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6 August 2019

To: ASX Company Announcements Platform

**BRISBANE BRONCOS LIMITED AND CONTROLLED ENTITIES
2019 HALF-YEAR FINANCIAL RESULTS**

Please find attached the following documents in relation to the June 2019 half-year financial results for Brisbane Broncos Limited and its controlled entities:

- Earnings Release
- Appendix 4D – Half-Year Report
- 2019 Half-Year Financial Report
- Independent Review Report

Yours sincerely

Brisbane Broncos Limited
Louise Lanigan
Company Secretary





Earnings Release: 6 August 2019

BRISBANE BRONCOS LIMITED
and its controlled entities
30 June 2019 Half-Year Results

The Board of Brisbane Broncos Limited today announced the trading results for the half year ended 30 June 2019. The consolidated entity achieved a profit from ordinary activities before income tax of \$1.3 million.

The comparison between the 2019 and 2018 half-year results is as follows:

	June 2019 \$	June 2018 \$
Profit from ordinary activities before tax	1,301,609	3,018,399
Profit from ordinary activities after tax	871,611	2,081,507

The current period reflects normal trading activities.

Total revenues decreased to \$25.8 million (2018: \$27.1 million). Items of note include:

- The National Rugby League (NRL) Club Grant increased 1.5% or \$0.1m on the comparative period, in line with the club funding agreement and recognition of advanced grant funding;
- Sponsorship revenue increased by 3% on the comparative period due to upgraded and new contracts;
- The first half of 2019 included six home games compared with seven in the comparative period. Accordingly, game day revenue for one less game is reflected in the current period;
- Game day profits were impacted by crowd shortfalls. Brisbane Broncos average home game crowd for the reporting period of 29,413 is down on the average 2018 first half crowd of 30,402;
- Season membership ticket sales revenue is recorded on a home game basis. Accordingly, one less game's allocation is booked in the current period compared to the comparative period;
- Total memberships including both ticketed and non-ticketed of 34,157 were achieved as at 30 June 2019. Ticketed memberships of 24,469 and non-ticketed memberships of 9,688 had been sold as at 30 June 2019;
- Full season ticketed membership sales and member attendance percentages have been impacted by Thursday night scheduling;
- Increased government funding (cost recovery revenue) for Indigenous and community programs of \$0.3m has been recognised in the period largely due to the expanded Beyond the Broncos Girls Academy program;
- Rent revenue for the period compares favourably to the comparative period as rent commenced part way through the prior period; and
- Merchandise trading revenue is 17% down impacted with one less home game in the first half compared to the comparative period. Merchandise royalty income received from the NRL is 14% down reflecting the competitive retail environment.

Total expenditure increased to \$24.5 million (2018: \$24.1 million). The increased spend for the current period compared to the comparative period includes:

- Increased NRL player salary costs in line with the increased salary cap, and player development fees;
- Additional resourcing and community program costs for the expanded funded community programs;
- Contracted salary increases, and football department restructure related salary increases;
- Additional costs identified on transition to Single Touch Payroll; and
- Increased occupancy and maintenance costs.

The current period includes savings compared to the prior comparative period in relation to game day related expenditure with six home games played in the 2019 first half compared to seven in the 2018 first half. Similarly, membership costs related to game day attendance, which are allocated on a home game basis, are also less than those reported in the prior comparative period.

The first half result cannot be taken as an indication of a full year trend. The second half will include the remaining six home games and significant expenses including player salaries which are accounted for on a monthly basis.

The full year forecast net profit before tax is expected to be in line with the prior corresponding period. This expectation is contingent on a number of factors which may have a material impact on the reported results for the 2019 year:

- Crowd attendance for the remainder of the 2019 season; and
- Other factors such as the medical costs which are unable to be quantified in advance.



BRISBANE BRONCOS LIMITED
(ABN 41 009 570 030)

APPENDIX 4D
HALF-YEAR REPORT FOR THE
SIX MONTHS ENDED 30 JUNE 2019

This information should be read in conjunction with the annual financial report for the year ended 31 December 2018.

