas shareholder must be forwarded by airmail.

- 148.2 If a notice is sent by facsimile transmission, service of the notice is deemed to be effected by properly addressing the facsimile transmission and transmitting it to the number supplied to the Company for that purpose and to be effected on the next business day after the date of its transmission unless:
  - (1) the Company's facsimile machine fails to issue a transmission report which shows that the relevant number of pages comprised in the notice has been sent; or
  - (2) the addressee notifies the Company immediately that the notice was not fully received in a legible form.
- 148.3 For the purpose of this rule 148 "business day" means a day that is not a Saturday, Sunday or other day, which is a public holiday or a bank holiday in the place where the Company has its Office.
- 148.4 A certified signed by any manager, secretary or other officer of the Company that the notice was posted or given in accordance with this rule 148 is conclusive evidence of the matter.

### 149. Notice to Joint Shareholders

149.1 A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register in respect of the share.

# 150. Notice upon Transmission

150.1 It is not necessary to give notice of meetings to any person entitled to a share by transmission unless such person has been duly registered as a member of the Company.

# 151. Constructive Notice

151.1 Every person who by operation of law, transfer or any other means becomes entitled to any share is bound by every notice in respect of the share which, before his or her name and address is entered on the Register, has been duly given to the person from whom he or she derives title or to any previous holder of the share.

## 152. Period of Notice

152.1 Subject to the Law and this Constitution where a specified number of days' notice or notice extending over any period is required to be given the day of service is not, but the day upon which the notice will expire is, included in the number of days or other period. The accidental omission to give any notice of a meeting to any member or the non-receipt by any member of any notice does not invalidate the proceedings at any meeting.

# 153. Service upon Company and Members

- 153.1 Every summons, notice, order or other document required to be served upon the Company or upon any officer of the Company may be served by leaving it at the Office.
- 153.2 All summonses, notices, processes, orders and judgments in relation to any proceedings by the Company or its liquidators against any member may be served by security post and the provisions set out above as to notices apply

with the necessary changes and service in this manner is considered for all purposes to be personal service.

### 154. Form of Signature

154.1 The signature to any notice to be given by the Company may be written or printed or stamped.

# **INDEMNITY AND INSURANCE**

### 155. Indemnity

- 155.1 To the extent permitted by the Law, the Company indemnifies:
  - (1) every person who is or has been an officer of the Company; and
  - (2) where the directors consider it appropriate to do so, any person who is or has been an officer of a related body corporate of the Company;

against any liability incurred by that person in his or her capacity as an officer of the Company or of the related body corporate (as the case may be);

- (3) to any other person (other than the Company or a related body corporate) unless the liability arises out of conduct involving a lack of good faith; and
- (4) for costs and expenses:
  - (a) in defending proceedings, whether civil or criminal, in which judgment is given in favor of the person or in which the person is acquitted; and
  - (b) in connection with an application in relation to those proceedings, in which the Court grants relief to the person under the Law.

# 156. Insurance

- 156.1 The Company may, where the directors consider it appropriate to do so, pay or agree to pay a premium in respect of a contract insuring a person who is or has been an officer of the Company against any of the following liabilities incurred by the person as such an officer, namely:
  - (1) any liability which does not arise out of conduct involving:
    - (a) a wilful breach of duty in relation to the Company; or
    - (b) without limiting rule 156.1(1)(a), a contravention of section 232(5) or (6) of the Law; and
  - (2) any liability for the costs and expenses incurred by the person in defending proceedings, whether civil or criminal, whatever their outcome, and without the qualifications set out in rule 156.1(1).
- 156.2 In the case of a director, any premium paid pursuant to this rule 156 is paid in addition to remuneration paid to that director by the Company pursuant to these rules.

### 157. Director Voting on Contract of Insurance

157.1 Despite anything in this Constitution, a director is not precluded from voting in respect of any contract or proposed contract of insurance, merely because the contract insures or would insure the director as an officer of the Company or of a related body corporate.

