

Brisbane Broncos

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BRONCOS
BRISBANE



Principal Sponsor

20 March 2012

To: ASX Company Announcements Platform

BRISBANE BRONCOS LIMITED 2011 ANNUAL REPORT, NOTICE OF ANNUAL GENERAL MEETING AND PROXY FORM

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

- 2011 Annual Financial Statements and Reports
- Notice of Annual General Meeting and Explanatory Notes
- Proxy Form for Annual General Meeting and Instructions

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

Date: Tuesday 24 April 2012
Time: 10am
Place: Broncos Leagues Club
92 Fulcher Road
Red Hill QLD 4059

Yours sincerely

Louise Lanigan
Company Secretary

Platinum Sponsors





2011 ANNUAL FINANCIAL STATEMENTS AND REPORTS





2011 PLAYER AWARD WINNERS

NRL



Player of the Year
Darren Lockyer



Best Forward
Corey Parker



Best Back
Darren Lockyer



Most Consistent
Alex Glenn



Most Improved
Josh McGuire



Rookie of the Year
Jack Reed



Defence Play of the Year
Gerard Beale



Play of the Year
Matt Gillett



Team Contribution Award
Gerard Beale



Clubman of the Year
Kurt Richards



Players' Player
Corey Parker

NYC



Player of the Year
Chris Binge



Best Forward
Kurt Baptiste



Best Back
Corey Norman



Players' Player
Kurt Baptiste

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CORPORATE INFORMATION

A.B.N. 41 009 570 030

DIRECTORS

L G Brindle (Chairman) (Appointed Chairman 22 February 2011)

K S Bickford (Appointed non-executive director 23 May 2011)

A J Joseph (Appointed non-executive director 22 February 2011)

D M Watt

COMPANY SECRETARY

L A Lanigan

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 1, 92 Fulcher Road
Red Hill Queensland 4059

SECURITIES REGISTER

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001

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Website: www.computershare.com.au

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

SOLICITORS

Creagh Weightman
Level 1, 179 Mary Street
Brisbane Queensland 4000

BANKERS

Queensland Country Credit Union
85 Patrick Street
Aitkenvale Queensland 4814

AUDITORS

Ernst & Young
1 Eagle Street
Brisbane Queensland 4000

YEAR IN REVIEW

FINANCIAL PERFORMANCE

The Brisbane Broncos Limited and its Controlled Entities ("the Group") achieved a profit before tax for the financial year ended 31 December 2011 of \$2,021,000 (2010: \$1,463,038), up 38% on the previous year. The net profit after tax for the year rose 39% to \$1,360,000 (2010: \$980,607).

The strong financial position of the Group has enabled the Board to approve a fully franked dividend payment of one cent per share, an increase of 100% on the previous year.

HIGHLIGHTS

The strength of the Broncos is built on the mutually beneficial integration of a strong football department within a commercially focussed organisation. To this end management, under the guidance of Chief Executive Officer Paul White, has substantially implemented the recommendations of the internal review commenced in 2011. Significant outlays were incurred to restructure the commercial and football departments during the year. These were partly offset by some one-off football department savings which will reverse in 2012. The Board is pleased to see that the benefits of this reorganisation are already showing.

Significant changes to the management team during the implementation of this restructure inevitably required some difficult decisions to be made. These were made easier by the solid platform the company was on and the enthusiasm and commitment of the staff and players to the direction the company was taking. In a difficult year it was pleasing to see all departments working diligently to achieve their targets.

Total revenue increased by 9.0% from \$26.57 million to \$28.97 million.

The January 2011 floods in south east Queensland significantly impacted Brisbane Broncos Limited early season membership and corporate revenues. Fortunately, second half revenues surged thanks to the NRL team's strong performance and the strong community response celebrating the career of our inspirational captain, Darren Lockyer.

Sponsorship revenues increased by \$0.38 million.

Despite the flood effected start to the season, membership numbers grew by 6.3% to 13,905 (2010: 13,082) and home game attendance, whilst down slightly on last year, recovered to average 32,593 (2010: 33,345).

Cost recovery revenue, in particular functions revenue and sponsorship of the Indigenous school mentoring programme increased by \$0.57 million.

Expenditure increased by \$1.84 million to \$26.95 million with the main impact being \$0.56 million incurred in restructuring costs and \$0.71 million in outlays directly related to incremental cost recovery revenues. The restructuring costs are already providing benefits and these are expected to grow in coming years. Increased costs associated with an additional State of Origin ticket provided to each season member, finals costs, functions, and the Indigenous school mentoring programme helped to boost outlays without impacting on profits.

The Board recognises that the control of base costs is essential during a period of economic uncertainty and it is pleasing to see that after taking into account these two factors management has been able to hold base costs to a net 2.2% increase on last year.

BRISBANE BRONCOS RUGBY LEAGUE FOOTBALL TEAM

The NRMA Insurance Brisbane Broncos National Rugby League (NRL) team had a memorable year under the leadership of Head Coach, Anthony Griffin and Captain, Darren Lockyer. The performance of a relatively young team, under the tutelage of a first year NRL coach, and being guided by one of the greatest players the game has seen, builds on the Club's foundations and establishes a new standard to be measured against. The team finished the regular season on 40 points, which equalled the most wins in a season and was the highest number of points for a Broncos team playing in the current competition format. The season came to an end one game short of the Grand Final.

Sharing the limelight with a legend of the game is difficult, but it is appropriate to mention here the achievements of our players who gained international representative status for the first time. Jack Reed came from obscurity to represent England, Jharal Yow Yeh scored tries in each of his first three representative appearances, and Gerard Beale and Alex Glenn both played four tests for New Zealand in 2011. Of special note was the selection of Broncos stalwart Corey Parker in the Australian Four Nations squad where he represented his country for the first time, a well-deserved reward for outstanding consistency over many years.

YEAR IN REVIEW (CONTINUED)

BRISBANE BRONCOS RUGBY LEAGUE FOOTBALL TEAM (CONTINUED)

The restructuring of the football department under the leadership of Andrew Gee (General Manager Football Operations) and Anthony Griffin (Head Coach) has assisted the signing of the core of our talented squad to extended contracts. Credit must also be given to our conditioning team of Tony Guilfoyle, Dan Baker, and Andrew Croll who guided the development of our young squad into a physically intimidating outfit and to the ongoing contribution and leadership of Allan Langer in his capacity as Assistant Coach.

The National Youth Competition (NYC) Under 20 side fell just short of making the finals. Coach Kurt Richards is confident that the development of our outstanding young talent squad will continue to produce NRL players of the future. The 2011 NYC side produced six players who will form part of our 2012 NRL squad.

The Broncos in the Community department continues to make a difference. They play a strong role in assisting the needy with 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. Of particular note was the role played by the players during the clean-up from the January floods and the contribution of Bruno Cullen, our former Managing Director. The NRL appointed Bruno to co-ordinate fund-raising and assistance packages to flood victims in both Queensland (Qld) and New South Wales (NSW) on behalf of the code.

The Club looks forward to the 2012 season with confidence under new captain Sam Thaiday. In 2011, Sam won the Dally M 'Second Rower of the Year' for the second time and was also awarded the 'Ken Stephen' Medal recognising his outstanding community contribution as a current NRL player. For season 2012, we welcome the return of Petero Civoniceva and also the arrival of new Assistant Coach, Kristian Woolf. Kristian joins the Broncos after successfully guiding the North Qld Cowboys to the NYC Grand Final in 2011.

BOARD OF DIRECTORS AND MANAGEMENT

Individual director details are listed in the Directors' Report and Notes to the Financial Statements in this publication. The following Board and management changes occurred during the financial year:

- Mr Darryl Somerville resigned from the Board on 22 February 2011.
- Mr Lawrence Brindle was elected Chairman on 22 February 2011.
- Mr Tony Joseph was appointed director on 22 February 2011.
- Mrs Katie Bickford was appointed director on 23 May 2011.
- Mr Bruno Cullen retired from his Board position on 28 October 2011.
- Mr Paul White was appointed Chief Executive Officer of the company effective 1 January 2011.
- Ms Shirley Moro replaced Ms Louise Lanigan as Chief Financial Officer during the year. Louise remains as Company Secretary and Salary Cap Manager.

The addition of Mrs Katie Bickford and Mr Tony Joseph has added invaluable experience and enthusiasm to our Board. Mrs Bickford provides fresh insightful analysis of the issues confronting the business backed by a wealth of executive management and sports experience. Mr Joseph brings extensive business relationships, marketing experience and, as a long term supporter of the Broncos, he provides invaluable support to our relationship with the playing group.

The Board recognises the outstanding leadership qualities of Mr Paul White. Paul commenced as Chief Executive Officer at the beginning of the year. His first year has been one full of notable achievements. He has completed the implementation of many difficult initiatives stemming from our internal review and has energised the organisation with a renewed vision.

We have also welcomed Ms Shirley Moro to the management team. Shirley has taken over, as Chief Financial Officer, from Louise Lanigan, who after eleven years in the role, has moved into a part time position due to family commitments. The Board commends Louise for her exemplary service in her broader role and is very pleased that she has been able to remain in the role of Company Secretary and Salary Cap Manager. Shirley's energy and her experience in the retail industry were instrumental in the smooth start-up of our in-house merchandising business.

YEAR IN REVIEW (CONTINUED)

BOARD OF DIRECTORS AND MANAGEMENT (CONTINUED)

On behalf of the Board and the company we wish to acknowledge the contributions of our retiring directors Mr Darryl Somerville and Mr Bruno Cullen. Darryl guided the company as Chairman for nearly six years, providing strong leadership and support to the management team. Bruno retires as a director but retains his links with the company in his position as Chairman of the Broncos Leagues Club Limited. His standing in the rugby league and Queensland business communities has enhanced the reputation of our company and his leadership in the eight years he held the position of Managing Director has left the company in an unequalled position in the NRL.

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 2011 to reposition the organisation will produce further growth in 2012 despite an uncertain consumer environment. Our football department is also in good hands with an exciting playing roster managed by our highly professional coaching and support staff.