RESULTS FOR ANNOUNCEMENT TO THE MARKET				
Revenues from ordinary activities (\$000)	Down	4.8%	to	25,779
Profit from ordinary activities before tax attributable to members (\$000)	Down	56.9%	to	1,302
Profit from ordinary activities after tax attributable to members (\$000)	Down	58.1%	to	872
Basic earnings per share (cents)	Down	58.1%	to	0.89
Diluted earnings per share (cents)	Down	58.1%	to	0.89
Net tangible asset backing per ordinary share				22.61 cents (2018: 22.74 cents)

DIVIDENDS	Amount per security	Franked amount per security
Interim Dividend	Nil	Nil
Total amount per share relating to the half-year ended 30 June 2019	Nil	Nil
Previous corresponding period (2018 Final Dividend)	1.0 cent	1.0 cent

AUDIT INFORMATION

The financial statements have been reviewed and a copy of the independent review report is attached to the financial statements.

Louise Lanigan
Company Secretary



BRISBANE BRONCOS LIMITED

AND ITS CONTROLLED ENTITIES

ACN 009 570 030

HALF-YEAR FINANCIAL REPORT

30 June 2019

BRISBANE BRONCOS LIMITED

Half-Year Report

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BRISBANE BRONCOS LIMITED

Half-Year Report

CORPORATE INFORMATION

A.B.N. 41 009 570 030

This half-year report covers the consolidated entity comprising Brisbane Broncos Limited and its subsidiaries (the Group). The Group's functional and presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report on pages 3 to 4. The Directors' Report is unaudited and does not form part of the financial report.

Directors

K D Morris AO (Chairman)
K S Bickford
A J Joseph
D J Lockyer
N Monaghan
K M Lawlor (Alternate Director)

Company Secretary

L A Lanigan

Registered Office and Principal Place of Business

Clive Berghofer Centre
81 Fulcher Road
Red Hill Qld 4059

Securities Register

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Facsimile: +61 3 9473 2500

Website: www.computershare.com.au

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

Solicitors

Creagh Weightman
Level 1, 179 Mary Street
Brisbane Qld 4000

Bankers

Commonwealth Bank of Australia
201 Sussex Street
Sydney NSW 2000

Auditors

Ernst & Young
111 Eagle Street
Brisbane Qld 4000

BRISBANE BRONCOS LIMITED

Half-Year Report

DIRECTORS' REPORT

Report for the half-year ended 30 June 2019.

DIRECTORS

The names of the Brisbane Broncos Limited (the Company) directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

K D Morris AO (Chairman)
K S Bickford
A J Joseph
D J Lockyer
N Monaghan
K M Lawlor (Alternate Director)

REVIEW AND RESULTS OF OPERATIONS

Net profit before tax for the half-year ended 30 June 2019 is \$1.3 million compared to \$3.0 million for the corresponding 2018 period. The current period reflects normal trading activities.

Total revenues decreased to \$25.8 million (2018: \$27.1 million). Items of note include:

- The National Rugby League (NRL) Club Grant increased 1.5% or \$0.1m on the comparative period, in line with the club funding agreement and recognition of advanced grant funding;
- Sponsorship revenue increased by 3% on the comparative period due to upgraded and new contracts;
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- Merchandise trading revenue is 17% down impacted with one less home game in the first half compared to the comparative period. Merchandise royalty income received from the NRL is 14% down reflecting the competitive retail environment.

Total expenditure increased to \$24.5 million (2018: \$24.1 million). The increased spend for the current period compared to the comparative period includes:

- Increased NRL player salary costs in line with the increased salary cap, and player development fees;
- Additional resourcing and community program costs for the expanded funded community programs;
- Contracted salary increases, and football department restructure related salary increases;
- Additional costs identified on transition to Single Touch Payroll; and
- Increased occupancy and maintenance costs.

BRISBANE BRONCOS LIMITED

Half-Year Report

DIRECTORS' REPORT (continued)

REVIEW AND RESULTS OF OPERATIONS (continued)

The current period includes savings compared to the prior comparative period in relation to game day related expenditure with six home games played in the 2019 first half compared to seven in the 2018 first half. Similarly, membership costs related to game day attendance, which are allocated on a home game basis, are also less than those reported in the prior comparative period.

The first half result cannot be taken as an indication of a full year trend. The second half will include the remaining six home games and significant expenses including player salaries which are accounted for on a monthly basis.