### 158. Liability

158.1 No officer of the Company is liable for the act, neglect or default of any other officer or for joining in any act or conformity or for any other loss, expense or damage whatever which arises in the execution of the duties of his or her office unless the same arises through his or her negligence, default, breach of duty or breach of trust.

# 159. Meaning of "Officer"

159.1 For the purposes of rules 155, 156, 157 and 158, "officer" means a director, secretary or executive officer.

### **WINDING UP**

### 160. Shareholders' Rights on Distribution of Assets

- 160.1 If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the members in kind the whole or any part of the property of the Company and may for that purpose set the value the liquidator considers fair upon any property to be so divided and may, subject to the Law and the Listing Rules, determine how the division is to be carried out as between the members of different classes of members.
- The liquidator may, with the sanction of a special resolution, vest the whole or any part of the property referred to in rule 160.1 in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction thinks fit, but so that no member is compelled to accept any shares or other securities on which there is any liability.
- 160.3 If the Company ceases to carry on business within 12 months after its incorporation, shares issued for cash rank in the distribution, to the extent of the capital contributed by subscribing shareholders, in priority to shares issued to vendors or promoters or both for consideration other than cash.

# 161. Remuneration of Liquidator

161.1 The Company in general meeting must not fix the remuneration to be paid to a liquidator pursuant to the Law unless at least 14 days' notice of the meeting has been given to the members and the notice has specified the amount of the proposed remuneration of the liquidator.

# **ASX LISTING RULES**

### 162. Restricted Securities

- 162.1 Despite any other provision in this Constitution:
  - (1) the Company must comply with and enforce a restriction agreement and enforce this Constitution to ensure compliance with the requirements of the Listing Rules of the ASX for Restricted Securities;

- (2) Restricted Securities cannot be disposed of during the escrow period except as permitted by the Listing Rules or the ASX;
- (3) The Company must refuse to acknowledge a disposal (including registering a transfer) of Restricted Securities during the escrow period except as permitted by the Listing Rules or the ASX; and
- (4) During a breach of the Listing Rules relating to Restricted Securities, or a breach of a restriction agreement, the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.

# 163. Paramount Effect of Listing Rules

- 163.1 While the Company remains on the Official List, the following provisions apply:
  - (1) despite anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act must not be done;
  - nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done;
  - (3) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
  - (4) if the Listing Rules require this Constitution to contain a provision and they do not contain such a provision this Constitution must be treated as containing that provision;
  - (5) if the Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution must be treated as not containing that provision; and
  - (6) if any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution must be treated as not containing that provision to the extent of the inconsistency.

The directors of the Company confirm this Constitution and adopt this document as the Constitution of the Company.

<b>SIGNED SEALED and DELIVERED</b> by ) Dennis Michael Watt	
of: c/- Fulcher Road Red Hill Qld ) in the presence of:	Signature
Witness Signature:	
Witness Name:	
SIGNED SEALED and DELIVERED by ) Brian Patrick Cullen ) of: c/- Fulcher Road Red Hill Qld ) in the presence of:	Signature
Witness Signature:	
Witness Name:	
SIGNED SEALED and DELIVERED by ) Anthony John Joseph ) of: c/- Fulcher Road Red Hill Qld ) in the presence of:	Signature
Witness Signature:	
Witness Name:	
SIGNED SEALED and DELIVERED by ) Lawrence George Brindle ) of: c/- Fulcher Road Red Hill Qld ) in the presence of:	Signature
Witness Signature:	
Witness Name:	

# Corporations Act 2001 Company Limited by Shares

Constitution

of

**Brisbane Broncos Limited** 

ACN 009 570 030

CREAGH WEIGHTMAN
Lawyers
Level 1, 179 Mary Street
Brisbane QLD 4000

Telephone:(07) 3211 7766 Facsimile: (07) 3211 7755