The Brisbane Broncos brand is as popular as ever and the efforts of the company to expand its membership and sponsor base will provide a safeguard in this uncertain economic environment. The creation of an in-house merchandising operation provides an exciting opportunity for long term growth.

Effective 10 February 2012 Brisbane Broncos Limited became a member of the Australian Rugby League Commission Limited ("ARLC") and a Licensee to enable it to compete in the NRL competition. The ARLC was established to be, amongst other things, the single controlling body and administrator of the game of rugby league football in Australia. As a Licensee, the Group enjoys the benefits from competing in the NRL competition. We strongly support the formation of an independent controlling body to run our sport.

The ARLC will be responsible for negotiating new media contracts covering the competition after the close of season 2012. As such, NRL grants and related player salary costs for the last two months of the financial year will be impacted by these contracts. It is important to note that the intellectual property values inherent in these contracts may be impacted by future decisions of the courts or the legislature.

The Brisbane Broncos look forward to continued community support and welcome the increased support of our strong sponsorship family led by our 2012 naming rights sponsor NRMA Insurance.

On behalf of the Board



Lawrence Brindle

Chairman

23 February 2012

SPONSOR OVERVIEW

The 2011 season saw continued growth in the Brisbane Broncos sponsorship portfolio, underpinned by the rise of NRMA Insurance to the position of principal sponsor and primary jersey sponsor for the first time.

WOW Sight & Sound, who came off the jersey front, continued their long-term partnership in the sleeve sponsor position, while they were joined in the 'Platinum Sponsor' category for the first time by Hans Smallgoods and Sportingbet, both of whom increased their investment levels, and Nova 106.9. Hans' upgraded partnership saw them assume the lower back position on the Club's playing apparel.

In the Major Sponsor category, the PNG NRL Bid, Wallace Bishop and Anglo American all enjoyed their first season with the Club.

The Broncos sponsorship programme continues to generate the highest levels in the NRL, with growth of 5.5% recorded compared with 2010. With the combination of long-term partners, contracted increases in sponsor investment and new brands joining our portfolio in 2012, this trend should be replicated as the commercial platform offered by the Broncos continues to grow.

This strength was illustrated in the independent research conducted by Roy Morgan and Repucom that confirmed the Club as Australia's most widely supported sporting Club with 1.284 million fans (Roy Morgan, 2011) and the most watched football team across all codes (NRL, AFL, S15, A-League) in 2011 (Repucom, 2011), the fourth time in the last five seasons. A cumulative audience of nearly 25 million people watched the Broncos on television in 2011, a number reflected in a 58% increase in the total media values of our key sponsors to \$18.2 million last year.

The 2012 season will again see the Club's sponsorship revenue reach record levels, in line with the realignment of our sponsorship hierarchy. Reflecting the significant investment made by some of our key partners, the Premier category will sit between Principal Sponsor and Platinum Sponsors in the new structure. Arrow Energy comes on board in that category to take the shorts branding position for 2012.

As always, we would like to take this opportunity to thank all of our partners for their loyal support and continued dedication to our Club and brand, in particular principal sponsor NRMA Insurance.

BRONCOS SPONSORSHIP HIERARCHY 2011



SPONSOR OVERVIEW (CONTINUED)

2011 PRINCIPAL SPONSOR

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.



2011 PLATINUM SPONSORS

XXXX Gold – 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 Broncos established a partnership with Nike as our exclusive apparel, accessory and equipment sponsor. Our close working relationship has allowed for 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.



Sportingbet – is one of the world's most well-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, Sportingbet 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.



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.



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.



Audi Centre Brisbane – The Brisbane Broncos' exclusive motor vehicle and head coach sponsor in 2011 for the second year. Audi has the reputation as one of the most progressive premium brands in Australia and around the world. 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.



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.



Hans Continental Smallgoods – Hans Continental Smallgoods is a leading smallgoods manufacturer producing quality ham, bacon, salami, sausages, franks and continental smallgoods for the domestic market. With over 900 employees throughout Australia they are working together to deliver the most tasty and finest quality products in the market.



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



2011 MAJOR SPONSORS

PNG NRL Bid, Bundaberg Rum, Queensland Country Credit Union, Radio 4BC, Wallace Bishop, Four'n Twenty, Streets and Anglo American

2011 ASSOCIATE SPONSORS

Jacob's Creek, Musashi, Myer, Yellow Cabs, Birch Carroll & Coyle

2011 OFFICIAL SUPPLIERS

Top Cut Foods, Elastoplast Sport, Hart Sports, Aspen Pharma, Citysmart, Hogs Breath Café, Cha Cha Char Bar & Grill, Jellyfish Restaurant, AlphaSport, Il Centro Restaurant, Goodlife Health Clubs

DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December 2011.

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.

Katie Skye Bickford
Non-Executive Director
Independent
(Appointed 23 May 2011)

Mrs Bickford was appointed as a director on 23 May 2011. Mrs Bickford has more than 20 years' experience in executive management across both public and private sectors. Her experience includes advising on strategy and business development, stakeholder and business engagement, risk and reputation management, strategic positioning, brand marketing and change management as well as senior advisory roles with government. In her current role as an executive at a global property company she is responsible for strategy and new business. Mrs Bickford has held board advisory roles in the past the most recent, as director on the Australian Baseball Federation (ABF) Board, a position she held for more than seven years. During her time with the ABF she was responsible for strategic planning, marketing, sponsorship, membership and key relationships. Mrs Bickford also advises the Bandits baseball team, an integral team in the National Baseball League. Sport has been part of Mrs Bickford's life. For more than 16 years she was an accredited equestrian coach, judge and competitor at national and international level. Mrs Bickford is an Australian Institute of Management Fellow and member of the Australian Institute of Company Directors.

Anthony John Joseph
Non-Executive Director
Independent
(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 on 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 in 2010. His previous career was in print media, as the former General Manager of Queensland Newspapers, publishing The Courier-Mail and The Sunday Mail. Mr Watt had earlier been General Manager of Quest Community Newspapers, 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. Mr Somerville had a long career in the accounting profession including 8 1/2 years as Managing Partner of the Brisbane office of PriceWaterhouseCoopers. Mr Somerville resigned as Chairman and director of Brisbane Broncos Limited on 22 February 2011.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (CONTINUED)

Brian Patrick Cullen

Ex-Managing Director
(Retired as Director
28 October 2011)

Mr Cullen was appointed as Managing Director of Brisbane Broncos Limited (BBL) in January 2003. Mr Cullen retired from the position of Managing Director on 31 December 2010 and resigned as director of BBL on 28 October 2011. Prior to his retirement, Mr Cullen was on a number of National Rugby League CEO Committees charged with looking after various aspects of the game. Mr Cullen is currently Chairman of both Broncos Leagues Club Limited and Queensland Country Credit Union Limited.

COMPANY SECRETARY

Louise Anna Lanigan

Company Secretary

Ms Lanigan was appointed Company Secretary and Chief Financial Officer on 3 July 2000. On 28 April 2011, Ms Lanigan resigned as Chief Financial Officer and continues in her new dual role as Salary Cap Manager and Company Secretary. Ms Lanigan has been a Chartered Accountant for 18 years. Prior to holding these positions she was Group Financial Controller of an ASX listed company for two years and worked in the Chartered Accounting industry for eight years.

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

As at the date of this report, one director holds shares in the Company as disclosed in note 25 to the financial statements. There were no options in the Company issued as at the date of this report.

EARNINGS PER SHARE

	Cents
Basic Earnings Per Share	1.39 cent
Diluted Earnings Per Share	1.39 cent

DIVIDENDS

On 15 February 2012, the Board of Directors declared a final dividend of one cent per share franked to 100% at the 30% corporate income tax rate to the holders of fully paid ordinary shares for the financial year ended 31 December 2011. The financial effect of this dividend has not been brought into account in the financial statements for the year ended 31 December 2011 and will be recognised in the subsequent financial report.

On April 15 2011, a 2010 final dividend of 0.5 cent per share franked to 100% at the 30% corporate income tax rate was paid to shareholders totalling \$490,203. This dividend was shown as declared but unrecognised in the 2010 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 2011 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.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW

Operating results for the year

The Group recorded a 39% increase in profits after tax for the 31 December 2011 financial year to \$1,360,000 (2010: \$980,607). Profits before tax for the 2011 and 2010 financial years were \$2,021,000 and \$1,463,038 respectively.

This outcome was achieved despite the early part of the year being severely disrupted by floods in south east Queensland.

The Brisbane Broncos Rugby League Team rebounded from its disappointing 2010 season to finish third on the points table and fell one win short of making the Grand Final. Head Coach Anthony Griffin, with his football department management, skills, and performance staff, built the team into a formidable squad. Guided by the experience of Captain Darren Lockyer, the team outperformed the expectations of many outside the Club.

As a result of the continued financial success and the strong cash position of the Group, the Board are pleased to announce a 100% increase in the dividend rate to one cent per share, such dividend to be 100% franked to holders of fully paid ordinary shares.

Review of operations

Revenue

The Group recorded gross revenue for the 2011 financial year of \$28,973,121 which is a 9.0% (\$2,399,040) increase on 2010.

All main revenue categories increased. After a slow start to the season, membership and ticketing revenues surged 6.3% resulting from an increased focus on membership and the public support for Darren Lockyer during his final home games for the Club. Cost recovery revenue, in particular functions revenue and sponsorship of the Indigenous school mentoring programme increased by \$0.57 million.

Sponsorship revenues continued to strengthen with revenues \$0.38 million higher than 2010. As all major sponsorship assets are completely sold the potential for significant growth in this category is limited. However, the strength of the Broncos brand in an increasingly fragmented media market will provide opportunities for growth.

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 and 2011 results indicates that corporate spending continues to be impacted.