The full year forecast net profit before tax is expected to be in line with the prior corresponding period. This expectation is contingent on a number of factors which may have a material impact on the reported results for the 2019 year:

- Crowd attendance for the remainder of the 2019 season; and
- Other factors such as the medical costs which are unable to be quantified in advance.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the declaration on page 5 from the auditor of Brisbane Broncos Limited.

Signed in accordance with a resolution of directors:



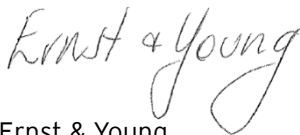
Karl Morris
Chairman
Brisbane
6 August 2019

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

As lead auditor for the review of Brisbane Broncos Limited for the half-year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Brisbane Broncos Limited and the entities it controlled during the financial period.



Ernst & Young



Kellie McKenzie
Partner
Brisbane
6 August 2019

BRISBANE BRONCOS LIMITED

Half-Year Report

STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Notes	Consolidated	
		30 June 2019 \$	31 December 2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	10,523,515	13,076,351
Trade and other receivables	7	3,931,216	1,690,131
Inventories		326,868	196,367
Income tax receivable		748,278	449,283
Lease straight-line asset		200,383	185,939
Other current assets		980,823	970,236
Total Current Assets		16,711,083	16,568,307
Non-Current Assets			
Property, plant and equipment	9	20,327,846	20,833,877
Deferred income tax asset		109,466	157,594
Intangible assets		12,510,580	12,510,580
Other non-current assets		46,667	64,167
Total Non-Current Assets		32,994,559	33,566,218
TOTAL ASSETS		49,705,642	50,134,525
LIABILITIES			
Current Liabilities			
Trade and other payables		3,603,419	3,043,310
Provisions		1,786,729	1,689,322
Unearned revenue	10	6,881,486	7,563,009
Total Current Liabilities		12,271,634	12,295,641
Non-Current Liabilities			
Trade and other payables		1,106,347	1,323,631
Provisions		178,422	156,091
Unearned revenue	10	1,469,152	1,570,280
Total Non-Current Liabilities		2,753,921	3,050,002
TOTAL LIABILITIES		15,025,555	15,345,643
NET ASSETS		34,680,087	34,788,882
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Contributed equity	11	28,991,500	28,991,500
Accumulated earnings		5,688,587	5,797,382
TOTAL EQUITY		34,680,087	34,788,882

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

BRISBANE BRONCOS LIMITED

Half-Year Report

STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 30 June 2019

		Consolidated	
	Notes	2019 \$	2018 \$
Continuing operations			
Revenue from contracts with customers	3	18,857,062	20,248,576
Grant Received National Rugby League		6,776,438	6,677,250
Interest revenue		137,642	141,568
Other revenue		8,172	6,923
<i>Revenue</i>		<u>25,779,314</u>	<u>27,074,317</u>
Expenses	4	<u>(24,477,705)</u>	<u>(24,055,918)</u>
Profit from continuing operations before income tax		1,301,609	3,018,399
Income tax expense	5	(429,998)	(936,892)
Net profit and comprehensive income attributable to members of the parent		<u>871,611</u>	<u>2,081,507</u>
Earnings per share (cents per share):			
- basic, for profit for the half-year attributable to ordinary equity holders of the parent		0.89	2.12
- diluted, for profit for the half-year attributable to ordinary equity holders of the parent		0.89	2.12

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

BRISBANE BRONCOS LIMITED

Half-Year Report

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 30 June 2019

CONSOLIDATED	Attributable to equity holders of the parent		Total Equity
	Issued Capital	Accumulated Earnings/(Losses)	
At 1 January 2018	28,991,500	4,465,540	33,457,040
Profit for the period	-	2,081,507	2,081,507
Dividends Paid	-	(735,306)	(735,306)
At 30 June 2018	28,991,500	5,811,741	34,803,241

CONSOLIDATED	Attributable to equity holders of the parent		Total Equity
	Issued Capital	Accumulated Earnings/(Losses)	
At 1 January 2019	28,991,500	5,797,382	34,788,882
Profit for the period	-	871,611	871,611
Dividends Paid	-	(980,406)	(980,406)
At 30 June 2019	28,991,500	5,688,587	34,680,087