Management are extremely pleased that season membership numbers and revenue grew despite the January 2011 floods impacting sales. Growth was experienced for the seventh consecutive year with total full season equivalent memberships increasing by 0.6%. Total season membership numbers prior to being adjusted to full season equivalents were 13,905. Management's focus on membership growth is reflected in the allocation of additional resources to support the membership team.

The average crowd attendance for 2011 of 32,593 was slightly down on the 2010 average of 33,345 due to the impact of early season rain and flooding. In 2010 only one match was impacted by rain. Gate taking revenue increased slightly as a result of a small increase in casual ticket prices. Season membership revenues increased by \$0.38 million. Much of this increase related to the inclusion an additional State of Origin ticket to members in 2011 above that provided in 2010. This increases revenues, but as the tickets need to be purchased by the company costs rise by a similar amount.

Finals prize money and the benefit of a home final boosted revenues by \$0.24 million. Once again, this revenue stream is largely offset by additional costs. 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 that financial year. Accordingly, finals related costs were not incurred in 2010.

A partnership agreement with the Queensland Government was entered into during the 2010 financial year 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 programme who is assisted by employees in the business' Game Development Department. Financial grants are received from the Queensland Government to facilitate this programme. These grants commenced in November 2010, the 2011 financial year is the first full year of this revenue stream. The company considers this revenue to be cost recovery in nature. The use of the Broncos brand, the expertise of past players, and the skilled staff of our Game Development Department is a unique addition to the philanthropic efforts of the company.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Expenditure

Total Group expenditure for the 2011 year was \$26,952,121, an increase of \$1,841,078 (7.3%) over 2010. A dissection of total expenditure is listed in note 6 to the financial statements.

As part of the Company's internal 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 - particularly season memberships, and the new Indigenous programme. Staff terminations contributed to these restructuring costs. In 2011 restructuring costs totalled \$0.56 million.

Cost increases that relate directly to cost recovery revenue streams amounted to \$0.71 million. These revenue streams included income from the extra State of Origin tickets, finals income, functions, and the government sponsored Indigenous programme.

Capital Expenditure

Expenditures on capital equipment were down on last year. Other than the normal day to day replacement of assets the company incurred outlays of \$0.12 million to establish an in-house merchandise operation.

Financial Position

The directors believe the Group continues to remain in a sound financial position with \$13,744,060 cash assets and \$25,477,172 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.

Dynamics of the business

The Group achieved better than expected results in 2012 due to the public and corporate response to the strong performance of the team and the respect and support afforded to Darren Lockyer in his final games for the Club. Season membership and sponsorship revenue continues to improve, a very positive sign whilst casual gate taking revenue remains dependent upon the vagaries of match scheduling and weather.

The 2011 financial results and the initiatives begun during the year position the Company to take advantage of new revenue opportunities. The Brisbane Broncos remain the most financially successful National Rugby League Franchise with the highest home game attendances and sponsorship levels in the game. Your Board believes that the Company has more opportunities to achieve international sports industry best practice to grow our business organically.

Control of the NRL competition moves to the new Independent Commission in February 2012 and we expect new media contracts to be in place for the 2013 season. These changes give us reason to be confident that the competition will continue to prosper. It is our belief that financially sound clubs will provide the most desirable platform to build a thriving and competitive elite sports competition.

On 1 November 2011, the Group acquired the rights to sell Broncos merchandise on home game days at the game venue. The creation of the in-house merchandising operation provides an exciting opportunity for long term growth.

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.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Risk management

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

The Group believes that it is crucial for all Board members to be a part of this process, and as such the Board addresses these issues through the Audit 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:

- 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 2011 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.
- Detailed review and identification of Group's risks and documentation of appropriate responses to these risks. This process commenced in 2010 and is on-going.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 15 February 2012, the Board of Directors declared a final dividend on ordinary shares in respect of the 2011 financial year. The total amount of the dividend is \$980,406 which represents a one cent dividend franked to 100% per share. The dividend has not been provided for in the 31 December 2011 financial statements.

Effective 10 February 2012 Brisbane Broncos Limited became a member of the Australian Rugby League Commission Limited ("ARLC") and a Licensee to enable it to compete in the NRL competition. The ARLC was established to be, amongst other things, the single controlling body and administrator of the game of rugby league football in Australia. As a Licensee, the Group enjoys the benefits from competing in the NRL competition.

The ARLC will be responsible for negotiating new media contracts covering the competition after the close of season 2012. As such, NRL grants and related player salary costs for the last two months of the 2012 financial year will be impacted by these contracts. It is important to note that the intellectual property values inherent in these contracts may be impacted by future decisions of the courts or the legislature.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The directors consider that uncertainties relating to NRL Grants, attendance and corporate revenues make it inappropriate to give guidance at this time on the likely results for the 2012 financial year. However, they remain hopeful of maintaining and increasing revenue and profit levels in the 2012. 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 2012.

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 2011, 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.

DIRECTORS' REPORT (CONTINUED)

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 2011 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	11
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
L G Brindle	11 (11)	2 (2)
K S Bickford	7 (7)	1 (1)
A J Joseph	10 (11)	2 (2)
D M Watt	11 (11)	2 (2)
D C Somerville (Resigned 22 February 2011)	0 (0)	0 (0)
B P Cullen (Retired as director 28 October 2011 – on leave of absence in 2011)	0 (0)	0 (0)

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 2011 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 2011 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 five executives in the Parent and the Group receiving the highest remuneration.

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

The remuneration report is presented under the following sections:

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

1. Individual key management personnel disclosures

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

Key Management Personnel

(i) Directors

L G Brindle	Chairman (Non-Executive)
K S Bickford	Director (Non-Executive) (Appointed 23 May 2011)
A J Joseph	Director (Non-Executive) (Appointed 22 February 2011)
D M Watt	Director (Non-Executive)
D S Somerville	Ex-Chairman (Non-Executive) (Resigned 22 February 2011)
B P Cullen	Non-Executive Director from 1 January 2011 (Retired as director on 28 October 2011)

(ii) Executive

P M White	Chief Executive Officer (Commenced 1 January 2011)
L A Lanigan	Salary Cap Manager and Company Secretary (Resigned as Chief Financial Officer 28 April 2011 and appointed Salary Cap Manager on that date)
T M Reader	General Manager Marketing and Commercial Operations
A D Gee	General Manager Football Operations (Commenced 3 May 2010)
S A Moro	Chief Financial Officer (Commenced 4 April 2011)

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 elected Chairman on this date. Also on 22 February 2011, Mr Tony Joseph was appointed as a director of Brisbane Broncos Limited. On 28 April 2011, Ms Louise Lanigan resigned as Chief Financial Officer and was appointed Salary Cap Manager. Ms Louise Lanigan continues in her role as Company Secretary. Ms Shirley Moro commenced on 4 April 2011 as Chief Financial Officer. On 23 May 2011, Mrs Katie Bickford 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 Chief Executive Officer, who in turn evaluates the performance of all other senior executives.

Remuneration approval process

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

2. Board oversight of remuneration (continued)

Remuneration philosophy

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

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

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

Remuneration structure

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

3. Non-executive director remuneration arrangements

Remuneration Policy

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

The Company's constitution and ASX Listing Rules specify that the non-executive director fee pool shall be determined from time to time by a general meeting. An amount not exceeding the determined amount is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 13 May 2010 where shareholders approved an aggregate remuneration of \$220,000 per year. Each director receives a fixed fee for being a director of the Company. Historically the Company's annual directors' fees paid have been below this limit. The total directors' fees paid for the 2011 financial year were \$78,566.

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 2012 Annual General Meeting.

Structure

Effective 1 October 2011, directors received a fee increase of 3.5%. Accordingly each non-executive director now receives an annual fee of \$20,700 plus statutory superannuation for being a director of the Company, other than the Chairman who receives \$31,050 plus statutory superannuation. The News Limited employed director receives \$10,350 paid directly to his employer. The non-executive directors do not receive retirement benefits nor do they participate in any incentive programme.

The remuneration of non-executive directors for the period ended 31 December 2011 and 31 December 2010 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.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

4. Executive remuneration arrangements (continued)

Structure

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

The Company has a detailed customised employment contract with the Chief Executive Officer and a standard contract with other executives. Details of the Chief Executive Officer's contract 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 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 programmes in place for senior management. Senior management may be paid annual bonuses at the Chief Executive Officer's discretion with the approval of the Board of Directors. The Chief Executive Officer considers results of performance reviews, effort, commitment, the financial and/or operational performance of the Company, and market conditions when considering the payment of bonuses.

The Chief Executive Officer'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 Chief Executive Officer, and the external conditions prevailing in the economy.

5. Group Performance

Profit before tax has increased to \$2,021,000 in 2011. The 2011 before tax profit result is a 38% improvement on the 2010 financial year. For the three years prior to 2008 the Group generated profit before tax of greater than \$2 million however the 2008, 2009 and 2010 financial year results fell below this figure. Earnings per share for the current year and the past four financial years are shown below:

Year ended	2011	2010	2009	2008	2007
Profit before tax	\$2.02 million	\$1.46 million	\$1.30 million	\$1.84 million	\$2.16 million
Earnings per share (cents)	1.39	1.00	0.89	1.26	1.49
Share Price	24.5 cents	32 cents	38 cents	23 cents	24 cents

The share price has moved from 32 cents at 1 January 2011 to 24.5 cents at 31 December 2011. 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.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

6. 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:

- Mr Cullen received fixed remuneration of \$287,500 plus 9% superannuation and a fully maintained motor vehicle.
- 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.

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. Prior to expiry, 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:

- Mr White will receive fixed remuneration of \$285,000 per annum plus statutory superannuation and a fully maintained motor vehicle.
- 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 in accordance with CPI. The review will be based on individual and Group performances, effort, commitment and the market rates or the salary packages of similar positions elsewhere in Australia.
- 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.
- 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 Chief Executive Officer is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Other KMP

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of key management personnel

Table 1: Remuneration for the year ended 31 December 2011

		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)	-	-	-	-	4,866	-	4,866	-
D M Watt - Non-executive +	10,088	-	-	-	-	-	10,088	-
L G Brindle – Non-executive	-	-	-	-	31,364	-	31,364	-
A J Joseph – Non-executive (Appointed 22 February 2011)	-	-	-	-	18,812	-	18,812	-
K S Bickford – Non-executive (Appointed 23 May 2011)	-	-	-	-	13,436	-	13,436	-
Sub-total non-executive directors	10,088	-	-	-	68,478	-	78,566	
Executive director								
B P Cullen – Ex-Managing Director (Retired as Managing Director 31 December 2010 and resigned as director 28 October 2011) **	80,921	-	-	-	918	-	81,839	-%
Other key management personnel								
P M White – Chief Executive Officer (Appointed 1 January 2011) **	285,000	95,000	-	20,000	34,200	5,481	439,681	17.1%
L A Lanigan – Company Secretary & Salary Cap Manager (Resigned as Chief Financial Officer 28 April 2011) ***	155,816	4,500	-	5,000	11,607	1,923	178,846	2.5%
T M Reader – General Manager Commercial Operations	150,000	13,500	-	20,000	14,715	2,885	201,100	6.7%
A D Gee – General Manager Football Operations	144,000	10,000	21,600	-	13,860	2,769	192,229	5.2%
S A Moro – Chief Financial Officer (commenced 4 April 2011)	75,000	5,500	-	15,000	11,333	1,442	108,275	5.1%
Sub-total executive KMP	890,737	128,500	21,600	60,000	86,633	14,500	1,201,970	
TOTALS	900,825	128,500	21,600	60,000	155,111	14,500	1,280,536	

+ Fees for Dennis Watt are paid directly to his employer

++ Salary includes unused annual leave payout of \$28,886 and long service leave payout of \$41,836

** Cash bonus includes \$20,000 sign on bonus, not performance related

*** Salary includes unused annual leave payout of \$24,464 and long service leave payout of \$31,352. Superannuation total includes \$2,202 on unused annual leave payout.

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of key management personnel (continued)

Table 2: 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 director								
B P Cullen – Ex-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 & Salary Cap Manager (resigned as Chief Financial Officer 28 April 2011) **	149,539	7,500	-	20,000	13,458	2,769	193,266	3.88%
T M 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	

+ Fees for Dennis Watt are paid directly to his employer

** Salary includes unused annual leave payout of \$5,539 and superannuation includes \$498 on unused annual leave payout.

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 22 from the auditor of Brisbane Broncos Limited.

DIRECTORS' REPORT (CONTINUED)

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

23 February 2012

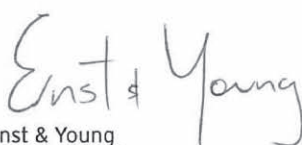


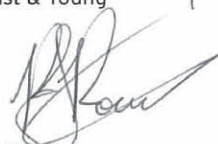


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Auditor's Independence Declaration to the Directors of Brisbane Broncos Limited

In relation to our audit of the financial report of Brisbane Broncos Limited for the financial year ended 31 December 2011, 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 conduct.


Ernst & Young


Ric Roach
Partner
23 February 2012

Liability limited by a scheme approved
under Professional Standards Legislation

CORPORATE GOVERNANCE STATEMENT

The Board of directors of Brisbane Broncos Limited ('the Company') is responsible for establishing the corporate governance framework of the Company and its controlled entities ('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.

Where practical, the Group has complied with the ASX CGC Principles and Recommendations. 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 particular Recommendations. The Principles and Recommendations that have not been complied with are disclosed below.

Recommendation

Principle 1 – Lay solid foundations for management and oversight

Comply
Yes/No

1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes
1.3	Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes

Principle 2 – Structure the Board to add value

2.1	A majority of the Board should be independent directors.	No
2.2	The Chair should be an independent director.	No
2.3	The roles of Chair and Chief Executive Officer (CEO) should not be exercised by the same individual.	Yes
2.4	The Board should establish a Nomination Committee.	No
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes

Principle 3 – Promote ethical and responsible decision making

3.1	Companies should establish a Code of Conduct and disclose the Code of Conduct or a summary of the code as to: • The practices necessary to maintain confidence in the Company's integrity; • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • The responsibility and accountability of individuals for reporting and investigation reports of unethical practices	Yes
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	Yes
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	Yes
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Yes
3.5	Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes

Principle 4 – Safeguard integrity in financial reporting

4.1	The Board should establish an Audit Committee.	Yes
4.2	The Audit Committee should be structured so that it: • Consists only of non-executive directors; • Consists of a majority of independent directors; • Is chaired by an independent chair, who is not the chair of the Board; and • Has at least three members.	No
4.3	The Audit Committee should have a formal charter.	Yes
4.4	Companies should provide the information indicated in the guide to reporting on Principle 4.	Yes

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation

Principle 5 – Make timely and balanced disclosure

Comply
Yes/No

5.1	Companies should establish written policies to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Companies should provide the information indicated in the guide to reporting on Principle 5.	Yes

Principle 6 – Respect the rights of shareholders

6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes
6.2	Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes

Principle 7 – Recognise and manage risk

7.1	Companies should establish policies for oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and to report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes
7.3	The Board should disclose whether it has received assurance from the CEO (or equivalent) or the Chief Financial Officer (CFO) (or equivalent) that the declaration provided in accordance with section 295A of the <i>Corporations Act</i> is founded on a system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risk.	Yes
7.4	Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes

Principle 8 – Remunerate fairly and responsibly

8.1	The Board should establish a Remuneration Committee.	No
8.2	The Remuneration Committee should be structured so that it: - Consists of a majority of independent directors; - Is chaired by an independent chair; and - Has at least three members.	No
8.3	Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	Yes
8.4	Companies should provide the information indicated in the guide to reporting on Principle 8.	Yes

Brisbane Broncos Limited's corporate governance practices were in place throughout the year ended 31 December 2011. Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to the corporate section of our website: www.broncos.com.au.

BOARD FUNCTIONS

The Board of Directors and executive management operate in accordance with a Board Charter, a copy of which is available on the corporate section of the Brisbane Broncos website www.broncos.com.au. The Board oversees the business of 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.

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD FUNCTIONS (CONTINUED)

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

As the current Board comprises only four directors, it is considered necessary to formally establish only one sub-committee being the Audit 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 including Risk, Nomination, Remuneration and Finance.

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:

- Strategic meetings with executives to discuss initiatives and strategies concerning operations and business improvement recommendations.
- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity, to meet shareholders' needs and manage business risk.
- Monitoring the development of a new employee performance management system including the proposed introduction of Performance Contracts for all staff members incorporating formalised and measurable targets, objectives, development strategies and KPIs to achieve results that align with the Group's core business values.
- Implementation of budgets by management and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators.
- Ongoing monitoring senior executives' performance.
- Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.
- Approval of annual and half-yearly financial reports.
- Approving and monitoring progress of major capital expenditure and capital management.
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.
- Reporting to shareholders.

STRUCTURE OF THE BOARD

The names and skills, experience and expertise relevant to the position held by each director in office at the date of the annual report are included in the Directors' Report. Four directors comprise the Board as at the reporting date of which two are independent. 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.

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

STRUCTURE OF THE BOARD (CONTINUED)

There were some changes to the Board during the reporting period. Mr Darryl Somerville resigned as Chair and non-executive director on 22 February 2011. Mr Lawrence Brindle (an existing non-executive director) was appointed as Chair and remains in this position at the date of this report. Mr Brindle ceased full time 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 do not consider that a sufficient period of time has passed to consider him to be independent. Therefore, Principle 2.2 'The Chair should be an independent director' is not complied with.

On 31 December 2010 Mr Brian Cullen retired from the position as Managing Director. Mr Cullen remained on the Board as a non-executive director until his resignation on 28 October 2011. Although following his retirement as Managing Director Mr Cullen was no longer involved in the executive decision making process, he was not considered independent as he had been employed in an executive capacity by the Company and the Board did not consider that a sufficient period of time had passed to consider him to be independent. Mr Cullen was on a leave of absence from the date of his retirement as Managing Director until his resignation as non-executive director on 28 October 2011 and did not participate in any board meetings or decision making processes during this period.

Mr Paul White was appointed Chief Executive Officer on 1 January 2011. Mr White is not a director of the Company. Mr Tony Joseph and Mrs Katie Bickford were appointed as non-executive directors on 22 February 2011 and 23 May 2011 respectively. Mrs Bickford and Mr Joseph are both independent. Mr Dennis Watt is an employee of News Ltd and therefore is not considered independent.

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

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

L G Brindle	4 years	
K S Bickford	0.75 years	(Appointed 23 May 2011)
A J Joseph	1 year	(Appointed 22 February 2011)
D M Watt	9 years	
D C Somerville	6 years	(Appointed 24 February 2005 - Resigned 22 February 2011)
B P Cullen	9 years	(Appointed 6 January 2003 - Retired 28 October 2011)

Due to the size of the Company, it is currently considered most practical and economical to limit the size of the Board to a maximum of five directors. As News Limited controls 68.87% of the Company, it intends to maintain at least two non-executive Board representatives.

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 www.broncos.com.au.

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 CEO 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 entire Board annually reviews their own performance and that of the Chairman, CEO, the directors individually and the Board as a whole. Given the changes in the Board of Directors during the reporting period, this review process was not conducted during the 2011 financial year, it will however be undertaken in 2012. Directors whose performance is consistently unsatisfactory may be asked to retire. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of the Group.

A review and redevelopment of the business' staff performance assessment process is almost complete. It will enhance and further improve the annual and ongoing evaluation of all employees. This review will result in the introduction of Performance Contracts for all employees outlining measurable key targets, objectives and performance indicators, and comparing these to results achieved. These documents will also address the personal development of employees and assess how well staff have demonstrated adherence to Brisbane Broncos Core Values whilst performing their roles.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PERFORMANCE EVALUATION OF BOARD AND KEY EXECUTIVES (CONTINUED)

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.

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, 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':

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

As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

The Company's Securities Trading Policy is available on the Brisbane Broncos website www.broncos.com.au.