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

BRISBANE BRONCOS LIMITED

Half-Year Report

STATEMENT OF CASH FLOWS

for the half-year ended 30 June 2019

Notes	2019 \$	Consolidated 2018 \$
Cash flows from operating activities		
Receipts from customers	23,994,029	25,823,080
Payments to suppliers and employees	(24,434,634)	(25,191,330)
Inventories	(761,093)	(899,633)
Rent received	178,078	-
Interest received	142,633	123,174
Income taxes paid	(680,864)	(793,830)
Donations received	21,962	336,383
Other revenue received	180,224	219,659
Net cash inflows/(outflows) from operating activities	(1,359,665)	(382,497)
Cash flows from investing activities		
Purchase of property, plant and equipment	(212,765)	(547,041)
Grant funds and donations received	-	647,638
Net cash inflows/(outflows) from investing activities	(212,765)	100,597
Cash flows from financing activities		
Dividends paid	(980,406)	(735,306)
Net cash inflows/(outflows) from financing activities	(980,406)	(735,306)
Net increase/(decrease) in cash and cash equivalents	(2,552,836)	(1,017,206)
Cash and cash equivalents at beginning of period	13,076,351	12,060,955
Cash and cash equivalents at the end of period	10,523,515	11,043,749

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

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 30 June 2019

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

This general purpose condensed financial report for the half-year ended 30 June 2019 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the consolidated entity as the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 31 December 2018 and considered together with any public announcements made by Brisbane Broncos Limited during the half-year ended 30 June 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the change in accounting policy noted below, the accounting policies and methods of computation are consistent with those adopted in the most recent annual financial report.

Change in Accounting Policies, Accounting standards and interpretations

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. As required by AASB 134 *Interim Financial Reporting*, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the half-year financial report.

AASB 16 Leases

AASB 16 replaces the current guidance in AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease* and Interpretation 115 *Operating Lease-Incentives*. Under AASB 16, a contract is a lease or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under AASB 117, a lease from a lessee perspective was either a finance lease (on balance sheet) or an operating lease (off balance sheet). AASB 16 requires lessees to recognise a lease liability reflecting future lease payments and a corresponding 'right-of-use asset' for contracts containing a lease. The consolidated statement of comprehensive income no longer includes operating lease expenditure, except for exempt leases, but, where applicable, is impacted by the recognition of interest on the lease liability and depreciation expense of the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 did not have an impact for leases where the Group is the lessor.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2019

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

AASB 16 Leases (continued)

a) Nature of the effect of adoption of IFRS 16

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The adoption of AASB 16 had no impact on the Group. It was determined that no change in accounting treatment was required as all leases are classified as either low-value or short-term therefore meeting the recognition exemption.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	\$
Operating lease commitments as at 31 December 2018	152,201
Less:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	(37,963)
Commitments relating to out-of-scope of AASB16 items	(114,238)
Lease liabilities as at 1 January 2019	-

Out-of-scope AASB 16 items relate to software and associated licence fees that were previously included as lease commitments, however, are not treated as leases and are outside the scope of AASB 16.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16:

Right-of-use assets

Where applicable, the Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain of obtaining ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2019

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

AASB 16 Leases (continued)

Lease liabilities

Where applicable, at the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases, that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of that are considered of low value. Exempt leases include the stadium hiring agreement and leases of gym equipment. Lease payments on short-term leases and leases of low-value assets are recognised as an expense as incurred. The total rental expense of exempt leases included in the statement of comprehensive income is \$1,051,008.

The Group does not have any right-of-use assets nor lease liabilities therefore no carrying values are required to be recognised in the statement of financial position.

Comparative Information

Australian Accounting Standard AASB 101 *Presentation of Financial Statements* allows an entity to change the presentation or classification of items in its financial statements, if the change in presentation provides information that is reliable and more relevant to the users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. Certain comparative revenue items in the notes to the financial statements have been reclassified to align with the 30 June 2019 disclosures.