AUDIT COMMITTEE

The entire Board comprises the Audit Committee of which there are four members - all of which are non-executive. The Audit Committee includes two independent and two non-independent directors. The Chairman of the Audit Committee is Mr Lawrence Brindle. The Board recognises the CGC's recommendation that the Chair of the Audit Committee should be an independent director. However, the Board believes that Mr Brindle is the most appropriate person to fill this position as being a Chartered Accountant and previous Finance Director of Queensland Newspapers, he brings the most relevant experience, skill and qualifications to the role.

Due to the resignation of the previous Chair Mr Darryl Somerville on 22 February 2011, Mr Brindle was also appointed Chairman of the Company until a permanent replacement is made. Accordingly components of ASX CGC Recommendation 4.2 which stipulates that the Audit Committee should consist of a majority of independent directors and also that it is chaired by an independent director who is not the Chair of the Board - has not been complied with at reporting date.

The Board in its capacity as the Audit Committee operates under a charter approved by the Board. The Board addresses all issues that a separate Audit Committee would address and comprehensive processes are in place to ensure the integrity of the Company's financial reporting.

The Board is responsible for ensuring that an effective internal control network exists within the Group. 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 and well as non-financial considerations such as the benchmarking of operational key performance indicators. The full Board as the Audit Committee together with executive management oversee the establishment and implementation of the risk management system, and review annually the effectiveness of this system.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

AUDIT 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 programme for accounting and operating controls.
- Extent of compliance with Group policies and procedures.
- Accuracy and security over data and information.
- Accountability for Group's assets to safeguard against loss.
- Continual review of the cost structure of the business in an attempt to identify inefficiencies
- Economy and efficiency with which resources are employed.

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

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

RISK

The Board has a proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an 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 has not established a separate Risk Management Committee.

The Board oversees a periodic assessment of the effectiveness of risk management and internal control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the CEO, including responsibility for the day to day design and implementation of the Company's risk management and internal control system. Management reports to the Board through regular formal Board reporting processes on the Company's key risks and the extent to which it believes these risks are being adequately managed. The executive team is currently revising and updating the Company's written risk management strategies and policies.

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.
- Review and redevelopment of the Group's strategic plan, which encompasses the Company's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- 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.
- Formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and controls.
- Monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal control compliance and controls, including an annual assessment of the effectiveness of risk management and internal compliance and control.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

RISK (CONTINUED)

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

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.
- Receipt of detailed monthly Board reports assessing actual performance of the Group and potential risks or issues foreseen by management.
- Board approval of a revised 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.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the CEO and executive team. The Board believes it is important for all directors to be involved in nomination and remuneration issues so separate Nomination and Remuneration Committees have not been established. Therefore, ASX Best Practice Recommendations 2.4 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.

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:

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

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

CODE OF CONDUCT FOR THE CHIEF EXECUTIVE AND KEY EXECUTIVES

The Board acknowledges the need for and continued maintenance of the highest standards of corporate governance practice and ethical conduct by all directors and employees of the Group. To further promote ethical and responsible decision making, as well as part of its commitment to corporate governance, the Board has implemented an overall framework of internal control and business risk management process, and established a Standards of Business Conduct for directors, officers and employees and a Code of Ethics for the Chief Executive Officer and key executives.

The full text of the Code of Conduct is available on the Group's website (www.broncos.com.au).

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CONTINUOUS DISCLOSURE POLICY

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

SHAREHOLDER COMMUNICATION POLICY

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

Brisbane Broncos Limited is committed to:

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

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

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

The Brisbane Broncos' website www.broncos.com.au has a dedicated Corporate section for the purpose of publishing all important Company information and relevant announcements made to the ASX.

DIVERSITY AT BRISBANE BRONCOS

The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Brisbane Broncos believes a diverse workforce is the key to its continued growth, improved productivity and performance.

We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated. While the Brisbane Broncos are committed to fostering diversity at all levels, gender diversity has been and continues to be a priority for the Group.

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

DIVERSITY AT BRISBANE BRONCOS (CONTINUED)

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

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

The Group made the following key senior female appointments during the 2011 financial year:

Mrs Katie Bickford	Non-executive Director
Ms Shirley Moro	Chief Financial Officer

As at reporting date, women represented 32% of the Group's total workforce (excluding football players), 40% in senior management positions and 25% at Board level. The Board are extremely comfortable with this position given the male concentrated industry of professional rugby league in which the Brisbane Broncos operates within. To avoid distorting the true composition of the proportion of females working at the Brisbane Broncos, the quoted percentages exclude the professional rugby league footballers employed by the organisation whom by the nature of their role must be male.

During the 2011 financial year, Mrs Katie Skye Ann Bickford was appointed as the first female director of Brisbane Broncos Limited.

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

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

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

During the 2011 financial year, the Group approved flexible and part time positions on a case by case basis. The Brisbane Broncos will continue to do this where practical.

Provide employment opportunities for people with disabilities

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

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

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

Review gender gaps on an annual basis

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

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

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
ASSETS					
Current Assets					
Cash and cash equivalents	10	13,744,060	13,824,357	13,024,062	13,096,649
Trade and other receivables	11	2,291,758	2,303,163	219,063	83,131
Inventories	12	126,212	-	-	-
Other current assets		980,583	698,193	25,954	174,817
Total Current Assets		17,142,613	16,825,713	13,269,079	13,354,597
Non-current Assets					
Other financial assets	15	-	-	5	5
Property, plant and equipment	14	2,242,118	2,225,672	-	-
Deferred income tax asset	7(c)	-	67,155	-	47,765
Intangible assets	16(a)	12,799,937	12,482,580	-	-
Other non-current assets		309,167	-	-	-
Total Non-current Assets		15,351,222	14,775,407	5	47,770
TOTAL ASSETS		32,493,835	31,601,120	13,269,084	13,402,367
LIABILITIES					
Current Liabilities					
Trade and other payables	17	1,551,232	1,139,016	193,667	261,267
Provisions	18	478,618	578,886	102,744	200,489
Income taxes payable	7	88,970	154,328	88,970	154,328
Unearned revenue		4,685,583	5,015,150	-	-
Total current liabilities		6,804,403	6,887,380	385,381	616,084
Non-current Liabilities					
Trade and other payables	19	-	-	3,257,325	4,066,803
Provisions	20	211,812	106,365	5,706	1,712
Deferred income tax liability	7(c)	448	-	25,589	-
Total non-current liabilities		212,260	106,365	3,288,620	4,068,515
TOTAL LIABILITIES		7,016,663	6,993,745	3,674,001	4,684,599
NET ASSETS		25,477,172	24,607,375	9,595,083	8,717,768
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	(3,514,328)	(4,384,125)	(19,396,417)	(20,273,732)
TOTAL EQUITY		25,477,172	24,607,375	9,595,083	8,717,768

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 2011

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
Continuing operations					
Sale of goods		74,653	-	-	-
Rendering of services		28,112,455	25,831,880	-	-
Dividend revenue		-	-	1,962,657	1,520,369
Interest revenue		756,031	717,994	750,141	715,625
Other revenue		29,982	24,207	-	2,073
Revenue	6(a)	28,973,121	26,574,081	2,712,798	2,238,067
Expenses	6(b)	(26,952,121)	(25,111,043)	(1,597,633)	(1,475,186)
Profit/(loss) from continuing operations before income tax		2,021,000	1,463,038	1,115,165	762,881
Income tax benefit/(expense)	7(a)	(661,000)	(482,431)	252,353	225,894
Net profit/(loss) and comprehensive income for the period attributable to members of the Parent		1,360,000	980,607	1,367,518	988,775
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:					
Basic earnings per share	9	1.39 cents	1.00 cent		
Diluted earnings per share	9	1.39 cents	1.00 cent		

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 2011

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		30,078,147	28,979,244	-	-
Payments to suppliers & employees		(29,685,127)	(27,128,734)	(1,592,850)	(1,308,530)
Other revenue received		580,425	24,207	-	2,073
Inventories		(155,588)	-	-	-
Interest received		602,815	1,022,764	596,924	1,020,396
Income tax paid		(658,756)	(358,232)	(658,756)	(358,232)
Net cash flows from/(used in) operating activities	23	761,916	2,539,249	(1,654,682)	(644,293)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		-	-	1,962,657	1,520,369
Purchase of property, plant and equipment		(311,210)	(348,968)	-	-
Purchase of intangibles		(40,800)	-	-	-
Net cash flows from/(used in) investing activities		(352,010)	(348,968)	1,962,657	1,520,369
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(490,203)	(490,203)	(490,203)	(490,203)
Proceeds from / (payments to) controlled entities		-	-	109,641	1,189,287
Net cash flows from/(used in) financing activities		(490,203)	(490,203)	(380,562)	699,084
Net increase in cash and cash equivalents		(80,297)	1,700,078	(72,587)	1,575,160
Cash and cash equivalents at beginning of the period		13,824,357	12,124,279	13,096,649	11,521,489
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	13,744,060	13,824,357	13,024,062	13,096,649

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Attributable to equity holders of the parent		
		Issued Capital	(Accumulated Losses)	Total Equity
CONSOLIDATED				
At 1 January 2010		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		28,991,500	(4,384,125)	24,607,375
Dividends paid	8(a)	-	(490,203)	(490,203)
Total comprehensive income for the year		-	1,360,000	1,360,000
AT 31 DECEMBER 2011	21/22	28,991,500	(3,514,328)	25,477,172

	Note	Attributable to equity holders of the parent		
		Issued Capital	(Accumulated Losses)	Total Equity
PARENT				
At 1 January 2010		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		28,991,500	(20,273,732)	8,717,768
Dividends paid	8(a)	-	(490,203)	(490,203)
Total comprehensive income for the year		-	1,367,518	1,367,518
AT 31 DECEMBER 2011	21/22	28,991,500	(19,396,417)	9,595,083

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 2011

1. CORPORATE INFORMATION

The financial report of Brisbane Broncos Limited for the year ended 31 December 2011 was authorised for issue in accordance with a resolution of directors on 23 February 2012.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Basis of preparation

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

(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 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) New accounting standards and interpretations

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2011, none of which had a material impact on the financial position or performance of the Group:

- AASB 124 (Revised) - Related Party Disclosures effective 1 January 2011
- 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 effective 1 January 2011
- AASB 2010-4 - Annual Improvements Project (issued 2010) effective 1 January 2011
- AASB 2010-5 - Amendments to Australian Accounting Standards AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042 effective 1 January 2011

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 31 December 2011:

- AASB 2010-6 - Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]
- AASB 2010-8 - Amendments to Australian Accounting Standards arising from AASB 13
- AASB 2011-3 - Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments
- AASB 2009-11 - Financial Instruments + consequential amendments to other standards [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]
- AASB 11 - Joint Arrangements
- AASB 13 - Fair Value Measurement
- AASB 1054 - Australian Additional Disclosures
- AASB 2011-5 - Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB 131]
- AASB 2011-9 - Amendments to Australian Accounting Standards - Presentation of Other Comprehensive Income [AASB 101]
- AASB 10 - Consolidated Financial Statements
- AASB 12 - Disclosure of Interests in Other Entities
- AASB 119 - Employee Benefits

(c) Basis on consolidation

The consolidated financial statements comprise the financial statements of Brisbane Broncos Limited and its subsidiaries (as outlined in note 24) as at 31 December each year (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Operating segments – refer note 5

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

(e) Cash and cash equivalents – refer note 10

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits 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 which consist of finished goods 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets (continued)

Subsequent measurement

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

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

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

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

(iii) Available-for-sale securities

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

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

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

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 year-end.

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.

(j) Leases – refer note 26

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases – refer note 26 (continued)

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

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

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

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets for groups of assets (cash-generating units). Non financial assets other than goodwill that suffered 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 with a finite life within the Group. During the financial year, the Group acquired intangible assets with a deemed finite life of five years as discussed at note 16.

(l) Goodwill and intangibles – refer note 16

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

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with 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	Merchandise Licence Rights
Useful life	Indefinite	5 years
Method used	No amortisation	Amortisation
Internally generated/acquired	Acquired	Acquired
Impairment testing	Annually and more frequently where an indication of impairment exists	Reviewed annually

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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.

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

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

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

Provisions are measured at the present value of 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

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

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

(ii) Long service leave

The liability for long service leave is recognised and measured as present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Contributed equity – refer note 21

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

(q) Revenue recognition – 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 year to which it relates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition – refer note 6 (continued)

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.

Government Grants

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

Prize money

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

Interest

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

Rental income

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

(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
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income tax and other taxes (continued)

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:

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Earnings per share – refer note 9

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash at bank and in hand	3,744,060	3,324,357	3,024,062	2,596,649
Short-term deposit	10,000,000	10,500,000	10,000,000	10,500,000
	13,744,060	13,824,357	13,024,062	13,096,649

The Group invests its cash in short-term deposits earning interest at an average rate of 6.32% (2010: 5.5%) per annum. It is reasonably possible that movements in interest rates (+ 1%, - 1%) would impact interest revenue by approximately \$100,000 and not have any material effect on net profit or equity of the consolidated Group or parent entity for the year ended 31 December 2011.

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 \$361,262 (2010: \$424,718) financial liabilities with six months or less contractual maturity and \$287,500 (2010: nil) financial liabilities with greater than six months to five years contractual maturity. The contractual maturities of the parent's financial liabilities are \$13,123 (2010: \$17,309) with six months or less contractual maturity and no financial liabilities with greater than six months to five years contractual maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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

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

(i) Significant accounting judgements

Impairment of non-financial assets

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

Taxation

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

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

(ii) Significant accounting estimates and assumptions

Impairment of intangibles with indefinite lives

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

Long service leave provision

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

Estimate of useful lives of assets

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

5. SEGMENT INFORMATION

The principal activity of the Group during the 2011 financial year was the management and operation of the Brisbane Broncos Rugby League Football Team. There were no significant changes in the nature of those activities during the year. The Group operates in Australia only.

Revenue from one customer amounted to \$4,793,304 arising from sales and grants in respect of the 2011 financial year (2010: \$4,441,227).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
6. REVENUE AND EXPENSES				
(a) Revenue				
Sale of goods	74,653	-	-	-
Rendering of services	24,429,122	22,275,213	-	-
Grant received from National Rugby League	3,683,333	3,556,667	-	-
Interest revenue	756,031	717,994	750,141	715,625
Dividend revenue	-	-	1,962,657	1,520,369
Other revenue	29,982	24,207	-	2,073
	28,973,121	26,574,081	2,712,798	2,238,067
(b) Expenses				
Cost of sales	46,012	-	-	-
Administration expense	2,854,374	2,815,053	1,597,633	1,475,186
Stadium operations expense	2,293,478	2,240,942	-	-
Corporate sales and ticketing expense	6,170,438	5,360,796	-	-
Marketing, community, sponsorship and advertising expense	3,657,241	3,603,915	-	-
Football related expense	11,930,578	11,090,337	-	-
Borrowing costs	-	-	-	-
	26,952,121	25,111,043	1,597,633	1,475,186
Included in the above expenses are the following:				
Lease payments – operating leases	2,115,262	2,060,254	-	-
Depreciation of property, plant and equipment	294,767	272,039	-	-
Amortisation of intangibles	10,943	-	-	-
Provision for employee benefits	445,514	389,522	60,879	68,147
Provision for doubtful debts	9,864	-	-	-
Salary and wage expense	10,408,498	9,644,819	947,126	795,195

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
7. INCOME TAX				
(a) Income tax expense				
The major components of income tax expense/(benefit) are:				
Statement of comprehensive income				
<i>Current income tax</i>				
Current income tax charge/(benefit)	593,396	586,173	(325,707)	(128,406)
<i>Deferred income tax</i>				
Relating to origination and reversal of temporary differences	67,604	(103,742)	73,354	(97,488)
Income tax expense/(benefit) reported in the statement of comprehensive income	661,000	482,431	(252,353)	(225,894)
(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate				
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit/(loss) before tax from continuing operations	2,021,000	1,463,038	1,115,165	762,881
At the Group's statutory income tax rate of 30% (2010: 30%)	606,300	438,911	334,550	228,864
<i>Expenditure not allowed for income tax purposes:</i>				
Entertainment	50,676	43,520	1,160	1,353
Inter-company dividend	-	-	(588,797)	(456,111)
Other	4,024	-	734	-
Aggregate income tax expense/(benefit)	661,000	482,431	(252,353)	(225,894)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

	Statement of Financial Position		Statement of Comprehensive Income	
	2011 \$	2010 \$	2011 \$	2010 \$
7. INCOME TAX (CONTINUED)				
(c) Recognised deferred tax assets and liabilities				
Deferred income tax at 31 December relates to the following:				
CONSOLIDATED				
<i>(i) Deferred tax assets/(liabilities)</i>				
Unearned revenue	(131,228)	(79,262)	(51,967)	94,432
Doubtful debts	29,195	28,500	695	(1,500)
Employee benefits	86,532	97,109	(10,577)	8,323
Prepayments	(3,623)	(2,855)	(768)	(896)
Accruals	17,746	21,407	(3,661)	5,345
Expenses capitalised for income tax purposes	930	2,256	(1,326)	(1,962)
Deferred tax assets/(liabilities)	(448)	67,155		
Deferred tax income/(expense)			(67,604)	103,742
PARENT				
<i>(ii) Deferred tax assets/(liabilities)</i>				
Unearned revenue	(65,228)	(19,262)	(45,966)	91,433
Employee benefits	26,920	54,601	(27,681)	3,903
Prepayments	(389)	(293)	(96)	(38)
Accruals	12,347	11,294	1,053	1,197
Expenses capitalised for income tax purposes	761	1,425	(664)	993
Deferred tax assets/(liabilities)	(25,589)	47,765		
Deferred tax income/(expense)			(73,354)	97,488

(d) Tax losses

The Group has no carry forward tax losses arising in Australia as at the reporting date (2010: nil).

(e) Tax Consolidation

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

7. INCOME TAX (CONTINUED)

(e) 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		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$

8. DIVIDENDS PAID AND PROPOSED

(a) Recognised Amounts

Paid during the year:				
Final franked dividend for 2010: 0.5 cent paid in 2011 (2010: for 2009 0.5 cent paid in 2010)	490,203	490,203	490,203	490,203

(b) Unrecognised Amounts

Dividends on ordinary shares:				
Final franked dividend for 2011: 1.0 cent (2010: final franked dividend for 2010 0.5 cent)	980,406	490,203	980,406	490,203

(c) Franking Account Balance

The amount of franking credits available for the subsequent financial year are:		
• franking account balance as at the end of the financial year at 30% (2010: 30%)	2,040,837	1,592,169
• franking credits that will arise from the payment of income tax as at the end of the financial year	88,970	154,328
• franking debits that will arise from the payment of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(420,174)	(210,087)
	1,709,633	1,536,410

(f) Tax Rates

The tax rate at which paid dividends have been franked is 30% (2010: 30%). Dividends proposed will be franked at the rate of 30% (2010: 30%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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:

	Parent	
	2011 \$	2010 \$
Net profit from continuing operations attributable to equity holders of the parent	\$1,360,000	\$980,607
Weighted average number of ordinary shares for basic earnings per share	98,040,631	98,040,631

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

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$

10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and in hand	3,744,060	3,324,357	3,024,062	2,596,649
Short-term deposit	10,000,000	10,500,000	10,000,000	10,500,000
	13,744,060	13,824,357	13,024,062	13,096,649

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

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$

11. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade receivables	1,632,662	1,710,070	-	-
Allowance for impairment loss (a)	(9,864)	-	-	-
	1,622,798	1,710,070	-	-
Other receivables	668,960	593,093	219,063	83,131
Carrying amount of trade and other receivables	2,291,758	2,303,163	219,063	83,131

(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 2011 are aged within the 30-90 day terms with only \$11,616 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
12. CURRENT ASSETS - INVENTORIES				
Finished goods – at cost	142,611	33,035	-	-
Provision for net realisable value write down	(16,399)	(33,035)	-	-
Total inventories at the lower of cost and net realisable value	126,212	-	-	-

On 1 November 2011, the Group commenced its in-house merchandise operations when it acquired the rights to sell Broncos merchandise on home game days at the game venue. Inventories recognised as an expense for the year ended 31 December 2011 totalled \$46,012 (2010: nil) for the Group. This expense has been included in the cost of sales line item as a cost of inventories.