2. SEGMENT REPORTING

The consolidated entity operates solely in the business of sports management and entertainment and operates in Australia only.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2019

	Consolidated	
	2019	2018
	\$	\$
3. REVENUE		
Revenue from contracts with customers:		
Membership, ticketing, corporate sales and game day	8,045,168	9,731,813
Sponsorship	7,362,788	7,152,004
Development, community and indigenous programs	1,945,241	1,750,237
Sale of goods	956,689	1,153,929
Royalties and commissions	308,631	361,988
Other	238,545	98,605
	18,857,062	20,248,576

	Consolidated	
	2019	2018
	\$	\$
4. EXPENSES		
Cost of sales	630,592	777,839
Administration expense	4,860,373	3,529,022
Stadium operations expense	2,934,048	3,737,575
Corporate sales, merchandise and ticketing expense	2,194,693	2,274,291
Marketing, sponsorship and advertising expense	2,992,139	2,825,243
Development, community and indigenous program costs	1,921,358	1,735,618
Football related expense	8,944,502	9,176,330
	24,477,705	24,055,918

Seasonality of Operations

With the exception of merchandise pack and merchandise voucher revenue within membership revenue, which is recognised as performance obligations are satisfied in accordance with AASB 15, the consolidated entity recognises game day related revenue and expenses on a home game basis. Accordingly, the half-year result is impacted by the number of Brisbane Broncos home games scheduled during each six-month period to 30 June. Six home games were played at Suncorp Stadium during the half-year ended 30 June 2019 whilst seven home games were played in the first half of 2018. An away game was held at Suncorp Stadium in the first half of both 2018 and 2019. In 2019, that away game round was played over a four-day period where all 16 NRL clubs competed in Brisbane. The net result includes revenue amounts related to this event.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2019

5. INCOME TAX

The major components of income tax expense for the half-year ended 30 June 2019 and 30 June 2018 are:

Statement of Comprehensive Income	Consolidated	
	2019 \$	2018 \$
<i>Current Income Tax</i>		
Current income tax charge	381,870	931,498
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	48,128	5,394
Income tax expense/(benefit) reported in the statement of comprehensive income	429,998	936,892

6. CASH AND CASH EQUIVALENTS

Reconciliation of Cash	Consolidated		
	30 June 2019 \$	31 December 2018 \$	30 June 2018 \$
For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:			
Cash at bank and in hand	2,273,515	3,576,351	1,168,749
Short term deposit	8,250,000	9,500,000	9,875,000
	10,523,515	13,076,351	11,043,749

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

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2019

	Consolidated	
	30 June 2019	31 December 2018
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	3,047,177	1,075,600
Allowance for expected credit losses (a)	(30,000)	-
	<u>3,017,177</u>	<u>1,075,600</u>
Other receivables	914,039	614,531
	<u>3,931,216</u>	<u>1,690,131</u>

Other receivables for the Group include GST receivable of \$329,967 (2018: \$508,060) and NRL Merchandise Royalties receivable of \$129,181 (2018: nil as an invoice had been issued).

(a) Allowance for expected credit losses

The Group applies a simplified approach in calculating expected credit losses (ECL). Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on life-time ECL at each reporting date. The Group has established a provision matrix that is based on its historic credit loss experience, adjusted for forward looking factors. A specific 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.

(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.

8. COMMITMENTS AND CONTINGENCIES

During the reporting period, capital expenditure of \$802,019 has been committed with Hutchinson Builders for works to refurbish the Cyril Connell Performance Centre at Gilbert Park, Red Hill, to repurpose it for use by the Broncos NRLW Team and EPD players as well as for required maintenance works.

With the exception of the above, there has been no other material change in total commitments outside the ordinary course of business since 31 December 2018. During the ordinary course of business, the Group has continued to sign player contracts in the period to 30 June 2019. This impacts the value of football related commitments at the period end.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2019

8. COMMITMENTS AND CONTINGENCIES (continued)

During the reporting period, the Board and CEO mutually agreed to defer the decision regarding the CEO contract renewal until later in the year, with the six-month notice period remaining.

The Suncorp Stadium hiring agreement was renewed for the commencement of the 2015 season, for an eight-year term with a review date at four years. The review was undertaken in the prior year, resulting in no material changes. There is no fixed component in the hiring agreement charges and as charges are subject to numerous factors, it is not possible to quantify the future financial statement impact.