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

14. NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

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

	CONSOLIDATED		
	Plant and Equipment \$	Leasehold Improvements \$	Total \$
Year ended 31 December 2011			
At 1 January 2011 net of accumulated depreciation and impairment	732,656	1,493,016	2,225,672
Additions	309,758	1,455	311,213
Depreciation charge for year	(195,045)	(99,722)	(294,767)
At 31 December 2011 net of accumulated depreciation and impairment	847,369	1,394,749	2,242,118
At 31 December 2011			
Cost	1,453,142	2,180,487	3,633,629
Accumulated depreciation and impairment	(605,773)	(785,738)	(1,391,511)
Net carrying amount	847,369	1,394,749	2,242,118
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 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

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

	Consolidated			Parent
	Sporting Franchise \$	Merchandise Licence Rights \$	Total \$	Total \$

16. NON-CURRENT ASSETS - INTANGIBLE ASSETS

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

At 31 December 2011

Cost	13,382,857	328,300	13,711,157	-
Accumulated impairment	(900,277)	(10,943)	(911,220)	-
Net carrying amount	12,482,580	317,357	12,799,937	-

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	-

(b) Description of Group's intangible assets

Effective 10 February 2012, Brisbane Broncos Limited became a member of the Australian Rugby League Commission Limited ("ARLC"), as a Licensee. The ARLC was established to be, amongst other things, the single controlling body and administrator of the game of rugby league football in Australia. As a Licensee, the Group enjoys the benefits from competing in the NRL competition. The Sporting Franchise is considered to have an indefinite useful life based on an analysis of all relevant factors. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. The licence granted by the National Rugby League may be renewed indefinitely at no cost and has been renewed until 2018. The Club Agreement signed between the Group and the National Rugby League provides that termination can only take place if an Insolvency Event occurs, or if the Licensee commits a material breach or commits persistent breaches of any provision of the Club Agreement. Management are confident that the conditions necessary to obtain renewal will continue to be met on an ongoing basis.

On 1 November 2011, the Group acquired the rights to sell Broncos merchandise on home game days at the game venue. The consideration paid and payable to the third party above the value of inventory acquired and other services provided has been booked as an intangible. The intangible is deemed to be of fixed life equivalent to the vendor's licence renewal period of five years and accordingly is being amortised over that time.

Intangible assets are subject to annual impairment testing.

(c) Impairment testing of intangibles with indefinite lives

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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

(c) Impairment testing of intangibles with indefinite lives (continued)

An annual growth rate of 3% (2010: 3%) has been used in the future maintainable earnings calculation and a pre-tax discount rate of 12% (2010: 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, financial performance of the Group or key assumptions that would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

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

As at 31 December 2011 the present value of the cash flow projections supported the carrying value of the cash generating unit and there is therefore no impairment.

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$

17. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	361,262	262,476	13,123	17,309
Other payables	1,189,970	876,540	180,544	243,958
	1,551,232	1,139,016	193,667	261,267

(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.

(c) Related party payables

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

(d) Interest rate risk

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

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$

18. CURRENT LIABILITIES - PROVISIONS

Fringe benefits tax	130,805	137,630	18,721	20,197
Annual leave	262,652	231,745	60,027	77,485
Long service leave	85,161	209,511	23,996	102,807
	478,618	578,886	102,744	200,489

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$

19. NON-CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Related party payables - amounts payable to controlled entities	-	-	3,257,325	4,066,803
	-	-	3,257,325	4,066,803

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

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$

20. NON-CURRENT LIABILITIES - PROVISIONS

Long service leave	211,812	106,365	5,706	1,712
	211,812	106,365	5,706	1,712

(a) Long Service Leave

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

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$

21. CONTRIBUTED EQUITY

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

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

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$

22. ACCUMULATED LOSSES

Balance 1 January	(4,384,125)	(4,874,529)	(20,273,732)	(20,772,304)
Net profit	1,360,000	980,607	1,367,518	988,775
Dividends	(490,203)	(490,203)	(490,203)	(490,203)
Balance 31 December	(3,514,328)	(4,384,125)	(19,396,417)	(20,273,732)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
23. CASH FLOW STATEMENT RECONCILIATION				
Reconciliation of net profit after tax to net cash flows from operations				
Net profit/(loss)	1,360,000	980,607	1,367,518	988,775
Adjustments for:				
Depreciation and amortisation	305,710	272,039	-	-
Doubtful debts expense	9,864	-	-	-
Sundry provision reversal	(5,118)	-	-	-
Employee benefits provisions	11,958	31,183	(92,274)	13,009
Amounts recovered from subsidiaries under tax funding agreement	-	-	(919,104)	(714,580)
Dividends classified as investment cash flow	-	-	(1,962,657)	(1,520,369)
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	(619,664)	(723,163)	(3,949)	273,087
(Increase)/decrease in inventories	(121,094)	37,465	-	-
(Increase)/decrease in deferred tax asset	67,603	(103,742)	73,353	(97,488)
(Decrease)/increase in current tax liability	(65,358)	227,941	(65,358)	227,941
(Decrease)/increase in creditors and accruals	154,407	577,216	(50,735)	180,049
(Decrease)/increase in unearned revenue	(329,567)	1,233,582	-	-
(Decrease)/increase in provisions	(6,825)	6,121	(1,476)	5,283
Net cash from/(used in) operating activities	761,916	2,539,249	(1,654,682)	(644,293)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

24. RELATED PARTY DISCLOSURE

(a) Subsidiaries

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

Name of Controlled Entity	Country of Incorporation		% of Shares Held	
			2011	2010
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).

	Note	Sales to related parties \$	Grants from related parties \$	Purchases from related parties \$
CONSOLIDATED				
Major shareholder				
News Limited	2011	11,468	-	202,138
	2010	48,993	-	171,338
National Rugby League Limited	2011	584,971	4,208,333	289,492
	2010	459,560	3,981,667	118,508

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

24. RELATED PARTY DISCLOSURE (CONTINUED)

(c) 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 2011 (2010: 68.87%). 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 \$202,138 (2010: \$171,338).

Other

The licence held by the Group during the year was provided by National Rugby League Limited which was, until 10 February 2012, 50% owned by News Limited. On 10 February 2012 News Limited transferred its interest in National Rugby League Limited. The licence entitles the Group to receive an annual grant from National Rugby League Limited. Further advertising grants and merchandise royalty income were also provided to the Group during the financial year. Various amounts were paid to the National Rugby League by the Group during the year relating to tickets to rugby league matches and other functions, insurances, fines, travel and other miscellaneous game day related items.

25. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

L G Brindle	Chairman (Non-Executive)
K S Bickford	Director (Non-Executive) (Appointed 23 May 2011)
A J Joseph	Director (Non-Executive) (Appointed 22 February 2011)
D M Watt	Director (Non-Executive)
D C Somerville	Ex-Chairman (Non-Executive) (Resigned 22 February 2011)
B P Cullen	Ex-Managing Director (Executive) (Retired as director on 28 October 2011)
D S Jackson	Director (Non-Executive) (Retired 31 December 2010)

(ii) Executives

P M White	Chief Executive Officer (Appointed 1 January 2011)
L A Lanigan	Company Secretary and Salary Cap Manager (Resigned as Chief Financial Officer 28 April 2011)
T M Reader	General Manager Marketing and Commercial Operations
A D Gee	General Manager Football Operations (Commenced 3 May 2010)
S A Moro	Chief Financial Officer (Commenced 4 April 2011)

(b) Compensation of Key Management Personnel

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Short-term employee benefits	1,105,425	828,772	746,325	544,539
Post-employment benefits	160,611	141,493	131,698	120,133
Other long-term benefits	14,500	25,158	8,846	8,298
	1,280,536	995,423	886,869	672,970

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

25. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Shareholdings of Key Management Personnel (Consolidated)

Shares held in Brisbane Broncos Limited (number):

	Balance 1 Jan 2011	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 31 Dec 2011
Directors					
L G Brindle	-	-	-	-	-
K S Bickford	-	-	-	-	-
A J Joseph *	-	-	-	60,000	60,000
D M Watt	-	-	-	-	-
D C Somerville (Resigned 22 February 2011)	-	-	-	-	-
B P Cullen (Retired 28 October 2011)	-	-	-	-	-
Executives					
P M White	-	-	-	-	-
A D Gee	-	-	-	-	-
L A Lanigan	-	-	-	-	-
S A Moro	-	-	-	-	-
T M Reader	-	-	-	-	-
Total	-	-	-	60,000	60,000

* Mr Joseph held 53,141 ordinary shares on appointment date and subsequently acquired 3,000 ordinary shares on 9 March 2011 and 3,859 ordinary shares on 14 March 2011. His total share holding at reporting date is 60,000 ordinary shares.

All equity transactions with key management personnel are entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length. No shares were held by the above listed personnel in the 2010 financial year. It is noted that D S Jackson who retired 31 December 2010, held 28,500 shares in the 2010 financial year.

(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. The motor vehicles leases previously held ceased in the prior year. 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	
	2011 \$	2010 \$	2011 \$	2010 \$
Within one year	82,295	66,423	-	-
After one year but not more than five years	60,000	90,000	-	-
After more than five years	-	-	-	-
Total minimum lease payments	142,295	156,423	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(a) Commitments (continued)

(i) Leasing Commitments (continued)

Included above as an operating lease commitment is the minimum amount payable (GST exclusive) 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.

(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	
	2011 \$	2010 \$	2011 \$	2010 \$
Within one year	6,015,040	5,133,510	-	-
After one year but not more than five years	9,812,950	5,316,940	-	-
	15,827,990	10,450,450	-	-

(iii) 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	
	2011 \$	2010 \$	2011 \$	2010 \$
Within one year	203,182	171,364	-	-
After one year but not more than five years	172,728	144,091	-	-
	375,910	315,455	-	-

(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	
	2011 \$	2010 \$	2011 \$	2010 \$
Within one year	347,000	352,450	-	-
After one year but not more than five years	347,000	661,300	-	-
	694,000	1,013,750	-	-

Mr Bruno Cullen retired as Managing Director on 31 December 2010 and as a director on 28 October 2011. Mr Paul White was appointed as Chief Executive Officer on 1 January 2011. Amounts disclosed as 2010 and 2011 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(a) Commitments (continued)

(v) Merchandise Order Commitments

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

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Within one year	251,593	-	-	-
After one year but not more than five years	-	-	-	-
	251,593	-	-	-

Forward orders are placed in respect of stock deliveries required for the 2012 season.

(b) Contingencies

No contingencies exist as at the reporting date.

27. AUDITORS' REMUNERATION

The auditor of Brisbane Broncos Limited is Ernst & Young.

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Amounts received, or due and receivable, by Ernst & Young (Australia) for:				
• an audit or review of the financial report of the entity and any other entity in the consolidated group	82,400	80,000	74,400	72,000
• other services in relation to the entity and any other entity in the consolidated group	22,412	535	22,412	535
• taxation services				
	104,812	80,535	96,812	72,535
Amounts received, or due and receivable, by non Ernst & Young audit firms for:				
• Taxation services	5,400	5,400	5,400	5,400

28. EVENTS AFTER BALANCE DATE

On 15 February 2012, the Board of Directors declared a final dividend on ordinary shares in respect of the 2011 financial year. The total amount of the dividend is \$980,406 which represents a one 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 2011 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 2011.

On behalf of the Board



Lawrence Brindle

Chairman

Brisbane

23 February 2012



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 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers 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 complied with 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.

Opinion

In our opinion:

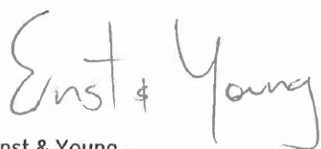
- a. the financial report of Brisbane Broncos Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2011 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2 (a).

Report on the remuneration report

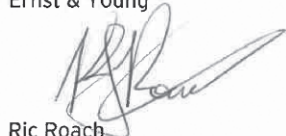
We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 31 December 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Brisbane Broncos Limited for the year ended 31 December 2011, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Ric Roach
Partner
Brisbane
23 February 2012



ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and now shown elsewhere in this report is as follows. This information is current as at 10 February 2012.

(a) Distribution of equity securities

98,040,631 fully paid ordinary shares are held by 750 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	55	-
1001 – 5000	423	-
5001 – 10000	155	-
10001 – 100000	107	-
100001 – OVER	12	-
	752	-
Holding less than a marketable parcel	82	-

(b) Substantial shareholders

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%
	87,119,774	88.86%

ASX ADDITIONAL INFORMATION (CONTINUED)

(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	2,792,856	2.85%
Scanlon Group Holdings Pty Ltd	716,387	0.73%
AEG Ogden Pty Ltd	631,666	0.64%
W F M Motors Pty Ltd	300,000	0.31%
Moonton Pty Ltd	281,750	0.29%
Meingrove Pty Ltd	278,149	0.28%
Mr Adrian Charles Vos	132,536	0.14%
Ms Joan Ann Mary Enever	110,000	0.11%
Mr Raymond John Balkin	104,627	0.11%
Bushfly Air Charter Pty Ltd	100,000	0.10%
George Enever Pty Ltd	100,000	0.10%
Mr Sean Ryan and Mrs Julia Ryan	100,000	0.10%
Mr Gregory Apel	89,570	0.09%
ACT Demo Pty Ltd	83,333	0.08%
Mr John James Nuell	79,000	0.08%
Mr David Neil Holland	78,000	0.08%
Lonestar Pty Ltd	61,695	0.06%
	93,159,343	95.01%

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Shareholders of BRISBANE BRONCOS LIMITED will be held at the Broncos Leagues Club, 92 Fulcher Road, Red Hill QLD 4059 on Tuesday 24 April 2012 commencing at 10.00am.

BUSINESS

Item 1 Financial Statements and Reports

To receive and consider the Annual Financial Report of Brisbane Broncos Limited and its controlled entities together with the Directors' Report and Auditor's reports for the financial year ended 31 December 2011.

Item 2 Remuneration Report

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

"To adopt the Remuneration Report for Brisbane Broncos Limited and its controlled entities for the year ended 31 December 2011."

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

Voting Exclusion Statement

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

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

Item 3 Re-election of Director - Mr Lawrence Brindle

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

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

Item 4 Election of Director - Mrs Katie Bickford

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

"That Mrs Katie Bickford, having consented to act as a director of the Company, and having been appointed by the directors on 23 May 2011 in accordance with Clause 71 of the Company's Constitution, be and is hereby elected as a director of Brisbane Broncos Limited."

Voting Entitlements

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001*, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00 pm (Brisbane time) on Sunday, 22 April 2012. Accordingly, transactions registered after that time will be disregarded in determining shareholders' entitlements to attend and vote at the Annual General Meeting.

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

Corporate Representatives

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

By order of the Board of BRISBANE BRONCOS LIMITED



Ms Louise Lanigan
Company Secretary
22 March 2012

EXPLANATORY NOTES

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

1. INTRODUCTION

These Explanatory Notes have been prepared for the information of shareholders in connection with the resolutions to be considered by them at the Annual General Meeting to be held at the Broncos Leagues Club, 92 Fulcher Road, Red Hill QLD 4059 on Tuesday 24 April 2012 commencing at 10.00am.

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

2. BUSINESS

Item 1 – Financial Statements and Reports

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

These reports are contained in the Company’s 2011 Annual Report. Shareholders can access a copy of the Annual Report on the corporate section of the Brisbane Broncos website www.broncos.com.au. A printed copy of the Company’s 2011 Annual Report has been sent to all shareholders.

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

Item 2 – Remuneration Report

It is a requirement under the *Corporations Act 2001* that the Annual Report for the financial year ended 31 December 2011 contains a Remuneration Report, which forms part of the Directors’ Report and sets out the remuneration policy for the Company and its controlled entities and reports on the remuneration arrangements in place for Directors, Officers and senior executives.

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

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

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

Item 3 Re-election of Director – Mr Lawrence Brindle

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

Mr Brindle’s qualifications and experience are detailed in the Directors’ Report included in the Annual Report.

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

Item 4 Election of Director – Mrs Katie Bickford

The Directors of the Company appointed Mrs Katie Bickford as director on 23 May 2011 pursuant to Clause 71 of the Company’s Constitution. Mrs Bickford, having been appointed as Director since the last Annual General Meeting must retire from office and in accordance with Clause 71, being eligible and having consented to act, offers herself for election at the meeting. Mrs Bickford, because of her interest, makes no recommendation in relation to this resolution.

Mrs Bickford’s qualifications and experience are detailed in the Directors’ Report included in the Annual Report.

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

PROXY FORM - 2012 ANNUAL GENERAL MEETING

STEP 1 APPOINT A PROXY TO VOTE ON YOUR BEHALF

I/WE

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

OF

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

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

☐

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

OR

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

Leave this box blank if you are selecting the Chairman

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Brisbane Broncos Limited to be held at the Broncos Leagues Club, 92 Fulcher Road, Red Hill, Brisbane on Tuesday 24 April 2012 at 10.00am (Brisbane time), and at any adjournment of that Meeting.

Important for Item 2 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default by marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 2 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Item 2, the Chairman will not cast your vote on Item 2 and your vote will not be counted in computing the required majority if a poll is called on this Item. If you appoint the Chairman of the meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below or by marking this box (in which case the Chairman of the Meeting will vote in favour of Item 2).

The Chairman of the Meeting intends to vote all available proxies in favour of Item 2.

☐

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 2 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Item 2 is connected directly or indirectly with the remuneration of key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

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

ORDINARY BUSINESS		For	Against	Abstain*
Item 2	Remuneration Report			
Item 3	Re-election Director – Mr Lawrence Brindle			
Item 4	Election Director – Mrs Katie Bickford			

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

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

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

Individual or Shareholder 1

Individual/Sole Director
and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Return Proxy Forms

Proxy forms must be received at our Registered Office no later than 48 hours before the commencement of the Annual General Meeting. Proxy forms can be delivered or mailed to Brisbane Broncos Limited, Level 1, Broncos Leagues Club, Fulcher Road, Red Hill, Queensland, 4059, or faxed to (07) 3858 9112.

Voting Entitlement

A shareholder's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00pm (Brisbane time) on 22 April 2012. Accordingly, shares transferred after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

INSTRUCTIONS FOR HOW TO COMPLETE THIS PROXY FORM

1. YOUR ADDRESS

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

2. APPOINTMENT OF PROXY

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

Voting 100% of your holding

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

Voting a portion of your holding

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

Appointing a second proxy

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

3. VOTES ON ITEMS OF BUSINESS

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

4. SIGNING INSTRUCTIONS

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

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

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

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

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

5. LODGEMENT OF PROXY FORM

This Proxy Form must be received no later than 10am (Brisbane time) on Sunday 22 April 2012. Any Proxy Form received after that time will not be valid for the scheduled meeting. Proxy forms can be delivered or mailed to Brisbane Broncos Limited, Level 1, Broncos Leagues Club, Fulcher Road, Red Hill, Queensland, 4059, or faxed to (07) 3858 9112.





NRMA INSURANCE BRONCOS

BRISBANE BRONCOS

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www.broncos.com.au

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