Since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets. From time to time, the Group is also subject to various claims and litigation from third parties during the ordinary course of business. The directors have given consideration to such matters which are or may be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims or litigation exists.

9. PROPERTY, PLANT AND EQUIPMENT

No material additions have been made in the reporting period.

10. UNEARNED INCOME

During the six months ended 30 June 2019, the Group's unearned income liability decreased, largely as a result of the delivery of milestones and recognition of revenue related to the advance funding received from the Federal Government for the expanded Beyond the Broncos Girls Academy program.

11. CONTRIBUTED EQUITY

	Consolidated	
	30 June 2019	31 December 2018
Ordinary shares - issued and fully paid	\$28,991,500	\$28,991,500
Number of ordinary shares on issue	98,040,631	98,040,631

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

At 30 June 2019, there were no outstanding options to purchase shares in the Company.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2019

12. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the half-years ended 30 June 2019 and 2018:

		Sales to related parties \$	Grants from related parties \$	Purchases from related parties \$	Advances from related parties \$
CONSOLIDATED					
Major shareholder					
News Corporation	2019	124,326	-	99,873	-
	2018	53,000	-	75,047	-
Associate					
National Rugby League Limited	2019	250,469	6,332,688	385,305	1,706,347
	2018	409,190	6,233,500	126,170	2,131,957

Inter-group loans and advances

During the half-year ended 30 June 2019, loans were advanced and repayments received on short-term inter-company accounts between Brisbane Broncos Limited and its subsidiaries.

Major shareholder

News Corporation owned 68.87% (2018: 68.87%) of the Group as at 30 June 2019. News Corporation and its related entities provided the Group with sponsorship and commercial income during the half-year ended 30 June 2019.

Other

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

Negotiations continue between the National Rugby League and the 16 NRL Clubs for a proposed new licence agreement. During 2016, a Memorandum of Understanding (MOU) was issued by the NRL and in accordance with the document, additional funds of \$1,750,000 were paid to each club and in 2017 an additional \$1,250,000 was paid to each club. A Further Deed of Agreement (Deed) was entered into with the NRL in December 2016 which supplemented aspects of the MOU and Club Agreement. In 2017, the NRL advised that the nature of the additional funds is an advance of participation grant funds related to the period from November 2017 to October 2022. The advanced funds are being recognised as grant revenue over the five-year period in equal monthly instalments. For the current period, \$300,000 in grant revenue has been recognised in the Statement of Comprehensive Income and \$293,653 in deemed interest remains as unearned grant income in respect of the advanced funds.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2019

12. RELATED PARTY DISCLOSURES (continued)

Other (continued)

The Deed also committed clubs to collectively offer a reduction of \$3,200,000 per annum in other category funding over each of the five years from 2018 to 2022. The reduction is by way of an agreed redistribution of the merchandise royalty and reduction of the participation grant.

Under the Deed, the term of the current Club Agreement, which was due to expire on 31 October 2018, was extended for five years to 31 October 2023. The Deed included a commitment by the NRL to transfer ownership of club intellectual property or trade marks (IP) back to clubs by way of a Club Marks Assignment Agreement (Agreement). However, the assignment will not result in a change to the day-to-day use of the IP as the NRL will continue to administer, and the Club Licence terms will continue to govern, the use of the IP. As at reporting date, the Group have not entered into the Agreement.

13. DIVIDENDS

	Consolidated	
	2019	2018
	\$	\$
(a) Dividends Paid		
A fully franked dividend of one cent per share for the financial year ended 31 December 2018 was paid on 10 April 2019 (2017 dividend of 0.75 cent per share paid on 11 April 2018).	980,406	735,306
	<hr/>	<hr/>
(b) Dividends Proposed		
No interim dividend is proposed (2018: Nil)	-	-
	<hr/>	<hr/>

14. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date.

BRISBANE BRONCOS LIMITED

Half-Year Report

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) give a true and fair view of the financial position as at 30 June 2019 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Karl Morris
Chairman
Brisbane
6 August 2019

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Brisbane Broncos Limited and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Group a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Kellie McKenzie'.

Kellie McKenzie
Partner
Brisbane
6 August 2019